

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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NEGOTIATING GROUP ON AGRICULTURE

Statement by the Kingdom of Morocco

1. In order to attain the negotiating objective for trade in agricultural products, in accordance with the Punta del Este Declaration and the agreement reached at the mid-term review, participants have agreed to submit detailed proposals by December 1990.

The Kingdom of Morocco, which attaches particular interest to these negotiations, wishes to make its contribution to the exercise of reforming international agricultural trade, and to display its commitment to the introduction of a fair and market-oriented trading system.

Through this statement, the delegation of Morocco intends to reflect the specific concerns of a developing country which embarked on a process of structural reform of its agriculture in 1983. The comments and proposals made herein concern various elements of the work programme agreed at the mid-term review and are of a preliminary nature; our delegation reserves the right to add to them at a later stage.

A. AGGREGATE MEASUREMENT OF SUPPORT

2. Given the number and variety of measures used by each country to support and protect its agriculture, we consider that it would be desirable to establish an indicator with which to assess the effective contribution of each contracting party to the improvement of international agricultural markets.

The extensive debate concerning the proposals on the aggregate measurement of support reflects the diversity of support and protection policies, and points to the need to design an indicator that is simple to use and ensures the necessary transparency for such policies.

3. Some mechanisms suggested for the Aggregate Measurement of Support could constitute a useful basis for drawing up a definitive formula, provided they are studied in greater depth in order to correct obvious short-comings.

3.1 The support measurement should cover all measures that have the most distorting effect on world markets.

- 3.2 In the light of Moroccan experience it would be best to exclude from the scope of the support measurement expenditures for the improvement of the socio-economic context of agricultural production and agricultural support services.

This refers in particular to infrastructure investment (capital investment in hydro-agricultural projects, socio-economic infrastructure in rural areas, etc.), agricultural research, advisory and supporting services for farmers, farm equipment and sanitation.

This would merely reflect the agreement reached at the mid-term review, and would be fully justified by the following considerations:

- the socio-economic importance of agriculture in the Moroccan economy (18 per cent of the gross domestic product and 56 per cent of the population);
- the large gap between current output and potential production that could be achieved in tested competitive conditions.

- 3.3 The reference period for the support measurement should not be fixed. It should be periodically adjusted according to moving averages, for example over three years, in order better to reflect trends in world agricultural prices.

4. The prerequisite for the use of a measurement of support is that reliable information should be available in good time. It would therefore be desirable, side by side with any assistance furnished by GATT on behalf of some countries for the evaluation of agricultural support, to provide for assistance to developing countries which so desire for the establishment or improvement of data collection systems, within the framework of multilateral or bilateral cooperation.

5. Taking account of the foregoing, the Moroccan delegation may say that it is prepared to discuss the use of the AMS in the negotiations.

B. STRENGTHENED GATT RULES AND DISCIPLINES

6. In the view of the Moroccan delegation, the revision of the GATT rules and disciplines should have two fundamental objectives.

- The first concerns the needs to reflect the content of special and differential treatment in the new strengthened rules and disciplines.
- The second should aim at providing greater security for the contracting parties' rights and obligations, inter alia, concerning agriculture. The instruments to be used in agricultural support and protection policies should be codified.

C. TARIFFICATION AND DECOUPLED SUPPORT

7. Tariffication could be one of the means that could be considered for evaluating the consistency between the market access commitments entered into and the negotiating objective. It would also have the advantage of transparency, and foster predictability in agricultural trade.

Morocco, which has already begun this process, proposes the following:

- The world prices to be taken into account in the absence of reference prices for certain products could be calculated on the basis of the average value of exports (relationship between export values and quantities for a given period), adjusted according to quality standards to be agreed.
- The reference period should be determined using a different approach from that proposed for the measurement of support. The level of the tariff adopted to ensure a given amount of protection will be directly linked with the world price. The choice of the reference period is therefore crucial, and calls for the smoothing out of inter-annual variations and the neutralization of exchange-rate variations.

In addition, tariffication should not impede the supplementary mechanisms which might be made necessary for countries like Morocco by abrupt variations in world prices in situations where tariff ceilings exist.

8. With regard to decoupled support, the main comment we must make concerns the imbalance between the concerns of industrial countries and those of developing countries.

In the case of Morocco, such support is more concerned with incentives for productivity investment than with the transfer of income to farmers. This may easily be explained by the fact that agriculture accounts for the majority of the population and hence income support would be exorbitantly expensive for the State budget.

D. SPECIAL AND DIFFERENTIAL TREATMENT

9. The Moroccan delegation notes that most of the proposals concerning special and differential treatment have been advanced by developing countries. However, for this principle, which is an integral part of the Punta del Este Declaration, to have real content, the industrialized countries must give their response to these proposals and their views on this paramount issue.

10. The principle of special and differential treatment was agreed in order to allow developing countries the essential flexibility to adapt their agricultural adjustment measures to their development needs.

In this connection, the Moroccan delegation considers that the statements made by Mexico and Brazil are positive contributions to the definition of the content of special and differential treatment, and should serve as a platform for our discussions.

11. Special and differential treatment should therefore comprise, with due regard for transparency, measures likely to create a favourable environment for pursuing structural reform policies in agriculture.

These measures could concern, inter alia:

- improvement of market access, to take account of the positive impact of agricultural exports for countries like Morocco on agricultural incomes and on the propensity to import both food products and agricultural inputs;
- the necessary protection of agricultural output at a reasonable level to offset the effects of distorted international prices and also to take into consideration the social and economic importance of agriculture in the national economy.

In the interests of transparency, this protection should primarily consist of tariffs, without ruling out justified recourse to other instruments when the level of protection proves inadequate owing to the ceilings placed on tariffs in the context of structural adjustment measures.

- Support for the programme of structural reforms of agricultural policy in the form of concessionary financing or investments aimed at enhancing productivity. This finance, particularly crucial for heavily indebted countries, should be the result of better co-operation between GATT and the international financial institutions.

E. NEGATIVE EFFECTS ON NET FOOD-IMPORTING DEVELOPING COUNTRIES

12. Net food-importing developing countries will certainly face additional balance-of-payments constraints at a time when they have to cope with a severe shortage of foreign exchange.

The subsidies that have distorted world agricultural markets have equally certainly had an adverse impact on such countries' food self-sufficiency.

Insofar as the progressive elimination of the distortions that characterize world agricultural markets will generate additional resources for exporting countries and substantially reduce the cost of support policies, the Moroccan delegation proposes that a part of these resources should be earmarked for financing agricultural development in net food-importing developing countries.

Thought must be given at this stage to the ways and means of mobilizing and allocating these resources and on the desirability of undertaking this action in a multilateral framework. The proposals of the group which submitted document MTN.GNG/NG5/W/74 provide a suitable basis for identifying measures to palliate the adverse effects of the reforms on net food-importing developing countries.

F. SANITARY AND PHYTOSANITARY MEASURES

13. National sanitary and phytosanitary regulations should be based on internationally recognized standards. For this purpose, the International Zoo-Sanitary Code of the International Office of Epizootics (IOE), the Codex Alimentarius and the International Plant Protection Convention could constitute appropriate reference sources.

14. These bodies should be able to confirm scientifically the epidemic nature of an illness or of a parasite, the spatial extension of contamination and the degree of harmfulness of the residues of a substance used for pharmaceutical or phytosanitary purposes.

15. To ensure favourable conditions for the transparent application of the above standards, research and analysis methods in the sanitary and phytosanitary fields should be harmonized.

16. The standards and findings of the bodies mentioned in paragraph 14 should constitute a fundamental element in the GATT dispute settlement procedure.

17. To that end, the strengthening of those organizations' human and material resources and powers of action would be a matter of priority.

18. Technical assistance for developing countries to strengthen their work in the preparation of sanitary regulations and the logistical resources for their implementation should be a central concern in our negotiations.