GENERAL AGREEMENT ON
TARIFFS AND TRADE

Committee II - Expansion of Trade

TRADE IN AGRICULTURAL PRODUCTS

PORTUGAL

Synopsis of Non-Tariff Measures for the Protection of Agriculture or in Support of Incomes of Agricultural Producers Furnished by the Portuguese Government

Addendum

Attached for the information of the Committee is the text of the statement with regard to general agricultural policy in the Overseas Provinces made by the representative of Portugal at the consultation with the Committee on 16 November 1961.

GENERAL AGRICULTURAL POLICY IN THE OVERSEAS PROVINCES

1. Introduction

The Portuguese Overseas Provinces, extending over an area of more than two million square kilometres with a population of more than seventeen million, do not form a continuous territory but are geographically scattered over several areas varying considerably both in size and in density of population. That being so, it is hardly an easy matter, at first sight, to find a certain number of features which might give a general picture of agriculture in these territories. We can, however, list a number of basic features characterizing the situation of agriculture in the Overseas Provinces, namely:

(a) high percentage of the active population employed in agriculture;

(b) imbalance between the factors of production, characterized, inter alia, by a shortage of capital;

(c) existence of a monocultural agriculture with the usual trend towards exports, side by side with a subsistence agriculture employing large sectors of the population;

(d) low level of overall productivity.

In these circumstances, an agricultural policy, as it is practised in the Overseas Provinces and aimed at a gradual and well-balanced improvement of the living standard of the population, should be based essentially both on large-scale capital investment and on persistent efforts in the field of education.
On the purely agricultural plane the aims of the policy adopted are:

(a) Well-balanced development of remunerative agricultural production - by improving productivity and introducing new crops;

(b) reduction, as far as possible, of fluctuations in the earnings of agricultural producers;

(c) stabilization of shifting agriculture;

(d) recuperation and protection of areas under cultivation;

(e) changing over, wherever economically recommendable, from extensive farming methods to intensive farming methods.

As part and parcel of this policy, which is designed to improve the economic situation of farmers, no system has so far been introduced of agricultural supports, based on granting producers direct or indirect subsidies. The policy has been to apply quantitative restrictions or measures of tariff protection.

2. General characteristics and objectives of the national agricultural policy

Accordingly, the action taken has, to an increasingly intensive degree, been directed essentially to the following points:

(a) Technical and commercial assistance;

(b) agricultural credit;

(c) guaranteeing, as far as possible, the level of income earned from the principal agricultural products;

(d) stabilization of shifting cultivation;

(e) protection and recuperation of areas under cultivation.

Technical assistance to agriculture is supplied by the official departments dealing with agriculture, forestry and stock-breeding, backed by specialized bodies for specific sectors, such as: the Institutes for Coffee, Cotton, Cereals, "Technical Brigades", etc., and, on the basis of the work done by scientific research institutions in the Overseas Provinces and in Portugal: Research Institutes, laboratories in provincial departments, Pedology Centre, Coffee Blight Centre, missions engaged in agronomic surveys, etc.

Economic assistance is supplied either by the official bodies controlling domestic and foreign trade, or by farmers' associations in the form of co-operative societies or "gremios" (professional associations). The Government is extremely sympathetic towards, and encourages the formation of, farmers' associations which, in some cases, are already taking responsibility for marketing produce, obtaining special assistance or even distributing credit. Official departments have concentrated their activity mainly on standardizing production, improving marketing services, organizing markets and disposing of produce, all with more particular reference to foreign markets.
Obviously, technical or commercial assistance to agriculture would be inadequate if it did not go hand in hand with a credit policy which can support the producer when he is deciding to introduce the improvements needed for increasing productivity. Since, however, generally speaking, the farmer cannot offer credit institutions the minimum guarantees essential for obtaining the advances he needs, it has been found absolutely necessary either to arrange for such credits to be guaranteed by the State, or to set up official bodies which would specialize in granting such credits. A typical example of the latter kind of body is the "Agricultural Credit Banks" which exist in most of the Overseas Provinces. Preference, however, has been given to the system of letting farmers' associations obtain the credits they need from a bank, with the State standing guarantor.

As regards guaranteeing farmers' earnings, the policy adopted has, of course, been directed to avoiding as far as possible, and as regards the principal products, the fluctuations due to economic changes, while not omitting to bear in mind the need to follow up the variations in the major buying markets. This support policy has, of course, always been harmonized with the need for safeguarding the interests of the consumer by maintaining reasonable selling prices.

Over a long period, and in the case of a number of products, disposal of a particular product has been ensured by fixing quotas that guaranteed purchases at fixed prices. Surplus production was sold outside these quotas at uncontrolled prices. As a result of changes in economic trends it became later unnecessary to operate this system. State intervention has been limited to the sphere of prices so as to avoid excessive fluctuations which might upset the economic situation of producers and consumers. This system does not entail the creation of equalization funds.

3. Special techniques for protection and assistance to agriculture

From the foregoing it will be seen that no recourse is had to any special system of agricultural supports.

4. Repercussions on the national economy and on the trade of other countries

Any improvement in the income earned from agriculture will be reflected by an expansion of the domestic market, which is a basic condition for the speedy and steady development of industrialization and tertiary activities.

Furthermore, the success of the measures in force will obviously entail either an increase in exportable agricultural products, or an expansion of the capacity for satisfying domestic consumption.

Simultaneously, there will be an improvement in the producer's standard of living and, consequently, a natural tendency to increase imports of products which cannot be obtained on the home market.
5. **Important changes of policy introduced recently or contemplated**

The most important changes recently introduced into the agricultural system operative in the Overseas Provinces concern chiefly the regulations governing expansion of the cultivation of a few products, so as to adapt them to new marketing methods and facilitate the grant of agricultural credit.

The direction followed in this case still falls within the general line of the policy applied to developing agriculture as a paying concern. Accordingly, action has been taken to speed up the compilation of a detailed inventory of available resources, to carry out the agricultural surveys now being made in all the provinces as part of the World Agricultural Census, and also to study other aspects of agricultural economy: the totality of the information obtained as a result of all this work will probably make it possible to proceed on a more stable basis with the planning at national level of agricultural reform.

Finally, it should be added that there has always been close co-operation between continental Portugal and the Overseas Provinces in the agricultural sphere. It even goes as far as prohibiting the growing of certain crops in continental Portugal which are regarded as more favourable to the interests of overseas farmers.

The recent decree embodying measures for removing the last obstacles to trade between the various Portuguese territories, the text of which will shortly be communicated to the CONTRACTING PARTIES, situates the problem of effective co-ordination throughout all the Portuguese territories in the framework of the world economic situation.

6. **Possibility of reducing the need for agricultural protection**

As already stated, the protection given to overseas agriculture is based on methods which do not involve the granting of subsidies or the maintenance of artificial prices. The agricultural policy now being practiced is directed to securing, as soon as possible, a gradual reduction of exceptional cases of quantitative supports.

With the exception of these few cases, therefore, the current need for agricultural protection does not in any way affect the aspects which may have a direct bearing on international trade, since they relate more particularly to technical assistance, agricultural credit, the protection, utilization or recuperation of areas under cultivation, or the security of farmers.