

# WORLD TRADE ORGANIZATION

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Statement by Hungary introducing on behalf of Albania, Bulgaria, Croatia, the Czech Republic, Georgia, Hungary, the Kyrgyz Republic, Latvia, Lithuania, Mongolia, Slovakia and Slovenia a joint proposal on Domestic Support (G/AG/NG/W/56)

This paper constitutes a follow-up of the submissions which were tabled during the process of analysis and information exchange as well as the preparations for the Seattle Ministerial Conference. It provides further illustration of the types of circumstances, most of them rather unique to the process of economic transformation, our countries are facing to a various degree. The paper goes on to argue that due to several reasons the disciplines in the area of domestic support, if left as they now stand, are likely to prevent transition economies from successfully continuing the transformation process in agriculture.

It concludes that the needs of economies in transition should be recognized through the inclusion of a specific provision into the Agreement on Agriculture. Through this provision investment subsidies and input subsidies generally available to agriculture, interest subsidies to reduce the costs of financing as well as grants to cover debt repayment would be made exempt from domestic support reduction commitments and the *de minimis* threshold applicable to transition economies would be increased. The provision could be invoked by individual countries only as long as the problems in the agricultural sector described above do persist.

Our countries sincerely believe that this proposal is in line with the long-term objective of the agricultural reform process as it would help us in our efforts to restore the viability of agricultural production and it would allow us to benefit from our comparative advantages. It does not contradict the ongoing process of reducing support since the objective here is to enable transition economies to allocate their scarce resources in the most efficient way and not, I repeat not, to increase the level of overall subsidization and not to encourage inefficient agricultural production. Therefore the additional flexibility for transition economies would not in any way lead to additional distortions in agricultural world trade.

Finally, we consider that the joint proposal of transition economies adequately responds to the call made by several Members, most recently during yesterdays meeting that we should shift the focus of our discussions from generalities to the instruments needed for attaining agricultural policy objectives.

We are looking forward to having the detailed discussion on this proposal at the next meeting of the Special Session of the Committee on Agriculture.

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