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MINISTERS CROSBIE AND MAZANKOWSKI COMMENT ON
CAIRNS GROUP SUPPORT FOR WORLD AGRICULTURAL
TRADE REFORM PROPOSAL

International Trade Minister John C. Crosbie and Agriculture Minister Don Mazankowski today said that Canada and the other agricultural exporting nations of the Cairns Group have decided to support a draft framework proposal on agricultural trade reform prepared by the Chairman of the Agriculture Negotiating Group in the Multilateral Trade Negotiations. The Cairns Group has just concluded its meeting in Santiago, Chile.

The Cairns Group consists of 14 countries, including Canada, and has been pushing for reform of agricultural trade rules since the launch of the Uruguay Round of Multilateral Trade Negotiations (MTN) in 1986.

"Cairns Group countries have accepted the text of the Chairman's proposal as the basis for ongoing negotiations because it reflects many of the proposals so far put forward by the Group. Although Canada has some important concerns with the text, on balance it provides a reasonable framework to carry the negotiating process forward," Mr. Crosbie said.

Ministers Crosbie and Mazankowski said that "Canadian negotiators will be instructed to pursue our concerns regarding supply management and export subsidies in Geneva."

In respect of supply management, Mr. Mazankowski said that the Chairman's text calls for strengthened and more operationally effective GATT rules, but the text is not explicit enough on GATT Article XI issues.

Under Article XI of the GATT, Canada maintains import controls in support of domestic supply management programs for dairy, poultry and eggs. Last March, Canada tabled a proposal for clarifying and strengthening Article XI. "A number of countries have supported Canada's position on Article XI, and Canadian negotiators will continue to vigorously pursue this objective in the final months of the negotiations," Mr. Mazankowski said.

Both Ministers emphasised that Canada will also ask that the Chairman's draft text go further in regard to export subsidies. "The text says that export subsidies should be reduced more than other forms of support and protection. This is a significant step in the right direction, but the view of Canada and the Cairns Group is that the ultimate goal must be the elimination of export subsidies."

Mr. Crosbie underlined the urgent need for countries to demonstrate the political will to bring about real reforms to agricultural trade, particularly in regard to export subsidies. "We recognize that phasing out export subsidies raises difficult problems for many participants. Finding solutions will not be easy, but it must be done."

Given the central role of agriculture in the Round as a whole, the Cairns Group underlined the urgency of moving the agricultural negotiations forward quickly in the short time remaining.

The Cairns Group meeting urged the leaders of Western Economic Summit countries, of which Canada is the only Cairns member, to place high priority on achieving a successful MTN outcome and to give top priority to substantial agricultural trade reform.

"This fully accords with Canada's position," said Mr. Crosbie, "and the Prime Minister will be pressing hard for an outcome at the Houston Summit which will move the negotiations to a successful conclusion."

The two Ministers emphasized that they will continue to consult closely with all segments of the agri-food industry and the provinces during this final phase of the negotiations.

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PRESS COMMUNIQUE

SANTIAGO MEETING OF CAIRNS GROUP MINISTERS

6 July 1990

1. Ministers and representatives of the Cairns Group (Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, the Philippines, New Zealand, Thailand and Uruguay) met in Santiago de Chile from July 4-6 1990. Poland attended the meeting and participated in all the working sessions as an observer. Observers from the European Community and the United States also attended the public sessions.
2. The Ministers were honoured by the presence of the President of Chile, Don Patricio Aylwin A., who addressed the meeting.
3. Ministers expressed deep concern at the slow progress in the agriculture negotiations, and, with only five months of the Uruguay Round remaining, Ministers stressed the danger of a crisis developing from the failure of others to move the negotiations forward. They urged the major industrial countries to commit themselves to an ambitious and comprehensive agricultural reform package so as to allow an acceptable framework to be agreed at the meeting of the Trade Negotiations Committee in Geneva in the week beginning 23 July.
4. Ministers noted the major economic restructuring efforts and trade liberalising programs being implemented by many countries in Latin America, Central and Eastern Europe, and the Asia/Pacific region. Ministers called upon the industrialised countries to recognise that a successful outcome to the Uruguay Round, including significant agricultural reform and trade liberalisation, is critical to the continuation of this trend.
5. Ministers stressed that participants at the Summit of major industrialised countries meeting in Houston from 9-11 July would need to ensure that the Uruguay Round, especially agriculture, was given top priority.
6. In this regard, Ministers welcomed the overall thrust of the proposal for an agriculture "profile" put forward recently by the Chairman of the Uruguay Round Agriculture Negotiating Group. In particular, they welcomed the fact that his text called for specific commitments on the four essential elements; namely internal support, border protection, export competition, and sanitary and phytosanitary provisions. Ministers agree on the importance of strengthening GATT rules and disciplines and making them operationally effective.
7. Ministers welcomed the emphasis in the Chairman's text on market access liberalisation being provided through the conversion of non tariff measures to tariffs and the subsequent reduction of existing and converted tariff barriers. In this context, Ministers reiterated that the concept of re-balancing involving sustained or increased levels of protection and trade distortion for any

product was totally unacceptable.

8. Ministers welcomed the provision for export subsidies to be submitted to disciplines which could ensure they were driven down at a faster rate than other elements of the reform package. Indeed, Ministers emphasised that they continued to regard the progressive elimination of export subsidies as a key objective for the Round.
9. Ministers were disappointed that the Chairman's text confined reductions in internal support to use of an aggregate measure rather than specific policy commitments.
10. Ministers, while welcoming the recognition given in the Chairman's text to the legitimate needs of developing countries consider that in several respects it falls short of the Cairns Group proposal. Ministers agreed that special consideration should be given to rural poverty alleviation and environmental protection programs.
11. Ministers reiterated, in the context of the war against drugs, the need for support to be given to producers in areas in some countries to encourage diversification away from illicit narcotic crops, as noted in the Chiang Mai Ministerial Statement. Accommodation of these matters would need to be found in the course of the negotiations.
12. Despite the misgivings noted above, Cairns Ministers recognized the effort the Chairman had made to provide a way forward in the limited time available. They were therefore prepared to accept his text as a minimum basis for negotiations post July, on the understanding that the four major elements earlier mentioned are jointly negotiated.
13. In this same light, Cairns Ministers urged all other participants to accept the text as the basis for ongoing negotiations. They commended this view to the Houston Summit of industrial nations. In this regard, they particularly called on the European Community, the United States and Japan, as major trading powers, to meet their responsibilities and to make the contributions required of them in these negotiations.
14. Finally, Ministers renewed their determination that the Round cannot and will not conclude, in whole or in part, without a substantial outcome on agriculture. They agreed that if necessary they would meet again in advance of the Brussels Trade Negotiations Committee meeting to reach a final determination on the agriculture package. In the interim, Ministers will maintain close coordination in order to ensure that Cairns' objectives would be achieved.