

# WORLD TRADE ORGANIZATION

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## FOOD AND AGRICULTURE ORGANIZATION

### Statement by Mr. Hartwig de Haen Assistant Director-General, Economic and Social Department

*(Speaking as an Observer)*

Around 800 million people still suffer from hunger. The number of the undernourished in the developing countries has declined somewhat in recent years but far too slowly. Only last week, the FAO Conference in Rome reaffirmed the 1996 World Food Summit goal of halving, not later than by the year 2015, the number of the undernourished. Urgent action is needed if this goal is to be met.

Access for all to sufficient, safe and nutritious food is essential for an active and healthy life. Trade is vital to food security of both poor and rich countries. Trade in agricultural products, amounting to about US\$450 billion annually, has almost doubled since 1980.

FAO's main concern during the forthcoming round is to ensure that the reform in the regulatory framework governing international agricultural trade is conducive to food security for all. In this context, I should like to make seven brief points.

#### **Key issues**

#### **1. World agricultural markets are still highly distorted**

The Uruguay Round began a process of reducing distortions in the agricultural sector. But the continued high levels of support and protection in some higher-income countries adversely affect the agriculture of other countries by depressing commodity prices, thus undermining investment in the sector. The farmers of developing countries in particular suffer the effects of these distortions. Consumers in importing countries have sometimes benefitted from the resultant surpluses but over the longer term the depressed prices have led a number of net-food-importing countries to neglect their own agriculture in public policies.

Many developing countries, on their part, have already undertaken substantial domestic structural adjustment reforms. These reforms have not only contributed to reducing distortions in world markets, but have also reduced past disincentives against their own agriculture. Clearly their efforts would be less effective unless they are supported by corresponding reductions of distortions in higher-income countries.

#### **2. The reform process should respect the need for developing countries to give priority to their own agriculture**

Agriculture, in particular food production, is arguably the most vital of human activities. Historically, very few countries have achieved rapid economic growth and reduced poverty without agricultural growth. Despite substantial potential, agriculture in many developing countries,

particularly in the rural areas where most of the world's hungry live, remains underdeveloped. For many low-income food deficit countries, priority for agricultural development is the surest and quickest means for combining sustained economic growth and poverty alleviation with enhanced domestic food production.

For the developing countries, therefore, the key challenge in the forthcoming reform process is to ensure that the international regulatory framework governing agricultural trade will contribute to their agricultural development and food security.

### **3. Developing country agriculture needs to become more competitive to slow the trends of rising dependence on food imports and stagnant export growth**

Typically, the agricultural sector of developing countries can enhance food security in two ways – through increased exports as a source of foreign exchange, and through increased food production. The latter is of fundamental importance for the least-developed and net-food-importing developing countries whose food imports bills rose steadily during the 1990s.

For agriculture to fulfil this dual function, the reform process needs to enable countries to pursue measures to enhance agricultural productivity and thus become more competitive in domestic and export markets.

### **4. Developing countries need more flexibility in domestic agricultural policy and border protection**

In recognition of the importance of the sector in the developing world and its inability to adjust quickly to changing conditions, the Agreement on Agriculture includes several provisions with special and differential treatment for the developing countries.

The flexibility provided by these provisions needs to be maintained, and even enhanced. For example, some developing countries could be allowed to rebalance their border and domestic support commitments for key commodities crucial to their food security. Also, most developing countries do not have access to the Special Safeguard clause, and thus lack needed protection against possible import surges and depressed world prices.

### **5. Efforts are also needed to facilitate further access to markets in developed countries**

Tariff peaks remain in a number of commodities of export interest to developing countries and they would benefit if such tariff peaks were reduced, e.g. temperate zone horticulture, sugar, cereals and meat. Moreover, reduction in tariff escalation would allow them to benefit from exporting higher value processed products.

Sanitary and phytosanitary measures and technical barriers to trade continue to pose problems for market access for developing countries. They need time, resources and technical capacity to establish appropriate legislation and to build the necessary capabilities to meet standards in the world market. Harmonization of national standards with science-based international standards is in the interests of all. This would not only enable them to respond more expeditiously to emerging export opportunities but would also benefit domestic consumers and protect animal and plant health.

### **6. Fora and legal advice are still required for developing countries to address intellectual property issues in the field of food and agriculture**

Intellectual Property Rights (IPRs) related to agricultural inputs and technologies – including patents and *sui generis* plant varietal protection – impact heavily on the future evolution of the agricultural sector, on the relationships between developed and developing countries, and between the

public and private sectors. FAO's main interest is in ensuring that IPR's in practice actually support the sound growth of agriculture in poor countries, and to take in to account their specific needs and those of their small farmers.

Many developing countries still lack a minimum "critical mass" of technical and legal specialists able to participate in the coming negotiations on issues related to IPRs and agriculture, and to ensure that their interests are taken into account. We feel it important to develop that capacity rapidly.

## **7. Effective implementation of the Marrakesh Decision**

FAO shares the concerns of the least-developed and net-food-importing developing countries that little progress has been made since Marrakesh with respect to operationalizing the Ministerial Decision on Measures concerning the Possible Negative Effects of the Reform Programme on these countries. FAO considers essential that the negotiations lead to full implementation of the Decision, as urged by the World Food Summit.

### **FAO's role in promoting food security through trade reform**

FAO provides its members, developed and developing countries alike, with a range of services on issues related to agricultural trade. These include the monitoring of agricultural commodity markets and the provision of food outlooks and food security assessments at global, regional and country levels; advice and training on agricultural trade issues; and, provision of inter-governmental fora for setting sanitary and phytosanitary standards.

The 1996 World Food Summit Plan of Action mandated FAO to assist developing countries in preparing for multilateral trade negotiations in agriculture, fishery and forestry. The aim is that they might become well-informed and equal partners.

In this regard, FAO's activities fall into three main areas:

First, FAO conducts analytical studies on agricultural trade and food security. We have just published a first comprehensive Assessment of the Impact of the Uruguay Round on Agricultural Markets and Food Security, and are finalizing a volume on developing country experience with the implementation of the Agreement on Agriculture.

Second, FAO provides inter-governmental fora for member countries to establish standards for agricultural trade and relevant international instruments. Such bodies include, for example, the Codex Alimentarius Commission (jointly with WHO) for food quality and safety standards, the Commission of the International Plant Protection Convention for phytosanitary standards. Moreover, the FAO Commission on Genetic Resources for Food and Agriculture is currently negotiating the revision of the International Undertaking on Plant Genetic Resources which is expected to regulate access to plant genetic resources for food and agriculture and benefit-sharing. Another international agreement, which is relevant for the relationship between trade and natural resource management, is the Code of Conduct on Responsible Fisheries.

Third, FAO provides technical advice and assistance to its member countries in preparing for WTO membership and adjusting their national food and agricultural policies. It also assists them in establishing national regulatory systems that comply with the SPS and TBT Agreements. Legal advice is also provided on TRIPS.

The Organization has recently launched a training programme to prepare trade experts from developing and countries-in-transition for the forthcoming trade round. The programme covers all WTO agreements related to food and agriculture.

Finally, I would like to note that many of FAO's other technical assistance activities, in agriculture, fisheries and forestry, aim at raising food and agricultural production and productivity and at increasing competitiveness in these sectors. Attention is also given to improving market efficiency with emphasis on private sector involvement.

To conclude, FAO's primary goal is the reduction of undernourishment throughout the world and food security for all. The continuation of the agricultural trade reform process, and the development of science-based standards to guide and facilitate that trade, is critical for achieving this goal.

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