

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Communication from Australia

The following communication, dated 23 March 1999, has been received from the Permanent Mission of Australia.

The following is a proposal for consideration in the second phase of the preparatory process which sets out Cairns Group objectives for the mandated agriculture negotiations:

1. The Cairns Group of agricultural fair traders reaffirms its commitment to achieving a fair and market-oriented agricultural trading system as sought by the Agreement on Agriculture. To this end the Cairns Group is united in its resolve to ensure that the next WTO agriculture negotiations achieve fundamental reform which will put trade in agricultural goods on the same basis as trade in other goods. All trade distorting subsidies must be eliminated and market access must be substantially improved so that agricultural trade can proceed on the basis of market forces.
2. The Uruguay Round provided a rules-based framework for agricultural trade and took an important first step in reducing agricultural support and protection. Levels of support in OECD countries, however, remain at very high levels, with US\$280 billion in total transfers to agriculture in 1997. Also, for many products major impediments continue to constrain market access opportunities. The negotiations, to commence in 1999, must deliver major improvements to the rules, the elimination of subsidies that distort prices, production and trade, and substantial cuts to protection levels.
3. Completing the task of liberalizing agricultural trade will bring important benefits in terms of economic growth, improved welfare, food security and sustainable development.
4. Food security will be enhanced through more diversified and reliable sources of supply, as more farmers, including poorer farmers in developing countries, are able to respond to market forces and new income generating opportunities, without the burden of competition from heavily subsidized products. Export restrictions must not be allowed to disrupt the supply of food to world markets, in particular to net-food importing countries.
5. In many cases agricultural subsidies and access restrictions have stimulated farm practices that are harmful to the environment. Reform of these policies can contribute to the development of environmentally sustainable agriculture.
6. The principle of special and differential treatment for developing countries, including least-developed countries and small states, must also remain an integral part of the next WTO agriculture negotiations. The framework for liberalization must continue to support the economic development needs, including technical assistance requirements, of these WTO Members.

7. As preparations for the agriculture negotiations intensify, the Cairns Group will push for a comprehensive framework which addresses all areas affecting agricultural trade. A central part of this will be further, far reaching, and specific commitments in each of the three reform areas.

Export Subsidies

8. There is no justification for maintaining export subsidies. It is essential that the 1999 negotiations ensure the early, total elimination and prohibition of all forms of these distortive and inequitable policies. There must be clear rules to prevent all forms of circumvention of export subsidy commitments. Also agricultural export credits must be brought under effective international discipline with a view to ending government subsidization of such credits.

Market Access

9. Access opportunities for agricultural products should be on the same conditions as those applying to other goods and should be commercially viable. Tariffs must be the only form of protection, tariff escalation must be removed and tariff peaks curtailed. The 1999 negotiations must result in deep cuts to all tariffs, tariff peaks and tariff escalation. They must provide a major expansion of market access opportunities for agricultural products, including value-added products. The removal of non-tariff barriers must be completed without exception. Trade volumes under tariff rate quotas must be increased substantially. The administration of tariff rate quotas must not diminish the size and value of market access opportunities, particularly in products of special interest to developing countries.

Domestic Support

10. Overall levels of domestic support for agriculture remain far in excess of subsidies available to other industries. The 1999 negotiations must result in major reductions in domestic support for all agricultural products. All trade distorting domestic subsidies must be eliminated with only non-distorting forms of support permitted. Close attention will be paid to compensation for the shift away from price support and the Cairns Group will work to ensure that income aids or other domestic support measures are targeted, transparent and fully decoupled so that they do not distort production and trade.

11. The WTO agriculture negotiations are mandated to begin before the end of 1999. The Cairns Group will work to ensure that the necessary preparations have been undertaken so that the negotiations begin on time, and are completed as soon as possible. The reform process must continue unabated and the outcome must put trade in agricultural goods on an equal footing with trade in other goods.
