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1990

REMARKS PREPARED FOR DELIVERY TO  
THE ORGANIZATION FOR ECONOMIC  
COOPERATION AND DEVELOPMENT  
MINISTERIAL MEETING BY U.S. SECRETARY  
OF AGRICULTURE CLAYTON YEUTTER

Clayton K. Yeutter

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# Remarks

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*News Division, Office of Public Affairs, Room 404-A, U.S. Department of Agriculture, Washington, D.C. 20250*

**REMARKS PREPARED FOR DELIVERY TO  
THE ORGANIZATION FOR ECONOMIC COOPERATION  
AND DEVELOPMENT MINISTERIAL MEETING  
BY  
U.S. SECRETARY OF AGRICULTURE  
CLAYTON YEUTTER**

**May 30, 1990  
Paris, France**

This is a particularly important time for us to be gathering for this Ministerial meeting. The Uruguay Round of negotiations under the General Agreement on Tariffs and Trade (GATT) is entering a crucial period. It is imperative that the Organization for Economic Cooperation and Development (OECD) make a strong statement of support for freer and fairer trade in all fields, including agriculture. The nations of the world are looking to the OECD to clearly point the way toward an improved world trading system.

As we review the current status of the GATT talks, there is reason for optimism. The country submissions have been more positive and more comprehensive than ever before in such talks. But there is also reason for caution; solutions to the world's agricultural trade problems are neither quick nor simple. OECD nations can and must provide the much-needed impetus for reform.

None of us can deny that today's world agricultural trading system needs major improvements. Trade in farm products today is stifled by an incredible labyrinth of disincentives and obstructionist policies.

While the GATT has worked successfully for over 40 years to foster the flow of industrial goods among nations, it has essentially ignored agriculture. The situation today is actually worse than it was 25 years ago. During the mid-1960's the nominal rate of trade protection imposed on agricultural goods in industrial nations was about 21 percent. Today, it has climbed to about 40 percent. This is just not acceptable. Consumers shouldn't allow it; taxpayers shouldn't pay for it; and farmers shouldn't put up with it.

To approach meaningful trade reform in agriculture, we first must recognize that all major trading nations share in the blame for the dismal situation that now exists -- and all must share in the solution. I believe this is now generally accepted. Now it is time to work together to improve things.

It is understandable that political leaders hesitate to give up certain elements of trade protectionism they see as an economic advantage -- unless others are prepared to do the same. That is why we must attack agricultural trade distortions multilaterally and concurrently. We must find solutions that all can embrace -- solutions that give no nation unfair advantage over others.

We must also give up the idea that the GATT nations can somehow simply patch over current failed agricultural policies, rather than changing and replacing them. Tinkering with the current system may allow it to creak along for a few more seasons, but it will not solve the problems, nor will it stimulate the increased agricultural trade the world needs to meet the burgeoning consumer demand for more and better foods that will accompany the arrival of the twenty-first century. The United States has presented a comprehensive GATT agricultural trade reform proposal, as have other member nations. Now we must blend the best points of those proposals into a workable solution.

The U.S. proposal is aimed at the broad spectrum of policies now distorting agricultural trade. Our recommendations focus on four key areas: import access, export competition, internal agricultural supports, and sanitary and phytosanitary measures. We are calling for improved and strengthened GATT rules and disciplines in each of these areas. We believe a comprehensive, integrated approach is essential in order to guide farm production and agricultural trade towards a market-oriented system that minimizes trade distortions.

The U.S. proposal provides a clear vision of how governments should support and protect agriculture. It does not call for elimination of agricultural support, but rather for a re-direction of such policies to minimize their trade-distorting effects. The U.S. GATT proposal is oriented toward protecting farm income in a non-trade-distortive fashion, and away from programs that inhibit market growth and penalize developing country agriculture through export subsidies and import barriers those nations can ill afford.

The Punta del Este Declaration is the most forceful statement in favor of agricultural reform ever adopted in the GATT. Now we need to follow up on that commitment with a course of action that is equally bold; we must make a genuine commitment to implement constructive change in the GATT agricultural rules. December will mark the end of the Uruguay Round. Only six months remain, and much work remains before us. It's D-Day; time to act; time to launch.

I urge the OECD to use its substantial influence to help bring about a successful conclusion to the GATT talks. Let's work together now to help the trade negotiators nudge things off dead center. While fundamental differences remain in how GATT member nations believe agricultural trade reform can be brought about, with diligent, creative, good faith efforts those differences can be resolved.

Time is of the essence. It will only be a few weeks until the July meeting of the GATT Trade Negotiations Committee. That meeting could prove to be our last, best opportunity to move beyond the remaining stumbling blocks in the GATT agricultural talks. The trade ministers of key nations have agreed to develop a framework for the remainder of the Uruguay Round agricultural negotiations by then, and this OECD Ministerial meeting should encourage the ministers to meet the deadline. A meaningful and substantive plan for reform, presented in July, would go a long way toward carrying the GATT negotiations to success in December.

The United States, for our part, looks to the Uruguay Round to institute substantial reforms. We want improved market access for all producers, wherever they live, and we want to eliminate the trade distorting effects of all subsidy programs. We are determined to move toward agricultural trade policies that allow farmers all over the world to become more attuned to market prices. Meeting these goals will benefit all nations.

GATT member nations need to establish rules for a permanent, liberal trading environment in agriculture -- just as they have for industry. It may take years to complete the needed reforms, but if we don't lay out a workable game plan in the Uruguay Round, the potential benefits may be lost in a receding future that we will never quite reach. The time to set the agricultural trade reform process in motion is now.

The consequences of not taking action are almost certain to be destructive. If agricultural nations continue to isolate their farmers from the economic, demographic and social changes now whirling around the globe, we are, in all likelihood, headed for an even more serious level of instability and

protectionism in world agricultural trade than we have today. No GATT member nation can afford to have this happen -- or should put its farmers and its taxpayers through the pain that would accompany such a scenario.

Looking at the positive side of the ledger, we can work together in a fair and timely fashion to improve the current agricultural trading situation; we can restore order and discipline to markets around the world and nip rampant protectionism in the bud, before it gets worse.

The Uruguay Round presents us with one of the biggest opportunities in the history of world trade. It is a difficult task we have set for ourselves but a positive outcome is achievable.

We urge all OECD members to join with the United States in pushing for fundamental agricultural reforms.

I look forward to the progress we can make together. Thank you.