

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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SUBMISSION OF THE NORDIC COUNTRIES (FINLAND, ICELAND, NORWAY
AND SWEDEN) ON SOME ELEMENTS IN A COMPREHENSIVE LONG-TERM
AGRICULTURAL REFORM PROGRAMME

This Nordic submission concentrates on some elements of particular importance to the Nordic countries in their efforts to pursue the long-term objective embodied in the Mid-Term Agreement for agriculture approved by the Trade Negotiations Committee on 8 April 1989 (MTN.TNC/11):

- Substantial progressive reductions in agricultural support and protection, sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets;
- Strengthened and more operationally-effective GATT rules and disciplines.

The Nordic countries are of the view that carrying out the objectives through a concerted, gradual reform of present agricultural policies, with the main emphasis on the most trade-distorting policies, will be possible using various techniques proposed in recent submissions.

The Nordic countries' own approach as outlined below builds on previous positions taken, develops it further and includes some new elements. The Nordic countries believe that it is an approach which is true to the basic objectives of the negotiations while allowing flexibility to countries in their choice of policies. At the same time it stimulates a transfer towards policies that are less trade distorting than those presently employed. In doing so, and bearing in mind paragraph 9 of the MTR Decision on agriculture, it should be possible to observe clearly defined national policy objectives such as e.g. food security, regional, social as well as environmental objectives in a manner consistent with the objectives of these negotiations.

In emphasizing the particular importance of the following elements, the Nordic countries reiterate their earlier proposals and views expressed (documents W/16, W/35, W/49 and W/100). None of these has lost its validity. The Nordic countries also wish to recall the MTR Agreement that credit will be given for measures implemented since the Punta del Este Declaration which contribute positively to the reform programme.

GATT SECRETARIAT

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This submission will be grouped around the following main headings: (1) Agricultural support, (2) Agricultural protection, (3) GATT rules and disciplines, (4) S & D and the specific problems of the net-food-importing developing countries, (5) Sanitary and phytosanitary regulations, and (6) Monitoring.

Agricultural support

The Nordic countries are committed to a concerted gradual reduction of support to agriculture as laid out in the agreed objectives of these negotiations. Reducing support is a catalyst for improved world markets.

Priority attention should be given to the most trade-distorting policies and there should be incentives to move towards more decoupled forms of support that would mainly address clearly defined food security, regional, social as well as environmental objectives.

The Nordic countries are prepared to work towards the elimination of most of their export subsidies as one of their contributions to decreased distortions in world agricultural markets.

Several participants, including the Nordic countries, have recognized that an aggregate measurement of support (AMS) would be useful, if not essential, in order to operationalize commitments and monitor implementation of the reform. Based on discussions and submissions so far, the Nordic countries believe that it will be possible to work out a simple and practical AMS to serve the reform process, making it possible inter alia to minimize or otherwise take into account the impact of world price and currency fluctuations. One way could be to freeze reference prices as suggested by the EC.

The basic Nordic approach to using an AMS has been outlined in MTN.GNG/NG5/W/49. The AMS approach can be useful in the target setting and the monitoring of the reduction of support. Targets for reduction of AMS or overall support to be expressed and achieved in real terms would not be legally binding. The corresponding commitments would rather be in terms of policy elements. AMS should cover policies that are the most trade distorting. Monitoring and, as appropriate, disciplines relating to policies not included (e.g. general services or payments related to environment, regional, social or food security objectives) should prevent excessive substitution of support forms leading to increased overall support.

Concerning methods to give recognition to the effects of supply control measures, either in the context of AMS or otherwise, the Nordic countries refer to their earlier submissions.

Agricultural protection

Reduced protection, gradual liberalization of trade and increased market orientation in agriculture are agreed basic guidelines in the process of reforming agricultural protection. Thus the direction is a gradual change in both levels and forms of border protection. This process would be facilitated by appropriate safeguard mechanisms or control stations that ensure that adaptation does not endanger essential policy goals.

The general principle that border protection should be arranged through other means than quantitative restrictions should be reaffirmed and accepted by all as one of the long-term goals of the reform process. Measures having the same effect as prohibitive quantitative restrictions should be similarly regarded.

The recognition of this aim calls for a serious consideration of alternative measures, gradually increasing market orientation.

Among the feasible alternatives is tariffication. An important incentive for pursuing tariffication, while as such not applicable across the board, would be the incorporation of stabilizers or safeguards, which could subsequently be relaxed, into the tariffication formula and the general acceptance, at least to start with, of rather high tariff equivalents as the unavoidable implication of this particular alternative. The extent and timing of subsequent reduction in border protection and relaxation of stabilizers will be, within the scope of the agreed objectives, a matter for negotiations and will of course depend, inter alia, on the degree of reciprocity achieved.

In this gradual process towards reinstrumentation of border protection, variable levies, under strengthened discipline involving reduced isolation of domestic prices from world market price trends, should also remain an alternative or concurrent option under GATT.

The Nordic countries are prepared to participate in negotiations that will settle the extent to which quantitative restrictions in certain well-defined, exceptional cases will be allowed in the future as well as clarify Article XI:2(c) to that end.

GATT rules and disciplines

The long-term objective of these negotiations is laid down in the Punta del Este Declaration and, more specifically, in the relevant conclusions of the Mid-Term Review. All proposals concerning the rules and disciplines should be in tune with this general framework. This includes particular proposals to accommodate the different national constraints and basic outlines for participation in the negotiations to achieve the overall long-term objective, i.e. substantial progressive reductions in support and protection. A concrete drafting exercise around specific texts should not

be commenced prematurely, however, since we need to have a clearer picture of the totality of GATT reforms in agriculture, and since the outcome of the negotiations under this chapter in respect of specific policy measures will be greatly affected by the extent to which a special treatment of agriculture in the GATT is recognized as something to be accommodated when drafting GATT rules and disciplines for the future.

Special and differential treatment of LDCs and the specific problems of the net-food-importing developing countries

The Nordic countries recognize the crucial rôle that agriculture plays and will play in the economic progress of the developing countries. The outcome of these negotiations must therefore provide a strong stimulus for the expansion of the food production and economic development in general in the developing countries.

Particular care must be mobilized in respect of the issue of special and differential treatment of the developing countries in order to secure a strengthening of the multilateral trading system while at the same time serving the interests of individual developing countries. A perpetuation of double standards as a general approach would be too simplistic and even an irresponsible solution, bearing in mind the great variations among the developing countries in respect of their economic capabilities and their interest in the field of agricultural trade.

Longer time-frames for the implementation by the developing countries of the reformed process spurred by the GATT and other forms of flexibility in the application by these countries of the future GATT commitments are obviously feasible avenues for arriving at special and differential treatment. However, the objective needs of the developing countries individually must be taken into account. Some of these countries are, by virtue of their dynamism, in a position to take on more GATT commitments than some other developing countries. On the other hand there are the least developed among the developing countries, whose particular problems will require more far-reaching remedies. A specific category calling for attention is the group of net-food-importing developing countries.

Sanitary and phytosanitary regulations

A separate Nordic submission on sanitary and phytosanitary regulations is attached to this submission.

Monitoring

The successive implementation of the concerted reform envisaged involves target setting, commitments in policy terms and monitoring as well as transparency and should be carefully monitored by a specially established surveillance body. Such a body could take the form of an Agricultural Committee directly under the Council. A regular review should be made to ascertain that the implementation of the reform is proceeding as agreed.

Sanitary and phytosanitary (SPS) measures and procedures

The basic aim of the Nordic countries in the SPS field is to establish a discipline which is so clear, unambiguous and comprehensive that disputes can, to the greatest extent possible, be avoided. In order to reach such a result, a rather detailed description of the rights and obligations of the parties seems necessary. It therefore appears that the most feasible way to establish the required discipline would be to give it the form of a code, either by amending the existing Agreement on Technical Barriers to Trade or by drafting a separate agreement on sanitary and phytosanitary measures.

Objective and scope of a discipline

The objective of an SPS discipline should be to ensure that, consistent with well-established scientific evidence, where available, SPS measures are only applied to the extent necessary to protect human, animal or plant life or health, and that they are not applied in a manner that creates arbitrary, disguised or unjustifiable obstacles to international trade.

The discipline should cover, in the field of agricultural products, regulations concerning:

- the products themselves;
- processes and production methods;
- testing, inspection, certification and approval procedures, quarantine treatments;
- packaging and labelling requirements;
- provisions on relevant statistical methods, sampling procedures and methods of risk assessment.

Rights and obligations under the proposed SPS agreement should be extended also to relevant local government bodies and non-governmental bodies, on a best efforts basis.

Establishing national requirements

National SPS measures which are in accordance with standards and recommendations adopted by relevant international organizations shall be considered to satisfy the general objectives of the proposed SPS discipline. Regional standards, where they exist, are usually particularly appropriate.

Parties should be encouraged by the discipline to contribute, within the limits of their resources, to the preparation of international

standards and recommendations and to use them as a basis for their own SPS regulations. Parties should also be encouraged to harmonize, as far as appropriate, their SPS regulations on a regional basis.

Whenever appropriate, SPS measures should be based on adequate risk assessment procedures, taking into account available scientific evidence and weighing the potential economic consequences of injury against the costs and feasibility of maintaining different levels of protection.

In addition, SPS measures should not be introduced or maintained against sound scientific evidence. Where scientific evidence is inconclusive or in doubt, the burden of proof should be reversed.

The discipline should encourage parties to agree on a bilateral or plurilateral basis that their SPS measures are equivalent, that is, meet each other's requirements to an acceptable degree even if they differ in content. Common rules of procedure for risk assessment should facilitate such agreements.

Where they may have a significant effect on the trade of other parties, deviations from relevant international standards and recommendations should be notified and their justification be provided upon request.

Regulations based on ethical or moral considerations would have to be justified under other GATT articles than Article XX(b) and would therefore fall outside the scope of an SPS discipline. For situations not covered by Article XX(b), mandatory labelling should be carefully considered as an alternative to stronger measures.

Verifying compliance

The discipline should encourage parties to agree upon common rules of procedure for testing, inspection, certification and approval, in order to ensure that unnecessary barriers to trade are not created. As a model, the corresponding provisions in Articles 5 to 9 of the GATT Agreement on Technical Barriers to Trade could be used.

Parties should be encouraged to enter into bilateral and multilateral agreements on mutual recognition of test and inspection results and certificates.

Non-discrimination

With regard to SPS requirements the discipline should ensure that, in a comparable situation, imported products are treated no less favourably than like products of national origin or like products originating from any other country.

The discipline should also allow for the bilateral or plurilateral recognition of disease/pest-free areas, whether within part of a country or in a geographic region which may include areas of several countries.

Transparency

In order to improve transparency, a system should be established to provide information on existing and planned SPS regulations and procedures upon request. In addition there should be a system for prior notification, limited to essential trade issues.

The operation of both these systems should be based upon national enquiry points and on services by the GATT secretariat.

Applying the Agreement

When introducing and implementing SPS measures and procedures, parties should take into account the special needs of the developing countries in order to minimize any negative trade effects for these countries.

Parties should be prepared to advise developing countries and grant technical assistance on mutually-agreed terms, on all aspects of the proper implementation of an agreement on SPS measures and procedures.

Upon request, parties should grant developing countries specified, time-limited exceptions from their obligations under an SPS agreement.

An SPS agreement should contain provisions for consultation and dispute settlement, taking into account the results achieved within the Uruguay Round in this area. A mechanism to monitor the implementation of the agreement should be established. This monitoring mechanism should include the possibility of deciding upon the correct interpretation of the agreement, and of making recommendations to parties on its appropriate implementation. The best available technical expertise should be used in the administration of the agreement as well as in the consultation and dispute-settlement procedures. Notably, allowance should be made for the assistance that relevant international organizations can provide.