

MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND

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Group of Negotiations on Goods (GATT)  
Negotiating Group on Agriculture

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Statement by Jamaica on  
Aggregate Measure of Support and Protection

1. The Negotiating Group on Agriculture has had a number of proposals and exchanges of views on aggregate measurements of support i.e. a trade distortion equivalent (TDE Canada), a producer subsidy equivalent (PSE OECD) and a producer type measurement (Cairns Group).

A number of participants, including Jamaica, have raised questions regarding the feasibility of such a measurement. As a consequence further discussions are continuing and the secretariat was requested to prepare additional information following the meeting of 26/27 October 1987. The secretariat has done this (see Note by the secretariat W/34). This usefully supplements the secretariat's Note Spec(87)37 - Quantitative Measurement of Support: the PSE.

2. My first observation is that there is as yet no agreement in the Group on whether to use an aggregate measure of support. Additionally, there is no agreement on questions of the coverage and methodology for calculation. It will be important for the Group to continue work on this. At this point Jamaica remains open to using an aggregate measure of support and protection as a tool in the negotiations.

3. Jamaica believes that this overall or aggregate measure of support might be useful in certain situations specifically in those economies where policies and measures have led to high levels of price and income support coupled with high levels of import protection and restrictions. In other words the aggregate measurement of support and protection must take account of all of these elements if it is to be a reasonable guide to the levels of support and protection provided by governments.

In this respect paragraph 2 in the secretariat's Note W/34 correctly draws attention to the issues that need to be addressed in devising a "comprehensive measurement of support and protection".

The Note suggests a staged programme of work, with the first stage including questions of data collection, best reference period, commodity and policy coverage. At this stage the questions and issues raised by participants will need to be addressed including such questions as reference prices to be used and the effect of exchange rates.

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4. In defining the measurement of support to producers it should be noted from the studies carried out in the OECD, inter alia, that the PSE "does not directly reveal the effects on production, consumption, trade and prices of government intervention from agricultural markets\*". Other methods of quantifying the level of protection and/or support have also been suggested. The secretariat Note (Spec(87)37) identifies them.

5. The discussions on aggregate measurements of support and protection must therefore be done in an analytically sound way to reflect the balance of benefits from government intervention between producers and consumers in different countries. To remove government subsidies to producers, while passing the cost on to consumers in importing countries will not necessarily reduce the overall level of support to the producers. It will therefore be important that the benefits to be derived from the removal of import protection be equally quantified and be part of any overall reduction so as to benefit producer/exporter and consumer/importer. However it is useful to note that these quantitative measurements will have in practice to be translated into specific and concrete measures on both the domestic price support side and import side. For this to be meaningful it has to be country specific, policy specific and commodity specific. The reference price and base period will also have to be determined.

6. At the next stage it would be useful for those countries for whom these measurements of support have been developed to put forward some more specific proposals which would help in understanding how the measurements could be applied. For instance Canada's proposals calls for a "detailed implementation plan" which is based on:

- agreement in principle on a reduction in the TDE, and on binding measures covering particular commodities, minimum access commitments, fixed import charges, etc.

7. It will be useful as well to take note of these two points made in relation to measurements of support:

- "estimated levels of effective protection, measure income and welfare transfers and not trade distorting effects" thus it was concluded that it was possible to have very high levels of effective protection and simultaneously little effect on trade.
- In assessing the net transfer from other sectors through the government to the agricultural sector both the PSE and the CSE have to be taken together.

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\*US Government Intervention in Agriculture