

WHILE WELCOMING COMMITMENTS TO NEGOTIATE REFORM OF AGRICULTURAL TRADE, MINISTERS NOTED THAT THERE WERE NEVERTHELESS DISTURBING SIGNS THAT FURTHER TRADE DISTORTING MEASURES WERE BEING CONTEMPLATED IN CERTAIN MAJOR TRADING COUNTRIES.

FOR EXAMPLE, WHILE THERE HAVE BEEN POSITIVE SIGNS OF PRICE SUPPORT RESTRAINT IN THE EC WHICH ARE TO BE COMMENDED, MINISTERS EXPRESSED SERIOUS CONCERN OVER PROPOSALS BY THE EUROPEAN COMMISSION TO INTRODUCE A CONSUMER TAX ON VEGETABLE AND MARINE OILS AND FATS. THE MINISTERS WERE OF THE VIEW THAT SUCH A MEASURE WOULD BE INCONSISTENT WITH THE COMMITMENT TO A STANDSTILL WHICH WAS ADOPTED AT PUNTA DEL ESTE. THEY AFFIRMED THAT IT WOULD ADVERSELY AFFECT THE TRADE OF SEVERAL FAIR TRADING COUNTRIES AND WOULD RISK A SERIOUS AND DESTABILIZING TRADE DISPUTE.

IN THE UNITED STATES, MINISTERS NOTED, THE SITUATION POTENTIALLY IS EVEN MORE SERIOUS. DESPITE EFFORTS BY THE ADMINISTRATION DESIGNED TO SUBSTANTIALLY CUT NET EXPENDITURE ON AGRICULTURE, PROTECTIONIST TRADE LEGISLATION CURRENTLY BEFORE THE CONGRESS COULD, IF PASSED, DAMAGE INNOCENT TRADING PARTNERS, BREACH USA GATT OBLIGATIONS AND SEVERELY IMPACT UPON THE INTERNATIONAL CLIMATE FOR REFORM.

NOTABLE AMONGST THESE PROPOSED MEASURES IS THE EXTENSION OF AND INCREASED FUNDING FOR THE EXPORT ENHANCEMENT PROGRAM WHICH HAS ALREADY SO ADVERSELY AFFECTED WORLD GRAIN PRICES.