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Statement by Hungary

Ad EC proposal on Food Quality (NG/W/18)

Since this proposal takes up the issue which we think is very pertinent to market access but has been rather neglected so far, we would very much like to welcome it. We share the view expressed in the submission that real market access for those food products which incorporate specific and identifiable characteristics, like traditional know-how or geographical origin depends very much on the extent to which the denominations of such products are being protected.

The possibility for consumer deception on the import markets in the form of the usurpation of such denominations is at present a major and increasing obstacle to the exportation of these products. This is particularly problematic since the protection of denominations is a significant means of supporting rural development strategies based on local resources in a durable manner which, we believe, is generally accepted as a legitimate agricultural policy goal.

Against all this background it is difficult to understand the existing difference between the high level of protection given by the WTO to private intellectual property (like brands and patents) and the low level granted to collective intellectual property (like geographical indications) and the apparent lack of proper attention that has been given so far to this issue in the discussions on the continuation of the agricultural reform process.

We are convinced that a fair and equitable outcome of the agricultural negotiations can only be achieved if the issue of food quality will be adequately addressed.

Ad EC proposal on Export Competition (NG/W/34)

It can hardly be denied that in the Agreement on Agriculture there is a major discrepancy in the treatment of various instruments used to increase export competitiveness in an unfair manner as described in this submission. This discrepancy is not only unwarranted by differences in the trade distortionary effects of the various forms of export assistance, since these effects do not differ very much, moreover some of the not or not adequately disciplined forms of export assistance have an even greater distortionary potential than export subsidies, but it offers for a relatively small number of Members which are using not or not adequately disciplined export assistance measures the possibility for circumventing commitments which apply to every Member.

Article 10 of the Agreement on Agriculture does recognize both of these aspects but fails to establish adequate rules concerning export assistance instruments other than export subsidies. In addition to a general, non-measure specific provision on anti-circumvention, this Article only names one of those measures where multilaterally disciplines have to be established, that of export credits and remains silent or insufficient about other pertinent measures like the operation of state-trading enterprises or the abuse of food aid.

Despite the relevant clear obligation, an agreement on internationally agreed disciplines to govern the provision of export credits, export credit guarantees and insurance programmes could not be reached up till now.

In the light of the above we feel that there is an urgent need for establishing a level playing field in the area of export competition. Otherwise to expect bold reductions in export subsidization after the current negotiations seem to be rather unrealistic.

For all the above-mentioned reasons we strongly support the EC's call for WTO-disciplines and rules that would cover all types of support to export on an equitable basis.

Let me conclude my statement by making a short comment on the part of the EC proposal dealing with state-trading enterprises. While we share its content we would like to point out that, in our view, given the nature of the relationship between state-trading enterprises and the state, increased transparency, however important it may be, will not be sufficient to address the problems identified in the submission. The clarification and strengthening of the disciplines applying to STE's is the essential prerequisite if progress is to be achieved in this field. For us the first step would be the dismantling of monopoly trading rights for STE's since this is the instance where the potential for trade distortion and the likelihood of the existence of non-trade barriers is arguably the highest and this is the form of special privileges where it is the most questionable whether they are really required for the attainment of their stated objectives.
