

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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ACP GROUP

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for the ACP Countries Participating in the Ministerial Meeting

Let me join all those that have thanked King Hassan II, the Government and people of Morocco for the warm hospitality extended to us and for the excellent facilities placed at our disposal during this historic occasion. For the 70 developing countries which constitute the ACP Group, it is a great honour to be here.

In 1986, when the negotiations started in Punta del Este, GATT appeared to the Group as a rich man's club which was effectively closed to most of them. It is no surprise, therefore, that the ACP countries jealously safeguarded their interests in the European Union market. Today, of the 125 GATT participants attending this conference, 50 are ACP countries. This demonstrates the new optimism and confidence of developing countries to a strengthened multilateral trade system.

The Uruguay Round will facilitate the opening up of markets world-wide and will give a boost to growth and development. Equally important, a new set of improved rules, to govern the system of international trade, should strengthen the multilateral trading system. The ACP countries are nevertheless concerned that, in the spirit of compromise which represents the Final Act, a number of their concerns have not been fully taken into account.

The fundamental challenge of the Final Act from an ACP perspective is whether the outcome of the Uruguay Round will enhance the economic recovery and development prospects of the Group. In no area is this challenge more visible and, the response is likely to have an immediate and major impact, than that of trade in goods. More favourable market access conditions for goods produced by the ACP States should facilitate the recovery and expansion of their export earnings, production and employment. Greater export earnings will help the ACP States to resolve their external financial problems, to restore their economic growth and to tackle more effectively their long-term problems of economic development.

The ACP countries have enjoyed considerable preferential margins in the European Union market under the successive Lomé Conventions, first signed in 1975. These margins had nevertheless, been successively eroded as a result of liberalization measures necessitated by changes in the world economy. Partly because of this, ACP performance in the European Union market had deteriorated considerably - their share in European Union imports has fallen from 9 per cent in the early 1970s to less than the 4 per cent in the 1990s (3.8 per cent in 1993). The Uruguay Round presents yet another stage in the erosion of ACP preferential margins.

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The issue of net losers and net gainers in the multilateral trade negotiations is not new. However, for the ACP countries, most of which are least developed and net importers of agricultural foodstuffs, the extent of net gains or losses is closely linked to trade liberalization in products of export interest to them. Most of these countries depend on one or two and at most three products for their export revenue. These countries depend for more than 60 per cent of their export earnings on the European Union market. They will certainly experience an erosion of preferential margins and would consequently experience net losses both on the export side and on the import side through higher expenditure for basic foodstuffs.

This prospective outcome for the ACP countries from the Uruguay Round is therefore a cause for major concern. Thus, there is a strong case for accompanying measures, in the context of applying the results of the Round, to redress the imbalance and thus provide for them a balanced outcome, supportive of their economic and social development. The package of measures envisaged in this regard should also include balance-of-payments assistance as well as financial and technical assistance to enable them to take advantage of the opportunities offered by the Uruguay Round.

In addition to these concerns, rules and obligations in the new areas would impose further technical, administrative and institutional constraints on the ACP countries. ACP countries, especially those that are only now acceding to the GATT, will find it difficult and costly to implement obligations in these areas and would therefore require additional assistance. Consequently, the GATT and the WTO should provide an appropriate framework to address these concerns, including those that may become more apparent as these countries implement the agreements signed in Marrakesh.

The ACP countries have pulled their collective weight to contribute positively to the final global package in spite of their level of development and the meagre opportunities for their trade expansion resulting from the Round. The autonomous trade liberalization reforms carried out in the context of their economic reform programmes, is clear testimony of their commitment to an open and equitable multilateral trading system. In addition, the European Union's offer in the areas of tropical products and natural resource-based products presents certain sacrifices on the part of the ACP States. Without this contribution, the success of the Uruguay Round would surely have been harder to achieve. As more ACP countries join the GATT and become members of the World Trade Organization, the world trading system will be further reinforced.

The commitment of the parties to the Lomé Convention to trade liberalization is clearly demonstrated by the depth and coverage of the concessions by the European Union in the Uruguay Round in areas of extreme sensitivity to the ACP countries. This is further proof that the Lomé Convention is consistent with the objectives of the GATT and those of the WTO. While the ACP countries would do whatever is required of them to implement the conclusions of the Round, GATT and the WTO should ensure that the ACP countries are assisted and enabled to derive better benefits from the multilateral trading system commensurate with the new obligations that they have accepted in the Round.