

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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COMMENTS ON THE CHAIRMAN'S DRAFT TEXT ON AGRICULTURE

A Non-Paper by the Delegation of Israel

1. The draft text of 27 June is a useful and positive contribution to the negotiation, which opens the road for intensive negotiations on the particulars of agricultural reform. By its nature, the text necessarily leaves no parties fully satisfied, yet clearly allows continued and focussed negotiation. For this we express our respect and gratitude to the Chairman.

2. Internal supports

Israel is prepared to proceed with negotiations on the basis of an all-encompassing AMS, covering all programmes on all products. We accept that under and overall AMS ceiling certain programmes can be maintained (and increased), while other programmes will be subject to substantial and progressive reduction.

Israel is not prepared to accept, however, the specific criteria proposed for programmes exempt from substantial and progressive reduction. In our view, the criteria creates an unfair imbalance between programmes which are and can be used by wealthier developed countries, (specifically income supports and other decoupled programmes) and less extensive and less expensive programmes which can be used by poorer and less developed countries (crop-specific programmes and price guarantees, inter alia).

The agricultural framework must allow countries flexibility in programme design to maintain some agreed level of support for agriculture, with minimal distortion to trade. All subsidies distort trade to some extent, but it is the global effect of the subsidies that must be measured and controlled. The extent and level of subsidies are not by nature of less importance than the form and source of subsidy. Yet this is just the distinction that is proposed. Israel is not prepared to agree to a plan which will allow, in theory, the maintenance of income support systems for the entire agricultural population of a given region, while demanding the reduction of a price support system for a limited and specific crop in another area.

As an alternative, we suggest that the proposed structure of an overall ceiling be retained, and perhaps even subjected to negotiated

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reduction. Within that ceiling, certain trade distorting measures can be identified, using the criteria proposed in the Chairman's text as a guideline, and these measures can be subject to more substantial and progressive reduction. But countries must be free to negotiate certain specific and limited-scale programmes out of the substantial and progressive reduction category, without regard to the specific criteria proposed, but rather in the light of each country's development needs, in light of the actual effect of such programmes on trade, and taking into consideration non-economic concerns and the special nature of agriculture.

Equally, we could envision a blanket development exemption from the criteria, as proposed in the draft text, but with considerably greater flexibility regarding the effects on world trade levels and domestic prices. The severe restrictions and time-limits proposed on agricultural policies for developing countries is either a demand for a stop to development activities, or an invitation for widespread non-compliance.

Border measures

Israel has repeatedly stressed the importance of a workable Article 11 provision as a mechanism for allowing import controls in a supply control system, and to provide for food security, regional development, environmental protection, and other non-economic concerns. We have expressed willingness to negotiate significant market access provisions under Article 11.

At the same time, we have never rejected tariffication as a useful procedure for improving market access for many product areas which are not the object of non-economic concerns.

Yet the attempt to accommodate non-economic concerns under the tariffication procedure, will, in our view, threaten the utility of the entire tariffication scheme while providing protection of non-economic concerns which is less stable, but no less disruptive of trade. Taking account of non-economic concerns under the tariffication approach is an invitation to return to high levels of protective tariffs on a wide spectrum of products, without any assurance that those tariff levels will be reduced.

In Israel's specific case, the omission of Article 11 from a new agricultural framework threatens our ability to maintain supply control programmes on the one hand, and to maintain production for food security on the other. The substitution of prohibitive tariffs for Article 11 quotas will only increase the distortion of trade necessary to achieve the non-trade objectives.

We note that if the proposed text is seen as a package, there is essentially no alternative to prohibitive tariffs to meet the concerns of food security, since direct subsidies for production of basic foodstuffs must be reduced as they are likely to be neither non-specific nor un-linked to production.