

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

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Group "Agriculture"

Sub-Group on Dairy Products

STATEMENT BY THE REPRESENTATIVE OF THE UNITED STATES ON 23 JUNE 1975

1. In September 1973, Ministers meeting in Tokyo agreed that trade liberalization should be the principal objective of these multilateral trade negotiations. Consistent with its general position the United States supports trade liberalization in the dairy sector as it does for agricultural products generally. Trade liberalization in this sector should be a major objective of our work.
2. The world's dairy trade is particularly encumbered by trade restricting and trade distorting measures. Liberalization could be expected to bring about more stable market conditions and a more efficient allocation of resources in the world's agriculture.
3. The distortion of current trade, due to export subsidies, import restrictions and other measures, is substantial and clearly has a profound impact on the international allocation of resources in agriculture. Most dairy producing countries have substantial import restrictions. The European Communities, for example, maintains a high level of protection through variable levies on dairy products imported from third countries. Several other major dairy producing countries restrict dairy product imports through minimum import prices, quotas and licensing. Moreover, in recent years, a very large share of world exports of dairy products have benefitted from both direct and indirect subsidies in various forms.
4. The United States readily acknowledges that its Section 22 quotas constitute quantitative restrictions on dairy imports. We have already agreed to consult on any quantitative restrictions notified against us according to the procedure agreed in the NTM Sub-Group on Quantitative Restrictions. We are prepared to explore possibilities for liberalizing dairy quotas in the context of multilateral solutions, provided, of course, that other countries are also willing to liberalize their trading practices so that our own dairy industry is not put at an unfair competitive disadvantage.
5. To this end, the United States has also proposed an overall solution to the problem of export subsidies and countervailing duties in the NTM Sub-Group. It considers that a successful negotiation there could make a significant contribution to our objective of expanding and liberalizing world dairy trade.

6. In March 1955, a GATT waiver was granted to the United States with respect to its obligations under Articles 2 and 11 so that it could impose Section 22 import restrictions to prevent interference with United States Government price support programmes for various commodities, including dairy products. The general question of the continuation of the GATT waiver for application of Section 22 falls outside the terms of reference of this Group. If we are successful in agreeing to mutual liberalization of dairy trade practices, the question of the applicability of the GATT waiver to Section 22 quotas could be resolved.

7. In signifying its readiness to discuss more liberal access to its own markets, the United States expects that its trading partners will do the same.

8. Experience has shown that protectionism breeds distortions in trade and production. The objectives of the negotiations should include reduction, if not elimination, of the various forms of protection and trade distorting measures whether these be subsidies, variable levies, quotas, mixing regulations, import licensing, minimum import prices, unwarranted sanitary controls, or other types of border restrictions. Trade liberalization will contribute to the efficient use of resources and substantial gains in the volume of world trade.

9. In its analysis of the need for trade liberalization in dairy products, the United States has concluded that export subsidies and countervailing duties represent a priority category of measures that requires urgent attention. In this regard, the MTN Sub-Group on Subsidies and Countervailing Duties has agreed that participants should submit proposals, including draft texts on subsidies and countervailing problems, in October. The United States hopes to submit draft language for subsidies and countervailing rules for both industrial and agricultural products.

10. We believe that, in addition to problems already identified, this group should identify the major problems in world dairy trade and examine the possible techniques and modalities for dealing with these problems. To this end, the secretariat should be asked to prepare documentation summarizing country practices, with the understanding that participating delegations could submit additional relevant material.

11. As far as product coverage is concerned, we believe the terms of reference need not be limited at this stage and that countries should remain free to raise issues relating to any dairy product category they deem to be important.

12. Mr. Chairman, to get the work of this Sub-Group under way rapidly and efficiently, we suggest that at the next meeting the Sub-Group deal with each measure thus identified in the following manner:

- (a) ascertain its economic impact on both importing and exporting countries; and
- (b) consider specific proposals from countries regarding the measure, in each case communicating the results to other groups concerned, including the tariff and non-tariff measures groups.

13. We expect that measures affecting dairy products will also be discussed in other appropriate groups such as the tariff and non-tariff measures groups or other groups in accordance with the Tokyo Declaration and in particular in accordance with the summing up by the Chairman of the Agriculture Group on 8 May.

14. Consistent with our Trade Act of 1974, we intend to seek common trading rules for agriculture and industry to the maximum extent possible in the appropriate functional group.