

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

Agriculture Committee

MEETING OF 9 JULY 1970

Note by Secretariat

1. The Committee met on 9 July under the chairmanship of the Director General to receive the following reports by its four Working Groups:

- Working Group 1 - measures affecting exports: COM.AG/W/52,
- Working Group 2 - measures affecting imports: COM.AG/W/60,
- Working Group 3 - measures affecting production: COM.AG/W/56,
- Working Group 4 - other relevant measures: COM.AG/W/62,

and to take appropriate decisions regarding future work.

2. Some delegations commented on the reports. Some delegations said that there were many unresolved problems in agricultural trade; these would remain until all major trading countries recognized that the solution lay in the re-establishment of a true world market and not in the adoption of price disciplines through commodity arrangements. The aim should be to place trade on a more commercial basis. To this end these delegations had suggested that the international price mechanism be re-established, that governmental aids to exports be eliminated, that quantitative restrictions and variable levies be removed and replaced by fixed tariffs, that all measures to maintain farm incomes should be production neutral, that every effort should be made to reach long-term solutions to problems caused by surpluses and that food aid should be used to benefit developing countries and to contribute to the solution of problems caused by surpluses. These delegations would be prepared to accept these principles and to implement them if others did likewise.

3. Some delegations said that during the summer period governments should in particular consider what steps or negotiating techniques would be required if the objective of eliminating barriers which restricted trade were to be achieved. It would not be possible or necessary to reach a consensus on objectives, which would be set in particular by the countries whose trade was affected by the measures in question. The solutions might take the form of an elaboration of existing GATT articles or an international code. These delegations made the following comments on each of the Working Groups:

Working Group 1. The objective should be the elimination of governmental aids to exports. This might be achieved by giving more precision to the procedures for notification and consultation and by a standstill and rollback of these aids along the lines of the proposal annexed to COM.AG/11 which could be developed as an elaboration of Article XVI. Some delegations said that while export aids were linked to other aspects of agricultural policy they could and should be dealt with separately.

Working Group 3. The objective should be the evolution of production policies which did not interfere with trade. These delegations supported many of the suggestions reproduced in the annex of the Group's report, COM.AG/W/56. Production policies should be co-ordinated and there should be consultations on their impact on trade. The international price mechanism should be restored. If surpluses arose, they should be isolated from the commercial market. Techniques should be found to limit production and to expand demand - self-supply ratios could for instance be bound, total import undertakings made, support levels limited and income guarantees made production neutral.

Working Group 2. The aim should be the limitation of restraints on imports and the elimination of discrimination. Some possible techniques had already been referred to. The progressive enlargement of quotas should be added to these.

Working Group 4: The issues before the Group should be retained in the work programme. In the case of health and sanitary regulations and other standards the objective should be the removal of any excessive impact on trade. This should be achieved through the elaboration of international standards by the competent international bodies, but the GATT should establish appropriate guidelines. In the interim standards should be administered on a non-discriminatory basis and standards for which there was little technical justification should be removed unilaterally.

4. Some delegations added the importance of pursuing opportunities for reaching shorter term solutions; it would be worthwhile examining what amelioration of the situation could be obtained within the limits of present legislation and policies, as had been suggested by some delegations. They expressed some doubts on an across-the-board approach to the problem; in the case of export aids a start might be made on sectors in which there were problems of surpluses, such as grains and dairy products while on the import side a start might be made with a limited number of sectors in which there was a restraint in the use of export aids.

5. Some delegations said that one of the approaches which had been suggested, while internally consistent, would entail a complete re-organization of the agricultural policies of almost all contracting parties. Another proposal had been that the negotiations should bear on the principal measures influencing imports, exports and production. The reports of the Working Groups made it clear, however, that these were integral parts of systematic agricultural policies. These delegations felt that a two part approach should be adopted. Firstly, the management of existing agricultural policies and the possibility of coordinating them should be examined. Secondly, more ambitious aims should be fixed and negotiations should bear on certain common denominators to be defined rather than on individual measures. This would leave a margin of manoeuvre to contracting parties as to the particular measures which they used.

6. The Committee took note of the four reports before it and agreed that, since the reports of some of the Groups had been distributed only recently, there was need for detailed analysis of the reports in capitals during the summer months. The Committee agreed that, before the Agriculture Committee met again, the Steering Group, which was composed of the chairman of the Committee, the chairmen of the Working Groups and all interested members of the Committee, should meet in the second half of September to decide how the work could best be carried out. The Committee noted that such work might either be done in the Working Groups or the Committee itself.
7. Some delegations said that, when the organization of future work was being discussed, a decision should be taken on how priority could be given to the problems of particular interest to developing countries. Some delegations suggested that one way would be by adopting interim solutions to particular sectors of particular interest to developing countries; the Committee had already identified oilseeds and vegetable oils as one such sector, and tobacco and processed foods should be added. In the case of tobacco the reduction or elimination of export aids should be aimed at. Some delegations suggested that adoption of the text of a standstill on oilseeds and vegetable oils annexed to the report of Working Group 2 (COM.AG/W/60) should be considered as an interim measure. Other delegations questioned whether this text would achieve the purposes of the developing countries since it was not limited to tropical oilseeds and vegetable oils.
8. The Committee noted that one specific point had been referred to it in the reports of the Working Groups, namely the suggestion that the summary table of import measures on which agreement had been reached in Working Group 2 should be completed by the addition of a fourth column indicating those four-figure Brussels Nomenclature headings in respect of which notifications had been made of health and sanitary regulations (COM.AG/W/62, paragraph 5). After discussion, the Committee agreed that the introduction to the summary table would mention the existence of health and sanitary regulations, indicate the practical difficulty of dealing with these in the summary table and refer the reader to an annex containing details on the health and sanitary regulations which had been notified. It further agreed that the introduction to the annex would contain a succinct table of these regulations constructed along the same lines as the summary table. It was noted that the annex could not be completed until after 31 October 1970, the date by which additional notifications were to be received, but that the secretariat would draw up a model for the September meeting of the Steering Group. It was also noted that on completion the whole document would be submitted to the Agricultural Committee for final approval (COM.AG/W/60, paragraph 4).
9. In reply to questions the Chairman said that the secretariat would contact the delegations concerned to ensure as far as possible that information supplied on the ad valorem incidence of variable levies and other special charges was drawn up on a uniform basis.