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THE URUGUAY ROUND

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NEGOTIATING GROUP ON AGRICULTURE

Statement by Jamaica

(13 July 1988)

I should like, Mr. Chairman, to introduce our paper which is entitled "Elements for a Proposal by Developing Countries" (NG5/W/68). This paper is set against the background of Jamaica's (and those that worked with Jamaica on this paper) commitment to the liberalization and expansion of trade with a balance of benefits for each participant. Secondly, a recognition that the major distortions including through subsidies in agriculture are done by some major developed producers and traders and not by developing countries as a whole. Thirdly, in the belief that stabilization and adjustment of these unsound agricultural policies leading to a liberalized trade régime in agriculture reflecting "market forces" is a priority for those major developed producers and traders and by developed countries as a whole and that this can be undertaken in the short run as a responsibility of those who caused these distortions and who are the major practitioners of restrictions. But the short-term or initial measures should be consistent with the longer-run objectives of liberalization and of strengthened rules and disciplines. And fourthly, that all contracting parties, and I emphasize all contracting parties, share in the responsibility of framing the operationally effective and strengthened GATT rules and disciplines. That is, we believe it can be accomplished by a framework approach and by joint action within the GATT.

I should now like to describe the elements for the proposal which reflect the views of a number of developing countries as already expressed in the Negotiating Group and in the course of the work undertaken in consultations with these countries. Where appropriate, we have reflected some of the ideas by other participants. This paper does not commit any developing country, each one will speak for itself and it is also subject to a review by the Jamaican delegation in light of the comments received. Paragraph 3 identifies the framework approach taken in this paper. In Section I, it sets out an Indicative List of Issues; in Section II, it enumerates some basic principles; in Section III, a number of understandings or urgent measures to be reached or taken in 1988 are elaborated; and in Section IV some specific multilateral commitments,

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including implementation of programmes and transitional arrangements and measures in the short term, have been suggested for 1988 and 1989. Furthermore, it points out the further steps that will need to be taken in the course of the negotiations leading to the exchange of concessions and the operationally effective and strengthened GATT rules and disciplines including special and differential treatment for developing countries. Finally, in Section IV it also suggests some additional modalities for the conduct of the negotiations and the implementation of the results.

Section I, the Indicative List of Issues, is in quotes, because it comes specifically and verbatim from the negotiating objectives and the negotiating plan. The Jamaican delegation and those that worked with it did not try to find new wording. We stuck with what we agreed in the Ministerial Declaration and what we agreed to in the negotiating plan. Paragraph 4 draws attention to the List of Issues. Sub-paragraph (b) mentions food security; we have said a lot about that. Sub-paragraph (a) talks about output employment and export earnings. Sub-paragraph (f) deals with the terms of trade and some other issues. Mr. Chairman, the important paragraphs in Section I are paragraphs 5 and 6 where we point out the costs borne by the international community and individual participants in periods of surpluses and deficits, and how they arise and how they are borne. We point out that in certain circumstances, dependent on the burden of adjustment to surpluses or deficits, it can contribute significantly to making the terms of trade and balance of payments problems of developing countries worse off than otherwise. And paragraph 6 deals with the fact that we need joint action in the GATT by CONTRACTING PARTIES to achieve the objectives, etc. That is the List of Issues, Mr. Chairman.

In respect of the Basic Principles, we point out in sub-paragraph (b) of paragraph 7 that for developing countries a number of measures are required, and this is a rather detailed elaboration of what we consider to be some of the modalities for special and differential treatment.

Section III deals with the Understandings necessary and addresses a number of elements which we believe ought to be agreed in 1988. Sub-paragraph (d) of paragraph 8 again elaborates some specifics on special and differential treatment for developing countries. The concerns of developing countries should become integral parts of the implementation of the operationally effective and strengthened GATT rules. In this respect, we believe that an appropriate measure of the value of concessions should be devised to monitor the benefits of liberalization by developed countries in favour of developing countries. It is not enough to say that we are committed to the principle of S&D and to leave that merely to be repeated time after time. If it is possible to develop a unit of measurement, namely the aggregate measurement of support for distortions of agriculture in the developed countries, we believe that it is technically feasible to develop an appropriate measure so as to measure the value of concessions derived from trade liberalization to the advantage of developing countries. And we therefore suggest at the end of that paragraph that the GATT secretariat should be requested to prepare a note setting out the possible features of such a measure.

In Section IV, Specific Multilateral Commitments, attention is drawn to a number of measures which should be taken in the course of 1988. Paragraph 9(a) deals with the short-term or the emergency measures. Sub-paragraph (b) deals with the transitional arrangements and sub-paragraph (c) deals with the exchange of concessions as appropriate. Mr. Chairman, there is a logical sequence which follows in this presentation. As we have said, the distortions and the restrictions are caused by major producers and traders and these they should correct. It should be subject to multilateral monitoring or supervision and in conditions of transparency. Short-term or emergency measures must be consistent with and part of a transitional set of arrangements to be disciplined by the operationally effective and strengthened GATT rules that are jointly devised. Sub-paragraph (c) is the exchange of concessions, the binding aspect which commits all participants to observe the disciplines and the obligations that they have undertaken.

In this respect, on page 6, we look at tariffs. We are proposing that for the temperate zone agricultural products there should be an immediate move to what the United States has described as a zero option or low tariffs. We believe that the average for these products should be at a level comparable to the average prevailing for industrial products traded among developed countries. I think that this would be a good test of liberalization on the import side for temperate zone agricultural products. A sub-paragraph of that deals with some modalities for the generalized system of non-reciprocal and non-discriminatory preferences, and a small correction should be made in the text - it is generalized system of non-reciprocal and non-discriminatory preferences. This sub-paragraph of the paragraph on tariffs draws attention to the liberalization of the GSP schemes, but it also could include a special offer and request basis so as to increase predictability and stability. Furthermore, these should be set out in schedules and notified to the Committee on Trade and Development in the GATT as an indication of some binding commitment to maintain these preferential arrangements.

Sub-paragraph (ii) deals with non-tariff measures and sub-paragraph (iii) deals with subsidies. These subsidies have been an important point for discussion and we have drawn attention to the ways in which we see the functioning of rules on subsidies. We have suggested that subsidies which have the effect of distorting international trade, specifically export marketing subsidies by developed countries, should be subject to operationally effective and strengthened GATT rules and disciplines, including, as appropriate, prohibition. But further, where subsidies reduce the cost of production and/or export prices for a number of agricultural products important in the international trade of net food importing developing countries, there is a corresponding effect of reducing the significant amounts paid for food and other agricultural products, then this would have a positive effect on their balance of payments and their terms of trade and this needs to be fully reflected in the rules and the

disciplines. And finally, we draw a very sharp distinction as we have done in the past between incentives to the agricultural sector for increasing output and productivity and subsidies for the so-called over-supply, and the over-supply only in terms of the consumption or demand in developed countries. I think the important point to note here, Mr. Chairman, is that each contracting party shall determine the extent to which subsidies by other contracting parties infringe its rights under the General Agreement and the remedies open to it. In other words, the right to countervail and to take anti-dumping measures cannot be given to third parties; if there is dumping in the Jamaican market, that right should be reserved only to the Jamaican authorities and not to third parties. I think that is an important principle that we have heard reaffirmed in the GATT Council recently. We believe that a generic approach should be taken to formulating rules on the use of subsidies in the General Agreement. We ought to see what these other Negotiating Groups are doing, to ensure coherence in dealing with these issues.

Sub-paragraph (iv) on sanitary and phytosanitary regulations calls for a technical group to be established in 1988, to collate, identify and analyse those measures which may constitute some barriers to trade. We believe that there is sufficient work undertaken in the joint FAO/WHO Codex Alimentarius Commission. We have seen substantial work done in the Economic Commission for Europe. We have heard of substantial work done in the OECD and we are sure that there are other agencies that have a rich body of experience that could allow a technical group in the GATT to deal with this question. It ought no longer to be postponed on the grounds that it needs some political decisions to be taken. We have indicated that special measures are needed to provide information on, and transparency in, the application of regulations and measures both in developed and developing countries. On a previous occasion, I pointed out that in Jamaica, speaking from my own observation and not on instructions in this case, we have seen where outdated information on phytosanitary and sanitary measures is a barrier to trade with other developing countries and we believe that we need to update this and to increase transparency so that we do not rely exclusively on outdated material or even on standards which have been formulated exclusively by developed countries. So we believe that a programme of technical assistance and support for developing countries should be defined, which may be considered as a concrete result in the negotiations if it leads to trade expansion, and in this respect we believe trade expansion among developing countries is a desirable objective.

Paragraphs 10 and 11 deal with the conduct of the negotiations and the implementation. They are fairly short paragraphs, Mr. Chairman, so I will not summarize them. Paragraph 12 draws attention to the interrelationship between the macro-economic environment and the sectoral environment of agriculture. We believe that this is particularly important, especially as I heard last night from a distinguished agricultural economist,

Professor Gale Johnson, and I quote him, perhaps not verbatim but from my notes, that "the general levels of income in a society are far more important in ensuring higher levels of income in the agricultural sector than through transfers by governments to the agricultural sector". That is, increasing levels of incomes reflecting the stage of development of countries, one can expect that agricultural farmers will have higher incomes, and it is not due to the fact that governments give support by transfers to the agricultural sector. We believe that this is extremely important if we are to achieve the objective of the correction of the misallocation of resources. Thank you, Mr. Chairman.