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

SUMMARY OF MAIN POINTS RAISED AT THE SEVENTH MEETING
OF THE NEGOTIATING GROUP ON AGRICULTURE

(20-21 April 1988)

Note by the Secretariat

1. The following summary, which has been prepared by the secretariat in accordance with paragraph 5 of MTN.GNG/NG5/7, should be read in conjunction with documents NG5/W/53 and 55-59 inclusive, which contain the full texts of proposals and statements made by the Ministerial Meeting of the Cairns Group, the United States, the European Communities, Nigeria, Argentina and Morocco, respectively. These texts are not summarized here.

2. Commenting on the statement by Argentina (NG5/W/58) concerning the Ministerial Meeting of the Cairns Group in Bariloche (NG5/W/53), a number of delegations recognized the importance of that meeting. One representative welcomed what he considered to be the emphasis on short-term measures even though there still were divergences of views as to the content of those measures. It was pointed out by another delegate that the Ministers at Bariloche thought that the mid-term review needed to focus both on the short- and the long-term measures. One delegate appreciated the efforts by the Cairns Group Ministers to reconcile short- and long-term measures which, he said, could lead to the establishment of rules capable of governing international trade in agricultural products. One member of the Cairns Group explained that the Bariloche declaration also aimed at establishing consultations with developing countries in order to try to reconcile different views for the final elaboration of proposals from the Cairns Group as concerned special and differential treatment. He said that consultations had been held with a number of countries already and that a proposal on special and differential treatment, taking into account views expressed during these consultations, would probably be forthcoming towards the end of May or beginning of June.

3. The representative of the European Communities recalled that his delegation's paper submitted in February (NG5/W/43) contained only one part of the overall approach to short-term measures, namely immediate measures to correct a crisis situation. He said that this proposal was still valid since his delegation was of the view that the market situation had not as yet improved sufficiently to abandon the thought of such measures. He

agreed that the proposed measures were interventionist which, he said, was necessary until the situation became healthier. His delegation hoped to present to the Group the second part of the proposal concerning short-term measures in the course of the June meeting.

4. Another representative expressed his delegation's support for the general thrust of the statements by Nigeria (NG5/W/57) and Morocco (NG5/W/59). As concerned short-term measures, he said these should be consistent with the need for them, as identified from an analysis of problems and causes of any distortions in international trade. Moreover, he noted that whereas prices for a number of temperate zone products had increased recently, prices of most tropical products remained depressed. He said that action taken by some countries was inconsistent with proposals geared towards reflecting market signals in agricultural trade and referred to the recent decision by members of the IDA to raise minimum prices for dairy products covered by the protocols under the arrangement. The representative also queried how existing long-term arrangements among developed countries, including non-participants, would affect the operation of a liberalized market. He said that it would be difficult to make any meaningful progress if the Negotiating Group did not adequately address the interests of all participants. One representative insisted on the importance of agreement on long-term measures, which could be quickly implemented. His country continued to believe in immediate and short-term action as part of long-term action. Another representative reiterated his position on short-term measures saying, inter alia, that emergency measures should provide for a concrete standstill as well as a freeze on subsidized agricultural products and access levels. It was also said that short-term or immediate measures could contribute to putting order in the present troubled situation of agricultural trade and to that effect the starting point should be the measures which affected trade the most, such as export subsidies. However, other measures were not excluded.

5. One representative thought there was a fair degree of consensus as to the need for some short-term action but he shared the opinion of others that it must be an integral part of any long-term fundamental reform. He stated that there should be a commitment at the mid-term review as concerns both the short and the long term. He suggested as concerned short-term measures that it might not be possible to have a percentage reduction in the aggregate level of support agreed to across-the-board, but that it might be possible to put together a package of commitments which would be consistent with, and supportive of, fundamental long-term reforms but which nevertheless took into account the reality that some governments would have great difficulty in amending their basic farm legislation in calendar year 1989.

6. The representative of one country said that the Group could not engage a real negotiation on short-term measures until it started the dual process of moving towards some consensus on the long-term framework. He said it would be inconceivable to have a mid-term review without agriculture and without some type of commitment to the long-term framework, a view that was

shared by others. The representative of another country said that for all negotiating partners to be in a position at the end of the year to see some substantial results, all countries must be equipped to address the various factors which were going to enable negotiators to get long-term results. One representative believed that elements of strengthened rules and disciplines should cover, inter alia: (1) guidelines for the transitional arrangements and any implementation programmes and specific multilateral commitments; (2) the rules which would govern trade in agriculture at the end of the negotiations; and (3) the disciplines that would be applied in the event that the rules were not followed. However, he raised the difficulty of dealing with all the issues without having a clear understanding of the product coverage. His country was prepared to use as a working hypothesis all agricultural products within the meaning of the GATT. Another representative recalled his delegation's position that the Group would first deal with the short-term action and tackle the long-term once the immediate and short-term problems were solved. In his delegation's view it was premature to deal with the long-term matter now.

7. The representative of the European Communities presented the working paper on sanitary and phytosanitary regulations (NG5/W/56), noting the need to pursue both the harmonization of rules through expert international organizations and the strengthening of the applicable GATT rules. He further noted the need for rules on restrictions applied through production and processing methods, whose coverage under the Standards Code was not agreed. Some delegates stressed the need for further support of the work of the specialized international bodies. Problems arising from lack of transparency were also identified. One delegate stated particular national characteristics needed to be taken into account and that a compulsory dispute settlement procedure was not appropriate in this area. He further questioned whether pesticides or the issue of production and processing methods were within the mandate of the Punta del Este Declaration. Another observed that the underlying question was the acceptable level of risk, and noted that as harmonization was not always possible, the issue of equivalent measures needed examination. Several delegations indicated that further policy discussions were appropriate before a technical working group was established on this issue.

8. With regard to aggregate measurements of support, it was noted that further discussion of whether, or how, the Producer Subsidy Equivalent (PSE), or other such measurement might be used in the negotiation would be greatly facilitated if specific country PSE estimates were available for examination. NG5/TG/W/6 therefore contained guidelines and a suggested format that could be used to submit the necessary data without prejudice as to whether or how it might be used. A number of countries stated their intention to submit the requested data in the interest of transparency, although several indicated that they nonetheless had misgivings about their own and others' PSE estimates. It was observed that the data requested for the PSE estimates were less than that which contracting parties had agreed to provide in respect of their obligations under Article XVI:1.

9. Other representatives continued to question the applicability of the PSE methodology to developing countries. Some expressed the belief that it was based on the implication that agricultural support was trade distorting, which they did not think was the case for developing country policies. One stated that it was not necessary for developing countries' agricultural policies to be brought under any GATT disciplines. Another felt that the PSE was too technical a tool for practical use and that another methodology should be sought. The difficulty of collecting the necessary data was also raised, as was the concern that the OECD itself was still refining the PSE methodology.

10. The representative of the United States introduced his country's elaboration of its negotiating proposal with reference to developing countries (NG5/W/55). In so doing he emphasized the potential benefits to LDCs from liberalization in agricultural trade, and said that the United States had expected their reaction to the United States negotiating proposal to be more positive. However, the United States had listened to the developing countries, and the present paper was an attempt to close the gap between developing and developed. Noting that the direct involvement of the developing countries in trade liberalization was essential to the long-run viability of the global trading system, he added that document NG5/W/55 was also an elaboration of the United States proposal on tropical products.

11. The United States elaboration was generally welcomed, particularly by developing country representatives, as a positive contribution to the negotiations. Several delegations expressed their agreement that agriculture was central to development, though the interests and benefits involved were for each country to determine for itself. A number of countries found the United States treatment of subsidies too restrictive in the development context. Doubts were also expressed about the proposal on non-tariff measures. It was pointed out that many development programmes had necessarily to be commodity-specific, and that the needs of different commodities varied. Structural programmes should be respected, it was suggested, and developing countries should be able to maintain sectoral priorities for development. Also, the developing countries should have an extended timeframe for carrying out liberalization commitments. One participant agreed that LDCs had often applied disincentives to their agriculture, but noted that subsidized developed-country competition was important.

12. Several participants commented that on subsidies (as on some other sectors) the United States proposal and its elaboration went further than either the present Subsidies Code or current proposals for treating industrial products. Some speakers emphasized the globality of the MTN and the relevance to this topic of what happened in other negotiating groups. The relationship with tropical products was seen as particularly important. Several representatives favoured a wide product coverage, as envisaged by the United States. One delegate queried whether the distinction between tropical and temperate agricultural products was not an artificial one in

terms of the Punta del Este Declaration, and others underlined that no reform affecting tropical products was possible without progress on temperate products too - especially those which were close substitutes. However a number of delegations opposed any negotiating linkages between the two groups, favouring rather a parallel application of the principle of special and differential treatment in both. There was widespread agreement that in any case special and differential treatment should be an integral part of the negotiations, made operationally effective at each stage. It was also agreed by several participants that special and differential treatment should be individual and specific, though for one participant this risked too narrow a country coverage.

13. The proposal of Nigeria (W/57) was the subject of preliminary comment only at this meeting, but this was generally favourable. Among other concepts in that document deserving closer attention, its emphasis on import access was seen as particularly important. One participant observed that access to and prices on developed-country markets were vital to the development of agriculture in LDCs.