

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

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Group "Agriculture"  
Sub-Group on Grains

CANADA

Statement on Production, Trade and Stocks  
23 January 1976

1. The statistical tables in MTN/GR/W/8/Rev.1 covering production, trade and stocks of the main grains provide useful background for the work of the Sub-Group. We would like to make some general comments on the implications of the statistics for the grains negotiations. I do not intend to encourage an analysis of this data in the Sub-Group although it may be useful to return to these tables in later discussions of specific trade issues.
2. The tables contain nothing new as far as Canada is concerned and they tend to verify the existence of the problems that delegations have raised in previous meetings - the problems of trade barriers and market instability. There has been a tendency for production to expand recently following a period of limited growth and production restraint from 1968 to 1970. Of course there are important differences in production results in various countries. Trade has fluctuated more widely than production and has shown a strong tendency to expand, particularly in recent years. The element showing the greatest relative variability is stocks, almost all of which are held in exporting countries.
3. What may not emerge clearly from these tables is the dramatic changes that have occurred in grain markets in the last three years. The grain market changed rapidly from a situation of over-supply to one of relative scarcity. Some observers believe that this new situation will continue in the future and of course it may. Other observers caution that a wide range of factors have contributed to the recent relatively tight market - the most influential being the weather - and the market can therefore change rapidly again.
4. The relative weight attached to various factors that have affected the grain markets vary somewhat from country to country. We have stressed that the problems of market access and the use of forms of export assistance by some countries discouraged

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production in traditional exporting countries and contributed to the severity of the market fluctuations. Our failure to deal with these trade issues and the related problem of market instability have been partly responsible for the fluctuations in production, trade and stocks that are revealed in the statistical tables.

5. The point that we wish to stress at this time is the implication of this brief analysis for the work of the Sub-Group. We seriously question whether anyone can project future grain markets with confidence. In the past, periods of relatively short supplies and higher prices have been followed by periods of over-supply and depressed prices. We are not predicting that this will occur again but it may and the work of the Sub-Group must deal with problems of trade in grains that occur in both market extremes. No member of the Sub-Group appears to disagree with this view.

6. The Sub-Group should approach these negotiations with the objective of improving the conditions for trade in both market situations. This confirms the need to deal with the three general issues already identified by the Sub-Group for negotiations - the reduction of barriers to trade and forms of export assistance, the problem of market instability and the special problems of developing countries.