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REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

DEVELOPMENT AND INTERNATIONAL ECONOMIC CO-OPERATION: TRADE AND DEVELOPMENT

EXTERNAL DEBT CRISIS AND DEVELOPMENT

Letter dated 9 October 1987 from the Permanent Representative of Canada to the United Nations addressed to the Secretary-General

Between 21 and 23 May 1987, in Ottawa, the Government of Canada acted as host to a Ministerial Meeting of 14 countries committed to furthering the objective of liberalized trade in agricultural products.

I have the honour to transmit to you herewith the text of the Ministerial statement at the conclusion of the meeting (see annex).

I should be most grateful if this letter and the annex could be circulated as an official document of the General Assembly under agenda items 12, 82, 82 (a) and 85.

(Signed) Stephen LEWIS
Ambassador and
Permanent Representative

ANNEX

Ministerial Statement, issued at the conclusion of the Second
Ministerial Meeting of the Cairns Group, held at Ottawa from
21 to 23 May 1987

1. The Ministers and representatives of the members of the Cairns Group (Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, the Philippines, New Zealand, Thailand and Uruguay) met at Ottawa from 21 to 23 May 1987. Representatives from the United States of America, Japan and the European Communities were present as observers at the meeting.
2. The keynote speech was delivered by the Right Honourable Brian Mulroney, Prime Minister of Canada.
3. The Ministers reviewed international developments affecting agriculture, in particular the launching of a new round of trade negotiations under the General Agreement on Tariffs and Trade (GATT) and the outcome of the recent meeting of Ministers of the Organization for Economic Co-operation and Development (OECD) countries, and discussed options for future action by the Group.
4. The Ministers welcomed the initiative of Canada in offering to host the meeting, and noted that this was consistent with the strong support given by Canada to the Group's activities since its inception and Canada's commitment to agricultural trade reform.
5. The Ministers noted that the Cairns Group has achieved notable successes in the nine months since they first met at Cairns, Australia.
6. The Group had played a crucial role at the GATT Ministerial Meeting at Punta del Este, Uruguay, in September 1986, in ensuring that for the first time agriculture would be placed at the centre of the stage and comprehensively dealt with in a round of multilateral trade negotiations.
7. This had been followed in January 1987 by the success of GATT at Geneva in achieving a workable negotiating structure, which cleared the way for essential background work to be completed and proposals for agriculture trade reform to be lodged by the end of 1987.
8. The Ministers noted that Group co-operation and the concerting of positions had been consolidated and enhanced following a meeting of senior officials at Bangkok, Thailand, in February 1987.
9. Since that time, there have been several productive meetings of Embassy representatives in key capitals to discuss trade and agricultural policy developments in host countries. Additionally, a system of contact points in each Cairns member country has been established to allow for timely communication on matters of mutual concern.

10. The Ministers welcomed the fact that close Group co-operation had been particularly evident in the critical preparatory phase of negotiations at Geneva.
11. As agreed at Bangkok, the Group has worked closely on isolating the basic problems in agricultural trade and their causes and in identifying basic principles which should underpin the negotiation of reforms in the GATT Round. This collaboration was influential during discussions on agriculture at Geneva in February.
12. The Ministers noted that there have been encouraging parallel developments in other international meetings.
13. They welcomed the proposals and analysis which were provided by the Prime Minister of Australia at Davos, Switzerland, in January and by the Minister for International Trade of Canada at the meeting hosted by the Government of New Zealand at Lake Taupo in March. These initiatives have given considerable impetus to the trade reform debate.
14. The Ministers welcomed the wide and growing acceptance of the urgent need for reform and, in this context, welcomed the far-reaching outcome of the recent OECD Ministerial Council Meeting in Paris, in which agriculture featured prominently. They noted that the OECD Communiqué contained an important set of principles on which agricultural reform in all countries could be based. The Ministers agreed that early action was needed to de-escalate global tensions in agriculture.
15. They welcomed the explicit recognition by OECD Ministers that excessive support policies are at the root of the distortions that plague agricultural trade. They saw this recognition as a major step in the development of political will, especially among key OECD countries, which is necessary if the rhetoric of agricultural reform is to be translated into concrete commitments to improve access and progressively phase out all forms of subsidies that adversely affect trade.
16. The Ministers welcomed, in particular, recognition by OECD of the impact of agricultural trade distortions on developing countries. Action to remove measures distorting trade in commodities will make an important contribution to export prospects for commodity-dependent developing countries. They noted the special importance of these measures for those facing onerous debt burdens.
17. The Ministers noted, however, that existing political will needs to be translated into actual reform in the Uruguay Round context. In this regard, they welcomed agreement by OECD Ministers to pursue negotiations vigorously and the call for comprehensive negotiating proposals to be tabled promptly.
18. They also noted that attention had been drawn in Paris to the fact that the Punta del Este Declaration provides for agreements reached at an early stage to be implemented on a provisional or definitive basis by agreement prior to the conclusion of the negotiations. They considered that suggestions of an "early harvest" or mid-term package in the GATT Round should include, inter alia, both agriculture and tropical products. They recognized the particular importance of trade in tropical products for a large number of developing countries.

19. Finally, the Ministers welcomed the commitment of OECD countries to refrain from initiating actions that would stimulate production of commodities in surplus, or isolate domestic markets further from international markets, and to act responsibly in disposing of surplus stocks and refrain from confrontational and destabilizing trade practices.

20. The Ministers agreed that it was vital that heads of Governments of the countries of the Economic Summit, at their meeting at Venice, Italy, in June, give agriculture high priority on their agenda in order to reinforce the OECD policy commitments and to provide impetus to comprehensive negotiations on agriculture in the GATT Round. The Ministers noted, however, that, in spite of intense activity internationally on agriculture over the past year, the problems of low prices and surplus production had worsened. They therefore emphasized the importance of keeping up the political momentum for remedial action to be taken in the short- to medium-term while the GATT negotiations are in progress.

21. The Ministers exhorted the European Community, the United States of America and Japan to live up to the spirit and the letter of the commitments that were embodied in the GATT Punta del Este Declaration and in the OECD Communiqué of May 13.

22. While welcoming commitments to negotiate reform of agricultural trade, the Ministers noted that there were nevertheless disturbing signs that further trade distorting measures were being contemplated in certain major trading countries. For example, while there have been positive signs of price support restraint in the European Commission, which are to be commended, the Ministers expressed serious concern over proposals by the European Commission to introduce a consumer tax on vegetable and marine oils and fats. The Ministers were of the view that such a measure would be inconsistent with the commitment to a standstill that was adopted at Punta del Este. They affirmed that it would adversely affect the trade of several fair-trading countries and would risk a serious and destabilizing trade dispute.

23. In the United States, the Ministers noted, the situation potentially is even more serious. Despite efforts by the Administration designed to cut substantially net expenditure on agriculture, protectionist trade legislation currently before the Congress could, if passed, damage innocent trading partners, breach United States GATT obligations and severely impact upon the international climate for reform.

24. Notable amongst these proposed measures is the extension of and increased funding for the export enhancement programme, which has already so adversely affected world grain prices.

25. The Ministers called upon all countries to resist protectionist pressures and urged an early commitment to instituting a truce.

26. Against this background, the Ministers discussed how the Uruguay Round negotiations on agriculture should proceed.

27. They agreed that basic proposals for the negotiations should be tabled at Geneva before the end of the year and that officials should continue to work on developing proposals in a co-ordinated fashion for consideration by their respective Ministers, which could be submitted at Geneva by September.

28. In this context, they welcomed the intention of the United States to table a proposal for the negotiations at the July meeting of the Uruguay Round Negotiating Group on Agriculture.

29. The Ministers agreed that negotiations should proceed at Geneva at such a pace that, by the end of 1988, agreement could be reached on an international programme to reform and liberalize international trade in agriculture. In the interim, the Ministers urged that all Governments should freeze and reduce subsidy programmes that distort world trade and that they should do so as soon as possible in order to improve the negotiating climate.

30. The Ministers agreed that, to be successful, the negotiations should include the following basic objectives:

(a) Inclusion of all measures that adversely affect trade in agriculture;

(b) A rapid and substantial reduction in those levels of support for agriculture that distort the international market place;

(c) Establishment of new GATT rules or disciplines to ensure the liberalization of agricultural trade;

(d) Agreement on specific measures for the phase-down of market access barriers to trade in agriculture, subsidization and all other measures that have a negative effect on world agricultural trade;

(e) Agreements on principles to prevent disruption of world markets in the course of containment or reduction of structural surplus stocks.

31. The Ministers reaffirmed that the principle of differential and more favourable treatment for developing countries as embodied in GATT and related instruments, as well as in the Punta del Este Ministerial Declaration, applied to negotiations on agriculture.

32. The Ministers agreed that the Venice Economic Summit provided a significant opportunity for the leading economic Powers to commit themselves to reducing all subsidization and other measures that have a negative effect on world agricultural trade and to advancing negotiations to liberalize agricultural trade in the Uruguay Round.

33. The Ministers commended the Prime Minister of Canada, The Right Honourable Brian Mulroney, for playing a key role in having agriculture addressed as a major item of importance at the Tokyo Economic Summit in 1986.

34. The Ministers hoped that Prime Minister Mulroney would be prepared to play a similar role at the Venice Economic Summit by conveying the importance attached by the Group to a commitment by Summit participants to address urgently the need for early agricultural trade reform.

35. The Ministers congratulated the Government of Canada for its initiative in convening this meeting and expressed their gratitude for its hospitality.

36. The next Ministerial Meeting will be held in Argentina at a time to be agreed upon, in the light of developments.
