Discussions in the Group in the period 17 March to 3 April have significantly clarified the positions of member governments on each of the "Elements" which, it had been agreed earlier, should be taken into account in an international grains arrangement and have revealed certain areas of possible agreement.

It is the considered view of the exporting countries, however, that further progress in the negotiation as a whole is dependent upon a narrowing of the basic differences which appear to exist in respect to the ways and means of giving effect to the objective set out in the Ministerial Resolution of May 1963 "to create acceptable conditions of access to world markets for cereals in furtherance of a significant development and expansion of world trade in cereals". Fulfilment of the objective will involve a satisfactory outcome to negotiations on all the elements previously agreed upon all of which are, of course, closely interrelated. But the fundamental issues are those concerning questions of domestic policies and assurances of access opportunities.

The position of exporters in respect to these vital questions can be stated clearly and simply:

(a) All contracting parties would undertake to so arrange their domestic cereals policies as to achieve the objectives established by GATT Ministers. The agreement itself and the obligations undertaken thereunder should represent GATT commitments and have the same validity and continuity as tariff bindings.
(b) Cereals importing countries would so set their prices and otherwise conduct their domestic cereals policies as to assure cereals exporting countries as a whole the opportunity to compete for at least their present share of importers' consumption. This would require cereals importers to maintain their cereals imports at levels at least equal to those of a recent representative period and provide exporting countries as a whole with the opportunity to share proportionately in any growth in consumption in importing countries.

(c) To this end, the levels of producer prices for grain should be established and bound at levels which will effectively reduce the incentive for uneconomic production.

(d) The mere binding of margins of support as suggested by the EEC will not achieve the objectives established by the GATT Ministers. It is essential that the bindings be at levels which are consistent with these objectives. While the means used to attain these objectives may take the form in some countries of reducing and binding domestic prices and income supports, in other cases, negotiation of reductions and bindings of tariffs and other border controls may suffice. In still other cases, the measures that might be employed to carry out the access objectives may include the limitation of guaranteed returns to producers to specified quantities.

(e) Whatever methods are employed, must be effective in achieving objectives established by GATT Ministers. To this end, importing countries would therefore not only undertake to arrange their domestic cereals policies so as to meet the objectives of the arrangement but would also commit themselves to take prompt and effective remedial action in the event the objectives were not realized. The nature of the remedial action would be at the discretion of the importing country.

(f) The exporters, on their part, are prepared to negotiate similar limitations on their domestic cereals policies to the extent required to carry out the broader objectives of the arrangement including a more economic balance between world supply and demand. Specifically, they are willing to commit themselves to adjust as required their production and stocking policies, and to follow marketing practices that assure importers a regular supply of cereals at equitable and stable prices. To this end, exporters are willing to undertake to supply importers' requirements within a specified price range.

All parties should agree to progressively reduce export subsidies.