

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG5/W/51
2 March 1988

Special Distribution

Group of Negotiations on Goods (GATT)
Negotiating Group on Agriculture

Original: English

NEGOTIATING GROUP ON AGRICULTURE, 15-17 FEBRUARY 1988

Statement by Jamaica on Special and Differential Treatment

The objectives of the Uruguay Round set out clearly that the developing countries should secure additional benefits through Special and Differential Treatment. In our communication W/42, in paragraphs 13 and 14 we have made some suggestions in respect of special and differential treatment. In the field of agriculture, developing countries require this special and differential treatment because of the importance of agriculture to their economic growth and development. The main points to note are:

- (1) the importance of agriculture in total output and employment (on average 20%);
- (2) the dependence of some developing countries on a single agriculture export and consequently the high dependence on agricultural exports for foreign exchange and income;
- (3) the importance of developing countries as markets for temperate agricultural products exported by developed countries;
- (4) the contribution of international trade to gross domestic product.

The GATT rules and disciplines on agriculture have not been as tightly drawn as in the case of manufactures. It has allowed, through waivers and other derogations, developed countries to increase production and productivity and market shares in a wide range of agricultural products while reserving their domestic markets almost exclusively for their own production. These policies and measures of the developed countries have in recent times led to both benefits and costs to developing countries. The benefits being lower cost imports where these have been provided through export subsidies, through savings on foreign exchange and income spent for meeting food security, and securing inputs for economic diversification. The costs have been the loss of markets for some of their products, depressed commodity prices, and reduced investment in agriculture.

Restoration of growth would yield immediate benefits to developing countries through increased imports while at the same time, increasing their prices for those exports where structural changes in demand have not removed them from the market. This can be done using a variety of policies

including macro-economic, and increasing financial transfers. It should be noted that financial support from organisations such as FAO and IFAO have decreased at a time when there is need for increased financial transfers. A resolution of the debt problems faced by many developing countries would make a significant contribution.

Each developing country has its own characteristic of imports and exports and consequently the development, financial and trade needs will differ in some important respects. For instance, some are overall net importers while others are overall net exporters. An increase in international market prices would lead to a likely reduction in the welfare of overall net importers. This could be offset if there was an increase in welfare due to increases in prices of their exports and additional benefits in other sectors. Some developing countries are dependent on a limited range of agricultural products in one or two markets determined over a fairly long period of traditional trade relationships; some of these are of a contractual nature and will require specific attention in the negotiations. The costs and benefits can only be determined on a country-by-country basis.

The basic problems, causes and effects set out by a number of developing countries point to very clear areas where special and differential treatment are required. These should be given priority in the negotiations and I believe it is the intention of these countries to put forward specific proposals. Among these are the following:

- (1) increased income for producers and prices for products of interest to each developing country - to ensure this might involve income and price stabilization measures and the stimulation of increased demand in developed country markets through removal of consumption taxes and other internal levies on specific products of export interest to developing countries;
- (2) for any reduction of levels of support by major developed exporters, the prices of their exports of agricultural products (of the developed countries) should not be increased and passed on to developing country importers. Any such price increases would lead to loss of foreign exchange and worsening of developing countries' balance-of-payments would fuel inflation, and would do nothing to restore the dynamic growth of agricultural trade.

The reduction of support via government-imposed production controls which is being suggested by some developed countries might create more distortions in international markets. The approach whereby the price gap in developed countries is narrowed between producer and external market prices should lead to an increase in income to developing countries and not to worsening their situations. This price adjustment gap in developed countries, done by government intervention should not be passed on to

developing country importers. Each country will have its own measures and policies which will determine the scope and pace of the adjustment. Liberalized trade in agricultural products among the developed countries similar to that of manufactures would be a major contribution in attaining the objectives of the Uruguay Round. Special and differential treatment for developing countries to protect and increase their domestic production, to strengthen food and economic security, to increase trade among themselves and to maintain minimum access levels to the markets of developed countries will be necessary. Special and differential treatment must be built into the new rules and disciplines as well as into the exceptions.