

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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COMPLIANCE REPORTS PURSUANT TO PARAGRAPH 16
OF THE MID-TERM REVIEW DECISION
ON AGRICULTURE

Report by the European Community

1. Paragraph 16 of the Mid-Term Review Decision provides for a report on compliance with the undertakings in paragraph 14 (freeze) and paragraph 15 (reduction) at six-month intervals.

The present report deals with the freeze commitments in paragraph 14 and includes measures which have become effective in the period 8 April to the end of October 1989.

2. With effect from the adoption of the Mid-Term Decision, participants have, under paragraph 14, within the scope of their existing legislation and their existing GATT rights and obligations, undertaken to ensure:

- (a) that current domestic and export support and protection levels in the agricultural sector are not exceeded;
- (b) that tariff and non-tariff market access barriers in force at the date of the decision are not subsequently intensified in relation to imports of agricultural products nor extended to additional products, including processed agricultural products. Participants shall be deemed to be in compliance with this undertaking so long as the access opportunities granted to individual products in 1989 and 1990 are not less than those granted on average in 1987 and 1988; and
- (c) that support prices to producers, to be expressed in national currencies¹ that are set or determined directly or indirectly by governments or their agencies are not raised above the level prevailing at the date of the decision or otherwise take actions to ensure that the current levels of support for the commodity concerned are not increased.

¹ ECU in the case of the EEC

3. Domestic and export support and protection levels

In the Community, the domestic and export support and protection levels have not been increased in the period concerned.

As explained below, internal prices for the marketing year 1989/90 have remained stable or have been reduced. Furthermore, in the fruit and vegetable sector, fixed intervention thresholds have been introduced also for apples and cauliflowers. For cauliflowers the threshold was fixed at 3 per cent of the average consumption during the last five years, and for apples at 6 per cent for 1989/90, 4 per cent for 1990/91 and 3 per cent for 1991/92. These measures will further limit support to the products concerned.

Lower support prices have also resulted in lower entry prices for imported products and consequently the bases for the assessment of import levies have been reduced. The export refunds are influenced by the same factor.

4. Tariff and non-tariff market access barriers

Entry prices for products subject to import levies have remained stable or have been reduced, except for skimmed-milk powder. The increase of the entry price for skimmed-milk powder is a technical result of the reduction of the butter intervention price as listed below (a relative increase of milk protein value in relation to butter value). Despite the increase of the entry price for skimmed-milk powder, the access opportunities are not less than those granted on average in 1987 and 1988 (import in 1987 and 1988: 4,200 t. and 4,100 t. respectively, import in the period 1 January to 1 October 1989: more than 26,000 t.).

Customs duties have remained unchanged for agricultural products other than tropical products. For the latter, the Community implemented its offer, resulting from the negotiations for the Mid-Term Review, on 1 July 1989.

5. Support prices

For sectors where products can be bought in for intervention, the EC support prices are the intervention prices. These prices were fixed at the end of April 1989 at either the same level as for the previous year or reduced and reflect the Community's desire for continuity and consistency in the process of adjusting Community agriculture to the situation both within the Community and on the world market.

The intervention prices for cereals were generally reduced by 3 per cent compared with those applicable in 1988/89. For sugar and butter, the intervention prices were reduced by 2 per cent. The reduction

for butter shall be added to another reduction of 2 per cent which was decided before April 1989. For all other products for which an intervention price is applicable, such prices were fixed at the same level as in 1988/89.

Other support prices were also either frozen or reduced. Reductions were, in particular, made for citrus fruit (7.5 per cent). In the wine sector, the guide prices were reduced by 2.5 per cent for most red wines and increased by 2 per cent for certain white wines. These changes resulted in lower average guide prices for the wine sector as a whole.