

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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TWENTY-THIRD SESSION OF THE NEGOTIATING GROUP ON AGRICULTURE: JULY 1990

COMMENTS ON THE DRAFT TEXT BY THE CHAIRMAN ON A FRAMEWORK
AGREEMENT ON THE AGRICULTURE REFORM PROGRAMME

Statement by the European Community (19 July 1990)

At this stage of the negotiations the European Community confirms its commitment to the long-term objectives of the negotiations as laid down in the Punta del Este Declaration and in the Mid-Term Review text. Within the process of reform of the CAP, it is prepared to bring about substantial progressive reduction of its support and protection. In doing so the Community will pursue a coherent approach which is built upon the SMU as a global concept of support and protection where reform steps relate to the aspects covering internal support, import protection and export competition in a related way. For the Community, border protection measures and export refunds are an integral part of its double pricing system where border measures and export refunds are inseparably linked to overall support.

The paper is silent on product coverage but seems to imply that all agricultural products are covered without defining them. The Community wants to recall its position that reduction of support and protection applies primarily to sectors in structural surplus, and that other products will give rise to equivalent commitments on an ad hoc basis (offer/request). Tariffication should only be considered for products subject to commitments on reduction of support and protection on a AMS/SMU basis, as well as their derivatives and substitutes.

The possibility to express the AMS in unit terms and for sectors and to take fully into account measures limiting production ought to be retained. The base year 1988 cannot replace 1986 as the basis for giving "credit" for measures taken. Inflation exceeding a certain percentage has to be taken into account on a permanent basis.

The text on policies to be excluded from commitments to reduction reflects a certain stage of the discussion which has not been finished yet as is recognized in paragraph 9. The Community wants to recall that it is opposed to the inclusion of income programmes among the policies excluded from the commitment to reduction. Investment aids, however, should be included among the permitted category policies. In addition there is no justification to exclude, from the permitted category, policies just because they are restricted to a specific agricultural product or product sector.

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The Community confirms that "tariffication" is only acceptable under the conditions that:

- the problem of rebalancing can be solved in this context;
- deficiency payments would be included into the tariffication exercise;
- the established tariffs based on representative world market prices, would consist of a fixed component completed by a corrective factor;
- a certain "Community preference" could be maintained.

The Community is committed to improve access opportunities by appropriate means. At this stage, it is however not in a position to commit itself to all the proposed measures.

The Community cannot accept commitments to reduce export assistance more than other forms of support and protection. The Community will reduce export assistance as a result of the reduction of overall support. But it cannot commit itself to reduce aggregate budgetary outlays, per unit export assistance or the total quantity of a product in respect of which export assistance may be provided. The Community, however, subscribes to a strengthening of the rules and disciplines on export subsidies.

Accordingly, the Community sees the presentation of country lists on export assistance as a contribution to greater transparency.

The draft text on sanitary and phytosanitary regulations and barriers falls short of meeting a number of Community requirements. This applies especially to the scope of the draft agreement, the way it takes into account scientific aspects, the method to reinforce harmonization as well as the evaluation of measures needed for sanitary and phytosanitary protection and their regional scope.