Over the past four decades or so, the issues that have dominated WTO/GATT negotiations have generally fallen in the prototype of either a transatlantic or a north-south divide. The latter has centred on efforts for the incorporation and improvement of provisions on special and differential (S&D) treatment of developing countries in the multilateral rules and on their application. In three successive rounds of multilateral trade negotiations between 1964 and 1994, S&D treatment was the main element in the negotiating stand of most developing countries. The Doha Round has proved to be no different. This paper aims to assess the proposals for S&D treatment in the context of the current negotiations on agriculture and recommend the way forward that may be in the best interest of developing countries.

The paper traces the genesis and evolution of S&D treatment in GATT/WTO and analyses the S&D provisions in the Agreement on Agricultural and in the modalities that were the basis of the specific commitments undertaken by members on agricultural support and protection. It also contains an account of the application of these provisions in the process of implementation. It examines the main proposals made in the Doha Round by the developing and developed countries to enhance S&D treatment. Finally, the paper takes up a critical examination of all aspects of the S&D treatment in agricultural negotiations and suggests the way forward in the Doha Round.

The Agreement on Agriculture was so designed that it was the principal developed countries that retained for themselves a more beneficial treatment in many ways, while a lower order of flexibility was given to the developing countries. In the current round the objective of developing countries must be first to get equal treatment before they strive for special and differential treatment.

In market access, the proposals put forth by the Chairman of the Special Session of the Committee on Agriculture envisage drastic reduction of tariffs but the application of the suggested formula will still leave the tariff levels in the developed countries on many products higher than those prevailing in the developing countries. What is needed is an additional element in the modalities for reduction of tariffs that would impose a cap on the tariff level at say 60 per cent ad valorem. Developing countries should be willing to accept the ceiling at this level as consumers in these countries can ill afford domestic prices that are, on average, more than 60 per cent above international prices. Economic access to food is, after all, one of the main elements of food security.

What about the need to protect domestic agriculture against price volatility, a characteristic feature of international commodity markets, and against the domestic and export subsidy practices of the developed countries? The need for protection against steep falls in international prices or against unfair trade practices is undeniable but for this we do not need to keep the tariff levels high at all times. A special safeguard mechanism needs to be provided, open to developing and developed countries alike.

While it would be necessary to set up adequate defensive mechanisms to neutralize subsidies, it would be imperative to do more. What is needed is to go to the root of the problem and bring down drastically the level of subsidization. The proposed reduction of Total AMS and the Blue Box payments would still leave intact the considerable disparity that exists in the levels of subsidization in the developing and developed countries. What is needed is to bring down the domestic support causing economic distortions to a uniform level, of say 5 per cent of the total value of agricultural production for developing and developed countries alike. Most developing countries cannot afford the luxury of subsidizing their farmers. For individual products also, a ceiling, of say 15 per cent, must be stipulated as a percentage of the value of production of the relevant product.

It should not be concluded from the suggestions made by the authors that their recommendation is for the concept of S&D to be eliminated from the WTO Agreement. They make the point only that in agriculture there is so much disparity in the use of trade distorting measures by the developed countries on the one hand and the developing on the other, that over-emphasis on S&D treatment skews the pitch in the negotiations. There are certainly some elements of S&D treatment in the Agreement on Agriculture and in the Chairman’s proposals that must be retained, such as exemption from reduction commitments for generally available input support and investment subsidies. However, S&D treatment does not need to be built into the basic design of the modalities.