

from North America.<sup>9</sup> And --in sharp contrast to current NAFTA members-- the Chilean government gives no subsidies to agriculture that cannot be justified strictly in economic terms.<sup>10</sup>

The United States currently has significant agricultural import quotas, and has obtained waivers from the GATT for them every year since the 1950s; it also has marketing orders which pose severe restrictions to imports during the U.S. production season. Mexico, on the other hand, has a government agency (CONASUPO) which used to intervene in farm production, food processing and retail sales. Canada, in turn, has maintained a sophisticated supply management system for agricultural products such as dairy, poultry and eggs. Thus, agriculture remains highly protected in all three countries.

GATT's Uruguay Round is a significant step in the opening of the agricultural sector on a multilateral basis. It establishes a gradual liberalization process in the sector over 6 years for industrial countries and 10 years for developing nations. This includes a commitment to eliminate virtually all non-tariff barriers, converting these into tariffs. In addition, tariffs are to be reduced by 36% over 6 years (from a 1986-88 base). Export subsidies will be scaled down by 36% in value and 21% in volume over the implementation period. And domestic support programs will be cut by 20%.

The above provisions certainly support NAFTA's liberalization program. And Chile already complies with most of them (it has no non-tariff barriers, no export subsidies and no domestic support programs). One should not get the idea, however, that free world trade will prevail in agriculture. Even after full implementation of the Uruguay Round's agreements, this sector will remain the most

---

<sup>9</sup> In case of Chile's accession to NAFTA, any remaining disagreements in this matter are likely to be resolved through the Committee on Sanitary and Phytosanitary measures.

<sup>10</sup> There is a subsidy to successful irrigation projects that can help recover infertile lands.