

**Committee on Agriculture
Special Session**

AGRICULTURE NEGOTIATIONS

Statement by the Delegation of the Philippines on Special Products
Informal Open-ended Consultations
27 April 2006

The following communication, dated 29 April 2006, is being circulated at the request of the Delegation of the Philippines.

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1. The Philippines associates itself with the statement made by Indonesia on behalf of the G-33. We also wish to convey our appreciation to Members, notably the G-10, who have expressed support for the G-33.
 2. There appears to be two ways in which Members approach the determination of an "appropriate number of tariff lines" for Special Products (SPs). One approach tends to narrow the indicators in order to ensure that a very limited number of products would be eligible for such treatment. The other would be simply to negotiate the number of tariff lines on which developing countries would self-designate SPs guided by the indicators.
 3. In our view, the first approach poses two fundamental difficulties: first it does not appear coherent with the mandate laid down in the July Framework and the instructions at Hong Kong; and second it would be likely to be ineffective in achieving the objectives for which SP is intended to address.
 4. The issue of indicators was also captured in your introductory statement when you posed the question as to what would be the role of the indicators if they will only be in the form of an illustrative list.
 5. In our view, in designating multiple criteria (food security, livelihood security and rural development) as the basis for selection of SPs, the Members clearly did not intend to work on a narrow definition for these products. The instruction to further specify the criteria seems rather to indicate the intention to do further work on these criteria in order to assist Members in the selection of SPs. Further, if we make the indicators definitive, we would be going beyond the decision in Hong Kong, that is, that the indicators are to serve only as guide in the designation of SPs. The decision clearly did not intend for the indicators to be prescriptive.
 6. Some suggestions that have been floated concerning SPs tend to narrow the indicators to the importance of the product to national diet, income and employment, as well as to its production share to domestic consumption. While these are very valid indicators, the FAO for instance observes that the use of these indicators alone would leave out other products that are equally relevant to the three criteria of food security, livelihood security and rural development. FAO notes that because the indicators are national aggregates, they may not reflect the regional importance of products within a country. As such, while a product may be insignificant in terms of share of total agricultural production and total agricultural labor, in certain parts of the country, its contribution to agriculture production and employment may be of crucial importance.

7. In drawing up its proposed list of indicators, the G-33 also began with a careful examination of the narrow set of indicators mentioned above. The G-33 has gone through each of these criteria to see how they could be operationalized. We have also actively engaged with relevant institutions, notably the FAO and the International Center for Sustainable Development (ICTSD), that have undertaken objective and thorough analysis on possible methodologies of arriving at appropriate indicators, and they have arrived at the same conclusion as those of the G-33. From this exercise, the G-33 found that any of these criteria whether gauged in absolute figures or percentages cannot be easily applied as data for these indicators are, in many cases, not available at 6-digit level.

8. Let us take, for instance, the criteria of food security. There is no debate that a relevant indicator for food security would be the share in calorie intake. In order to determine the threshold for this indicator, one would have to determine the composition of the food basket of each developing country. The next step would then be to determine the contribution of each item to the diet, which varies from country to country. The G-33 attempted this exercise and came up with the conclusion that given the diversity of the situations in different developing countries, it is impossible to agree on a common threshold.

9. Given this complexity, if we go through this route, we are certain to run the risk of following the same course as that of the negotiations on AVEs. But perhaps, unlike the AVE issue, which we were able to conclude, the negotiations on SP may not turn out to be a gateway issue, but could become, instead, a gridlock to these negotiations. But do we really wish this?

10. Furthermore, even if it is assumed that some criteria can be developed, the question of specifying the threshold levels for determining the products as SP is not feasible. Regardless of the indicators chosen, the threshold would vary markedly across developing countries. It would fail to capture the size and diversity of agriculture sector in these countries. Moreover, subsistence farming, which should be primarily protected through these criteria, is by nature, diverse itself. In such a situation, narrowing the indicator can only bring about a reasonable number of products under subsistence cultivation, under SP.

11. Thus, the G-33 believes that the alternative of negotiating the number of SPs based on a percentage to tariff lines is the more practical way to proceed with this element of the negotiations. A number-based self-declaration of such products is the only plausible criterion, which can be used to address the diverse roles, which the agriculture sector plays in the economies of a large number of developing countries.

12. Following this approach, the Group has put forward the figure 20% as the appropriate minimum number that may be designated as SPs by developing countries. Although some countries regard such figure as too ambitious as to undermine the objective of substantial improvement in market access, a recent economic study conducted by the Carnegie Endowment concludes otherwise. This study concludes that SPs and SSM flexibilities are essential to lessening the diverse impact of the Doha Round cuts on developing countries and their farmers. The study also concludes that very little losses would result in, in any event, to Members with offensive interests, even if full flexibilities for SPs and SSM were granted to developing countries.

13. A reference paper prepared by you would be very helpful in our future reflections on all the elements relevant to SP, but considering the short time left, it is important that we make up our minds and agree, as soon as possible, as to which track we are going to take.
