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Statements by Australia

G/AG/NG/W/99 (Proposal by Mali)

Australia welcomes the proposal by Mali. Mali's objectives sit very comfortably with the long-term objective of the negotiations to establish a fair and market-oriented agricultural trading system. Fundamental reform of agricultural trade, such as proposed by the Cairns Group in our proposals on the three pillars, would play an important role in assisting Mali to achieve its objectives.

On the specific ideas outlined in Mali's proposal, we believe these will need to be examined closely in the broader context of what will be the appropriate form of special and differential treatment for all developing countries.

We note that Mali has also proposed the abolition of export subsidies for rice, as a leading export commodity of least developing countries (LDCs). As Members of this Committee will be well aware, the Cairns Group has proposed the elimination of all forms of export subsidies. This would assist all exports from LDCs, not just rice.

But the example of rice also highlights the inter-relationship between the different elements of the Agreement on Agriculture - rice is one of the most heavily protected and subsidised of agricultural products. Reflecting this situation the opportunities for rice exporters are extremely constrained. Mali - and other current and potential rice exporters - would benefit from a significant reduction in market access barriers and domestic and export subsidies applied to rice.

We have to say we find Mali's approach to the very real circumstances outlined to be straightforward and thoughtful. We feel that Mali's approach is more consistent with the overall goals of the organization than some other proposals which seek to entrench discriminatory preferential arrangements. In this regard we understand and support the comments of the delegate from Brazil, made in the February Special Session, to the effect that discriminatory preferential arrangements may benefit some developing countries but to the detriment of all. Preferences should be non-discriminatory.

G/AG/NG/W/101 (Proposal by Norway)

Australia has listened to Members' comments on the Norwegian submission to the agricultural negotiations with interest. Our own reaction to this submission is one of deep disappointment.

Norway has based its proposal on a "principle" that the reform process in agriculture should not be based on uniform rules in agricultural trade. In essence, Norway's position is simple. Norway is not a competitive agricultural producer so it wants to exclude agriculture, once again, from the rules of the WTO.

This proposal suggests that it should be open to any country wishing to make the case that its agriculture is different to exempt itself from reform. In Norway's vision of reform, this includes all countries that do not have the conditions for competitive agriculture but can afford to provide billions of dollars of support and protection to their farmers, at the expense of farmers in poorer countries. Under this approach, rich countries win. Poor countries lose.

Norway's paper makes the claim that there is no other way of addressing its non-trade concerns but to maintain or increase its agricultural production. To support this claim, Norway offers a set of imprecise, general, and selective assertions about the "jointness" between non-trade outputs and agricultural production.

We support the legitimacy of many non-trade objectives that all countries have. However, we call for countries to examine ways in which they can be achieved that are effective and minimise distortions to production and trade. Norway has not yet done this. We have yet to see an objective investigation into the range of policy options available in relation to any specific non-trade concern that Norway has.

We agree with Norway that special attention should be paid to the interests of developing countries. However, suggestions for particular consideration to developing countries cannot compensate for an overall stand that effectively aims to overturn the long-term global goal envisioned for agriculture of substantial and progressive reform.

We understand that Norway faces particular pressures domestically and that it cannot be expected to be at the forefront of agricultural trade reform. However, Australia does not consider this proposal to reflect a serious or constructive engagement with the current negotiations.

G/AG/NG/W/102

Australia welcomes India's proposal on food security, market access, domestic support and export competition.

In particular, we welcome India's broad reforming approach and the attention India has given to articulating the special needs of developing countries in terms of rural development and food security.

India's proposal highlights the importance of agriculture trade to developing country economies. It articulates the frustration of many developing countries with the failure of Uruguay Round reforms to provide the increased participation in trade expected by developing countries. It ties this failure to the unacceptably high levels of support and protection in some developed countries that continue to distort world agriculture markets.

There is much in India's proposal that is similar to Cairns Group positions. To select a few examples, we support India's calls for the early elimination of export subsidies. We support its proposal for developing countries to be exempt from reduction commitments on measures relating to poverty alleviation, rural development and diversification of agriculture. In relation to market access, the Cairns Group has also called for deep cuts in tariff peaks and tariff escalation.

We agree with India that down-payments on reforms under all three pillars should be made early in the implementation period.

We also see in this proposal, as we have seen in Geneva over the past year, a sharp and realistic distinction being drawn between the "multifunctional concerns of Europe and Japan and the legitimate non-trade concerns of developing countries" such as India - particularly in relation to food security.

We recognise the link India draws between the ongoing highly trade-distorting policies practised in some developed countries, and the reluctance of developing countries to implement further reform. The Cairns Group's proposal on market access, also recognises that highly-distorted world markets penalise countries that have themselves liberalised. Naturally, this discourages countries from implementing further domestic reforms. The majority of the population in developing countries that is employed in agriculture are, however, also consumers. We must therefore recognise that high tariffs and other import restrictions in these same developing countries will harm efforts to make food more accessible and affordable for their populations.

Developing countries are justified in their frustration with many developed countries over the lack of progress in lowering trade barriers. Members of the Cairns Group share these frustrations. Nevertheless, we believe that moving forward to achieve further substantial reform is the best way to promote economic development.

International reform in agriculture offers developing countries the strongest prospects for improving the prosperity of rural societies, and reducing the threat of hunger and malnutrition. With developing countries increasingly trading with each other - roughly half of exports from developing countries go to other developing countries - dismantling trade barriers will contribute to food security and economic development throughout the developing world.

G/AG/NG/W/103 (Proposal by Poland)

We have read Poland's negotiating proposal for continuing the agricultural reform process with interest. It is important in the agriculture negotiations not to lose sight of the "bigger picture" which is to make progress on substantial progressive reductions in agricultural support and protection.

Poland's proposal calls for tighter disciplines on export subsidies. While we agree with the direction of the proposal, the Cairns Group proposal on export competition is more ambitious, calling for WTO Members to agree to the elimination and prohibition of all forms of export subsidies for all agricultural products.

We are pleased that Poland is prepared to undertake negotiations for further reductions of Total Aggregate Measure of Support (AMS) levels. However, "assuring" the right of Members to introduce and maintain "blue box" payments perpetuates a form of support that is both production- and trade-distorting. We oppose the continuation of production limiting and/or trade distorting domestic support.

We welcome Poland's commitment to undertake negotiations to improve access to tariff rate quotas and the call for further reductions of final bound tariffs. Two aspects to improving market access under tariff rate quotas (TRQs) are the better administration of TRQs and the expansion of TRQ levels.

We are opposed to the retention of Article 5 (Special Safeguard Provisions) of the AoA for developed countries, although we believe that the special safeguard mechanism should be preserved for developing countries to assist with agricultural reform efforts and to counter the impact of subsidised competition.

We recognise that countries have their own non-trade concerns in relation to agriculture and do not question the right of any country to pursue these concerns. However, we believe that it is possible to pursue non-trade concerns with measures that minimally distort trade and production.

We welcome Poland's view on least-developed and developing countries. All developing countries stand to benefit from reduced support and protection in developed countries and this is the

best way to deal with the improved market access in developed countries and in other developing countries.

That is why all the four Cairns Group proposals propose concrete and operational special and differential treatment provisions, to bolster developing countries' ability to harness agriculture trade reform for their economic development.

G/AG/NG/W/104 (Proposal by MERCOSUR, Bolivia, Chile and Colombia)

- Article XVII of GATT 1994 and the Marrakesh Understanding on this Article already establish guidelines and requirements with respect to the activities of state trading enterprises (STEs).
- Australia believes that the extent to which an STE may, or may not, distort trade depends on the particular activities and measures undertaken by the STE concerned.
- Therefore it is most important that we consider the trade effects of STEs on a case-by-case basis. Any additional disciplines should target these trade effects.

G/AG/NG/W/105 (Proposal by Morocco)

We welcome Morocco's forward-looking negotiating proposal, which adds to the strong contribution of developing countries that has been a feature of these negotiations.

To a large extent, Morocco's proposed reforms coincide with those of the Cairns Group. For example, we agree on the need to substantially reduce tariff barriers and on the need to simplify tariff regimes. We agree that a safeguard mechanism should be preserved for developing countries to assist with agricultural reform efforts and to counter the impact of subsidised competition. Indeed, the Cairns Group has gone further and called for the Article 5 Special Safeguard to be eliminated for all but developing countries.

Morocco has joined other Members, including the Cairns Group, in calling for a redefinition of Green Box measures to eliminate those that are trade-distorting. We also believe that a review of these measures is necessary to ensure that they have no, or at most minimal, trade-distorting effects on production, particularly in light of widely-held suspicions that this fundamental requirement relating to Green Box programmes is not actually being observed.

Any re-evaluation of Green Box criteria would need to make appropriate allowances for policies that address genuine non-trade concerns of developing countries or legitimate environmental policies.

We also support Morocco's calls for reductions in AMS leading to the eventual elimination of all forms of trade and production-distorting support, and for differentiated commitments for developing countries.

We agree with Morocco that export subsidies should be eliminated.

We look forward to discussing Morocco's constructive suggestion in relation to a framework for special and differential treatment in the next phase of the negotiations.

Morocco's proposal draws attention to the fact that the non-trade concerns some country Members are seeking to address under the rubric of "multifunctionality" are, in reality, more applicable to developing countries than their developed proponents. In doing so, this proposal is further evidence that an increasing number of developing countries - particularly those not party to

discriminatory preferential trading arrangements with the EU - recognise the need for Members to distinguish between the legitimate non-trade concerns of developing countries and efforts by protectionists to use multifunctionality as an excuse to avoid reform.

Australia believes that it is not sufficient to design interim measures to compensate developing and least-developed countries for continuing the damage done to their economies by the distortionary policies of a small number of rich countries. Temporary measures in agricultural trade have a history of becoming entrenched. We strongly believe that we need to combine our energies in these negotiations to find ways of implementing genuine, substantial and rapid reform that will allow developing countries to improve their economic sustainability and relieve poverty through fair and equitable trade.

G/AG/NG/W/106 (Proposal by Turkey)

We welcome Turkey's clear and progressive proposal. There is much in the proposal we support.

We see two main themes in the proposal. First, the need for fundamental reform of agriculture and second, the importance of appropriately targeted Special and Differential Treatment (S&D) for developing countries.

On market access, the proposal makes clear the difficulties developing countries have in developing their agriculture sectors in the face of highly subsidised competition. We agree that these subsidies have to be addressed as part of a balanced package of reform.

Turkey's suggestions that tariff peaks and escalation be addressed and that tariff structures be simplified are also welcome. Similarly, the proposal to free up the administration of tariff rate quotas would contribute to genuine market access improvements.

As would be expected, we agree with Turkey's call for the substantial reduction or elimination of export subsidies and domestic support, recognising that these subsidies hinder the ability of developing countries to compete internationally and equally.

On domestic support Turkey rightly identifies that its difficulties are caused largely by the subsidies employed in developed countries. The answer to many of the problems facing the agriculture sectors of developing countries is to bring down the subsidies of developed countries. Turkey suggests increasing the *de minimis* level for developing countries. But, it needs to be remembered that, in many cases, developing countries cannot currently fund the full amount of subsidies up to the *de minimis* limit because of inadequate budgetary resources. Additionally, increased support levels will only reinforce subsidy problems for the future.

We note that Turkey equates food security with self-sufficiency. But it is important to keep in mind that pursuing food self-sufficiency as the answer to food security has been a disastrously expensive and unsuccessful policy for countries that have followed it.

We agree with Turkey that when it comes to agricultural reform, a piecemeal approach that addresses only selected areas must not be used as a substitute for overall reform. However, while we agree that the credibility of the reform process hinges on how seriously the high protectionist developed countries are about genuine liberalisation, we strongly believe that real progress will only be made with the full participation of the WTO Membership. It is important to keep in mind that roughly half of all agricultural exports of developing countries go to developing country markets.

That said, the Cairns Group, like Turkey, believes that special and differential provisions for developing countries are an integral part of the negotiations. All four Cairns Group proposals propose

concrete and operational special and differential treatment provisions, to bolster the ability of developing countries to harness agriculture trade reform for their economic development.

Importantly, the proposal highlights the fact that some developed countries are trying to use the "multifunctionality" of the agriculture sector as an excuse to avoid liberalisation. Turkey makes the point that the negotiations should not result in the introduction of any measures that can be used as an escape clause to avoid further liberalisation under the three pillars, whether these relate to selective reductions of tariffs or measures to address non-trade concerns. We strongly agree with this element of the proposal.

G/AG/NG/W/107 (Proposal by Egypt)

We welcome Egypt's negotiating proposal. We agree with many of the elements it contains.

Export Subsidies

Egypt's proposal calls for the phasing out of all forms of export subsidisation over an agreed period of time. Australia strongly supports the call for the abolition of export subsidies.

It also calls for additional strengthened rules and disciplines to prevent the circumvention of the elimination of export subsidies.

Domestic Support

On domestic support we recognise the attractions of the proposal that reductions be made across the range of boxes, including with a substantial up-front downpayment. This is all the more attractive when we are seeing a rapid growth in Green Box support much of which is arguably having a distorting effect on production and trade. For the same reason we are also attracted to the idea that measures allowed under Annex 2 should be reviewed for their compatibility with non-trade distortions.

We strongly support Egypt's proposal that countries should reduce production distorting domestic support, and that this support should be granted on a disaggregated basis.

Market Access

On market access, we share common goals with Egypt in seeking the elimination of all tariffs, the elimination of other trade-distorting measures and agree that tariff quota administration disciplines should be strengthened.

We note, however, that Egypt is seeking tariff reductions by developed country Members from applied rates, rather than bound rates. We understand the reason for this proposal but are concerned that such a departure from the accepted GATT/WTO practice of negotiating on the basis of bound rates would in a sense unfairly punish those countries which have unilaterally liberalised.

NFIDCs and LDCs

On the issue of the creation of a Fund for the Support of NFIDCs and LDCs, we will be seeking further information from Egypt on exactly what they have in mind. We thank Egypt for the clarification of how it intends the fund should be financed.

We seek further information on the call for an increased level of technical and financial assistance for NFIDCs and LDCs. For example, who it is that should provide this assistance.

S&D

We share Egypt's view that the S&D provisions in the AoA for developing countries should be strengthened and expanded in a manner that would be the least trade-distorting, while affording them more flexibility to assist their agricultural sectors to compete actively in the globalising world economy.

G/AG/NG/W/130 (Proposal by Nigeria)

Australia thanks Nigeria for its negotiating proposal. Nigeria's proposal articulates the widely-felt frustration of many countries, particularly developing countries, at the apparent failure of the Agreement on Agriculture to deliver the expected benefits of agricultural trade liberalisation since the Uruguay Round.

It highlights the continued heavy subsidisation of farmers in some developed countries which the previous negotiations had failed to address. We share Nigeria's determination that these negotiations should eliminate the highly trade-distorting practices that continue to shield so many farmers from fair market competition and, in turn, discriminate against the large portion of the world's population that depends on agriculture for its welfare.

Australia strongly supports developing countries in their pursuit of growth and poverty reduction through trade. We reiterate points made in earlier interventions that effective special and differential treatment provisions that address the concerns of developing countries are central to these negotiations.

We view with interest Nigeria's proposal for the transparency and provision of information about the world agricultural market, in particular, the operations of **international multinational companies**. We would like to hear further from Nigeria on what this idea encompasses.

G/AG/NG/W/135 (Proposal by the Democratic Republic of the Congo)

We thank the Democratic Republic of the Congo for its negotiating proposal. There is much in the proposal on which we share common views.

We agree with elements of the Democratic Republic of the Congo's proposal on market access such as the need to simplify tariffs and to address tariff peaks and escalation.

On domestic support, we seek further information on what the Democratic Republic of the Congo means when it calls for the improvement of the Green Box. The Cairns Group has proposed a review of the Green Box to ensure all such domestic support meets the fundamental requirements of being non, or at most minimally, trade-distorting.

Regarding the call for an improvement to Amber Box, we clearly oppose the retention of Amber Box measures for all WTO Members. It needs to be kept in mind that it is the rich developed countries which have the ability to subsidise and indeed their use of subsidies has been extremely damaging. Loosening current restrictions is not the answer to this problem.

Our views converge closely on the elements of the Democratic Republic of the Congo's proposal dealing with export subsidies.

Like the Democratic Republic of the Congo, the Cairns Group has called for the elimination and prohibition of all forms of export subsidies for all agricultural products. We are seeking to agree on a date for elimination of the remaining export subsidies in the negotiations. And we too want a

substantial downpayment during the first year of the implementation period, to be followed by an accelerated process of reduction leading to zero of the residual subsidies.

Regarding non-trade concerns, the Cairns Group believes that Members have every right to pursue their non-trade concerns through policies that have no or only minimal effects on trade and production. We welcome the Democratic Republic of the Congo's recognition that the non-trade concerns of developing countries and developed countries are different. This needs to be reflected in the policies which are used.

Australia strongly supports developing countries in their pursuit of growth and poverty reduction through trade. We reiterate points made in earlier interventions that effective special and differential treatment provisions that address the concerns of developing countries are central to these negotiations.

G/AG/NG/W/136 (Proposal by Kenya)

We thank Kenya for its constructive proposal that calls for reform to improve the ability of developing countries to compete internationally and equally.

We share Kenya's disappointment with the results of the implementation of the Agreement on Agriculture since the Uruguay Round. We also support Kenya's position that these negotiations must begin to tackle the highly trade-distorting practices of some developed countries.

Australia believes that we should facilitate the efforts of developing countries to achieve growth and poverty reduction through trade. We also agree that special and differential treatment provisions that address the concerns of developing countries are central to these negotiations. Kenya has emphasised that the current S&D provisions fall short of enabling it to balance its development objectives and its commitments on liberalisation. We would welcome a further dialogue on S&D provisions with Kenya.

Market Access

Regarding preferential market access arrangements, we accept that where tariffs are high preferences can play a significant role in providing market access opportunities for developing countries.

However, we do not see preferential market access arrangements as a key instrument in achieving the long-term objective of establishing "a fair and market oriented agricultural trading system". The root of the problem remains the high levels of support and protection mainly provided by rich developed countries. We believe that lower levels of protection in many developed country markets would significantly increase the range of opportunities for developing countries thus reducing the reliance of developing countries on preferential arrangements. Reduced distortions through reduced subsidies would also lead to higher world prices for the limited exports referred to in the proposals.

Trade-distorting Subsidies

We agree with Kenya that all trade-distorting subsidies must be eliminated by developed countries and it is clear also that the great bulk of these subsidies are in fact used by developed countries. We nonetheless believe that reform of trade-distorting practices should not be compartmentalised or made specific to developed countries.

Domestic Support

We understand that food security is of paramount importance to Kenya and welcome its call for the establishment of a "Development Box". We would be happy to discuss further with Kenya what a "Development Box" might contain.
