WORKING GROUP I - MEASURES WHICH AFFECT EXPORTS

Main Points Raised in Discussion on 6 April 1970

1. One delegation proposed:
   (a) that countries consider accepting the objective of the elimination of all governmental aids to exports;
   (b) that each country should examine its agricultural policy to see whether this can be organized in such a way as to permit the elimination of governmental aids to exports; and
   (c) that detailed consideration should be given to the method by which this objective could be achieved. Governmental aids would, for example, have to be defined. It might be necessary to draw up a list of measures which would be banned and another list of measures which would be kept under surveillance to see if their effects were such that they should also be banned.

2. Another delegation expressed the view that export aid measures were not an end in themselves but the outcome of each country's domestic agricultural policies with which they were closely linked. The basic aim of these policies and therefore of export measures was the maintenance of producer incomes at a certain level. Aids to exports were harmful if the world market of the product concerned was in a state of oversupply; where it was in balance, export aids could, by lowering prices, lead to additional effective demand. This delegation suggested that solutions should be sought in the light of the state of the market, and that a distinction should be drawn between solutions:
   (a) that did not involve a change in existing legislation or policies; and
   (b) those that did involve such changes.
The first category included solutions based on price discipline, on harmonization of export aid measures and on strengthened international co-operation. The existing regulations permitted their authorities to act in this area – as was shown in the case of wheat and dairy products – and their authorities were ready to examine the possibility of assuming price discipline immediately for all products where the market situation proved this necessary. Solutions in the second category, due to the large number of elements of agricultural price and production policies involved, required the search for a common negotiating basis and a negotiating method which would allow all countries to participate meaningfully. Such a basis was particularly necessary in the case of countries where export aids formed an inseparable constituent of an overall agricultural policy, and could consist in a self-sufficiency ratio or any other criteria to be agreed upon. Solutions in this category would naturally be longer to negotiate than those in the first.

3. Some delegations said that they could accept without hesitation the objective suggested in paragraph 1 but that consideration should also be given to solutions which could provide a substantial amelioration in the situation since it was clear from what had been said that the total elimination of export aids might not be achieved within a reasonable span of time. These delegations therefore suggested that consideration should be given to the suggestions for the limitation of export aids made in the Annex to COM.AG/11. These were:

   (a) limits covering, for example, overall cost ceilings of export assistance, or cost ceilings for individual products or product groups;

   (b) a maximum cost per unit of subsidization for particular products;

   (c) the establishment of a fair relationship between the price of the primary product and the processed product, and

   (d) the establishment of minimum prices on international markets.
4. One of these delegations said that there was no inconsistency in seeking action on governmental aids as such, either across the board by means of the objective proposed in paragraph 1 or on particular products, and simultaneously looking for more radical solutions based on supply management. The effect of export aids on other countries, especially those which could not afford to grant export aids, should also be considered. There was perhaps need to define more precisely the concept of the equitable share of world markets contained in Article XVI, although the best solution would be the application of paragraph 4 of the Article to primary products. This delegation also proposed that an obligation might be introduced not to grant export subsidies which result in prices lower than those practised by countries which did not grant subsidies.

5. The delegation referred to in paragraph 1 above said that solutions which fell short of total abolition of export aids were useless because they either left the relationship between the prices of different exporting countries the same, in which case they achieved nothing, or they altered this relationship, in which case they created an unfair advantage. This delegation, referring to the distinction made in paragraph 2, pointed out that a solution which did not involve a change in existing legislation for one country might involve such a change in another, and that this was not a theoretical problem only.

6. Some delegations stated that as export aids were closely linked with other elements of agricultural policies, they could not be dealt with in isolation without taking these other elements into account.

7. Some delegations, expressing support for the aim of an early elimination of aids to exports, stated that priority consideration should be given to products of export interest to developing countries.

8. Certain delegations pointed out that their countries were major agricultural importers with only small exports which were not directly aided. They stated that while their interest in the matters under discussion was thus marginal, they were nevertheless ready to consider the various proposals on their respective merits.