

# WORLD TRADE ORGANIZATION

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## FIFTH SPECIAL SESSION OF THE COMMITTEE ON AGRICULTURE 5-7 FEBRUARY 2001

### Statement by Hungary

#### **G/AG/NG/W/91 (Proposal by Japan)**

First of all let me thank Japan for reminding Members on the desirability of the agricultural negotiations to be conducted and concluded in a single undertaking as part of a sufficiently broad-based new round. We too think that efforts should be intensified in order to launch such a round during the next phase of the agricultural negotiations so that when it comes to the "real" negotiations Members would be able to do them with trade-offs in other sectors in mind. This, we sincerely believe, would not only speed up the negotiating process but also lead to more substantial results therein.

Here let me react to critical remarks this approach did receive yesterday and today, which seem to suggest some misunderstandings. We have not heard anybody to assert that there is a linkage in the strict legal sense of the word between the agricultural negotiations and a new round. Neither do we remember any suggestion that the agricultural reform can only continue if a round is launched. The point that is being emphasized by several Members, including Hungary, is something dictated by common sense: the depth of agricultural reform is highly dependent on the extent of cross-sectoral trade-offs which can be offered only by a sufficiently broad round. This is a very simple fact, whether one likes it or not, whether one ignores it or not.

I would like to highlight another point in the Japanese proposal which reminds us of a very important condition which is necessary to arrive at a fair and equitable result at the end of the negotiations. This is that the diversity of the agricultural sector across the membership should find its reflection in the new disciplines and reduction commitments much better than is the case at present. This is not to mean that we suggest the fragmentation of the rules which we certainly would like to avoid. What we are saying is that the other extreme approach should also be avoided, that is when the rules are tailored to the needs of just a relatively small part and not the entirety of the membership.

#### **G/AG/NG/W/92 (Proposal by Canada)**

We share the concerns of others with regard to the first element of the Canadian proposal. It appears to be a significant departure from the approach enshrined in the AoA since it implies a limitation of Green Box support, that is of support measures with no or at most minimal trade-distorting effect for which we fail to see any reason. We believe that the concept of distinguishing between trade distorting support and support without such effect should be fully preserved.

As to the proposed non-countervailability of Green Box programmes we agree, but our approach as indicated yesterday is broader. We would like to see the peace clause extended in its entirety since it has played an important role in terms of providing legal security for agricultural policy reforms.

**G/AG/NG/W/93 (Proposal by the Cairns Group)**

We fully understand the concerns of certain importing countries regarding the certainty of supply from the world market. Hungary has an open mind as to the review of Article 12 during the negotiations and as to possible improvements in the disciplines on export restrictions and taxes should it turn out to be necessary. However we would like to stress that this exercise should not be one-sided and ignore the responsibility of governments of exporting countries for ensuring food security for their own population.

**G/AG/NG/W/94 (Proposal by Switzerland)**

We fully agree with Switzerland that the undisputable diversity of country situations calls for a certain degree of flexibility in the multilateral disciplines. A one-size-fits-all approach would necessarily be detrimental to the majority of the membership whatever this size would be. In this light we would like to warmly welcome the fact that Switzerland is ready to take into account the specific interests of economies in transition in the current negotiations and that this position is reflected in its proposal.

We can support several of the ideas and proposals put forward by Switzerland. We can not but agree that disciplines are necessary in order to ensure that measures taken for the purpose of achieving various, non-trade related societal objectives do not harm the interests of other countries. We too see a *de facto* link between the market access negotiations and the issue of geographical indications. To ignore this link would be rather unwise and have consequences I am sure we all want to avoid. Here we need a very pragmatic approach.

In the areas of tariff quota allocation methods, the special safeguard clause, export competition, the peace clause, the review of the Green Box, our approach is rather similar.

Let me also briefly comment on the issue of the precautionary principle. In light of recent developments and measures taken in response by various Members, the time might have come to examine the modalities governing the application and scope of the precautionary principle. But we have to be prepared for an exercise similar to that of navigating between Scylla and Charybdis, the two notorious figures of Greek mythology. On one side we will have the dangers to food safety, on the other the high temptation to misuse this principle for protectionist purposes. Therefore we have to be very careful not to fall victim to either of these monsters.

**G/AG/NG/W/95 (Proposal by Swaziland)**

We would like to sincerely thank Swaziland for submitting this proposal, arguing rather convincingly for special treatment of small developing countries. Hungary is glad to see Members coming forward with a description of their particular concerns and concrete proposals on how to address them. We hope that all these proposals will be adequately taken into account as the negotiations proceed since this is the only way to ensure that the interests of the entire membership will be taken into account in the final outcome of the negotiations.

**G/AG/NG/W/96 (Proposal by Mauritius)**

Hungary shares the view that the reform process in agriculture should continue in a way which acknowledges the diversity of agricultural situations worldwide and that this diversity should be reflected in the new disciplines more strongly than is the case currently.

We are also in full agreement with the point made by Mauritius that the shift to those types of support which are defined as minimally trade-distorting, is not always just a question of will but very often that of financial resources available, since they are very often simply more costly. Therefore,

we consider that for moving away from more trade-distorting measures future rules should ensure that every Member has feasible options at its disposal.

We also believe that although in a legal sense the agricultural negotiations are stand alone negotiations, it is important to realize that negotiations are not going on in isolation and that developments in other areas, like the protection of geographical indications, will have a significant impact on their outcome.

**G/AG/NG/W/97 (Proposal by SIDS)**

We welcome this proposal since it calls the attention to an issue which economies in transition have already raised at previous meetings of the Committee. Hungary shares the view that countries having gone through extensive unilateral deregulation and liberalization of their agricultural sector in the last decade and which exhibit a high degree of openness to the world market, should receive credit for it when the new commitments are going to be established.

**G/AG/NG/W/98 (Proposal by Korea)**

We would like to express support for Korea's call for a flexible and gradual approach in the agricultural reform process and for the need to have the diversity of country conditions adequately reflected in the new disciplines. In this context we agree that the scope and criteria of the Green Box should be revised as well as the question of inflationary adjustment of domestic support commitments be adequately dealt with.

**G/AG/NG/W/100 (Proposal by CARICOM)**

We have read the proposal submitted by CARICOM with great sympathy. We agree that the benefits from the expansion of world trade as a result of the reform process should be shared among all countries and not limited to a very few. Many countries, including small developing countries need a major restructuring of the agricultural sector in order to be able to make use of their competitive advantages and to compete successfully on the world market. But restructuring does not happen from one day to another, therefore countries, like small developing economies should benefit from sufficient transition periods.

**Proposal by India (G/AG/NG/W/102)**

We consider that the proposal submitted by India provides a good illustration of the fact that the sole reliance on market forces in agriculture is not always feasible. There are instances like that described by India where food security in a country is dependent on subsistence farming which could easily be destroyed by import surges unless governments take appropriate actions. There are other instances like that in economies in transition where market forces are insufficient to bring about the recovery of agricultural production and the adjustments that are required for being in the position to benefit from their competitive advantages. Therefore we believe that the agricultural reform process can only claim to be fair, if every Member will have the opportunity to use measures which are necessary for the development and structural adjustment of their agricultural sector. It goes without saying that these measures should be the least trade distorting possible but not in an abstract sense, since the question of availability and feasibility of appropriate measures should also be taken into account.

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