

**PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE**

State Trading Enterprises

*Communication from MERCOSUL  
(Argentina, Brazil, Paraguay and Uruguay)*

The following communication, dated 22 September 1999, has been received from the Permanent Mission of Brazil.

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**Proposal**

1. That, as part of the agricultural negotiations, Members agree to discipline the activities of governmental and non-governmental enterprises and marketing boards which benefit from monopoly import/export rights, with a view to avoiding distorting effects on the market.

**Background**

2. Transparency in the activities of governmental and non-governmental enterprises which benefit from monopoly import/export rights has been questioned in WTO. Given their monopolistic nature, these enterprises control a significant part of trade and/or production of certain agricultural products, being thus in a position to influence the market in favor of its commercial interests. Although enterprises of this nature can be found in both industrial and agricultural sectors, their largest concentration and the most important ones act in the agricultural market. It is a cause for concern that under the pretext that some form of agricultural production and trading management is needed, monopolistic enterprises interfere in the free operation of the market, in ways which are contrary to WTO rules and disciplines.

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