

**Committee on Agriculture
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Statements by Australia

G/AG/NG/W/90 (Proposal by the EC)

Australia welcomes the EC proposal as a genuine attempt to engage in the negotiations. It contains some thought provoking ideas and, encouragingly, it even contains some elements we can endorse without reservation.

Unfortunately, at the same time we have to say the proposal lacks the ambition necessary to achieve fundamental or even substantial reform of agriculture.

It is a fact that world agricultural markets are still severely distorted by huge subsidies and prohibitive levels of protection. It is a fact also that we have made very limited progress towards reform and we urgently need to redouble our efforts if we are to approach the objective of Article 20 of "substantial and progressive reductions in support and protection".

However, some elements of the EC's proposal focus on justifying and retaining aspects of the AoA that allow the continuation of trade- and production-distorting policies. These include;

- the flaws inherent in the approach to tariff reductions in the Uruguay Round which has allowed the continuation of tariff peaks and escalation
- the need for a substantial expansion in tariff quota levels, given the often prohibitive out-of-quota tariffs being used
- the role of the Special Agricultural Safeguard as a transitional mechanism linked to tariffication - a process that is now complete
- the significant trade-distorting effect of blue box policies

Australia is also concerned that the EC, in its efforts to link further reductions in export subsidies to disciplines on what it calls "hidden export subsidies" is simply stalling. There is broad agreement that the use of export subsidies cannot be justified and they should be abolished. That said, we agree that reduction commitments should not be circumvented, and this was noted in the Cairns Group proposal on export competition.

In relation to export credits, we agree with the EC that disciplines need to be developed to move officially supported export credits on agriculture towards usual commercial practice. The negotiation of such disciplines should be taken up in the context of the WTO agriculture negotiations.

Australia also supports efforts to ensure that delivery of food aid is appropriate and responsive to the genuine needs of developing countries and not used to get around WTO commitments and obligations on export subsidies.

Non-trade concerns

Australia has repeatedly emphasised its agreement with the EC and others that there are legitimate domestic concerns relating to environmental sustainability, food security, rural development, food safety and animal welfare. The challenge is to pursue these objectives in ways that are compatible with the ongoing process of trade liberalisation.

This proposal takes up this challenge as it recognises that environmental and rural non-trade concerns should be addressed in ways that are transparent, targeted and minimally trade distorting. We are encouraged that the EU has taken a constructive step towards a dialogue on this issue.

Food safety, labelling, and intellectual property issues are important issues for many countries. At the same time, we are concerned to see that they are handled in ways that do not unnecessarily restrict trade. We recognise also that these issues are being dealt with through other agreements or in other forums. We do not accept the linkage of these issues to the outcome in the agricultural negotiations.

Special & Differential Treatment

We support the EU's recognition that developing countries have special needs relevant to these negotiations. The outcome of these negotiations must ensure the international trading system promotes the greater integration of developing countries through accounting for their particular adjustment difficulties and the high priority they place on food security and rural development.

In light of this, the Cairns Group proposals support greater improvements in market access for products of interest to developing countries. We also support greater policy flexibility for developing countries including revisiting the green box in order to achieve this.

To sum up, Australia believes that the EU proposal contains some constructive elements on which we can open a constructive dialogue. However, we urge the EU to strengthen its commitment to integrating agriculture into the multilateral trading system. And we support any moves to address legitimate domestic policy interests in ways that are effective and minimise distortions to production and trade.

G/AG/NG/W/91 (Proposal by Japan)

Australia notes Japan's negotiating proposal. We observe the emphasis it places on the experience of implementation to date and so-called "multifunctionality" as the basic elements to be considered in the negotiations.

However, in doing so, the proposal fails to address the long-term objective of the process of reform, which is:

"to provide for substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets".

Without any reference to the long-term objective of the reform process, Japan's proposal fails to contribute in a balanced way to the mandated terms of reference for the negotiations. Japan's approach is so lacking in balance that it raises questions as to whether Japan is prepared to engage seriously in discussion on the agreed long term objective of reform of agricultural trade. To that extent we have to question seriously whether this proposal is consistent with Japan's commitment to a new round of trade negotiations.

We cannot help but observe that Japan's approach to agricultural reform contrasts strikingly with its approach to other elements of trade reform. Japan has benefited enormously from the implementation of WTO agreements where it has a comparative advantage. And yet it seeks to block reform in the area where real liberalisation would bring global benefits and sustained improvements in human welfare. In some areas, Japan intends to reverse reforms it undertook during the Uruguay Round and in so doing, ignoring its Uruguay Round undertaking to continue the process of fundamental reform, as set down in Article 20 of the Agreement on Agriculture.

We do not expect Japan to be a leader in calling for reform. But we do expect Japan to take a consistent leadership role in the WTO and the world trade system. Instead we see Japan leading other countries to oppose reform.

We have been waiting for a long time for a proposal from Japan. Indeed we have been waiting a long time to hear anything at all from Japan. We did not expect ambitious negotiating proposals from Japan. But we did expect that, that having delayed so long in tabling a proposal, these important trading countries would at least be prepared now to engage in negotiations. On the basis of these proposals we wonder how they intend to participate in negotiations. Others, with less interest in reform than the Cairns Group, have come to these meetings with constructive proposals, recognising that, while agricultural trade reform may be politically difficult, it is of such importance to so many other WTO Members that progress is essential and inevitable. Moreover, continuation of the reform process is a legal obligation. Japan's proposal represents a disappointing response to the legitimate calls for reform.

G/AG/NG/W/94 (Proposal by Switzerland)

Switzerland's proposal is disappointing. It advances reasons - from a Swiss perspective - as to why reform cannot happen and suggests a wide range of modalities to limit reform.

Switzerland suggests for example that the negotiations should first design rules for non-trade concerns before looking at the question of reduction commitments under the three pillars. This is not acceptable to us.

The negotiations should be about the reform of agricultural trade - not preserving the current unacceptable situation. Consistent with the language of Article 20 we should face the challenge of achieving fundamental reform of agriculture while of course, accounting appropriately for non-trade concerns. Switzerland's proposal would turn Article 20 "back to front" and we cannot see how it would add momentum to the reform process.

We are more encouraged by Switzerland's recognition that there are a number of transparent, specific and targeted instruments that can be used to address non-trade concerns and that disciplines should ensure that measures taken for these concerns do not harm the interests of other countries. We would emphasise to Switzerland that non or minimally distorting policies are effective both in achieving a range of non-trade goals and in minimising negative implications for other countries.

In relation to other issues raised by Switzerland such as geographical indications, environmental costs, and "problems relating to production methods", we would simply note that those of us who have been awaiting reform of this most distorted sector of world trade for 50 years are sceptical that "reform" agendas listing such issues risk frustrating reform rather than enhancing it.

Switzerland's caution about real reform is reflected in its suggestion on market access - that these negotiations should be based primarily on an application/offer procedure. We believe that this

methodology would be laborious and time-consuming while still enabling countries to avoid cutting protection for sensitive products. The average percentage cut suggested as a target is unsatisfactory. It would allow protectionist Members to load reductions on a small number of tariff lines while not changing the tariff lines that would make a real difference to market access.

Lastly, we are also concerned about Switzerland's suggestion of allowing an unlimited range of tariff quota allocation methods. Our experience over the implementation period, particularly with the large incidence of tariff quotas with low rates of fill calls suggests need to find better disciplines on tariff quota administration.
