

PREPARATIONS FOR THE 1999 MINISTERIAL CONFERENCE

EC Approach on Agriculture

Communication from the European Communities

The following communication, dated 23 July 1999, has been received from the Permanent Delegation of the European Commission.

1. The purpose of this paper is to set out key concerns for the European Community in the forthcoming negotiations.
2. The European Community looks forward to the forthcoming global trade negotiations and, as part of them, to agricultural negotiations based upon the mandate provided by Article 20 of the Agriculture Agreement. This conditions the long-term objective of substantial, progressive reductions in support and protection, resulting in fundamental reform, by other concerns, notably the experience and effects of implementing reduction commitments agreed in 1994, special and differential treatment of developing countries, the objective to establish a fair and market-oriented agricultural trading system, and non-trade concerns.
3. Issues of major concern to Agriculture may also arise under other headings, for example the SPS, the TBT and TRIPS.
4. It is clear that, as regards the Agriculture Agreement itself, there will be four main areas of negotiation:
 - (a) The question of whether any of the specific instruments provided in the Agreement itself need to be adapted.
 - (b) Progress on the key trade issues, access, assistance to exports, and commitments to reduce support.
 - (c) Non-trade concerns, notably the multifunctional role of agriculture, food safety and quality, policies to protect the environment, and animal welfare.
 - (d) Special and differential treatment for developing countries.
5. As regards (a), and particularly having in mind the need for a rapid negotiation, the Community is not of the view that a major review of the specific instruments provided in the Agriculture Agreement is necessary or desirable. In particular:

- Whilst it does not rule out some updating of the blue and green boxes, it believes that in concept they remain essential elements in the policy of reducing support and providing indispensable assistance to WTO Members to help them to move away from price support towards more transparent and non distorting policies.
- The need, recognized by the peace clause, to provide legal security for the outcome of the negotiation will exist at the end of the forthcoming negotiation, just as it did in the Uruguay Round agricultural negotiation.
- The Special Safeguard Clause represented a key constituent of agricultural liberalization agreed in the last Round. It has enabled abnormally low price offers or import surges to be dealt with without frequent recourse to more disruptive action under the General Safeguard Clause. A similar provision for the future should therefore be in the general interest of all Members.

6. As regards (b), the Union's policy will be founded on the full Agenda 2000 package decided by Community Heads of State and Government.

- Improvement in access. The Community is a major food exporter and intends to share in the expansion of world trade in agricultural products. The Community will seek to obtain improvements in opportunities for its exporters, inter alia through greater clarity in the rules for the management of TRQs, including imports through single desk buyers, and the removal of other unjustified non-tariff barriers. At the same time, as Article 20 of the Agreement on Agriculture itself recognizes, the process of reducing trade barriers in agriculture, which is more advanced in some sectors than in others, is to be seen as an ongoing process resulting in fundamental reform, and not something which can be completed in the next round.
- Reductions in support for exports. The Community is willing to continue to negotiate this process provided that all such support is treated on a common footing. This means that the commitment to introduce disciplines on agricultural export credits which formed part of the Uruguay Round Agreement must be respected. Other less transparent forms of export support, notably through the operation of single desk exporters and the provision of food aid on concessional credit terms, will also need to be satisfactorily addressed.
- Reductions in support. The Community will be prepared to negotiate this on the terms set out above, in particular the continuation, in an appropriate form, of the Blue and Green Boxes.

7. As regards (c), key issues will be:

- The multifunctional role of agriculture. In the Union's view it is essential to ensure that progress on trade issues does not damage the ability of those employed in agriculture supply public goods, in particular as regards the environment, (including combating desertification) and the sustained vitality of rural areas. Direct aid measures with no or minimal trade impact have an important role to play in this context.
- Food safety and quality. The issues arising here link Agriculture to the discussion of SPS and TBT. Recent WTO case law has confirmed that non discriminatory science-based measures to achieve the level of safety determined by Members are in conformity with that agreement. It might be useful to confirm this in a more general

manner in order to assure consumers that the WTO will not be used to force onto the market products about whose safety there are legitimate concerns. As regards food quality, in any review of the TRIPS, the provision of improved protection for products whose reputation for quality is linked to their geographical origin will be a major concern.

- Animal welfare. There is increasing public concern about the conditions in which animals are kept and reared which has led many WTO Members to adapt ever more detailed provisions to meet this legitimate moral requirement. It is, therefore, becoming increasingly important to address this issue on a multilateral basis. Consensus should be sought on the accommodation within WTO rules of any trade measures taken pursuant to any multilateral agreement which might be reached regarding welfare standards.

8. Special and differential treatment for developing countries. This is, of course, an issue which is much broader than agriculture. Nevertheless, given the very high importance of food and agriculture in the economies of developing countries, it is an issue which will be of considerable importance in the agriculture negotiation. As regards access to its own market, the Community already plays a major role through the GSP and through the Lomé preferences. It is prepared to go further as explained in WT/GC/W/195 of 2 June 1999: "EC approach to duty-free market access for the least-developed countries".
