

MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND

RESTRICTED

MTN.GNG/NG5/W/195

8 August 1990

Special Distribution

Group of Negotiations on Goods (GATT)
Negotiating Group on Agriculture

Original: Spanish

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

Statement by Peru

Comments on the Chairman's Text, his Report to the TNC and his Concluding Remarks

We should like to thank the Chairman for his draft text of the "Framework Agreement on Agriculture Reform Programme" for submission to the meeting of the Trade Negotiations Committee.

We recognize that this text is intended to serve as a basis for a profile of a final agreement for the agricultural negotiations, and we thank him for this effort. However, we wish to express our concern at the absence of important elements which should, in our view, be part of that profile so that it could form the basis for a balanced package of rights and obligations in agriculture and thus ensure "mutual advantage and increased benefits to all participants", which is a principle of the negotiations.

Firstly, at the Mid-Term Meeting the Negotiating Group was mandated to elaborate "ways to take account of the possible negative effects of the process on net food-importing developing countries". Our countries have stressed the need to draw up a set of measures to deal with the situation of higher prices and assist those countries to cope during a transition period with this foreseeable impact.

We note that the Chairman has made an effort to include some of our concerns. Nevertheless, paragraph 23, which concerns food aid and concessional sales, does not contain any link with the rise in prices. The latter will have to result in disciplines on food aid and concessional sales for all recipient countries, in the context of disciplines on export subsidies. Moreover, while the subject has not yet been discussed thoroughly, the profile of a final agreement does not include the possibility of considering the modality of financial assistance to develop production and increase productivity, as well as greater flexibility in the treatment of the problem of external debt. While these elements would not necessarily be implemented in GATT, we consider that they should form part of a multilateral decision adopted in these negotiations.

Another point of concern refers to the treatment of developing countries. We consider that the contents of the present text should be substantially supplemented so as to reflect the April mandate to the effect

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that "government measures on assistance, whether direct or indirect, to encourage agricultural and rural development are an integral part of the development programmes of developing countries".

We note with concern that in the section on internal support, paragraph 11, while there is a reference to flexibility in the nature and extent of commitments, which we consider positive, two conditions are added which in our view will not serve the purpose of developing our rural and agricultural sectors. Firstly, these measures should have no, or only a minimal, effect on trade, and should not have a trade-distorting effect.

Secondly, domestic prices should not be maintained higher than free-at-frontier prices for like products. This criterion, which may be valid for developed agricultural sectors, does not have any sense in connection with the objective of raising production levels and productivity in our countries precisely through direct assistance measures such as this.

In the section on border protection, we note in paragraph 15 a positive element concerning the implementation of market access commitments on more favourable terms for developing countries.

However, we consider that with regard to the implementation by our countries of commitments such as tariffication, flexibility should refer not only to implementation but also to the commitment itself. Furthermore, we do not think that it should be proposed to tariffy measures which are consistent with the General Agreement.

Furthermore, we note that the section on export competition does not refer to the manner in which developing countries should assume these commitments. Nevertheless, we recall that the April decision explicitly states that "the particular needs and conditions of developing countries should be fully taken into account at all stages of the negotiation in conformity with the principle of special and differential treatment...". This is all the more important when the share of some developing countries in world agricultural trade is minimal.

We also consider it important, like the Cairns Group, that support measures for the promotion of diversification and substitution of illicit narcotic crops should be included in the negotiations.

Finally, with regard to the submission of country lists (Chairman's Report to the TNC, MTN.GNG/NG5/23), we wish to point out that flexibility for developing countries (Concluding Remarks by the Chairman MTN.GNG/NG5/24) should be interpreted as broadly as possible, i.e. concerning the scope of the information and date of submission and in accordance with progress made in the substantive negotiating meetings after August, toward the inclusion of the points of interest to us.

We wish to state quite clearly that our country does not consider that developing countries should remain outside the agreement on agriculture that results from these negotiations. We are prepared to assume commitments. However, they must contribute to the objective of developing our agricultural and rural sectors.