

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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NEGOTIATING GROUP ON AGRICULTURE

(10-12 July 1989)

STATEMENT MADE BY THE DELEGATION OF EGYPT ON BEHALF OF
A NUMBER OF NET FOOD-IMPORTING DEVELOPING COUNTRIES

Elements to Take into Account the Negative Effects of the
Reform Process on the Net Food-Importing Developing Countries

This statement should be read in conjunction with MTN.GNG/NG5/W/74 submitted to the Group earlier.

The Ministerial Declaration in enumerating general principles to govern the negotiations states that the negotiations shall, inter alia, "ensure mutual advantage and increased benefits to all participants". In their mid-term review, the Ministers agreed that "Ways should be developed to take into account the possible negative effects of the reform process on net food-importing countries...". It is our view that concrete measures to offset the negative effects on net food-importing developing countries will be essential to ensuring "mutual advantage and increased benefits to all participants".

Since 1987 there has been a strong upward movement in the import prices of several major food items such as dairy products, vegetable oils, cereals and other grains. This has continued during 1989. Wheat prices are at their highest level since 1982. Developing countries will have to raise their expenditure on staple food imports from US\$12.3 billion in 1988 to US\$17.6 billion in 1989 in order to maintain their level of nutrition. For cereals alone, the import bill for developing countries is expected to rise by 37 per cent in 1988/89.

In the case of cereals also, food aid availability is expected to decline to the lowest level in six years. In general, higher prices lead to lower food aid shipments since allocations are often budgeted in nominal monetary terms.

In the meantime prices for products exported by our countries, which at the same time face serious debt problems remain depressed. For example - for both Africa and Latin-America - agricultural exports declined even in nominal terms in 1987, while in real terms their position seriously deteriorated.

This demonstrates the situation facing the net food-importing developing countries at present, and further aggravation of the situation is expected. Our countries support the objective of greater liberalization in trade in agriculture. There will also be negative effects from the reform process. Studies make this clear. Prices of food imports will rise further and will aggravate an already critical situation.

The distortion of the international situation in trade in agriculture was not caused by our countries, so we should not bear the brunt of increased prices, nor should the cost of adjustment - however necessary - be transferred to us. Adjusting to the new situation calls for co-operation among all participants.

To take into account the negative effects on net food-importing developing countries, negotiations should result in specific measures and commitments at both bilateral and multilateral levels - agreed in the Uruguay Round - and implemented, as appropriate, in co-operation with international financial and development organizations.

These measures and commitments should have two main objectives:

Firstly: Alleviate the burden of increased prices on our import bill and balance of payments situation.

Secondly: Enhance our capacity to increase agriculture production, especially food production taking into consideration the inherent weakness of the agriculture sector in the majority of developing countries.

These objectives can be achieved through, inter alia, the following elements, each of which is considered essential and will contribute to the attainment of the objectives outlined above:

- (1) The provision of increased financial resources and technical assistance, bilaterally and multilaterally, for the purpose of enhancing agriculture production, productivity, infrastructure and research.
- (2) Increased food aid through, inter alia, a flexible approach to usual marketing requirements (UMRs) and triangular arrangements which promote production and exports of developing countries.
- (3) Enhancing the purchasing capacity, through concessional sales, including increased availability of low-cost export credits and grants, etc... particularly to those countries with debt servicing problems.

- (4) Increasing our export earnings through improved and effective market access conditions for our agricultural exports by immediate tariff and para-tariff reductions and phasing out/or elimination of non-tariff measures taking into account the specific needs of our countries. Elimination of trade-distorting support and protection measures should cover products of export interest to our countries.

The above elements will be further elaborated or added to in the course of the negotiations, in the light of discussions in the Negotiating Group on the reform process.