

**FIFTH SPECIAL SESSION OF THE COMMITTEE ON AGRICULTURE
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Statement by Pakistan

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

Pakistan welcomes the European Communities negotiating proposal on agriculture as a good contribution. Though it falls way short of what we would have expected, it reflects the European Communities' commitment and resolve to engage in the negotiations.

Pakistan has the following observation to make on the European Communities Proposal:

a) On Market Access, the European Communities proposal does not address the problems which tariff peaks, in developed countries, pose, especially to the products of export interest to developing countries.

The proposal also does not even touch upon the issue of tariff escalations, a trade policy instrument which effectively stifles any diversification endeavours of developing countries in the agriculture sector. The tariff escalations are a major barrier/impediment to developing countries in their:

- pursuit to attain developmental objectives in agriculture;
- attempts to diversify;
- efforts to escape from the vicious circle of producing and exporting primary commodities.

As trade in agricultural products is rapidly shifting towards value added processed products, therefore, tariff escalations are becoming an increasingly serious problem for the developing countries. The OECD countries are the main exporters of high value processed food products accounting for 70% of the global exports in this category. For the developing countries the growing share in agricultural exports is of the products at the primary processing stage. Ironically the processed products which the OECD countries export also include tropical beverages and spices which are based on commodities primarily produced in the developing countries, therefore, the value added by processing currently, to a large extent, accrues to the developed countries. The Agreement on Agriculture, therefore, suffers from an acute developmental deficit which needs to be adequately rectified by the elimination of tariff escalations.

Pakistan agrees that disciplines on Tariff Rate Quotas be clearly defined to simplify their administration so as to inject uniformity and transparency. But a mere clarification of the rules on TRQ management as suggested by the EC would not be sufficient to address the problems faced by developing countries in trying to obtain market access. Pakistan, along with a group of developing countries, has already tabled a proposal which seeks:

- substantial reductions in in-quota and especially out-of-quota tariffs;
- step/periodic increase in the tariff quota volumes administered in the developed countries;
- MFN allocation of tariff quotas;
- basing tariff quotas on specific products rather than aggregate groups.

The problems of new and small agricultural suppliers from developing countries must be adequately addressed in any proposal relating to TRQ administration.

The EC proposes continuation of the special safeguard mechanism. Needless to say that most developing countries are presently not permitted to use these provisions which have given rise to an anomalous situation. In the case of availability of this mechanism to those few who already maintain high levels of protection and its non-availability to those which have a fairly liberalized regime, despite their weaker economic situation, reflects an inherent inequity in the existing rules. It is, therefore, that Pakistan advocates elimination of SSG for the developed countries.

In our view Special Safeguard should be made available only as a Special and Differential provision to developing countries which presently face, and would continue to do so, maximum pressure arising out of liberalization, opening up of their domestic markets and dumping of highly subsidized imports. The developed countries should not be entitled to use this instrument.

b) Pakistan also welcomes European Commission's suggestion for a more level playing field in the area of export competition. But one fails to understand the EC's reluctance to work, positively, towards achieving the same level playing field in two other pillars of agricultural negotiations i.e. market access and domestic support. We wish EC could be forthcoming to inject this idea of level playing field in other aspects of negotiation on agriculture. Even, as it is, the EC suggestion fails to achieve this objective by linking export subsidies with other forms of export assistance. The fact remains that export subsidies continue to be the single most trade distorting factor in world agriculture trade.

We have reservation on the EC's proposal on integrating the work carried out on export credits in other international fora into the WTO. While the OECD has not been mentioned by name, it is evident that the EC would like the work done in the OECD, of which a sizeable majority of developing countries are not members, to be adopted by the WTO.

We acknowledge the EC's concern that local food production should not be damaged. But it is pertinent to point out that most of the policies which the EC pursues under domestic support and export subsidization programmes have exactly this effect on developing countries by limiting/inhibiting their domestic production.

EC has also advocated continuation of present framework of rules and disciplines on domestic support. In Pakistan's view, the existing framework, by its very nature, is inequitable and does not provide a level playing field to the developing countries. We also find it disconcerting that the EC treats the Blue and Green Boxes in the same vein. In our view the two boxes are entirely different in their objectives. Pakistan strongly advocates elimination of the Blue Box.

Pakistan is of the view that Green Box criteria be reviewed with the specific objectives of (i) limiting the misuse of some of its provisions by the developed countries to transfer their support from the Blue and Amber Box to the Green Box; and (ii) to provide additional flexibility to developing countries to achieve their non-trade concerns.

If these objectives are to be met, then the EC proposal that the Green Box measures should be expanded to include important societal goals such as protection of the environment and animal welfare, would obviously not be acceptable to most developing countries.

Let us now touch upon multifunctionality. The debate on multifunctionality has clearly shown that the non-trade concerns of developing countries are very different from those of the developed countries. Therefore, any debate on multifunctionality must, in the first instance, recognise this difference. Otherwise, there would always be the danger of the richer developed countries continuing to provide trade-distorting support to their agriculture on the pretext of addressing multifunctional concerns, ostensibly similar to those of developing countries.

As regards the precautionary principle, Pakistan believes this would permit importing countries to adopt such restrictive SPS measures which inhibit and in some cases entirely restrict the exports from developing countries. Obviously we find it difficult to support such proposal.

As far as the section on Special and Differential treatment is concerned, it must be emphasised that S&D treatment cannot be limited to providing preferential access to some developing countries, as EC has made it out to be. The EC's attempt to create sub-groups within the developing country community appears innocuous. For this reason it is essential that trade preferences or any minimum market access opportunities must be provided to all developing countries and not to any sub-set of developing countries.

What the EC has said about preferences/access opportunities being "rendered stable and predictable" sounds good. Obviously, this can only be done provided the EC incorporates these commitments into its Schedule.
