

WTO Status of Negotiation, July 2004 Framework . . . and Beyond



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U.S. Trade Agenda

- Strategy: “Competition for Liberalization”
 - Multilateral – WTO Doha Development Agenda
 - Regional – CAFTA-DR, FTAA, SACU, Andeans
 - Bilateral – Jordan*, Chile*, Singapore*, Australia*, Morocco*, Bahrain*, Thailand, Panama
 - * *Completed*



US Trade Agenda

- Central America Free Trade Agreement (CAFTA/DR)
- Costa Rica, Guatemala, Honduras, Nicaragua, El Salvador, and Dominican Republic
 - Current market of 44 million people
 - U.S. exports = \$1.6 billion (2003 data)
 - U.S. imports = \$2.6 billion
- High Tariffs Restrain Trade
- Biggest Export Gains of All FTAs: Processed Foods, Beef, Pork, Dairy, Oilseeds/Products, Feed grains



Moving Forward at WTO

- Framework text, adopted on August 1, 2004, moves negotiation forward towards meeting U.S. objectives for agriculture in the Doha Round:
 - Elimination of export subsidies
 - Reduction and harmonization of trade-distorting domestic support
 - Reduction of tariffs and tariff disparities



WTO Timeline - History

- 1995 – WTO Created – Current Texts
- 2000 – Talks on Agriculture/Services
- 2001 – Doha Development Agenda
- 2003 – Cancun Ministerial – No Agreement
- 2004 – July Framework



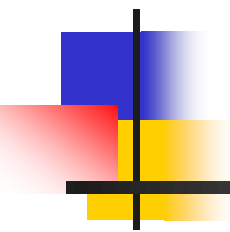
WTO Timeline - Future

- 2005 – July ‘Stocktaking’ -
1st Approximation of an Agreement
- 2005 – Hong Kong Ministerial –
Goal = Modalities
- 2006 – Member Schedules Submitted
for Verification, Text scrubbed
- 2007 – TPA Expires (2005-review)



Forces Behind the July Framework

- **G20 – Brazil, India, China**
- **Australia and New Zealand**
- **G90**
- **G10**
- **Africa**
- **EU**
- **U.S.**



Overview of the Decision Adopted by the General Council on August 1, 2004

- Market Access
- Domestic Support
- Export Competition
- Other Issues



WTO Market Access: Overview

- Substantial improvement in market access will be achieved for all agricultural products
- Tariffs will be cut and harmonized
- Sensitive products subject to combination of tariff quota expansion and tariff reductions
- Developing countries will be part of reform process, but subject to lesser tariff reduction commitments
- Tariff caps, tariff escalation, tariff simplification, and special safeguards to be negotiated



WTO Domestic Support: Overview

- Trade-distorting domestic support (amber box) will be cut substantially
- Harmonization of countries' domestic support levels, with higher allowed levels of domestic support subject to deeper cuts
- 20 percent cut in overall support in the first year of implementation
- Product specific caps; no commitment for product specific reductions
- Green box (minimally- or non-trade-distorting) support to be reviewed and clarified



Domestic Support: *de minimis*

- Under *de minimis*, Members do not need to include in the calculation of the Aggregate Measurement of Support (Amber Box):
 - Trade-distorting, product-specific support less than 5% of the value of production of that product, and
 - Trade-distorting, non-product-specific support less than 5% of the value of all agricultural production
- Reductions in *de minimis* to be negotiated for all WTO Members

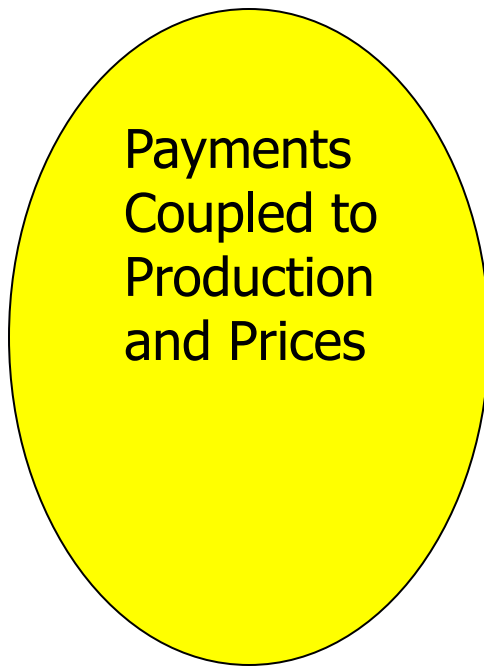


Domestic Support: New Blue Box

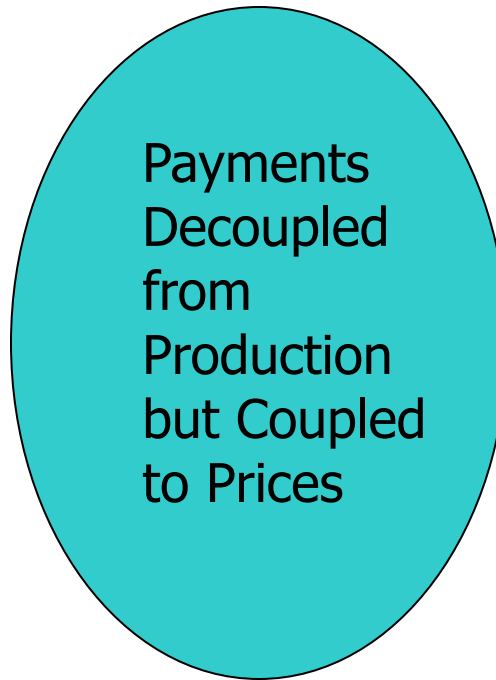
- New provisions in blue box to allow for U.S. counter-cyclical payments
 - Will allow Members to shift support from the most trade-distorting forms to less trade-distorting forms

Domestic Support: The Boxes

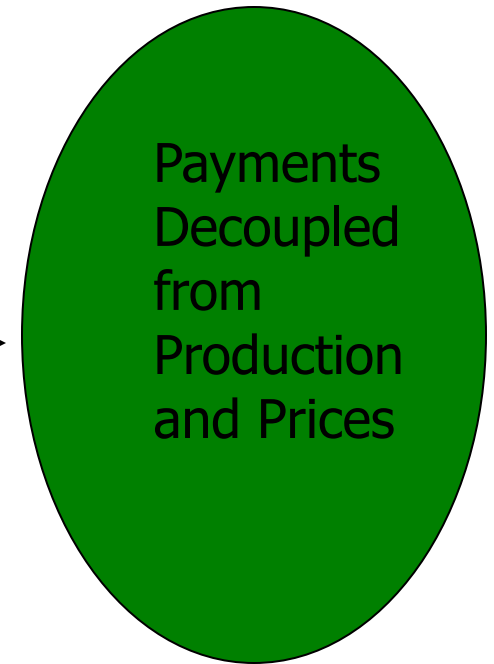
Amber



New Blue



Green



Most Trade-Distorting

Less Trade-Distorting

Non-Trade-Distorting



WTO Export Competition: Overview

- Export subsidies to be eliminated by an end date to be negotiated
- Export credits with repayment periods of more than 180 days to be eliminated
- Trade-distorting practices of exporting (STEs) to be eliminated. Future use of monopoly powers subject to negotiation
- Disciplines on Food Aid to prevent commercial displacement to be negotiated
- Use of differential export taxes may be negotiated, included under “other issues”



Other Issues in Agriculture: Cotton Sectoral Initiative

- No early harvest or specific reduction commitments for cotton
- Subcommittee on cotton:
 - Meets periodically
 - Report to Committee on Agriculture
- Work shall encompass trade-distorting policies in all three pillars



Other Issues in Agriculture: Of Interest But Not Agreed

- Sectoral Initiatives
- Geographical Indications
- Differential Export Taxes