

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Trade Negotiations Committee

MEETING ON SUGAR

Report by Chairman

1. A meeting on sugar was held on 7 April 1967. The following countries were represented:

Australia	Nordic countries
Brazil	Poland
Canada	Portugal
Dominican Republic	South Africa
European Economic Community	Switzerland
India	Trinidad and Tobago
Jamaica	United Kingdom
Japan	United States

Mr. Finn Gundelach, the Deputy Director-General, was in the chair.

2. Opening the meeting the Chairman recalled that the procedures with respect to agriculture, adopted by the Trade Negotiations Committee in March 1965 (TN.64/39/Rev.1), stated that "As regards sugar, it is noted that, in the view of the Community, it would be useful and desirable to establish a group on sugar, and it is agreed that this possibility will be considered by the Trade Negotiations Committee if and when a specific proposal is submitted to the Committee by the Community." The EEC had submitted a proposal for a General Arrangement on Sugar on 24 January 1967. The present meeting had been convened in order to give the countries participating in the Kennedy Round which had a major interest in exports or imports of sugar, an opportunity to discuss this proposal, as well as any other questions relating to sugar in the Kennedy Round. He called the attention of the meeting to the activities with regard to an agreement on sugar, which had been taking place in the United Nations for some considerable time. To his knowledge, the UNCTAD Consultative Committee on Sugar had met on 16-20 March and had requested the Secretary-General of UNCTAD to carry out consultations with a view to assessing the possibility of resuming the United Nations Sugar Conference in the Autumn of 1967. The present meeting should take full account of the activities taking place in other bodies which have been dealing with the sugar problem for some time, in deciding what can usefully be done in the remaining part of the Kennedy Round with respect to sugar.

3. The representative of the EEC, introducing the Community's proposals, stated that the International Sugar Agreement of 1953 and 1958 had become completely inoperative in 1962. In this connexion he pointed to the worsening market situation marked by high surpluses and a steep fall in prices. The draft of a new International Sugar Agreement, as presented to the United Nations Sugar Conference in 1965, which supplemented the original export quota system with provisions for directly restricting production, had received little support. A solution should therefore be sought in GATT by means of negotiations bearing on the problem as a whole. The elements to be covered should, in the first place, be the stabilization of prices and a mechanism for regulating supplies, through the establishment of a reference price as a minimum price to be observed in transactions carried out outside preferential agreements; this reference price would not, however, exclude the application of a relatively wide price range. Secondly, commitments on domestic support policies should be taken by all producers, in general by binding the margin of support, but less-developed countries could take commitments appropriate to their particular needs.

4. The representative of Jamaica referred to the efforts that had continued in the International Sugar Council and the United Nations over a large number of years to arrive at an international sugar agreement, and to the serious situation which persisted in the world sugar market. There was a definite hope that the United Nations Sugar Conference could be reconvened in the Autumn of this year. He agreed with some of the provisions proposed by the EEC but considered that these should be brought into the negotiations taking place under the auspices of UNCTAD. He suggested that, in view of the short time left for negotiation in the Kennedy Round, there was little useful purpose in discussing the EEC's proposal at this stage and in the present meeting, which should merely take note of the proposal made, but suggested that the EEC should put the proposal for a General Arrangement on Sugar before the bodies which had been dealing with the sugar problem for some time.

5. The representative of the United States supported the suggestion by Jamaica, on the practical grounds that the present time schedule of the Kennedy Round would not allow any other course reasonably to be followed.

6. The representatives of Australia, the Dominican Republic, the United Kingdom, the Nordic Delegation, Japan, South Africa, Canada and Trinidad and Tobago agreed with the views put forward by Jamaica and the United States that it was not practicable for a multilateral arrangement on sugar to be negotiated within the framework of the Kennedy Round and that work should be continued in the bodies that had been dealing with this matter for some time.

7. The representative of Poland expressed regret that it had not been possible to discuss the problem at an earlier date and that it now appeared many believed the problem could not be treated multilaterally in the GATT. He reiterated his Government's continued interest in the negotiation of a general, or at least regional, arrangement on sugar in the framework of the Kennedy Round. The representative of South Africa, while supporting the Jamaican proposal for practical reasons, shared in the regrets expressed by the representative of Poland.

8. The representative of Switzerland recognized the difficulties in arriving at a general solution to the sugar problem in the Kennedy Round because of the advanced date as well as the absence of certain major exporters. He pointed out however that a number of offers had been made in the Kennedy Round that had not been made in other fora which had discussed sugar. These offers were not likely to be made again, and it would have been worth while to make an effort in order that they should not lapse. In this sense, Switzerland's offer remained open for negotiation in the framework of the present negotiations.

9. The representative of the EEC pointed out that the Community, which had presented its proposals on 24 January 1967, noted that these had been examined only on 7 April and could not accept as valid the sole argument of "lack of time" for refusing to discuss them in the framework of the Kennedy Round.

10. Summing up, the Chairman said it was evident from the discussions that a number of major economic problems continued to exist in trade in, and production of, sugar, and that it had not so far been possible to reach agreement on how to solve them. As regards the contribution that could be made in the Kennedy Round towards a comprehensive multilateral solution, it was believed by most that the time left for the negotiations was insufficient to allow problems of such magnitude to be tackled effectively. Furthermore, reference had been made to the substantive work that had been pursued for considerable time, and was still being pursued, in the United Nations and, in particular, in the UNCTAD and its bodies, and a number of delegations had felt that this work should be continued there. There was consensus amongst most participants in the meeting that no further multilateral work aimed at a general arrangement on sugar should be undertaken in the remaining part of the Kennedy Round, and he, as Chairman, would report this to the Trade Negotiations Committee. The Director-General would also inform the Secretary-General of UNCTAD accordingly. As to the specific offers on sugar, the decision on their maintenance or modification rested with those who had tabled them, and would be made in the light of the present discussion and any subsequent bilateral negotiations.