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I have had the benefit of going through the views put forward by the representatives of the EEC, United States, Canada, Australia, Argentina and Japan and a number of others at the earlier sessions of the Group with regard to the approach to be followed in moving towards agreed solutions to the problems encompassed by the three interrelated topics agreed to for discussion by the Sub-Group. That makes my task much easier than it would have otherwise been. Broadly speaking we are in general agreement with the approach put forward by the EEC. The comprehensive exposition of these proposals that we all heard from the spokesman of the EEC yesterday does not leave any scope to comment on the philosophy or rationale of these proposals. All the same, Mr. Chairman, it will be in the fitness of thing if I put forward my own view points on these proposals which is necessarily conditioned by the circumstances in which we find ourselves. Let me elaborate.

The events of 1972-74 are still too fresh in our minds. As we all know world stocks of grains continue to be at precariously low levels and our small world remains dependant by and large on current harvests. This is hardly a healthy situation for promoting trade when there are serious apprehensions about continued supplies at least in some parts of the world. We therefore attach the greatest importance to security of supplies at reasonable prices. This calls for a twofold action. Firstly, steps for increased production and secondly steps for building up of stocks. Immediate measures are necessary for increasing production everywhere and particularly in those areas which have the means to achieve a rapid growth in production. We are indeed happy to note that positive steps have been taken in this direction by several countries notably the United States. We would like to see all restraints on expansion of grain production wherever they still exist to be removed. Further there should be no restraints on production at least until the world has enough stocks to guarantee food security against crop failure.

We are also anxious to see that urgent steps are taken for building up national stocks and for evolving a system of international reserves. Here I wish to state that in order to ensure that such a system is operationally effective we would favour an international agreement or arrangement providing for consultations

and releases or purchases according to the different situations through a system of trigger points. In this connexion let me point out that we would prefer a system of price triggers as it is easy to operate but we would be willing to consider other alternatives. I understand that the London group has before it three different alternative procedures, one based on prices and the other two on production expectations and stock levels.

The question of minimum and maximum prices is also relevant here. We are in favour of the concept of range which has been so ably explained by the spokesman of the EEC yesterday. But the range need not be as large as suggested by him. In fact some of the delegations here have pointed out that the range is too wide for stability. If I understood him correctly, he had used the expression catastrophic prices for the two extremes which by implication meant that these extremes were hardly ever likely to be experienced. The reason why I say that the range suggested by him is too wide is that our notions about catastrophe are different. For us even a 50 per cent increase in prices would be catastrophic. In the two years 1972/74 the increase in our domestic wholesale price index for grains was about 60 per cent and we know how much suffering and deprivation it caused our people. The rise in world prices of wheat in the year 1973/74 also ranged between 40 and 60 per cent in different countries and it was certainly an abnormal situation. The steep rise in 1974/75 was due to other factors and a rise of that order is not likely to be experienced again. The suggestions that I would make then is that the minimum and maximum prices may allow for an expansion of 50 or 60 per cent and not 100 per cent, as suggested by the spokesman of the EEC. These are some tentative ideas and I am not making a formal proposal. On the level of minimum price, there is a proposal before the London group that it would be the weighted average of the major exporters' support prices. We would go along with it provided it is acceptable to the major exporters. Personally speaking I would think that the highest support price among the major exporters would be more equitable and fair. Having agreed to the level of the minimum price, the maximum price then could be derived more or less mechanically if my suggestion about the expansion of about 50 or 60 per cent or any agreed percentage spread can be accepted.

Within this range we could provide for a two-stage response in either half of the range for consultations and action regarding stocking and destocking. Apparently a response procedure based on price levels would be easier to operate and would be more prompt and effective. Between the two trigger points for action there would be, we hope, ample scope for the market mechanism to have free play. The extremes, as I said earlier, should be rarely, if ever, be reached, so that regulatory measures will be needed only in very abnormal and exceptional circumstances.

On the questions of obligations of exporters and importers, I am not taking a position, but my personal view is that such obligations should in principal be binding on both exporters and importers. It is also my view that the minimum and maximum prices including the trigger points may be reviewed every year. But the adjustment if any called for in the light of the market situation should be of a marginal nature from one year to the other.

If I remember the delegate for Australia said that an annual review of minimum and maximum prices might call for a whole set of fresh negotiations for reaching a new agreement. Now I don't think that will be necessary at all. Most countries are reviewing their support prices every year. And if a formula based on the minimum support prices of exporters is acceptable and agreed upon then I don't think it has any repercussion on the other elements of the agreement.

The level of international reserves would need detailed discussions but we could make a beginning with the figure suggested by the United States namely 30 million tons although we feel that this is on the low side.

On differentiated treatment for developing countries I need hardly say that these countries would certainly need some accommodation in view of their balance-of-payments problems. The Preparatory Group of the Wheat Council has a few proposals before it at present. Broadly, these are for a dual market - one market for developed importers and another for developing importing countries - to which specific quantities will be allocated by exporters, thereby ensuring competition only between developing countries on the one hand and developed countries on the other. The advantage claimed for this proposal is that it does not interfere with the free market mechanism but at the same time eliminates unfair competition. Incidentally this proposal was made by India.

A second proposal is for raising a fund linked to sales by developed exporters which could be used to compensate in some way the developing countries having balance-of-payments problems. I need not go into all the proposals as we will come to that later. However I wish to point out that any such arrangement should provide for special safeguards for the trade of developing exporting countries.

We are also in favour of emergency reserves under international aegis. With regard to food aid we would like to see the level of food aid reach 10 million tons, the minimum level recommended by the World Food Conference, as quickly as possible. In fact we would wish that it be increased in the coming years in line with the rising consumption levels.

Before I conclude, let me point out that we believe that an International Arrangement or Agreement on Grains would be the most effective instrument for giving concrete shape to all these ideas. Such an arrangement may eventually cover all major grains but a beginning could be made with wheat. I am suggesting this because we have considerable experience on wheat already. Moreover, considerable work has been done by the IWC in working out the elements of an International Wheat Agreement. This would help us to speed up our work. We feel rather apprehensive and concerned about the dangers of delays. The world as I said earlier is still dependant on current harvests for its food supplies, and any major set back to production could spell disaster to a good many people in developing countries. In this connexion, the remark made by the spokesman of the EEC that we might be able to conclude an agreement by December 1977 was rather dismaying. I am sure, however, that he is as much in favour of speeding up our work as I am. One way of achieving this objective would be through integration of the work of the London group with ours here. I am not sure whether we could invite the Secretary of the Wheat Council, who is also the Chairman of the Preparatory Group to report to us at our next meeting on the progress achieved by them in working out the possible elements of the new wheat agreement. This would avoid our going into the very same aspects or elements on which some consensus might already have been reached by them at the London group.

In conclusion, I would like to say that I am quite hopeful that an agreement can be thrashed out by this Group here because from the speeches and the remarks made by different delegations I find that there is a large area of agreement. And more important, the will to reach an agreement is quite manifest. Therefore I would like to end on a hopeful note that we can bring our labours to fruition in the quickest possible time.