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## The Impact of the Uruguay Round Agreement on Agriculture on Sudan's Agricultural Trade

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### Abstract

The major objective of this paper is to assess and to quantify the consequences of the Uruguay Round Agreement on Agriculture (URAA) on the agricultural trade of Sudan.

Agriculture is the main sector of Sudan's economy. Sudan is characterized by its small-open economy, and is classified as one of the least developed countries. Given these facts, Sudan becomes more vulnerable to any changes in international agricultural markets. The URAA establishes a new regime for international agricultural trade. This new international agricultural trade environment is expected to have a great influence on Sudan's agricultural trade and on the whole economy. World price changes are the anticipated direct impact of the URAA, beside other indirect impacts like a higher cost of production arising from the implementation of the Sanitary and Phyto-sanitary Agreement.

To achieve the paper's objectives, an extended form of a multi-market model for Sudan is developed. The model embodies important characteristics of agriculture in Sudan like substitution effects and stages of production. As agriculture is the main sector of Sudan's economy, the model is extended to explicitly integrate some of the key important macro-economic linkages, and to establish certain feedback effects between agriculture and the macro-economy.

The model simulations reveal that the direct impact of the URAA would overall lead to measurable gains in Sudan's agricultural trade and for Sudan's economy as a whole. However, when the indirect impact of the URAA represented by a higher cost of production is considered, the positive results are reversed. The results of model simulations show that the domestic policy environment matters very much with respect to the potential impact of the URAA.

The following conclusions are derived: Sudan should reorientate its national policies towards export promotion in order to benefit from the new emerging trading opportunities in world markets opened by the URAA. However, to capture a greater benefit from the new environment in the international markets, Sudan should consider and manage carefully all factors, domestically or internationally — e.g. quality standards, loss of preference, dumping effects — that hinder its economic and trade growth.

**Keywords:** Agricultural trade, Sudan, URAA