Agriculture Committee

Statement Made by the Canadian Delegate on 29 October 1968

My delegation, without going into details, would support proposals for the problem-by-problem approach rather than the sector-by-sector or commodity-by-commodity approach, fully recognizing the close interrelationship between them. We have in our perspective both a medium-term and a short-term preoccupation. In the medium term, being optimists, we assume that the end result of our exercise would be a real and effective solution to the problems of trade in agriculture through international negotiations of some form or another. In this context, in our view, a fundamental feature will relate to problems affecting trade in agriculture going beyond measures taken at the frontier. Accordingly, in order to lay the basis for future discussions, and hopefully success to our work, we think it important at this stage to begin to define, establish and keep up to date figures on support margins and self-sufficiency ratios for major products for each country concerned. This we can do by drawing very substantially from the documentation already provided.

With respect to the short-term problem which I have mentioned, the problems of export pricing present very real and very pressing problems. They cover inter alia problems arising out of export subsidies, concessional sales, surplus disposal practices. In our view these are leading to a disruptive situation and they are becoming more widespread both geographically and with respect to the whole range of trade in agricultural products. In Canada, we have been faced with increasing pressures on our own market from unfairly priced imports. Our domestic producers are pressing strongly for highly restrictive action at the frontier to insulate the Canadian market from such unfair pricing practices. We are similarly under pressure in third markets, and our producers are urging us to match the export subsidies and unfair pricing practices in order to maintain our position in those markets. In this kind of a situation, our view is that it is incumbent upon us to seek to come to grips quickly with this disruptive situation. In this context, we have in mind the desirability of establishing fairly quickly some form of permanent machinery designed to elaborate more precisely rules relating to export pricing practices and to seek remedies to ad hoc urgent problems on agricultural export pricing. This group should be assigned the task of ensuring the adequacy of information available on subsidies and other export pricing practices through the regular notification, already provided under Article XVI of GATT; of maintaining this information up to date; and, of seeking supplementary information as it would appear to be required. The group would have as a second task the formulation of definitions and principles with respect to subsidies. We have in mind a working definition for the purposes both of considering the adequacy of Article XVI and for the group in "conducting its own work programme". It would in addition have the responsibility of establishing criteria for measuring equitable shares of markets, as envisaged under Article XVI, paragraph 3.
As a third general task, we would envisage that this group could be assigned responsibility for elaborating rules to limit subsidization. We recognize that there are certain limits to which we could go, at least at this stage, but we believe it should be possible to consider limits covering, for example, overall cost ceilings of export assistance, or cost ceilings for individual products or product groups; a maximum cost per unit of subsidization for particular products; establishment of a fair relationship between the price of the primary product and the processed product and the establishment of minimum prices on international markets. We recognize that at the early stage such a group would be limiting its activity to formulating recommendations without legal binding, but we would hope that it might be possible in due course to incorporate formal rules with respect possibly to standstills on export subsidies for agricultural products, possibly rollbacks from present levels of subsidization, or even, hopefully, the elimination of export subsidies on agricultural products. We may conclude that Article XVI of the GATT needs strengthening through amendment.

The fourth general task we would envisage for this group would be the establishment of consultation procedures with respect to subsidization. We have in mind that the group could consider the establishment of permanent consultative procedures designed to ensure that countries report subsidized transactions and consult with third countries whose commercial interests may be affected.

As a further area of work, we have in mind that the group could examine specific cases that may be referred to it by individual contracting parties. The function would be to establish the facts of the case, to analyze these facts in the light of the principles which we suggest might be worked out, including the concept of fair shares of markets and to consult with the contracting parties principally concerned with a view to arriving at mutually satisfactory solutions.

We recognize that the many problems affecting trade in agriculture are interrelated. We do feel, however, that the urgent problems arising in the area of export pricing deserve immediate consideration in view of the increasing dangers from disruptive pricing practices in world markets for agricultural products.