

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

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Group "Agriculture"

Sub-Group on Grains

STATEMENT MADE BY THE REPRESENTATIVE OF JAPAN, 23 JUNE 1975

As we have stated repeatedly not only in this sub-group but in other groups dealing with agriculture, the objective of the negotiation on agricultural products should be to achieve steady expansion of trade under stable market conditions on the basis of mutual benefit and mutual co-operation between exporting and importing countries.

Japan, as a country which has now become dependent to a large extent on imported grains, is particularly interested in securing supply at a reasonable level of price. And we consider that the creation of such a trading framework where the international market is stabilized and the supply is ensured for importers will contribute to a sustained growth of world trade in grain in the long run.

From such viewpoints, we think that it would be most appropriate for this sub-group to seek a multilateral solution in the form of a commodity arrangement which would enable stabilizing world market and would contribute to the expansion of trade by matching the interests of both exporting and importing countries. A good starting point for our work has been provided by the initiative of the European Communities for which we would like to appreciate.

We already indicated at the first meeting of this sub-group that the points covered by the proposal made by EC largely corresponded to the areas of our concern. We would like to suggest that we begin our work by examining all the relevant elements of a commodity arrangement on the basis of the Communities proposal as a reference material.

We might look at various trade measures, that is frontier measures, in relation to and in the context of this examination of the elements of a commodity arrangement. For we think that this would be the only realistic approach for dealing with such measures. A multilateral attempt to examine them in isolation would be neither realistic nor productive since they are determined by specific economic, social and political situations existing in each country, and, hence would not lend themselves to multilateral solutions successfully.

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In connexion with the examination in this sub-group of a commodity arrangement on grains, we would like, on this occasion, to make our position clear as to the relationship between the work here and that in London. Not only do we think that the two works should be undertaken in close co-ordination, but we also think that the work in this sub-group as I have outlined should proceed in parallel with the work being done in London. Time will come, as was agreed in the Group agriculture on the 8th of May, when we consider how to integrate into our work whatever results of the work in London.

Turning now to some elements of a commodity arrangement, I would like to express our basic views.

First, on the coverage of the product, it would be practical to take up wheat initially for the purpose of our examination, since we have much experience on wheat in the past arrangements. At a later stage, we would proceed to the examination of its applicability to other grains.

Secondly, on the scope of the arrangement, it is necessary that the agreement includes (a) quantitative supply assurance and (b) price stabilization mechanism. We are ready to examine the possibility of incorporating provisions relating to stock policy or reserves without prejudice to our final negotiating position. In this connexion it will be desirable to have exchange of views on various technical aspects related to such provisions.

As regards the element of supply assurance, we think it essential that in periods of tight supply, participating exporting countries jointly assure the participating importing countries supplies roughly equivalent to their normal import at a reasonable price level.

As regards the element of price stabilization mechanism, we consider this element as an essential part of the agreement. Price would also be an important indicator for an objective and fair management of reserves if this is to be agreed as a part of the arrangement.