

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG5/W/165

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Group of Negotiations on Goods (GATT)

Negotiating Group on Agriculture

SUMMARY OF THE MAIN POINTS RAISED AT THE TWENTIETH
MEETING OF THE NEGOTIATING GROUP ON AGRICULTURE
(5 April 1990)

Note by the Secretariat

1. The following summary prepared in accordance with paragraph 5 of MTN.GNG/NG5/20, should be read in conjunction with documents MTN.GNG/NG5/W/159, proposal by Canada; NG5/W/160, clarification by Switzerland; and NG5/W/162, proposals by some CACM member countries.*

2. The representative of Canada introduced a proposal by his country concerning GATT Article XI (NG5/W/159), designed to clarify and strengthen the provisions of paragraph 2(c) of that Article. Article XI:2(c) as it now stood was very difficult to apply in practice - a fact recognized by a number of panels. He pointed out that many countries had noted that the interpretative notes of Article XI:2(c)(i) were so ambiguous that governments were unclear as to what import measures they could apply when government programmes effectively limited the production or marketing of agricultural products. Canada was proposing a clear rule which would apply equally to all countries and allow the removal of all waivers and other measures not covered by the GATT. The proposal would not involve changes to the wording of Article XI:2(c)(i) itself, but rather to the interpretative notes which were largely responsible for the current ambiguities. The main elements of the Canadian proposal would: (a) strictly define effective governmental supply control measures (a new discipline); (b) determine the products eligible for import quota coverage; (c) clarify the application of import quotas; and (d) limit exports of products under supply management and import quotas. Finally, nothing in the proposal would prevent the tariffication of those non-tariff import barriers which did not meet the tightly circumscribed provisions of a clarified and strengthened Article XI:2(c)(i).

3. A number of countries expressed concern and disappointment with the Canadian proposal which they thought ran counter to the objectives of the

* Central American Common Market (the proposal was presented by Honduras, El Salvador and Guatemala).

negotiations. As they saw it, the proposal would permit countries to protect their existing import restrictions and enable them to insulate large portions of entire agricultural sectors from market forces. It was stressed that to bring agricultural trade fully into the GATT it was necessary to eliminate all derogations, waivers and other provisions which allowed exceptional treatment for agriculture, including the existing exceptions provided for by Article XI:2(c). The best chance for improvements in market access was represented by tariffication which would ensure greater transparency in the reform process and make the GATT rules and disciplines applying to agriculture consistent with those used in other areas.

4. Several other participants supported fully or partially the Canadian proposal as a well-balanced, positive and constructive contribution to the negotiations, meeting some of the concerns of importing countries. Article XI was needed, it was said, because supply control measures could not be efficiently applied domestically unless imports were also controlled. One participant, supporting the proposal in general, indicated that he could not agree to the idea of prior designation of products to be subject to Article XI. Furthermore, negotiators had to be cautious in determining the minimum access level. Another indicated a willingness to participate in negotiations to determine the extent to which QRs, in certain well-defined, exceptional cases would be allowed in the future - a task that could be pursued in a more concrete fashion as a result of the Canadian proposal. However, the general principle that border protection should be arranged through other means than QRs was still valid as the basic approach.

5. Commenting on the reactions to his country's proposal, the Canadian representative said that there was a linkage between Article XI and tariffication and that he supported the Cairns Group's proposal concerning prohibition of new measures. Tariffication remained a major technique to remove illegal measures, a technique which would not be used on measures permitted under the new interpretation of Article XI proposed by Canada. His country's proposal contained new disciplines proposed in response to the major preoccupation of maintaining a balance between the interests of importers and those of the exporters.

6. One participant informed the Negotiating Group of developments in his country which were undergoing deep political and economic transformations. Recently, his country had implemented a number of important changes in economic policies with the objective of putting the economy firmly on a market basis. These measures included a substantial decrease in government intervention, opening up the domestic market to competition, and cutbacks in government support. In agriculture, support was expected to decrease in 1990 by some 40 per cent in nominal terms.

7. The representative of Switzerland briefly introduced a paper concerning the Swiss position (NG5/W/160). He said that this paper was a clarification of the position put forward in October 1989 (see NG5/W/114). It contained more concrete ideas concerning disciplines to be adopted in

respect of domestic support. This question had been considered, in particular, in the light of the views expressed on tariffication.

8. The representative of Honduras introduced a proposal (NG5/W/162) on behalf of some of the Central American Common Market's (CACM) member states.* He noted that one of the objectives of the proposal was to establish the difference between the CACM member states and those of other exporting countries as concerned, inter alia, the structure of exports. CACM countries had very small exports of those products which were primarily being addressed in the negotiations. On the other hand, the CACM countries were not net food importers either, although they occasionally did import foodstuffs. Nor were they least developed countries. CACM countries depended on agriculture for 15-30 per cent of their earnings. In 1986, twenty-five primary commodities represented 94 per cent of commodity exports, of which coffee and bananas made up 64 per cent. There were certain basic objectives being pursued by CACM countries, such as a balanced domestic production, the development and diversification of agricultural exports with special reference to non-traditional products, harmonization of price support policies, and development of the infrastructure. The old systems were gradually being replaced by more liberal ones. However, he was concerned that the liberalization of trade would have some unfavourable effects on the economy of CACM countries. Certain safeguard measures would have to be adopted to avoid too sudden and too far-reaching changes. Therefore, it would be essential to give greater attention to the strengthening of the provisions of Article XI. Also, the preferential arrangements provided to developing countries would have to be taken into account in the negotiations.

9. A number of countries indicated that there were several ideas in the CACM proposal that they could sympathize with and support, and suggested the paper be subject to further discussion. It was noted that this proposal covered some of the same points that were included in NG5/W/74.

10. With regard to sanitary and phytosanitary regulations, one participant stated that the work done by the Working Group was useful and the trend of the work satisfactory. However, the work needed to be intensified, and more consideration given to aspects which extended beyond the Negotiating Group on Agriculture, such as dispute settlement and the relationship between the GATT and international standardization bodies.

* Honduras, El Salvador and Guatemala