



PBEC Statement on Subsidies and Protection

The Pacific Basin Economic Council has been a steadfast supporter of an open APEC Food System, which allows nutritious and safe food products to flow freely across borders. Consistent with our overall mission to raise standards of living throughout the region, PBEC has worked toward the development of an efficient trading system, which delivers the highest quality food to the greatest number of people at the lowest possible price.

PBEC notes with dismay, however, that agricultural subsidies and protection continue to have a deep and negative influence on the development of an open food system.

Progress on reduction and elimination of agricultural subsidies and protection must be as broad-based as possible. As long as some countries or regions maintain extensive support systems and subsidy regimes, other countries will feel pressure to follow suit. Multilateral action within APEC and the WTO is therefore essential.

Agricultural subsidies and protection in developed countries amount to \$1 billion per day. Within PBEC member economies, the percentage of farm income resulting from government intervention ranges from 1% of farm receipts to over 60%, according to the OECD. Market-distorting subsidies and protection are also a major problem outside the Pacific Rim region.

These practices stifle productivity, diversification and innovation. They lead to a wasteful use of natural resources and are damaging to the environment. Agricultural subsidies and protection distort consumer prices and siphon off limited tax revenues that could be used for education, health care and social services. They also insulate agricultural producers from marketplace signals and build inefficiencies and waste into the world trading system.

Agricultural protection has a disproportionately negative impact on developing countries. High levels of subsidization and protection within the developed world inhibit the ability of poorer countries to emerge from poverty and breeds cynicism about the global trade system. High levels of agricultural protection in some developing countries also distort production and trade flows.

Therefore, the Pacific Basin Economic Council strongly opposes agricultural subsidies and protection and calls upon APEC, the WTO, and individual governments to make tangible, concrete commitments to immediately reduce and ultimately eliminate all forms of market-distorting agricultural subsidies and protection.

This will lead to the development of a diversified, productive agricultural sector in the Asia Pacific, and as a result, a higher quality of life for all citizens.

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