

PROPOSAL OF CAIRNS GROUP FARM LEADERS TO THE NEXT WORLD TRADE ORGANIZATION (WTO) ROUND OF NEGOTIATIONS ON AGRICULTURE

Buenos Aires, Argentina
28 August 1999

1. INTRODUCTION

1.1 Farmer representatives of the Cairns Group, constituted by countries which do not subsidize their exports and for whom the trade of agricultural commodities is of utmost importance to their economies, gathered in the city of Buenos Aires, Argentina, urge World Trade Organization member countries to continue negotiations on agricultural issues in order to strengthen the progress made towards trade liberalization of agricultural products, through a rules based system.

2. Since its incorporation in 1986, the Cairns Group has set as its goal to have the agricultural sector included in the GATT round of negotiations in order to make progress towards more fair and equitable agricultural trade.
3. Commitments for subsidy reductions provided for in the Agreement on Agriculture by the WTO have left a broad margin for subsidizing countries to resort to practices which have allowed them to increase their share in international markets to the detriment of more efficient producers. Therefore, it is imperative to make progress in the elimination of these unfair practices by establishing rules which shall put all stakeholders in international trade on an equal footing.
4. The revival of protectionism created by the abuse of the WTO principles subverts the progress gained by the liberalization of international trade, raise alarm and concern, as well as serious doubts on the effectiveness of the measures provided for in the Agreement on Agriculture.
5. In preparing for a meaningful outcome from this new round it is fundamental to have interaction between the government and the private sector. The more intense and consistent this consultation is the greater shall be the chances of success.

1. CAIRNS GROUP FACED WITH THE NEW ROUND

2.1 The Agreement on Agriculture which replaced quantitative restrictions and similar measures with tariffs is a step forward in the liberalization of agricultural trade by implementing disciplines in issues such as market access, export subsidies and domestic support. Nevertheless, there still exist profound distortions which need to be addressed immediately.

2. Average tariff levels for agricultural products are lower following the Uruguay Round but some are still disproportionately high.

In the spirit of increasing and improving market access farm leaders propose the following:

- As a first priority the Uruguay Round 5% minimum access provisions must be fully implemented. This 5% clean minimum access on a product by product basis must be an immediate goal prior to preparation for the expansion of minimum access.
- Countries must administer Tariff Rate Quotas to ensure that the intended level

of in-quota access is achievable. It is especially important to ensure improved market access for developing countries.

- All minimum entry price components in tariffs must be eliminated.
- In order to ensure that primary and processed products receive equal treatment tariff escalation must be eliminated.
- We demand the prompt elimination of special agricultural safeguards in favor of the WTO system of general safeguards.

3. Export subsidization is undoubtedly the most condemnable international trade practice. Cairns Group Farm Leaders regard export subsidies, subsidized export loans and subsidized loan guarantees to be unfair practices. Cairns Group Farm leaders urge the Ministers to pursue the immediate and complete elimination of these practices.

Clear criteria with regards to food aid is required, so that it shall not become a mechanism to avoid commitments aimed at the reduction or elimination of export subsidies.

4. Domestic support policies far from receding, pursuant to that provided for in the Uruguay Round, are significantly compromising the market of many products. There must be greater discipline governing domestic support including the imposition of a cap on total domestic support programs with appropriate differential treatment for developing countries.

Therefore, Cairns Group farm leaders propose to initially restrain "amber box" expenditures through significant continuous product by product reductions of the amber box spending limits.

The domestic support priority should be to resolve problems arising from the existing WTO Agreement on Agriculture. Green Box criteria for measures not subject to reduction should be reviewed to ensure that only non-trade distorting programs are included on the green box. Once a program has met the newly defined green criteria, it would be permanently exempt from countervailing action.

The "blue box" measures must be eliminated.

5. The peace clause should expire as already agreed.
6. Environmental and labor issues should be discussed in other fora and on the basis of the UN Agreements on the Environment and ILO regulations.
7. Cairns Group farm leaders are concerned that the concept of multifunctionality may create new opportunities to expand trade distorting domestic support programs. Support measures related to multifunctionality must be transparent and comply with green box criteria and be included in that box.
8. With regard to trade and technology in agriculture, it is important to allow producers to have free access to innovation.
9. The SPS Agreement should not be open to review in the forthcoming WTO negotiation.

The Cairns Group farm leaders are concerned that sanitary and phytosanitary standards and technical regulations are becoming a preferential instrument for restricting trade.

The core issue is to achieve effective compliance with the SPS Agreement.

10. Trade in genetically modified foods is covered by the existing SPS Agreement. We note that trade in some genetically modified foods is being blocked without due regard to the SPS Agreement.

We urge our trade ministers to immediately address this problem.

2. CONCLUSIONS

1. Farm leaders in the Cairns Group countries called for the negotiations in Seattle to start on time and to be structured in such a way that other sectors do not leap-frog the difficult area of agriculture. Farmers believe that agriculture must not be traded off against any other sectors.
2. Finally, the Cairns Group farm leaders demand that Agricultural Trade reform leads to more open, transparent and non-subsidized systems. We urge the Ministers present at the 3rd. Conference of Ministers to develop the basis for a negotiation mandate in order to propose an agricultural agenda which must be concluded in less than three years giving priority to rules based liberalization of trade of agricultural products and foodstuffs.

Signed by the leaders, or their representatives, of the following organizations:

Argentina

Sociedad Rural Argentina

New Zealand

Federated Farmers of NZ

Australia

National Farmers' Federation

Paraguay

Asociación Rural del Paraguay

Brazil

Confederacion Nacional da Agricultura

South Africa

South African Agricultural Union

Canada

Canadian Federation of Agriculture

Uruguay

Asociación Rural del Uruguay

Chile

Sociedad Nacional de Agricultura