WTO Trade Obligations & U.S. Rice Policy

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Export Dependence & Lack of Import Protection Focus Rice on WTO Agreement

- 50% of U.S. rice production is exported.
- U.S. is the third largest world exporter of rice in a thin global market.
- Import duties are minimal – less than $1 per cwt. – and don’t restrict imports.
- WTO restrictions on domestic support programs threaten the economic viability of U.S. rice farming.
The Keys: Market Access & A Farm Safety Net

- Rice and U.S. agriculture need a huge market access package.
- Largest tariffs must be cut the most, and the cuts must be real.
- Compliance has to be addressed.

- Benefits of marketing loan/LDP program; direct payments; and CCPs must be preserved.
- U.S. producers must have the protection of a peace clause for farm programs going forward.
Inadequate Market Access Constrains Flexibility on Domestic Supports

- **Mexico** – Defending against bogus dumping charges is expensive and a long battle.
- **Japan** – Lack of meaningful market access impairs the benefit of previous WTO deals.
- **EU** – Complex, protectionist duties restrict access to a key but tenuous market segment.
- **Latin America** – SPS barriers and discrimination against milled rice rampant.
Framework Agreement – An Uncertain Blueprint

- Disturbing lack of clarity on commitments for improved market access; very clear cuts in trading distorting domestic supports.
- 20% cut in T.D. domestic support in 1\textsuperscript{st} year. Tiered cuts
- Product specific caps & cut in \textit{de minimus}.
- Sensitive product designation OK.
- Special treatment for “developing” countries.
Food Aid is Rice’s Focus in Export Competition Pillar

- U.S. food aid programs critical to economic health of U.S. industry.
- These programs viewed as surplus disposal by other WTO members.
- Calls for conversion of food aid to $$ are unworkable & unacceptable.
- Elimination of export subsidies are good; stronger disciplines on credit programs are likely.
Domestic Farm Programs vs. WTO Agreement?

- Previous Market Access gains have yet to offset barriers, generating skepticism about trade.
- Key challenge – accommodating a movement towards decoupled support with significant reductions in TD domestic support.
  - Larger subsidizers have to be cut more.
  - Blue box must remain as outlined in the FA.
  - Market access gains have to be large & visible.