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DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION

Letter dated 13 October 1986 from the Permanent Representative of
Australia to the United Nations addressed to the Secretary-General

On behalf of the Group of 14 Fair Trading Countries in Agriculture, I should be grateful if you could arrange to have the final document of the Group's meeting in Cairns, Australia, from 25 to 27 August 1986, the Cairns Declaration, distributed as an official document of the General Assembly under item 79.

(Signed) Richard WOOLCOTT

ANNEX

Ministerial meeting of fair traders in agriculture

BACKGROUND

Ministers and representatives of key fair trading countries in agriculture met in Cairns, Australia, from 25 to 27 August 1986 to consider the crisis in world agricultural trade and to identify areas of co-operation and common strategies to bring about lasting solutions.

Ministers, senior officials and farm industry leaders from Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, the Philippines, New Zealand, Thailand and Uruguay attended the meeting.

Representatives of the United States of America, Japan and the European Communities were present at the meeting as observers.

A keynote address was given by the Prime Minister of Australia, Mr. Bob Hawke. His address highlighted the destruction in agricultural markets and the hardship caused to farmers in non-subsidizing agricultural exporting countries by the production and trade policies of the European Community, the United States and Japan. He noted that the welfare of the fair trading nations was being further jeopardized by the senseless trade war between the United States of America and the European Community and that credibility of the multilateral trading system itself was now in danger.

Mr. Hawke called for a halt to the predatory trade policies of the major industrialized countries and for concerted action by the fair trading nations to ensure that the liberalization of agricultural trade was high on the agenda for the new round of multilateral trade negotiations expected to be launched at Punta del Este, Uruguay, in September 1986.

DECLARATION

Ministers agreed that there was an urgent need to reform and liberalize agricultural trade so as to improve the economic prospects of all participating countries.

Ministers noted that there was growing recognition of the agricultural trade crisis and its crippling effects on the economies of agricultural exporters, notably debtor nations, whose ability to service their debt was being continuously eroded. This recognition was reflected in the undertakings given at the Tokyo summit of seven industrialized countries in May 1986 to work towards a resolution of the problems created in world agricultural markets by their inappropriate domestic policies. Ministers welcomed the agreement in the Tokyo communiqué on the importance of adjustment policies. They expressed the firm view that this could be achieved in agriculture only by a programme of market liberalization including a marked reduction in the use of agricultural subsidies.

Ministers emphasized the importance of the multilateral trade negotiations addressing agricultural trade issues as a high priority. In this context they undertook to seek the removal of market access barriers, substantial reductions of agricultural subsidies and the elimination, within an agreed period, of subsidies affecting agricultural trade.

Ministers expressed the view that the preparations made in Geneva to develop a draft ministerial declaration to launch a new round of negotiations had achieved progress in several areas and reflected many of the concerns which needed to be addressed. Deficiencies remain, however, including the inadequate treatment of agricultural subsidies and the lack of a specific reference to domestic agricultural adjustment policies.

Ministers noted that, at Punta del Este, the draft declaration would be subject to discussion and decision at ministerial level for the first time. In that context, they endorsed the need for a strong commitment to give high priority to resolving the long-standing issues in agriculture and tropical products.

Ministers seriously questioned the value of a new round which failed to solve the long-standing problems in agricultural trade.

Ministers decided that they would meet in Punta del Este prior to the GATT ministerial meeting to ensure that their concerns regarding the negotiating objectives on agriculture are adequately met. This would be done by their seeking improvements in the declaration adopted so that there would be sufficient commitment to agricultural trade reform and liberalization.

Ministers also considered that the commitments on standstill and rollback would be a litmus test of the good faith of all countries in joining the negotiations. They expressed the view that the standstill and rollback commitments should specifically cover all areas of trade in goods, including agriculture, and that appropriate multilateral surveillance should be implemented to that end.

Ministers agreed that they would meet regularly following the launch of the negotiations to oversee the progress of negotiations and to ensure that the problems of world agricultural trade remain high on the agenda for international action.

In view of the time that would be taken for the process of multilateral trade negotiations to achieve substantial results, ministers agreed that additional efforts were needed. These included pressure to secure early changes in current domestic farm support policies of those countries whose policies adversely affect international trade in agricultural products. Bilateral, regional and joint co-operative efforts would be considered.

Ministers agreed that the fair trading nations should expand their contact with developing country economic and regional groups, especially those with a focus on agricultural issues.

Ministers also agreed that while the GATT negotiations were under way the causes of and solutions to the current crisis in agricultural trade should be at

the forefront of consideration in all relevant international forums, such as the International Monetary Fund, the World Bank, the Organisation for Economic Co-operation and Development, the Food and Agriculture Organization of the United Nations, the United Nations Conference on Trade and Development and the United Nations General Assembly.

Ministers were convinced that such wide-ranging efforts were essential in view of the widespread misery and destruction being caused to efficient farmers around the world.

Ministers welcomed the presence at the conference of the observers from the United States, Japan and the European Community, in view of their economic importance and shared responsibility for the reform of the international trade system.

In particular they welcomed the statement by the observer from the United States that the United States objectives in the negotiations will include "the phase out of all export subsidies affecting trade in agriculture and of all other measures that restrict access and distort trade in agricultural products".

Ministers expressed their intention to continue the dialogue on these issues during the course of the negotiations.

Ministers expressed their appreciation for the contributions of farm industry representatives from Argentina, Australia, Canada and New Zealand in the formulation of strategies for agricultural trade reform. They agreed with the industry representatives that these exchanges should be continued and expanded as part of the future consultations among the fair trading nations.

Ministers congratulated the Government of Australia for its initiative in convening this meeting. They expressed their gratitude for the warm hospitality extended to them.
