

products negotiations would continue during the MTN with the objective of identifying further concessions on tropical products of interest to developing countries. The results of both the preliminary package or of the further concessions will form an integral part of the overall results of the Uruguay Round at its conclusion.

B) AGRICULTURE (Negotiating Group 5)

Agriculture was the most contentious issue at Montreal and remains the issue with the greatest potential to seriously threaten the overall Uruguay Round results. The gap between the United States and the European Community (EC) over how far to liberalize agricultural trade in the long term was too large to bridge at Montreal.

The U.S. maintained its position that all trade distorting support and direct trade measures should be eliminated by some agreed date (having relaxed the initial position that this should occur by the year 2000). The EC also maintained its position that "elimination" is politically unacceptable and that substantial "reduction" of such measures should be the long term goal. In this situation, short term measures were not the subject of much attention at the meeting.

The most significant development on agriculture at Montreal was the determination of several Latin American food exporters to block agreement on other MTN issues if there was no agreement on agriculture. On the other hand, a group of food importing countries, led by Jamaica, is concerned that trade liberalization not prevent them from increasing domestic agricultural production. They also want some form of assistance to compensate for any increases in import prices arising from liberalization.

When it became clear that the EC/USA gap on the long term objective could not be bridged at Montreal, it was agreed that the report of the Chairman of the MTN Negotiating Group on Agriculture would provide a basis for the resumption of negotiations. The relevant part of this report is as follows:

"The Negotiating Group on Agriculture has made substantial progress in elaborating the elements of the negotiating proposals and submissions under the subsequent negotiating process. The stage has now been reached in this process where the general direction and procedures to be followed in the final phases of the negotiations need to be defined in operational terms so as to provide a framework