

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/GR/W/3
24 June 1975

Special Distribution

Multilateral Trade Negotiations

Original: Spanish

Group "Agriculture"
Sub-Group on Grains

STATEMENT MADE BY THE REPRESENTATIVE OF ARGENTINA ON 23 JUNE 1975

At the first meeting of this Sub-Group, we heard a series of general statements on the approaches which might be adopted in the search for multilateral solutions in the grains sector, either for the stabilization, expansion and liberalization of trade, or for other aspects of particular interest to the developing countries, bearing in mind all the elements of the proposals that have been or may be made.

It is not my intention to go back over the whole subject, but to offer a few reflections and put forward a few ideas regarding the course which, in the opinion of my delegation, our work in the Sub-Group ought to follow, so that the negotiations on grains may reach a successful conclusion with the maximum possible benefit for all.

The various approaches we heard outlined at the first meeting revealed in certain cases substantial differences of outlook which were only to be expected in view of the vast interests at stake, at both national and international level, despite the fact that, as some may point out, we are dealing with a sector in which there is an enormous amount of accumulated experience and where we all feel that we are imbued with a generous spirit of international co-operation.

The subject we have come to discuss has been debated in its various aspects in different forums. That need not cause us any concern so long as these debates bring some positive contribution to our tasks, although at first sight it is not desirable to deal with the same matters in different places at the same time. It could involve a risk of duplication of effort which could impair that spirit of international co-operation with which we are imbued.

Since this Sub-Group has negotiating powers, it must propose undertakings, schemes and guidelines which, consistently with the Tokyo Declaration, could serve as rules of the game for the regulation of world trade and the negotiation of a broader world agreement.

Past experience should be put to use by adapting it to current proposals and realities and correcting any shortcomings found to exist. For that purpose, the Sub-Group has before it the reports of the preliminary discussions and working papers submitted in London and Rome which, in our opinion, contain important elements, even though in some cases too much emphasis has been laid on the search for solutions based on what has happened in the grains market in the last three years.

I am not unaware that during this period we all experienced moments of deep anxiety because of the high prices and consequent depletion of grain stocks; nor is it my intention to deny the effects of that situation on the importing countries, especially the less developed countries. That situation arose partly because of crop losses in the major grain-producing countries, partly because of the financial and inflationary problems affecting the world, and partly - why not say so? - because of the short-sightedness of major importers who find it more convenient that the exporting countries should hold the reserves - since that also enables them to put pressure on prices, and because of a lack of purchasing discipline, a typical example of which is the recent cancellation of substantial buying contracts.

For my country it is of fundamental importance to devise some machinery which will prevent a recurrence of the situation which arose in the 60s and had such a damaging effect on its economy, because its external trade depends on grain exports to a far greater extent than that of the developed countries. At that time it was not only the very low prices which harmed my country but also the variety of para-commercial practices adopted whereby we were supplanted as competitors on world markets, just because we did not have the same resources - especially the financing resources - as our competitors. Those practices reached such a point that a considerable proportion of world trade was channelled through concessional transactions, even though many of them were not included under that heading for which up to the present we have been unable to obtain an acceptable definition. Nor for this period did prior consultations meet with any success, because in such transactions the governing factors were generally quite unrelated to the framework within which they were concluded.

What I have just said shows clearly why my country is concerned at these situations, although it understands and accepts the need to establish some reserve machinery to prevent shortages, such as those which have occurred recently, and to serve as a market-stabilizing factor. Such machinery should be supplemented by a broad price scale to serve as a guide and by "rules of the game", to be applied especially to sales when quotations get close to the minimum acceptable price.

With regard to prices, may I say that, if the 1971 Wheat Agreement had contained price clauses, the abrupt rise would probably have been damped down, and if the 1967 Agreement had included indicative prices, that would have given it the necessary flexibility to enable it to continue in force.

Whatever reserves may be agreed, they should not be of such a magnitude as to exert pressure on markets and/or lead to a flood of special sales programmes, which do nothing towards bringing order into the world market. Nor should they become an incentive for increased subsidized production; exporting countries should aim at obtaining availabilities sufficient to cover total demand, with a margin for contingencies. For the developing countries, both exporters and importers, international financing should be available for building up reserves, and special funds should be devoted to increasing their storage capacity.

Liberalization of international trade is tied up with the question of access and both of them with the production policies of the developed countries. Consequently, the excellent proposals for the establishment of adequate reserves cannot be put into effect unless at the same time the developed countries adapt their production policies accordingly. The approach to the objective of liberalization of trade in grains may not be the same as for other agricultural products, seeing that some of them are generally subject to a greater degree of government intervention, direct or indirect.

For all these reasons, it would perhaps not be appropriate to negotiate rather strict rules implying the adoption of specific measures; we know from experience that too much rigidity usually leads to failure. On the other hand, a good measure of will is needed on the part of the developed countries if the Tokyo Declaration objectives concerning developing countries are not to be a dead letter.

Lastly, Mr Chairman, my country believes that a meeting convened for the purpose of expanding and bringing order into the world grain market - which among other aspects implies the harmonious application of production and stock policies - and of reducing or eliminating trade barriers and sales practices that are not consistent with sound commercial competition, cannot overlook or fail to take account of the tremendous impact of countries like the Soviet Union and the Chinese People's Republic in the international market. The large quantities purchased by these two markets each year, and above all the disproportionate increases observed in certain years in comparison with their customary share of total trade volumes, have contributed to causing disequilibrium in supply and prices, and likewise an increase in sales practices that are detrimental to the interests of exporting developing countries and have even pushed them out of those markets.

My delegation believes that only if we take account during our work of all the facts and situations that I have mentioned will we be able to carry through the tasks entrusted to this Sub-Group with better chances of success.