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**The Implications of the URAA on Developing
Countries: A case Study of Sudan's
Agricultural Trade**

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The Role of Agriculture in Sudan's Economy

Table 1. Share of Agriculture in Gross Domestic Product and Total Exports of Sudan, 1990-99 (Percent)

	Share in Gross Domestic Product	Share in Total Exports
1990	30.3	98.0
1991	28.7	98.0
1992	33.9	97.0
1993	38.1	93.0
1994	40.0	90.0
1995	43.1	87.0
1996	45.0	86.0
1997	47.6	87.0
1998	48.7	89.0
1999	42.5	55.0

Source: Bank of Sudan Annual Reports, Various Issues



The Implications of the URAA

- **On International Agricultural Market**
 - Reducing the distortions in agricultural trade
 - The upward pressure on world market prices
 - Market stability under fairer condition of market competition
- **On Developing Countries**
 - Facing a more competitive international markets
 - Terms of trade effects
- **Sudan**
 - Direct impact (world market price changes)
 - Indirect impact (e.g. higher cost of production)



Objectives of the Paper

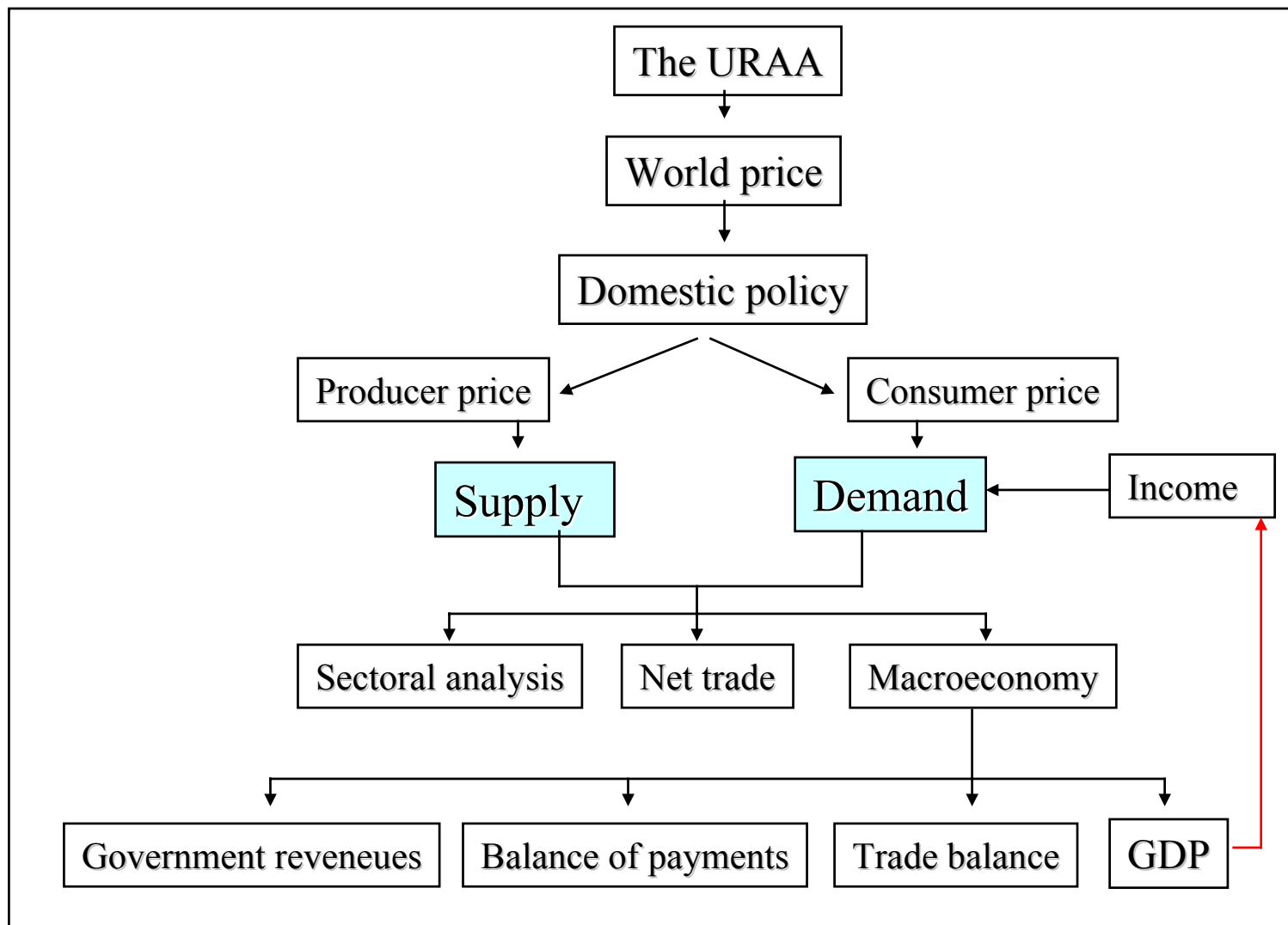
- The general objective of the paper is to examine the impacts of the URAA on Sudan's agricultural trade under different policy scenarios. The following specific objectives are envisaged:
 - Analyzing the effects of the expected change in the world market price of agricultural products on agricultural trade of Sudan.
 - Analyzing the impacts of this change on production, consumption, the government budget, food security and welfare of the country.
 - Assessing the changes in agricultural trade of Sudan due to the URAA under different alternative policy scenarios.
 - In Addition, the paper analyzes the consequences of indirect impacts of the URAA (higher cost of production)



Multi-Market Model for Sudan

- Some Characteristics of the Sudan Multi-market Model:
 - Cross Price Effect
 - Stages of Production
 - Macroeconomics Linkages
- Assumptions:
 - Perfect Competition
 - Homogeneity of the Products
 - Small-open Economy

Figure 1. Generic Structure of the Sudan Multi-market Model



Scenarios

Table 3. Illustration of the Alternative Policy Scenarios Considered in the paper

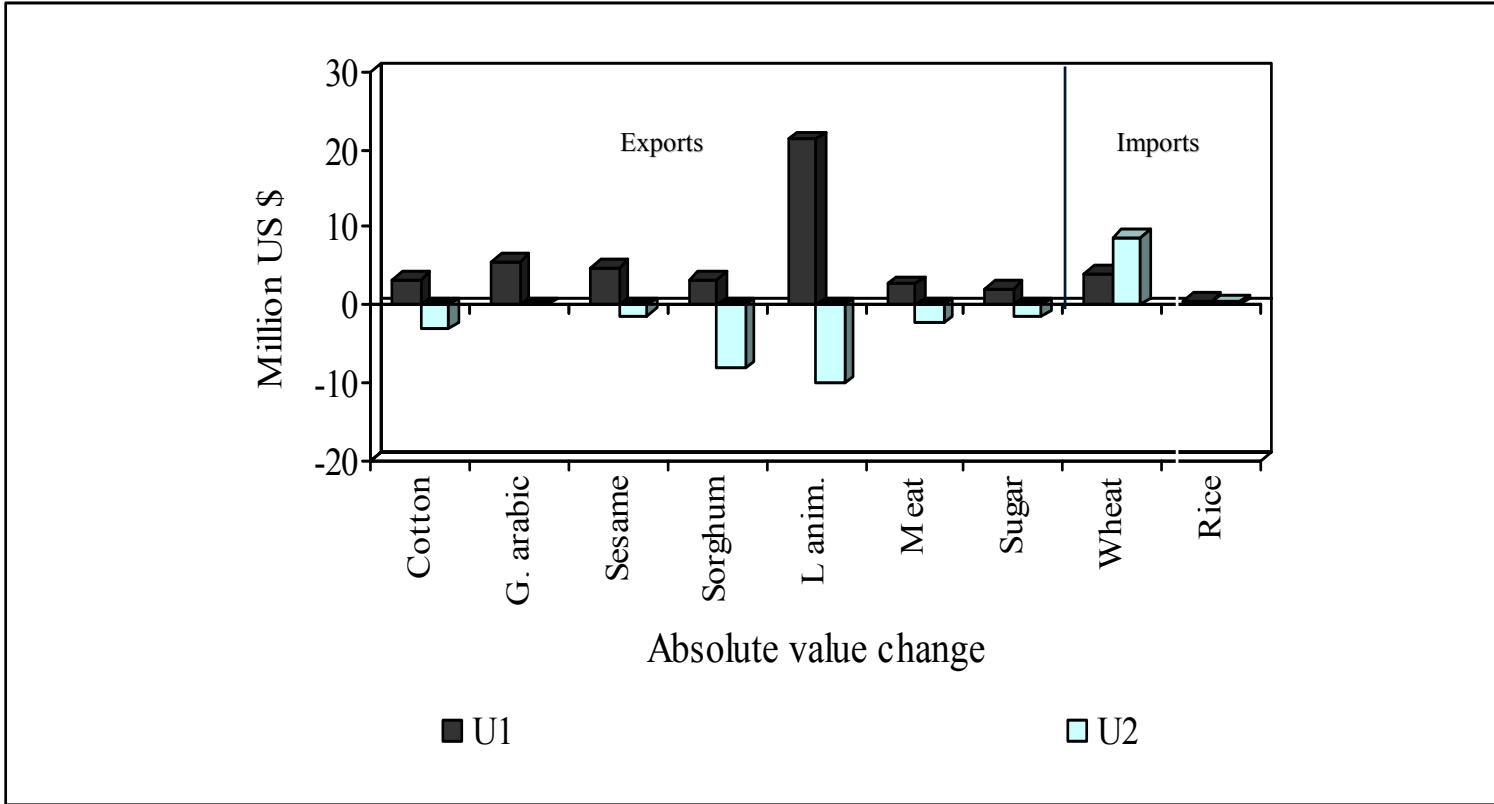
	Current Policy in the Base Period	Partial Policy Reform	Full Policy Reform	
Baseline	B			
World Market Price Changes	U1	U1P	U1F	
World Market Price Changes & Supply Shock	U2	U2P	U2F	

U: Uruguay round scenario , P: partial policy reform, F: full policy reform,



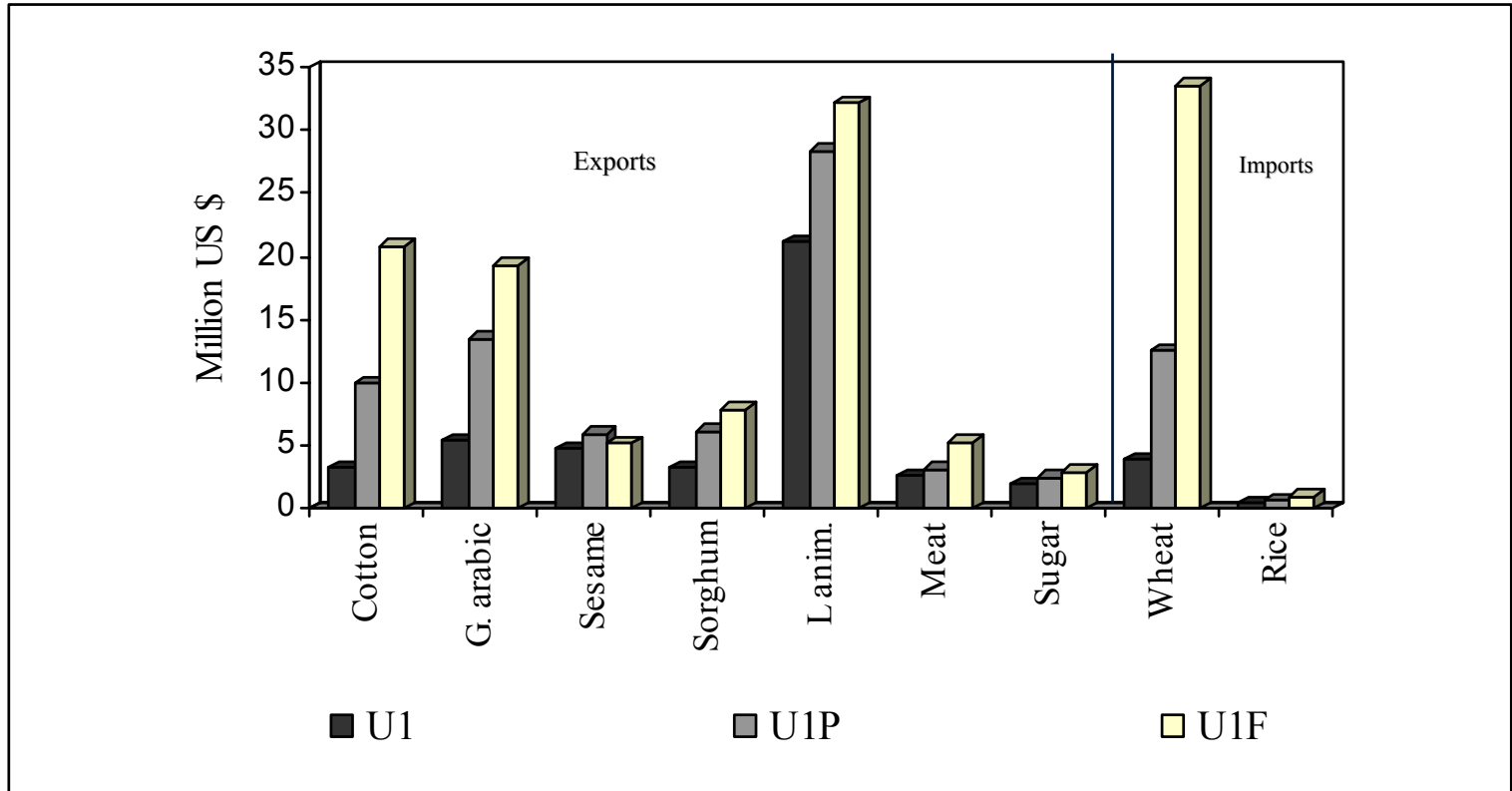
Selected Results

Figure 2. Trade Effects for Agricultural Commodities in Uruguay Round Scenarios (U1 & U2), Absolute Change Relative to the Base Period



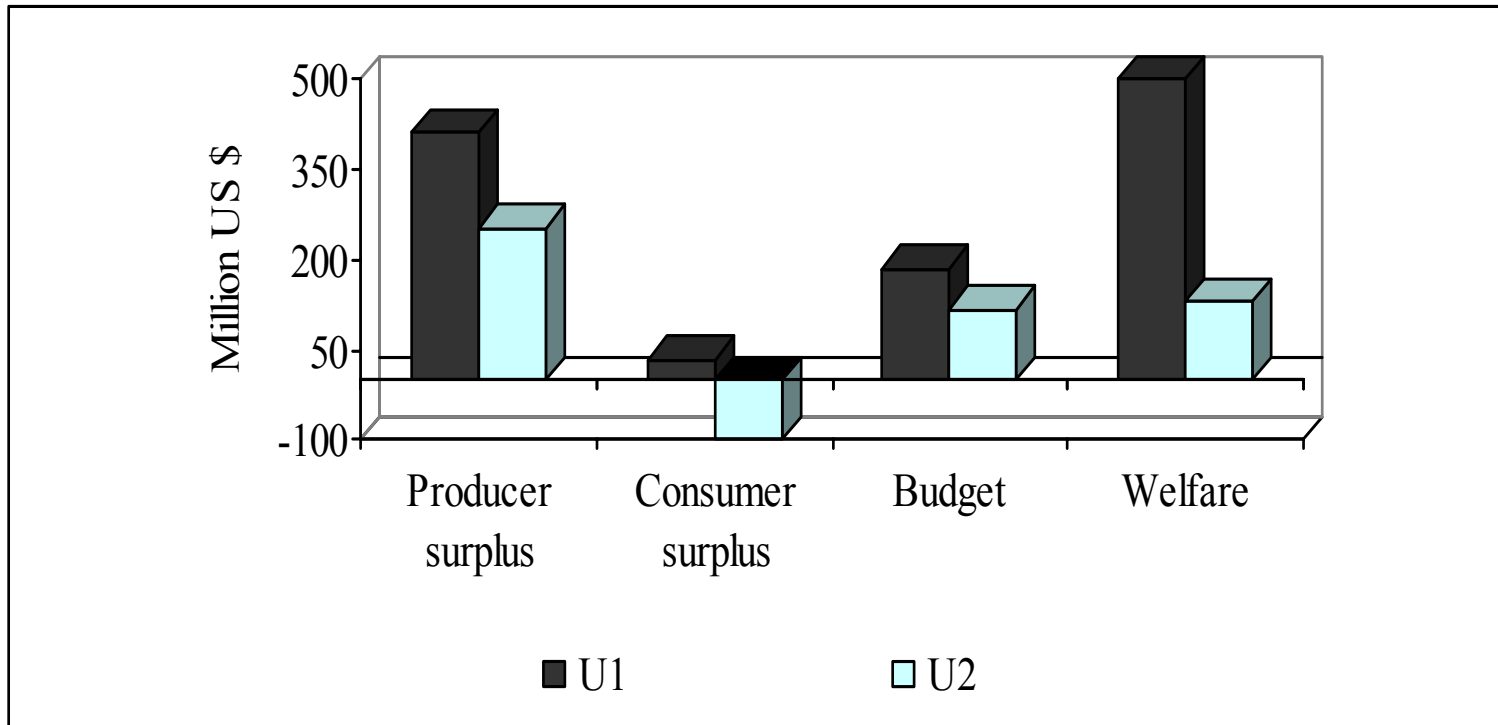
U: Uruguay round scenario

Figure 3. Trade Effects for Agricultural Commodities in the Policy Reform Scenarios (U1P, U1F), Absolute Change Relative to the Base Period



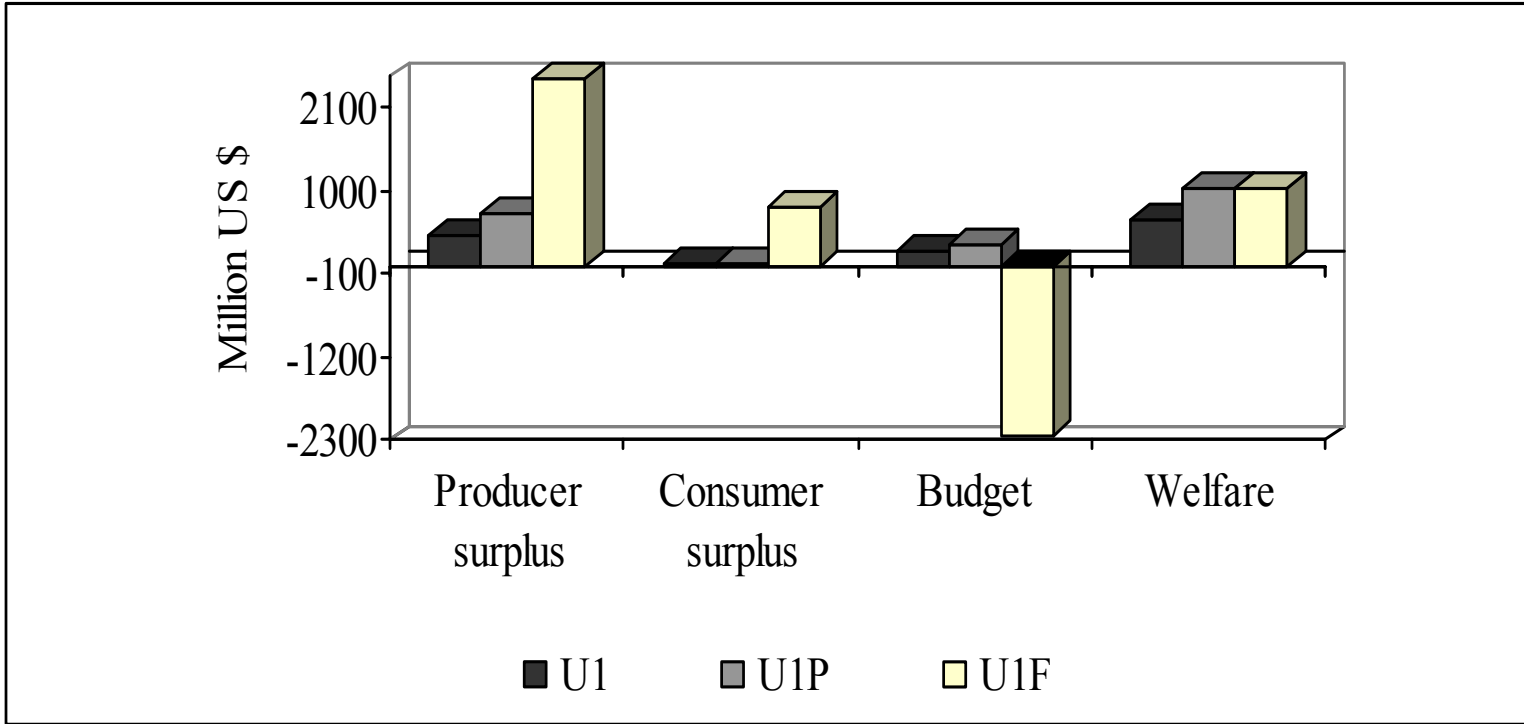
U: Uruguay round scenario, P & F policy reform scenarios

Figure 4. Aggregate Welfare Effects in Uruguay Scenarios (U1& U2), Absolute Change Relative to the Base Period



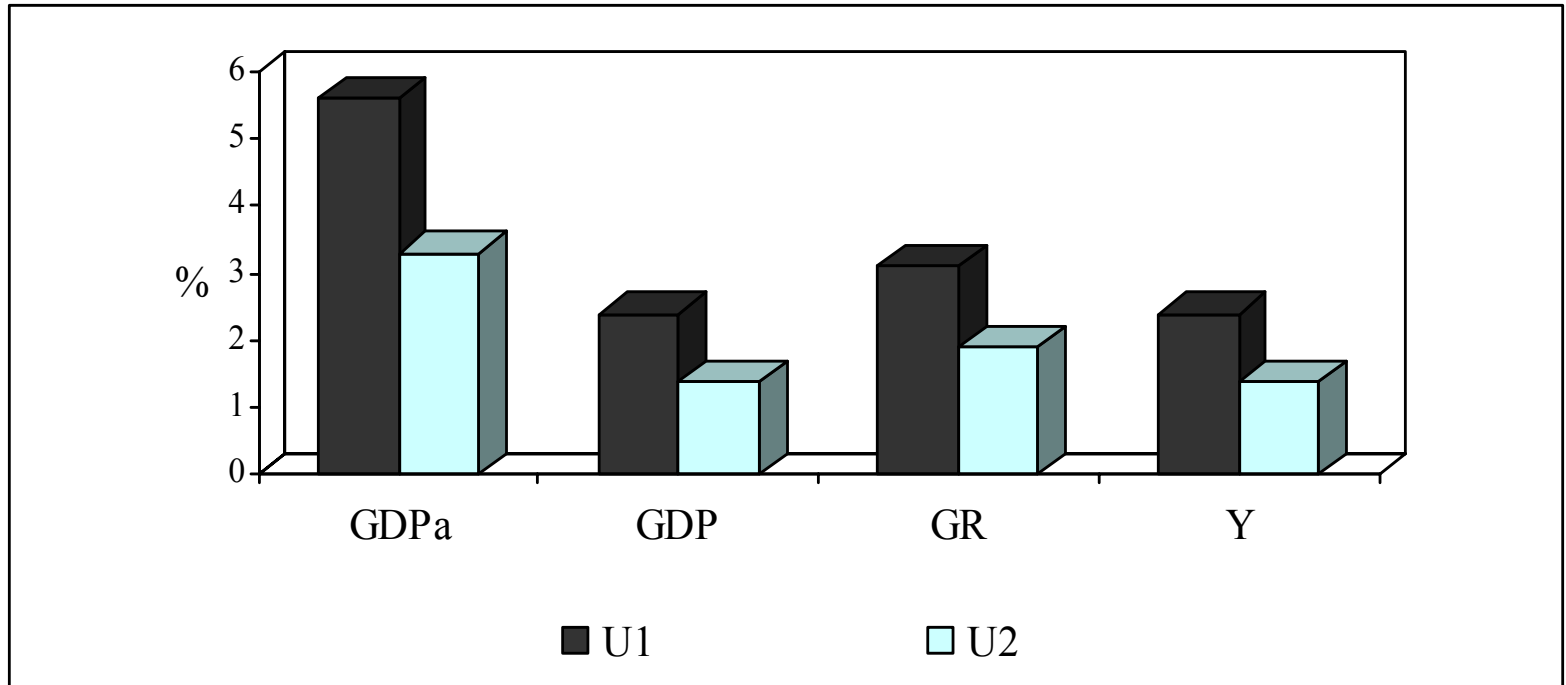
U: Uruguay round scenario

Figure 5. Aggregate Welfare Effects in Policy Reform Scenarios (U1P & U1F), Absolute Change Relative to the Base Period



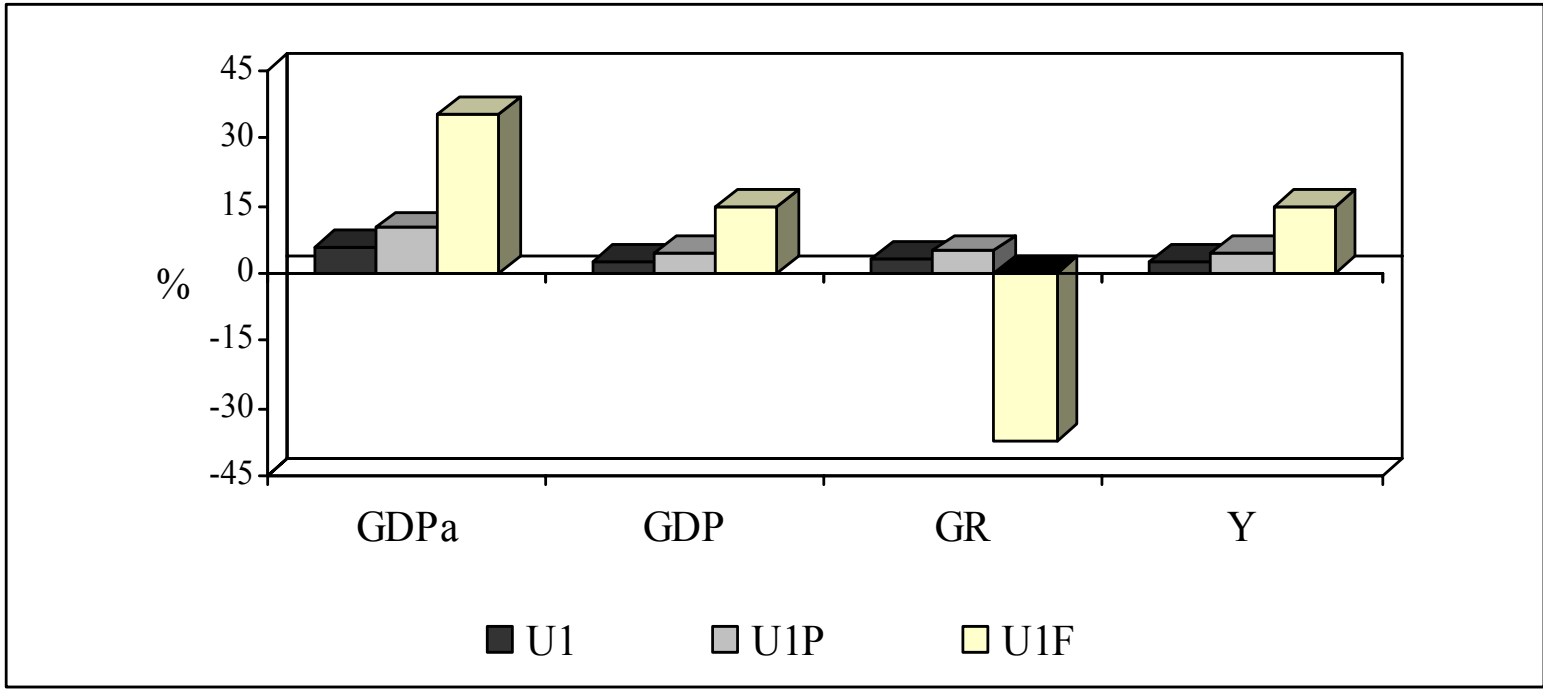
U: Uruguay round scenario, P & F policy reform scenarios

Figure 6. Macroeconomic Effects for Sudan in Uruguay Round Scenario (U1 & U2), Percentage Change Relative to the Base Period



GDP: Gross Domestic Product , GDPa: Agricultural Gross Domestic Product, GR: Government revenues, Y: Per capita income, U: Uruguay round scenario

Figure 7. Macroeconomic Effects for Sudan in Policy Reform Scenarios (U1P & U1F), Percentage Change Relative to the Base Period



GDP: Gross Domestic Product , GDPa: Agricultural Gross Domestic Product, GR: Government revenues, Y: Per capita income, U: Uruguay round scenario, P & F policy reform scenarios



Conclusions

- The increase in world market prices due to the URAA would overall lead to measurable gains in Sudan's agricultural trade and for Sudan's economy as a whole.
- The poor quality standard in Sudan, due to external or internal factors, would be considered as the main factor constraining Sudan's exports.
- The gains from domestic agricultural liberalization are significant.
- Domestic policy environment matters very much with respect to the potential impact of the URAA on Sudan's agricultural trade.

Thank You

