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THE URUGUAY ROUND

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Aggregate Measurement of Support, including
Decoupled Income Support

Statement by the Nordic Countries

The Nordic delegations have received the papers of the EC, United States and Canada only quite recently, and it is therefore difficult to give very detailed reactions today. We would in any case like to express our appreciation to the authors of the papers which, after a first reading, look very interesting and seem to address the key questions with regard to the quantitative measurement device in a detailed and constructive manner. We look forward to further deliberations on the basis of these papers at our future meetings.

We on our side have also given some thought to the same issues, and I should now like to run through a concise series of questions that we have considered, as well as the preliminary Nordic views on these questions:

1. For what purpose should the PSE/TDE be used in the Uruguay Round? The Nordic countries have at this stage the working hypotheses that a quantitative measurement device could serve both as a means of setting a target for the overall reduction of support and protection, and as a monitoring device for such commitments. It would essentially measure the development of the aggregate support level in each country, and it would not be used for country-to-country comparisons; on this point we agree with what was stated by Dr. Moehler a while ago. The targets to be agreed in terms of PSE/TDE would be political commitments relating to total aggregate support, not legally binding GATT obligations. Each participant would be expected to present an implementation programme on how the target would be met in terms of concrete measures relating to support and protection.
2. Who would calculate the PSE/TDE figures? The calculations would in any case have to be based on a precise set of figures, which would have to be provided by the participants themselves. In order to enhance consistency, the actual calculations should be entrusted to the secretariat. It might also be useful for a number of countries to receive technical assistance during the process.

3. Which countries should be covered? As many as possible, but obviously not all. We should be able to cover all the major producers and traders, whether developed or developing, and additionally those smaller countries having the technical facilities permitting a relatively easy participation in the exercise.

4. Which products should be covered? This is a tricky question, because support may shift from one product or group of products to another. In principle the coverage should be as wide as possible. (Though we would not intend to include those products, which we feel do not belong to this Negotiating Group, i.e., fishery and forestry products.) At the same time there are practical constraints relating to the availability of data, time needed for its collection, etc. It would seem advisable to take as a basis the product coverage of the OECD PSE calculations and to add, when the particular national production pattern so warrants, other products. It would seem reasonable to agree on a minimum share of each country's total agricultural production, which would have to be covered, e.g. 90 per cent of the total value of agricultural production. The products left out of this calculation would have to be addressed by alternative negotiating methods.

5. Which support measures should be included/excluded? In principle all measures having a significant effect on agricultural trade. On this point we sympathize with the Canadian ideas as just put forward by Mr. Gifford. The types of measures that we would prefer to have excluded would be primarily the following: (1) general services, such as research and development, education, quality control, etc.; (2) direct, decoupled income support; (3) support programmes serving to reduce or restrain production; (4) social programmes; and (5) regional support programmes, if managed in a production neutral manner. Of course we are aware of the fact that several of these measures might create problems, when it comes to definition. There are also undoubtedly a number of additional measures, which might or might not be included in the calculation. One idea could be that production neutral support may be excluded from the PSE/TDE figures, but data should still be collected for monitoring purposes in order to prevent abuses of such exceptions.

6. Would it be possible to give credit for supply control measures in the PSE/TDE calculation? In principle it should be possible, but we do not have a precise idea of how it would be done. If the equivalent takes reduced production volumes duly into account, the credit would implicitly be channelled that way. In any case it would be essential not to burden the equivalent with costs of supply management programmes, otherwise the result would be absurd. Again, to prevent abuses, it would of course be understood that the definition of "supply management programmes" or criteria for that notion would have to be sufficiently clear.

7. How should we treat fluctuations in currency rates and world market prices? It would seem difficult to eliminate the fluctuations altogether, in fact it may not even be desirable. The suggestion that moving averages over a given number of years (five years?) could alleviate the problem to

some extent, seems well-founded. We have taken note of the EC idea of fixed reference prices, and it will be examined more closely in our capitals. A somewhat similar problem, which will also have to be considered, has to do with excess feed cost.

8. Which reference prices to use? In the OECD it has become apparent that the choice of reference prices is indeed crucial for the outcome of the calculations. Efforts should be made in order to use as uniform reference prices as possible, although trade patterns, differences in quality and end use, and other special factors, may have to be taken into account, where appropriate.

The development of an agreed quantitative measurement device is an urgent task. We have to make progress in this work in order to advance the agricultural negotiations overall. The Nordic countries are in favour of using all practical opportunities to this effect, and we will be happy to participate in further formal and informal meetings on this matter.