

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG5/W/36

26 January 1988

Special Distribution

Group of Negotiations on Goods (GATT)

Original: Spanish

Negotiating Group on Agriculture

NEGOTIATING GROUP ON AGRICULTURE, 7-8 December 1987

Statement by Mexico

On the occasion of this fifth meeting of the Negotiating Group on Agriculture I should like to clarify the elements underlying Mexico's position at earlier meetings, as set forth in the statement circulated in document MTN.GNG/NG5/W/29, and to present the principles and objectives which, in our view, should guide any strategy for reform of international trade in agricultural products.

This opinion is the expression of Mexico's interest as a net importer of agricultural products and a developing country as recognized in the previous discussions and with the valued opinion of some delegations whose reasons and concerns we share. At coming meetings we shall progress toward a better operative definition, in the light of developments in the negotiations and in the consultations that we shall be having with individual delegations.

Mexico considers that the negotiations should start from the Declaration of Punta del Este, implementing the objectives and general principles set out in that instrument, in particular:

"to bring about further liberalization and expansion of world [agricultural] trade to the benefit of all countries, especially less-developed contracting parties", and

"the developed countries do not expect the developing countries, in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs".

We agree that the situation of international trade in agriculture is not satisfactory for anyone and needs a concerted reform ensuring adequate development of agriculture in all countries.

Much has been said about the existence of structural production surpluses in some industrial countries. Nevertheless, at the global level the key problem lies in the fact that total world production is far from meeting total world demand. One must not forget that this imbalance between supply and demand exists because low purchasing power in developing countries results in unsatisfied real demand.

Nor can one disregard the different situation faced by countries which are heavily dependent on food imports compared to those countries which have substantial exportable surpluses.

Having regard to these fundamental considerations and those which have been expressed by other developing countries importers of food, my delegation concurs with the view that the basic principles that might underly new rules and disciplines for international trade in agriculture should:

- (i) fully and equitably reflect the interests of all countries, exporters as well as importers of agricultural products, particularly those developing countries that are heavily dependent on agricultural imports;
- (ii) recognize that agriculture is an important sector in most economies because of its unique rôle in providing food and as a source of employment;
- (iii) take fully into account the close linkages of agricultural policies and measures adopted by governments to achieve wider policy objectives ranging from national security to other key political, social or regional objectives, including food security and security of supply and should recognize that to meet these objectives governments adopt support measures in the field of agriculture;
- (iv) recognize the special characteristics of agriculture as distinguished from other economic sectors, particularly in terms of production, non-elasticity of supply and demand, susceptibility to climatic conditions including natural disasters and the resulting difficulties in the planning of production;
- (v) recognize the differences in the circumstances and conditions affecting production according to countries and regions, such as area of arable land, number of annual harvests, degree of mechanization and level of technological development in the sector;
- (vi) recognize the special situation in the developing countries heavily dependent on the imports of food and other agricultural products, inter alia:
 - the structural weakness in competitiveness because of low productivity arising from small-scale cultivation, labour intensiveness, under-developed agricultural technology and non-specialized management.

We likewise agree that the following elements are important in the negotiation process:

- (i) stricter discipline should be applied to export subsidies; this refers, inter alia, to the structural surpluses accumulated by major exporters in recent years;
- (ii) any improved disciplines adopted in regard to the use of subsidies should not prevent governments from adopting policies and measures for the following purposes:
 - to increase production and domestic consumption of foodstuffs to appropriate levels of self-sufficiency and to attain social objectives, including a minimum income level, food security and promotion of rural development;
 - development of infrastructure including investment, research, education, market information, inspection and control of pests and diseases;
- (iii) structural adjustment measures consistent with national policy objectives that do not disrupt international markets nor restrict trade;
- (iv) respect for the agricultural policies of each country as an integral part of national economic policy. Accordingly, implementation of any programme, discipline or understanding should be on an autonomous basis, consistent with GATT rights and obligations, and subject to strengthened and more operationally effective GATT rules and disciplines;
- (v) developing contracting parties require special and differential treatment. Such treatment must not be considered solely as an exception but as an integral element of the improved rules and stricter disciplines. The provisions for special and differential measures should be established at each stage and for all elements, and should, inter alia:
 - (a) recognize that the governments of developing countries need to adopt policies and measures to modernize their agricultural sector and increase its productivity, and, accordingly to set up incentive systems that are compatible with their GATT obligations;
 - (b) take account of the development, financial and trade needs as well as the structure of agriculture in developing countries in respect of measures to liberalize access to their markets;

- (c) recognize the need for developed contracting parties:
 - to ensure that the adoption of domestic policy measures in regard to subsidies does not shift the burden of higher prices onto consumers in developing countries;
- (vi) the flow of aid to developing countries facing severe food shortages should be maintained and increased. It may be necessary in the context of the Uruguay Round to examine rules such as the Usual Marketing Requirements (UMRs) for the administration of surplus food and other multilateral arrangements;
- (vii) efforts should be made to standardize sanitary and phytosanitary regulations to the fullest extent possible and to apply them on a non-discriminatory basis, subject to clearly defined multilateral disciplines.

The liberalization and expansion of trade in agriculture to the benefit of all countries, especially the developing contracting parties, is an essential objective that requires a global approach including all participants.