

# WORLD TRADE ORGANIZATION

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### Statement by the Czech Republic

#### **European Communities Proposal on Export Competition**

At the outset, I would like to express my appreciation to the European Communities for their proposal on Export Competition.

Since we just received the paper we haven't had enough time to study it carefully. However, we are ready to offer, already at this stage, some preliminary reactions and comments.

Let me start by registering my delegation's support for the trust of the EC proposal, the reason for it being that this proposal corresponds to our thinking about the way the issue of Export Competition is to be addressed.

Indeed, when looking at Part V of the Agreement on Agriculture it is apparent that commitments contained therein are not limited to reductions in export subsidies which, undoubtedly, represent a very important source of distortions of agricultural markets and have to be further reduced. However, export subsidies do not represent the only form of support to exports of agricultural products.

There are other measures and policies which affect exports and prevent markets from working appropriately. Part V of the Agricultural Agreement deals with some of them, although in significantly lower degree of efficiency compared to export subsidy commitments. This situation has to be changed if we want to reach some meaningful results in our talks on export competition.

To be more specific, the Agreement on Agriculture contains a commitment to work toward the establishment of internationally-agreed disciplines to govern the provision of export credits, export credit guarantees or insurance programmes, that is to discipline the areas in which no limits or stricter rules have been agreed in the Uruguay Round.

Almost six years have elapsed since the adoption of this commitment. However, effective and binding terms for officially supported export credits for agricultural products are far from appearing on the horizon. And it is difficult to understand why it is so, in particular taking into account the fact that subsidised agricultural export credits may have similar trade distorting effects as in the case for exports of industrial goods.

To conclude on this issue, it is our view that the ongoing negotiations in the OECD should produce some positive results as soon as possible so that they can be incorporated into WTO legal instruments.

Turning now to another form of support to agricultural exports, we share the view expressed by the EC in its paper according to which state trading has a strong potential to distort international agricultural trade and result in unfair competition. We too, like many others, therefore believe that strengthened WTO rules and disciplines are required to limit various kinds of market distortions caused by different types of state trading enterprises.

We can also concur with the proposed mechanism regarding the manner in which the issue of state trading should be addressed in the ongoing negotiations. Apparently, some kind of educational and analytical process is needed first to better understand the reasons for which state trading enterprises are established, to become familiar with their various types and modes of their operations and to be able to identify ways in which state trading may and in fact distort trade.

Only on this basis we should be able to formulate appropriate disciplines that, according to our view, should go beyond transparency and notification requirements.

On food aid, we are of the view that, despite all sensitivities involved, this issue has to be on the agenda of our negotiations. In addressing it and formulating new or strengthened disciplines we have to ensure a proper balance between the objective to minimise the potential for circumvention of export subsidy commitments and the objective of ensuring more predictability and stability of the provision of food aid.

To conclude, Mr. Chairman, what we are interested in is a negotiation on all measures which distort export competition. Like the EC and many others, we believe that we can not focus exclusively on further reductions in export subsidies. The issue at hand is more complicated than that. Therefore all forms of support of exports of agricultural products have to be treated on a common footing and in a way corresponding to the objectives set forth in the Agreement on Agriculture.

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