THE URUGUAY ROUND AGREEMENTS ON AGRICULTURE: THE PERFORMANCE AND EXPERIENCE OF DEVELOPING COUNTRIES

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INTRODUCTION

In the post war era, European banana imports were divided. This presentation draws from several sources, but mainly from (a) WTO trade data, and Submissions to the WTO Committee on Agriculture, and (b) from FAO papers.

The information is presented in four sections. Section 1 looks briefly at the WTO Agreements directly related to Agriculture. A summarised version of the main features of the Agreements is necessary to understand what comes later. To conserve on the main text, this is placed in an Appendix (and can be used as a reference for persons acquainted with the Agreements, and as a good introduction for those unfamiliar with the Agreements). Section 2 examines world and developing countries’ trade data, pre-WTO and since WTO, 1995. Section 3 covers the

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1 From WTO:
Market Access – Submission by Cuba et al, G/AG/NG/W/37
Export Subsidies – Food Security or Food Dependency, G/AG/NG/W/38, 27 September 2000.
From FAO:
(1) Trade Issues Facing Small Island Developing Countries, FAO Conference, SIDS 99, IF#, 12 March, 1999
(2) Experience with the Implementation of the Uruguay Round Agreement on Agriculture – Synthesis of Fourteen Country Studies, 1999 (under revision)
(4) FAO Technical Assistance and WTO Agreements, FAO Website-www.fao.org-
See also sections on: the Uruguay Round and FAO; FAO Impact Studies.

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experience of selected developing countries in implementing the WTO Agreement on Agriculture, and outlines some lessons from that experience. Section 4 focuses on the experience of CARICOM countries related to exports and imports – pre-WTO and post-WTO. Section 5 identifies FAO technical assistance and requests received regarding member states' preparation for involvement in and implementation of the WTO Agreements.

1. AGRICULTURE AND TRADE RELATIONS

It is customary to treat with the importance of agriculture by considering its relative contributions to GDP, a statistic which is often used to indicate that the sector has retained, or lost, its importance to the economy. The sector, however, plays a much more central role, especially in the economies of developing countries. Not only does it account for a significant share of gross domestic product, but it also provides cash incomes and subsistence for a large share of population, and earns significant levels of foreign exchange. In addition, the sector is the local source of nutritional and food security. Even where the GDP contribution is low, other measurements serve to maintain the important role of agriculture in selected developing countries.

Given the central role the sector plays in these economies, it must be evident that significant progress in promoting economic growth, poverty alleviation, and improving food security in most cases cannot be achieved without developing the potential capacity of the agricultural sector, and enhancing its contribution to overall economic development. In the years to come changes in current trade agreements related to globalisation, and more particularly to the Uruguay Round (UR) are demanding changes in structure and form towards sector competitiveness as pre-requisites to meet the challenges and take advantage of the opportunities offered.

The Uruguay Round has been described as a milestone juncture in the evolution of world agricultural policy. For the first time ever, a large number of countries agreed to a set of principles and disciplines intended to harmonise national and international trade policies. The UR achievement is contained in a series of agreements and Ministerial decisions annexed to the Marrakesh Agreement, which established the World Trade Organization (WTO) in 1995. The previous 1947 General Agreement on Tariffs and Trade (GATT) is considered an integral part of the UR. Unlike its predecessor, GATT, the UR for the first time incorporated operational rules and disciplines for trade in agriculture products. Among the many components of the UR, five are directly related to Agriculture. These are:
1. The Agreement on Agriculture (AoA), with main components of improving market access (mainly through a system of ‘tariffication’); disciplining domestic support measures; reducing export subsidies and unfair competition; and measures concerning the negative effects of the reforms on least developed and net food-importing developing countries.

2. The Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) promotes the harmonisation of sanitary and phytosanitary measures on the basis of international standards, where they exist.

3. The Agreement on Technical Barriers to Trade (TBT) seeks to ensure that technical regulations and standards, including packaging, marking and labelling requirements, and procedures for assessing conformity with technical regulations and standards do not create unnecessary obstacles to international trade.

4. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The TRIPS Agreement encompasses relevant international intellectual property agreements, provides for adequate intellectual property rights, including protection for plant varieties, and includes effective enforcement measures to protect those rights.

5. The decision on measures concerning the possible negative effects of the reform programme on the least developed and net food-importing countries.

An extended, but still summarised version of the UR Agreements as affects agriculture, is given in Annex 1.

2. WORLD TRADE AND DEVELOPING COUNTRIES

In the light of assessments, it is tempting to compare pre-1995 (WTO) trade data with post-1994 data, and to attribute the difference to the impact of the Uruguay Round. This could be very misleading. On balance, it may be too early to make such comparisons, not the least because a number of other trade liberalising measures were taken by a number of developing countries under pre-1994 World Bank-IMF structural adjustment measures. The following data and conclusions are taken from WTO trade data (Tables 1 and 2).
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Table 1. World Agricultural Exports and Exports of Developing Countries by Major Product Group, 1990-98

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<td>Developing</td>
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<td>Share of Exports</td>
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<td>41 1/2</td>
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<td>Food (%)</td>
<td>43</td>
<td>43</td>
<td>42</td>
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<td>44</td>
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<td>32</td>
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<td>raw Materials (%)</td>
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<td>Export growth</td>
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<tr>
<td>Manufactures ($)</td>
<td>412</td>
<td>457</td>
<td>513</td>
<td>567</td>
<td>684</td>
<td>837</td>
<td>882</td>
<td>958</td>
<td>941</td>
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</table>

Note: Data for World exclude intra-EU trade.

Source: WTO Secretariat

2.1 Exports

- The value of exports of agricultural products from developing countries increased from US$114 billion in 1990 to US$167 billion in 1998 (after a record US$178 billion in 1997). Data for 1999 suggest a 25% increase in exports value over 1998 to $208 billion for developing countries.
- In the first three years of the implementation of the Uruguay Round results, developing countries' export growth was stronger than in the pre-WTO phase with an annual increase of 7.2% for 1994-97, versus 6.1% for 1990-94. Reflecting the adverse impact of the Asian 1997/98 financial crisis, the corresponding figure for the period 1994-98 is 3.7%. With 1999 data the simple average growth is 7.4% per annum from 1994-1999.
- Agricultural exports of developing countries expanded more rapidly than those of the developed countries. As a result, the share of

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developing countries in world agricultural exports, which had increased from 40 to 41½% between 1990 and 1994, reached 42½% in 1998. Notwithstanding a nominal value increase in exports, data for 1999 show a decline in share to 38.5% for developing countries.

- While all developing regions contributed to the overall growth of world agricultural exports between 1994 and 1998, Latin America and the Caribbean achieved the most dynamic performance. Agricultural exports from Africa more than kept pace with the expansion of agricultural exports from all other origins combined. The growth of agricultural exports from developing Asia and the Middle East lagged behind. In the case of developing Asia, the adverse impact of the 1997/98 financial crisis on the US$ value of agricultural exports was apparently particularly strong.

- The overall gain in the share of developing countries in world agricultural exports between 1994 and 1998 reflects mainly their above average performance in the world market for food. Their share in the world food market increased from 43% in 1990 to 45% in 1998.

- Among the four major developing regions, developing Asia is the largest agricultural exporter with the value of its total agricultural exports amounting to US$71.3 billion in 1998, followed by Latin America and the Caribbean (US$65.5 billion), Africa (US$20.8 billion) and the Middle East (US$5.9 billion). This ranking has not changed since 1990.

- In 1998, the top five Latin American and Caribbean agricultural exporters (Brazil, Argentina, Mexico, Chile, Colombia) accounted for 74% of the region's total agricultural exports (Mercosur had a share of 52% in that total). The top five developing Asian exporters (China, Thailand, Malaysia, Indonesia, India) made up 70% of developing Asia's total agricultural exports in 1998. The top five African countries (South Africa, Morocco, Kenya, Zimbabwe, Egypt) accounted for 38% of Africa's total agricultural exports.

### 2.2 Imports

- Developing countries' import markets (and in some cases transition economies) are becoming increasingly important as outlets for agricultural exports from developing countries. In 1998, the share of developing countries' exports to destinations other than North America, Western Europe, Japan, Australia and New Zealand was 43%, up from 39½% in 1990. These destinations have thus become about as important as the
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import markets of Western Europe and North America combined.

- Among the four major developed country destinations, Western Europe is the most important market for agricultural exports from developing countries. However, Europe's share in total agricultural exports from developing countries declined from 30½% in 1990 to 28½% in 1994 to 28½% in 1998. Japan's share also declined from 14½% to 11½% over this period. North America, which like Japan had a share of about 15% in 1990, increased its share in total agricultural exports from developing countries to 16½% in 1998. Australia/New Zealand took about 1% of total agricultural exports from developing countries in 1998, as was the case in 1990.

- Throughout the period under review, developed countries' imports of agricultural products from developing countries rose more rapidly than their agricultural imports from other origins. However, growth during 1994-98 was lower than in the period 1990-94 (annual increase of 2% versus 6% (1994-97: 4½%). In part, this reflects a less dynamic performance of food imports from developing countries in the 1997-98 period, with the effects of the financial crises mentioned above having played a role. Also, developed countries' imports of agricultural raw materials from developing countries, which had expanded at an annual rate of 3½% during the period 1994-97, dipped by 10½% from 1997 to 1998.

- Over the period 1994-98, the annual growth of developed countries' imports of agricultural products from the least-developed countries increased to 2½%, up from 1½% for 1990-94. For the period 1994-97, these imports had expanded at an annual rate of 6½%.

- The increase in the developed countries' agricultural imports from least-developed countries from US$3.7 billion in 1994 to US$4.1 billion in 1998 (1997: US$4.5 billion) resulted from an improved performance of the least-developed countries in the agricultural raw materials markets of the developed countries, and a good overall performance in their food markets.

- Throughout the 1990s, food gained in importance in the export basket of the least-developed countries in their agricultural trade with developed countries. In 1998, food accounted for almost four-fifths of that trade, up from about two-thirds in 1990. By 1998, the share of agricultural raw materials had thus declined to 21%.

The data provide a few lessons for WTO analysis in relation to Caribbean countries:

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(1) the gains in Latin America is quite concentrated in the larger countries and trading bloc indicating the need for WTO arrangements to differentiate among ‘developing countries’ rather than place all under one umbrella;

(2) the concern expressed by the Caribbean over the EU proposal to allow duty free entry to ‘anything but arms’ from least developed countries, may be well founded from their recent performance.

Table 2. Developed Countries' Imports of Agricultural Products by Origin, 1990-98

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<tr>
<td>1990</td>
<td>165,650</td>
<td>118,170</td>
<td>47,480</td>
<td>68,540</td>
<td>54,440</td>
<td>14,100</td>
<td>3,500</td>
<td>2,390</td>
<td>1,110</td>
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<tr>
<td>1991</td>
<td>165,640</td>
<td>122,890</td>
<td>42,740</td>
<td>71,270</td>
<td>58,270</td>
<td>12,990</td>
<td>3,050</td>
<td>2,240</td>
<td>820</td>
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<td>1992</td>
<td>173,850</td>
<td>129,330</td>
<td>44,520</td>
<td>73,120</td>
<td>59,620</td>
<td>13,490</td>
<td>3,060</td>
<td>2,250</td>
<td>810</td>
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<td>1993</td>
<td>172,870</td>
<td>128,870</td>
<td>44,000</td>
<td>73,040</td>
<td>59,960</td>
<td>13,080</td>
<td>2,920</td>
<td>2,230</td>
<td>690</td>
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<td>1994</td>
<td>199,400</td>
<td>146,750</td>
<td>52,640</td>
<td>86,560</td>
<td>70,910</td>
<td>15,650</td>
<td>3,710</td>
<td>2,850</td>
<td>860</td>
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<tr>
<td>1995</td>
<td>223,540</td>
<td>160,080</td>
<td>63,450</td>
<td>97,520</td>
<td>77,540</td>
<td>19,990</td>
<td>4,600</td>
<td>3,640</td>
<td>970</td>
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<tr>
<td>1996</td>
<td>225,570</td>
<td>168,300</td>
<td>57,270</td>
<td>98,310</td>
<td>80,220</td>
<td>18,090</td>
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<tr>
<td>1997</td>
<td>224,130</td>
<td>168,040</td>
<td>56,090</td>
<td>98,550</td>
<td>81,250</td>
<td>17,300</td>
<td>4,460</td>
<td>3,520</td>
<td>940</td>
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Note: Imports are valued f.o.b.
Source: WTO Secretariat.

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3. EXPERIENCE WITH IMPLEMENTING THE MAIN PROVISIONS OF THE AGREEMENT ON AGRICULTURE

The focus of this section is the experience of selected FAO case study countries\(^2\) with implementing commitments on market access, domestic support and export subsidies — and not on the effects of their implementation.

3.1 Objectives and Expectations

The overall objective of the Uruguay Round was to establish a world trading framework within which a set of disciplines and principles could be agreed upon towards harmonising national and international policies. Such harmonisation would lead to a more liberalised trading system, and consequently increased trade. The Agreements related to Agriculture are integral means towards this objective, but they also have some more proximate objectives: (1) to curb the use of policies that distort agricultural production and trade, (2) to promote greater transparency and harmonisation in the application of technical product standards and measures to protect human, animal and plant life and health, and (3) the protection of intellectual property rights. The mechanisms adopted for trade liberalisation were expected to increase world trade, to allow all countries to benefit from more competitive and fairer trade, and to allow products from developing countries more access to markets in developed countries.

Market Access

The approach taken to reviewing implementation experience with respect to market access commitments is based on the following two criteria:

- Comparison of the country’s WTO bound tariffs with applied rates for recent years. A low level of applied rates relative to bound rates indicates that there is room for flexibility in policy and so less difficulty in 'living within' the bound rates;
- The extent to which the tariff structure deviates from the simplest form of a 'tariff-only' import regime. Although the tariff schedule may still be WTO-compatible, the extent of deviation is an indication of the difficulty in adapting to the 'spirit' of the new trade rules:

1. First, it is clear that applied rates are, on average, much lower than bound rates. The simple average of the applied rates for 12 of the 14 countries is 22%,
whereas for the bound rate it is 90%.

A number of factors were found to explain this difference:
- First, all countries had gone through a series of trade policy reforms prior to the conclusion of the UR and had consequently eliminated most non-tariff barriers (NTBs) and reduced applied rates considerably, in many cases capping them unilaterally. By contrast, the bound rates which were typically set as ceiling bindings during the UR are generally higher, but not so for all countries.
- Second, for some of the countries, the lower applied rates were due to the adoption of a Common External Tariff (CET) of a customs union.
- Third, some countries with large populations at, or near-poverty levels have not found it politically feasible to maintain high domestic prices through tariffs.
- Additionally, there is some evidence that some developing countries were obliged to set  

3These are only approximations, providing a rough order of magnitude of the true values. For Guyana and Jamaica, the average applied tariff was assumed to be 40%, which is that of the CARICOM Common External Tariff. The actual average is probably much lower.

4Some developing countries are known to have taken such a stance in the UR on account of loan conditionality, thus locking themselves into a disadvantageous position.
prices continue to be high and import-competing sectors are weak.  

3. (a) Third, several case studies showed that some countries had difficulty 'living with' the ordinary tariff in its simplest form for a number of products, notably basic food products. Often, tariffs on these products were higher than average and were supplemented by additional measures such as surcharges and variants of price band policies. Examples include Peru's price band policy (sobratassa), Morocco's threshold-price-based formula for determining import tariffs, Kenya's suspended duties (surcharges), Jamaica's additional stamp duties and India's quantitative restrictions on balance of payments grounds.  

(b) These were not pointless measures and were implemented to good effect. In Peru's case, the 30% bound tariff (for most agricultural products) would not have been adequate to stabilise the domestic markets for sugar, wheat and dairy products where applied tariffs reached as high as 46-54% (but still within the bound rate of 68% for these products).

4. (a) Fourth, the case studies showed that tariffs were often the primary, if not the only, trade instrument open to these countries for stabilising domestic markets and safeguarding farmers' interests in the face of sharp swings in world prices or a surge of imports. With virtually no safety-net measures, no access to the much simpler Special Safeguard (SSG) provision of the AoA and practical difficulties in resorting to the general WTO safeguards, tariffs were frequently varied to cope with sharp swings in world market prices and, in some cases, changes in exchange rates.  

5 See, for example, Review of Cereal Price Situation in Selected Developing Countries in 1995-96 and Policy Measures to Offset the Price Rise, (ESCP Document No.1, FAO, 1996), which documents trade policy responses during 1995 and 1996 when world market prices of basic foods rose sharply. Similar information is
(b) By contrast, many high-income countries do have the option to use additional, non-tariff instruments to cope with price or other risks, e.g. relief payments, subsidised emergency loans and risk management instruments.

One lesson is that tariffs play a broad and important role in developing countries for lack of other trade instruments and alternative safety-net measures - hence the importance of the bound rates.

5. (a) Fifth, on safeguard and trade remedy measures, only 3 of the 14 countries (Botswana, Morocco and Thailand) had access to the agricultural SSG for a limited range of products. None of them had recourse to the safeguard during 1995-99 and so had no experience to report.

(b) Several case studies commented on the SSGs, stressing the 'unfairness' of a global trading system that gives some members access to them but not others. Some of the studies added that this was doubly unfair because the countries concerned had indeed 'tariffied' their NTBs, but on a unilateral basis prior to the UR, for which no credit was given.

(c) It was also emphasised in many of the studies that the general WTO safeguards were of no practical value because the Government lacked the institutional capability to apply them. The Jamaican case study in particular put stress on having an effective trade remedy measure based on experiences with several episodes of import surges that undermined domestic sectors (notably poultry, beef, dairy products and rice). Some attempts were made to initiate anti-dumping measures but were dropped for lack of legislation and institutional capability.

In sum, one important conclusion is that there is need for an appropriate safeguard mechanism, which also seems essential for furthering the process of trade liberalization without incurring high social costs.

6. (a) Sixth, and finally, only three countries (Brazil, Morocco and Thailand) had opened tariff rate quotas (TRQs), and they had little experience to report. In Brazil, the MFN tariff itself was below the in-quota rate, while Thailand had been asked some
questions at the CoA on low 'fill-rates' and quota administration methods in some cases.\(^7\)

(b) One of the objectives of the case studies was to document experience with accessing TRQs opened by others, notably the developed countries. However, that did not prove possible since, in the short time available, the national consultants were unable to interview traders who would have had the relevant information.

Since TRQs are important for accessing markets for many products that otherwise face prohibitive above-quota tariffs, the sixth conclusion would be that it is essential to record and analyze this experience—especially to determine who (which country) was able to access how much of the TRQs and what factors were responsible.

**Domestic Support Measures**

The implementation experience with respect to commitments on domestic support measures was reviewed for each country. The focus of the analysis is on the extent to which the AoA provisions and country commitments on domestic support policies have required them to make policy changes or adjustments, and not on questions such as whether these supports and subsidies are high or low in an absolute sense, or desirable or not for the economy. The information on support measures for the 14 countries is summarised in Table 3, and together with additional information in the individual case studies, leads to the following main findings:

First, only 5 of the 14 countries submitted detailed information on support measures, i.e. green box (GB) outlays, product-specific (PS) and non-product-specific (NPS) AMS levels, and developmental or Special and Differential Treatment (SDT) outlays. Three of the remaining nine had no information at all (Bangladesh, Guyana and Sri Lanka), other than reporting that all of their support measures conformed to the 'exempted' categories (GB, SDT and AMS within the de minimis levels). Three others reported only GB outlays, while two others also informed on SDT outlays. Peru provided information on GB and NPS AMS.

This information may be interpreted in several ways: a majority of developing countries have no policies that would require AMS reductions; or the AMS levels are very low (i.e. within the de minimis limit); or all policies fit into the GB (i.e. non-trade-distorting) or SDT categories; or support measures were not fully reported for lack of institutional capacity to prepare the

\(^7\)Although TRQs did not feature prominently in the case studies, as most countries had none, this was one of the topics that attracted considerable attention in the CoA during the early years (i.e. 1995 and 1996), as well as in the process of Analysis and Information Exchange.
original schedule and current notifications. The reality, most probably, is that there is some truth in all these statements.

One obvious, but strong, conclusion is that we do not fully know the exact situation for many countries. How is it possible for them to negotiate new rules when information on current support levels is simply lacking?

Second, the AMS levels for current years have been well below the committed or permitted levels, with the 'utilisation ratios' on the higher side only for Thailand. The Brazilian study in particular shows marked declines in AMS levels due to fundamental changes in agricultural policies by 1995 compared with the AoA base period of 1986-88. Of the four countries without

AMS reduction commitments (Bangladesh, India, Pakistan and Peru), the PS AMS was negative for the first three countries (no information is available for Peru), while the NPS AMS was positive in all four cases. The NPS AMS was fairly high (relative to the permitted 10% of value of production) only for India (up to 7.5%) and Peru (5 to 6%). This combination of negative PS AMS and positive NPS AMS seems to be a general feature in many developing countries. This experience has prompted proposals in both WTO and elsewhere for combining the two AMS levels before imposing reduction disciplines so that the AoA rules address the aggregate of both forms of distortion.

Third, although there were no cases of countries breaching the AoA rules and commitments, the studies identified several issues of significance for the future. Many of these were also raised by WTO Members during the process of verification at the CoA. The studies on India, and Pakistan in particular, provide more details. Briefly, these issues relate to: taking into account inflation and

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8 In FAO’s experience from working with many developing countries during 1995-99 and from several regional seminars, lack of institutional capacity appeared to be a major factor. While there was a great deal of confusion with the AoA rules on support measures in the early years (e.g. 1994 and 1995), lack of capacity still constrains many of these countries in preparing detailed notifications and analyzing them.

9 The Moroccan study presents an interesting case of sharp annual fluctuations in AMS levels as a result of fluctuations in production due to weather. That has not so far created a problem because the level of flexibility is high, but it could do so where the AMS on average is close to the permitted maximum. How to address fluctuations in production from the standpoint of compliance with AMS could be an issue to consider.

10 There were no reduction commitments because the AMS was within the de minimis limit.

11 The AMS data reported for Bangladesh are unofficial and are contained in a study prepared by a national research institution as part of a FAO-sponsored project.

12 Sudan, Syria and Yemen (all non-members of WTO) in studies prepared under FAO technical assistance programme during 1995 and 1996.
currency depreciation in calculating current AMS; the definition of 'eligible' production and of 'low-income' and 'resource-poor' farmers; treatment of negative AMS; confusion over the logic of using fixed, historical external reference prices for computing current AMS levels; how to treat the reference prices if a country changes its trade status during the implementation period (e.g. from a net importer to a net exporter); and how to treat properly the recovery of investment and operating costs (e.g. on irrigation). Some of these issues reflect ambiguities in the terminology and definitions used in the AoA while others reflect particular difficulties facing a low-income agricultural economy.

For the developing countries as a whole, and for that matter for all WTO Members, it is important to resolve these ambiguities, definitional problems and practical difficulties.

Fourth, while there has been no problem of compliance with AoA provisions and commitments for current years, many case studies expressed fears for the future on a number of scores. Several countries do not know their position exactly and their policies have not been rigorously examined in the CoA (e.g. to determine whether a particular measure belongs to the GB or AMS category), most probably reflecting lack of information in notifications. This lack of scrutiny cannot be assumed to continue indefinitely. Furthermore, it is not clear what will happen in the future, when current rules, definitions and exemptions may change and/or national development priorities and policy options change.

Egypt provides an example of this last point. It was indicated in the case study that failure in the national debate to address squarely the desirable level of self-reliance in wheat was perhaps due to the large food aid shipments in wheat received and to export subsidies which masked the potentially much higher food import bill. In such a situation, the low level of support to wheat made good economic sense, but no longer has any validity. The debate on this subject is likely to start now not only because of the high import bill but also because of the great importance of wheat for food security. It has been estimated that raising Egypt's self-sufficiency ratio for wheat from the 1994/95 level of 48% to 60% would involve a product-specific AMS in excess of the de minimis level, thus breaching current commitments. Many other countries could find themselves in a similar situation.

The question asked in several case studies is how to prepare for negotiations without the benefit of an analysis of prospective needs for agricultural support when world commodity markets and relative prices are considered to have changed in a fundamental way. Very few countries
The Uruguay Round Agreements on Agriculture

seemed to have an answer to this question.

Export Competition

Traditionally, most of the 14 countries studied had a record of regulating exports through quantitative limits and taxes. But by the time the UR Agreement was signed, export regimes had already been substantially liberalized. Export subsidization was generally not an issue – only one of the 14 countries (Brazil) has the right to subsidize agricultural exports, but has not so far exercised this option. Rather, most countries felt strongly that the practice should be banned altogether, though in some studies this was not explicitly stated.

What came up repeatedly in most studies was that the governments occasionally implemented export incentive programmes, such as tax breaks, currency retention schemes and duty drawbacks. These schemes are not specifically referred to in the AoA but are addressed in the Agreement on Subsidies and Countervailing Measures. (Annex 1: Illustrative list of export subsidies.) It is not entirely clear whether it is legitimate to grant such subsidies on agricultural products (by referring to the Subsidies Agreement) when all forms of agricultural subsidisation are prohibited by the AoA for those countries with zero export subsidy commitments. This is an issue that requires clarification.

Other Experiences

Marrakesh Decision - Most of the 14 countries studied, as net food-importers, had considerable interest in the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries.

Many held the view that the Decision was part of an overall contract (the Uruguay Round Agreements) that recognised that some countries could suffer during the reform process, for which assistance provisions had been made. With very little progress in implementing the Decision, obviously none of the countries has been able to report any 'positive' experience with it.

The experience with food aid shipments, one of the assistance mechanisms, was mentioned in many studies as an example of the ineffectiveness of the Decision. In particular, it was stressed that food aid shipments fell to record low levels during a period when there was a hike in food prices (in 1995 and 1996) and food import bills rose sharply.

SPS/TBT Agreements – Reviewing the experience with these Agreements was originally within the scope of the case studies. The review was to have been done on the basis of interviews with

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traders, but that did not always prove possible. The picture that emerges, although partial, may be summarised as follows:

1. First, the SPSTTBT Agreements were considered positive developments for safeguarding the interests of small trading countries without much retaliatory clout.

2. Second, the key problem was the wide gap in the ability to meet international standards between the developing and developed countries, which cannot be narrowed in the short run, not least because it requires much investment. This state of affairs will continue to limit their export trade.

3. Third, for obvious reasons, traditional agricultural exporters gave much more prominence to these Agreements (Brazil and Thailand among the 14).

4. Fourth, several instances of both favourable and unfavourable experiences were reported in the case studies, in particular those of Brazil, Egypt, Jamaica, Pakistan and Thailand.

5. Fifth, some of the problems encountered by these countries were lack of mutual recognition of inspections and standards (with several large importing countries often asking for 'sameness' in the process rather than 'equivalence') and 'trade harassment', where the Agreements did not provide clear guidelines.

6. Finally, all studies were critical of the fact that the promised technical and financial assistance had so far not been forthcoming.

A Level Playing Field??

The observations on the 14 countries studied by FAO, and submissions made to the WTO Committee on Agriculture suggests that expectations have not been matched by results. This I summarised in the statement that "the playing field is not level for developing countries". For example,

1. Support to farmers in industrialised countries, calculated at US$360 billion, has returned to the high levels existing before the end of the Uruguay Round (Cairns Group).

2. The levels of subsidies have increased in OECD countries, import barriers have risen in developed countries; import tariffs are about twice as high as those in developing countries. Evidence emerging so far is that developing countries as a whole are not benefiting from agricultural liberalization (Cuba+10 Group).

3. There is a need for special and differential treatment provisions to address the agricultural and rural development needs of developing countries (Cairns group; Cuba+10 Group)
4. There is an urgent need for a more level playing field in export promotion since the current provisions of the WTO disciplines should apply to all forms, including subsidised export credits, abuse of food aid to dispose of surpluses and to force competitors out of the market, and lack of clarity on activities of state trading enterprises (EC; Argentina Group)

4. EXPERIENCE OF CARIBBEAN COUNTRIES WITH AGRICULTURAL EXPORTS AND FOOD IMPORTS DURING 1995-98

Many Caribbean countries signed on the WTO: Few have implemented many of the agreements. Indeed, those which have (Jamaica, Barbados, Trinidad) may have spent the first three years trying to understand the Agreements and have only just recently experienced the impact of implementing certain parts of the Agreements. The purpose of this note is to summarize the trade 'experience' of 14 Caribbean countries with agricultural exports and food imports during 1995-98. Many of the results may more rightly be attributed to changes in trade policy taken before WTO. Yet, experiences have to be

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4.1 Trends in Total Agricultural Exports and Food Imports

Figure 1 shows the evolution of agricultural exports, food import bills and the ratio of food imports to that of agricultural exports for 14 Caribbean states as a whole while Tables 1-3 provide the data for individual countries. The highlights may be summarized as follows.

**Agricultural exports (Table 1):**
- 1995-98 was generally a buoyant period for agricultural trade relative to the situation in 1990-94. Trade was considerably higher for both developing (40% higher) and developed (35%) countries and 37% for the world as a whole.

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15. All the data used in this note are from FAOSTAT, which has trade data up to 1998. Agricultural trade (and trade in food products reported below) excludes fishery and forestry products – this definition is closer to the one used by the URAA to define agricultural products.
• Historically (1985-94), Caribbean-14 value of exports increased steadily during 1985-94 (at the linear rate\(^6\) of US$28 million per year). Export trend was positive for 8 countries, negative for 4 and no change for 2.

• Actual agricultural exports of the Caribbean-14 was 32% higher in 1995-98 compared with 1990-94. The experience was positive for 10 of the 14 (of which 6 exceeded the regional average of 32%) and negative for 4 (Antigua and Barbuda, Dominica, St. Lucia and St. Vincent/Grenadines).

• The last column in the tables compares actual 1995-98 value with extrapolated value for 1995-98 based upon 1985-94 linear trends (also called 'trend' in this note).\(^7\) The value of Caribbean-14 agricultural exports was 15% higher from the trend, a positive experience. This was the case for 9 of the 14 countries – the situation of the other 6 worsened relative to their historical performance.

Food imports (excluding fishery products) (Table 2):
• As with agricultural exports, 1995-98 was also a buoyant period globally for food import bill. Import bills of developing countries rose 46%. They rose by 22% only for developed countries.

• Historically (1985-94), Caribbean-14 value of food imports increased steadily and strongly (at the linear rate of US$34 million per year, higher by US$6 million per year than agricultural exports). Import trend was positive for 13 of the 14 countries (exception Trinidad and Tobago).

• Food import bill of the Caribbean-14 was 30% higher in 1995-98 than in 1990-94. The experience was negative for all 14 countries (i.e. food import bills rose).

Compared with the extrapolated values for 1995-98 (last column of Table 2), food import bills in 1995-98 were higher for 9 countries, i.e. food imports were higher than what could have been expected in that period if the trends continued.

Ratio of total food imports to total agricultural exports (Table 3):
This indicator combines the two key variables that are expected to be impacted most by the URAA. The indicator is particularly revealing when both variables are rising, as is the case here. An increase in the ratio indicates that the food import bills rose faster than

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\(^6\)This is indicated by the slope coefficient, the "b" of a simple regression line of the form \(Y = a + b \cdot t\)

\(^7\)A trend line was fitted with pre-1995 trade data (1985 to 1994) and extrapolated for 1995 through 1998. In a way, the extrapolated values indicate the situation that could have resulted if 1985-94 trend continued through to 1998.
agricultural export earnings — a negative experience.\(^\text{18}\)

- Historically (1985-94), the ratio had a slightly negative trend, i.e. while both variables rose strongly (as noted above), food import bills did not rise faster than agricultural export earnings. During this period, the experience was negative for 8 countries (i.e. the ratio increased over time) and positive for other 6. Between 1990-94 and 1995-98, the ratio fell slightly (by 1% only) for Caribbean-14 (from a ratio of 1.42 to 1.40), a positive experience. The experience was negative (i.e. the ratio increased) for 9 of the 14 countries.

The situation worsened marginally when compared with the extrapolated value for 1995-98, i.e. the ratio was 2.2% higher than the trend value. 8 of the 14 countries saw their situation in 1995-98 worsen from the trend, with a positive experience for the other 6.

- Globally, it was the group of 19 NFIDCs\(^\text{19}\) that suffered the most (21% rise in the ratio). By contrast, the ratio fell by 10% for developed countries.

\(^{18}\)Note, however, that this is not an appropriate indicator of a country’s food import capacity, which would require relating food imports to total export earnings, including merchandise and services trade.

\(^{19}\)These are 19 net food-importing developing countries that are designated so in WTO.

4.2 Caribbean-14 (Total) Experience with Exports of Individual Commodities

Data for individual commodities similarly analysed as above provided the following highlights:

- Export value of raw sugar in 1995-98 was 18% higher than in 1990-94, with most of the change accounted for by volume; same for refined sugar.

- Export value of bananas suffered by 14% in post-94 period (also relative to trend), fully accounted by lower volumes.

- Experience was positive for distilled alcoholic beverages (43% rise in value, 16% in volume and 23% in price).

- Cocoa beans exports suffered on account of price, while volumes increased by 14%; but cocoa products suffered on account of volumes.

- Exports of green coffee rose by 59% in value terms, higher export prices more than offsetting 15% fall in volumes; processed coffee products also suffered on account of volume, but value rose considerably due to price.

- Experience was positive with primary fruit exports (both volume and prices rose); ditto for primary vegetables; also volume grew significantly for processed fruit and vegetables.

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Table 1: Total value of agricultural exports in 1990-94 and 1995-98 (annual average)

<table>
<thead>
<tr>
<th>Country</th>
<th>Linear growth rate 1985-94 1/</th>
<th>Actual values - 1990-94 (a)</th>
<th>Actual values - 1995-98 (b)</th>
<th>Trend value 2/ - 1995-98 (c)</th>
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<th>Percent change (b/c)</th>
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<td>8.4</td>
<td>12.5</td>
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1/ Slope of a linear trend line - it tells the value of annual growth rate (e.g. so many million dollars of exports per annum).
2/ Extrapolated values for 1995-98 computed from linear trend line fitted with 1985-94 data.
Source: Computed from FAOSTAT data. Agriculture excludes fishery and forestry products.
Table 2: Total value of food imports in 1990-94 and 1995-98 (annual average)

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1/ See note 1 of Table 1. 2/ See note 2 of Table 1.
Source: Computed from FAOSTAT data. Food excludes fishery products.
Table 3: Trends in the ratio of total food import bill to total agricultural exports

<table>
<thead>
<tr>
<th>Country</th>
<th>Linear growth rate 1985-94 1/</th>
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1/ and 2/ - See notes 1 and 2 of Table 1.

Source: Computed from FAOSTAT data. Food excludes fishery products

- The share of processed products (among those covered in Table 4) rose from 26% to 32% - a positive experience; also much larger growth in exports of processed products (39%) than primary (10%).

- For rest of agricultural products (i.e. not covered individually in Table 4, which accounted for 33% of the total), exports increased by 75%.
4.3 Summary

- Overall, for Caribbean-14 as a whole, food import bills rose 30%, agricultural exports rose 32% and the ratio between the two fell slightly (a positive experience). However, country experiences are varied, with 9 of the 14 countries with negative experience in terms of the change in the ratio.

- A number of questions are left unanswered: to what extent increased exports can be related to market access improvements due to the URAA? Was most of the growth in trade in traditional products enjoying preferential access having nothing to do with the access improvements expected of the AoA? Do changes in domestic supply situations mainly explain the trade growth? What factors may explain the observed improvement in the export of processed products? To what extent is the surge in food imports related to improved market access terms and reduced tariffs implemented by Caribbean states themselves? What lessons can be learnt from this experience for approaching market access (exports) and border protection (imports) negotiations in the new round?

- These issues need to be investigated, especially as more countries move to implement changes called for by the Agreements.

5. FAO TECHNICAL ASSISTANCE AND WTO AGREEMENTS

In Section 1, it was indicated that countries should seek to develop their agricultural sector to effectively make the multiple provisions that the sector does. In the circumstances of trade liberalization a la WTO CARICOM countries face several imperatives, including Agricultural sector reform; commodity competitiveness (exports and imports) and participation and implementation of the WTO Agreements. These are all inter-related. As mentioned, several countries have engaged in some form of trade policy reform under structural adjustment programmes. Threats to existing trade preferences strengthen the relationship between sector reform and competitiveness and vice versa. Indications are that the countries which have engaged on reforms – Guyana, Jamaica, Trinidad, - have experienced successes. There is still very much to be done, even in those countries, and over the Region as a whole.

In approaching the issues involved, countries will need substantial technical assistance. FAO is only one of the agencies which needs to be mobilised on a national and regional basis. FAO’s assistance in trade issues dates back to well before the Marrakesh Agreement, and requests have intensified since the Agreement was signed in 1994. The Rome Declaration on World Food
Security and the World Food Summit Plan of Action provided an additional impetus to FAO's technical assistance programme on Uruguay Round-related matters. Objective 4.3 of the Plan of Action commits FAO and other organizations to continue assisting developing countries in preparing for future multilateral trade negotiations so that they become 'well informed' and equal partners in the [negotiation] process, thus enabling them to benefit fully from their participation and not be disadvantaged. Requests to FAO are indicative of needs.

In the area of agricultural and food policy, developing countries are vitally concerned with the implications of the Agreement on Agriculture. Increasingly, FAO is being asked for assistance in:

- Capacity building for agricultural policy analysis concerning trade issues. More detailed advice is sought about specific policies, analytical methodologies and ways in which policies might be implemented so that countries can take advantage of trade opportunities and make necessary adjustments to domestic food and agricultural policies. Some FAO members that are not members of WTO have been assisted in policy preparation before formal entry negotiations have taken place.

- The adoption by the SPS of Codex Alimentarius standards, guidelines and recommendations as benchmark standards for the international food trade has created a burgeoning interest among developed and developing countries in Codex activities and associated food control matters.

- Strengthening national food control systems, reformulating national food regulations to bring them into conformity with international standards and establishing import/export food inspection and certification programmes to ensure compliance with SPS and TBT requirements.

- Training in food safety issues, including risk analysis, inspection techniques, analytical methods and food laboratory management; meat import and export inspection programmes.

- Strengthening and updating the national quarantine programmes of member countries to enable them to meet the demands of plant quarantine developments relating to international trade.

In fisheries, FAO's assistance activities for developing countries have intensified considerably over the last five to seven years, mainly because of the increasing importance of international trade in fishery products and as a result of the strict new sanitary rules imposed by major importing countries. In fisheries the form of assistance that is most necessary and most often requested is the training of government and
industry personnel in inspection and quality assurance of fish and fishery products, including those from aquaculture.

With regard to TRIPS, FAO's technical expertise relates to intellectual property rights in respect of plant varieties, animal breeds, related technology and germplasm. The TRIPS Agreement requires all WTO members to provide plant varietal protection (PVP) either by patents, a *sui generis* system or a mixture of both. International concern about this matter is increasing rapidly, and many developing countries are seeking technical assistance from FAO with regard to the establishment and implementation of a PVP mechanism.

The Organization is also providing technical assistance relating to plant breeding, including forest trees, seed and propagating material production, the safe movement of germplasm, associated legislation, regulations and systems.

FAO's work in the fields of legal advice and legislative drafting undertaken in collaboration with national authorities includes the review and analysis of current statutory instruments governing intellectual property protection and seed production, and the elaboration of draft acts and regulations as well as amendments to existing legislation, including laws governing food control and trade in agricultural, forest and fishery products.

There has been an increase in the number of developing country members of WTO, and several more are in the process of joining. In view of the resultant openness of developing countries' economies, which makes them more dependent on trade developments, there is a growing need to understand the forces that influence such developments. However, most developing countries, especially the least-developed, have neither the capacity nor the resources to face the challenges or take advantage of the opportunities flowing from the Uruguay Round while also preparing themselves for the next round of multilateral trade negotiations. Therefore, arrangements will be necessary to ensure that they receive technical assistance to enable them to prepare adequately for the negotiations ahead. Developing countries, however, should be pro-active in seeking out such assistance from relevant providers.
ANNEX I:
TRADING AGREEMENTS AFFECTING THE AGRICULTURE SECTOR

Many developing countries receive some form of preferential access to developed-country markets as beneficiaries of trade agreements. Most developed countries including, inter alia, Australia, the EU, Japan, New Zealand, and the United States provide trade preferences for developing countries under the Generalised System of Preferences (GSP). Further, many countries provide more favourable preferences to particular groups of developing countries on the basis of regional agreements, historical relationships or level of economic development. The EU grants additional trade preferences through its Lomé Convention for African, Caribbean and Pacific (ACP) countries; to the Maldives and Samoa as LDCs; and to Malta and Cyprus under association agreements. Under Lomé IV, the ACP countries have duty free access to the EU markets on all manufactured products and most tropical products, while their exports of temperate products which fall under the EU's Common Agriculture Policy (CAP) receive more preferential treatment compared to that under other schemes, such as the GSP. In addition to its general provisions, Lomé IV provides special market access under its commodity protocols. These are very important to Caribbean countries, covering sugar, bananas and rum. For St Vincent, St Lucia and Dominica, revenues linked to banana exports to the EU generate 40 to 70 percent of all agricultural export revenues, one third of the GDP and half of all employment according to a recent FAO study. The US also grants preferential market access under its GSP program, which provides duty-free treatment for a wide range of products from eligible developing countries. The Caribbean Basin Initiative covers a wider range of products than the GSP, providing additional preferences for 22 countries, and the US sugar program grants import quotas to several countries. Most Caribbean countries receive preferential access to the Canadian market as well, while many SIDS in the Pacific region receive preferential access to markets in Australia, Japan and New Zealand.

THE URUGUAY ROUND AGREEMENTS

The Uruguay Round (UR) has been described as a milestone juncture in the evolution of world agricultural policy. For the first time ever, a large number of countries agreed to a set of principles and disciplines intended to harmonise national and international trade policies.

The UR achievement is contained in a series of agreements and Ministerial decisions annexed to the Marrakesh Agreement, which established the World Trade Organization (WTO) in 1995. The previous 1947 General Agreement on Tariffs and Trade (GATT) is considered an integral part of the UR. Unlike its predecessor, GATT, the UR for the first time incorporated operational rules and disciplines for trade in agriculture products. The UR commitments in agriculture, forestry and fisheries cover improved market access and disciplines on domestic support and export subsidies. The commitments regarding market access are central to the broader package of interrelated liberalising commitments aimed at significantly improving conditions of competition and opportunities for trade in agricultural products. The UR Agreements also provide for limiting the scope for circumvention of the new commitments.

The Agreement on Agriculture

The main provisions of the Agreement on Agriculture (AoA) are aimed at improving market access (Article 4), disciplining domestic supports (Article 6), and reducing export subsidies (Article 9). In all three areas the main

The Uruguay Round Agreements on Agriculture

thrust is to reduce past production and trade-distorting practices and to facilitate a fair and market-oriented agricultural trading system. The specific commitments of each WTO member are contained in the Country Schedules that form an integral part of the AoA. Within each of the three main provisions of the AoA, developing countries are given special and differential treatment usually in terms of wider latitude in their policy options as well as longer implementation periods. A number of agricultural commodities (e.g. rubber and jute) as well as fish and fish products and forestry products are not covered by the AoA; however these products are covered under other provisions of the UR Agreements, including the Agreements on TBT, SPS, and TRIPS, and of course by the GATT itself.

The market access provisions of the AoA include two main features: bound and reduced tariffs and minimum access commitments. The AoA prohibited the use of trade measures other than ordinary tariffs, including such non-tariff barriers as quantitative import restrictions, variable import levies, minimum import prices, discretionary import licensing, non-tariff measures maintained through state trading enterprises, voluntary export restraints and similar border measures except in specific circumstances. Countries using non-tariff barriers were required to convert the average rate of protection provided by non-tariff barriers during the base period (1986-88) into a tariff equivalent using a prescribed methodology known as tariffication, thereby establishing a base rate of duty for each product covered by the agreement from which agreed reductions were taken. Where a product was already subject to a bound tariff duty during the base period, that bound rate or the bound rate prevailing on 1 September, 1986 (whichever was higher) became the base rate of duty. Members then agreed to reduce their base tariffs by prescribed amounts, resulting in a schedule of and tariffs for each product covered by the agreement. Member countries agreed to reduce the base rate of duty for each product by a minimum of 15 percent for developed countries (10% for developing countries) and the unweighted average of all base rates by at least 36% (24% for developing countries) during the six-year implementation for developed countries (10 years for developing countries). Alternatively, developing countries relying on unbound tariffs during the base period had the option of offering ceiling bindings on these products. Most developing countries followed this option. Developing countries that offered ceiling bindings and all least developed countries are exempt from the requirement to reduce their base rates of duty. A number of countries have offered ceiling bindings and therefore have no tariff-reduction commitments.

Countries undergoing tariffication on commodities for which no significant imports occurred in the base period were obliged to provide minimum access commitments that would allow exporters to supply at least 3% of domestic consumption at the beginning of the implementation period, rising to 5% at the end of the implementation period, i.e. by 2004. Compliance with minimum access provisions has generally involved the specification of tariff rate quotas (TRQs) at a relatively low tariff rate for each tariffied product involved to be available according to the Most Favoured Nation (MFN) principle. Because current access to developed country markets by developing country exporters has frequently been provided under bilateral trade arrangements in which specified countries are offered market access at preferential tariff rates, these arrangements have been included within the minimum access quotas specified in the Country Schedules of some developed countries, which has occasioned some discussion on the compatibility of such arrangements with the MFN principle. This and other issues surrounding the allocation of minimum access quotas remain unresolved at the WTO.

The disciplines on domestic supports in the AoA seek to lessen the distorting effects of domestic agricultural support policies on production and trade. The AoA recognises the
close link between domestic agricultural policies and trade policies, and it enshrines the principle that limitations may be placed on the formation of domestic policy. While in principle the AoA may constrain the policy options of developing countries, in fact it is unlikely to do so both because of the nature of their agricultural support policies and because of specific terms of the Agreement. The AoA primarily addressed policies in certain developed countries where domestic agricultural subsidies, often used in conjunction with export subsidies, were seen as unfairly distorting world commodity markets to the detriment of producers elsewhere. In contrast, the AoA recognises that domestic agricultural support policies in developing countries are often justified as being part of a broader economic development agenda.

Scheduled reductions in the base total Aggregate Measure of Support (AMS) constitutes the basic mechanism through which the AoA exerts disciplines on the use of domestic agricultural policies. The AMS is calculated according to a detailed methodology which specifies the types of policies which must be included in the figure and which are exempt. Policies that are exempt from inclusion in the AMS and therefore exempt from reduction commitments include, inter alia:

- Policies which have minimal distorting effects on production or trade, are publicly funded, and do not constitute price support to farmers or involve transfers from consumers (includes under specific conditions: direct de-coupled income supports, natural disaster assistance, environmental programmes, income insurance programmes, etc.).
- General services such as research programmes, pest and disease-control measures, inspection services, infrastructural services, extension and advisory services, and marketing and promotion services.
- Public stockholding for food security purposes including sales of public stocks at below market prices for the provision of subsidised food for the rural and urban poor of developing countries.

**Domestic Food Aid**

- Investment subsidies generally available to agriculture in developing countries;
- Agricultural input subsidies generally available to low-income and resource poor producers in developing countries;
- *De minimis* provisions for developing countries exempt product-specific support that constitutes less than 10% (5% for developed countries) of the value of production of the commodity and non-product-specific support that constitutes less that 10% (5% for developed countries) of the value of all agricultural production.

As mentioned above, AoA commitments on domestic support are expressed in terms of reductions from the base total AMS. Most developing countries, including most SIDS, reported a base total AMS of zero in their Country Schedules because they had no support policies of the sort required to be included in the AMS during the base period (1986-88). In principle, having a zero AMS in the base period could constrain future agricultural policy formation in developing countries; however, given the wide range of policies that are excluded from the AMS, particularly the 10% *de minimis* provisions and other exceptions for developing countries, a considerable degree of flexibility remains in providing support to domestic production, if the countries have the means to do so.

Commitments on export subsidies were introduced into the AoA principally in response to policies in certain developed countries. Export subsidies have not played an important part in the agricultural policies of most developing countries, and therefore commitments on export subsidies in the AoA generally have few direct policy implications for them. Twelve developing countries that did not use export subsidies in the base period are barred from introducing them, except for some temporary and limited measures permitted during the implementation period.
specifically, developing countries are permitted to encourage exports with subsidies aimed at reducing the cost of marketing, processing and transport, provided they are not applied in a manner which would circumvent reduction commitments.

Export policies of developing countries have tended to concentrate more on export restraints than on export subsidies. These policies have taken the form of export taxes, quotas and prohibitions. The use of such measures on trade in foodstuffs is disciplined in the AoA, but developing countries are exempt from the disciplines unless they are net exporters of the particular foodstuff in question. The country instituting an export restriction or prohibition must give due consideration to its effects on the food security of importing countries, and must notify the WTO Committee on Agriculture as far in advance as possible regarding the nature and the duration of the restraint.

Measures for the prevention of circumvention of export subsidy commitments (Article 10) address the issue of food aid shipments. Specifically, donors may not tie the provision of food aid directly or indirectly to commercial exports to the recipient country, should carry out food aid transactions in accordance with the FAO "Principles of Surplus Disposal and Consultative Obligations," and should provide aid to the extent possible in fully grant form or on terms no less concessional than those provided for in Article IV of the Food Aid Convention 1986.

The Agreement on Technical Barriers to Trade

The TBT Agreement seeks to ensure that technical regulations and standards, including packaging, marking and labelling requirements, and procedures for assessing conformity with technical regulations and standards do not create unnecessary obstacles to international trade. It recognises that a country has the right to take necessary measures, at a level it considers appropriate, to ensure the quality of its exports; the protection of human health or safety, animal or plant life or health and the environment; and to prevent deceptive practices. A country may also take the necessary steps to ensure that those levels of protection are met, as long as the measures or actions taken to implement them do not create unnecessary obstacles to international trade. The TBT Agreement encourages, but does
not require, countries to adopt international standards.

The Agreement on Trade-Related Aspects of Intellectual Property Rights
The TRIPS Agreement recognises that widely varying national standards in the protection and enforcement of intellectual property rights and the lack of a multilateral framework of principles, rules and disciplines dealing with international trade in counterfeit goods have been a growing source of tension in international trade relations. Accordingly, the TRIPS Agreement encompasses relevant international intellectual property agreements, provides for adequate intellectual property rights and includes effective enforcement measures to protect those rights. It establishes minimum standards of protection that each WTO member is required to apply in the areas of intellectual property, including the definition of the subject-matter to be protected, the rights to be conferred and permissible exceptions, and the minimum duration of protection. The TRIPS Agreement obliges Members to ensure that intellectual property rights can be effectively enforced by foreign rights holders as well as by nationals; and permit effective actions against the infringement of intellectual rights that are fair and equitable, not unnecessarily complicated or costly and do not entail unreasonable time limits or unwarranted delays. Of particular interest to agriculture is the obligation under Article 27.3(b) of the Agreement to provide for the protection of plant varieties either by patents or by an effective sui generis system or by any combination thereof.

Other provisions related to agriculture are those on geographical indications (Articles 22-24) and on patent protection for agricultural chemical products (Article 70.8 and 70.9).

The Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries Ministers of countries taking part in the Uruguay Round recognised that the overall results of the liberalisation of agriculture would generate increasing opportunities for trade expansion and economic growth for all participants. They also recognised that, during the reform programme leading to the liberalisation of agriculture, the least-developed and net food-importing developing countries might experience negative effects with respect to the availability of adequate supplies of basic foodstuffs from external suppliers on reasonable terms. The Ministers agreed to establish appropriate mechanisms to ensure that the implementation of the Uruguay Round in the area of trade in agriculture would not prevent food aid being available at a level sufficient to assist in meeting the food needs of developing countries. To this end, the Ministers agreed to review the level of food aid under the Food Aid Convention; to ensure that an increasing proportion of basic foodstuffs is given to affected countries in fully grant form and/or on appropriate concessional terms; and, in the context of their countries' aid programmes, to give full consideration to requests for the provision of technical and financial assistance to least-developed and net food-importing developing countries so as to improve their agricultural infra-structure and productivity.