

Summary of agricultural Provisions of GATT

Extensive reform

The proposed agreement contains more than just commercial provisions related to agriculture; it is also a vast reform of agricultural programs and world farm policies. This reform will take place over 6 years

1993 to 1999 - with an extension clause for each section. This clause will allow for the pursuit of more open trade borders beyond the planned 6 year period.

Support reduction

Internal supports will be reduced by 20% over the 6 years using the aggregate measure of support (AMS). The AMS calculation will be based on the average of all agricultural products during 1986-88. Almost all Canadian and provincial direct support programs will be affected by this reduction, above all, price supports. The difference between the domestic price and an exterior reference price will constitute the amount of support to be reduced.

The AMS will include income stabilization programs, the dairy subsidy and the difference between the international price and the national prices for the dairy and poultry sectors. For the latter two, the calculation could be done on the cost of production or on any other basis.

Excluded from the AMS calculation and reduction commitments will be the following "Green" programs: - research and development, protection of the environment;

- pest control programs;
- general and specialized training programs;
- information and consultation programs;
- inspection;
- marketing and promotion that does not interfere with the sale price of products;
- general infrastructure and services such as electricity, roads, ports, etc;

- food purchases by the State to ensure food security - domestic food aid; - decoupled income support programs (not connected to price, costs, production volume or marketing). ``It will not be necessary to produce anything in order to benefit from these payments." (In other words, a social assistance measure.)

- assistance programs in case of disaster or a dramatic drop in farm income;

- subsidies solely intended to combat regional disparities.

Note: For products where the AMS is equal to or less than 5% of the value of production, there will be no reduction process required.

Export subsidies

Support for exports will be reduced by 36% over 6 years and the volume of export carrying subsidy will have to be reduced by 24% over the same period. The reference period in this regard will be 1986-90.

Tariffs

There will be a 36% reduction of "normal" customs tariffs on a global basis, with a minimum reduction of 15% for specific products (tariff lines),.

All border controls will be transformed into tariffs, including the protection measures assured until now by Article XI of GATT. Volume import quotas permitted by this article will be replaced by tariff protection which will also be reduced by 36% over 6 years, with an annual reduction extension clause (continuing at 6% per year after the first 6 year period). The base period will be 1986-88.

Each country will be guaranteed a minimum access of 3%, free of all tariffs to the market. This access will rise to 5% after 6 years.

Safety net

A special safety net clause is planned for agriculture that will permit, as an example, the protection of producers from a dramatic drop in prices due to the liberalization of trade borders. This protection would be assured, for a limited time, by an increase in custom tariffs on the affected product. To have the right to take advantage of this clause, the import volume must exceed 125% of the average quantity imported in the past three years and where the price drops below a reference price. At first sight, the safety net clause applied exclusively to agriculture is less efficient and less "generous" in terms of protection than that of the general safety net clause that applies to all the other sectors outside of agriculture.

Deadline

GATT countries have until March, not just to negotiate the agreement, but also to deposit with the GATT Secretariat their list of "Green" programs, their AMS, tariffication by product and their commitment for support reduction.

Acceptance

All 108 contracting parties to GATT accepted on January 13, 1992, the proposed general agreement, including the section on agriculture. (GATT chairman) Dunkel dissolved all of the technical negotiating groups, except those concerned with the safety net clause, which signified that negotiations had terminated at that date. The agricultural section is therefore on a take-it or-leave-it basis, and at best technical negotiations will continue on the safety net provisions in order to give some assurance to reluctant countries that this proposal will not be a catastrophe, in terms of prices and farm income, and that their farmers will be protected.

Translated from a summary prepared by the Union des producteurs agricoles

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