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Statement by Japan

First of all, I would like to commend our distinguished Chairman for his dedicated work over the past year, thanks to which we have had a very useful first phase of the negotiations. It is especially encouraging to see a much larger number of negotiating proposals submitted and discussed than in the negotiations at the Uruguay Round. I would also like to thank the Secretariat for their efforts in preparing a number of useful background papers, which provide valuable information on the realities of world agricultural trade since the Uruguay Round.

The 4th Session of the WTO Ministerial Conference is scheduled for November. Japan sincerely hopes that a new Round will be launched this year, and that the agricultural negotiations will become a part of the new Round so that every Member in this room can get a fair and convincing outcome.

Discussions on the background papers prepared by the Secretariat have revealed that only a limited number of the large exporting countries with favourable natural conditions have reaped the benefits of the Uruguay Round agreements, while other Members, particularly the small developing countries, have gained very little from trade liberalisation. This point has also been raised in a number of negotiating proposals from developing country Members. Based on such experience, we should endeavour to establish a set of trade rules from which all the Members, rather than just a small number of competitive countries, can benefit. Such trade rules should also allow the co-existence of various types of agriculture. Thus, any future negotiations and discussions should indeed refer back to the experiences gained from implementing the Uruguay Round agreements.

I would now like to overview, in a very brief manner, the negotiating proposals tabled so far.

My general observation is that it has now become clear that a number of Members possess a great interest in the multifunctionality of agriculture and non-trade concerns, including food security. Such interest was clearly confirmed when we had a six-hour-long discussion at the November meeting with regard to the note on non-trade concerns submitted by 27 Members, among which was Japan. Nobody can deny the fact that agriculture has various other functions than the provision of food in each country and society. I believe that how to secure the multifunctionality of agriculture, and what policy instruments we have to safeguard to that end, are the major issues of the current negotiations, that will provide the direction of the agricultural policies in each country for the 21st century.

Let me pick up some of the points raised in the various negotiating proposals by the Members.

First, I would like to point out that most of the negotiating proposals have set forth the idea of strengthening the rules and disciplines on exports. I think that this is a sufficient proof that there does exist imbalance to be redressed in the current rules and disciplines applied to exporting measures and

those applied to importing measures. It is necessary to secure equity between the rules on exports with those on imports.

Second, with regard to domestic support, we are encouraged by a fact that a number of proposals call for continuing the reform process based on the current basic framework of the "green", "blue" and "amber" boxes. On the other hand, some Members have made unrealistic proposals that would radically overthrow the current rules, ignoring the process of agricultural reform now under way in each country. The current negotiations we are conducting are the continuation of the reform process based on Article 20 of Agreement on Agriculture, and we should proceed with the negotiations taking full and equitable consideration of all the items listed in Article 20, towards the long-term objective of substantial progressive reductions in support and protection.

Third, on market access, in view of continuing the reform process, some Members advocate a progressive reduction of support leaving room for flexibility, while others call simply for substantial reductions. What we must remember here is that, as just mentioned, only a limited number of exporting countries with highly competitive agricultural production owing to their favourable natural conditions, have reaped the benefits of improved market access brought about through the Uruguay Round agreements. In addition, we must also fully consider the fact that a number of developing countries are faced with the difficulties of diminished margins of preference, as pointed out in several negotiating proposals by developing country Members. Another point that we note is that a large number of developing countries have made realistic proposals on their own tariff reductions. I believe that this is a very important point in order to ensure food security and agricultural development in these countries.

Lastly but not least, we have seen a large number of proposals refer to the considerations for developing countries. Japan also proposed that certain levels of flexibility should be allowed for the developing countries in each area, including domestic support, market access and export measures. However, we think that it is equally as important to consider a different approach to each country according to its stage of development, since developing countries are by no means uniform in terms of their capability in world economy. We must bear in mind that it is quite inappropriate for a multilateral trading rule to mechanically divide the Members into two groups, namely, developing countries and developed countries, because that would ignore a wide diversity in geographical and natural conditions among Members.

To conclude my remarks, I would just like to touch upon the next phase of discussions. As we are entering into a process for clarification and elaboration on Members' negotiating proposals, Japan would like to actively participate in this process and deepen our mutual understanding on each other's ideas. I believe that conducting a thorough clarification process with sufficient transparency will eventually be a shortcut for obtaining fruitful results from the negotiations. In order to build a good house, we need to have a good and thorough groundwork. Building a house without this good groundwork would result in a fragile and dangerous house, even though it seems splendid to all appearances. And nobody would like to live in such a house. Japan sincerely hopes that our second phase of work will be a good groundwork for the agricultural trade rules for the 21st century, which will allow the co-existence of various types of agriculture.
