

# *WTO Trade Obligations & U.S. Rice Policy*

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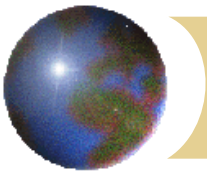
## *Export Dependence & Lack of Import Protection Focus Rice on WTO Agreement*

- ✦ 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<sup>st</sup> year. Tiered cuts
- ❖ Product specific caps & cut in *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.