

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG5/W/141

19 December 1989

Special Distribution

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

Original: English

UNDERTAKINGS AND COMPLIANCE REPORTS PURSUANT TO
PARAGRAPHS 15 AND 16 OF THE MID-TERM REVIEW
DECISION ON AGRICULTURE

Notification from South Africa

In accordance with paragraphs 15 and 16 of the TNC Agreement on Agriculture, participants stated their intention to reduce support and protection levels for 1990. This could be done either by using an AMS or by taking specific policy measures. In keeping with this commitment, South Africa would like to submit the following notification:

1. South Africa remains one of only a handful of net exporters of agricultural products in the world and attaches importance to the successful conclusion of the Uruguay Round in general and the agricultural negotiations in particular. It therefore stands ready to participate during the remaining months of the Round with a view to helping achieve the stated long-term objective of the agricultural negotiations.
2. The debilitating effect of a sustained drought, general economic conditions and a severe production cost squeeze have put such considerable pressure on the South African farming community in recent years that it unavoidably required government assistance in order to avoid depopulation of the rural areas. In spite of these difficult circumstances South Africa has introduced policies on deregulation and privatisation which also have a direct influence on policies and measures applied in the agricultural sphere and will unavoidably require of agricultural production to become more and more market-related.
3. Against this background, South Africa is taking or intends to take the following commitment to reduce support and protection levels for 1990 and to facilitate market access:
 - (i) **SPECIFIC POLICY MEASURES**
 - (a) The Government is reviewing the remaining import restrictions on agricultural products with a view to introducing a completely tariff-based system in such a manner as not to affect average access opportunities as they applied in 1987 and 1988.

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- during 1989/90 it is expected that tariffication will take place in respect of, inter alia, tobacco, vegetable oils and oilcake.

(b) The phasing-out of internal subsidies:

- the current consumer subsidy on bread of R 155 million will be phased out over the next two years; and
- the current marketing subsidy on maize of R 76 million will be phased out over a period of two years.

(c) The replacement of the remaining government-fixed prices by a variable pricing system under which prices are determined by the level of local production and prevailing market conditions.

- the new system was introduced during the last two years with respect to maize, wheat and oilcake.

(d) Simplified administration of imports, e.g. phytosanitary and other regulatory requirements.

- the Government has ceased the issuance of phytosanitary import permits on low risk plant products and instead only requires compliance with the phytosanitary standards of approved exporting countries.

(ii) AGGREGATE MEASURE OF SUPPORT (AMS)

An AMS method, along the lines of an SMU as proposed by the EEC, will be used by South Africa to quantify levels of protection and support in the main agricultural industries. The aim for 1990 is to use the method as an internal monitoring device only.