

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

Negotiations on Agriculture

Export Subsidies

Communication from Australia

The following communication, dated 9 April 1999, has been received from the Permanent Mission of Australia.

1. Australia submitted the Cairns Group Vision Statement in WT/GC/W/156 which sets out the Group's objectives for the agriculture negotiations. The following specific proposal is consistent with that Statement and is presented for consideration in the preparatory process.

2. Proposal:

2. That, as part of the agriculture negotiations, Members agree to the immediate elimination and prohibition of all forms of export subsidies.

3. Background:

3. Export subsidies cause severe distortions and disruptions in international agriculture trade. In contrast, industrial goods are not permitted to be exported with the assistance of export subsidies.

4. The Uruguay Round placed limits on the export volume and budgetary expenditure on export subsidies in the agriculture sector. However, only 25 of the 134 current Members have export subsidy reduction commitments – and only 14 Members are using export subsidies. Developed countries account for 90% of export subsidy commitments.

5. Eliminating entirely the use of all forms of export subsidies is required in order to meet the objectives of establishing a fair and market-oriented agriculture trading system by correcting and preventing distortions in world agriculture markets. Agricultural export credits must be brought under effective international discipline with a view to ending government subsidization of such credits. In addition, a clear approach is needed to prevent circumvention of export subsidy commitments. These outcomes are consistent with the objective of putting trade in agricultural goods on the same basis as trade in other goods.