

WORLD TRADE ORGANIZATION

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CAIRNS GROUP FARM LEADERS PRESENTATION TO CAIRNS GROUP MINISTERS Banff, Canada 11 October 2000

Communication from Australia

The following presentation from the Cairns Group Farm Leaders to the Cairns Group Ministers has been received from the Permanent Mission of Australia with the request that it be circulated to Members.

1. Farm leaders of the Cairns Group, which is comprised of 18 fair trading agricultural exporting countries, have come to Banff this week to discuss the key issues causing protectionism and discrimination in world agricultural trade. We have also come together to reconfirm our commitment to achieving a fair, equitable and open rules-based trading system for agriculture.
2. Collectively we represent millions of farmers in Latin America, Australiasia, Canada, South Africa, Asia and the Pacific. The Cairns Group alliance is stronger and deeper than ever before. We as farmers, will be working alongside our governments, over the next few days and throughout the course of the WTO agriculture negotiations to accomplish meaningful reform to agricultural trade.
3. The present Agreement on Agriculture was a step forward in the liberalization of agricultural trade. For the first time, some enforceable disciplines have been applied to agricultural market access, export subsidies and domestic support. Nevertheless, there are great disparities between countries in the level of commitment and obligation. There still exist profound distortions which need to be addressed immediately.
4. Despite the failure to launch a comprehensive new round of WTO negotiations in Seattle, the WTO agriculture negotiations have been initiated. However, the integrity of these negotiations has been challenged by the continuing abuse of WTO principles and the maintenance and increase of subsidy and protectionism in some industrialized countries.
5. Agricultural trade rules allowing discriminatory practices and distorted world markets lead to low commodity prices undermining profitability and investment in our agricultural industries. We are disturbed by the recent trend of some developed countries to reinstate very high levels of domestic support and the continued use of export subsidies. These high support levels unfairly penalize efficient food producers, particularly those among our developing country members.
6. As Cairns Group Farm Leaders we are deeply committed to fair and equitable trade rules under the WTO, we must work together to ensure that countries can compete on a level playing field in international markets. We strongly encourage our governments over the next two days of meetings

to identify the steps necessary to address the disparities which were not addressed in the Uruguay Round.

7. In Seattle we circulated a statement which summarized the conclusions of the Cairns Group Farm Leaders.¹ In that statement we identified the types of disciplines and measures required to achieve our goal of a fair trading environment. We believe that the minimum requirements for an effective agricultural agreement include:

- (a) vastly improved market access through substantial tariff reductions on products without tariff quotas, improvements in the administration of tariff quotas, and the elimination of non-tariff barriers;
- (b) substantial reductions in amber support limits, elimination of the blue box and an overall cap on domestic supports with appropriate differential treatment for developing countries;
- (c) the peace clause should expire as already agreed;
- (d) tightening green box rules to ensure that only non-trade distorting programmes are included in a non-countervailable green box;
- (e) the total elimination of export subsidies and introducing effective rules governing the use of credits, food aid and export promotion programmes to prevent these programmes being used as export subsidies;
- (f) the SPS Agreement should not be open to review in the forthcoming WTO negotiations. The core issue is to achieve effective compliance with the SPS Agreement. Trade in genetically modified foods is covered by the existing SPS Agreement and must continue to be covered under this Agreement;
- (g) the TRIPS Agreement should not be opened to review. The creation of new protectionist measures, through expanded intellectual property rights, must be opposed;
- (h) environmental, social and labour issues should be dealt with within the appropriate international bodies and must not be allowed to be used as barriers to trade.

We urge our Ministers to support endeavours to strengthen the capacity of the WTO so that it can effectively deal with these challenges and achieve a speedy and broadly acceptable outcome. The complementary role of other multilateral institutions in dealing with non-trade concerns is of major importance for such progress. We call on our governments to demonstrate their commitment to the critical roles of these institutions (e.g. ILO, IMF, UN).

8. These issues will be discussed later today at the Cairns Group Farm Leaders Seminar at which we hope many of you will join us.

9. Current income problems in the agricultural sectors of many countries are severely exacerbated by the trade distorting effects of the current subsidy and protectionist measures of some industrialized countries. Developing countries cannot achieve their potential in a market place dominated by the trade distorting practices of a few. The trade negotiating task before us is not easy,

¹ See Annex attached.

but it is imperative that we pursue our goals with determination and insist on results which will provide a fair production and trading environment for our farmers.

10. Cairns Group Farm Leaders support special and differential treatment for developing countries, to the extent that it will create vastly improved opportunities for them to fully participate in agricultural production and trade. Varying levels of development among countries needs to be taken into consideration.

11. The need is urgent! The negotiations must be completed within the three year time-frame. The Cairns Group Farm Leaders call on our Minister's to provide leadership to the rest of the world to move agricultural trade reform to a more transparent and non-subsidized rules-based system.

Signed by the leaders, or their representatives, of the following organizations:

Argentina
Sociedad Rural Argentina

Indonesia
Indonesian Farmers' Association

Australia
National Farmers' Federation

New Zealand
Federated Farmers of New Zealand

Brazil
Confederacion Nacional da Agricultura

Paraguay
Asociacion Rural del Paraguay

Canada
Canadian Federation of Agriculture

Philippines
Federation of Free Farmers Cooperatives

Colombia
Sociedad de Agricultores de Colombia

South Africa
South African Agricultural Union

Costa Rica
Camara Nacional de Agrivultura y
agroindustria

Uruguay
Association Rural del Uruguay

Guatemala
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ANNEX

Proposal of Cairns Group Farm Leaders to the Next World Trade Organization (WTO)
Round of Negotiations on Agriculture
Seattle, Washington
29 November 1999

I. INTRODUCTION

1. Farmer representatives of the Cairns Group, constituted by countries which do not subsidize exports and for whom the trade of agricultural commodities is of utmost importance to their economies, urge World Trade Organization member countries to continue negotiations on issues in order to strengthen the progress made towards trade liberalization of agriculture through a rules-based system.
2. Since its incorporation in 1986, the Cairns Group has set as its goal to have the agricultural included in the GATT round of negotiations in order to make progress towards more fair and agricultural trade.
3. Commitments for subsidy reductions provided for in the Agreement on Agriculture by the WTO have left a broad margin for subsidizing countries to resort to practices which have allowed them to increase their share in international markets to the detriment of more efficient producers is imperative to make progress in the elimination of these unfair practices by establishing rules shall put all stakeholders in international trade on an equal footing.
4. The revival of protectionism created by the abuse of the WTO principles subverts the progress gained by the liberalization of international trade, raise alarm and concern, as well as serious on the effectiveness of the measures provided for in the Agreement on Agriculture.
5. In preparing for a meaningful outcome from this new round it is fundamental to have interaction between the government and the private sector. The more intense and consistent this consultation the greater shall be the chances of success.

II. CAIRNS GROUP FACED WITH THE NEW ROUND

6. The Agreement on Agriculture which replaced quantitative restrictions and similar measures tariffs is a step forward in the liberalization of agricultural trade by implementing disciplines in such as market access, export subsidies and domestic support. Nevertheless, there still exist profound distortions which need to be addressed immediately.
7. Average tariff levels for agricultural products are lower following the Uruguay Round but some still disproportionately high.
8. In the spirit of increasing and improving market access farm leaders propose the following:
 - (a) As a first priority the Uruguay Round 5 per cent minimum access provisions must be fully implemented. This 5 per cent clean minimum access on a product by product basis must be an immediate goal prior to preparation for the expansion of minimum access;

- (b) Countries must administer tariff-rate quotas to ensure that the intended level of in-quota achievable. It is especially important to ensure improved market access for developing countries;
- (c) In order to ensure that primary and processed products receive equal treatment tariff escalation must be eliminated;
- (d) We demand the prompt elimination of the misuse of special agricultural safeguards;
- (e) Provision of special and differential treatment for developing countries in recognition of the disparities in the levels of development and support between countries.

9. Export subsidization is undoubtedly the most condemnable international trade practice. Cairns Group Farm Leaders regard export subsidies, subsidized export loans and subsidized loan guarantees to be unfair practices. Cairns Group Farm Leaders urge the Ministers to pursue the immediate and complete elimination of these practices. Clear criteria with regards to food aid is required, so that it shall not become a mechanism to avoid commitments aimed at the reduction or elimination of export subsidies.

10. Domestic support policies far from receding, pursuant to that provided for in the Uruguay are significantly compromising the market of many products. There must be greater discipline governing domestic support including the imposition of a cap on total domestic support programmes appropriate differential treatment for developing countries.

11. Therefore, Cairns Group farm leaders propose to initially restrain "amber box" expenditures significant continuous product by product reductions of the amber box spending limits. The support priority should be to resolve problems arising from the existing WTO Agreement on Agriculture. Green Box criteria for measures not subject to reduction should be reviewed to ensure that only non-trade distorting programmes are included on the green box. Once a program has met newly defined green criteria, it would be permanently exempt from countervailing action. The "blue box" measures must be eliminated.

12. The peace clause should expire as already agreed.

13. Environmental and labour issues should be discussed in other fora and on the basis of the UN Agreements on the Environment and ILO regulations.

14. Cairns Group Farm Leaders are concerned that the concept of multifunctionality may create new opportunities to expand trade distorting domestic support programmes. Support measures related to multifunctionality must be transparent and comply with green box criteria and be included in that.

15. With regard to trade and technology in agriculture, it is important to allow producers to have access to innovation.

16. The SPS Agreement should not be open to review in the forthcoming WTO negotiation. The Cairns Group Farm Leaders are concerned that sanitary and phytosanitary standards and technical regulations are becoming a preferential instrument for restricting trade. The core issue is to achieve effective compliance with the SPS Agreement.

17. Trade in genetically modified foods is covered by the existing SPS Agreement. We note that trade in some genetically modified foods is being blocked without due regard to the SPS. We urge our trade ministers to immediately address this problem.

III. CONCLUSIONS

18. Farm leaders in the Cairns Group countries called for the negotiations in Seattle to start on time and to be structured in such a way that other sectors do not leap-frog the difficult area of Farmers believe that agriculture must not be traded off against any other sectors.

19. Finally, the Cairns Group Farm Leaders demand that Agricultural Trade reform leads to more transparent and non-subsidized systems. We urge the Ministers present at the 3rd Conference of Ministers to develop the basis for a negotiation mandate in order to propose an agricultural agenda which must be concluded in less than three years giving priority to rules-based liberalization of agricultural products and foodstuffs.

Signed by the leaders, or their representatives, of the following organizations:

Argentina
Sociedad Rural Argentina

New Zealand
Federated Farmers of NZ

Australia
National Farmers' Federation

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Asociacion Rural del Paraguay

Canada
Canadian Federation of Agriculture

Philippines
Federation of Free Farmer Cooperatives

Chile
Sociedad Nacional Agricultura

South African
South African Agricultural Union

Colombia
Sociedad de Agricultores de Colombia

Thailand
Cooperative League of Thailand

Fiji
National Farmers Union

Uruguay
Asociacion Rural del Uruguay

Indonesia
Indonesian Farmers' Association
