

# WORLD TRADE ORGANIZATION

WT/GC/12  
24 September 1998

(98-3702)

General Council  
Special Session  
24-25 September 1998

Original: English

## CAIRNS GROUP MINISTERIAL STATEMENT ON EXPORT SUBSIDIES<sup>1</sup>

The following Cairns Group Ministerial Statement received from the delegation of Australia is being circulated to WTO Members at the request of that delegation.

\_\_\_\_\_

We, the Ministers of the Cairns Group of agricultural fair trading countries, are deeply concerned about the increasing use of export subsidies in commercial agricultural trade. The Cairns Group is committed to the complete and early elimination of all forms of export subsidies in the next round of WTO agriculture negotiations which will begin at the end of 1999. Under the current WTO rules, agricultural products are the only goods where export subsidies are permissible.

Export subsidies destabilize markets, depress international prices and displace exports by non-subsidising efficient suppliers, including those in developing countries, which are heavily reliant on their agricultural sectors for generating foreign exchange. Developing countries already face unfair competition from highly subsidised produce. Increasing reliance on export subsidies will further hamper the capacity of developing countries to benefit from entry into or expansion of their participation in world trade. It is particularly problematic that some developed and high cost agricultural producers utilise subsidies such that trade between developing countries is further restricted. These effects are not in the interests of any WTO member.

The Cairns Group welcomes the restraint in the use of export subsidies in recent years. However, Cairns Group ministers are very concerned at the prospect of a tit-for-tat acceleration in the use of agricultural export subsidies. Developments in world markets are depressing prices and increasing pressures to use export subsidies.

Cairns Group ministers call on the European Union and the United States steadfastly to resist short term pressures that threaten to lead to a renewed and inevitably damaging agricultural export subsidy war. In the current global economic environment, intensification of export subsidies would be sheer folly. At this Special Session of the General Council, Cairns Group ministers urge the European Union and the United States to exercise restraint in the use of all forms of export subsidies.

This problem is another indication of the importance of achieving substantial results from the upcoming WTO negotiations on agriculture.

\_\_\_\_\_

<sup>1</sup> Cairns Group: Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand, Uruguay.