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**DRAFT REPORT OF THE COMMISSION ON TRADE IN GOODS AND SERVICES,
AND COMMODITIES**
19 – 23 February 2001

Rapporteur: Mr. Hagen Streichert (Germany)

Speakers:

Secretary-General of UNCTAD	Lesotho
Cuba (for G77 and China)	Morocco
Sweden (for the EU)	Jamaica
EC (for the EU)	Norway
South Africa (for the African Group)	Switzerland
Chairman of the Expert Meeting	Japan
Cuba (for G77)	Mauritius
Singapore	Chile
Mexico (for the Latin American and Caribbean Group)	EC
Zambia	Argentina
Uruguay	Brazil
	CISL

Note for delegations

This draft report is a provisional text circulated for clearance by delegations. Requests for amendments to statements by individual delegations should be communicated by **Friday, 2 March 2001** at the latest to:
UNCTAD Editorial Section, Room E.8104, Fax No. 907.0056, Tel. No. 907.5654/1066.

I. INTRODUCTION

1. The **Secretary-General** of UNCTAD noted that these meetings addressed issues identified in the Plan of Action, in particular agriculture, construction services, the protection of traditional knowledge and the impact of anti-dumping. He hoped that, by bringing the experts' perspectives to the attention of trade negotiators and national policy makers, the findings of these meetings would enhance the ability of developing countries to have their views and interests taken into account in current and future negotiations.

2. The realities identified by the experts were of great concern, particularly the challenges and concerns faced by least developed countries (LDCs) and net food-importing developing countries (NFIDCs) resulting from the agricultural reforms stemming out of the Uruguay Round, as outlined in first Expert Meeting. After the lowering of trade barriers in developing countries, it was the rural poor – over 70 per cent of the population in those countries – who were most affected by exposure to cheap, often subsidized imports. They were also the first to suffer from the autonomous freeze of domestic support measures, including subsidies, which were locked-in as multilateral commitments under the WTO Agreement on Agriculture. Moreover, the food import burden had increased. The outcome of Expert Meetings had helped form the basis of negotiating proposals submitted by several least developed and net food-importing developing countries. The challenge faced by the international community was to ensure that those concerns became an integral part not only of the negotiations but of their results.

3. Turning to the second Expert Meeting on Construction Services, he noted that major barriers, as identified by experts, were: stringent technical and financial criteria, tied aid, restrictions on the movement of persons, non-recognition of professional qualifications and technical requirements at various levels. Another important factor undermining the competitiveness of developing-country firms was the use of subsidies and Government procurement in international bidding procedures. The importance of participation in such projects resulting in an effective transfer of technology and assistance of multilateral financial institutions and bilateral donors was stressed. Since the meeting had been held at a particularly important juncture and trade negotiations on services were about to take up specific sectors, he took note of the specific proposal recently tabled by the European Communities and of several other proposals which made good use of ideas discussed in the Meeting for consideration at WTO negotiations.

4. With regard to the third Expert Meeting on Traditional Knowledge, he pointed out that traditional knowledge was often undervalued and underutilized. Problems examined by the experts were not only about how to preserve traditional knowledge but also how to make better use of it in the development process and how to prevent its inappropriate use. Different protection options were considered, including the applicability of classic intellectual property rights instruments. He noticed that at the national level, experts recommended strengthening customary laws and developing *sui generis* systems for the protection of traditional knowledge. The experts also called for exploring minimum standards of an international *sui generis* system for traditional knowledge protection. These issues should be further discussed

in the relevant forums at the WIPO. It was also recommended that these issues should be taken up in the WTO. UNCTAD, in cooperation with these intergovernmental organizations, was asked to promote follow-up actions, strengthen the traditional knowledge dimension in its capacity-building programmes and organize regional workshops – all of which it was already doing. UNCTAD was also encouraged to assist interested developing countries in exploring *sui generis* systems for the protection of traditional knowledge, including possible multilateral aspects of such systems.

5. On the fourth Expert Meeting on analysing the impact of Anti-dumping and Countervailing Duties, he noted that a number of suggestions were made as to dumping and injury determinations and how they could affect developing countries. The thrust of these suggestions was to alleviate the unnecessary adverse impact on these countries' trade by ensuring two things: first, that they would not be subject to anti-dumping duties unless there were firms engaged in dumping and clearly responsible for injury in the importing countries and second, that when such duties were applied, they would be no higher than necessary to alleviate such injury. Another reality described by experts, from African countries in particular, was the perceived influx into their markets of dumped imports and their inability to defend themselves effectively against injury, due to inadequate administrative and financial resources. This aspect would certainly require further study.

6. Speaking about UNCTAD's work in assisting developing countries in the field of trade, he felt that UNCTAD would need to meet two different kinds of concerns that would be difficult to reconcile. On the one hand, it would be required to assist developing countries to participate productively in trade negotiations, while on the other hand it must ensure that the interests and views of all member States and groups of States would be duly taken into account in its policy suggestions. In order to help developing countries, UNCTAD would need to suggest initiatives to change the status quo, but to do so might upset certain well-established interest groups. In such cases, it was important to identify the best approach for promoting the improvement of the trading system in the sense of making it more responsive to development aspirations. For this, UNCTAD and its member States must avoid being paralysed by the status quo.

7. UNCTAD's efforts to help weaker countries participate fully in the global economy would be founded on good faith and on an ethical commitment to making the multilateral trading system more development-oriented. During the years since the establishment of the WTO, the UNCTAD secretariat and member States alike were fully aware of the fact that in performing this task and in fulfilling this commitment, the role of UNCTAD and that of the WTO could not be the same.

8. In his view, to define the frontiers between UNCTAD's work and that of the WTO should not lead to any misunderstanding, provided UNCTAD and its member States recognized that the WTO was basically a rule-making body with a dispute settlement mechanism. UNCTAD's contribution should be geared towards actively bringing the development perspective as a paramount concern into issues on the multilateral trade agenda.

9. The representative of **Cuba**, speaking on behalf of **the Group of 77 and China**, considered this session of the Commission of crucial importance to UNCTAD. In his view, the outcomes from the four expert meetings dealt with items which were both central elements of the UNCTAD's mandate as set out in the Bangkok Plan of Action, as well as constituting key issues on the international trade agenda and subject to intensive multilateral negotiation or review in the WTO. He felt that the success in dealing with these matters would be a test of the political will of the members to effectively implement this mandate.

10. The Expert Meetings had been very successful and produced expert advice on matters which were subject to, or affected by negotiations in multilateral trade fora. The transmission of the findings of the experts, including real problems and opportunities, as incorporated in the outcomes of the meetings, assisted many delegations in designing more effective and realistic negotiating proposals. These proposals, if accepted, would provide greatly improved export opportunities for the exporters of developing countries, as well as dealing with a variety of other social and economic issues.

11. In making general comments applicable to the four expert meetings, he pointed out that: (i) each of the outcomes contained a set of recommendations to UNCTAD to carry out further work on these issues. The G77 and China endorsed all such recommendations in the text of the outcomes, as they all fitted within the Bangkok Plan of Action; (ii) many of the outcomes contained recommendations to the international community, particularly the Bretton Woods institutions. The G77 and China subscribed to the normal formula that these institutions were "invited" to carry out the actions identified; and (iii) there were some recommendations directed to Governments, most of which should be acceptable for all members of the Commission.

12. However, he noted that there were a series of recommendations by experts which touched directly upon matters currently the subject of review or negotiation in the WTO. The G77 and China would be realistic enough to recognize that these recommendations could not be endorsed at this session of the Commission. Therefore, he strongly urged all members of the Commission to exercise restraint, and not to indulge in restatements of negotiating positions that they had already presented, often and in detail, in the WTO. He felt this Commission should consider whether there was any additional work that UNCTAD could carry out that would support these negotiations, with the objective of ensuring that the development aspects of these various issues were effectively included on the international trade agenda.

13. Finally, he urged all members of the Commission to adopt a constructive, but realistic approach toward reaching agreed recommendations on these issues. G77 and China considered that the expert meetings had already made an important impact by bringing the real problems faced by traders and producers to the attention of the trade negotiators.

14. The representative of **Sweden**, speaking on behalf of the **European Union (EU)**, said that the EU supported the proposals by the Secretary-General of UNCTAD, presented shortly before the Tenth Conference of UNCTAD in Bangkok, on improving the functioning of the intergovernmental machinery. These proposals had been endorsed at UNCTAD X and a

formal decision had been taken at the Board in March last year. The EU believed that there was a need to ensure consistency throughout the three commissions and their expert meetings in terms of procedure and format of documents. The tone had been set in that respect in the two recently held Commission meetings in January and February. The EU fully supported the new approach to expert meetings, e.g. that the outcome reflected the fact that experts participated in their personal capacity. Moreover, conclusions were not agreed, but instead comprised an outcome which was a summary of all positions. The Expert Meetings represented an occasion for a free and frank exchange of views on issues that may be controversial. In that light, it was important that all positions expressed be properly reflected in the outcome. She stressed the need to have agreed conclusions at the inter-governmental Commission level where the discussions were about policy choices and recommendations to be considered by the Board. She emphasized that the agreed conclusions should be short and action-oriented, distinguishing between actions to be carried out by member States, by the international community, and by UNCTAD. She also reiterated that the EU looked forward to participating actively in the discussions when a full cycle of expert meetings, Commission meetings and Board had been completed, to taking stock of the implementation of the reform decision of March last year and to deciding on possible modifications for the next year's cycle. Referring to the work of the Commission on Trade, the member States of the European Union had decided to exercise their competence in common through the European Community. As such, the European Commission representative would act as the EU's spokesperson on many of the items covered by the agenda of this Commission on Trade.

15. The representative of the **European Community**, speaking on behalf of the **European Union** (EU), said that the debates in the expert meetings provided a useful opportunity of dialogue with all its partners. He believed that a number of developing countries' concerns would be better met in the framework of a new, comprehensive, round of WTO negotiations, both balanced and inclusive. Work in UNCTAD and within WTO could prove to be complementary.

16. He agreed that the impact of the reform process in agriculture on LDCs and on net food importing countries would be of major concern. It would be essential that all countries, in particular developing countries, benefit from the expansion of world trade consequent to the reform process. Nevertheless, the reform process might have negative effects for a number of developing countries. Noting market access is of crucial importance for LDC Countries, he said that the EU had launched an important initiative to secure tariff/quota-free access to LDC exports, including agriculture. The EU was fully committed to the continuation of the reform process on agriculture and believed that further liberalization and extension of trade in agricultural products would make an important contribution in sustaining and continuing economic growth. Opportunities must be created to increase market access for developing countries. That the EU was by far the largest market for export of agriculture products from developing countries. It was convinced that the reform process should be pursued by further reduction of the market support measures. Domestic support measures that promoted the vitality of rural areas and the food security concerns of developing countries were of great importance and appropriate measures in these should be

exempted from any reduction commitments. In the EU's view, developing countries should retain the flexibility to address these concerns including the revision of the *de minimis* clause.

17. Turning to construction services, he noted that this was a fundamental economic activity that permeated all sectors of the economy. This was reflected in the fact that many WTO Members had already made commitments in this sector. However, substantial barriers continued to exist. The EU had submitted a proposal in WTO, as part of the GATS 2000 negotiations, in order to stimulate debate on these barriers, with a view to promoting the interests of all participants through progressive liberalization. In order for this sector to develop and to contribute to development, he felt that there should be a clear need for policy decisions across a broad range of areas with implications for regulatory action.

18. On agenda item 5, the EU was prepared to address developing countries' demands to closely examine the issue of traditional knowledge with a view to achieving effective and adequate protection of potential right holders. In his view, the first step must be a thorough examination of existing, or emerging, national regimes regulating access to, protection of and rewarding the use of traditional knowledge. The EU might come to the conclusion that there was a need to adapt existing systems and to consider *sui generis* forms of protection and at the same time that it was essential to preserve a well functioning system of intellectual property protection. Any possible adaptation of present regimes should not affect negatively the processing of patent applications or the validity of rights arising from granted patents. In his view, this should not, of course, preclude exploring the establishment of systems that guaranteed the preservation of cultural and biological diversity, as well as the sharing of benefits arising from the use of traditional knowledge and folklore. He felt that WIPO as the specialized UN organization would be the proper forum to study intellectual property related aspects of the protection of traditional knowledge.

19. Referring to the agenda item on the impact of anti-dumping and countervailing actions, he said that many EU members supported attempts to improve special and differential treatment for developing countries in the field of anti-dumping although the whole issue seemed far more complex than it might appear. The world was not simply divided between developing and developed countries. In this context, he raised two questions. He said that first, a number of companies in developing countries often possessed similar resources and could be as large, technologically sophisticated and productive as in developed countries. A recent case in which the EU had imposed definitive anti-dumping measures included a company from a developing country with an annual turnover of nearly US\$2 billion. He felt that it would not be fair to create a framework where such companies could undermine the application of international trade law and that the EU shared the views of those who would like to tighten up the "minimum benchmark rules" which the WTO Anti-dumping Agreement represented. Second, it should also be kept in mind that developing countries increasingly found themselves subject to anti-dumping investigations by other developing countries, as shown by the statistics of the last three years. He questioned that, making it easier for developing countries to take action would address developing countries concerns about the increased use of anti-dumping actions globally. In this regard, he recalled that the EU had been providing technical assistance to developing countries in this area and

would continue to do so. A rules-based international trading system could provide security to all countries and anti-dumping measures could provide a safety blanket against unfair practices.

20. Finally, the EU was always ready to engage in open and constructive dialogue with all its partners. Dialogue could take place in different formats and fora. But the negotiation of international legally binding commitments should be kept in the competent organizations. As a member of the international community, the EU had the obligation to provide clarity and to avoid unnecessary confusion.

21. Referring to the Secretary-General's earlier statement, that an overriding objective of UNCTAD was making the multilateral trading system more development-oriented, the EU was of the opinion that a new round of trade negotiations should draw a strong development component. He was sure UNCTAD and the work of the Commission could make an important input in this respect.

22. The representative of **South Africa**, speaking on behalf of the **African group**, said that the African group had benefited greatly from the Expert Meetings and had already incorporated some of the outcomes of the expert meetings in their proposals tabled at the WTO. He agreed that Members be realistic in the Commission's work, especially with regard to those issues currently under negotiation.

**II. MAJOR AGRICULTURAL CONCERNS OF DEVELOPING COUNTRIES:
IMPACT OF THE REFORM PROCESS IN AGRICULTURE ON LDCS AND NET
FOOD IMPORTING DEVELOPING COUNTRIES AND WAYS TO ADDRESS
THEIR CONCERNS IN MULTILATERAL TRADE NEGOTIATIONS**

23. The **Chairman** of the Expert Meeting on the Impact of the Reform Process in Agriculture on LDCs and Net Food Importing Countries and Ways to Address their Concern in Multilateral Trade Negotiations, reported on the Outcome of the Expert Meeting. He said that the Meeting had been held against the background of the ongoing WTO negotiations on agriculture with two major objectives: (i) to clearly delineate those challenges and concerns that LDCs and NFIDCs faced during the Uruguay Round reform process in agriculture, and (ii) to examine how those concerns could be best addressed in the ongoing multilateral trade negotiations on agriculture. The experts had exchanged country experiences and illustrated the factors that could have aggravated negative impacts from the reform process in agriculture on LDCs and NFIDCs. Those factors included: continued high dependence on food imports; a direct linkage between rural agricultural viability and poverty reduction; difficulties in balancing the short-term benefits of food aid and its long-term impact; severe adjustment costs arising from unilateral liberalization of the agricultural sector; non-competitiveness of agricultural exports in the world market; and high dependence of foreign exchange earnings on exports of one or two agricultural commodity under preferential market access. Experts' discussions had focussed on the following areas: (i) actions under the Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Process on Least-Developed Countries and Net Food-Importing Developing Countries that required implementation and improvement; (ii) elements to be reflected in negotiations on the continuation of the reform process in agriculture; (iii) issues concerning coherence between Bretton Woods conditionality and the WTO commitments and negotiations on accession to WTO; and (iv) recommendations to UNCTAD and other international organizations. Firstly, the sentiment among LDCs and NFIDCs was that the Marrakesh Decision failed to meet food security and other developmental concerns arising from the implementation of the UR commitments. Secondly, the reform process raised two distinct types of concerns, namely socio-economic concerns and commercial concerns. As to the former concern, it was pointed out that the policy options available to LDCs and NFIDCs had come to be limited as a result of unilateral and multilateral obligations to liberalize their agricultural sector, precluding certain policy measures that were necessary to address developmental concerns such as food security and rural poverty alleviation. As to the latter, commercial concerns were also highlighted, as many of those countries were highly dependent on foreign exchange earnings from agricultural exports. It was noted that the implementation of UR Agreements had not visibly improved their countries' market access opportunities largely due to: high trade barriers remaining in the developed country markets; increasing stringency of sanitary and phytosanitary measures and technical standards and erosion of preferential tariff margins, be it actual or the threat thereof. Against the backdrop of ongoing negotiations on agriculture, it was suggested that the Commission might wish to come up with pragmatic policy recommendations, bearing in mind the outcome of the Expert Meeting, with a view to supporting developing countries in their efforts to ensure that their interests and concerns were effectively addressed in the negotiations. Suggested areas included: recommendations to

UNCTAD; “other issues” such as policy coherence between Bretton Woods conditionality and WTO commitments as well as accession of LDCs and NFIDCs to WTO; the aforementioned Marrakesh Decision; and concrete negotiation issues.

24. The representative of **Cuba**, speaking on behalf of **the Group of 77 and China**, stated that the Expert Meeting on the Impact of Reform Process in Agriculture had been highly useful, thus successful, as it had facilitated developing countries efforts in the preparation for ongoing WTO negotiations on agriculture and for concrete negotiating proposals that had to be tabled at the time of the Expert Meeting. He noted that discussions in the Expert Meetings had helped many countries to elucidate how agricultural and developmental objectives specific to their own countries should be addressed in the continuation of reform process in agriculture. G77 and China were therefore in a position to endorse the recommendation for UNCTAD to carry out specific studies under its mandate given by UNCTAD X Plan of Action on agriculture and to invite Bretton Woods institutions to undertake actions contained in the outcome of the Expert Meeting. However, it was recalled, that given the ongoing negotiations in WTO, the Commission might wish to concentrate on the current and immediate needs of developing countries with respect to the ongoing negotiations on agriculture and on accession to WTO. He was of the view that developing countries were in need of increasing their negotiating capacity and that the Commission might wish to focus on identifying areas of analytical and technical support with a view to this objective.

25. The representative of **Singapore**, speaking on behalf of the **Asian Group and China**, stressed the appropriateness and timeliness of the Expert Meeting. The balancing of the development objective and the commitment to pursue agricultural liberalization had been a major concern. Paramount importance had been attached to the ongoing WTO negotiations on agriculture. Agriculture remained an essential sector for the economic development of those countries. Therefore the issue of food security was not only of economic importance but also of socio-political concern. Agricultural trade barriers had been radically and in some instances unilaterally reduced, while those in major developed countries persisted to impede trade expansion of Asian agricultural exports. The Expert Meeting had been most timely as discussions therein had served as inputs to efforts to formulate negotiating proposals, as well as to evaluate developed country proposals. The exchange of country experiences had led to the recognition of the common problems and concerns faced by many LDCs and NFIDCs. The Asian Group and China endorsed, in particular, the following findings of the Expert Meeting: (i) there was a need to differentiate agricultural activities in LDCs and NFIDCs in terms of commercial activity and social necessity and a need for countries concerned to formulate a long-term development strategy that might include a flexible use of trade policy measures; (ii) while the Agreement on Agriculture brought agricultural trade under multilateral disciplines, it did not effectively address the problems of poverty and rural development; and (iii) subsidized exports from major developed countries of key staples including wheat, maize, pork and poultry, had been especially damaging to the production capacity of rural poor farmers in LDCs and NFIDCs due to their price disadvantages in the production of those products. Moreover, export subsidies eroded the export potential of LDCs and NFIDCs not only in international markets but also in their traditional regional and sub-

regional markets. Under the mandate given by paragraph 133 of the UNCTAD X Plan of Action, UNCTAD should undertake analytical work on major agricultural concerns of developing countries in specific areas. These areas included: (a) delineating agricultural products of particular interest to developing countries, and analyzing ways and means to improve market access for those products; (b) analyzing on a product-specific basis, the impact of the reform process on key staples of developing countries, with particular attention to domestic support measures that were required to enhance agricultural productivity, food security and rural poverty alleviation; and c) identifying and examining possible impacts on agricultural export opportunities that might arise from new developments in the world agricultural trade, such as new developments in production technology, world agricultural supply chains, consumer preferences and concerns over food safety.

26. The representative of **Mexico**, speaking on behalf of the **Latin American and Caribbean Group**, said that the Expert Meeting offered the opportunity to have a fruitful debate concerning the main policies pertaining to multilateral trade in agricultural products. In this context, experts had identified various relevant aspects of the agricultural reform process that were of utmost importance for some developing countries. These included: the worsening of the food security problem; the structural difficulty of achieving competitiveness within the current international agricultural markets; and the strong dependency on exports from this sector for the acquisition of hard currency. An endeavour should be made to eliminate tariff peaks and tariff escalation, as well as to reduce the obstacles which developing country exports faced in developed country markets. With regard to developing countries' market access, it would be desirable for further studies to be carried out to identify any existing tariff and non-tariff barriers. In addition, concerning export competence, the final aim should be for export subsidies to be eliminated. He agreed with proposals of the experts that UNCTAD, in coordination with other international organizations, should continue to provide technical assistance that analysed agricultural trade policies and supported developing countries in WTO negotiations and in WTO accession. In this regard, UNCTAD's contribution could be to provide statistical data, studies and analyses, without duplicating the work of other organisations to support developing countries in carrying out multilateral negotiations, and to evaluate the restrictions on market access and export competitiveness of products of importance to developing countries. In this sense, it was desirable to address the main concerns of developing countries in the agricultural sector, such as those relating to the Marrakesh Decision. In addition, the adjustment process in preferential trade agreements vis à vis multilateral trade liberalization and the factors that determined export competitiveness of agricultural products from developing countries should be studied. Finally, another relevant issue for analysis on the part of UNCTAD should be the study of the structural disadvantages of least developed and small developing countries.

27. The representative of **Zambia**, speaking on behalf of the **African Group**, highlighted the difficulties encountered by African countries in their efforts with respect to agricultural development, given that the majority of them, being NFIDCs if not LDCs, were heavily dependent on agriculture for their basic livelihood. The discussions in the report of the Expert Meeting accurately described the policy dilemma faced by African countries, namely the conflict between the objectives and the actual short-term impacts of agricultural policy

reform. The major objective of agricultural policy reform in Africa had been to increase production and exports and to diversify exports so as to achieve the major developmental policy goal of poverty alleviation. He stressed, however, that reforms in a number of low-income developing African countries had led to shrinkage and in some instances to the total collapse of the agricultural sector. The current multilateral rules under the WTO Agreement on Agriculture were unlikely to reduce the adjustment costs resulting from the agricultural reform process, as in his view the Agreement on Agriculture was focused on curbing agricultural production by eliminating policy distortions rather than serving the general purpose of poverty alleviation. As to the outcome of the Expert Meeting, the African Group would like to see the elements contained therein serve as useful inputs in formulating proposals for the ongoing negotiations on agriculture under WTO. He highlighted the following major issues of concern to African countries in the context of the WTO negotiations: (i) converting the Marrakesh Decision into dividends including solving the long-term food security problem; (ii) addressing possible effects of reductions or elimination of export subsidies and establishing an internationally agreed discipline on export credits established; (iii) establishing a predictable and effective mechanism for financial and technical assistance to improve technical standards and SPS; (iv) reducing tariff peaks and tariff escalation and imbalance in the level of actual tariff barriers in developed countries; (v) implementing duty-free and quota-free market access for LDC exports; and (vi) improving and operationalizing S&D treatment for developing countries. While recognizing the above issues of importance to African countries in the WTO negotiations, he suggested the Commission adopt the following recommendations: (a) practical proposals to assist African countries in enhancing their negotiating capacity through the analytical capacity to evaluate the likely implication of existing proposals on Africa, effective coordination between the private sector stakeholders and trade negotiators, effective coordination among different Ministries within a negotiating machinery and effective coordination of negotiating position with other WTO Members; (b) practical proposals to invite international organizations including WTO, World Bank, UNCTAD, FAO and IMF, to deal with some issues such as the long-term impact of food aid upon domestic production and trading opportunities in Africa, ways to redress policy incoherence between unilateral reform in agriculture and the WTO commitments; and (c) practical proposals with regard to the examination by the international community of economic and political aspects concerning early implementation of duty-free and quota-free market access for LDCs.

28. The representative of **Uruguay**, stated that issues relating to LDCs and NFIDCs should be at the centre of WTO negotiations on the continuation of the reform process in agriculture. At the same time, he also stressed the importance of trade-distorting export subsidies applied by developed countries in the ongoing negotiations on agriculture.

29. The representative of **Lesotho**, said that agriculture occupied a central place in the national economy. Lesotho continued to face a major policy dilemma its continuous efforts to maximize the potential of this sector due largely to under-capitalization, low levels of productivity and weak linkages with other parts of economy, and also to the failure to operationalize S&D provisions in the Agreement on Agriculture as well as in the Marrakesh Decision. He enumerated a set of elements for recommendations of the Commission, which

included: (i) UNCTAD and other international organizations should immediately undertake analysis of agricultural policies of developing countries, in particular LDCs, with the aim of enhancing support aimed at identifying policy options within the negotiating process; (ii) UNCTAD should assist LDCs and NFIDCs in identifying specific areas where technical cooperation was required from development partners, in particular as regards ways to enhance agricultural productivity, infrastructure building, market information dissemination and export market development; (iii) a special fund for technical and financial assistance should be established so as to enable financial assistance to be triggered according to price fluctuations in the world markets; and (iv) a commitment was to be achieved to address the issue of policy coherence among all development partners, including international financial institutions. He also stressed the importance attached to the proposal to request UNCTAD and the international community to undertake an examination of economic and political aspects of the early implementation of duty-free and quota-free market access for LDC exports.

30. The representative of **Morocco** said his country's situation as a net food-importing developing country was characterized by the existence of two distinct sectors. For those products that were exclusively consumed by the domestic market, Morocco was a net importer. For other products like fresh and processed food and vegetables, Morocco had some export potential. As the implementation of the UR had not been satisfactory to Morocco's interests it considered that the trade and support measures adopted by developed countries should be significantly reduced, particularly as agriculture constituted the principal economic activity of a large number of developing countries. He proposed that in order to institute solidarity between developed and developing countries, the creation of a "world food fund" by developed countries should be established by which the interests of developing countries would be assured.

31. The representative of **Jamaica** said that small island developing countries had very limited capacity for exports and for enhancing production, and the net food-importers amongst them had a vital interest in the effective implementation of the Marrakesh Decision in favour of LDCs and NFIDCs. She urged that appropriate steps should be taken for the rapid implementation of the Marrakesh Decision. It was time for these measures to be converted into meaningful programmes, and within the framework of the ongoing mandated negotiations on agriculture tangible results were foreseeable. She found it paradoxical that LDCs and NFIDCs depended more on the agricultural sector and had implemented more far-reaching trade liberalization in their agricultural sectors than some developed members of the WTO which were less dependent on the sector. It was with this paradox in mind and the inherent imbalances in the multilateral trading system that the concerns of NFIDCs and LDCs must be taken into account in order to integrate all developing countries into the multilateral trading system. Her country welcomed the outcome of the Expert Meeting and fully endorsed the proposals in section one, as it contained many elements that were already reflected in CARICOM's proposal to the WTO. With regard to section two, she was in favour of most of the recommendations. Sections three and four were in keeping with her country's concerns. In this regard, the proposals made by the experts should be converted into recommendations by the Commission.

32. The representative of **Norway** said that his country fully endorsed the report of the Expert Meeting and in the continuation of the reform process in agriculture, special attention should be paid to the interests of developing countries, in particular LDCs. Improved market access for agricultural products was of vital importance to many developing countries as a vehicle for economic growth and poverty alleviation. The challenges faced by developing countries in terms of acute food insecurity should be carefully addressed to ensure adequate flexibility in national policy design to foster domestic agricultural production. In its recent proposal to the WTO negotiations on agriculture, Norway recognized that S&D for developing countries should be an integral part of the Agreement on Agriculture and was important for LDCs. Norway was of the view that it could agree with several of the points listed in the report from the Expert Meeting and that it was important that the preparation of statistical and analytical background be undertaken in cooperation between UNCTAD and relevant organizations such as WTO, FAO and OECD.

33. The representative of **Switzerland** stated that negotiations on the reform process would continue as envisaged in article 20 of the WTO Agreement on Agriculture, taking into account non-trade concerns of agriculture such as multifunctionality and its importance for society. For Switzerland, agriculture played an important role in land conservation and in the stabilization of migration, and it contributed in a multifunctional way to the stability of societies, cultures and countries. While examining the possibility of ways to improve market access for LDCs agricultural products, Switzerland was of the view that a special mechanism was necessary to allow for the multifunctional role of agriculture in society, but the mechanism should be applied in the least trade-distorting manner.

34. The representative of **Japan** emphasized the importance of the Marrakesh Decision and stated that food security was extremely important and that it was crucial to solve agricultural problems in developing countries, as was also the case in developed countries. He therefore suggested that certain multilateral rules on border measures and domestic support measures might have to be reexamined. In the long-term, the agricultural production base of developing countries should be improved, and in the short-term, bilateral and multilateral food aid schemes should be strengthened.

35. The representative of **Mauritius** welcomed the recommendations of the Expert Meeting to the effect that the Marrakesh Decision should be made more operational with a view to solving the long-term food security problems of LDCs and NFIDCs, rather than tackling short-term needs through food aid. A cautious and pragmatic approach should be adopted when dealing with all forms of export competition. Article 20 of the Agreement on Agriculture provides for the long-term objective of substantial progressive reductions in support and protection and not for their elimination. Finally, he suggested that in line with the recommendations of the Expert Meeting and pursuant to paragraph 133 of the Bangkok Plan of Action, UNCTAD should carry out as soon as possible a study on the impact of the Agreement on small island developing States' in agricultural trade and to develop a specific action plan and accompanying budget.

36. The representative of **Chile** considered it essential to establish an equitable and market-oriented multilateral agricultural trading system. The current system penalized

various developing countries which had adopted liberalization measures but which could not compete with those countries currently benefitting from substantial and unfair subsidies. He was convinced that for the development of developing countries it would be imperative to create better market access conditions and to remove distorting trade subsidies. He also agreed with the call for the establishment of concrete provisions relating to special and differential treatment and to provide developing countries with technical assistance to allow them to meet their legitimate needs, such as rural development and food security.

37. The representative of **European Community** stated that the interaction between development and trade was an issue that went beyond farm trade. He considered that there were some interesting elements in the Outcome of the Expert Meeting. It was essential that all members and in particular developing countries benefited from the expansion of world trade consequent to the reform process. The possible negative effects on LDCs and NFIDCs should however be addressed properly. He highlighted the need to promote the development of genuine food aid in fully grant form in ways which did not damage local food production, which must contribute to food security. Technical and financial assistance should therefore be intensified. As to the continuation of the reform process in agriculture under the WTO, he said that, with reference to its proposal submitted to WTO in December 2000, the European Community was fully committed to the process, while recognizing the specific concerns of developing countries within that process, and had made proposals in that direction. He believed that further liberalization of agricultural trade would make an important contribution to sustained economic growth for all countries. However, it was essential that opportunities be created for increased market access for developing countries. Being the largest market of agricultural exports from developing countries the EU had also proposed duty-free access for essentially all products from LDCs. It also advocated the provision of significant trade preferences to developing countries on the part of other developed and the wealthiest developing countries.

38. The representative of **Argentina** said that he agreed with the interventions made by Uruguay and Chile. He pointed out that developing countries' agricultural trade competitiveness had been worsening due to the increasing use of agricultural subsidies and barriers to market access. In addition, agricultural export subsidies distorted trade, displaced competitive exporters, contributed to the use of production methods that were incompatible from an environmental point of view and perpetuated rural poverty within developing countries. He encouraged UNCTAD to further its studies on all these important issues in order to help developing countries to participate actively in the WTO agricultural negotiations.

39. The representative of **Brazil** highlighted the importance that his country, an active member of the Cairns Group, attached to all aspects of agricultural trade liberalization. Concerning export subsidies and their linkage to food security programmes in developing countries, he considered that, while urban consumers in importing countries benefited from lower food import prices, subsidies served as a disincentive to development and expansion of domestic food production. The implementation of the Marrakesh Decision would never be effective unless it went hand in hand with the elimination of a this practice that hindered the

participation of developing countries in world agricultural markets. The elimination of export subsidies would require a more market-oriented framework for world agriculture trade and a set of rules that did not distort international prices or undermine competitive exports of developing countries.

40. The representative of the **International Confederation of Free Trade Unions**, (CISL) highlighted the importance of taking account of social goals in the pursuit of sustainable development, such as reducing poverty and ensuring food security and decent work for all workers. He was of the view that negotiations on agricultural reform should comprise the following elements: (i) a social clause with reference to international labour standards to avoid social dumping so that the impact on food security of liberalization of food products could be taken into account; (ii) elimination of export subsidies for agricultural products; (iii) analysis of the impact of export subsidies on local production, in collaboration with social partners; and (iv) respect of all workers' rights in respect of health and safety.