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General Council Discussion on Mandated Negotiations on Agriculture and Services 23-24 November 1998

Communication from Egypt

The following statement made by Egypt at the Informal Intersessional General Council meeting on 23 November 1998 is being circulated at the request of that delegation.

The built-in-agenda (BIA) is an integral part of the Uruguay Round Agreements (URAs) and constitutes an important element in the balance of rights and obligations of the commitments of WTO members. It contains an ambitious program of work of unfinished negotiations, special reviews, regular reviews and new negotiations.

As you requested, this statement will be limited to the consideration of the mandated negotiations in agriculture and trade in services.

We believe that all WTO members are committed to start these negotiations on time. We will be ready to address the scope, structure and time framework of these negotiations. However, we would like to indicate that these negotiations have to be governed by a number of guiding principles.

We believe that these principles have to be adequately taken into account in order for our negotiations to start in a constructive and forthcoming manner. A number of these principles are already stipulated in the relevant provisions on the mandated negotiations in Article 20 in the Agreement on Agriculture and Article 19 of GATS.

These principles which we are confident will be further elaborated on and developed by other delegations, include the following:

- (1) A comprehensive evaluation of the implementation of the provisions of the Agreement on Agriculture and the Agreement on Trade in Services and in particular the impact on the trade of developing countries is a prerequisite to a successful initiation of negotiations and to safeguard the credibility of the Multilateral Trading System.
- (2) One of the most important objectives of the negotiations should be to address the difficulties facing developing countries in the process of implementation. This would apply only to the limited difficulties that can not be addressed except through future negotiations.
- (3) Special and differential treatment and taking into account the particular interests of developing countries should be a fundamental cross-cutting consideration in all aspects of the negotiations.

(4) The scope, structure, and time frame should be realistic and has to take into account that these negotiations will be conducted at a time when most developing countries are finding it exceedingly difficult to effectively participate in the regular WTO activities. Hence, negotiations must take into account the limited capacity and the resources available at the disposal of developing countries in this respect. If not, then it should be known before hand that the major trading partners will conduct these negotiations with a very few number of developing countries while the majority of developing countries will wait to be informed about the outcome of negotiations to which they will not be in a position to take part.

(5) Adequate assistance should be provided, to developing countries and in particular to LDCs, to assist them in ensuring that their interests are fully taken into account in future negotiations.

I would like to briefly address the future negotiations in both agriculture and services.

Article 20 of the Agreement on Agriculture indicates that a number of elements should be taken into account in the mandated negotiation. These include the experience in implementing reduction commitments and their impact on world trade in agriculture. Moreover, non-trade concerns, S&D treatment to developing countries, a fair and market oriented agriculture trading system as well as the objectives contained in the Preamble of the Agreement on Agriculture are also elements that are indicated in Article 20.

From our perspective, four indispensable objectives of the preamble should be taken into consideration in negotiations. These include *inter alia*: first, that developed countries should take into account the particular interest of developing countries by providing greater market access opportunities to products of export interest of these countries. A second objective is related to having regard to non-trade concerns including food security. A third equally important objective is that S&D treatment is an integral element of the negotiations. A fourth crucial objective is to take into account the possible negative effects of the reform program on LDCs and NFIDCs.

We would also like to indicate that we believe that the papers that were submitted by New Zealand and the US for this meeting (documents WT/GC/W/112/Rev1 and WT/GC/W/115 respectively) are not in complete conformity with Article 20 of the Agreement on Agriculture since they consider S&D treatment for developing countries in the negotiations in agriculture as a peripheral or a marginal issue and not as an integral part of future negotiations as stipulated by the Agreement.

The difficulties identified in the process of implementation of the Agreement on Agriculture in the areas of market access, domestic support and export subsidies are examined in some detail in the Egyptian paper on S&D treatment (document WT/GC/W/109). We will therefore not repeat these issues. Nevertheless, I would like to indicate the following:

(1) We believe that the Secretariat should prepare a comprehensive paper to assess the impact of the implementation of the Agreement on Agriculture. As we mentioned in the October informal meeting of the General Council, the analysis of the share of developing countries in the growth of trade in agriculture after the UR compared to the levels before the implementation process will be of significant importance for the evaluation of the situation and the preparation for future negotiations. The current tariff levels and tariff reductions since the implementation process started, particularly in products of interest to developing countries, should be analyzed on a tariff line basis in preparation for future negotiations. The impact of the implementation of the Agreement on food security, particularly of developing countries, should be analyzed as well.

(2) As we indicated in the October meeting, the Secretariat has prepared a factual note in the context of the analysis and exchange of information process on the implementation of the special and

differential provisions in the Agreement on Agriculture. It will be necessary to complement this note with an analytical examination of the implementation of these provisions. This is an essential ingredient for the effective consideration of issues pertaining to future negotiations.

These studies can be conducted in cooperation with FAO, UNCTAD and other relevant organizations.

We have indicated in the October meeting as well that the implementation of the Decision on NFIDCs has been a source of deep concern to NFIDCs and LDCs and that no progress has been identified by these countries towards the implementation of this Decision. What is even more disturbing is that a delegation have taken the view that the anticipated difficulties facing NFIDCs simply did not materialize. We believe that delegations should be more sensitive to the concerns and preoccupations of developing countries if our objective is to have an approach that is more forthcoming and constructive and not confrontational.

We would like to note that the statement that was made by the delegation of Australia in this meeting has a much more positive tone in relation to NFIDCs compared to the statement in the October meeting. We welcome this positive tone. However, we believe that their approach is similar to that presented by the US and New Zealand in relation to s&d treatment.

The statement by Australia indicated that price movements in agricultural products is not due to the implementation of the Uruguay Round. We do not share this view. If this is the case then it means one of two things: either that the commitments in the Agreement on Agriculture were minimal and have not affected market prices, or that the market mechanism is not functioning. We do not believe that either alternative is true.

Furthermore, the difficulties facing NFIDCs should not await the new negotiations. The non-implementation of this Decision will effect the credibility of the whole system and may lead to unnecessary complications that we should avoid.

The AIE process that started as a result of the Decision of the Singapore Ministerial Conference has been helpful. The Secretariat has prepared a number of useful papers. Contributions by members were also very useful in deepening the understanding of various issues and view points in the process of implementation. However, the participation of many developing countries in this process has been constrained due to lack of adequate institutional and human capacity.

As far as the negotiations on trade in services is concerned, according to Article 19 of GATS, the objective is to achieve a progressively higher level of liberalization in successive rounds of negotiations. This liberalization shall respect national policy objectives for individual developing countries for opening fewer sectors, liberalizing fewer types of transactions, extending market access in line with their level of development, and when making access to their markets, attach to such access conditions aimed at achieving the objectives of Article 4 (related to the increasing participation of developing countries in international trade in services)

It was agreed in Singapore to commence a process of exchange of information to facilitate future negotiations. This process has been helpful. The Secretariat has prepared a number of useful papers. Contributions by members were also very useful. However, the situation is quite similar to that in the AIE process in agriculture. The participation of many developing countries has been constrained due to lack of adequate institutional and human capacity.

To prepare for negotiations, the Council for Trade in Services should carry out an assessment of trade in services in overall terms and on a sectoral basis with reference to the objectives of GATS, including those set out in paragraph 1 of Article 4. Such an assessment would need to include, *inter*

alia, an analysis of whether commitments on commercial presence has led to a positive impact on FDI. Negotiating guidelines should establish modalities for the treatment of liberalization undertaken autonomously by Members since previous negotiations, as well as for the special treatment for developing countries.

As we indicated in the October meeting, the sectors where agreements have been recently concluded such as financial services and basic telecommunications are capital, technology and knowledge intensive. Developing countries are constrained in increased participation in international trade in these sectors.

Furthermore, although one of the most significant aspects of GATS is that it covers cross-border movement of service suppliers as an integral part of trade in services, there have been no meaningful liberalization in the mode of movement of natural persons without commercial presence. Due to the extremely limited nature of commitments undertaken, the benefits accruing to developing countries as a result of these commitments are likely to be marginal. We believe that useful cooperation can take place between WTO and IOM in this regard.

It is also regrettable that the negotiations concerning emergency safeguards which could encourage developing countries to make more significant liberalization commitments have not been concluded.

We hope that these trends would be reversed in future sectoral negotiations and that our future consideration of this issue would be based on a study that would be prepared by the Secretariat to address the above mentioned issues with a particular focus on the effective participation of developing countries in trade in services since the entry into force of the Uruguay Round compared with the situation before the Round.
