

19. For commodities for which an AMS can be calculated, target reductions in the above forms of support would include annual commodity specific cuts to

- producer support prices; and
- an aggregate measurement of support (AMS) expressed in total value terms.

20. It is recognised that there is a range of commodities for which an AMS cannot be calculated because of various technical and data limitations. These commodities would be subject to commitments equivalent to those applied to commodities for which an AMS can be calculated. These commitments to reduce support outlined in paragraph 18 will be implemented through annual reductions in

- producer support prices; and
- budgetary expenditure.

21. Other forms of support which have an impact on trade (e.g. input subsidies) should be subject to commitments to target annual reductions in total levels of budgetary expenditure on them and Government revenue foregone.

22. Countries may be accorded flexibility in choosing the policy mix they would use to achieve the agreed reductions in trade distorting support.

23. Some forms of support considered not to be linked to production or trade because they meet clearly defined and multilaterally agreed criteria, would be exempted from the reform commitments. Surveillance of the use of these policies will be required to ensure that recourse to them does not create new trade distortions. In that event, disciplines may need to be considered.

24. The commodity and country coverage of AMS calculations should be as wide as possible. It is proposed that 1986-88 be the base period for the AMS. The use of a multi-year average to establish the base period AMS would ensure that it is not unduly affected by short-term fluctuations.

25. Commitments to be undertaken by countries with relatively high levels of inflation should be determined in a way which ensures that the real burden of adjustments