

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Japanese Views on Agricultural Negotiations
in the Uruguay Round

1. Introduction

- (1) We believe that the urgent task before this Negotiating Group on Agriculture is to tackle the problem of structural surpluses so as to reduce imbalances and instability in the world agricultural market. Another important task of this Group is to achieve greater liberalization of trade in agriculture and bring all measures affecting import access and export competition under strengthened and more operationally effective GATT rules and disciplines. In discharging these tasks, the CONTRACTING PARTIES are called upon by the Punta del Este Declaration to take account of the various elements of agriculture such as food security or environmental protection, which are not purely economic, as well as specific characteristics of agriculture such as the constraints related to land resources.

Also, we should not limit our discussions of the scope of negotiations to the current surplus problem and its solution only. But we should rather expand the discussion to cover the reverse supply/demand imbalance in food which could occur on a long-term basis. Therefore, it is essential to formulate fair and balanced GATT rules and disciplines which can cope with both surplus and shortage situation.

We believe that, in order to achieve the objectives contained in the Punta del Este Declaration, it is most important to formulate new GATT rules fully taking into consideration the points just mentioned. We also believe that the most valuable contribution to the solution of the agricultural trade problem is the establishment of strengthened and more operationally effective new GATT rules and disciplines which fully reflect both the actual situation and long-term perspective of trade in agriculture.

- (2) It is Japan's view that the increase of subsidized exports has been badly distorting the world agricultural trade and preventing the solution of the existing problem. We believe, therefore, that in order that the new GATT rule to be worked out in the Uruguay Round could be a fruitful and effective one, main exporting countries

should immediately implement a concrete standstill commitment with regard to their production and export policies. This could bring a solution with regard to the problem of structural surpluses in the world agricultural production.

- (3) On the other hand, since it is clear that one of the causes of the current surplus of main agricultural products is protection which ignores the supply/demand situation through agricultural policies adopted by each country, we do recognize, as it is stated in the relevant documents as the Punta del Este Declaration and the Communiqué of the OECD Ministerial Council Meeting, that the long-term objective is to allow market signals to influence, by way of progressive and concerted reduction of agricultural support, as well as by all other appropriate means, the orientation of agricultural production. Needless to say, it is not appropriate in pursuing such an objective to disregard the difference between countries rich in agricultural resources and others. The concerted reduction of agricultural support and all other appropriate means should be implemented in a balanced manner corresponding to the degree of responsibility of each country and respecting fully its autonomous policy making.
- (4) With regard to actions for reduction of protection, we would like to point out that Japan has already unilaterally taken, in order to improve market access, a series of market opening measures such as the Action Program which includes tariff reduction on hundreds of agricultural, forestry and fishery products. In addition, we have been making annual cutbacks of the governmental agricultural budget during the recent fiscal years and reducing administrative prices of main commodities continuously.

The Japanese Government has been vigorously implementing a policy, following the report issued by the Agricultural Policy Council, aiming at making the Japanese agriculture a viable industry by improving its productivity under the given natural endowment with a view to realizing the price level of domestic agricultural products which is acceptable to Japanese consumers.

We believe that these unilateral measures are in line with the objectives of the agricultural negotiations in the Uruguay Round and hence they should be appropriately evaluated in the context of the negotiations.

2. Basic Position

Our basic position on the agricultural negotiations is summarized in the "Principles to Govern Trade in Agriculture" which we submitted to this Negotiating Group at the last meeting (MTN.GNG/NG5/W/7). Today, I would like to make a few explanatory elaborations.

The Japanese Government believes, in the long run, production should reflect market signals to the greatest extent possible in the agricultural sector as well as in other sectors. At the same time, it should be noted that agriculture plays a most important role in the national security, because it provides food which is fundamental to the subsistence of the people. Preservation of the land and natural environment as well as creation of employment are also important examples of various roles played by agriculture. For these reasons, it is indispensable for any country to maintain a certain level of substantial domestic agricultural production corresponding to its national land condition. Furthermore, agriculture is under different conditions compared with other industries in that it has special characteristics as follows:

- (a) the condition of land, which is immovable, is a decisive element of production resources;
- (b) the condition of climate, which is uncontrollable, influences the outcome of agricultural production.

Those elements inherent to agricultural production create difficulties and difference in productivity which cannot be easily surmounted by efforts of individual farmers.

Therefore, agriculture has several important aspects which do not allow it to be left completely under market forces. The reality of life is that, under these circumstances, every country is actually implementing its own agricultural policies comprising various measures and that it would be over-simplistic to qualify them as "agriculture protection policies". On the contrary, most of those agricultural policies are meant to realize maximal benefit through a harmony between the public interest and market forces, taking into due consideration the specific characteristics of agriculture as well as multi-faceted roles of agriculture in the national economy. It is therefore absolutely necessary, in making new rules governing agricultural trade and in other agricultural negotiations, to respect fully the fact that every country has its own agricultural policies based on the different role of agriculture and the overwhelming gaps in competitiveness stemming from differences in agricultural conditions including land and natural endowment.