

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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NEGOTIATING GROUP ON AGRICULTURE

The following statement has been received from the Cairns Group with the request that it be circulated to all members of the Negotiating Group on Agriculture.

MINISTERIAL MEETING OF THE CAIRNS GROUP

Ministerial Statement

Friday 26 February 1988

Bariloche

Ministers and representatives of the members of the Cairns Group (Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, Philippines, New Zealand, Thailand and Uruguay) met in Bariloche 23-26 February 1988. Ministers were honoured by the President of Argentina, Dr. Raul Alfonsin, who formally closed the meeting.

In reviewing developments since they last met, Ministers noted with satisfaction that key objectives which they had set in Ottawa in May 1987 had been realized. They expressed appreciation for the role which had been played by Prime Minister Brian Mulroney of Canada in carrying the Group's message to the Venice Economic Summit and in gaining reaffirmation of the OECD's call for the urgent reform of world agricultural trade.

Ministers noted also that the Group's call for the tabling of negotiating proposals by all of the major participants in the Uruguay Round had been met. The tabling of the Cairns Group proposal, by the Australian Prime Minister Bob Hawke, in October 1987 was a major achievement. In particular, Ministers expressed satisfaction at the work undertaken by the Cairns Group and the constructive spirit which had been shown by its members to enable the tabling of the most comprehensive and concrete proposal by any participant.

Ministers reviewed progress in the Uruguay Round Group for Negotiations on Agriculture in the light of the negotiating proposals lodged in Geneva over the course of 1987. They examined the various points of similarity and difference contained in these proposals. While welcoming the progress achieved to date and agreeing that the proposals had provided a sufficient basis for moving the negotiating process into its substantive phase, Ministers recognized that a major challenge confronting the Group was to maintain the momentum of the negotiations in 1988.

While encouraged by the thrust of international debate which continues to recognize the need to address agricultural trade problems and to focus on the reform of domestic support policies, Ministers expressed disappointment at the significant and growing gap between rhetoric and practice. They noted that actions to reduce subsidies and increase access by the most trade-distorting countries fell well short of what is required for sustained reform. Since their last meeting, Ministers noted that competitive subsidy practices have intensified and reductions in market access opportunities have occurred or are currently threatened for some commodities, including vegetable oils, apples, beef, sheepmeat, grains, flour, dairy products and poultry.

In this regard, Ministers noted with deep concern that the commitments and spirit of standstill and rollback entered into at Punta del Este and reinforced by the OECD Ministerial Meeting and Venice Economic Summit had not generally been observed in the case of agriculture, and called upon all participants to honour these commitments. Ministers decided to keep this matter under continual review.

Ministers identified the Ministerial Mid-Term Review of the Uruguay Round scheduled for early December 1988 in Montreal as a particularly appropriate and important opportunity to achieve substantive interim results in the agriculture negotiations. The outcome of the Mid-Term Review should secure a firm commitment on the elements of a long-term framework for agricultural reform. This framework should be underpinned by appropriately reformed and strengthened GATT rules, particularly in respect of eliminating both domestic and export subsidies and quantitative and other import restrictions not explicitly provided for in the GATT.

Moreover, in order to reinforce the political commitment and to provide early improvements in the agricultural trading environment, Ministers agreed that the Group seek from the mid-term review acceptance of a programme of measures for immediate implementation, without prejudice to other priorities established in the Punta del Este Declaration. Such measures would include a contractual freeze and phased reduction of agricultural support and protection focused on the most trade-distorting policies. This would constitute a genuine down-payment on long-term reform. Short-term action must be directly linked to and consistent with long-term reform.

In this regard, Ministers agreed that the result of the Mid-Term Review should encompass:

- freeze followed by reductions in global support for agriculture in 1989-90;
- freeze followed by reduction in production and export subsidies in 1989-90;
- immediate increases in access opportunities in 1989-90;
- agreement on the management of surpluses, so as to avoid the disruption of world markets.

Ministers considered that such an outcome would constitute a productive first step towards the objectives agreed in the Uruguay Declaration. To that end, they called upon other participants to sharpen their focus on what is necessary in 1988 to establish the outline of a long-term framework for world trade in agriculture.

Ministers outlined the elements of a strategy and programme of action that would best achieve the Group's objectives for 1988. They agreed:

- that there existed a need to more clearly define the elements of a comprehensive framework and further refine and elaborate the concept of a down-payment on long-term reform. This should be done before mid-year;
- that the Cairns Group would utilize all available and appropriate opportunities open to its members to seek the widest possible support for the Group's objectives. These would include informal meetings of world trade or economic leaders;
- that this year's OECD Ministerial Meeting, World Food Council meeting, and Toronto Economic Summit would be important opportunities for maintaining the pressure for reform, and members agreed to utilize their resources to influence positively the outcome of these meetings;
- that the Group should extend the dialogue with other participants, including in particular other developing countries, with an interest in agricultural trade. Particularly with reference to net importing developing countries, they agreed to focus on the fact that the present agricultural situation leads to a concentration of supply in the hands of countries whose treasuries are able to support and subsidize agricultural production and exports. Should this continue, developing countries will increase their dependence on food imports, affecting their food security.

Referring to the main developed countries, Ministers noted the need to further promote liberalization, with particular emphasis on access to markets. Further development of the positions of these countries will be necessary in order to achieve progress in the negotiations.

Ministers urged that the Chairman of the Agriculture Negotiating Group establish an informal group of widely represented interested parties at an early stage.

Ministers reaffirmed their commitment to the application of the principle of differential and more favourable treatment for developing countries, as provided for in the Punta del Este Declaration and elaborated in the Cairns Group's agriculture negotiating proposal. They agreed that the Group would further elaborate this element of its proposal, including modalities of its application as soon as possible in 1988.

In recognition of the need to minimize the trade impact of sanitary and phytosanitary measures and remove and prohibit the future use of those measures that represent unjustified trade barriers, Ministers also resolved that the Group should further develop its proposals and seek to give impetus to negotiations in this area. Ministers agreed that the Group would establish a technical working group for these purposes.

In order to develop the Group's positions, Ministers saw a continuing need for close liaison and co-operation in Geneva, including as appropriate further meetings of capital-based officials.

The Ministers reiterated their support expressed in their Ottawa meeting on the need to obtain an early result on tropical products. Progress on this subject should not be linked with other areas of the negotiations.

They agreed that Ministers would need to be closely involved in the preparation of the Group's positions for the Mid-Term Review, and would meet as necessary later this year.

Finally, Ministers congratulated the Government of Argentina for its initiative in convening this meeting and expressed their gratitude for its hospitality.