GENERAL AGREEMENT ON
TARIFFS AND TRADE

Group on Cereals

AUSTRALIAN STATEMENT - ITEM 2

The Australian delegation feels that the procedures used in Item 1 whereby each delegation has submitted a paper on its own pricing situation has worked well.

We suggest, therefore, that a similar procedure might usefully be adopted for Item 2.

The paper headed "Areas of Joint Study" asks us to look at "Factual Data Projections and Exchange of Information....".

We believe it would be most useful if all participants could put in papers which while not identical for obvious reasons, would have a common objective and bear on the same fundamental problems.

As far as factual data and exchange of information is concerned, we would consider that tables for each country showing:

- production,
- consumption,
- exports (where applicable),
- imports (where applicable), and
- carry-over stocks over a reasonable length of time

should be submitted. In addition, there should be long-term data on the areas sown to each major grain, and the yield of each major grain.

For consistency, we would suggest that the basic units should be metric tons and hectares in respect of area, and that the yield should be shown in terms of metric tons per hectare. Countries would, of course, also submit other factual data which they regard as relevant, e.g. the United States' approach on stocks, but the data described above, we believe, must be common to all countries.

As far as time is concerned, Australia would propose to go back about thirty years: this to show a full cycle of Australian wheat acreage. Other countries could perhaps take a similar period.

Facts, unfortunately, do not always speak for themselves. Countries would need to support these tables with descriptive material bearing on the trends shown by the basic data.
They might identify the elements which in their own grain economies are most important in relation to production trends, etc. For example, in Australia's case this would include over that thirty-year period:

- new land development,
- price of alternative products,
- weather,
- technology,
- markets, including the development of new markets.

We would expect importing countries to comment on factors bearing on the levels of their imports over the years. These, of course, may be factors other than production, i.e., consumption trends as they are affected by population, living standards, etc.

So much for the basic historical information. But the terms of reference ask us to go further than this. They require that each participant should be able to form an opinion on the effects on:

- production,
- marketing, and
- market access

of commitments offered by the countries participating in the current negotiations.

This takes us obviously into the future, and we enter a realm of forecasting, if not speculation. Nonetheless, we would expect each of the participating countries to make the attempt.

For example, Australia has submitted a paper to the Group in which, as an exporter, it has requested high prices for its exports to be managed through a system of minimum import prices; has offered to trade within a price range; has offered to make supplies to importers within that price range; and has undertaken to align its production with available outlets, both commercial and non-commercial. We have made certain proposals with regard to the latter.

Australia is prepared to discuss the meaning of its offer in terms of effects on production and marketings. Access in Australia's case is, of course, irrelevant.

Of course, we recognize that there are certain elements bearing on production which are independent of the offers and commitments outlined above - weather is one such element.
So what we would propose to do on the Australian side is to explain to the members of the Group all the factors which bear on the likely level of grain production in Australia and to make the best attempt we can to form an assessment of all those factors in relation to Australia's future grain potential, say in the next ten years. We would expect that other exporters might make the same attempt in relation to their own circumstances, having regard to the particular offers, requests and commitments that each has put forward.

With regard to importers, the emphasis necessarily must be a little different. The Group is still much interested in production and marketings but the critical element is access.

For the EEC, for example, the Group have before it an offer in which an essential element is the binding of the Montant de Soutien. Australia would expect the EEC to provide the same historical data we have indicated back at the beginning of our outline, but in addition we would like to know from them what their offer means as far as they can assess it in terms of future:

- production,
- marketings, and
- access.

We would expect this, as with the case of the exporters, to be expressed in quantitative terms and to cover a period of (say) ten years ahead.

It would, of course, be helpful if we could indicate the rate of increase (if it is an increase) or decrease (if it is a decrease), expected in the intervening period.

Take the United Kingdom. One element in the United Kingdom offer is the undertaking to maintain a reasonable balance between domestic supply and imports, i.e., a continuation in effect of their present system. We would like to have from the United Kingdom forecasts for the ten-year period of the likely results of their policy. As for other countries, their best assessment of the effect of this offer in quantitative terms over (say) the next ten years, would also be appreciated.

For the other two importers, Japan and Switzerland, we would look for a similar assessment, again related to their offers.

You will note that at no stage am I suggesting that this meeting should attempt to judge the acceptability of the offers. None of the above implies that the offers and commitments are necessarily acceptable to the other participants. The exercise, as we see it, is to help participants to get into a position to form a better view of the acceptability or otherwise of the offers made by their negotiating partners.
We realize that what we are asking is not easy and that the degree of difficulty varies from one country to another. However, we believe equally that given goodwill on the part of the participants a most useful job can be done.

What we are saying is that each country best knows its own market and its own production and therefore best knows what its own offer means in terms of quantities to be produced and marketed and imported. We suggest that each country should be given the opportunity to express the implications of that offer in the way in which it thinks it can best be expressed.

After all, before meaningful negotiations can be undertaken each country must form its own assessment of the offers made by its partners. The sooner we get on with the job of reducing these offers to as factual a basis as possible the more useful the negotiating phase will be and the more realistic the negotiations themselves.

To sum up, we suggest that under Item 2 each country prepare a paper showing for each major grain:

1. Historical statistics for production, consumption, exports, imports, stocks, area sown and harvested and yield over the past (say) thirty years using metric tons and hectares as the basic units.

2. Comments and description on the trends and developments shown by the historical data.

3. Projections of these data over the next ten years.