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Statement by Nordic Countries

The EC Proposal

Like the others before us, also the Nordics welcome the EC proposal.

The EC proposal is an interesting and constructive contribution to our negotiations, and the Nordic countries find a number of their own concerns well reflected therein. It is also a complex proposal, and it leaves certain key issues open at this stage. It is thus a bit difficult to state a straightforward Nordic reaction to the proposal in its entirety, given the fact that the final form of the proposal, as well as the timing of its presentation have been known to us for just a short while.

The main virtue of the EC proposal is in our view its realistic approach to the complex issues we are dealing with. This is especially reflected in the attempt of the EC to define certain measures that ought to be taken in the short term, and which would be followed up by consequent long-term commitments. We can support that idea, as you may have guessed on the basis of our statements at earlier meetings of the Group. The emphasis that the EC puts on immediate measures to curb excess supply is well-placed, and it should be appreciated especially by those countries, which have accepted the same idea contained in the OECD communiqué in May this year.

We are somewhat less certain about the form, which the commitments envisaged in paragraph 3(b) could take in trade policy terms. It would be interesting to know, whether the Community is thinking in terms of some kind of undertakings in respect of domestic supply management programmes, and how that could be formalized. Our preliminary thinking on this same point is leaning towards expressing such commitments rather in the form of results or trade effects of such programmes, in order to avoid an unnecessarily complex structure of commitments. We intend to submit a more detailed proposal also on this point at our next meeting, but, if you permit me, Mr. Chairman, I might perhaps outline some of the essential ideas of the proposal, as they have developed in our preparations so far,

of course with the reservation that the final version of the proposal may look slightly different from what I am indicating today. It will also contain elements referring to all other relevant parts of the Punta del Este Declaration.

Like the Community we would also find it necessary to start the process with certain immediate measures to prevent an increase in excess supply and to correct market imbalances. The measures would relate to commodities being in excess supply internationally. They could take different forms, but the essential point would of course be their trade effect.

An effort would have to be made in order to bridge the gap between such short-term measures and the more longstanding commitments envisaged in all the proposals presented so far. One way of doing so would be to negotiate at the same time bindings of various kinds of undertakings - both those resulting from immediate measures and those relating to agricultural support in the long run.

It would also seem necessary to find a way of ensuring that the relative contributions of participants to this process would be in a reasonable balance. Some kind of device for the quantitative measurement of support will also have to be considered in this context.

Our idea would thus be to start with the immediate measures as proposed by the EC, but to combine the ideas contained in paragraphs 3(b) and 4 of the EC proposal. We are still considering, how certain more specific problems relating to market access could be handled most appropriately, e.g., in respect of quantitative restrictions it is important to recognize that the General Agreement contains provisions stipulating certain conditions that may permit the use of such restrictions on agricultural imports under Article XI:2(c). These provisions may need to be further clarified and the related market access obligations better defined. We expect to be able to come back to these questions at our next meeting in December.

The Cairns Proposal and the Canadian Proposal

The Nordic countries welcome the Cairns proposal as a constructive effort to advance the negotiations. While we have reservations with regard to the implications of the proposal, we appreciate the spirit, in which it has been tabled. It certainly helps to clarify the options ahead of us, and it may well give new "push" to the negotiations.

What we, however, find questionable in the approach suggested, is that the specificity of agriculture has been completely reversed. The Cairns group is advocating, as the proposal puts it, fully liberalized trade in agriculture.

One basic question with this approach is also, how it related to the Punta del Este Declaration. The Declaration is drafted in relative terms: more discipline, greater liberalization, improving market access, improving the competitive environment, etc. I recognize that the proposal of the Cairns group takes this point into account in the sense that it is largely formulated in relative terms, but I can find some incoherence between the stated objective of "fully liberalized trade in agriculture" on the one hand and the more realistic relative objectives on the other hand.

We are happy to note that the Cairns group proposes a number of "early relief measures", an idea, which we would in principle wish to support. This part of the proposal reflects in a constructive and realistic manner the concerns that we all share in respect of the present market imbalances. We have, not surprisingly, somewhat different ideas of where the emphasis should lie, when we attempt to agree on such short-term measures, but it should not be insurmountable to bridge the gap between the various starting points. We also think that the Cairns group is making a valid point in emphasizing in various parts of its proposal the need to address especially the measures affecting international trade. In this context I would also like to pay tribute to one of the ideas contained in the Canadian proposal, namely that of developing from the PSE a "trade distortion equivalent", TDE. In our view this idea merits further examination, and it seems to take into account many of the concerns expressed about the PSE method. The Canadian proposal, as just presented by Mr. Gifford, also contains a number of other highly relevant and interesting ideas, which we intend to examine carefully.

It goes without saying that the Nordic countries see a number of problems arising from particular formulations in the proposal, but I would prefer to revert to them at a later stage.

Quantitative Measurement of Support

The Nordic countries can support the United States proposal regarding an additional secretariat study on the PSE method, as well as the additional elements suggested by the EC. We realize that some kind of a measuring device will probably be needed, but we do not at this stage have a firm position on whether the PSE could be developed so as to suit the requirements of GATT negotiations. We are sympathetically inclined to examine it further. We would find it essential in that context to arrive at a generally acceptable definition of how and in what purpose the quantitative measurement of support would be utilized, and as a next step, what kind of modifications, e.g., in the PSE method would have to be made, before a final decision on its use or non-use can be made. To mention just a couple of examples, we have found deficiencies in the present PSE, i.a., in its failure to differentiate between measures having different trade effects, including various kinds of production incentives and disincentives and - more importantly - production restraints. There are also obvious problems relating to the effects of currency and price fluctuations and the use of non-uniform reference prices, which tend to

result in somewhat manipulated PSE figures. These problems are well illustrated in the secretariat document on the PSE method. They are deficiencies, which can to some extent be corrected, and we are willing to participate in seeking such corrections. As I already indicated this morning, we are interested in examining the Canadian idea of a "trade distortion equivalent", TDE, which might offer some possibilities in this respect.