NEGOTIATING GROUP ON AGRICULTURE: TREATMENT OF
SUBSTITUTION POLICIES FOR ILLICIT CROPS

Proposal by Peru

The following proposal has been forwarded by the Permanent Mission of Peru for circulation to participants in the agriculture negotiations.

Introduction

1. The international drug traffic is directly linked to the existence and development of illegal crops. In the case of Peru, as in other neighbouring countries, cultivation of the coca leaf forms the basis of the international cocaine traffic.

2. The farmers who grow illegal products constitute a very poor social class that is economically different from that of the drug traffickers, in view of their dependence on a subsistence economy and the lack of opportunity to engage in any other legal agricultural activity.

3. It is therefore essential to enable farmers in areas where illegal crops (coca) are produced to engage in economically viable alternative activities through the eradication of those illicit crops and their replacement by alternative crops.

4. The development of these alternatives to illegal crops calls for a programme of international co-operation and a framework of specific rules in the context of international agricultural trade in order to offset the social and economic costs stemming from the crop substitution, in such a way as to create internal and external conditions that are economically and commercially profitable for farmers, so that it becomes feasible to introduce and develop other products, such as tropical and sub-tropical ones.

GATT SECRETARIAT
UR-91-0159
5. The assumption of a Uruguay Round commitment on international co-operation and the drafting of international rules with regard to the treatment of illicit-crop substitution would be of benefit both for the developing countries where the illegal crops originate and especially for the developed countries affected by the drug traffic, since it would limit, from the supply end, the flow of drugs to the major consumption centres.

State of the negotiations

6. In the Uruguay Round negotiations on agriculture there is a growing awareness of the situation of narcotic agricultural products: if these were left to the free play of supply and demand, the consequences of the agricultural reform process that is being shaped in the Uruguay Round would be extremely damaging.

7. In the document on options prepared by the Chairman (MTN.GNG/AG/W/1/Add.6, paragraph 1(a)), in the context of special and differential treatment for developing countries, domestic support for producers is considered exempt from the reduction commitments (and hence similar to those available under the "green box") when it is designed to encourage diversification from the growing of illicit narcotic crops. Since this is stated in the same sentence referring to investment subsidies which are generally available to agriculture in developing countries, the link thus established is hardly fortunate.

8. Apart from this reference, there is no provision for special treatment for the substitution of illicit crops. In other words, this situation is not considered from the standpoint of other negotiating areas such as export subsidies and market access.

Proposal

9. Comprehensive global treatment should be given to illicit crop substitution policies in the three agricultural negotiating areas: domestic support, market access and protection at the border (export subsidies).

10. This global treatment should provide for the following:

A. Exemption from the commitments on reduction of domestic support and border protection for policies aimed at encouraging illicit-crop substitution.

B. Granting of special priority as regards better market access for products that are substitutes of illicit crops or other products that can put an end to dependence on such crops.

C. These measures will be temporary, while the trade in the substitute crops becomes established, and for a period not less than that provided for the duration of the agricultural reform programme established by the Uruguay Round.