

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## GROUP 3(e) - WORK ON TASK 4

### Views Submitted by Delegations

#### Addendum

#### NEW ZEALAND

The following communication, dated 3 July 1974, has been submitted by the delegation of New Zealand.

### TRADE NEGOTIATIONS COMMITTEE: GROUP 3(e)

#### Statement of New Zealand Views on Task 4

In the New Zealand view the most significant development in recent years was the simultaneous advent of climatic conditions which adversely affected agricultural production in a number of regions. This occurred at a time of generally buoyant demand conditions, associated with strong inflationary trends throughout the world. The high commodity prices, and the rare experience of unilateral relaxations of import policies by a number of major countries which this situation promoted, served, however, to underline the basic instability of production and trade in agricultural products which, in the absence of internationally agreed stabilization measures, has always been characteristic of the sector.

Seen in the longer term perspective, the recent shortages cannot be regarded as indicating a major structural shift in the supply/demand patterns for all agricultural products and as heralding a continuing short supply situation. This has been highlighted by developments this year when the previous upward trend of prices for some major temperate agricultural products has significantly reversed, while some commodities have faced the reintroduction of severe and disruptive protective measures at the frontier.

The experience of the past few years, therefore, has added a new dimension to the uncertainties which are inherent in agriculture, pointing to the damaging effects of both relative shortage and relative abundance. But it has to be remembered that in addition to climatic influences, the tight supply situation for some products was also a reflection of producer reluctance to expand production in the face of uncertainty of access in the major markets, the threat of disruptive protective action and distortions in marketing resulting from export subsidization.

The major question to be resolved in the negotiations, therefore, is how to create enduring conditions of security in which producers dependent on export trade will be given the incentive to maintain and expand production at levels necessary to meet the demand engendered by a growing world population and higher living standards, while being confident of assured market access. This will involve the identification of those elements which have contributed to the uncertainties of the past and a reconciliation of these in a way which allows the objectives of these negotiations, the expansion and liberalization of trade, to be achieved for the agricultural sector.

Assurance of market access is obviously a key element in achieving any secure basis for continued long-term trade expansion in agricultural products. It is appreciated that climatic and other factors can on occasion bring about surpluses on a scale sufficient to constitute a major threat to national production patterns and commercial trade. Conversely, relative scarcity can threaten consumption levels and aggravate price inflationary trends. Another question to be taken up in these negotiations, is therefore, whether arrangements can be reached which would give more certainty to international trade in agricultural products in periods both of surplus and of shortage, involving, inter alia, the safeguard measures which might be justified under specified conditions together with the limitations which might be placed on them, and the circumstances under which supplies might be assured to the international market in times of shortage. Nevertheless, if they are to achieve their objective, access provisions must represent an enduring security irrespective of temporary fluctuations in production levels and market conditions.

The participants in the negotiations will also have to decide on the negotiating procedures most appropriate to achieve the objectives of the negotiations. For some agricultural commodities it should be possible to secure stability and expansion of trade, through across-the-board approaches of the kind being discussed for industrial products. Production and trading circumstances are not the same however for all commodities, and for certain of them individual commodity solutions will need to be pursued and new kinds of multilateral arrangements devised to deal with the range of problems that face the international trading community.