SUGGESTIONS MADE IN THE WORKING GROUPS

Note by the Secretariat

The intention of the present document is to summarize and list, for the convenience of delegations in drawing up the report of the Committee to the Council, the suggestions made in the Working Groups and at the meeting of the Agriculture Committee of 9 July 1970.
Working Group 1 - Measures which affect exports (COM.AG/W/52)

1. The complete elimination of all governmental aids to exports (paragraphs 4 and 34).

2. Intermediate measures that would be cumulative in their effect leading to a complete elimination of export subsidies over a period of time. Such measures could include some of those suggested under 4, 5 and 6 below, including minimum price arrangements for certain products (paragraph 13).

3. In the context of the objective of a progressive elimination of export aids, the most harmful effects of such aids should be tackled as a matter of priority. Certain guidelines could be drawn up to that end (paragraph 14). Priority consideration should be given to the elimination of such aids to products in which developing countries account for a significant share in world trade (paragraph 16).

4. (a) Limits covering, for example, overall cost ceilings of export assistance, or cost ceilings for individual products or product groups;
    (b) a maximum cost per unit of subsidization for particular products;
    (c) the establishment of a fair relationship between the price of the primary product and the processed product; and
    (d) the establishment of minimum prices on international markets (paragraph 12).

5. Solutions that do not involve a change in existing legislation or policies including solutions based in particular on price discipline, on harmonization of export aid measures and on strengthened international co-operation (paragraph 9).

6. Solutions that involve changes in existing legislation and which require a common negotiating basis and an appropriate negotiating method (paragraph 9).

7. Paragraph 4 of Article XVI should be made to apply also to primary products (paragraphs 13 and 34).

8. Pending a decision under 7 above, the existing Article XVI provisions on primary products should be strengthened and given greater precision:
    (a) the concept of "harmful effects" referred to in Article XVI:2 should be defined (paragraph 38);
(b) the concept of "equitable share in world export trade" in Article XVI:3 should be more closely defined (paragraphs 13 and 36);

(c) the concept of "a previous representative period" in Article XVI:3 should be re-examined and given more precision (paragraph 36);

(d) the prevention of injury to those countries which do not have recourse to export aids should be specifically covered. An obligation not to grant export subsidies which result in prices lower than those of countries that do not grant subsidies should be adopted (paragraphs 13 and 36);

(e) Article XVI:3 and any changes made in it should apply to the practices listed in the annex to document COM.AG/W/52 (paragraph 40);

(f) in cases where it is claimed that only the primary product content of an exported non-primary product is subsidized, such subsidy should not result in export prices below prices on the domestic market (paragraph 35);

(g) any revision of Article XVI would have to have regard to Article XXXVI, in particular to paragraph 3 of that Article (paragraph 37).

9. The intent of Article XVI should be complemented by making mandatory the use by importing countries of countervailing duties under Article VI when export subsidies had harmful effects on third supplying countries (paragraph 39).


11. Consultation procedures (paragraphs 30 to 31).

Working Group 2 - Measures which affect imports (COM.AG/W/60)

1. Re-establishment of a true world market and a true world market price (paragraph 7).

2. Removal of all quantitative restrictions, variable levies and related restrictive measures, and reliance on fixed tariffs at non-prohibitive levels (paragraph 7).

3. (a) Unilateral elimination of the discriminatory element in otherwise legal restrictions. Unilateral elimination of illegal quantitative restrictions or their legalization where possible through existing GATT provisions (paragraph 9).

(b) Elimination of variable levies and quantitative restrictions which are legal should be subject to negotiations (paragraph 9).
(c) In the interim, adoption of criteria for the non-discriminatory administration of any remaining restrictions; elimination of quantitative restrictions for which slight justification exists; opening of quotas where imports at present prohibited; annual increase in quotas to permit imports to share in growth of market (paragraph 9).

4. All contracting parties should make efforts to relax and eliminate quantitative restrictions whether legal or illegal and should submit a list of items which could be liberalized. Solutions to remaining quantitative restrictions should be found through consultation in the GATT (paragraph 10).

5. Article XI should be broadened to legalize some of the restrictions which had become a part of agricultural policies of many contracting parties (paragraph 11).

6. Solutions to the more far-reaching problems presuppose comprehensive negotiations which should be essentially on the results which it is desired to obtain, while countries should be left free in principle to apply whatever instruments they deem appropriate to their own policies. The undertakings would be upon certain common parameters to be determined. The self-sufficiency ratio might be a useful concept; but more precise commitments concerning certain specific instruments might also be taken case by case (paragraph 14).

7. Certain problems other than those referred to under 6 above might be resolved by an appropriate management of existing measures. For example, the methods of administering quantitative restrictions might be made more flexible; exporters might co-ordinate their exports so as to influence world prices and, hence, the amount of levies imposed by importing countries (paragraph 14).

8. In searching for possible solutions, special attention should be given to measures of particular importance to developing countries. In the search for a basis for general negotiations on agriculture, priority attention could be given to problems of developing countries by identifying those sectors of special interest to these countries in which action could be taken by the CONTRACTING PARTIES in the immediate future (paragraph 13).

9. As regards the particular problem of vegetable oils and oilseeds, particular attention should be given to differential tariff duties. Tropical oils and oilseeds should be given separate treatment. The question of a standstill should be further examined; its adoption would not exclude the examination of possibilities for further action (paragraphs 21 and 25).

Working Group 3 - Measures which affect production (COM.AG/W/56)

1. There is need for increased international co-operation and greater co-ordination of actions where appropriate; periodic consultation on, and review of various matters affecting international trade in agricultural products might be appropriate in this respect (annex, paragraph (1)).
2. There is need for acceptance of the basic principle of international price mechanism as a market clearing instrument (annex, paragraph (ii)).

3. Any farm income maintenance measures which governments consider necessary should be separated from production and price policies in order to ensure that such measures are production neutral (annex, paragraph (iii)).

   (a) Domestic prices should be at or near the true world market price (paragraph 3).

   (b) Measures to support domestic producer income should not unduly interfere with the free role of price in trade (paragraph 3).

   (c) Measures taken by a country should not have the effect of exporting its domestic problems (paragraph 5).

   (d) Support, whether production oriented or production neutral, should not inhibit the movement of resources out of agriculture when such movement is economic (paragraph 10).

4. Exporting countries, and major exporting countries in particular, have a common and equitable responsibility for the level of supplies and their management. Countries which are both importers and producers of a product, in particular developed countries, also have some responsibility in this respect (annex, paragraph (iv)).

5. It is also possible to bring supply and demand more into line by action on the demand side (paragraph 9).

6. There is need for governments to have regard to economic relationships between different products or sectors (annex, paragraph (v)).

7. Appropriate solutions in certain cases might be approached through commodity arrangements and these arrangements might well contain provisions on domestic production policies and on adjustment of supply, as is hardly the case in certain existing arrangements (annex, paragraph (vi)).

8. The margin of support approach, possibly supplemented by provisions on self-sufficiency ratios (annex, paragraph (vii)).

9. The limitation of production and other measures which each country takes and which result from its own situation, are among the factors which should be taken into account in order to see if there is a common denominator which could form the basis of an acceptable agreement which was equitable for all parties (paragraph 7).

10. Any solutions must take into account various factors such as differences in natural endowments or structural patterns, and might therefore differ country by country and product by product (paragraph 19).
Working Group 4 — Other relevant measures (COM.AG/W/62)

1. The function of the GATT as regards problems relating to health and sanitary regulations would be:

(a) to bring to the attention of international bodies such as FAO, the FAO/WHO Codex Alimentarius Commission, OECD and ECE the restrictive trade effects of such problems in order to assist them in developing international standards; and

(b) to establish general guidelines regarding the trade effects arising from the application of existing standards and regulations (paragraph 6).

2. The following were suggested as possible guidelines:

(a) Imported goods should receive the same treatment as goods produced domestically (paragraph 7).

(b) Health and sanitary regulations should be applied on a most-favoured-nation basis (paragraph 7).

(c) Health and sanitary regulations should not be made more rigid than necessary (paragraph 9).

(d) There is need for more co-operation between exporting and importing countries with respect to inspection and testing, and requirements relating to these should be simplified (paragraph 9).

(e) Measures taken by State or local authorities should be consistent with national and international regulations (paragraph 10).

(f) Regulations and technical requirements of importing countries should be readily available in exporting countries (paragraph 11).

3. Many of the above considerations also apply to marketing standards. Furthermore, marketing standards should not be based on characteristics peculiar to national production (paragraph 15).

4. In the interim, health and sanitary regulations and other standards should be administered on a non-discriminatory basis and standards for which there is little technical justification should be removed unilaterally (COM.AG/22, last sub-paragraph of paragraph 3).