

Views on WTO Domestic Policy Obligations: Issues & Prospects



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OBSERVATIONS/LESSONS FROM THE URUGUAY ROUND



The Uruguay Round: Most Comprehensive Reform to Date

- ◆ Eight years – starting in Punta del Este in 1986, ending at Marrakesh in 1994
- ◆ Established the World Trade Organization
- ◆ Comprehensive agreement with 123 Members – agriculture brought into the rules based system
- ◆ Dispute resolution – provides for binding resolution



Uruguay Round Agreement on Agriculture (URAA)

- ◆ **Market Access: reduced and bound all agriculture tariffs**
- ◆ **Domestic Support: established rules for support policies; defined trade distorting and non-trade distorting support**
- ◆ **Export subsidies: defined and reduced**

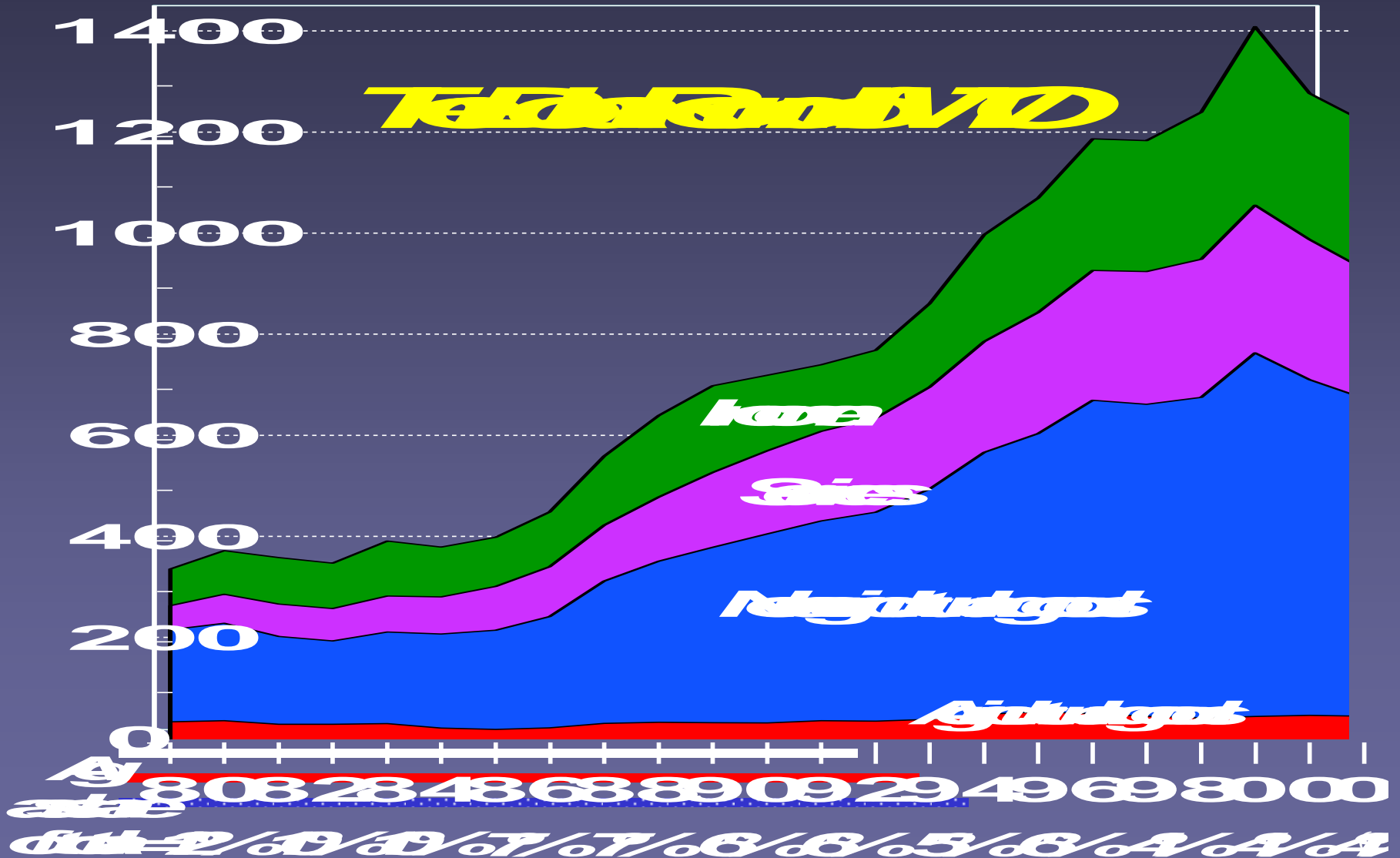


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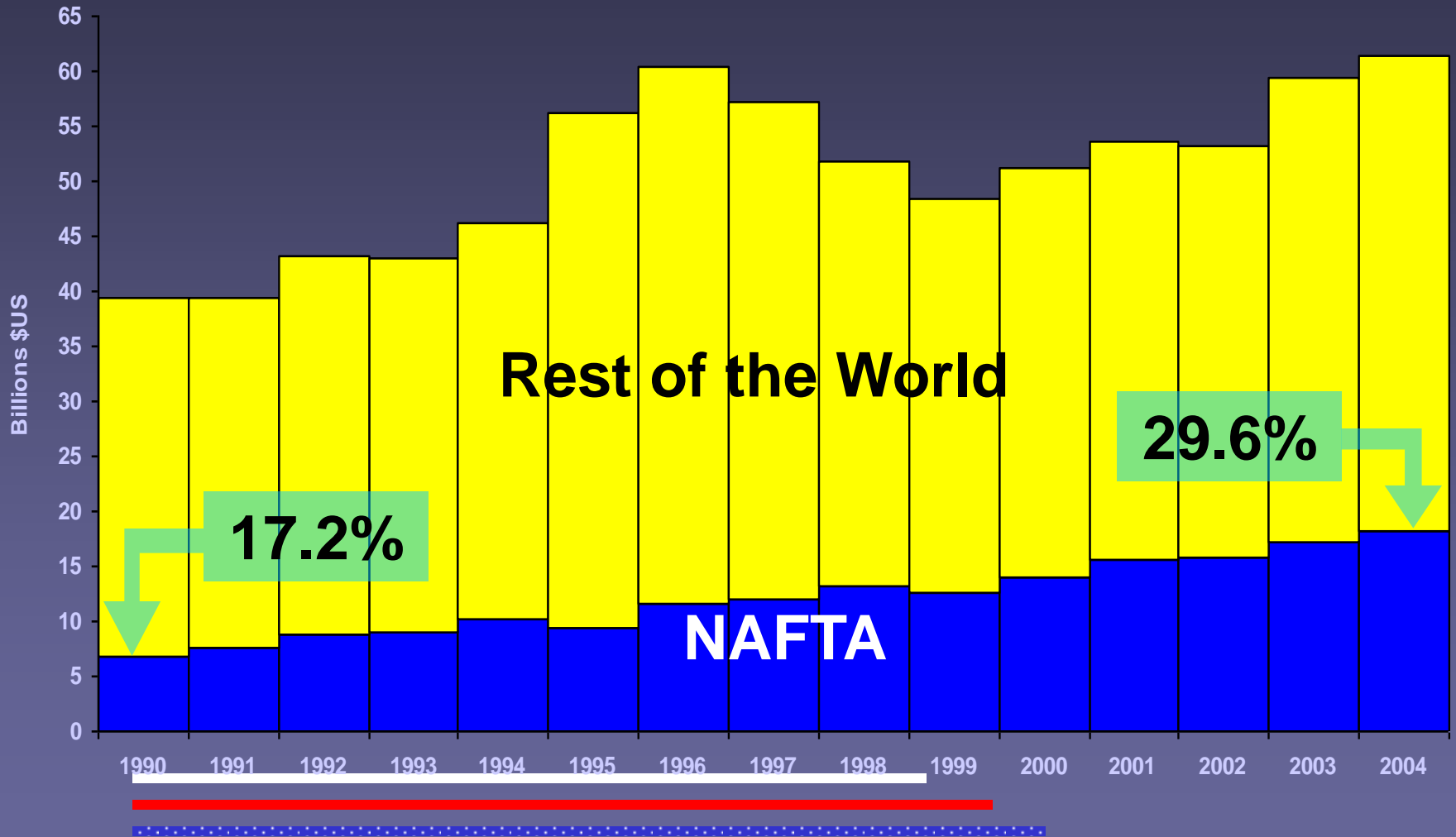
**THE RESULTS OF THE URUGUAY
ROUND WERE OVER SOLD**

U.S. Exports of Goods

Billion dollars



US Agriculture Exports

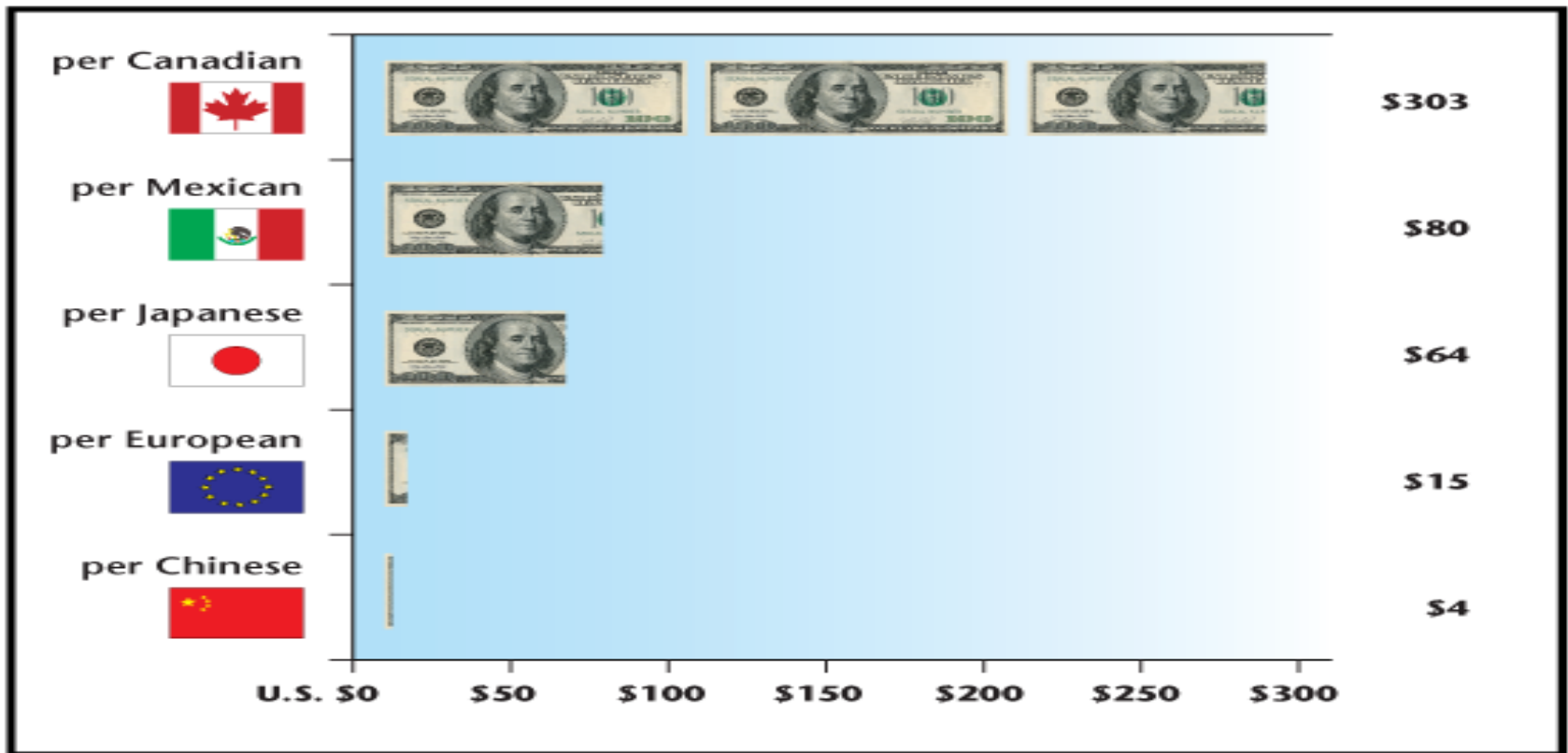


Where do U.S. Agri-food Exports go?

Top 5 markets for year 2004



Canadians purchase the most U.S. agricultural exports per capita.

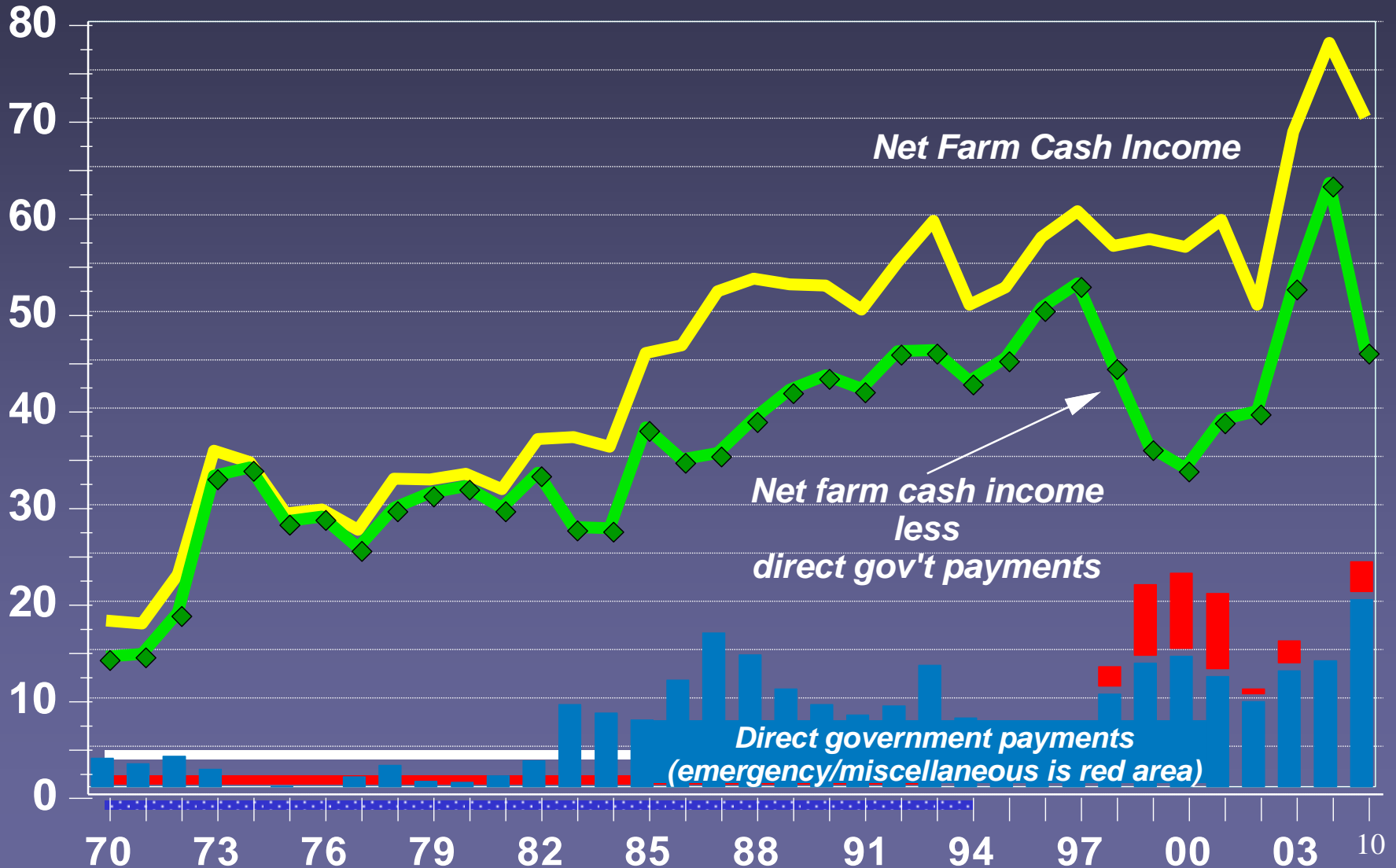


OBSERVATION

◆ **DOMESTIC SUPPORT COMMITMENTS:
DO NOT NECESSARILY MEAN THAT
GOVERNMENTS WILL SPEND LESS
MONEY ON AGRICULTURE**

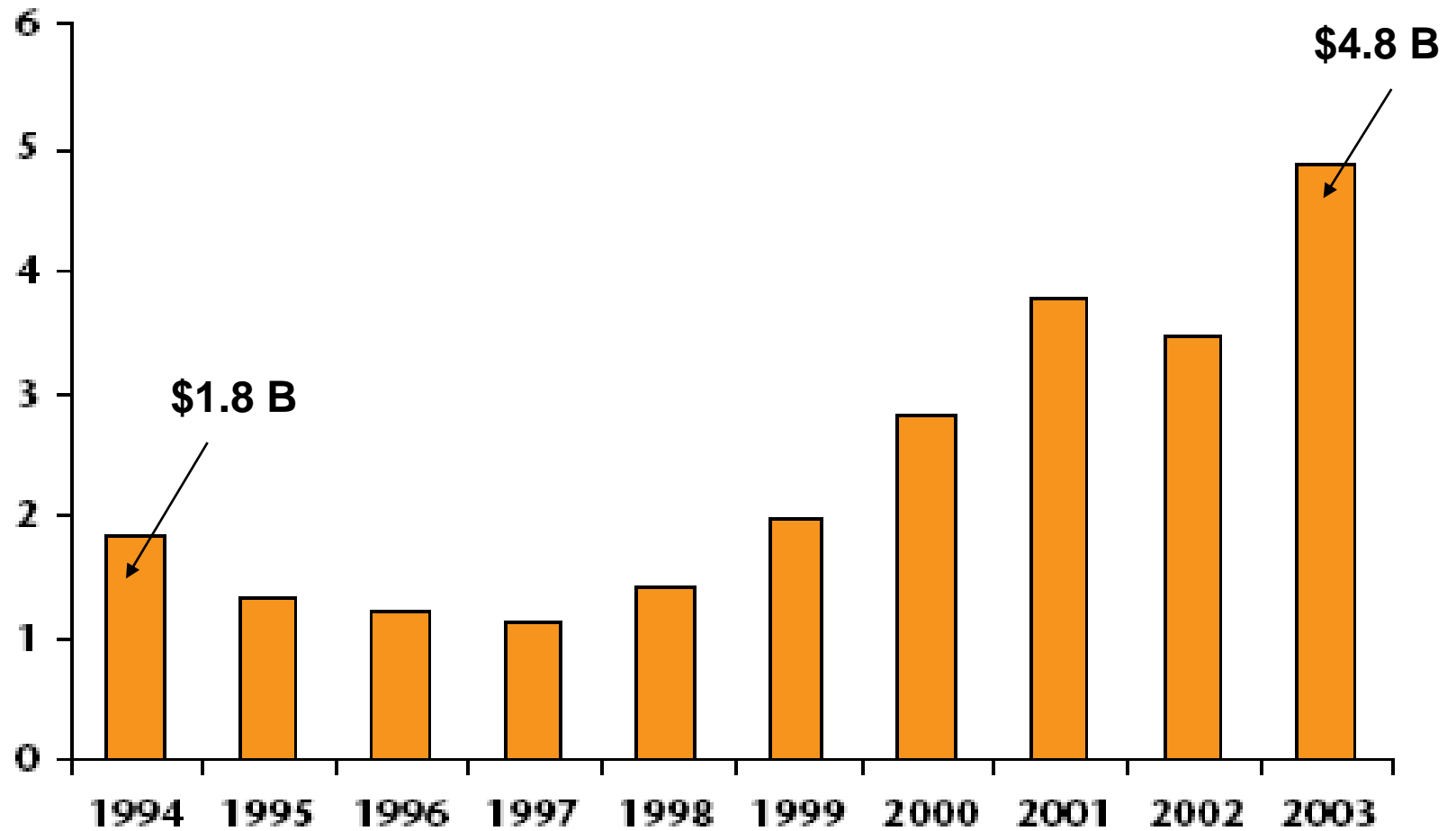
Farm Income and Government Payme

Billion dollars



Program Payments

Billions \$



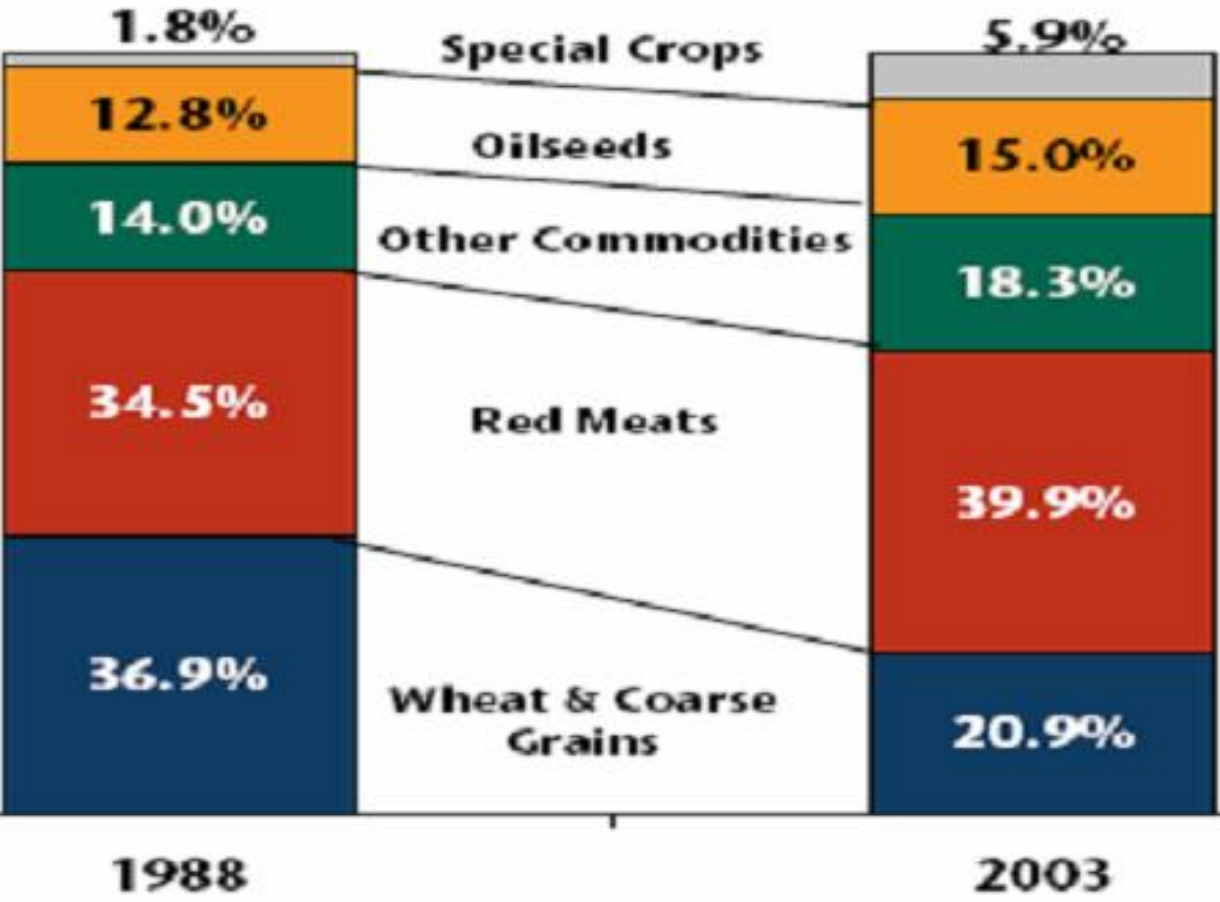
OBSERVATION

◆ **URUGUAY ROUND EXPORT SUBSIDY AND DOMESTIC SUPPORT COMMITMENTS PROVIDED DIRECTION WHERE POLICIES SHOULD GO.**

◆ **COUNTRIES COULD GO FURTHER:**

For example, Canada eliminated its grain transportation subsidy

Evolution of Prairie Farm Market Receipts by Commodity, 1988 and 2003



Source: Statistics Canada and AAFC calculations.

Other Factors Influence Agricultural Trade/Policy

- ◆ Globalization
- ◆ Global Supply Chain
- ◆ New Global Competitors:
 - ◆ Brazil has become a significant force in global agriculture in just five years



Other Factors Influence Agricultural Trade/Policy

◆ Innovation

- ◆ Developed country agriculture production by 1-2% of the population

◆ Consumer Wants

◆ Sanitary and Phytosanitary Issues

- ◆ BSE, Avian Flu, etc



Doha Round and Canadian Agriculture Programs

- ◆ Framework Agreement – July 2004
- ◆ Domestic Support-changes to programs not likely required
- ◆ Canadian Wheat Board
- ◆ Supply Management



Why Trade Matters

- ◆ People who trade more live better
 - ◆ Productivity and Specialization
 - ◆ Variety / Quality
 - ◆ Competition and Innovation
- ◆ Stimulates long-run growth
- ◆ Fosters the “rule of law” and democracy

