

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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FOOD AND AGRICULTURE ORGANIZATION

Statement on behalf of the Director-General by Mr. Richard J. Perkins
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(As an Observer)

It gives me great pleasure to make this Statement on behalf of the Director-General of the Food and Agriculture Organization, Dr. Jacques Diouf.

The FAO welcomes the successful conclusion of the Uruguay Round of Multilateral Trade Negotiations. The Organization has long stressed the importance of trade liberalization in agriculture and has actively supported the negotiations, particularly in the sanitary and phytosanitary area and in assistance to the developing countries, including the net-food importing developing countries.

The FAO's concern is mainly with the effects of the Uruguay Round on world agriculture and in particular the agricultural sector of the developing countries. We are therefore conscious that the Agreement on Agriculture, although rather comprehensive and going well beyond tariffs and border measures, still represents only a partial liberalization agreement. The cuts in support to agriculture are relatively small and spread over a number of years. Overall, a large degree of distortion in the world market for agricultural commodities will still remain even after the complete implementation of the reduction commitments.

Our preliminary assessment is given in a document that has been made available by the FAO Secretariat. In this statement I would like to highlight three points.

First, world agricultural prices are expected to be moderately higher than without the Uruguay Round agreement. The positive impact on world food prices together with the cut in export subsidies will possibly raise the import price paid by many developing countries. This underlines the importance of special provisions for developing countries contained in the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries. The FAO trusts that this Decision is backed up with adequate resources.

Secondly, on balance world food stocks are likely to be reduced. Fortunately, however, the support to food security stocks has been excluded from reduction targets in the Final Act. It is to be hoped that countries would take advantage of this exemption and build up adequate food security reserves, but developing countries may not be able to make large efforts on this score as holding stocks is an expensive undertaking.

¹Written statement only.

Thirdly, aside from the quantitative effects of the Uruguay Round Agreement, what is probably of greater significance, particularly in the long run, is the new shape of agricultural policies. The way in which agricultural policy is undertaken is likely to change radically in the future. The implications for the developing countries of this new regime will however have to be seen within the framework of structural adjustment programmes underway. In agricultural and food policy, there is already a general trend towards more precise targeting of policies. Whether these policy changes are motivated by the new Uruguay Round disciplines or by ongoing structural adjustment programmes, both point in a rather similar direction, one where actions to influence prices are no longer the main instruments of agricultural policy. Whether, however, it will always be feasible for developing countries to adopt non price-distorting policies is a matter that requires further analysis.

Finally, I would like to say a few words about the possible role of the FAO in the new international trade policy environment. Not only is the FAO a unique depository of information and expertise on agriculture, it has a number of existing instruments that have been called on to play a significant role in the future.

First, the close working relationship that has existed between the GATT and the FAO on sanitary and phytosanitary matters will continue and expand, especially in relation to the work of the new Committee on Sanitary and Phytosanitary Measures. In order to harmonize sanitary and phytosanitary measures on as wide a basis as possible, members are encouraged to base their measures on international standards, guidelines and recommendations where they exist. In anticipation of the conclusion of the Final Act, the FAO Conference approved a strengthening of the work related to the Codex Alimentarius and the International Plant Protection Convention and, for the latter, authorized a Committee of Experts on Phytosanitary Measures, which will meet for the first time in May 1994.

Second, collaboration on food-aid issues and especially the involvement of the Consultative Sub-Committee on Surplus Disposal, which oversees the application of the FAO's Principles of Surplus Disposal and the system of Usual Marketing Requirements, will be essential. The Final Act explicitly refers to these Principles in the Article on the Prevention of Circumvention of Export Subsidy Commitments and, in view of the strict disciplines on export subsidies, this clause could become one of the most important in the years to come. The Consultative Sub-Committee on Surplus Disposal has been meeting monthly since the fifties and has a vast store of practical experience on concessional trade.

A related area is the question of estimating food-aid needs. This could arise in connection with the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme in Least-Developed and Net Food-Importing Developing Countries. It may also arise in assessing the food security situation if and when Article 12 export prohibition questions arise. The expertise of the FAO's Global Information and Early Warning System in assessing food-aid needs may be helpful in implementing both the Decision on the concerns of the least-developed and net food-importing developing countries and on assessing the food security situation.

Thirdly, it will be necessary for the international community to assist developing countries adjust to the new post-Uruguay Round disciplines on agricultural policy. The FAO has already a programme of work in this area including regional expert consultations and national level activities. This eventually will have to be reflected in the whole range of agricultural policy advice that the FAO provides to its member countries. This wider context, which covers issues such as sustainability, food security and rural development, will be important to bear in mind when providing advice to member countries on their post-Uruguay Round agricultural trade policies. Coupled with policy advice, the Final Act, notably on agriculture, sanitary and phytosanitary measures, measures concerning the possible negative effects of the reform process, and on least-developed countries, envisages expansion of technical assistance to developing countries, to enable them to benefit from its provisions. In many of these

areas, the FAO has both the experience and many ongoing technical assistance activities which should be drawn upon to the maximum extent possible.

In all these areas as well as such ongoing areas like the provision of information, the FAO looks forward to close cooperation with the World Trade Organization for the benefit of all member nations.