

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG5/W/63  
28 June 1988

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Group of Negotiations on Goods (GATT)

Negotiating Group on Agriculture

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

(9-10 June 1988)

Note by the Secretariat

1. The following summary, which has been prepared by the secretariat in accordance with paragraph 6 of MTN.GNG/NG5/8, should be read in conjunction with documents NG5/W/61-62 and NG5/W/64-67 which contain the full texts of the proposals submitted by the United States on food security and by the European Communities on short-term action, as well as the statements by Jamaica on the proposals submitted, on food security and on the aggregate measurement of support, and by Australia on reductions in assistance to agriculture. These texts are not summarized here.

2. In presenting the elaboration of its proposal regarding food security (NG5/W/61) the representative of the United States stressed his belief that free trade provided the best way to address food security concerns, particularly if the right to impose export embargoes for reasons of short supply were removed from Article XI:2(a). This would permit more rapid development of the agricultural sectors of developing countries, and eliminate the major reason for export stoppages. He recognized also that other non-trade measures including stockpiling and food aid needed to be considered in this regard. In giving their preliminary comments on the United States paper, many delegates welcomed examination of the balance of importer versus exporter rights, and agreed that food security did not imply self-sufficiency. They stressed, however, that the United States focus only on short supply embargoes was too limited, as food security concerns were also linked to actions taken under Articles XX(i), XX(j) and XXI.

3. Furthermore, of fundamental concern to many countries was their limited ability to purchase the necessary foodstuffs at world prices. They noted that dependence on world markets impinged on national sovereignty and the right for each country to determine their desired levels of production and trade, taking into account their own political, social and economic objectives. Developing countries needed to maintain the right to redress structural deficiencies and to expand production for exports necessary to acquire foreign reserves. Fluctuations in world prices due to reduced global supplies could have serious political as well as nutritional consequences for countries dependent on the world market for basic

foodstuffs. Their food security was, therefore, not possible without some degree of self-sufficiency. However, a number stressed that self-sufficiency need not necessarily result in barriers to trade, and one noted that given world interdependence, self-sufficiency could only be effective if supplemented by measures to facilitate normal trade flows. (The full statement of the representative of Jamaica on this issue is contained in NG5/W/65.)

4. It was also observed that the problem of food security was complex, and stemmed from conditions such as poverty and insufficiency of production which could not be resolved by action in the Uruguay Round on trade measures. In this regard, one delegate noted that there were numerous international fora which also addressed the matter of food security, including FAO and the World Food Council. Another delegate stressed the linkage between food security and the need for special and differential treatment. He also stated that the approach proposed by the Cairns Group would permit increased production and development of agriculture in the developing countries, and would thus address many food security concerns.

5. Other delegates pointed out the difference between the food security concerns of developing countries and those of developed countries with adequate financial resources to rely on the world market for their supplies. It was primarily this latter group that was seen as abusing the concept of food security to unnecessarily restrict trade. Some delegates observed that the ability to purchase did not guarantee that supplies would be available or deliverable in times of international conflict or crisis. They felt that maintenance of the potential to produce was essential to assure food security. One delegate maintained that governments must have the right to impose export restrictions when necessary to assure that their own food needs were met and food not exported merely because of higher prices offered elsewhere.

6. The representative of Jamaica brought to the attention of the Group developments outside of the GATT which he considered relevant to its work (NG5/W/64). He further noted that the various submissions made by his and other developing countries should be considered as negotiating proposals although they had not been formally presented as such. In this regard, he indicated that in his view the basic understandings should be the submission of all trade measures (including waivers, etc.) to strengthened rules; a broad country and product coverage, including processed products; and the taking into account not only of the GATT principles of special and differential treatment, but also of agreements in other fora such as on food aid, usual marketing requirements (UMRs), etc. With respect to the short term, he indicated that priority treatment should be given to the agricultural exports of developing countries, including tropical products and those for which substitutes existed in the developed countries. Both short-term and transitional arrangements, which should be developed in 1988/89, should be implemented in conformity with the long-term goals. This would require modification of Articles XI and XVI, the phasing out of the International Dairy Arrangement and, as appropriate, of the Arrangement Regarding Bovine Meat, and the establishment of a mechanism for evaluating the implementation of special and differential treatment. He proposed a

formula cut approach for tariffs of temperate zone products supplemented by some offer/request procedures. GSP schemes should be improved with better access commitments, and taxes on developing country products (including processed products) eliminated. Voluntary restraint agreements should be phased out while providing improved access for developing countries, and long-term arrangements should be notified and subject to GATT disciplines. He noted the need to examine the rules on subsidies, and the need to clarify the Article XX rules on health and sanitary measures with actions both in the short-term and transitional periods.

7. In presenting its paper on short-term measures (NG5/W/62), the representative of the European Community noted that the focus on short term did not mean the EC opposed long-term measures. The short-term measures proposed would follow the emergency actions previously proposed (NG5/W/43). He expressed concern that some countries were taking actions not consistent with the long-term goals, and noted that to make progress, it was necessary to start from the existing situation and take short-term actions. The EC proposed that these take the form of freezing a modified PSE at 1984 levels. To eliminate the distortions caused by exchange rate fluctuations, use of a fixed reference price was proposed.

8. A number of delegates expressed their appreciation at having specific views defined and put on the table, but indicated the need to also know the EC views on the long-term framework, and on the link between short and long-term measures. Some observed that work in the Technical Group had identified some serious shortcomings in the PSE-type methodology, particularly with regard to import access, and questioned what were the EC intentions on access. One delegate calculated that the fixed reference price technique proposed by the EC would result in freezing EC support at levels higher than those now existing. He noted that countries which had taken positive actions since 1984 would in any way benefit from being further advanced towards the final goals. How countries reduced their aggregate support was as important as the fact that it was reduced. Another delegate pointed out that more than a twelve-month base period was necessary to reduce the problem of "special factor" effects. He further observed that although some adjustments to the PSE were necessary, world prices could not be ignored because they reflected relevant factors even if these were outside of agriculture.

9. The representative of one country recalled his criticism of proposals to restore market influences through supply management. He questioned whether what was being proposed was not rather the restoration of market shares, and expressed concern that equitable burden sharing among producers would not be equitable to consumers. This delegate also noted the limited product coverage of the EC proposal, and requested further information regarding which measures would be considered to have a significant influence on trade. He recalled that developing countries could be expected to make only those contributions consistent with their trade and development needs; those who were competitive could thus be expected to contribute more fully.

10. One delegate stated that it was necessary to start with short-term and medium-term measures to reach the final long-term goal, but that the focus should not be limited only to subsidies. Another stressed that structural adjustment was key, that one should begin with short-term measures, in the right direction. The lack of inclusion of the horticultural sector was of concern to the representative of another country.

11. In discussing the issue of sanitary and phytosanitary barriers, one delegate pointed out the need to observe the proper balance between national autonomy in selecting appropriate measures and the need to minimize the negative effects of these measures on trade. He observed that the work of existing organizations in this field was of high quality and that more countries should participate in it, but noted that there were insufficient opportunities for consultation and dispute settlement which could be addressed through GATT. A large number of delegations recognized the need for a technical group to discuss the possibility of harmonization of measures and at what level, but most maintained that greater political guidance on the issue was necessary first. One delegate observed that it was not possible to comment on the usefulness or possibility of harmonization without having the results of a technical examination. Another considered that there was also a need for short-term measures on sanitary and phytosanitary restrictions. Examination of the concept of "equivalence" as a possible alternative to harmonization was also suggested. One delegate also raised the need for examination of labelling, packaging and other such requirements which posed barriers to trade.

12. The Secretary of the Technical Group reported briefly on the meeting of that Group (see NG5/TG/W/7) and on two subsequent papers prepared by the secretariat (NG5/TG/W/8 and 9). The representative of Jamaica expressed his concern that a number of fundamental issues regarding the PSE and its use had not yet been adequately dealt with (see NG5/W/66). Another delegate indicated that the insufficiency of the PSE with regard to import access made it clear that the PSE should not in itself be bound. He further stated that negotiations based solely on PSEs might leave out important countries with low or negative PSEs, so a complementary approach was also needed. The representative of another country observed that his was among those countries who had taken steps in recent years to stabilize the agricultural sector, and such efforts had to be taken into account in the negotiations. He also noted that a comparison of the measures influencing agricultural production had to involve all contracting parties in order to be representative. One delegate indicated the need to take into account the special situation of developing countries while examining the possible use of the PSE methodology, and noted that the concept of "decoupling" was specific to developed countries.

13. The representative of Australia informed the Group of recent actions by his Government reducing assistance for Australian agriculture (NG5/W/67). The delegate observed that these actions would increase the market orientation and adjustment of Australian agriculture. He noted the contrast of these actions with those taken by the United States to reduce wheat set-aside acreage, and those taken by the EC in writing down the value of its existing stocks.