

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

AG/M/1
15 April 1983

Special Distribution

Committee on Trade in Agriculture

MINUTES OF THE MEETING ON 2 AND 3 MARCH 1983

Chairman ad interim: Director-General

1. The meeting was opened by the Chairman of the Council who recalled that, according to the Ministerial Declaration adopted last November, a Committee on Trade in Agriculture should be established. At its meeting on 26 January 1983, the Council agreed that the Committee be constituted and that the first meeting of the Committee would be held on 2 to 4 March. It was furthermore agreed that it would be the Committee's responsibility to designate its Chairman.
2. However, intensive consultation on the chairmanship of the Committee had not produced a consensus and he urged the members of the Committee to agree on a chairman before this meeting adjourned. He then proposed that the Director General chair the first meeting of the Committee.
3. The Committee agreed to this proposal, and the Director General took the chair.
4. The Chairman recalled that the invitation to this first meeting of the Committee had been sent out on 4 February in the form of GATT/AIR/1881, which also contained a suggested agenda for the meeting. He inquired whether members wished to raise any matter under "Other business". This not being the case, the following agenda was adopted: (a) election of Chairman and (b) programme of work.

Programme of work

5. In order to facilitate the beginning of the work of the Committee and in order to assist it in adopting decisions on how to organize the work, the secretariat had circulated a note, AG/W/1. In this note the secretariat had suggested to organize the work in two parts:

Exercise A: Examination of trade measures affecting market access and supplies, including those maintained under exceptions or derogations; and

Exercise B: Examination of the operation of the General Agreement as regards subsidies, especially export subsidies, and including other forms of export assistance.

For the purpose of simplifying the work, it had been suggested that the examination of trade measures maintained under exceptions or derogations (paragraph 1(iii) on page 9 of L/5424) be grouped together with trade measures affecting market access and supplies (paragraph 1(i) on page 9 of L/5424). The Chairman invited members of the Committee to express their views on this approach.

6. The representative of Chile, when making comments of a general nature, said that in his view the terms of reference for the Committee were obvious and clear as expressed in document L/5424 (page 8 and 9). He reiterated that the political commitments reached by the Ministers as expressed in paragraph 7(i), (ii) and (v) of L/5424 should be kept in mind throughout the work of the Committee, as well as the final objective of this work, namely to achieve greater liberalization in the trade of agricultural products. He added that if the critical situation of commercial relations in this field, with increasing protectionism, trade policy anarchy and a lack of multilateral discipline, could not be brought under control, the multilateral trade system would be in jeopardy. No agricultural policies are neutral. The objectives of national policies could not be disputed, but in order to have effective and positive international cooperation, countries should be ready to assume discipline and responsibility by limiting or eliminating negative effects of national agricultural policies. For a developing country like Chile it was fundamental that progress was made with respect to liberalization of agricultural trade. He hoped that this work could produce recommendations on specific actions to achieve the objectives, particularly the launching of multilateral negotiations.

7. He felt the suggestion in document AG/W/1 related to the organization of work to be adequate. At the first stage it was necessary to assemble the necessary documentation, and to classify the information in a comparable way. The suggested classification would permit an examination, country by country, or by measures. He also found the suggested calendar of meetings to be reasonable.

8. The representative of New Zealand underlined the urgency and the great importance of this work. He reiterated the views previously expressed by his delegation in the Preparatory Committee, namely that the work relating to agricultural products should have a clearly stated political orientation, comprising concise and realistic tasks and be conducted with a specific time frame. He stressed the urgency of the task as mentioned in the Ministerial Declaration, and he expressed the hope that this work could lead to a better application of the General Agreement, including its Part IV.

9. He expressed his appreciation for the document prepared by the secretariat as presented in AG/W/1. He agreed that a speedy establishment of necessary documentation was necessary but said that the Committee should not get bogged down in too voluminous a documentation. He also wished to consider if part of the work could be carried out in smaller teams rather than in the whole Committee.

10. The representative of Argentina agreed that the Ministerial Declaration provided the political orientation of the task before the Committee. The difficult situation at present in international trade in agricultural products had been created by national policies resulting in production surpluses which had brought us to the edge of a trade war. The important task before the Committee was to seek solutions to the problems through improved respect for multilaterally agreed rules, amelioration of conditions of access and more discipline with respect to export competition. The Minister had clearly established that an examination should be made of all measures affecting access and supplies, and of subsidies in order to avoid serious prejudice to the interests of the contracting parties. In carrying out this task full account should be taken of the special needs of developing countries in the light of the GATT provisions providing for differential and more favourable treatment for such contracting parties.

11. In concluding his intervention he said that it was necessary to set clearly the objectives for the work throughout 1983/84, and submit before the end of 1984, to the Council and the CONTRACTING PARTIES pertinent recommendations aiming at greater liberalization of agricultural trade. He recalled that at a recent meeting of Latin American states in Cartagena, views were expressed that the results of the Ministerial Meeting notably with respect to agriculture were insufficient. He found the document AG/W/1 worth studying but reserved the right to seek further clarification.

12. In the view of the representative of Canada a difficult but important task of the Committee was to reach agreement on a set of recommendations. The preparation of documentation was important, but might not be very productive at that stage. He suggested that consideration should be given to alternative ways of proceeding, for instance, that individual countries should present "non-papers" focusing on important issues and making recommendations. He agreed with the proposed time schedule although he would have preferred a more accelerated work programme.

13. The representative of Australia said that Australia had a special interest in the work of this Committee, being particularly concerned that unless the Committee addressed the real issues before it, with a sense of urgency and purpose, it would make no progress in dealing with the crisis facing trade in agricultural products. The sense of urgency and purpose was not reflected at the Ministerial Session despite widespread recognition of the seriousness of the problems confronting us. He would be happy to be convinced that the Committee would lead to substantive progress in liberalizing world trade in agriculture and bringing agriculture more fully into the multilateral trading system. He was concerned, however, that even after two years of solid professional work we could be confronted by a situation in which a major group of countries will turn around and remind us that it accepted the Declaration on its own terms. He therefore asked the Community to clarify the basis on which it was participating in this work, in the light of its statement on the adoption of the Ministerial Declaration. He felt it important to ensure that the Committee was approaching its work without any inhibitions about developing recommendations concerning all key agricultural products. Despite the difficulties Australia had with the Ministerial Declaration, it intended to participate fully and constructively in the Committee's work programme.

14. Commenting upon the secretariat note AG/W/1, he considered it essential that the Committee should clearly identify and note the purpose of its work programme, as set out in its terms of reference, which identified a number of specific objectives which the Committee must pursue, and make recommendations to the Council and the CONTRACTING PARTIES for consideration by the 1984 Session, "with a view to achieving greater liberalization in the trade of agricultural products". He doubted that it would be possible to achieve this deadline through five or six meetings of the Committee as a whole and felt that additional meetings or the formation of some sub-groups, for example, to look at the question of notifications and to review the operation of the GATT in the area of subsidies, could be necessary. He wondered if it was necessary to engage in another notification exercise of the type proposed. Notification obligations should have been largely met by up-dating the GATT Inventories on Non-tariff Barriers on Agricultural Products which should have been completed in 1980.

15. The annex to AG/W/1 showed that most countries had not complied with their obligations and it was of particular concern that one major group of countries had not provided information on its major support measures including its price support systems, variable levies and export refunds, and it appeared to the Australian representative that such a notification procedure would be a largely futile one. Rather than ask each country to prepare new notifications on their respective trade measures affecting market access and supplies we should put the onus on countries which believe that they have problems in trade in agricultural products to prepare specific notifications on these specific problems. A possible format for such notifications could be:

- the country notifying the measure
- the country maintaining the measure
- product sector (as suggested in AG/W/1)
- comments on the trade effects of the measure
- comments on the GATT implications of the measure, and
- the notifying country's request in relation to what action it wants taken on the measure. (For example, it may request termination or enlargement of a quota; a limitation on subsidy, etc.)

This exercise could be completed by June of this year and the country maintaining measures which have been notified would then provide written comments on the notifications, for instance by October. These two sets of documents could then form the basis for the Committee's examination and development of recommendations which could commence in November of this year. The notifications could perhaps initially be examined on a sectoral basis, if necessary in meetings of expert sub-groups. This approach would focus the Committee's examination of trade measures affecting market supply and access much more sharply than would yet another new, comprehensive round of notifications.

16. Notwithstanding the more urgent tasks outlined above, the Committee could examine the GATT Inventories on Non-tariff Barriers affecting agricultural trade to see if they could provide the basis of the improved and unified notification system required by the Ministerial Declaration. Whilst the former task would be the most important at the moment, a notification procedure which ensured transparency would be a worthwhile exercise in the long run. Together with the UNCTAD Inventory of NTB's this inventory could provide useful background for the Committee's examination and recommendations.

17. In respect of the review of the operation of the GATT as regards subsidies, the Australian representative thought that it would be useful if the secretariat were to prepare an up-dated and comprehensive analytical index of the GATT in this area. He also suggested that the Committee should invite contracting parties to submit written submissions on any points of concern with the operation of the GATT with respect to subsidies, including any proposals for amendment or interpretation of GATT rules. These papers could provide the basis for the review required under paragraph 1(ii) on page 9 of the Ministerial Declaration and the development of recommendations, as required under paragraph 4 on the same page.

18. The representative of the United States expressed his concern about the Committee being successful in removing distortions to agricultural trade. He would prefer to spend as little time as possible on preparatory work. He looked forward to an examination of trade measures, irrespective of their being legal or illegal, or whether they encouraged or discouraged agricultural trade. He had no firm views as to how to proceed, whether on an item by item basis, or on a country by country approach, but he would prefer that the secretariat prepared papers in each major area on the basis of past discussions and information available to it.

19. The representative of Finland, speaking on behalf of the Nordic countries, agreed that the Ministerial Declaration provided the fundamental elements and a framework of a work programme for the Committee. It was important, however, that full account would be taken of all the elements of the Declaration notably the recognition of specific characteristics and problems in agriculture. With respect to the work programme he stressed the importance of a high degree of transparency. It should also be fully understood that duplication of work was to be avoided, and the Committee on Trade in Agriculture was the competent body to deal with all measures affecting trade in all agricultural products. The Nordic countries could accept the proposed grouping of the work into two exercises, as suggested in AG/W/1, and suggested that notifications from individual countries should contain information on basic elements of their agricultural policy.

20. In principle, the Nordic countries could agree to the classification of measures suggested by the secretariat, but would prefer to limit the number of groups to three, i.e

- measures based on particular GATT articles
- measures taken on the basis of exceptions or derogations; and
- measures falling outside the two categories above.

It might be desirable to agree upon more details with respect to product coverage and statistics, and it might be realistic to concentrate the exercise on the most important products. In light of the amount of work involved it might be wise to accept some flexibility with respect to the delay for submitting information.

21. The representative of the Commission of the European Communities felt it necessary to simplify the task by following the provisions of the Ministerial Declaration and related declarations. He recognized the need for completing rapidly the basic documentation and could go along with the suggestions contained in AG/W/1.

22. The representative of Japan also found the suggestions in AG/W/1 to be useful. He reiterated his firm belief that full account should be taken of specific characteristics and problems in agriculture. The Committee should examine a wide range of measures regardless of whether they were legal or illegal and examine the measures from all angles. He could go along with the suggestions made in AG/W/1 and assumed that a lot of the basic information for classifying measures as suggested was already available in the secretariat. He suggested that some relevant statistical data on supply, demand and trade could also be submitted, and considered together with the measures examined.

23. The representative of Switzerland felt that the GATT provided an adequate forum for developing solutions to problems in agricultural trade and that the Ministerial Declaration provided well defined objectives for the Committee's work. He stressed that full account should be taken of specific characteristics and problems in the sector, and interpreted this to mean that a liberalization in the agricultural sector would not necessarily be of a classical type. It was important to adapt measures applied to national agricultural policy objectives, such as security of supplies, demographic structure and environment, the legitimacy of these objectives being generally accepted. The Committee's task was to get a better understanding of underlying problems and imbalances in agriculture and to examine the possibility of reducing unnecessary restrictive effects of frontier measures and internal measures in light of other national policy objectives mentioned above.

24. He found the programme as contained in AG/W/1 acceptable, but might like to revert to particular points. It was indispensable to have a better transparency and he hoped that everybody could provide the information requested, but stressed that the establishment of documentation was not an aim in itself and that it was important to avoid a proliferation of documentation, which could easily become unmanageable.

25. In a comment on the intervention by Switzerland, the representative of New Zealand reiterated that he fully accepted the language of the Ministerial Declaration with respect to taking account of specific characteristics and problems in agriculture and expressed the hope that the very particular geographical situation of New Zealand would be acknowledged.

26. The representative of Brazil felt that the task before the Committee was an important one for his country, both as an exporter and an importer of agricultural products. The provisions of the Ministerial Declaration, notably paragraph 7(v) and the operational part on agriculture, provided an adequate basis for the work and there was no need for interpretation. With respect to the submission of information, he stressed that all contracting parties should participate in this exercise. However, it was notably the quality of the information that was essential, and the volume of documentation should be limited as far as possible. He assumed that reverse notifications could continue to be made. The deadline of 15 June 1983 for submitting information was in his view very tight and he suggested that this might be applied with some flexibility.

27. Commenting upon the suggested classification of measures given in AG/W/1 (paragraph A.3) he expressed the view that the points (c) and (d) seemed to be impossible and might just complicate the exercise unnecessarily. While it might be possible to classify some measures under (a), and (b) it was a classification under (f) with an indication of GATT relevance that really made sense.

28. The representative of Yugoslavia said that the Ministerial Declaration provided a clear basis for the work of the Committee. The task was a complex one of long duration, which would require much effort and good will, and which could only be carried out with some patience if it should result in a report containing concrete suggestions to be submitted to the 1984 session of the CONTRACTING PARTIES. He agreed that AG/W/1 represented a solid base for the efforts of the Committee to multilateralize trade in agricultural products. However, he considered that there should be modesty regarding these ambitions. He thought it would be useful and interesting for the Committee to acquaint itself with the extent to which bilateral agreements, agreements on self-limitation, long-term agreements, draw-back, buy-back and other predominant forms of trade in agricultural products influenced this trade. This knowledge would be beneficial in order to best balance the Committee's future efforts and the possibility of realizing the defined goal.

29. The representative of Hungary agreed that suggestions in document AG/W/1 permitted an examination on a country by country basis and/or by measures affecting market access and competition in third markets. He stressed that the implementation of the work programme should be functional, with a view to meet the objective of the ministerial decision on agriculture. In this respect, he questioned if it was proper to qualify the final objective of the exercise as being not necessarily a liberalization of a classical type. He added that it was difficult to understand this notion when, in the present circumstances, one-third of world trade was affected by voluntary export arrangements which figure did not even take into account agricultural trade. He hoped that the Committee would not set the objective of its exercise at such a low level.

30. The representative of Spain said that it was important to follow closely requirements set out in the Ministerial Declaration and take full account of the need for balance of rights and obligations under the GATT, and of the specific characteristics and problems in agriculture. He found the suggestions in AG/W/1 to be acceptable, in general, but might wish to comment on details. It was important that all contracting parties notified their measures and only after the suggested deadline the period of counter notifications should begin, all this in order to avoid unnecessary duplications. Products should be identified by their CCCN numbers. Furthermore, he would like to add to the examples given in paragraph A.3 (a), a mention of GATT Articles XII, XIII and XVIII. He felt it to be urgent to have at the disposal of the Committee an up-to-date version of the analytical index for Article XVI in its entirety. As regards the suggested timetable, he felt this to be too optimistic and wished some flexibility to be retained.

31. In summing up the global discussion on the Committee's programme of work, the Chairman said that AG/W/1 had brought about a useful discussion giving delegations an opportunity to clarify their positions and give precise intentions both in general and with respect to specific suggestions. He noted a prevailing wish to avoid unnecessary documentation. It was clearly the wish of the Committee to enter into the substance as rapidly as possible, an attitude shared by the secretariat. With respect to a suggestion by Canada to give consideration to the establishment of subsidiary bodies that could enter into the substance of particular subjects, while preparations were continuing for the tasks given to the Committee, he found that there was little support for this idea. The preparation of basic documentation seemed to be a necessary phase to go through. Furthermore, delegations seemed to have a certain amount of preparations to do, not least with reverse notifications. He was encouraged by the positive attitudes to avoid discussion on notification procedure.

32. With respect to further work in regard to documentation, the Chairman referred to the Annex I of AG/W/1, and suggested to continue the up-dating and completion of the Agricultural Documentation, the AG/DOC/- series. Annex I, Table 1, showed what was available, and also what was missing. He urged delegations, however, to take the necessary steps to have this documentation completed by 15 June 1983, at the latest. It could also be helpful if countries not applying measures of a type included in the specific AG/DOC/- series could make a notification to that effect, as has previously been done with respect to the MTN/3E/DOC/- series and various L/- series regarding subsidies and state trading.

33. With respect to reverse notifications, the Chairman suggested that the procedure already in operation for up-dating and completing the AG/DOC/- series should continue to be used. Under that procedure delegations might submit at any time reverse notifications of measures they wished to have included in that series, including notification of interest in particular measures applied to specific products by other countries or groups of countries.

34. As to the question of product coverage the Chairman recalled that, throughout the history of the GATT, agricultural products had in general been deemed to be the products falling within Chapters 1 to 24 inclusive of the CCCN, while individual contracting parties have been free to indicate differences between this definition and their own. Since this had proved to be a practical solution in the past, it could be applied also for the present exercise.

35. He noted the concerns expressed by some members with respect to the suggested classification of measures, but felt that as in the case of product coverage, a certain traditional GATT flexibility could be applied in order to overcome preoccupations of certain members, and on that basis the system of classification suggested in AG/W/1 could be acceptable to the Committee.

36. After a round of general comments the Committee had an exchange of views on particular aspects of the approach to follow. The product coverage suggested by the Chairman appeared to be acceptable by most delegates, and there was little support for a sector approach as suggested in AG/W/1. In fact several delegates (Hungary and Romania) feared that a sector approach of that type might create uncertainty about how important products like fruits, vegetables and wine would be dealt with. The representative of Spain suggested fish and fish products should be left aside, as these products were going to be dealt with in other studies while the representatives of Chile, New Zealand, Poland and the United States were opposed to this view and insisted on a complete product coverage as suggested by the Chairman.

37. The representative of Argentina, making some specific comments on the work programme proposed by the secretariat, expressed the view that specific mention of certain production sectors could give rise to problems for product identification and classification, and suggested that the reference should be deleted. In connection with paragraph A3 of the note, namely the classification model, he supported the views expressed by Brazil and the Nordic countries to the effect that it could be simplified by reducing it to the three items already proposed by those delegations. Lastly, he suggested that the draft notification format could be simplified, taking into account the remarks already mentioned regarding classification, and that the notification should be by measure and not by product so that examination in the Committee could be by specific measure.

38. The representative of the Commission of the European Communities could approve of the approach suggested by the secretariat as this seemed to be the only one possible and fully in conformity with the task given by the ministers. The task required a simultaneous examination of measures, countries, products and sectors and necessitated the establishment of a table with several entries or a compilation of information concerning individual countries, measures, products and sectors.

39. The secretariat explained that it was indispensable to have a fairly detailed and systematical classification in order to manage the examination. This would help transparency and bring a necessary order to the discussion or examination of the measures. The secretariat would be willing to provide some assistance to delegations in completing and finalizing the information, but because of the amount of work involved it was necessary that participants follow a unified system and take the work as far as possible themselves.

40. Following the clarification and guidance given by the secretariat, the representative of Chile expressed his full support for the suggestions contained in AG/W/1 (paragraph I.A.3) with respect to the classification of measures, and felt that it was essential for the work of the Committee that such suggestions be retained. He stated that the suggestions put forward by the Secretariat had the merit of allowing any possible approach to be followed. He felt that pursuant to the language of the Ministerial Declaration, the work should start on the basis of a country by country examination, after which an examination of types of measures would probably be more appropriate. In this way, the Committee would be in a position to give the appropriate attention to the effects of national agricultural policies in a first instance.

41. The representative of the European Communities suggested with respect to Exercise B that the notifications should include information on subsidies and other forms of assistance, including any form of income or price support which operates directly or indirectly to increase exports, in particular export subsidies and all other forms of export assistance such as credit sales, tied aid, barter, draw-back, buy-back, dual-pricing, processing traffic, etc. However, the representatives of Argentina, Australia, and New Zealand expressed some reserves on this. The representative of Chile agreed with the thrust of the position of the European Communities, but stated that any formulation in this regard should not depart from the language of the Ministerial Declaration.

42. The New Zealand representative advanced the idea that relevant papers from academic institutions and research bodies might be brought to the attention of the Committee.

43. In addition to the suggestions in AG/W/1, the Chairman said that an examination of the operation of Article XVI:1, first sentence, would raise the question whether the notification procedures adopted in 1962 (BISD 11S/58) were sufficient and to what extent they were complied with, as regards trade in agricultural products, account being taken of the particular notifications made of export assistance contained in AG/DOC/5. The examination of the operation of Article XVI:1, second sentence, and of Article XVI:3 could be based on the secretariat note (draft analytical index) and contributions of participants. A first round could easily be of an exploratory nature. The task implied consideration of rather complex and delicate interpretation problems, which might necessitate further studies and preparations both by members and by the secretariat.

44. The United States representative suggested that the possibility should be kept open for the Committee to examine the operation of other provisions of the General Agreement as regards subsidies, such as Article XVI:4.

45. Most delegates could agree to the tentative timetable for meetings suggested in AG/W/1, but the representative of New Zealand thought it would be useful to envisage a short meeting in July 1983 to look at the situation with respect to notifications received. Several delegates suggested maintaining a certain flexibility.

46. At the closing session the Committee had before it a note drawn up by the secretariat in light of the discussion in the Committee concerning the programme of work of the Committee (Spec (83)15). The document as amended, was adopted by the Committee and has been circulated in document AG/1.

Election of Chairman

47. The Chairman ad interim regretted that in spite of an appeal by the Chairman of the Council at the beginning of the meeting and also of intensive consultations having taken place, it had not yet been possible to reach a concensus on the Chairmanship of the Committee. He expressed the hope, however, that a Chairman would be elected in the very near future.