

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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INFORMAL DISCUSSION PAPER SUBMITTED BY THE UNITED STATES DELEGATION

In response to the invitation of the Chairman of the Agriculture Committee, the United States delegation submits the following brief restatement of proposals that it has made for approaches to the solution of the major problems of agricultural trade. It is recognized that it would be premature for the Committee to endorse or adopt these proposals at this stage in its work. We suggest that the Committee examine in some detail sector by sector how these proposals could be made applicable to trade in agricultural commodities.

The United States delegation does not, of course, suggest that the Committee's work be confined to examination of these proposals. Those introduced by other delegations should likewise be given full consideration.

Working Group I: Proposal: "The complete elimination of all governmental aids to exports."

1. Can elimination of all governmental aids to exports be accepted as an ultimate objective of concrete action? It is proposed that the Working Party recommend its acceptance, recognizing that the concrete action of contracting parties may not attain the objective immediately. Procedures, however, should be so devised as to give the greatest prospect of advance in the direction desired as soon as possible.
2. Could the objective be approached, in so far as export subsidy measures (including restitutions) are concerned by agreement to apply the subsidy prohibition of Article XVI:4 to all products? It is proposed that governments so agree.
 - (a) If agreement to this effect is not possible, are the inhibiting factors general or do they apply only to specified situations or products? If export subsidy measures for all products could not be eliminated promptly, could schedules of progressive elimination within a reasonable time be envisaged? If governments cannot eliminate export subsidies promptly but can accept the objective of their removal (through time) it is proposed that concrete measures take the form of commitments to progressive reduction and elimination of subsidies.
3. Could the objective of eliminating governmental aids to exports other than export subsidies (and restitutions) be approached by an agreed procedure for notification of these measures and consultations regarding them? It is proposed

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that contracting parties notify items in the list of practices annexed to document COM.AG/W/52, the notification to be under the existing Article XVI procedures but without prejudice as to whether or not the practices notified are considered to be covered by Article XVI.

Working Group III: Proposal: "Any farm income maintenance measures should be separated from production and prices in order to ensure that such measures are production neutral."

(a) "Domestic prices should be at or near the true world market price." This situation would prevail if protection of domestic agriculture were accomplished solely by the use of modest fixed tariffs. Could contracting parties agree to examine, without commitment, the probable repercussions on consumption, production and prices of this kind of limited protection in specified agricultural sectors? It is proposed that an examination of this kind take place.

(b) "Measures to support domestic producer income should not interfere with the free rôle of price in trade." It is proposed that the probable effects on producer incomes of moving domestic prices toward market prices be examined in specific agricultural sectors. What magnitude of direct income support might be required? In what forms could support be given without encouraging increased production which could unduly depress prices? It is proposed that the Committee examine these matters in some depth so as to enable contracting parties to form judgments as to how to move to freer trade without undue injury to less efficient farmers.

Working Group II: Proposal: "Removal of all quantitative restrictions, variable levies and related restrictive measures, and reliance on fixed tariffs at non-prohibitive levels." The Agriculture Committee will receive a summary table of restrictive import measures. It is proposed that the protective incidence of restrictive measures be quantified, to the extent that this can be done, and that the Agriculture Committee continue to examine techniques for the negotiated reduction of those restrictive measures which are not illegal.