

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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

COMMUNICATION FROM NIGERIA ON ISSUES  
BEFORE THE NEGOTIATING GROUP

1. Convinced that there is no alternative to well-designed and articulate agricultural policies in promoting growth and development especially in relation to:

- (i) the provision of adequate food for increasing populations;
- (ii) raw materials for industrialization;
- (iii) increased public revenue and foreign exchange for developing countries; and
- (iv) increased employment opportunities,

the delegation of the Federal Republic of Nigeria has deemed it necessary to come up with the following food-for-thought for the consideration of the Negotiating Group on Agriculture. It is concise and consistent with overall objectives, albeit non-exhaustive in nature as it only constitutes Nigeria's preliminary thinking on some of the issues being addressed by the Negotiating Group. It is Nigeria's hope that this submission will assist in advancing the cause of work of the Group in particular, and improving agricultural régimes world over. As a point of departure, Nigeria's evaluation of the progress of work in the Group should thus, be based on the extent to which indents (i)-(iv) above are met.

2. It is to be noted with concern that most of the proposals before the Group have fallen short of addressing the "development element" as expected. Nigeria wishes to reiterate points made by the delegations of India and Egypt that this is one issue that cannot and must not be taken for granted considering the imbalances and contradictions characterizing trade relations in recent times. Self-sufficiency and overall socio-economic development are in this regard, attainable on both the short-term, medium-term and long-term frames. Considering the fact that the majority of the developing countries are heavily dependent on agriculture, negotiations should aim at promoting and raising agricultural productivity through diversification of export-base, modernization of production through infusion of improved technology and adequate protection from disasters such as droughts, desertification, soil erosion, and food.

3. Nigeria notes with satisfaction the new spirit of co-operation and compromise being generated in this sector. It remains Nigeria's expectation that a major rewrite within the confines of the General Agreement should evolve in the drive towards reducing the present disarray and wastage of resources. Nigeria has in this spirit, come up with the following macro-agricultural policies as part of its contribution towards trade liberalization in agriculture.

A. It is Nigeria's firm belief that the objectives of every government's pricing policy are:

- (i) that farmers obtain remunerative prices for their products;
- (ii) to stabilize prices and income for farmers;
- (iii) that the prices of agricultural commodities are competitive in the world market and, to that extent, promote agricultural exports; and
- (iv) that agricultural imports do not enjoy undue comparative price advantage compared to their locally produced substitutes.

B. Trade policy

- (i) Trade liberalization: the Government will minimize administrative controls and put emphasis on trade liberalization and the promotion of competitive international trade;
- (ii) export promotion incentives that do not constitute any barrier to free trade will be provided, while appropriate tariff regulations will also be in place;
- (iii) fifty (50) per cent foreign participation in private agricultural enterprises;
- (iv) tax relief for at least five years for agro-allied projects whose materials are locally produced;
- (v) all those other domestic production assistance measures.

Other related policy issues will be made known to the Balance-of-Payments Committee when due.

4. Subsidies

It is gratifying to note that all the proposals before the Group acknowledge that subsidies are a problem. Subject to a number of carefully circumscribed exceptions, there should be a general prohibition on the use

of export subsidies. By the same token, production subsidies that would be phased out as appropriate, should be selectively provided to farmers. In particular, developing countries should, as a matter of priority, be allowed to implement policies including incentive programmes which, aside from increasing production, will meet increased consumption and bridge food shortage gaps. Such inputs are, however, to be granted on a declining scale.

#### 5. Market access/special and differential treatment

The World Bank in its 1986 report, submitted, inter alia, "that balance of agricultural trade has shifted sharply against developing countries, with the bulk of food exports coming from high-cost industrial countries and the bulk of imports going to low-cost developing countries" (MTN.GNG/NG5/W/3). This limitation of their export opportunities resulting from import barriers and subsidized competition is undoubtedly widely acknowledged to constitute a serious stumbling block to economic growth in developing countries.

The starting point in the opinion of this delegation is the Punta del Este Ministerial Declaration itself, to the effect that "the developed countries do not expect developing countries in the course of trade negotiations, to make contributions which are inconsistent with their individual development, financial and trade needs". It is obvious against the background of the foregoing, to restate that developing countries have important interests in better access to markets and in fairer conditions of competition in world markets, particularly in those areas where they enjoy comparative advantage. Their special needs, including limited capacity to compete with highly subsidized exports, need to be taken fully into account in these deliberations.

#### 6. Reform/statistics

Nigeria is supportive of reform efforts under workable and realistic criteria. Exceptions such as those evolved in the Cairns Group proposal should be left in place. On the contrary, concepts for monitoring reforms such as the Producer Subsidy Equivalent (PSE) and decoupled payments are for now too technical for developing countries to live with. They may even be unworkable in some cases. More realistic approaches need to be further developed without prejudice to lack of expertise on the part of others.

Similarly, for any meaningful agricultural negotiations, the importance of adequate and reliable data base cannot be over-emphasized. Various government agencies should, as such, be mandated to provide on a continuous basis, accurate and timely data on agricultural output, prices, income, inputs production costs, and so on.

7. Sanitary and phytosanitary measures

They should be harmonized as some of them are deliberately created at variance with relevant provisions of the General Agreement. A safety valve for the health of food, plants, animals and the environment should be guaranteed but on a non-discriminatory basis.

8. In sum, Nigeria has attempted to provide the Group with this food-for-thought covering most of the principles to govern negotiations in this sector. They are by no means exhaustive, as she will have cause to come back to some of them, as appropriate at a later stage. In the process, it is not taken for granted that each and every element presented herein will find favour with all participants. Our expected nuances notwithstanding, Nigeria expects a positive development sufficient enough to bring early results in agricultural trade on a sound basis that will strike a dynamic balance between domestic and trade interests, and which will fully take into account the special needs of the developing countries.