STATEMENT BY DR. LUIZ PARRAZO, REPRESENTATIVE OF ARGENTINA, ON 13 NOVEMBER 1963

The statements made by distinguished representatives at yesterday's meeting warrant thorough reflection. At the same time, the Group should not, in our opinion, lose sight of the objectives which inspired the action taken by the Ministers at their meeting last May, and which were embodied in decisions designed to achieve the development and significant expansion of world trade in agricultural products, through the creation of acceptable conditions of access to world markets.

Time and again in different international bodies, it has been recognized that the problems affecting world trade in cereals are fundamentally conditioned by disequilibrium between supply and demand. And we maintain that this disequilibrium derives essentially from the marked increase in production which has occurred in many countries, encouraged by incentive measures of various kinds, among which one may mention high support prices, far above those of the efficient traditional procedures.

We are aware that the level of international prices is an important element to be taken into account in the formulation of international agreements on cereals. But we believe that the fundamental factor to be considered in a programme of trade development such as that envisaged by the Ministers is precisely to arrive at formulas which permit market access without artificial restrictions.

So far as my country is concerned, the failure to respect this fundamental premise has been the cause of the substantial reduction recorded in Argentina's principal producing sectors, on account of direct obstacles and of the decline which international action has caused. Thus, while some found - or thought they were finding - solutions to substantial problems at the domestic level, they were causing serious disturbances at the international level, thus distorting our exports. The result of all this is that for years past our cereals production has continued at a level below its normal volume and below the true possibilities deriving from its productivity and efficiency.

That is why for us, as a country which has not granted and does not now grant subsidies, it would be inconceivable to adopt a common rule which would tend to limit production on the basis of computations made according to present levels or average levels over the past few years. In our judgment, limitation or reduction of production must essentially be in those countries where, for one reason or another, inefficient or marginal productions have developed through subsidies of all kinds, whether direct or indirect.
We recognize that an international commodity agreement necessarily implies a series of rights and obligations for the countries which sign it. But we do not in any way accept that the reciprocity which it implies should mean obligations of the same tenor or intensity for all. If there is to be true reciprocity, account must be taken of what each owes to the other.

This is precisely the point which we consider of the greatest significance in future agreements, if the true objective is the development of world trade. Just as the exporters take on concrete obligations with respect to prices and stocks in order to respect their commitments, so the importers must take on equally concrete responsibilities in all those aspects related to facilities for access to their markets. In this connexion, control of their production would be fundamental in order to avoid the displacement of imports coming from the traditional exporting countries. For that, it will be relevant to tackle not only internal support prices which constitute the essential element in production policies, but also other seemingly secondary factors, or, if you prefer, indirect subsidies to production which contribute to offset high production costs.

My country would have not the slightest objection to submitting a full exposition of its production policy and its internal guaranteed minimum prices to the producer, but we must insist that the greatest contribution should be made by those countries which have artificially increased their production, thus reducing opportunities for access by efficient exporting countries. The examples cited by Mr. Hedges in his statement yesterday are eloquent.

The ideas which I have just expressed are considered as of basic importance for my country in the formulation of any draft of an international agreement on cereals.