

MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND

RESTRICTED

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

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NEGOTIATING GROUP ON AGRICULTURE

Proposal by Egypt, Jamaica, Mexico and Peru. Other developing countries\* have indicated their support. The proposal is open to further participation and elaboration

I. Understanding necessary for the fulfilment of the negotiating objectives

For the fulfilment of the negotiating objectives in the area of trade in agriculture, understandings will have to be reached in 1988 on the following elements:

- (a) all trade measures relevant to trade in agricultural products should be included in the negotiations (and to be subject to the strengthened GATT rules and disciplines), including those taken under the Protocol of Provisional Application, Protocols of Accession by developed contracting parties, waivers and derogations;
- (b) concessions should be exchanged among all participants; coverage should extend to the widest range of products in the agricultural sector, including semi-processed and processed products;
- (c) take account of agreements having an impact on international trade in agricultural products, namely, bilateral Long-Term Arrangements (LTAs) between developed countries; and multilateral agreements, such as Usual Marketing Requirements (UMRs), Food Security, Food Aid and Disaster Relief; and Sanitary and Phytosanitary Measures;
- (d) take account of the differential provisions of the General Agreement, inter alia, Part IV and Enabling Clause;
- (e) 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. This should incorporate features designed, inter alia, to counteract the selective liberalization of products by developed countries which results in tariff peaks,

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\* Morocco, Nigeria

escalation and derogations on products of export interest to developing countries. This has application beyond trade in agriculture and should contribute to the evaluation of the effective application of differential and more favourable treatment by the Group of Negotiations on Goods as called for in the Ministerial Declaration. The GATT secretariat should be requested to prepare a Note setting out the possible features for such a measure.

## II. Action necessary for the fulfilment of specific negotiating aims

The Uruguay Declaration states that to achieve greater liberalization of trade in agriculture and to bring it under strengthened and more operationally effective GATT rules, action would have to be taken for:

- (a) improving market access;
- (b) improving the competitive environment by increasing discipline on the use of all direct and indirect subsidies;
- (c) minimizing the adverse effects of sanitary and phytosanitary regulations.

The transitional arrangements that may be agreed to during 1988 in relation to each of the elements mentioned above will need to be elaborated into rules and disciplines, including special and differential treatment for developing countries, in the course of 1989 leading to the conclusion of the negotiations in 1990. The basic principles, techniques and modalities that may have to be adopted in such negotiations are indicated below:

### (a) Improvement of access to markets

- (i) Tariffs: A formula-cut approach incorporating factors for tariff harmonization, including supplementary reductions on individual products should be agreed with the objective of having zero or low tariffs in developed country markets.

The Generalized System of non-reciprocal and non-discriminatory Preferences (GSP), and other Preferential Schemes covered by the GATT Enabling Clause should be improved by better access conditions and with commitments not to remove the preferential tariffs over a fixed period and to progressively liberalize any non-tariff or other measures so as to increase predictability and stability of preferential treatment. This should be done through consultations with developing countries so as to ensure, inter alia, that product coverage is increased, market access and conditions are improved and greater transparency is achieved. The schemes should be set out in schedules and notified to the GATT.

(ii) Non-tariff measures (NTMs) including quantitative restrictions (QRs)

- Other charges such as internal, consumption and excise taxes on products of export interest to developing countries, including in their semi-processed forms, should be eliminated by the developed countries within an agreed time frame.

- Voluntary export restraints and the bilateral quotas on exports of developing countries should be removed on a priority basis. Similar and other bilateral arrangements negotiated between developed countries, namely Long-Term Arrangements (LTAs) should be phased out over an agreed time frame and in such a way as to improve market access conditions and volumes of trade for developing countries.

- All other trade restrictive measures, as notified to the Negotiating Group should be eliminated and/or subject to strengthened GATT rules and disciplines as appropriate. Those measures which are not consistent with existing GATT rules and disciplines should be phased out or eliminated as envisaged in the commitment on rollback.

- A comprehensive multilateral approach supplemented by request/offer procedures as appropriate should be envisaged.

The work in the Negotiating Group on Non-Tariff Measures should be taken fully into account.

(b) Improving the competitive environment by, inter alia, increasing discipline in the use of subsidies

The rules and disciplines governing the use of trade-distorting subsidies should be strengthened and applied to trade in all goods while taking account of the special characteristics of trade in agricultural products and protecting the rights and interests of developing countries. Towards this end, work in the Negotiating Groups on Subsidies and GATT Articles should be taken into account.

It is recognized that each contracting party will determine the extent to which the use of subsidies by other contracting parties adversely affects its domestic market in contravention of the principles and rules of the General Agreement, and the remedial measures open to it, e.g., countervailing or anti-dumping measures. However, the disciplines applicable to the use of these latter measures by developed countries need to be more clearly defined in order to prevent their abuse by developed countries when applied to imports from developing countries.

The policy reforms and improved disciplines on the use of subsidies in developed countries should not lead to increased prices on world markets being passed on to importing developing countries.

Special and differential treatment should be provided to take account of the development aspects of agriculture in developing countries. A clear distinction should be made between subsidies/incentives that are used by developing countries mainly with a view to developing basic infrastructure and for improving production and productivity in the agricultural sector and subsidies used in the developed countries to maintain uneconomic production and support unfair competition in domestic and export markets.

(c) Minimizing the adverse effects of sanitary and phytosanitary regulations

Measures designed to remove barriers to trade arising from the application of sanitary and phytosanitary regulations should be included in the short-term and transitional arrangements so as to increase transparency and market access, particularly for products of developing countries. Clear rules and disciplines should be elaborated for the use of these measures as part of the strengthened GATT rules and disciplines.

Special measures are needed to provide information on, and transparency in the application of regulations and measures both in developed and developing countries. In the latter group of countries, the immediate application of international standards may serve as unintended barriers to trade among developing countries. A programme of technical assistance should be defined and may be considered as a concrete result in the negotiations if it leads to trade expansion.

A technical group should be established in 1988 to collate, identify and analyse those measures which a priori may be considered to be barriers to trade with a view to recommending a framework of principles, rules and disciplines including the possibility for "harmonization" and "equivalence". The GATT secretariat should prepare a Note which would assist the technical group in its work. This Note should, inter alia, take account of work undertaken in the GATT system and the work on "commodity standards", "codes of hygienic and technological practice", "maximum residue limits for pesticides" elaborated by the Joint FAO/WHO Codex Alimentarius Commission (CAC), the International Atomic Energy Agency (IAEA) and other relevant organizations.

III. Operationally effective and strengthened rules and disciplines

There should not be any separate arrangements for trade in agriculture and the aim should be to improve and strengthen the rules and disciplines of the General Agreement (including in the area of safeguards) with a view to ensuring that they are applied to trade in agriculture.

Improved disciplines for the settlement of disputes should apply as well to agriculture taking account, inter alia, of the special characteristics of trade in perishable agricultural products.

To ensure the unity and consistency of the General Agreement a review of the Arrangements on Bovine Meat and Dairy Products should be initiated to determine whether they would be necessary in light of operationally effective and strengthened GATT rules and disciplines.

These rules and disciplines should be framed in recognition of the fact that, given the pivotal role which agriculture plays in the economic development of developing countries, as well as the high dependence of these countries on trade in agriculture both as importers and exporters of agricultural products, any disciplines that may be adopted relating to the measures that may be taken by contracting parties at the border, as well as to internal measures affecting conditions of competition, would have to include provisions for special and differential treatment which, inter alia:

- (i) respect the policy objectives and measures adopted by the governments of the developing countries for promoting development of, and growth in the agricultural sector;
- (ii) provide sufficient flexibility to these countries in accepting the obligations which the new rules may impose, taking into account their development, financial and trade interests;
- (iii) facilitate the trade of developing countries by specifying special measures that should be taken by developed contracting parties. In this context, additional measures for the benefit of the Least Developed Countries should be elaborated also.

IV. Agreement on the content of multilateral commitments and transitional arrangements

The negotiating plan provides that the negotiations shall aim at reaching agreements on the content of specific multilateral commitments and on implementation programmes, including transitional arrangements that should be adopted for the fulfilment of the objectives. Towards this end, the following measures should be implemented on an agreed basis commencing in 1988:

- (a) Short-term or emergency measures: These measures, in addressing urgent problems identified by participants, should provide mutual advantage and a balance of benefits to each participant. Special and differential measures should be applied as appropriate, including for products of interest to developing countries.
- (b) Transitional Arrangements: The transitional arrangements needed, like the short-term measures, should be formulated and implemented so as to be in conformity with the strengthened GATT rules and disciplines envisaged.

In the course of 1988 and 1989 the transitional arrangements should be agreed on, and should cover, inter alia:

- (i) the identification of GATT articles and disciplines to be made effective and/or strengthened (e.g., Articles XI, XII, XVI and XX have been suggested);

- (ii) the timetable for the removal of import restrictions by developed countries covered by Protocols, waivers, derogations and the like;
- (iii) improvements in or phasing out of Arrangements on Dairy Products and Bovine Meat;
- (iv) the establishment of a unit of measurement and mechanism for evaluating the benefits from the implementation in practical and concrete terms of special and differential treatment in favour of developing countries in respect of market access for their exports as required by the Ministerial Declaration.

These arrangements should take account also of the modalities, including transparency in the application of Usual Marketing Requirements (UMRs) for the disposal of surplus food; International Commodity Agreements; Food Aid for development; compensatory measures for any increases in prices of food imports by developing countries; and increased multilateral financing and investment for agricultural development in developing countries; and balance of payments support.

V. Conduct of the negotiations and implementation of the results

The negotiations should be conducted in the Negotiating Group on Agriculture. Short-term or transitional measures that may be the subject of provisional application should be agreed by CONTRACTING PARTIES. The negotiations shall be conducted, fully respecting the objectives and general principles governing the negotiations.

Prior to the completion of the negotiations, each participant should determine whether any concessions, applied autonomously on a provisional basis or multilaterally negotiated should be implemented taking account of its own assessment of its benefits from this sector and from the Negotiations on Trade in Goods. In this respect, each participant should be free also to determine whether its assessment would be made exclusively in respect of the agricultural sector or whether these results would be "balanced" by those secured in other areas of the Negotiations on Trade in Goods.

The results in Agriculture will be an integral part of the overall evaluation in the GNG of the results obtained in the Negotiations on Trade in Goods and consequently, developing countries will need to ensure effective application of differential and more favourable treatment as required by Section G of the Ministerial Declaration.