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AGRICULTURE

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**TRADE DIRECTORATE
DIRECTORATE FOR FOOD, AGRICULTURE AND FISHERIES**

Joint Working Party on Agriculture and Trade

**REGIONAL TRADING ARRANGEMENTS AND THE MULTILATERAL TRADING SYSTEM:
AGRICULTURE**

OECD Trade Policy Working Paper No. 15

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ABSTRACT

Following up a 2003 publication by the Trade Committee, this paper examines the treatment of agriculture in regional trading arrangements (RTAs) against the background of treatment under the multilateral trading system (MTS). This paper describes 18 RTAs and its findings may not be generalizable to the 169 RTAs that have been notified to the WTO. The relationship between the treatment of agriculture in RTAs and that within the MTS is complex. This paper contains illustrates the topography of agricultural treatment within RTAs under four separate headings including: coverage, domestic support, contingency protection and sanitary and phytosanitary regulations. This descriptive analysis is prepared both as a basis for assessing progress on agriculture in RTAs and as frame of reference for considering the treatment of agriculture at the multilateral level.

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Keywords: regionalism, trade and agriculture

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REGIONAL TRADING ARRANGEMENTS AND THE MULTILATERAL TRADING SYSTEM: AGRICULTURE

Executive Summary

Following up a 2003 publication by the Trade Committee, this paper examines the treatment of agriculture in regional trading arrangements (RTAs) against the background of treatment under the multilateral trading system (MTS). This paper describes 18 RTAs and its findings may not be generalizable to the 169 RTAs that have been notified to the WTO. The relationship between the treatment of agriculture in RTAs and that within the MTS is complex. One recent RTA contains obligations to complete negotiations for the liberalisation of identified products following the current round of multilateral trade negotiations, thus enabling the RTA to build on future concessions at the multilateral level. A provision contained in another RTA requires that future concessions negotiated at the multilateral level be applied between RTA members, thus underlining the primacy of the MTS.

While product *coverage* within RTAs is difficult to assess, RTAs may bring pressure to bear on restrictions in sensitive agricultural sectors. Such pressures may lead to the achievement of market openings in difficult sectors, albeit sometimes with very long transition periods. Several RTAs establish what could be described as an inverse tariff escalation mechanism which allows for trade in final goods produced from sensitive basic agricultural products that would otherwise not have been possible in the short-run.

With the notable exceptions of the EU and COMESA, there is a general absence of provisions concerning *domestic support* within RTAs. *Contingency protection* is an area where progress is uneven, many RTAs lockout the application of safeguards in internal trade in agriculture while others have established a special and differential treatment (SDT) transitional safeguard, available only to the developing RTA member.

The landscape of *sanitary and phytosanitary* (SPS) related provisions within RTAs range from best endeavour wording for harmonisation to establishing specific committees to implement SPS provisions contained within the agreements. Some RTAs couple obligations for harmonisation with those for equivalence, thus further facilitating internal trade. Others have implemented mutual recognition agreements (MRAs) under which conformity assessments conducted by the domestic authorities in an exporting member are recognised by an importing member without further documentation or procedural steps. Although RTAs reflect difficulties with agricultural trade similar to those existing at the multilateral level, they provide blackboards for creative trade policy at the regional level, and tested ideas for the MTS.

**A note on the selection of RTAs included in this study*

The span of RTAs considered here is deliberately wide, in terms of the type of arrangements discussed and their status and are listed in the section *Glossary of Regional Trading Arrangements Included in this Study*. Additional considerations such as the level of economic development between the members and geographic dispersion also played a role in the selection of RTAs. RTAs considered include: APEC, a forum based essentially on peer pressure rather than binding rules; traditional free-trade areas, such as NAFTA, necessitating preferential rules of origin to prevent third parties shipping to the free trade

agreement (FTA) entry point with the lowest external tariff; customs unions, such as MERCOSUR, with a common external tariff; and the EU, an economic and monetary union entailing supra-national authority and deep integration going well beyond trade. Within the four topical sections of this paper, two agreements over which negotiations have already been completed but are not yet ratified by their respective governments have been included to keep the study as current as possible. In addition, reference is made in some places to agreements containing interesting initiatives but that are still under negotiation.

Introduction

1. While the rules of the multilateral trading system (MTS) applying to agricultural products remain to some extent different from those concerning industrial products, the WTO Agreement on Agriculture (AoA) provides an important basis for integrating agricultural products with the MTS. Nevertheless, during the first nine years (1995-2003) since the establishment of the WTO, the visibility of free trade or regional trading arrangements (RTAs) has rapidly expanded. The number of such arrangements officially notified to the WTO nearly tripled from 58 to 169 during this same period.¹ One estimate suggests that more than half of international trade could be covered under RTAs by 2005.²

2. This trend is characterised by its diversity. For example, in contrast to earlier RTAs, recent agreements span economies as economically and geographically diverse as those between: EU-Tunisia, New Zealand-Singapore and Korea-Chile. They also include economies that have traditionally been strong supporters of the MTS and have not been inclined to conclude RTAs, such as Japan and Korea. China, as a new member of the WTO, is also preparing for RTAs, *e.g.* with ASEAN economies.

Methodology of the Study

3. This study builds upon the approach taken in the OECD publication *Regionalism and the Multilateral Trading System* (2003) which was prepared for the Trade Committee to address trade topics covered under RTAs and to highlight salient features (see Box 1). Consistent with that approach, descriptive analysis and conclusions appearing under a (“Key Points”) section at the *beginning* of the paper are followed by thematic sections which present the data underlying them. The treatment of agriculture within RTAs is organised under four themes: coverage, domestic support, contingency protection and *sanitary and phytosanitary* (SPS) regulations. Each section is headed by a table providing an overview of how that area is handled across the RTAs under study. Following the tables are descriptions of policy mechanisms discovered

¹ These figure include RTAs notified under the Article XXIV of the GATT 1994 covering goods (including agriculture), the Enabling Clause covering RTAs between developing and least developed economies, but not those notified under GATS Article V regarding services. See: WTO (2003).

² OECD (2003), p. 12.

Box 1. The Approach in *Regionalism and the Multilateral Trading System*

Mandated by the Trade Committee at its meeting of 13-14 February, the study *Regionalism and the Multilateral Trading System* addressed an observation contained in the OECD 2001 Ministerial Communiqué that “WTO-consistent preferential trade agreements can complement but cannot substitute for coherent multilateral rules and progressive multilateral liberalisation”. The approach adopted in *Regionalism* was to explore the context of that complementary in light of ten trade issue areas³ (which did not include agriculture), and focused on the rule-making aspects for two key reasons. The first was to observe the trade issue areas under study, and the rule-making dimension inherent in them, are receiving increased attention in regional trade initiatives. The second was to provide a complement to the more established—though by no means complete—work on the assessment of welfare effects resulting from preferential trade arrangements.

This current study builds upon the approach taken in *Regionalism* by providing descriptive analysis of how RTAs address the issue of agriculture, as a backdrop for considering complementarities with the broader multilateral context they inhabit.

Adapted from: OECD (2003), p. 3.

4. It should be underlined that the present work is based on the texts of 18 RTAs⁴ and does not generally address issues related to implementation. The term “RTA” is used throughout this paper in a manner that covers free-trade areas, customs unions and even fora in which cooperation on trade policy takes place, but which have no binding rules.

I. Key Points

Coverage

5. The coverage of agriculture in RTAs typically reflects the situation prevailing at the multilateral level with occasional improvements. Although sectoral coverage is not closely examined in this paper, it is clear that sectors resistant to liberalisation at the multilateral level are similarly resistant at the regional level. Nonetheless, RTAs often reflect some progress even in traditionally difficult sectors such as beef, cotton, dairy, rice and sugar. Such cases may promote adjustment and facilitate most favoured nation (MFN) liberalisation in those sectors over the long-run. On the frontier of this process is the potential for a relaxation in rules of origin in noteworthy sectors, *e.g.* as reflected with respect to cotton under the current text of the US-Morocco Free Trade Agreement (FTA). This exception would allow Moroccan textile products made with limited quantities of cotton from several efficient West African cotton producers to be imported preferentially into the US.⁵

6. The hierarchy of preferential treatment has become an issue in some cases involving agricultural products, as reflected in so-called “MFN clauses” appearing in some RTAs. In one instance, a clause within an RTA prohibits earlier members from conferring more favourable treatment to new members under subsequent RTAs. This practice limits the ability of new RTAs to make progress on liberalisation beyond that achieved under earlier subsets of agreements. In general, RTA-based MFN clauses seek to

³ These ten trade issue areas included: services, labour mobility, investment, competition, trade facilitation, government procurement, intellectual property rights, contingency protection, environment and rules of origin.

⁴ See: *Glossary of Regional Trading Arrangements* included in this study.

⁵ Paragraph 15 of Article 4.1.

protect benefits resulting from specific liberalisations negotiated under an RTA from being undercut by further RTAs covering the same products.

7. To facilitate trade liberalisation between developed and developing members in sensitive basic agricultural products, some RTAs apply trade policy mechanisms aiming to increase trade in processed goods containing those basic products. RTAs with such trade policy mechanisms differentiate liberalisation commitments on the value added to sensitive basic agricultural products from those regarding the basic agricultural products themselves. Although this mechanism is a second best alternative to complete trade liberalisation, it enables trade in certain types of agricultural products which would otherwise be impossible. Significantly, the economic effect of this trade policy mechanism is similar to that of inverse tariff escalation, and allows for increasing levels of value added within developing RTA members for an expanded range of agricultural goods.

Domestic Support

8. Although RTAs rarely contain binding obligations regarding domestic subsidies, some have taken creative policy approaches. At least one RTA supports the removal of domestic subsidies in agricultural sectors where internal trade occurs. This approach may have negative externalities by leading to a relative increase of subsidies in sectors that are not traded internally. Similarly, many RTAs ban the use of export subsidies on internal trade although a portion of those allow their use to counterbalance export subsidies that have been applied to imports from non-RTA members. The potential for the trade effects of subsidies to be shifted outside of RTAs provides a strong rationale for progress on domestic subsidies at the multilateral level.

9. While many RTAs establish institutional mechanisms to facilitate the general implementation of the RTA, a sub-set have implemented institutional mechanisms specific to agriculture. The institutional mechanisms established under some RTAs have a mandate to facilitate the reduction trade distorting domestic support affecting internal trade. Several RTAs have provisions specifying cooperation to address trade distorting agricultural subsidies in multilateral trade negotiations.

Contingency Protection

10. Nearly all RTAs preserve recourse to antidumping and countervailing actions. However, a number remove the application of safeguards between the RTA members following a transition period. For these three types of contingency measures, most RTAs either contain technical requirements similar to those appearing in the corresponding WTO agreements, or specifically refer to WTO rules.

11. Normally appearing in the same RTAs banning safeguards following the transition period, is a transitional safeguard mechanism designed to facilitate adherence to liberalisation commitments. These transitional safeguard mechanisms contain an inbuilt disincentive for application that also acts to hasten phase-out once the safeguard is applied. These safeguard mechanisms require the negotiation of compensation in terms of new trade concessions equivalent to the duty revenues collected from the transitional safeguard.

12. Rather than exclude particularly sensitive products from liberalisation commitments, some RTAs employ special safeguards (SSGs⁶) provisions which mirror those provided under the AoA to a limited number of agricultural products. Importantly, SSGs appearing in this sample are subject to phase-out at the end of specified transition periods, thus locking in liberalisation.

⁶ See: *Key Features of Agricultural Treatment within the Multilateral Trading System* for explanation.

13. A special and differential treatment (SDT) transitional safeguard existing in certain RTAs between developed and developing economies, provides differentiated treatment to the developing member in a number of ways. First, only the developing member of the RTA may have recourse to this SDT safeguard. Second, the technical requirements for the application of the SDT safeguard are less stringent than for the general safeguard under the same agreement. Finally, these safeguards may be applied explicitly to assist “infant industries or sectors facing serious difficulties”, thus marking a novel application of safeguards in comparison to more common rationales for safeguards appearing at the multilateral and regional level.

Sanitary and Phytosanitary Measures

14. Sanitary and phytosanitary (SPS) provisions within RTAs take many forms and approaches towards reducing SPS related frictions on internal trade. Most groups contain best endeavour wording for one or a combination of harmonisation towards international standards, between RTA members and towards the standards of one member. The few RTAs reflecting active work-streams on regional harmonisation often also contain provisions for the application of equivalency; some make it mandatory. Provisions for the application of mutual recognition agreements (MRAs) concerning conformity assessment bodies very occasionally exist in RTAs.

15. A small minority of RTAs require progress in three areas (harmonisation, equivalency and conformity assessment) and essentially eliminate SPS related frictions in internal trade. Agreements between developed and developing members reflect SDT ranging from technical cooperation to provisions for assistance to establish capacity for conducting conformity assessment.

16. One RTA is considering work to facilitate the development of a sectoral MRA concerning food through technical cooperation and assistance. Another RTA between only developing economies frames regional work on SPS within the context of an agreement on trade facilitation. In doing so, the less-developed among the RTA partners are better able to integrate the least trade restrictive approaches within the development of their SPS regimes.

II. Coverage of Agriculture within the RTAs under study

17. There are generally three approaches to establishing liberalisation commitments within RTAs. Of these, the negative list approach is widely considered to be the most concise and transparent method. Under this approach, RTA members identify only the products not subject to liberalisation within the agreement. In contrast, RTAs employing a positive list approach identify only products on which liberalisation commitments are made. The comprehensive list approach is self-explanatory as all products and treatments are listed.

Table 1. Coverage of Agriculture within Regional Trading Arrangements^a

(Harmonised System 1-24)

Agreement	Approach for Listing Concessions ^b	Tariff Lines Not Completely Liberalised at the End of the Transition Period ^c	Tariff Lines Excluded from Any Liberalisation Commitments ^d
AFTA (ASEAN 6) ^e			
Brunei	Negative list	14	0
Indonesia		4	0
Malaysia		73	0
Philippines		62	0
Singapore		0	0
Thailand		5	0
ANZCERTA	Negative list	0	0
APEC	N/A	N/A	N/A
ASEAN-China Framework Agreement ^f (HS 1-8)			
China	Negative list	0	0
Brunei		0	0
Indonesia		0	0
Malaysia		N/A	N/A
Philippines		N/A	N/A
Singapore		0	0
Thailand		0	0
Canada-Chile			
Canada	Negative list	94	94
Chile		88	73
Canada-Costa Rica	Comprehensive list		
Canada		153	153
Costa-Rica		90	90
COMESA	Data not available	Data not available	Data not available
EU-South Africa			
EU	Negative list	495	282
South Africa		120	104
EU-Tunisia ^g			
EU	Positive list	(60)	N/A
Tunisia		(54)	N/A
EFTA-Turkey ^h	Positive list	N/A	N/A
European Union (EU)	Negative list	0	0
JSEPA			
Japan	Positive list	1657	1657
Singapore		0	0
Korea-Chile ⁱ			
Chile	Comprehensive list	40	40
Korea		39	15
MERCOSUR	N/A	0	0
NAFTA			
Canada	Comprehensive list	70	51
Mexico		85	70
United States		16	0
New Zealand-Singapore	Negative list	0	0
US-Australia			
Australia	Comprehensive list	0	0
United States		196	83
US-Chile			
Chile ^j	Comprehensive list	N/A	N/A
United States		0	0

Source: Agreement texts and national tariff schedules.

- In accordance with the approach of this study, the table deals only with qualitative and not quantitative aspects of coverage (*i.e.* trade weighting or trade-flow analysis). Unless otherwise specified, data reflects regional liberalisation commitments at the end of the implementation period for HS Chapters 1-24 at the 8/9 digit level.
- Under a negative list approach, tariff lines are completely liberalised unless identified for different treatment. Conversely, under a positive list approach, no liberalisation commitments are made unless tariff lines are

identified and liberalisation commitments are listed. The designation “comprehensive list” appears where the concessions data appears to list the entire HS tariff tables of the member economies.

- c. Unless otherwise specified, the figures represent agricultural *tariff lines not eligible for complete liberalisation* [including because they are subject to tariff-rate quotas (TRQs)] at the end of the transition period. On the other hand, figures appearing in parentheses “()” represent the number of *tariff lines eligible for total liberalisation* at the end of the period.
- d. Figures represent tariff lines excluded under the agreement from any type of liberalisation commitment.
- e. Products appearing under the data appearing in the *Tariff Lines Not Completely Liberalised at the End of the Transition Period* table headings are products appearing on the Sensitive and Highly Sensitive Products (see Annex II) lists on which tariff preferences, quantitative restrictions (QRs) and TRQs may be applied only during the transition period.
- f. Bilateral negotiations between China with the Philippines and Malaysia remain incomplete and are omitted from this table.
- g. The EU-Tunisia agreement relies on a complicated positive list approach which identifies commitments at the 4, 6, 7, 8 and 9 digit HS tariff line levels meaning that the figures provided are inconsistent. See note “i” in Annex I for further details.
- h. The EFTA-Turkey agreement relies on complicated positive list approach which identifies commitments at the 4, 6, 7, 8 and 9 digit HS tariff line levels. Meaningful data cannot be developed from the agreement text for: *Tariff Lines Not Completely Liberalised at the End of the Transition Period* and *Tariff Lines Excluded from Any Liberalisation Commitments* table headings. This is due to the fact that Article 5 of Protocol A of the EFTA-Turkey specifies that the agreement partners will treat agricultural imports from one another at least as favourably as in the case of their respective agreements with the EU. Assessment of the relevant concessions in that agreement is beyond the scope of this study.
- i. Tariff lines marked in the Korean liberalisation schedule for tariff elimination negotiations following the conclusion of the Doha Development Agenda negotiations are marked “(DDA)” in this table.
- j. See note “l” in Annex 1.

18. Individual RTAs rely on positive, comprehensive or negative list approaches. In some instances such as EU-Tunisia, different approaches are used for industrial as opposed to agricultural liberalisations within the same agreement. Assessments of coverage that are comparable across different agreements are difficult, particularly where liberalisation commitments under positive list approaches have been established at different levels of detail under the HS system. For this reason and the fact that details of special treatment for certain products are sometimes highly technical, figures contained in Table 1 and the more detailed Annex I reflect best estimates. While no simple conclusions are drawn in this exercise, the discussion below seeks to highlight approaches to coverage in RTAs.

19. Among the developing economy agreements, the ASEAN Free Trade Area is interesting in that very few exclusively agricultural products are excluded from the Common Effective Preferential Tariff (CEPT) scheme which requires members to eliminate barriers to trade among the ASEAN 6 members by 2010. Excluded products registered by members under the Sensitive Products (SP) and Highly Sensitive Products (HSP) lists must be reduced at least to 5 and 20 per cent, respectively, by 2010. At that time, any quantitative and other non-tariff restrictions on trade in SP and HSP products must be removed to bring them in-line with rules for CEPT products.

20. Although the China-ASEAN Framework Agreement is not an RTA, but an agreement to negotiate an RTA, it creates an “Early Harvest” category of products consisting of HS Chapters 1-8 under which liberalisations beginning this year will eliminate duties between China and ASEAN members following a transition period. Although Malaysia and the Philippines have yet to complete negotiations with China under this agreement, it is notable that none of the remaining ASEAN 6 members have listed any products under the exclusion list of the Early Harvest programme. This is significant in that Thailand

has reserved 5 SP products from the CEPT programme which it has not reserved from the Early Harvest programme, thus suggesting that the Early Harvest programme might eventually play a role in bringing these products under the CEPT. Although uncertainties remain, this may represent an example of interlocking RTAs making progress on difficult products.

21. Canada-Chile and Canada-Cost Rica both take similar approaches to product coverage and preferential treatment. Neither relies on non-zero tariff preferences, and where Canada-Chile provides for a limited number of permanent TRQs, Canada-Costa Rica does not rely on any. Both rely on complete exclusion from any liberalisation commitments as the mainstay for addressing sensitive products. Canada-Costa Rica is interesting in that a fair proportion of the liberalisations are contingent on Costa-Rica's removal of a Free Zone regime.

22. APEC is a forum reliant on peer pressure and "open regionalism" under which liberalisation negotiated at the regional level is implemented on an MFN basis outside the regional grouping. In 1994, APEC leaders agreed in Bogor, Indonesia to the "Bogor Goals" under which leaders from member economies would work towards achieving the liberalisation of trade in industrial goods and agricultural products by 2010 for developed members and 2020 for developing members. The approach of APEC in the area of agriculture is to develop a foundation for liberalising trade in agricultural products throughout the region. A work-stream titled the APEC Food System is composed of activities and projects focussing on developing rural infrastructure, promoting free trade in food products and disseminating technological advances in food production and processing.

23. Reflecting a set of agriculture-related policy objectives differing from contemporary RTAs, COMESA sets the goal of liberalising internal trade in goods while recognising that the "overall objectives of cooperation in the agricultural sector are the achievement of regional food security and rational agricultural production within the Common Market."⁷

24. EU-Tunisia and EFTA-Turkey are interesting in several respects. As RTAs between developed and developing economies, both must face difficulties in liberalising agricultural trade due to vast differences in price levels for basic agricultural products within their respective domestic markets. In addressing this difficulty, these two agreements distinguish "agricultural" from "industrial" components in the liberalisation commitments for a limited positive list of final products. Resembling an inverse tariff escalation mechanism, provisions contained in these agreements allow for liberalisation commitments to be made on the industrial component of final products but not on the value of the basic agricultural goods from which the final products were derived. This trade policy mechanism allows for the domestic price levels of sensitive agricultural products to be insulated from liberalisation commitments on imports of final products incorporating them. While this mechanism allows for liberalisation commitments which would otherwise not have been possible, it is an imperfect substitute for complete liberalisation. Where EU-Tunisia bases the calculation of the agricultural component on the difference between the domestic price of the basic agricultural product and that in a third economy, EFTA-Turkey specifies for the difference to be calculated based on the world price. Both agreements allow the application of multiple trade policy tools to adjust for the agricultural component in trade including quantitative restrictions. Operating under a similar underlying principle, NAFTA addresses the difficult sugar sector with a provision allowing for duty free imports of processed sugar products from Mexico, on the condition that the raw sugar incorporated into the final product originated from the US.⁸

⁷ Article 129.

⁸ Paragraph 8 of Appendix B of Section I of ANNEX 704.2 of Chapter 7.

25. EFTA-Turkey reflects the complex trading relationship that RTAs bring to the MTS. EFTA-Turkey represents an RTA between one member and a subset of RTA members which already have RTAs with another RTA containing multiple members, and multiple additional RTAs. First, the EFTA-Turkey agreement provides separate lists of liberalisation commitments provided by each of the EFTA members to Turkey and a single list of concessions provided by Turkey to the EFTA members as a whole. Then, for agricultural products not handled specifically within the EFTA-Turkey agreement “but not listed in the Annex to the Treaty Establishing the European Economic Community”, EFTA members are to provide treatment to Turkey equivalent to that which EFTA members provide to the EU, and Turkey the same.⁹ Special considerations inherent in RTAs involving multiple members with differing level of trade commitments *vis-à-vis* one another are reflected in the EU-Tunisia agreement which contains an MFN clause providing that goods imported from Tunisia into the EU shall not enjoy more favourable treatment than goods produced and traded between EU members.¹⁰

26. US-Chile includes a variety of trade policy mechanisms regarding agricultural liberalisation.

- This RTA incorporates two MFN clauses that operate with the RTA on wheat and wine. Regarding wheat, a variable levy applied by Chile on wheat imports may never be higher than “the lesser of the prevailing customs duty applied on an MFN basis, or the customs duty applied to any other imports under any preferential arrangement.”¹¹
- Similarly, a mutual MFN clause regarding wine specifies that if any wine related concession granted by an RTA member to a non-RTA member is more favourable than that existing between the members, the same concession will be automatically applied to the other RTA member.¹²
- On sugar, the RTA members generally grant duty free treatment for a quantity of sugar imports equal to the imports from the other member based on the most recent data available.
- Addressing difficulties involved in liberalisation of seasonal agricultural products, the treatment of avocados in the US-Chile agreement is worth noting. Under the US-Chile agreement, a two-tiered seasonal TRQ is applied on avocado imports from Chile into the United States with lower quantities during the US production seasons and higher quantities during the US off season. Both TRQs are subject to elimination following a twelve year implementation period.

27. NAFTA and Korea-Chile both represent cases in which a symbiotic relationship between multilateral and regional treatment in agriculture may be observed. While NAFTA came into force before the AoA, the provisions of the agreement anticipated the tariffication process that would become part of the AoA. NAFTA contains an MFN provision¹³ requiring that any reductions in out-of-quota tariff rates for TRQs negotiated as part of the multilateral trade negotiations that are lower than NAFTA rates, will be applied to other NAFTA members. Taking this concept a step further, Korea-Chile contains a liberalisation commitment designated “DDA” for a number of agricultural products under which “tariff elimination schedule[s] shall be negotiated after the end of the Doha Development Agenda negotiations of the

⁹ Article 5 of Protocol A.

¹⁰ Article 21.

¹¹ Paragraph 3 or ANNEX 1 of Annex 3.3.

¹² Paragraph 4 of Appendix A of Section I of ANNEX 704.2 of Chapter 7.

¹³ Paragraph 4 of Appendix A of Chapter 7.

WTO.”¹⁴ Both agreements highlight that some sectors are more pliable to liberalisation at the multilateral than at the regional level.

III. Treatment of Domestic Support and Export Subsidies on Agriculture within the 18 RTAs under study

28. As one of the most difficult topics in the AoA negotiations, it is not surprising that few agreements address domestic subsidies. The general absence of provisions concerning domestic support within RTAs appears to defer potential disputes concerning them to multilateral trading rules. Only two RTAs take up the issues of harmonising domestic support. The EU integrates domestic support among its members through the Common Agricultural Policy (CAP), a subject that is beyond the scope of this study. Another exception is COMESA which supports rationalising agricultural production and promoting complementarity as well as specialization among its membership. COMESA objectives include: the establishment of a common agricultural policy; regional food self sufficiency; increased agricultural production and exports within and beyond the region; and the replacement of imports through production on a regional basis.

Table 2. Provisions Concerning Agricultural Domestic Support and Export Subsidies within Regional Trading Arrangements

Agreement	Domestic Support	Harmonisation of Domestic Support	Applicability of Export Subsidies to Internal Trade	SDT or Technical Cooperation
AFTA (ASEAN 6)	NP	NP	NP	NP
ANZCERTA	Not permitted if impacts internal trade	NP	Not permitted	NP
APEC	N/A	N/A	N/A	N/A
ASEAN-China Framework Agreement	Identified for further negotiation	NP	NP	NP
Canada-Chile	Institutional provisions	Institutional provisions	Not permitted*	NP
Canada-Costa Rica	Cooperation in WTO negotiations	NP	Not permitted	NP
COMESA	Cooperation through CAP	Cooperation through CAP	NP	Cooperation through CAP
EU-South Africa	NP	NP	NP	NP
EU-Tunisia	NP	NP	NP	NP
EFTA-Turkey	NP	NP	NP	NP
European Union (EU)	Cooperation through CAP	Cooperation through CAP	Not permitted	Cooperation through CAP
JSEPA	NP	NP	NP	NP
Korea-Chile	NP	NP	NP	NP
MERCOSUR	NP	NP	NP	NP
NAFTA	Best endeavour for reduction	NP	Not permitted*	NP
New Zealand-Singapore	NP	NP	Not permitted	NP
US-Australia	NP	NP	Not permitted*	NP
US-Chile	NP	NP	Not permitted*	NP

Source: Agreement texts.

“NP” Signifies no provision found.

* Indicates that the prohibition on export subsidies in internal trade is waived for products which have received export subsidies when exported from non-RTA into RTA members.

¹⁴

Section A of Appendix 2 of the Tariff Elimination Schedule of Korea.

29. The fact that subsidies cannot be reduced preferentially (except export subsidies) has led to a second best approach to addressing trade distortive results that domestic subsidies may have on internal RTA trade. However, some RTAs adopt the approach of reducing subsidies for products that specifically impact internal trade. As highlighted in OECD (2003), a continuing process of negotiations following the establishment of ANZCERTA has resulted in an RTA that restricts domestic subsidies on products which are intensively traded at the regional level.¹⁵ Echoing ANZCERTA, Canada-Costa Rica contains mandatory consultation procedures designed to address situations in which domestic subsidies are considered to be affecting internal trade.¹⁶ NAFTA contains best endeavour wording which recognises the legitimacy of domestic support measures in agriculture while supporting the evolution of domestic agricultural policies in a manner that reduces trade distorting effects or is exempt from multilateral trading rules.¹⁷

30. While many RTAs establish special committees or institutions to govern the operation of the RTA, some have special committees or institutions specific to agriculture. Among these, Canada-Chile stand out as one that places particular attention on the issue of domestic subsidies by establishing an independent Committee on Anti-dumping and Countervailing Measures with a mandate to “consult with a view to defining subsidy disciplines further and eliminating the need for domestic countervailing measures on trade between them”.¹⁸

31. The approach to dealing with domestic subsidies in agriculture through cooperation in international negotiations is reflected in Canada-Cost Rica and NAFTA. Canada-Costa Rica contains precise wording on objectives that the RTA members will pursue in WTO negotiations for rules on domestic agricultural subsidies at the multilateral level. These objectives include:

1. the maximum possible reduction of trade distorting domestic support;
2. establishing an overall limit on domestic support of all types;
3. a review of the criteria for “green box”¹⁹ subsidies; and
4. agreement that green box support should not be countervailable.²⁰

32. In the area of export subsidies, Canada-Chile contains a provision supporting multilateral negotiations for eliminating export subsidies. Many of the RTAs surveyed contain provisions prohibiting export subsidies on internal trade. However, a number of such RTAs allow export subsidies to be applied on internal trade where specific products also imported into the RTA from non-RTA members have benefited from export subsidies.

¹⁵ See OECD (2003), p. 135.

¹⁶ Article III.13(3).

¹⁷ Article 705.

¹⁸ Article M-05.

¹⁹ Under the AoA, subsidies connected with agriculture were placed into three negotiated categories including an “amber box” holding subsidies considered to be trade distorting; a “green box” holding subsidies considered to have little or no effect on trade; and, a “blue box” containing subsidies which would normally be in the amber box, but are not included because they are tied to limiting production.

²⁰ Article III.13.

IV. Contingency Protection Affecting Agriculture within RTAs

33. The manner in which contingency protection measures are reflected in RTAs was largely covered in the contingency protection chapter of OECD (2003). Dealing primarily with antidumping, countervailing actions and general safeguards, the findings in that chapter are equally valid for agriculture. Table 3 includes these three contingency measures as a means to update the previous work, and the section below will build on the findings in that work by going into greater detail regarding the topics of transitional safeguards, special safeguards and structural adjustment as they relate to agricultural liberalisation within RTAs.

Table 3. Applicability of Contingency Protection Affecting Agriculture within Regional Trading Arrangements

Agreement	Antidumping	Countervailing Actions	Safeguards ^a	Transitional Safeguards ^b	Special Safeguards ^c
AFTA (ASEAN)	Yes*	Yes*	NP	Yes*	Yes
ANZCERTA	No	Yes*	NP	No	NP
APEC	N/A	N/A	N/A	N/A	N/A
Canada-Chile	No	No	No*	Yes*	NP
Canada-Costa Rica	Yes*	NP	No*	Yes*	NP
China-ASEAN Framework Agreement ^{Error!} Reference source not found.	Yes*	Yes*	Yes*	Yes*	NP
COMESA	Yes*	Yes*	Yes*	Yes	NP
EU-South Africa	Yes*	Yes*	Yes*	Yes	Yes
EFTA-Turkey	Yes*	Yes	Yes	NP	NP
EU-Tunisia	Yes*	NP	Yes	Yes	NP
European Union (EU)	No	No	No	Yes	NP
JSEPA	Yes*	Yes*	Yes*	Yes**	NP
Korea-Chile	Yes*	Yes*	Yes*	Yes**	NP
MERCOSUR	NP	NP	No	No	NP
NAFTA	Yes*	Yes*	No***	Yes**	Yes
New Zealand-Singapore	Yes*	Yes*	No	NP	NP
US-Australia	NP	NP	No***	Yes**	Yes
US-Chile	Yes*	NP	No***	Yes**	Yes

Source: Agreement texts.

“NP” Signifies no provision found.

* Signifies reference to WTO rules or use of similar rules.

** Signifies NAFTA style rules see text for explanation.

*** Signifies that the safeguard may only be applied as part of a global action.

- This heading refers to general safeguards applicable on a global level and on internal trade which are often based on WTO rules.
- Transitional safeguards are normally applicable only during the transition period of the agreement and rules governing their application are generally less stringent than those governing general safeguards.
- Some agreements contain “special safeguards” which are normally applicable only to a specified subset of particularly sensitive agricultural products. Rules governing their application are normally even less stringent than those governing transitional safeguards.
- All entries pending negotiation of rules as part of the RTA negotiations.

34. Transitional safeguards take different forms, but the most common type is that associated with NAFTA. The NAFTA safeguard was developed with a philosophy that safeguards should not be applicable to internal NAFTA trade following the transition period. During the transition period, NAFTA requires a technical test very similar to that contained in the WTO Agreement on Safeguards in order to apply a safeguard. Once the technical test is met, the level to which the tariff may be raised is capped. The duty

applied under a NAFTA transitional safeguard may not exceed either the MFN duty rate of the product at the time the safeguard is being applied, or the MFN duty rate of the product on the day before that RTA came into force. Finally, and most important, the RTA member applying the safeguard must negotiate compensation in the form of tariff concessions equal to the amount collected under the safeguard measure. Thus, the NAFTA transitional safeguard measure has an inbuilt incentive for phase-out by the RTA member applying the measure. RTAs conducted by economies in the Americas (see Table 3) tend to apply transitional safeguards similar to the NAFTA safeguard with minor variations in the number of times they may be applied on a particular product or the time limits for their phase out.

35. Both EU-South Africa and EU-Tunisia include an SDT provision identified as “Transitional Safeguard Measures” which may be applied only by the developing member. Significantly, the measures may be applied for the express purpose of assisting “infant industries or sectors facing serious difficulties” caused by increased imports from the EU. Duties applied under this provision may not exceed the lower of 20 per cent *ad valorem* or the MFN duty rate of the product and must maintain an element of preference for imports from the EU.

36. Echoing the rationale for SSGs in the AoA, some RTAs provide for SSGs on a limited number of highly sensitive products. Departing from the more detailed rules governing SSGs under the AoA, SSG provisions appearing within RTA texts for agricultural products vary. NAFTA designates lists of products subject to SSGs but does not specify the conditions that must be met to trigger their application. However, NAFTA indicates that the special safeguards may only be applied as TRQs, cannot be applied simultaneously with transitional safeguards and may only be applied during the transition period.²¹ US-Chile on the other hand provides rules similar to AoA SSGs such as pre-specifying the quantity or price levels of identified goods which will trigger the SSG, as well as capping duties at levels that provide preference for imports from RTA members. Notably, SSGs may not be applied to increase a zero in-quota duty for a good imported within that allotment. US-Australia provides what is probably the most sophisticated example of an SSG under which separate triggers based both on quantity and price are specified for activating an SSG on beef imports. While the general SSG under US-Australia mirrors that of US-Chile, the restriction against the application of SSGs to zero duty in-quota imports under TRQs is enhanced to include any in-quota imports.

37. It is notable that although EU-South Africa does not have an SSG, it does provide for an agriculture specific safeguard with a less stringent technical test for application than the general safeguard clause. While the general safeguard clause in that agreement contains wording similar to that of the WTO Agreement on Safeguards, the agricultural safeguard relaxes the technical requirement for applying the safeguard, but requires consultations with the Cooperation Council established under the agreement for an appropriate solution.²²

V. Treatment of Sanitary and Phytosanitary Measures within the 18 RTAs under study

38. By addressing SPS measures among smaller groups of economies, RTAs often have a comparative advantage in addressing the incoherence between national SPS regulatory regimes that impede trade. Approaches for making progress under SPS standards within RTAs include harmonisation, equivalence, mutual recognition and technical assistance. Most RTAs refer to harmonisation whether regionally, internationally or to the standards of one RTA member. Others support acceptance of equivalence when the standards regulations of RTA members differ and yet aim to achieve the same or similar level of SPS protection. The implementation of mutual recognition agreements (MRAs) normally

²¹ Paragraph 4 and 5 of Article 704.

²² Article 16.

entails a mechanism for accrediting conformity assessment bodies within the exporting economy to assess products in accordance with the standards of the importing economy. Finally, RTAs can play an important role in creating a forum for technical cooperation or assistance. Experiences ameliorating SPS related frictions on trade at the regional level may also cast light on progress at the multilateral level.

Table 4. Provisions Concerning Sanitary and Phytosanitary Measures within Regional Trading Arrangements

Agreement	Harmonisation	Equivalence	Mutual Recognition	Technical Cooperation or SDT
AFTA (ASEAN 6)	Yes	Yes	Yes	Yes
ANZCERTA	Yes	Yes	Yes	Yes
APEC	N/A	N/A	Yes	Yes
ASEAN-China Framework Agreement	NP	NP	NP	Further negotiations
Canada-Chile	NP	NP	NP	NP
Canada-Costa Rica	NP	NP	NP	Institutional*
COMESA	Yes	NP	NP	Yes
EU-South Africa	Yes	NP	NP	Yes
EU-Tunisia	Yes	NP	Yes	Yes
EFTA-Turkey	NP	NP	NP	NP
European Union (EU)	Yes	Yes	NP	Yes
JSEPA	NP	NP	NP	NP
Korea-Chile	Yes	Yes	NP	Institutional
MERCOSUR	NP	NP	NP	NP
NAFTA	No	Yes	No	Yes
New Zealand-Singapore	Yes	Yes	Yes	Yes
US-Australia	No	NP	NP	Institutional
US-Chile	No	NP	NP	Institutional

Source: Agreement texts.

"NP" Signifies no provision found.

"Institutional" Signifies the establishment of a committee or institution dedicated to SPS matters.

39. Progress in regional harmonisation is reflected in some RTAs. The EU clearly stands out as an RTA that has moved far not only in regional harmonisation but in implementing recognition of equivalence in areas where harmonisation is incomplete or unnecessary. ANZCERTA has made similar progress through a series of bilateral agreements concluded after the establishment of ANZCERTA. The Arrangement on Food Inspection Measures conducted in 1996 was essentially a hybrid between a mandatory equivalence mechanism and an MRA. It allowed all but a small category of "risk classified" foods that had already satisfied domestic regulatory requirements to be traded internally without import and export certification or border inspection requirements.

40. Other RTAs take the approach of promoting international harmonisation. New Zealand-Singapore provides strong support for "...us[ing] international standards...as the basis for its mandatory requirements where relevant international standards exist...".²³ Beyond support for harmonisation towards international standards, New Zealand-Singapore also contains provisions governing the designation of conformity assessment bodies in the other RTA member,²⁴ and an article specifying that RTA members accept the standards of the other RTA member if they achieve "equivalence of outcomes".²⁵

²³ Paragraph 6 of Article 41.

²⁴ Article 41.

²⁵ Article 42.

41. A protocol²⁶ to the 1995 ASEAN Framework Agreement on the Facilitation of Goods in Transit contains enhanced transparency obligation requirements among ASEAN members. It also contains an obligation for the development of SPS regulations among ASEAN members to be "...guided, where possible...by international and regional organizations such as the Codex Alimentarius Commission, the International Office of Epizootics, the International Plant Protection Convention (IPPC) and ASEAN."²⁷ The protocol also appears to support the implementation of bilateral, multilateral and pan-ASEAN arrangements to assist the development of SPS regulations and inspections procedures among ASEAN members that do not have well developed SPS regulatory regimes.²⁸

42. A number of RTAs stress institutional approaches to addressing SPS matters concerning internal trade. NAFTA, US-Chile, US-Australia and Korea-Chile reflect similar approaches. All four establish committees²⁹ dedicated to SPS matters with mandates to facilitate the application of SPS related provisions appearing in the agreements. The committee established under Korea-Chile has the added responsibility of "monitoring compliance".³⁰ Korea-Chile contains best endeavour wording for harmonisation towards international standards.³¹ NAFTA and Korea-Chile contain best endeavour wording for the application of equivalence.³² Beyond establishing a committee, US-Australia establishes an additional Standing Technical Working Group on Animal and Plant Health Measures allowing for cooperation over a variety of SPS related areas including scientific research.³³ The NAFTA text also contains an SDT provision indicating that technical cooperation "may include credits, donations and grants".³⁴ Canada-Costa Rica establishes a Committee on Sanitary and Phytosanitary Measures, but does not detail a mandate for it.³⁵

43. EU-South Africa and EU-Tunisia both reflect attention to SDT as both provide for technical cooperation to assist the developing member to harmonise SPS measures towards those of the EU,³⁶ modernise agricultural practices, diversify output and achieve cooperation in plant health and growing techniques.³⁷ EU-Tunisia additionally foresees economic cooperation to update Tunisian laboratories, leading eventually to the conclusion of MRAs for conformity assessment.³⁸

44. Under the APEC Food System work-stream, the APEC Sub-Committee on Standards and Conformance provides for training in the areas of risk assessment in food safety measures within member economies. The APEC Ministers recently endorsed exploratory work on a proposal to develop a Sectoral APEC Food MRA.

²⁶ Protocol 8: Sanitary and Phytosanitary Measures To implement The ASEAN Framework Agreement on the Facilitation of Goods in Transit.

²⁷ Paragraph 1 of Article 3.

²⁸ Paragraph 4 of Article 3.

²⁹ Article 764 (NAFTA), Article 6.3 (US-Chile), Article 7.4 (US-Australia) and Article 8.11 (Korea-Chile).

³⁰ Article 8.11:3(c).

³¹ Article 8.5.

³² Article 756 (NAFTA) and Article 8.6 (Korea-Chile).

³³ Annex 7-A.

³⁴ Article 762:1.

³⁵ Annex XIII.2.2.

³⁶ Article 61 (EU-South Africa) and Article 52 (EU-Tunisia).

³⁷ Article 61 (EU-South Africa) and Article 54 (EU-Tunisia).

³⁸ Article 51.

45. The China-ASEAN Framework Agreement refers to SPS measures as an area for further negotiations to remove barriers to trade, but does not specify the approach that will be taken with the RTA negotiations. A recent COMESA report³⁹ sets out the objective of harmonising SPS measures and food quality standards at the regional level. MERCOSUR has established a Sub-Group on Agricultural Policy, although further details are unavailable.

³⁹ Paragraph 46 of the COMESA text and COMESA (???)

GLOSSARY OF REGIONAL TRADING ARRANGEMENTS INCLUDED IN THIS STUDY

AFTA (ASEAN Free Trade Area): Brunei Darussalam, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam.

ASEAN-China Framework Agreement (Framework Agreement on Comprehensive Economic Co-operation between the Association of South East Asian Nations and the People's Republic of China): Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam with China.

ANZCERTA (Australia-New Zealand Closer Economic Relations Trade Agreement): Australia and New Zealand.

APEC (Asia Pacific Economic Co-operation forum): Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, China, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States and Vietnam.

ASEAN 6⁴⁰ (Association of Southeast Asian Nations): Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand.

Canada-Chile (Canada-Chile Free Trade Agreement): Canada and Chile.

Canada-Costa Rica (Canada-Costa Rica Free Trade Agreement): Canada and Costa Rica.

COMESA (Common Market for Eastern and Southern Africa): Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Zambia and Zimbabwe.

EU (European Union): Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.

EU-South Africa (Agreement on Trade, Development and Cooperation between the European Communities and South Africa): Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom with South Africa.

⁴⁰ For the purpose of keeping this study manageable, this study will focus on the core original six ASEAN members.

EU-Tunisia (Euro-Mediterranean Agreement between the European Communities and Tunisia): Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden and the United Kingdom with Tunisia.

EFTA-Turkey (Agreement between the EFTA States and Turkey): Iceland, Liechtenstein, Norway and Switzerland with Turkey.

JSEPA (Japan-Singapore Economic Partnership Agreement): Japan and Singapore.

Korea-Chile: (Free Trade Agreement between the Government of Korea and the Government of the Republic of Chile): Chile and Korea.

MERCOSUR (Mercado Común del Sur/Southern Common Market Agreement): Argentina, Brazil, Paraguay and Uruguay.

NAFTA (North American Free Trade Agreement): Canada, United States and Mexico

New Zealand-Singapore (Agreement between New Zealand and Singapore on a Closer Economic Partnership): New Zealand and Singapore.

US-Australia (United States-Australia Free Trade Agreement): Australia and the United States.

US-Chile (United States-Chile Free Trade Agreement): Chile and the United States.

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Annex I. Detailed Coverage of Agriculture within Regional Trading Arrangements^a

(Harmonised System 1-24)

(A = B + C + D)

Agreement	A Tariff Lines Not Completely Liberalised at the End of the Transition Period ^b	B Tariff Lines Excluded from Any Liberalisation Commitments ^c	C Non-Duty Free Preferential Tariffs ^d	D Tariff-Rate Quotas Not Subject to Complete Liberalisation at the End of the Transition Period	Tariff-Rate Quotas Subject to Complete Liberalisation at the End of the Transition Period ^e
AFTA (ASEAN 6) ^t					
Brunei	14	0	14	NP ^g	NP
Indonesia	4	0	4	NP	NP
Malaysia	73	0	73	NP	NP
Philippines	62	0	62	NP	NP
Singapore	0	0	0	NP	NP
Thailand	5	0	5	NP	NP
ANZCERTA	0	0	0	0	0
APEC	N/A	N/A	N/A	N/A	N/A
ASEAN-China Framework Agreement ^h (HS 1-8)					
China	0	0	0	NP	NP
Brunei	0	0	0	NP	NP
Indonesia	0	0	0	NP	NP
Malaysia	N/A	N/A	N/A	NP	NP
Philippines	N/A	N/A	N/A	NP	NP
Singapore	0	0	0	NP	NP
Thailand	0	0	0	NP	NP
Canada-Chile					
Canada	94	94	0	0	0
Chile	88	73	0	15 (b) (c)	0
Canada-Costa Rica					
Canada	153	153	0	0	0
Costa-Rica	90	90	0	0	0
COMESA	Data not available	Data not available	Data not available	Data not available	Data not available
EU-South Africa					
EU	495	282	170	43 (a)	0
South Africa	120	104	0	16 (a)	0
EU-Tunisia ⁱ					
EU	(60)	N/A	147	71 (b) (c)	0
Tunisia	(54)	N/A	107	39 (b) (c)	0
EFTA-Turkey ^j	N/A	N/A	N/A	N/A	N/A
European Union (EU)	0	0	0	0	0
JSEPA					
Japan	1657	1657	0	0	0
Singapore	0	0	0	0	0
Korea-Chile ^k					
Chile	40	40	0	0	0
Korea	39	15	359 (DDA)	6 (c) 18 (DDA)	0
MERCOSUR	0	0	0	0	0
NAFTA					
Canada	70	51	19	0	8
Mexico	85	70	15	0	16
United States	16	0	16	0	7
New Zealand-Singapore	0	0	0	0	0

	A	B	C	D	
Agreement	Tariff Lines Not Completely Liberalised at the End of the Transition Period ^b	Tariff Lines Excluded from Any Liberalisation Commitments ^c	Non-Duty Free Preferential Tariffs ^d	Tariff-Rate Quotas Not Subject to Complete Liberalisation at the End of the Transition Period	Tariff-Rate Quotas Subject to Complete Liberalisation at the End of the Transition Period ^e
US-Australia					
Australia	0	0	0	0	0
United States	196	83	0	113 (a)	95
US-Chile					
Chile ^f	N/A	N/A	N/A	N/A	N/A
United States	0	0	0	0	197

Source: Agreement texts and national tariff schedules.

- a. Unless otherwise specified, data reflects regional liberalisation commitments at the end of the implementation period for HS Chapters 1-24 at the 8/9 digit level.
- b. Unless otherwise specified, the figures represent agricultural *tariff lines not eligible for complete liberalisation* (including because they are subject to TRQs) at the end of the transition period. On the other hand, figures appearing in parentheses “()” represent the number of *tariff lines eligible for total liberalisation* at the end of the period.
- c. Figures represent tariff lines excluded under the agreement from any type of liberalisation commitment.
- d. Includes all types of preferential partial liberalisation except for TRQs.
- e. TRQs subject to phase-out have many permutations (sometimes even within a specific agreement). Figures in this column represent the following categories: (a) those subject to perpetual growth following the transition period (normally between 3-6 per cent *per annum*) but not elimination; (b) those subject to increase over a transition period but not elimination; and (c) those provided preferentially but not subject to growth or elimination. Entries followed by more than one letter represent a mix.
- f. Products appearing under the data appearing in the *Tariff Lines Not Completely Liberalised at the End of the Transition Period* table headings are products appearing on the Sensitive and Highly Sensitive Products (see Annex II) lists on which tariff preferences, QRs and TRQs may be applied only during the transition period.
- g. “NP” signifies that no provision was found.
- h. Bilateral negotiations between China with the Philippines and Malaysia remain incomplete and are omitted from this table.
- i. The EU-Tunisia agreement relies on a complicated positive list approach which, to varying degrees identifies commitments at the 4, 6, 7, 8 and 9 digit HS tariff line levels. Data provided under the *Preferential Tariffs* heading should be relatively accurate due to consistency in the HS digits used to specify commitments. However, the TRQ data provided is flawed as it identifies tariff line commitments at varying HS digit levels.
- j. The EFTA-Turkey agreement relies on complicated positive list approach which identifies commitments at the 4, 6, 7, 8 and 9 digit HS tariff line levels. Meaningful data cannot be developed from the agreement text for: *Tariff Lines Not Completely Liberalised at the End of the Transition Period* and *Tariff Lines Excluded from Any Liberalisation Commitments* table headings. This is due to the fact that Article 5 of Protocol A of the EFTA-Turkey specifies that the agreement partners will treat agricultural imports from one another at least as favourably as in the case of their respective agreements with the EU. Assessment of the relevant concessions in that agreement is beyond the scope of this study.
- k. Tariff lines marked in the Korean liberalisation schedule for tariff elimination negotiations following the conclusion of the Doha Development Agenda negotiations are marked “(DDA)” in this table.
- l. The US/Chile Agreement identifies 172 tariff line items for special treatment specified in Spanish. They were not analysed.

Annex II. Current Agricultural Tariff Rates Applied Between ASEAN 6 Members

	Total HS	Zero Duty	No Data	HS ≤ 5%	Highly Sensitive Products	Sensitive Products
Brunei	988	916	69	3		14
Indonesia	1046	399	37	610	4	
Malaysia	1250	767	115	368	8	65
Philippines	850	0	54	796	4	58
Singapore	899	899	0	0		
Thailand	1123	35	7	1081		5

Source: ASEAN (2004), *Consolidated CEPT (Common Effective Preferential Tariff) Package*, www.aseansec.org/12025.htm.