

The crisis in agriculture has also eroded efforts in many developing countries to undertake structural reforms to strengthen agricultural sectors and increase domestic food production. These are the very policies which we have been strongly urging their governments to follow to maximize their national economic potential and ease their debt-related problems.

The OECD Secretariat has played a leading role in documenting the costly and damaging effects of the subsidies by OECD countries which cause overproduction of agricultural products and distort world trade. The Organization has done important work in developing the concept of Producer Subsidy Equivalent (PSE). The PSE measures the value of public assistance to agriculture, and is generally accepted by most participants in the Uruguay Round as a useful tool in the negotiations. Canada's negotiators are working on refining an aggregate measure based on the OECD PSE concept which can serve to assist agreement on agricultural reform.

Certainly there will be costs, both economic and political, to such structural reforms in agriculture, but the costs will be much reduced if we all move in concert. And again, we must not lose sight of the damage such policies have inflicted. We have imposed on our own economies an enormously costly and inefficient mis-allocation of resources. Our policies have also had an exceedingly high cost for developing countries who can less afford the ill effects.

At last year's meeting, we OECD Ministers recognized the scope and urgency of the agricultural trade crisis. We strongly reaffirmed the need for concerted reform of agricultural policies, as spelled out in the Uruguay Round declaration. We must now take advantage of this meeting to build on last year's success and press forward. We must commit ourselves collectively to achieve agreement at the December 1988 Uruguay Round Mid-Term Review Conference, on both a long-term framework for agricultural reform and on short-term measures consistent with such a framework. Now is the time to take such a step, while our economies are growing. The world is watching, and expects progress.

On the multilateral trade negotiations more generally, we need to demonstrate clear progress at the Mid-Term Review Conference. Such progress will signal to the world our commitment to a well functioning,