GENERAL AGREEMENT ON
TARIFFS AND TRADE

Group on Cereals

SUMMARY ON THE DISCUSSION OF 18-20 MARCH 1964

In the following table the secretariat has attempted to summarize the opinions expressed at the meeting of 18-20 March in the Group, as much as possible on similar points, referring broadly to the main headings:

- Domestic policies and access
- International prices

It should be noted that the table does not sufficiently reflect opinions expressed by representatives in general terms of support to other delegations.
### INTERNATIONAL PRICES

<table>
<thead>
<tr>
<th>Country</th>
<th>The question of international prices is important in the negotiations, but more important are the questions of access and development of trade.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>The price with only a small potential export market might be satisfied with the present international prices. The arrangement should provide exporters more stable prices.</td>
</tr>
<tr>
<td>Australia</td>
<td>The present price level might be disturbed if access to the IWA is not taken into account.</td>
</tr>
<tr>
<td>Canada</td>
<td>The arrangement should envisage the stabilisation of prices at an equitable and remunerative level which would be at the same time satisfactory for the importing countries.</td>
</tr>
<tr>
<td>EEC</td>
<td>A world arrangement should envisage stabilisation of prices at an equitable and remunerative level. National prices could be within a price range under the IWA.</td>
</tr>
<tr>
<td>Japan</td>
<td>The reference price should be set at such a level as to afford incentives to reduce production which would lead to an accumulation of surpluses.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>The reference price should be set at such a level as to provide for stimulation of prices so as to prevent undue short-term fluctuations.</td>
</tr>
<tr>
<td>United States</td>
<td>The best mechanism would seem to be a system providing only a small reference price instead of a price range which would seem highly impracticable.</td>
</tr>
</tbody>
</table>

#### Argentina
- Stabilisation of international prices should be a major element of a world-wide arrangement.

#### Australia
- Stabilisation could appropriately be achieved through the IWA system.
- The range should not be so low that in practice the system would not operate.

#### Canada
- A moderate rise in the price level starting from present international prices would have no effect on support prices, and therefore, no effect on production and consumption.
- Export subsidies on cereals and flour should be progressively reduced and eventually eliminated.

#### EEC
- The EEC would not envisage a price range comparable to the present IWA range but the reference price should be determined at a fixed level allowing for a margin for minor deviations.
- The range should not be set at such a level as to afford incentives to uneconomic production which would lead to an accumulation of surpluses.

#### Japan
- An equitable price range as under the present IWA should be considered.
- Prices should not be artificially raised without taking account of the actual supply and demand situation; this could lead to a decrease in demand and further increases in surpluses.

#### United Kingdom
- The best mechanism would seem to be a system comparable to the present IWA system but suitably strengthened.
- Minimum prices should not be so low that in practice the system would not operate.

#### United States
- A main objective of a world arrangement should be stabilisation of world grain prices within an equitable range.
- Prices should not be artificially raised without taking account of the actual supply and demand situation; this could lead to a decrease in demand and further increases in surpluses.

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Argentina is satisfied with the present level of international prices, which allow export without subsidies, but the possibility of a slight increase from the present level might be explored. Positive effects of higher prices on potential export markets should be taken into account.

- Minimum prices should not be so low that in practice the system would not operate.

- A moderate rise in the price level starting from present international prices would have no effect on support prices, and therefore, no effect on production and consumption.

- Export subsidies on cereals and flour should be progressively reduced and eventually eliminated.
ARGENTINA

It is necessary to set new, more precisely, the price differentials for the main qualities of wheat and coarse grains. Negotiations should cover all aspects of domestic policies.

A precise determination of price differentials for the various qualities of wheat and coarse grains is essential. A system like the one applied under previous international wheat agreements, under which exporters undertook certain buying commitments at the minimum price, should be considered.

Price differentials by grades and qualities of various cereals need to be established. The general direction of the negotiations should be a development and expansion of trade; the aim should be directed to effectively reducing incentives to excessive production.

The United Kingdom is prepared to make any necessary adjustments if it should be found that the levels of the minimum import prices are leading to an unexpected appreciable distortion in the established pattern of trade.

DOMESTIC POLICIES AND ACCESS

The undertaking by exporters to observe the price range should be related to certain assurances of access such as an agreed proportion of cereals consumption in importing countries.

The reference price is necessary for determining the support margin, but not to be linked with access commitments; access is to be provided by a reasonable level of domestic support prices.

The United Kingdom would accept the importance of satisfactory provisions on access and recognize that to the extent that domestic policies encourage production this is an important factor as far as access is concerned.

The United States would be prepared to consider undertakings to supply agreed proportions of member countries' cereals consumption within the range.

For the main qualities of wheat and kinds of coarse grains price differentials should be established. Under the new British system, minimum prices have been precisely specified.

The right way of approach would seem to be to reach agreement on certain objectives which would provide a reasonable balance between the importers and exporters interests. Having reached a definition on such objectives, the means to achieve the objectives might well differ from country to country.

The United Kingdom would be prepared to undertake certain commitments on a basis of reciprocality. The British system would be prepared to consider commitments on domestic policies, but the fact that not all trade barriers in agriculture can be removed should be reconciled with the trade objectives laid down by the Ministers. Direct action by measures to limit production and prices are leading to an agreement should be brought into the negotiations.

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<td>The arrangement should be effective in as far as an expansion of the market is concerned. Access commitments should be based on total consumption instead of on imports.</td>
<td>Under the shelter of domestic support measures, technical improvements might be developed which eventually result in diminishing trade opportunities. Conditions of access, therefore, need to be precise and predictable; they need to be such as not inhibiting development of trade.</td>
<td>Canada would expect from importers precise assurances on access and provision to participate in any future growth in the market. As a counterpart of exporter's undertakings to provide regular supplies, the terms of access should be meaningful and predictable.</td>
<td>The EEC is in full process of development and transformation; it is therefore not in a position to undertake access commitments in quantitative terms.</td>
<td>If these objectives are not achieved, and if the total volume of cereal imports is not maintained at a level not appreciably less than the average level in a recent representative base period, the United Kingdom would after consultation take promptly such corrective action as is necessary to secure this objective.</td>
<td>Importing countries should maintain imports at least equal to the average levels of a recent representative period adjusted for growth proportionate to the increase in their total grain consumption. To this end importing countries should agree to arrange their domestic policies so that there is a reasonable expectation of achieving an access objective. The importing countries should agree to take prompt and effective remedial action if imports are not maintained at the agreed levels.</td>
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