

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)
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IMMEDIATE MEASURES IN THE FRAMEWORK OF THE SHORT-TERM MEASURES
PROPOSED BY THE EUROPEAN COMMUNITIES

I. Introduction

In the proposal for multilateral trade negotiations which it submitted to the Negotiating Group on Agriculture on 26 October 1987, the Community proposed a first stage comprising two parallel and complementary types of short-term actions: emergency measures and other short-term measures. The Community intends to submit proposals on these other short-term measures in the near future. With regard to the emergency measures intended to ease the strain in certain markets, the proposal specified the following:

"The emergency measures would consist of individual undertakings valid for a single marketing year, applicable from the next marketing year but renewable by common agreement. The undertakings would relate to:

- price discipline for cereals and corresponding arrangements for cereal substitutes;
- disciplines aimed at reducing the quantities of sugar put on the world market and at least maintaining present access to traditional import markets;
- compliance by non-member contracting parties who are significant exporters of the products concerned with the disciplines of the International Dairy Arrangement."

Since then there has been some improvement in world markets, in particular in the case of wheat and sugar prices and the outlook for quantities traded.

In the circumstances, the Community considers that the first priority for the Uruguay Round negotiators is to support these developments and in any event to introduce the necessary measures to prevent a return to the situation that prevailed in markets for the main agricultural products in recent years.

To that end, the Community calls on countries of significant importance in trade in cereals, sugar and dairy products to examine without delay the immediate and co-ordinated measures they can take by common accord to improve the conditions now prevailing on world markets.

The Community recalls that these would be specific, temporary and transitional measures to create suitable conditions for a lasting agreement on short- and long-term measures that could achieve the objectives laid down in the Punta del Este Declaration.

II. Cereals and cereal substitutes

In recent years, the imbalance between supply and demand has led to export competition characterized by a considerable increase in subsidies and ever-lower world prices.

As a consequence, most exporting countries have sold and continue to sell their products at a loss while agricultural development in other countries, in particular in developing countries where it is most necessary, has been discouraged. At the same time, solvent demand has hardly increased during an unprecedented period of falling prices.

Even if this trend appears to have bottomed out in recent weeks and some improvement in the situation cannot be ruled out, supply nevertheless still exceeds demand, and market conditions remain fragile and prices weak.

The Community therefore proposes that discussions should begin immediately with the main countries concerned in the cereals export trade in order to introduce measures or a set of measures aimed at improving international trading conditions, in particular as regards pricing.

These measures should take account of the specific features of the situation and trade of the countries concerned (including the type of products placed on the market) and could include an undertaking on prices and/or quantities placed on the market during the period under consideration (i.e. a marketing year), as well as any other undertaking that could help to attain the desired end.

The products concerned would be bread wheat, and the main feed grains (fodder wheat, maize and barley).

The implementation of the arrangements to be agreed on would require parallel undertakings on enhanced transparency, in particular through the exchange of information on transactions and their terms and conditions.

With regard to exports to developing countries, the above undertakings could be waived by mutual agreement among the countries concerned in order to take account of the particular problems that might arise for the developing countries concerned.

The undertakings made for cereals should be accompanied by corresponding arrangements for cereal substitutes in order to take account of the close link between such products.

Consultation machinery should be set up among the countries concerned in order to follow up the undertakings entered into and, if necessary, provide a rapid settlement for possible disputes.

It is proposed in this context that the Executive Director of the International Wheat Council should be invited to participate in the Group's work and lend it whatever assistance might prove useful.

III. Sugar

In recent years, sugar stocks have built up to such an extent that they have reached virtually double the level of world trade on what is considered the free market. As a result, prices have so far been extremely low. The present signs of a strengthening of prices remain very tenuous.

The Community therefore considers that the main exporting and importing countries should contribute to improving the situation.

To that end, the Community proposes that exporting countries undertake to reduce their net exports by an agreed percentage of the average for the last five years, and that importing countries should undertake either to maintain or to restore their net imports to the level corresponding to the average of their net imports over the same reference period.

It is proposed in this context that consultative machinery be established by the countries participating in the proposed arrangement, and that the Executive Director of the International Sugar Council be invited to participate in the Group's work.

IV. Dairy products

The recent reduction in stocks of dairy products in several major producing countries is allowing some improvement in the world market for dairy products. To strengthen this trend, the Community proposes that contracting parties which are members of the International Dairy Arrangement should undertake to maintain firm prices in the framework of the disciplines of the Arrangement, and that non-member contracting parties which are significant exporters of dairy products should undertake to comply with those disciplines.

V. Information

The Community proposes that countries participating in the arrangements proposed above should regularly inform the Negotiating Group on Agriculture, through a procedure to be agreed upon, concerning their undertakings and any other related matters.