

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED
MTN.GNG/16
30 November 1988
Special Distribution

Group of Negotiations on Goods (GATT)

REPORT BY THE CHAIRMAN
OF THE NEGOTIATING GROUP ON AGRICULTURE

Part B - Points for Decision

The Negotiating Group on Agriculture has made substantial progress in elaborating the elements of the negotiating proposals and submissions under the subsequent negotiating process. The stage has now been reached in this process where the general direction and procedures to be followed in the final phases of the negotiations need to be defined in operational terms so as to provide a framework for liberalizing trade in agriculture and bringing all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines.

There is a broad measure of consensus that agricultural policies should be more responsive to international market signals in order to meet the objective of liberalization of international trade and that support and protection should be progressively reduced and provided in a less trade distorting manner.

Ministers should accordingly be invited to endorse a framework approach comprising the following interrelated long and short term elements and arrangements on sanitary and phytosanitary regulations.

A. Long-term elements

Ministers should be invited to agree that the long-term objective of the agricultural negotiations is to establish the basis of a fair and market oriented agricultural trading system and that a reform process should be initiated through the negotiation of commitments on support and protection and through the establishment of a strengthened GATT regime.

Basic options

(a) Ministers should be invited to decide:

- whether the ultimate goal should be the elimination or the substantial reduction of trade-distortive support and protection;

- whether this reduction or elimination should be realized through negotiations on specific policies and measures or through the negotiation of commitments on an aggregate measurement of support, the terms of which would have to be negotiated - or through a combination of these approaches.

Guidelines for reform

(b) Subject to such decisions as may be made under (a) above, Ministers should establish guidelines for a reform programme of concerted and progressive reduction/elimination in agricultural support and guidelines for a strengthened GATT regime for agriculture based on new and amended rules and disciplines:

(i) this reform programme should result in progressive reduction in all direct and indirect subsidies and import barriers which directly or indirectly affect trade in all agricultural products. This programme should be subject to surveillance and other procedures necessary to ensure full compliance with commitments and should be completed by a date to be negotiated and agreed before the end of the Round;

(ii) the strengthened GATT regime should encompass the incorporation under clear and enforceable reinforced GATT rules and disciplines of all measures affecting directly or indirectly import access and export competition:

Import access

- all measures maintained under waivers, protocols of accession or other derogations and exceptions should be eliminated or brought under the strengthened GATT regime;
- conditions should be established governing the maintenance, elimination or removal in favour of tariffs, of quantitative or other non-tariff access restrictions and of measures not explicitly provided for in the General Agreement, including specification of access levels.

Export competition

- conditions should be established under which direct budgetary assistance to exports and deficiency payments on products exported and other forms of export assistance should be progressively reduced or eliminated.

Internal support

- conditions should be established under which price and income support measures should be subject to disciplines in order to make such policies more responsive to international market signals.

(iii) non-economic factors, shall be taken into account in the negotiations on the GATT rules and disciplines and related commitments.

(c) Negotiations under (i), (ii) and (iii) above shall begin in February 1989.

(d) Ministers recognize that:

- special and differential treatment to developing countries is an integral element of the negotiations in accordance with governing principles of negotiations as elaborated in section B of Part 1 of the Punta del Este Declaration, in particular parts IV-VII;

- government measures to encourage agricultural and rural development are an integral part of the development programmes of developing countries. Such measures may involve direct or indirect government support.

B. Short-term elements

(a) Ministers are invited to agree that during the next two years:

- participants undertake to implement a freeze on overall support and protection provided to their agricultural sectors at the levels prevailing in [] and to refrain from initiating new programmes that would undermine this commitment;

- to realize the long-term objective, as a first step, to reduce overall support and protection by (x) percent by 1990;

- special attention should be given to the possible negative effects of short-term measures on net food importing developing countries;

- an agreement on the terms and conditions of the freeze and reduction must be reached not later than 31 March 1989, including an agreement on measures coverage, commodity coverage, reference price.

(b) Basic options

Ministers should be invited to decide:

- whether a freeze and reduction should be expressed in terms of an aggregate measurement of support or in terms of specific policies and measures or a combination thereof;

- whether developing countries should be exempted from the short-term measures.

C. Sanitary and Phytosanitary Regulations

Ministers should be invited to endorse harmonization of national regulations as a long-term goal and a work programme embodying the following objectives:

- (1) strengthen Article XX so that measures taken to protect human, animal or plant life or health are based on sound scientific evidence and recognize the principle of equivalency;
- (2) review existing notification and counter-notification procedures to ensure the existence of an effective notification process for national regulations;
- (3) develop a consultative process which allows opportunity for the bilateral resolution of disputes;
- (4) establish an effective, multilateral dispute settlement process within the GATT which provides the necessary input of scientific expertise and judgment, relying inter alia on the Codex Alimentarius Commission, the International Office of Epizootics, and the International Plant Protection Convention;
- (5) assess the possible effects on developing countries of the GATT rules and disciplines for sanitary and phytosanitary measures, and evaluate the need for technical assistance.