

for each country would be equitable. This is to be achieved through the use of a deflator, with the specific policy, and/or other commitments being adjusted according to such countries' rates of inflation.

26. With regard to the AMS, further consideration will need to be given to the treatment of developing countries and the use of such a measure for monitoring reductions in support.

(b) Strengthened Rules/Disciplines

27. Internal support measures could be categorised into (1), prohibited, (2) permitted but subject to discipline, and (3) permitted. Negotiations will need to clarify which programs and policies fall within each category.

28. To bind the results of the reform process, the first two categories of support will be subject to clearly defined rules and disciplines on policy specific parameters, including

- producer support prices;
- commodity specific and non-commodity specific budgetary expenditure and Government revenue foregone;
- levels of support for each commodity.

29. Measures falling into the permitted category would need to meet prescribed and tightly circumscribed criteria to ensure that their effects on output and trade are negligible. Consistent with the Cairns Group proposal of October 1987 (MTN.GNG/NG5/2/21), these could include measures with humanitarian objectives (including grant food aid and disaster relief), direct income support decoupled from production and marketing, resource redeployment assistance and non-commodity specific aid for infrastructure development.

30. There need to be improved international disciplines on countervailing practices so as to enhance predictability and stability in agricultural trade. Redress for any violation of the rules must be pursued through GATT dispute settlement procedures. Any remedial action must be consistent with agreed multilateral procedures.