

*This **TEXTUAL PROPOSAL** is the European Union's proposal for legal text on "Agriculture" in TTIP. It was tabled for discussion with the US and then made public on 21 March 2016. The actual text in the final agreement will be a result of negotiations between the EU and US.*

TTIP - DRAFT CHAPTER ON AGRICULTURE

Article X.1

Objective, scope and coverage

1. The Parties, reaffirming their commitments under the WTO Agreement on Agriculture, hereby lay down the necessary arrangements for the promotion and facilitation of trade in agricultural goods of the Parties.
2. The Parties recognize the differences of their respective agricultural models and the need to ensure that this Agreement does not adversely affect the agricultural diversity of the Parties.
3. The Parties recognize that their respective societal choices may differ with respect to public policy decisions affecting agriculture. In this regard, nothing in this Agreement will restrain the Parties from taking measures necessary to achieve legitimate policy objectives such as the protection of public health, safety, environment or public morals, social or consumer protection or promotion and protection of cultural diversity that each side deems appropriate. Both Parties will seek to ensure that the effect of such measures does not create unnecessary obstacles to trade in agricultural goods between them and that the measures are not more trade-restrictive than necessary to fulfil their legitimate objective.
4. This chapter applies to measures adopted or maintained by the Parties in respect of trade in agricultural goods (hereinafter referred to as "agricultural goods") between them covered by the definition of Annex I of the WTO Agreement on Agriculture.
5. This chapter does not apply to measures as defined in Annex A of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, which will be dealt with in Chapter [*X on SPS*], or measures in other chapters applicable to agricultural goods.

Article X.2

Cooperation in agriculture

1. The Parties recall the prominent role of sustainability in its economic, social and environmental dimensions in agriculture and aim at developing a fruitful cooperation and dialogue on agricultural sustainability issues. To this end, the Parties shall work together to:
 - (a) facilitate information and knowledge-sharing through networks of farmers, researchers and public authorities;

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- (b) exchange ideas and share experiences in developing sustainable farming practices, particularly with regards to organic farming, and environmentally-friendly rural development programs.
2. The Parties shall cooperate in matters related to geographical indications in line with the provisions of Section 3 (*Articles 22-24*) of the TRIPS Agreement, without prejudice to the relevant provisions laid down in the Intellectual Property Chapter of this Agreement. The Parties reaffirm the importance of origin-linked products and geographical indications for sustainable agriculture and rural development, and, in particular, for small and medium-sized enterprises.

Article X.3

Cooperation in Multilateral and other Fora

1. The Parties shall work together to facilitate the successful conclusion of agriculture negotiations in the WTO and consider that this Agreement constitutes a significant contribution in that respect.
2. The Parties recognize the efforts undertaken in international fora to enhance global food security and nutrition and sustainable agriculture and commit to actively engage in cooperation in those fora. To this end, the Parties shall:
 - (a) refrain from undertaking export restrictions as well as the use of export taxes, which might exacerbate volatility, increase prices and have a detrimental effect on critical supplies of agricultural goods to the Parties and to other trading partners, and seek a coordinated approach in the relevant fora;
 - (b) encourage research and innovation and share best practices to secure viable food production in the face of growing world food demand and at the same time ensure sustainable management of natural resources.
3. The Parties shall work together to promote the export of agricultural products from the least developed countries and to encourage regional integration of trade in agricultural products.

Article X.4

Export competition

1. For the purposes of this article, "export subsidies" shall have the meaning assigned to that term in Article 1 (e) of the WTO Agreement on Agriculture.
2. "Measures with equivalent effect" are export credits, export credit guarantees or insurance programmes, as well as other measures that have an equivalent effect to an export subsidy.

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3. The Parties reaffirm their commitment expressed in the 2013 Bali Ministerial Declaration to the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect.
4. Upon entry into force of this agreement, no Party shall maintain, introduce or reintroduce export subsidies or other measures with equivalent effect on an agricultural good that is exported or incorporated in a product that is exported to the territory of the other Party or the territory of a non-Party with which both Parties have concluded a free trade agreement where the non-Party has fully eliminated duties on that agricultural good for the benefit of both Parties. This paragraph shall not apply to export financing support as referred to in paragraph 5 and for which paragraphs 5 to 7 apply.
5. The Parties recognize the work undertaken in the WTO Doha Development Round in respect of the disciplines governing the provision of export credits, export credit guarantees, or insurance programmes ("export financing support"). The Parties shall not grant any financial support to exports of an agricultural good, provided by entities referred to in paragraph 6, destined to the territory of the other Party or the territory of a non-Party referred to in paragraph 4, where the non-Party has fully eliminated duties on that agricultural good for the benefit of both Parties, unless this export financing support complies with the terms and conditions laid down in paragraph 7. The export credits, export credit guarantees and insurance programmes shall comprise:
 - (a) direct financing support, comprising direct credits/financing, refinancing, and interest rate support;
 - (b) risk cover, comprising export credit insurance or reinsurance and export credit guarantees;
 - (c) government-to-government credit agreements covering the imports of agricultural products from the creditor country under which some or all of the risk is undertaken by the government of the exporting country; and
 - (d) any other form of governmental export credit support, direct or indirect, including deferred invoicing and foreign exchange risk hedging.
6. The provisions of this article shall apply to export financing support provided by or on behalf of the following entities, hereinafter referred to as "export financing entities", whether such entities are established at the national or at the sub-national level:
 - (a) government departments, agencies, or statutory bodies;
 - (b) any financial institution or entity engaged in export financing in which there is governmental participation by way of equity, provision of funds, loans or underwriting of losses;
 - (c) agricultural export state trading enterprises; and
 - (d) any bank or other private financial, credit insurance or guarantee institution which acts on behalf of or at the direction of governments or their agencies.
7. Export financing support shall be provided in conformity with the terms and conditions set out below.

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- (a) **Maximum repayment term:** the maximum repayment term for export financing support under this Agreement, this being the period beginning at the starting point of credit¹ and ending on the contractual date of the final payment, shall be no more than 180 days. This shall apply from the entry into force of this Agreement. Existing contracts which have been entered into prior to the signature of this Agreement and are operating on a longer timeframe than that defined in the preceding sentence, shall run their course until the end of their contractual date, provided that they are notified to the other Party.
 - (b) **Self-financing:** export credit guarantee, insurance and reinsurance programmes, and other risk cover programmes included within subparagraphs 5 (b) (c) and (d) above shall be self-financing. Where premium rates charged under a programme are inadequate to cover the operating costs and losses of that programme over a previous 4-year rolling period, this shall, in and of itself, be sufficient to determine that the programme is not self-financing. In addition, where these programmes are found to constitute export subsidies within the meaning of item (j) of Annex I to the Agreement on Subsidies and Countervailing Measures, they shall also be deemed to be not self-financing under this Agreement.
8. If a Party maintains, introduces or reintroduces subsidies or other measures with equivalent effect on the export of agricultural goods to the other Party or the territory of a non-Party referred to in paragraph 4, which are not in compliance with this Article, the other Party may apply an additional tariff that will increase customs duties for imports of such good up to the level of either the MFN applied duty or the base rate set out in Annex X [Tariff Elimination Schedule], whichever is lower, for the period of the granting of the export subsidy or adoption of the measure with equivalent effect.
9. In order for the importing Party to eliminate the additional tariff applied in accordance with paragraph 8, the exporting Party shall provide detailed information which demonstrates compliance with the provisions of this Article.
10. The Parties reaffirm their commitment in the 2013 Bali Ministerial Declaration to enhance transparency and to improve monitoring in relation to all forms of export subsidies and all export measures with equivalent effect. To this end, upon request of the other Party, a Party shall provide necessary information on measures applied on an agricultural good destined to the territory of the other Party or the territory of a non-Party referred to in par. 4.
11. The Parties agree that the international food aid transactions destined for the territory of the Parties or the territory of a non-Party with which both Parties have concluded a free trade agreement, as well as for the territory of a least developed country, shall be provided in fully untied, in cash and fully grant form with the exception of clearly defined emergency situations.

¹ The "starting point of a credit" shall be no later than the weighted mean date or actual date of the arrival of the goods in the recipient country for a contract under which shipments are made in any consecutive six-month period.

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Emergency situation refers to a situation where:

- (a) there has been a declaration of an emergency by the recipient country or by the Secretary General of the United Nations; or
- (b) there has been an emergency appeal from a country; a relevant United Nations agency, including the World Food Programme and the United Nations Humanitarian Programme Cycle; the International Committee of the Red Cross or the International Federation of Red Cross and Red Crescent Societies; a relevant regional or international intergovernmental agency; a non-governmental humanitarian organization of recognized standing traditionally working in conjunction with the former bodies; and

in either case, there is an assessment of need coordinated under the auspices of a relevant United Nations agency, including the World Food Programme; the International Committee of the Red Cross or the International Federation of Red Cross and Red Crescent Societies. Needs assessment should be done with the involvement of the recipient government and may involve a relevant regional intergovernmental organization or an NGO, but while the latter bodies may be so involved, this is in a context where they are in coordination with the relevant United Nations agency or ICRC/IFRCRCS as the case may be.

[The EU reserves the right to alter its proposal, following the DDA outcome. This does not constitute an official position of the EU in multilateral negotiations.]

Article X.5

Domestic support

[The EU reserves the right to present a proposal on domestic support, in particular on the interaction between trade-distorting domestic support and market access commitments. This is without prejudice to the position of the EU in multilateral negotiations.]

Article X.6

Committee on Agriculture

1. The Parties hereby establish a Committee on Agriculture comprised of representatives of each Party. The Committee on Agriculture shall report to the [Trade] Committee.
2. The Committee on Agriculture shall:
 - (a) monitor and promote cooperation on the implementation and administration of Chapter [TTIP Chapter on Agriculture], in order to facilitate the trade in agricultural goods between the Parties;
 - (b) provide a forum for the Parties to discuss developments of domestic agricultural programs and trade in agricultural goods between the Parties;
 - (c) address barriers in trade in agricultural goods between the Parties;

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- (d) evaluate the impact of this agreement on the agricultural sector of each Party, as well as the operation of the instruments of this Agreement, and recommend any appropriate action to the [Trade] Committee;
 - (e) consult on matters related to Chapter [TTIP Chapter on Agriculture] in coordination with other relevant Committees, working groups or any other specialised body under this Agreement;
 - (f) undertake any additional work that the [Trade] Committee may assign to it; and
 - (g) report and submit for consideration of the [Trade] Committee the results of its work under this paragraph.
3. The Committee on Agriculture shall meet at least once a year unless the Parties decide otherwise. When special circumstances arise, upon request of a Party, the Committee shall meet at the Agreement of the Parties no later than 30 days following the date of such request. Meetings of the Committee on Agriculture shall be chaired by representatives of the Party hosting the meeting.
4. The Committee on Agriculture shall adopt all decisions by consensus.

Article X.7

Wine and spirit drinks

[Placeholder for provisions already tabled, without prejudice]

Article X.8

Non-tariff issues

[The EU reserves the right to present a textual proposal on specific non-tariff issues.]

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