

## FREQUENTLY ASKED QUESTIONS ON SPECIAL PRODUCTS

**SYNOPSIS:** In the context of the WTO agriculture negotiations, the proposal on Special Products (SPs) is of fundamental importance to the majority of developing countries. It is also a vital development component of the Doha Round. The purpose of this paper is to provide relevant information in order to understand the proposal on SPs and the status of these discussions.

---

<b>I. AGRICULTURE PRODUCTION IN DEVELOPING COUNTRIES .....</b>	<b>2</b>
<input checked="" type="checkbox"/> How is agriculture production related to poverty reduction and development in developing countries?.....	2
<input checked="" type="checkbox"/> Why is adequate tariff protection (in the agricultural sector) justified for developing countries? .....	2
<b>II. THE SPECIAL PRODUCTS PROPOSAL IN THE WTO .....</b>	<b>4</b>
<input checked="" type="checkbox"/> What is the rationale for this proposal?.....	4
<input checked="" type="checkbox"/> Who has articulated this proposal? .....	5
<input checked="" type="checkbox"/> What is the proposal about? .....	5
<input checked="" type="checkbox"/> What is difference between the proposal related to Special Products (SPs) and the proposal related to Sensitive Products (SePs) .....	7
<input checked="" type="checkbox"/> Why is this proposal designed to target the needs of some of the world's poorest and most vulnerable people?.....	7
<b>III. STATUS OF THESE DISCUSSIONS.....</b>	<b>8</b>
<input checked="" type="checkbox"/> How is the SPs' issue positioned in the broader Doha Round context? .	8
<input checked="" type="checkbox"/> What is the status of discussions on SPs?.....	9
<b>IV.- CONCERNS VOICED BY OTHER MEMBERS.....</b>	<b>10</b>
<input checked="" type="checkbox"/> How should indicators be used? .....	10
<input checked="" type="checkbox"/> How will this proposal affect the commitment of developing countries to opening agricultural markets in the Doha Round.....	10
<input checked="" type="checkbox"/> How will SPs affect global and south-south trade flows? .....	12
Endnotes:.....	14

---

## I. AGRICULTURE PRODUCTION IN DEVELOPING COUNTRIES

- How is agriculture production related to poverty reduction and development in developing countries?

Agriculture plays a central role in the well-being of developing countries' economies and their people. In the developing world an average of 50 per cent of people make their living from farming and agriculture, and in some countries, this figure rises to over 80 per cent.

There is an intimate relationship between poverty and agriculture. Three quarters of the 1.2 billion people who live on less than a dollar a day, work and live in rural areas. Repeated studies have shown that agriculture is key in the fight against poverty and must therefore play a central role in achieving the Millennium Development Goals.

Agriculture is key to future poverty reduction. Growth in the agricultural sector has a singularly more powerful impact on poverty reduction than any other economic sector<sup>1</sup>. A one per cent growth in agricultural productivity reduces the number of people living on less than a US\$1 a day by up to 1.2 per cent<sup>2</sup>.

However, according to a study by Carnegie Endowment for International Peace<sup>3</sup>, agriculture liberalisation will not benefit the majority of developing countries. This is due to several reasons for instance:

- Many developing countries are net food importers;
- Some developing countries may lose relative advantages they now enjoy under special preference programs;
- Many developing countries have widespread small-scale farming that is often uncompetitive and suffers from low productivity. As, in these cases, unskilled rural labour cannot be easily and quickly absorbed by other sectors, there will be a higher cost of adjustment (derived from liberalization) in particular in the case of less diversified economies.

Because of these reasons, liberalisation of these countries' agricultural sectors can lead to significant net losses – with the burden falling heaviest on the poorest sections of their populations.

- Why is adequate tariff protection (in the agricultural sector) justified for developing countries?

*(a) To, at least partially, insulate domestic production and farmers from low prices*

Price instability is a common feature of agriculture markets and a political and social concern for all WTO members. Whereas all WTO members share this feature and its effect on farmers, the means and capacity to deal with these issues are grossly inadequate in developing countries.

The vast majority of these countries do not have access to market-based, sophisticated mechanisms to deal with risks associated with agriculture production, particular the volatility of prices. Neither do they have the financial means to provide direct assistance to farmers (i.e. in some cases 80 per cent of their population) to guarantee subsistence income.

Therefore, whereas developed countries make use of domestic support programmes and border measures to protect domestic production and farmers (around 2 per cent of total population in OECD countries) developing countries rely substantially more on border measures. Any revised agriculture agreement should take this difference into account rather than further restricting developing country options.

Other border measures (excepting tariffs) were not widely available for developing countries in the context of the WTO Agreement on Agriculture (AoA). For instance, tariff-rate quotas (TRQs) and Special Safeguard Mechanism (SSG) were denied to most of them by linking access to those instruments to the tariffication process. Although developing countries bound their tariffs at generally high levels during the Uruguay Round, actual trade takes place at low tariffs in many developing countries.

Even considering a 100 percent tariff, one could ask if such a level would be appropriate to insulate the domestic markets and protect farmers from the vagaries of world prices. Developing countries should have the flexibility to maintain appropriate bound tariffs in the WTO to guarantee, they can at least partially, insulate domestic production and farmers from low and volatile global prices.

*(b) To achieve food security*

According to the FAO, a situation where per caput food availability is decreasing because of falling domestic production, or even where it is increasing but only because per caput food imports are growing even more rapidly, may be unsustainable in the longer term without a concomitant rise in export earnings.

It has been well documented that, because of the implementation of the AoA, developing country imports have increased faster than their exports. Moreover, developing country exports continue to be concentrated in products of low value added and subject to large price volatility, which undermines their capacity to generate export earnings.

Therefore, it is important for developing countries to increase domestic production and productivity in their agricultural sector, to be able to feed their own population and generate a more stable string of export earnings to complement their food availability needs through imports. To meet these legitimate objectives they would require, more often than not, tariff protection.

## II. THE SPECIAL PRODUCTS PROPOSAL IN THE WTO

*"The overall gains to the world are divided fairly evenly between the developed and developing world. The big winner in the developing world, China, is also home to large numbers of poor people, with more than 200 million living on less than \$1 per day and an additional 600 million living on less than \$2 per day. A Doha pact that lowers tariffs in low skilled manufactured products could increase employment there and boost the incomes of the poor. However in the countries that lose from the Doha Round, including Bangladesh and many countries in Sub-Saharan Africa, there are even more desperately poor people (267 million) living on less than \$1 per day and almost as many (486 million) living on less than \$2 per day.*

*Most of the world's poor people are concentrated in rural areas and depend on agriculture for their incomes. This is true in China, Bangladesh, and Sub-Saharan Africa, as well as in other countries that have large numbers of poor people, most notably India. All of these countries lose from agricultural liberalization. Whether a pact would help or hurt their poor citizens on a net basis depends heavily on the details of the outcome. For example, countries like India, Indonesia, and Kenya will require exceptions for the products produced by their subsistence farmers if they are to avoid increases in poverty"<sup>4</sup>.*

### What is the rationale for this proposal?

The experience of developing countries with trade liberalization in agriculture has been disappointing at best. Trade liberalization, particularly in agriculture, has been associated with increased income inequality, deterioration of rural poverty, increased import food dependence, marginalization of small farmers, and deterioration of the food security situation, especially among the poor. Cognizant of this, many developing country governments insist that the outcome of WTO agriculture negotiations should incorporate concrete, operational and effective provisions that would allow developing members to take into account concerns of food security, livelihood security and development more broadly.

Imports can contribute to food security but as a complement to domestic production, at an adequate combination to be decided by each particular country based on its own circumstances. Cheap imports can be good for consumers. Still, for the local rural poor who depend on agriculture production for their basic income, cheap imports threaten their livelihood security because they compete in the local market with their own production .

If, as is the case in most developing countries, the large majority of the population depend on agriculture and live in the rural areas under severe poverty, protecting and expanding the livelihood strategies of the rural poor based in agriculture production and trading constitutes the only viable means to improve the living standards of the population and guarantee food security. Further, small open economies, lacking economies of scale and vulnerable to natural disasters and shocks, cannot entirely rely on imports to meet the food needs of its population.

These countries have insisted on the need to maintain a minimum level of domestic food production. It is a matter of national security and responsible governance.

Who has articulated this proposal?

The G-33, led by Indonesia, has articulated the concerns expressed in the previous point, in the context of the WTO. The following 45 developing countries are part of this group: Antigua and Barbuda, Barbados, Bolivia, Belize, Benin, Botswana, China, Congo, Cote d'Ivoire, Cuba, Dominican Republic, El Salvador, Guatemala, Grenada, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Republic of Korea, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia and Zimbabwe.

Although the G-33 has taken the lead with respect to SP (and the Special Safeguard Mechanism -SSM-), the majority of developing countries' coalitions have expressed their keen interest in addressing these two negotiating areas as a priority matter. In May 2006 a joint statement by the G-33, the ACP Group and the LDC Group said:

*"The G-33, African Group, ACP and LDCs could not be expected to join on any package on agriculture unless their food security, livelihood security and rural development needs are accommodated effectively and comprehensively through the commitments called for them in the market access pillar, in particular the tariff reductions, SPs and SSMs"*

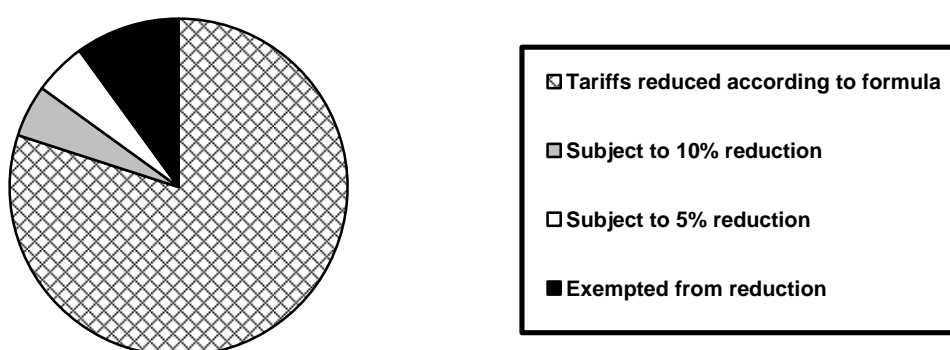
What is the proposal about?

This proposal is about the concerns of the developing world with respect to food and livelihood security and rural development needs. This proposal will see developing countries undergo a tariff reduction in the vast majority of their tariff lines and take a pause from further liberalisation commitments in just ten percent of their agricultural tariff lines. It makes no proposal to increase the level of agricultural tariff protection, nor to increase prices of staple foods.

The G-33 has proposed that Special Products (SPs):

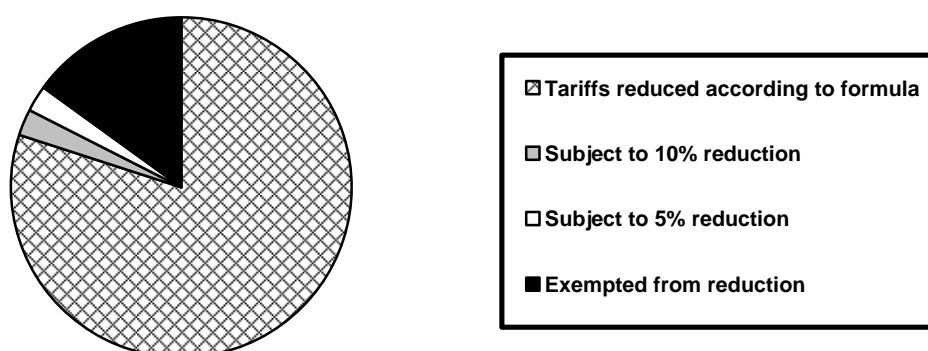
1. Be selected and designated based on the food and livelihood security and rural development needs of developing countries, guided by illustrative list of indicators submitted by the group to operationalise these concepts. The designation of products is therefore constrained by the agreed criteria.
2. Should cover at least 20 per cent of the total number of tariff lines of a particular member. This limited percentage of tariff lines would be treated according to the following three layers of commitments:
  - 2.1 At least 50 per cent of these tariff lines will not be subject to any tariff reduction commitment.
  - 2.2 25 per cent of these tariff lines will be subject to a reduction of 5 per cent; and
  - 2.3 Each residual tariff line, other than those categorised in the two subparagraphs mentioned above, will be subject to a reduction of not more than 10 per cent.

Figure 1: Graphic representation of the tariff cuts by developing countries, in accordance with the G-33 proposal on SPs



- 2.4 If any developing country Member is characterised by special circumstances<sup>6</sup>, an additional 15 per cent of tariff lines will not be subject to any tariff reduction commitment.

Figure 2: Graphic representation of the tariff cuts by developing countries characterized by "special circumstances", in accordance with the G-33 proposal on SPs:



☑ What is difference between the proposal related to Special Products (SPs) and the proposal related to Sensitive Products (SePs)

There is no conceptual relationship between SPs and SePs, as the rationale for the designation of products under each of these categories is completely different.

Provisions on sensitive products were established in the Framework agreement<sup>7</sup> as a means to address considerations of sensitivities of a commercial nature raised primarily by developed members. Based on the provisions on special and differential treatment of paragraph 39 of the Framework agreement, developing countries are entitled to a larger number of sensitive products and more flexible treatment for such products.

SPs, on the other hand, are justified and supported by specific developmental criteria linked to food security and rural development needs of developing countries. The SPs constitute a fundamental provision for developing countries only, in the context of further liberalisation of agricultural markets, in order to take in to account their structural disadvantages, the conditions of vulnerable sectors and populations and avoid significant disruptions in the rural areas that could compromise the development prospects of agrarian populations for years to come.

The Framework agreement also establishes a clear distinction between the treatment of SPs and the one of SePs:

- Paragraph 32 indicates that substantial improvement in market access will be provided for SePs while
- Paragraph 41 indicates SPs will be eligible for more flexible treatment, in view of their fundamental importance for developing countries

☑ Why is this proposal designed to target the needs of some of the world's poorest and most vulnerable people?

*(a) It gives developing countries the ability to cope with the possible negative impacts of agricultural liberalisation in a limited and targeted way*

Price reductions resulting from the rapid liberalisation of products that are vital to food security, livelihood security and rural development are likely to push developing countries' most vulnerable economic sectors and geographical regions into persistent poverty, and promote rapid, spontaneous and unmanaged rural-to-urban migration.

There is a need for developing country policy-makers to have adequate time to invest in rural infrastructure and technology, and address other supply-side constraints in order to address problems of low productivity.

The more gradual liberalisation of SPs is intended to provide developing countries with a transitional period during which governments can enable economically vulnerable producers to adjust to a new market environment,

invest in productivity enhancing technology and forestall the negative economic and social consequences that might result from large numbers of such producers being rapidly plunged into poverty.

*(b) It targets development needs, guided by indicators*

At the centre of the G-33's proposal on SPs is the need for products selected to meet the criteria of food security, rural development and livelihood security.

This means that selection would be based on whether a certain product meets the criteria set out by fulfilling the detailed indicators put forward by the G-33. Those products that did not meet these criteria and indicators could not be selected as SPs.

This approach has the strengths of:

- Giving market access negotiators flexibility to balance their contribution to the round while addressing fundamental development concerns;
- Targeting development needs, allowing crops of developmental importance to be selected and
- Being transparent, given the fact that selection will be made through an assessment on whether these crops meet the criteria and indicators set out, rather than being based on arbitrary numbers.

During WTO negotiations, the G-33 has responded to requests by other members to provide numerical parameters for the selection of SPs - which lead to their proposal of a parameter of up to 20 per cent of agricultural tariff lines as SPs (see above). The Carnegie Institute found that, for developing countries with high levels of agricultural employment, 20 per cent of agricultural tariff lines "*would be a minimum necessary accommodation*"<sup>8</sup> needed to prevent serious welfare losses in these countries.

Developing countries may select fewer SPs than this 20 per cent parameter given the nature of the criteria and indicator approach.

### **III. STATUS OF THESE DISCUSSIONS**

How is the SPs' issue positioned in the broader Doha Round context?

SPs are encapsulated in discussions related to Special and Differential Treatment (SDT). The Declaration, which launched the Doha Round in 2001, stated: "*provisions for special and differential treatment are an integral part of the WTO Agreements*" and agreed that special and differential treatment provisions should be precise, effective and operational.

SPs are the most concrete example of Special and Differential Treatment in current WTO negotiations. The Framework agreement acknowledged that the



issue of Special Products was of “*fundamental importance*” to developing countries.

At the insistence of a large number of developing countries, SPs were mainstreamed into the WTO negotiating mandates and work programmes of negotiations through the following specific decisions:

<ul style="list-style-type: none"> <li>• Framework Agreement (2004)</li> </ul>	<ul style="list-style-type: none"> <li>• Developing members will have the flexibility to designate an appropriate number of Special Products (SPs) based on criteria of food security, livelihood security and rural development needs,</li> <li>• SPs will be subject to a more flexible treatment.</li> </ul>
<ul style="list-style-type: none"> <li>• Hong Kong Ministerial Declaration<sup>9</sup> (December 2005)</li> </ul>	<ul style="list-style-type: none"> <li>• Developing countries will have the flexibility to self-designate an appropriate number of tariff lines as Special Products;</li> <li>• This self-designation will be guided by indicators based on the criteria of food security, livelihood security and rural development.</li> </ul>

What is the status of discussions on SPs?

The WTO negotiations were formally suspended in July 2006 because “*the level of ambition between market access and domestic support remained too wide to bridge*”<sup>10</sup>. A major cause for the suspension was the lack of political will by the United States to do more in terms of reducing domestic support coupled with disproportionate demands for concessions from developing countries in market access.

The negotiations were formally resumed during the last week of January 2007<sup>11</sup>. Ongoing work is taking place in informal meetings. During these meetings, provisions (like SPs and SSM) are being portrayed as obstacles for the progress in the negotiations and additional technical work and clarification with respect to SPs is being suggested as an important pre-condition to advance the talks.

Issues being discussed include, among others, the conceptual link between SPs and SePs, the process of designation of SPs and the use of indicators in this process.

This “renewed” interest on SPs appears as an attempt to divert attention from the fundamental issues of reform in agriculture, which has to do with the high levels of protection and support provided by the industrialized countries to their farmers.

#### IV.- CONCERNS VOICED BY OTHER MEMBERS

How should indicators be used?

Certain WTO members, especially the United States and other developing and developed exporting members, have opposed the G-33 approach and insisted on **multilaterally negotiating a list of indicators on SPs**, including thresholds to be applicable to all developing countries (e.g. a fixed percentage of agricultural population involved in a particular product).

The negotiation of a set of common thresholds for indicators of food and livelihood security and rural development (to be agreed multilaterally and be applied across-the-board to all developing countries) has the potential of stalling the negotiations. Finding indicators and thresholds that captures the various size and diversity of the agriculture sector in all developing countries is virtually impossible. Food security, livelihood security and rural development concerns vary across developing countries depending on their agricultural systems and policy and institutional frameworks. A one-size-fits-all approach will not adequately respond to the particular circumstances of each country.

Failing to agree on a set of indicators does not imply a discretionary approach on SPs. The Framework agreement states that developing countries will have the flexibility to self-designate an appropriate number of tariff lines as Special Products, guided by indicators based on the criteria of food security, livelihood security and rural development.

Some members have suggested that, in order to designate an SP, **the product in question should comply with all three criteria at the same time**. However, food security, livelihood security and rural development are individual fundamental development concerns. Designating an SP on the basis one criteria only is in line with the negotiating mandates and with the spirit of the G-33 proposal, which seeks to enable developing countries to pursue agriculture policies that support food security and development goals, taking into account the diversity of agricultural systems among developing countries.

Other members have suggested that designating an SP "*guided by indicators based on the criteria of food security, livelihood security and rural development*" means that **supportive data and explanations should be provided**. In the view of G-33, although the process of designation of SPs may imply providing supporting data, it cannot entail a multilateral examination/negotiation of products at the stage of drafting schedules. This would negate the right of developing countries to self-designate SPs guided by indicators, as agreed by Ministers at Hong Kong. The right to self-designate any product as SP shall not be questioned at any stage of the negotiating process, including the verification of the schedules of members.

How will this proposal affect the commitment of developing countries to opening agricultural markets in the Doha Round

Some WTO members have raised concerns regarding the actual scope of the flexibility to be provided through SP provisions. They have insisted on **substantial improvement in market access** for all tariff lines, including those designated as SPs. These members have been particularly reluctant to accord exemption from tariff reduction to these products.

The United States Trade Representative has called SPs a “*loophole*” or a “*black box*” in market access, suggesting that they would undermine any improvements in market access achieved through the formula<sup>12</sup>. The US has proposed to limit the number of SPs to five tariff lines. In connection with these arguments, it is worth recalling that the mandate for substantial improvement in market access does not apply to SPs, as envisaged in paragraph 41 of the Framework agreement. This provision recognizes the fundamental importance of SPs for developing countries and indicates that such products will be eligible for a more flexible treatment with respect to market access improvements.

On a similar note, the United States indicated that creation of **new trade flows** (through “*meaningful access within sheltered special products*”) is a precondition for improving their offer<sup>13</sup>. In their view, creation of new trade flows in agricultural products<sup>14</sup> will promote competition and economic growth thus spurring development and alleviating poverty. In the view of G-33, the concept of new trade flows:

- Is foreign to the negotiating mandates;
- Undermines development instruments agreed upon in the July Framework and at Hong Kong;
- Questions the three agreed criteria of food security, livelihood security and rural development needs and
- Discredits the legitimate requirement of policy space and specific measures to meet the needs of the poor and vulnerable in developing countries.

Some developing countries (Malaysia/Thailand) have also put forward proposals aiming at further restricting the scope of SPs by suggesting **trade-related indicators to exclude certain products**. These indicators are foreign to the mandate provided by ministers for the negotiations on SPs, which clearly states that developing countries will have the flexibility to self-designate an appropriate number of tariff lines as SPs guided by indicators based on criteria of food security, livelihood security and rural development.

However, all of the above criticisms fail to understand the details of the proposal on SPs. The purpose of Special Products is to promote developing countries’ food security, livelihood security and rural development objectives, by allowing countries to provide **limited exemptions** or to liberalise a limited number of products **more slowly than would otherwise be the case**.

According to the SP proposal, developing countries would be reducing MFN tariffs (and therefore renounce to tariff flexibility) with respect to the majority of their agricultural products. This is a significant contribution to the Doha Round,

as it provides potentially significant new market access opportunities for other countries.

The G-33 seeks to maintain policy flexibility on very few tariff lines. The flexibilities suggested do not entail raising MFN rates but rather maintaining current rates on a small percentage of agricultural tariff lines, identified as SPs.

☑ How will SPs affect global and south-south trade flows?

Some members fear that SPs will produce significant barriers to trade, in particular between developing countries. For example, a short assessment by the WTO Secretariat made the alarming claim that SPs could lead to countries stop up to 98% of imports. However, fears over the ability of SPs to produce significant barriers to trade are exaggerated on the following grounds:

*(a) South-South trade has been growing, even without agricultural trade liberalisation.*

South-South agricultural trade has been growing rapidly under current global tariff structures. Between 1990 and 2003 developing country agricultural exports rose by 77 per cent (from US\$83 billion to US\$ 147 billion). According to the WTO, South-South trade as a share of developing countries' total agricultural trade increased from 32 to 46 per cent during the same period<sup>15</sup>.

This makes south-south agricultural trade one of the fastest growing sectors globally. In contrast, developing country agricultural exports to rich country markets have been far slower.

South-South trade is very likely to continue expanding, including in the scenario described in the G-33 proposal, where the majority of agriculture tariff lines will be subject to tariff reduction.

*(b) The WTO Secretariat's figure of 98% is misguided.*

This calculation was based on only two countries, using an analysis that excluded products, based on maximum trade flows, rather than the criteria of food security, livelihood security and rural development – a fundamental misunderstanding of how the proposal on SPs would be implemented in practice.

Furthermore, it is impossible to say that a country will stop importing a product because it will be designated as SP. As noted before, the G-33 proposal on SPs provides for tariff reduction on the majority of agricultural tariff lines.

*(c) Products that are likely to be designated as 'Special Products' also account for only a small part of total developing country agricultural trade*

ICTSD studies found that, on average, SPs selected by developing countries only accounted for less than one-fifth of the value of their total agricultural imports. Products that are likely to be designated as 'Special Products' are also likely to be subsistence and staple products – which account for only a small part of total

developing country agricultural trade. In addition, developing countries are highly unlikely to designate important import products as SPs – because of the negative impact that this would have on consumers.

*(d) SP and SSM flexibilities would have only minimal implications for welfare in both developed and developing country exporters*

Evidence provided by recent models of global trade impact assessment tends to show that overall SP (and SSM) flexibilities would have only minimal implications for welfare in both developed and developing country exporters. When examining the welfare impact of the Doha Round on developing countries, the Carnegie Institute found that: *“Special and differential treatment could be extended to their agricultural sectors with only minor reductions in other countries’ income gains from the Doha Round. (...) A more limited approach – such as the G-33’s proposal that 20 percent of agricultural tariff lines be excluded from liberalization by developing countries – could be expected to have even more modest effects”*<sup>16</sup>.

In the light of past export performances and the limited scope of Special Product designation, fears that SP flexibilities would reverse the current trend towards increased South-South trade or affect the food and livelihood security of developing country exporters seem unfounded.

---

## Endnotes:

---

<sup>1</sup> See for example: Lucia Hanmer, David Booth (2001) *“Pro poor growth: why do we need it, what does it mean and what does it imply for policy?”*, Second Draft August 2001, London and ODI and Timmer, C.P. (1997) *“How well do the poor connect to the growth process?”* Cambridge, Mass: Harvard Institute for International Development.

<sup>2</sup> Robert Eastwood and Michael Lipton (2001) 'Pro Poor Growth and Pro growth poverty reduction: what do they mean? What does the evidence mean? What can policymakers do?', paper delivered at the Asia and Pacific Forum on Poverty: Reforming Policies and Institutions for Poverty Reduction, held at the Asian Development Bank, Manila, 5-9 February 2001.

<sup>3</sup> Polaski, Sandra. “Winners and Losers: impact of the Doha Round on Developing Countries”. Carnegie Endowment for International Peace, 2006. Available at: <http://www.carnegieendowment.org/files/BWfinal.pdf>

<sup>4</sup> Polaski, Sandra. Idem

<sup>5</sup> Joint Communication from the G-33, African Group, ACP, and LDCs on Special Products and the Special Safeguard Mechanism, 11 May 2006

<sup>6</sup> Special circumstances refer to situations where a developing country Member: (a) had bound at least 25 per cent of its total tariff lines at a maximum import duty of 80 per cent at the start of the implementation period; (b) had undertaken ceiling binding commitments under the Uruguay Round; (c) has predominantly low income or resource poor producers; or (d) has any other structural difficulties in its agriculture sector.

<sup>7</sup> Annex A (Framework for Establishing Modalities in Agriculture) of the Decision Adopted by the General Council on 1 August 2004 on the Doha Work Programme (WT/L/579 of 2 August 2004).

<sup>8</sup> Polaski, Sandra. Idem

<sup>9</sup> Doha Work Programme: Ministerial Declaration Adopted on 18 December 2005 (WT/MIN(05)/DEC of 22 December 2005).

<sup>10</sup> DG Pascal Lamy’s statement to the TNC, dated 24 July 2005

<sup>11</sup> See WTO Director General’s speech in the General Council Meeting of 07 February 2007: [http://www.wto.org/english/news\\_e/news07\\_e/gc\\_dg\\_stat\\_7feb07\\_e.htm](http://www.wto.org/english/news_e/news07_e/gc_dg_stat_7feb07_e.htm)

<sup>12</sup> Transcript of Ambassador Susan C. Schwab Remarks on the Doha Development Agenda, 07 July 2006, available at the USTR website: [http://www.ustr.gov/WTO/WTO\\_Transcripts/Section\\_Index.html](http://www.ustr.gov/WTO/WTO_Transcripts/Section_Index.html)

<sup>13</sup> “Still Ready to Talk”. Op/ed by USTR Susan Schwab in the Wall Street Journal 09/November/2006. [http://www.ustr.gov/Document\\_Library/Op-eds/2006/Still\\_Ready\\_to\\_Talk.html](http://www.ustr.gov/Document_Library/Op-eds/2006/Still_Ready_to_Talk.html)


<sup>14</sup> As well as in manufactured goods and services

<sup>15</sup> Bellmann, Cristophe; Bartel, Constantin and Hepburn, Jonathan. Special Products in Agriculture: Some empirical evidence. Bridges Year 10 No. 3, May 2006

<sup>16</sup> Polaski, Sandra. Idem

---

## REFERENCE DOCUMENTS FOR FURTHER READING ON SPs:

 Bernal, Luisa. *“Methodology for the Identification of Special Products (SP) and Products for eligibility under the Special Safeguard Mechanism (SSM) by Developing Countries”*. Issue Paper N° 4. ICSTSD. Geneva, 2005

- 
- 📖 Centre for Trade and Development (CENTAD). *“Ensuring adequate flexibility through Special Products: A case study of India”*. Working Paper 6. New Delhi, July 2006.
  - 📖 FAO. *“Identification of Special Products: possible selection criteria and treatment”*. FAO support to the WTO negotiations Series: Factsheet N°2 for the Sixth Ministerial Conference, Hong Kong. Rome, 2005.
  - 📖 *“G-33 contribution on the Chairman’s Reference Paper on Special Products”*. Submission of the G-33 in the WTO. Document JOB(06)/143 dated 11 May 2006.
  - 📖 *“G-33 Proposal on the Modalities for the Designation and treatment of any Agricultural Product as a Special Product (SP) by any Developing Country Member”*. Submission of the G-33 in the WTO. JOB(05)/304 dated 22 November 2005.
  - 📖 ICTSD. *“Special Products and the Special Safeguard Mechanism: Strategic Options for Developing Countries”*. Issue Paper N° 6. Geneva, December 2005.
  - 📖 Jales, Mario. *“Tariff reduction, Special Products and Special Safeguards: An analysis of the agricultural tariff structures of G-33 countries”*. Issue Paper N°2. ICTSD. Geneva, 2005
-