

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)

Negotiating Group on Agriculture

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

Statement by Australia (12 July 1990)

The Cairns Group would like to commend the efforts of the Chairman, in putting forward his draft profile, to find a middle course which maintains a comprehensive and overall trade liberalizing thrust in the agriculture negotiations.

Cairns Group Ministers, who met in Santiago de Chile from 4-6 July largely to consider the Chairman's text, were especially pleased that it envisages an integrated outcome involving specific commitments on each of the four key elements; namely reductions in internal support, market access liberalization, progressive reduction of export subsidies and improved sanitary/phytosanitary disciplines.

In this regard the Cairns Group countries welcome the emphasis in the Chairman's text on market access liberalization being provided through the conversion of non-tariff measures to tariffs and the subsequent reduction of existing and converted tariff barriers. They also welcome the provision for export subsidies to be submitted to disciplines which would ensure greater reductions than in other elements of the reform package. This gives at least partial recognition to the particularly trade-distorting effect that subsidized exports have on world markets.

Cairns Group Ministers therefore agreed to accept the framework text proposed by the Chairman as it stands as the minimum basis for negotiations in the post-July period, on the understanding that the outcome will reflect a negotiated package on the four major elements which form the substance of the approach proposed by the Chairman. A copy of the press communiqué from the Cairns Group Ministers elaborating this position has already been distributed to the meeting.

It is important to understand that Cairns countries see the Chairman's text as the "minimum basis" for negotiations for the following reasons:

- (a) it endorses the Cairns Group position that an outcome on agriculture in the Round must encompass specific commitments on reducing internal support, border protection and export subsidies, and disciplining SPS measures;

- (b) however, the text does not meet a number of key Cairns Group negotiating objectives; and
- (c) the text leaves it unclear how a number of other Cairns Group concerns will be accommodated in the negotiations post-July.

Under the heading of Cairns objectives not encompassed by the Chairman's text, Cairns countries are disappointed that commitments on internal support reductions are seen as being based on the AMS with no emphasis on policy-specific adjustments.

In addition, there is no specific provision for the elimination of export subsidies; the text fails to reject the concept of re-balancing; and it falls short of the Cairns negotiating proposal of November last year on special and differential treatment for developing countries in a number of respects.

On internal support, Cairns countries remain nonetheless hopeful that it will be possible in the course of subsequent negotiations to retain a place for policy-specific commitments. With respect to both export subsidies and re-balancing, the Cairns Group communiqué, in accepting the Chairman's text as the minimum basis for negotiation, reiterates that Ministers continue to regard the progressive elimination of export subsidies as a key objective for the Round and reinforces Cairns opposition to the concept of re-balancing involving sustained or increased levels of protection and trade distortion for any product.

In the category of specific Cairns Group country concerns, whose accommodation in future negotiations is left unclear in the Chairman's text, I would like to mention in particular: product coverage for the agriculture negotiations, safeguards, the methodology for tariffication and special and differential treatment for developing countries.

The issue of product coverage has not been addressed in the Chairman's text. Cairns Group countries are concerned that uncertainty over this issue is impeding effective negotiations and this matter needs to be settled as a matter of urgency by the July TNC.

The proposed special safeguards mechanism on border protection for the transitional period requires further clarification and development so as to make it clearer. We need also to ensure that there is scope for countries to handle adverse situations involving import surges both during the transitional period and thereafter under the GATT's general safeguards mechanism.

On tariffication methodology, appropriate alternatives need to be considered in cases where the price gap methodology is not suitable as countries' border measures do not support domestic two-price systems.

On special and differential treatment the Chairman's text falls short of the Cairns Group proposal of November 1989 in so far as the latter calls for clearer commitments to longer time-frames for adjustment and provides greater scope and flexibility for the use of direct and indirect government measures to encourage agricultural and rural development. Special attention in the negotiations also needs to be given to rural poverty alleviation and environment protection programmes for developing countries, and also for programmes designed to encourage diversification away from illicit narcotic drugs.

Notwithstanding Cairns disappointment about the handling of internal support in the Chairman's proposed approach as well as about the absence of any firm commitment on elimination of export subsidies or rejection of re-balancing, Cairns is prepared to accept the text as it stands as the basis for future negotiations post-July and urges others to do likewise.

Cairns is prepared to pursue its concerns in the negotiations post-July and within the framework of the current Chairman's text.

In addition, some elaboration by the Chairman of the concepts outlined in his text, especially on the technical details envisaged for the proposed AMS approach to internal support reductions, and some of the details relating to the mechanism for tariffication, would be helpful so that the information requested by 1 October can be assembled by participating countries in an effective and consistent way.

Agriculture, Mr. Chairman, remains the key to a successful conclusion of the Uruguay Round negotiations. However, a great deal of work needs to be done between now and the December deadline for the Round if the negotiations are to conclude satisfactorily.

Our most immediate task is to ensure agreement is reached on a negotiating framework at the July meeting of the Trade Negotiations Committee which will be capable of advancing the negotiations in a direction that will lead to a significantly trade-liberalizing result.

Australia, together with its partners in the Cairns Group, believes that in order to allow sufficient time for detailed negotiations to take place on individual country commitments and on new rules and disciplines, the negotiating framework in July must specify the means of reducing agricultural support in the three key areas of internal support, border protection and export subsidies and reflect renewed determination to bring the SPS negotiations to a successful conclusion.

As I have indicated, while concerned that the Chairman's proposed framework is less ambitious than we would have hoped for, the Cairns Group recognizes that it represents a compromise, taking elements from all the major proposals made in the Negotiating Group. We believe that it provides the basis for ongoing negotiations in the period to December.

Any attempt to re-open or re-draft this text will inevitably lead to a competitive rehearsal of well-known negotiating positions to the detriment of advancing the negotiating process. All in all, Mr. Chairman, I would suggest that our collective interest would be best served by all being prepared to accept the Chairman's text as it stands as the basis for our ongoing negotiations.

It is clear that rejection of the Chairman's text will lead to an impasse which could threaten the Round as a whole and that those who reject this text will be held responsible for such an impasse.