

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Agriculture Committee

NOTE ON THE MEETING HELD ON 2-6 NOVEMBER 1970, FOR POSSIBLE INCLUSION IN THE COMMITTEE'S REPORT TO COUNCIL

1. The Committee met on 2-6 November 1970.
2. The Committee had before it the following reports by its four Working Groups, of which it had taken note at its meeting of 9 July 1970 (COM.AG/22, paragraph 6):

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.

In addition, it had before it a document, Suggestions made in the working groups (COM.AG/W/65), drawn up by the secretariat.

3. The Committee recalled that, at their twenty-sixth session, the CONTRACTING PARTIES had directed it to proceed with the task of formulating conclusions on possibilities for concrete action that might appropriately be taken to deal with the problems that arise in the field of agricultural products, and that this task should be completed during 1970. The Committee also recalled the decisions by the CONTRACTING PARTIES that such opportunities as might arise for the settlement of particular trade problems at any time should be pursued (BISD, Seventeenth Supplement, page 19).
4. The Committee agreed that, in carrying out its task of formulating conclusions, it would, at the present meeting, concentrate on the work done by Groups 1 and 3, it being understood that, where desirable, the work done by Groups 2 and 4 could also be dealt with.
5. The Committee noted that the suggested solutions listed in document COM.AG/W/65 enjoyed varied degrees of support from members, but that, at the present stage, none commanded support wide enough for any solution to be qualified as mutually acceptable, so that all the possibilities listed in the document remained before the Committee.
6. In answer to questions, various members explained their broad approach to the problems. A member said that his proposals, which were consistent and comprehensive, would need some specificity as to how they could be brought into application and

what they would entail for individual contracting parties and individual commodities. He proposed that the Committee accept the elimination of all governmental aids to exports as an ultimate objective of concrete action. While this objective might not be attained immediately, procedures should be so devised as to give the greatest prospects of rapid advance in that direction. He proposed in this connexion that governments might agree to make Article XVI:4 applicable to all products, or, if governments could not eliminate export subsidies promptly but could accept their elimination as an objective, commitments be taken to their progressive reduction and elimination. As regards measures affecting imports, his delegation proposed the removal of all quantitative restrictions, variable levies and related restrictive measures, and reliance on fixed tariffs at non-prohibitive levels. In implementing his proposals, a start should be made with measures affecting exports and imports at the frontier; subsequently, other measures might be taken to mitigate any effects on domestic production. He suggested that the Committee examine these proposals and their implications as part of the future work programme to enhance their acceptability as elements in future negotiations. An informal discussion paper on his delegation's proposals and suggestions was made available to the Committee as document COM.AG/W/66.

7. Some members said that as all agricultural problems were interrelated, a general concept governed their agricultural policy, the measures of which formed a single whole. Any action on one measure had repercussions on all others. A delegation pointed out that their approach consisted in differentiating between solutions which called for changes in existing legislation or policies, and those which did not. For the first type of solutions, a common denominator and an appropriate method of negotiation must be sought. So far as those of the second type were concerned, solutions could be sought in the context of existing legislation or policies through the adjustment of management measures.

8. A member pointed out that his government was very conscious of the importance of the aims pursued by the Committee. It had already made decisions on the elimination of quantitative restrictions on certain agricultural products which his government would make the utmost efforts to liberalize within the next six months. As to the furtherance of liberalization measures, while a decision as to which products would be liberalized had not yet been taken, his government had declared its intention to proceed vigorously and to the widest extent possible.

9. A question was raised regarding the changes proposed in the basis of agricultural support of a major importing country. The representative concerned, in reply, considered that this matter did not fall directly within the scope of the discussion, but explained that one aspect of it was his country's application for accession to a customs union, and that the effect of the proposal would be to align his country's policies more closely with those of the customs union. The other aspect was his government's concern at the high level of public expenditure in agriculture; price fluctuations in the domestic market, which was large and open, led to an open-ended commitment for public expenditure. He foresaw no major changes in import requirements or production levels and only a minimum impact on trade as a result of the proposals which in his view represented

only a change in the method, but not in the level of support and which had been designed to cause the least disturbance to trade. Moreover, his delegation continued to maintain that the present situation in agriculture was not of the importers' making. Some delegations doubted that the proposals would have only a minimal effect on trade and expressed their concern at the proposed changes, particularly in the context of efforts to find mutually acceptable solutions to the problems of international trade in agricultural products. These delegations asked for an expression of view by the country concerned about his authorities' approach to this question. In reply the delegate pointed out that his country had fully co-operated with other members of the Committee in its work and repeated that the proposals had been framed to cause the least disturbance to trade.

10. The discussion addressed itself more specifically to the suggestions relating to Working Group 1 in COM.AG/W/65. Some delegations said that export aids were only one element of agricultural policies and could not be dealt with in isolation. Some delegations considered that international action should first be directed at production policies with the aim of limiting production and avoiding surpluses in developed countries.

11. Some delegations considered that the elimination of governmental export aids was a long-term objective which was worth pursuing. This would however have to be done gradually and by appropriate means, listed in COM.AG/W/65 under items 4, 7 and 8 relating to Working Group 1.

12. Some delegations said that possible action in the field of export measures should take the form of a price discipline based on agreed minimum prices in international trade. Other delegations said that, for countries which practised certain systems of support (for example, two-price systems), export aids could only be limited in this way.

13. Some delegations, in supporting the objective of elimination of subsidies and its attainment in cumulative steps, pointed out that their agricultural exports, which were not subsidized, provided the means for industrial development. Other delegations stated that account must be taken of developing countries with a high dependence on agricultural exports, but where the stage of agricultural development was such as to make recourse to aids necessary if exports were to take place. The question was put whether such countries would consider notifying and consulting on any export aid measures they maintained. One of the delegations concerned said, as a preliminary reply, that this matter would have to be considered in the light of any agreement reached on it in the Committee, but that they were confident that their authorities would do so favourably.

14. Some delegations expressed their readiness to consider solutions that did not involve a change in existing legislation or policies, as suggested in COM.AG/W/65, item 5 relating to Working Group 1. Some of these delegations felt that a more concrete formulation of these suggestions would make their consideration more easy.

15. Some delegations expressed support for extending the scope of paragraph 4 of Article XVI to all products (COM.AG/W/65, item 7 relating to Working Group 1). Some delegations also supported the strengthening and clarification of the existing provisions on primary products of that Article. Some representatives of developing countries expressed reservations on these suggestions, but welcomed the suggestion that any revision of Article XVI should have regard to Article XXXVI, particularly paragraph 3 of that Article.

16. Several delegations stressed the importance of notification and consultation procedures as a first step towards the containment and subsequent reduction of export aids.
17. As referred to earlier in this report, some delegations stressed the importance of measures relating to production.
18. Some delegations pointed to the difficulty in assessing the production neutrality of various measures; that problem would need to be studied.
19. Some delegations stressed the need for an equitable sharing of responsibility for the level of supplies and their management. In the view of certain delegations, this responsibility rested essentially with exporters, particularly in view of the size of the surpluses. However, other delegates pointed out that policies in importing countries had an important bearing on the ability of exporting countries effectively to take action relating to supply management. Some delegations, while recognizing the need for a balance between supply and demand, said that account must be taken of the stage of agricultural development in developing countries, where encouragement for improvement and diversification of agricultural production was still needed - duly taking into account comparative advantage in soil, climate, etc. and projections of both local consumption and export potential - and for whom a limitation of production would have serious consequences; they considered that such a limitation should apply only to developed countries. Other delegations said that such limitations should apply only to countries that exert pressure on international markets with surpluses produced by means of artificial incentives.
20. Several delegations expressed interest in the applicability in present circumstances of the margin of support approach, possibly supplemented by provisions on self-sufficiency ratios. Some delegations said that consideration should be given to levels (rather than margins) of support, together with the self-sufficiency ratio, as a tool towards concrete solutions. One delegation stated that the margin of support and the self-sufficiency ratio should not be considered as an obligation to be assumed by all countries without distinction.
21. Referring to the suggestions relating to measures on imports, some delegations stressed the importance, in searching for possible solutions, of giving special attention to measures of particular importance to developing countries. The application of tariff differentials according to whether a product was shipped in bulk or in small packages was mentioned as an example. A delegation also pointed to the need for action on tropical oilseeds and oils, and expressed the hope that the question of a standstill would be given favourable consideration.
22. Referring to the suggestions relating to other relevant measures, some delegations said they could support all the suggestions made in Working Group 4. The basic principle should be that any regulations regarding health, sanitary conditions and other standards should be confined to their declared purposes;

they should not be trade-hampering, and if they cannot be trade-promoting should be at least trade-neutral. A member suggested that an arbitration body might be set up to see whether such measures were unwarranted or discriminatory and requests for their removal justified. He supported a harmonization or codification of labelling, packaging and other requirements.

23. The Committee agreed that it would not need to await the publication of the factual information resulting from the work of Groups 2 and 4, in order to meet to complete the task of formulating conclusions and drawing up its report to the Council.