



# Overview of the WTO Negotiations on Agriculture

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# The coverage of this presentation

- **WTO Hong Kong Ministerial (December 2005)** – specified a deadline of April 30, 2006 for agreement on modalities for a Doha Round agreement
- **Many issues are unresolved** – not just in agriculture but also in other areas, e.g., non-agricultural market access
- **This presentation** – addresses many (but not all!) of the issues involved in concluding an agreement for agriculture



# The main agricultural issues

- **Market access** – tariffs and tariff-rate quotas
- **Export competition** – export subsidies, export credits, state-trading exporters, food aid
- **Domestic support** – amber, blue and green box measures
- **Other** – includes export taxes and restrictions, geographical indicators



# Market Access

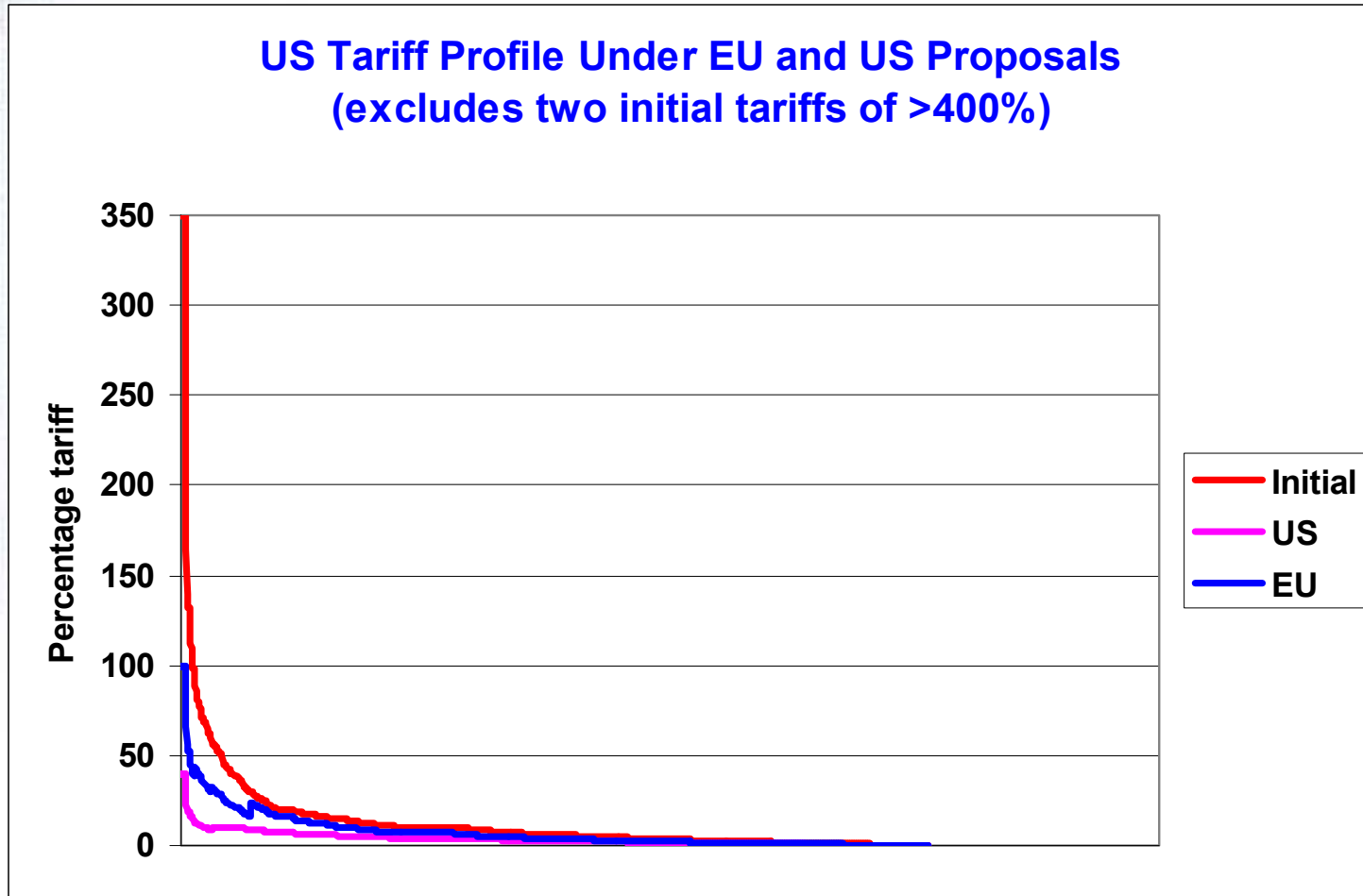


# Tariff reductions

- **Tariff bands** – bound tariffs to be grouped under four bands, e.g., 0-20%; 20-50%; 50-75%; >75%
- **Linear reductions** – higher percentage cuts for higher bands
- **Tariff cap** – may be a maximum tariff
- **Developed countries** – proposed cuts range from 25-40% for lowest band and 60-85% for highest band
- **Developing countries** – broader bands, lower tariff cuts, higher tariff cap (if adopted)



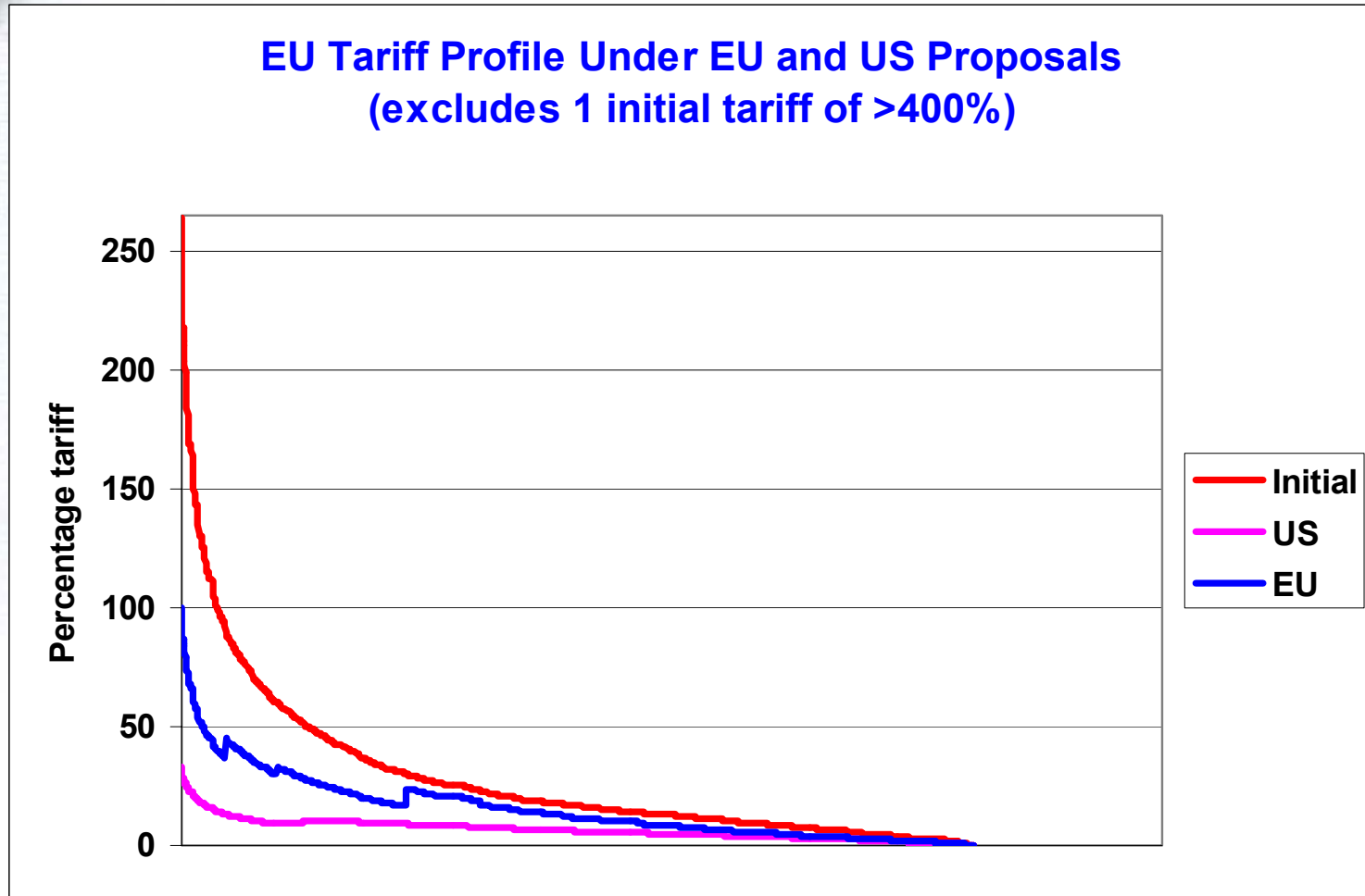
# Tariff reductions and the US







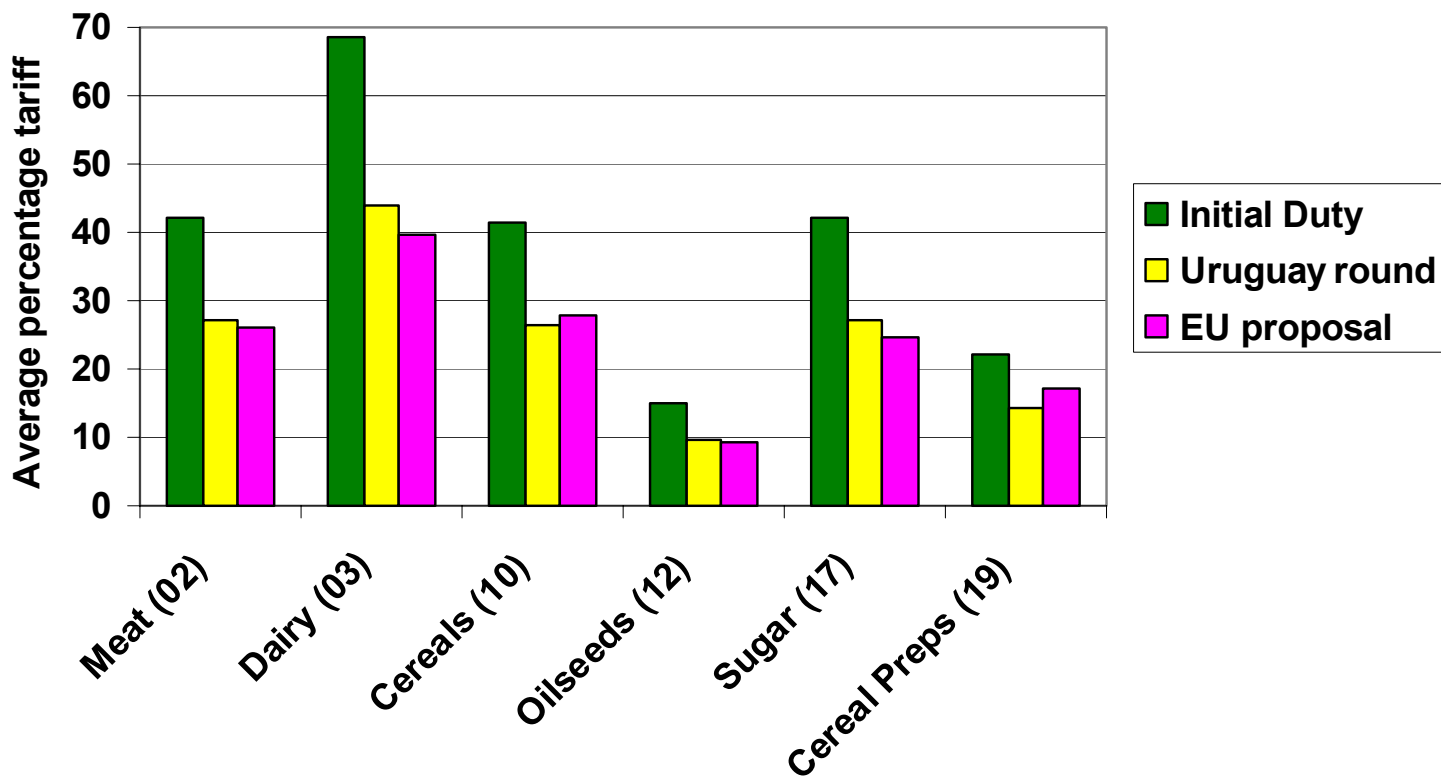
# Tariff reductions and the EU





# Tariff reductions and the EU

## Implications for Selected Product Categories







# Sensitive products

- **Smaller tariff cuts** – will apply to some percentage of tariff lines (1-15%)
- **TRQs will increase** – those for other products are unchanged
- **Key issues** - percentage of lines, reduction in the tariff cut, size of the increase in quotas
- **End result** - a sensitive product could face a greater potential increase in imports than an ordinary product!



# Special products

- **For developing countries** – based on “food security, livelihood security and rural development needs”
- **Percentage of tariff lines** – with low or no reduction in bound tariffs
- **Special safeguard mechanism** – will also be established for use by developing countries for all or some products



# Market access – bottom line

- **Significant impact** – requires aggressive reduction percentages and low tariff caps, small percentage of lines for sensitive and special products, aggressive formula for increase in TRQs for sensitive products
- **Modest impact** – more likely due to inevitable compromise on these issues
- **Developing countries** – generous provisions (special and differential treatment for all) could result in limited additional market access



# Export competition



# Export subsidies

- **Elimination by end of 2013** – applies to export subsidies and “all export measures with equivalent effect”
- **Equivalent measures** – export credits, credit guarantees and insurance programs with repayment periods beyond 180 days



# Short-term credits and guarantees

- **Disciplines** – will apply to measures with repayment periods of up to 180 days
- **Self financing requirement** – essential requirement will be no element of government subsidy
- **Rules to be applied** – e.g., for interest rates are currently unclear
- **Special provisions for developing countries** – at least for least-developed and net food importers but still unclear



# Exporting state traders

- **Trade distorting practices** – elimination of export subsidies, government financing, underwriting of losses
- **Use of monopoly powers** – unspecified disciplines
- **STEs in developing countries** – for consumer price stability and food security to be given special consideration (unspecified)





# Food aid

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- **Emergency short-term aid** – primary focus is on preserving this (a “safe box”), possibly requiring use of World Food Program criteria
- **Commercial displacement** – the other focus is on eliminating this
- **Disciplines** – e.g., on in-kind aid, monetization currently unspecified



# Export competition – bottom line

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- **Significant achievement** – phase-out of direct export subsidies
- **Issues** – development of disciplines in some areas and monitoring their enforcement will be problematic



# Domestic support



# Domestic support disciplines

- **Amber Box** – primary focus is on reducing the most trade-distorting forms of support
- **Uruguay round approach** – limited total Aggregate Measure of Support (AMS), i.e., Amber Box excluding *de minimis* (product and non-product specific support falling below agreed thresholds)
- **Doha approach** – limits on Overall Trade Distorting Support (OTDS) and its components
- **OTDS** – the sum of Total AMS, *de minimis*, and Blue Box support
- **Blue Box** – direct payments that are made under production limiting programs or that are based on, but do not require, production

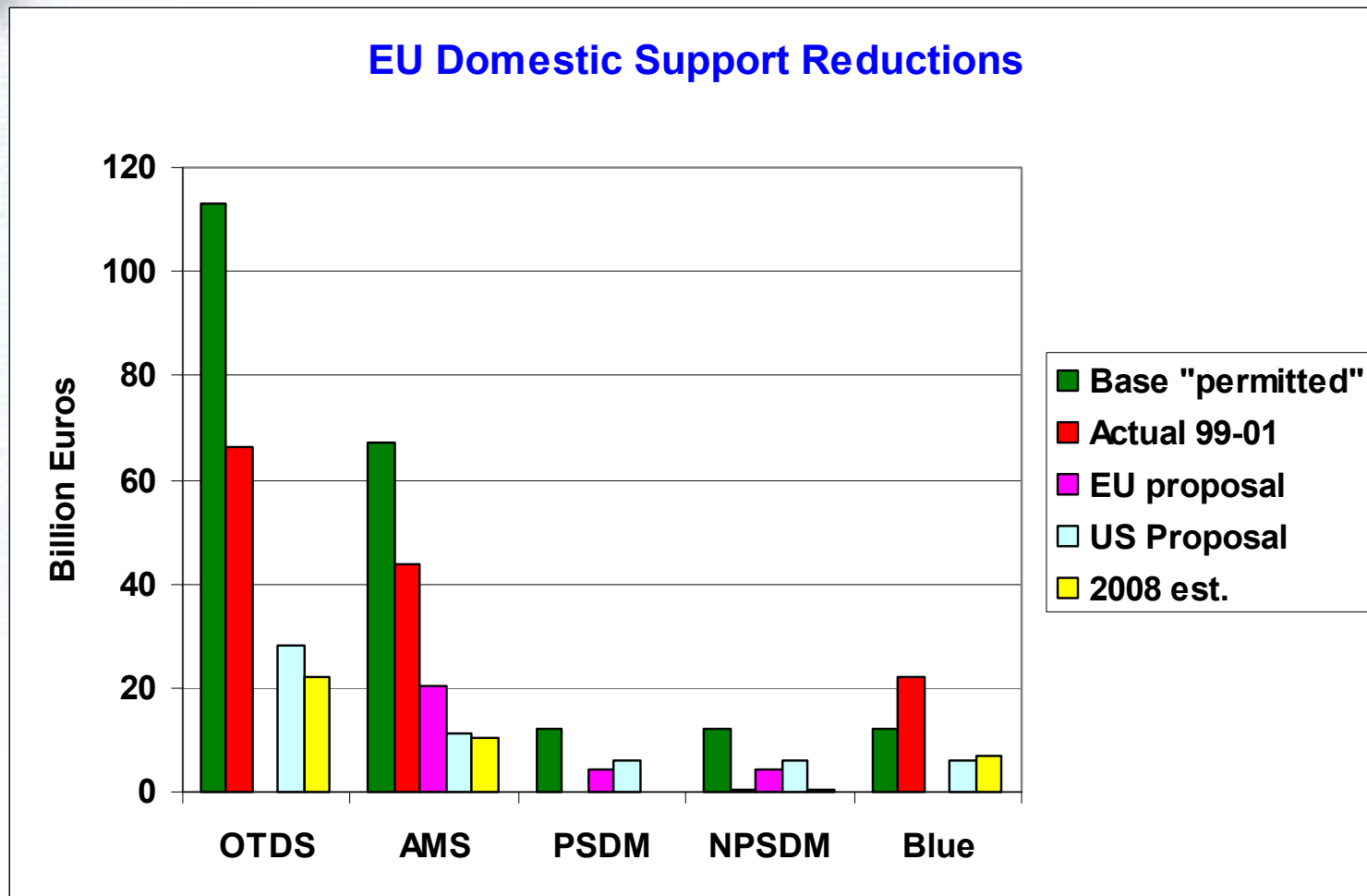


# The new disciplines

- **Reduction in Total OTDS** – use of bands with larger reductions for those in higher bands, EU in top band, Japan and U.S. in middle band, everyone else in lower band
- **Reduction in Total AMS** – similar approach, but Japan could be in lowest band
- **Product-specific AMS caps** – to prevent support reallocation
- **Reduced *de minimis* allowances** – maybe cut from 5% to 2.5% of production values
- **Cap on Blue Box payments** – 5% of total production value maybe with a required reduction to 2.5% and product-specific caps

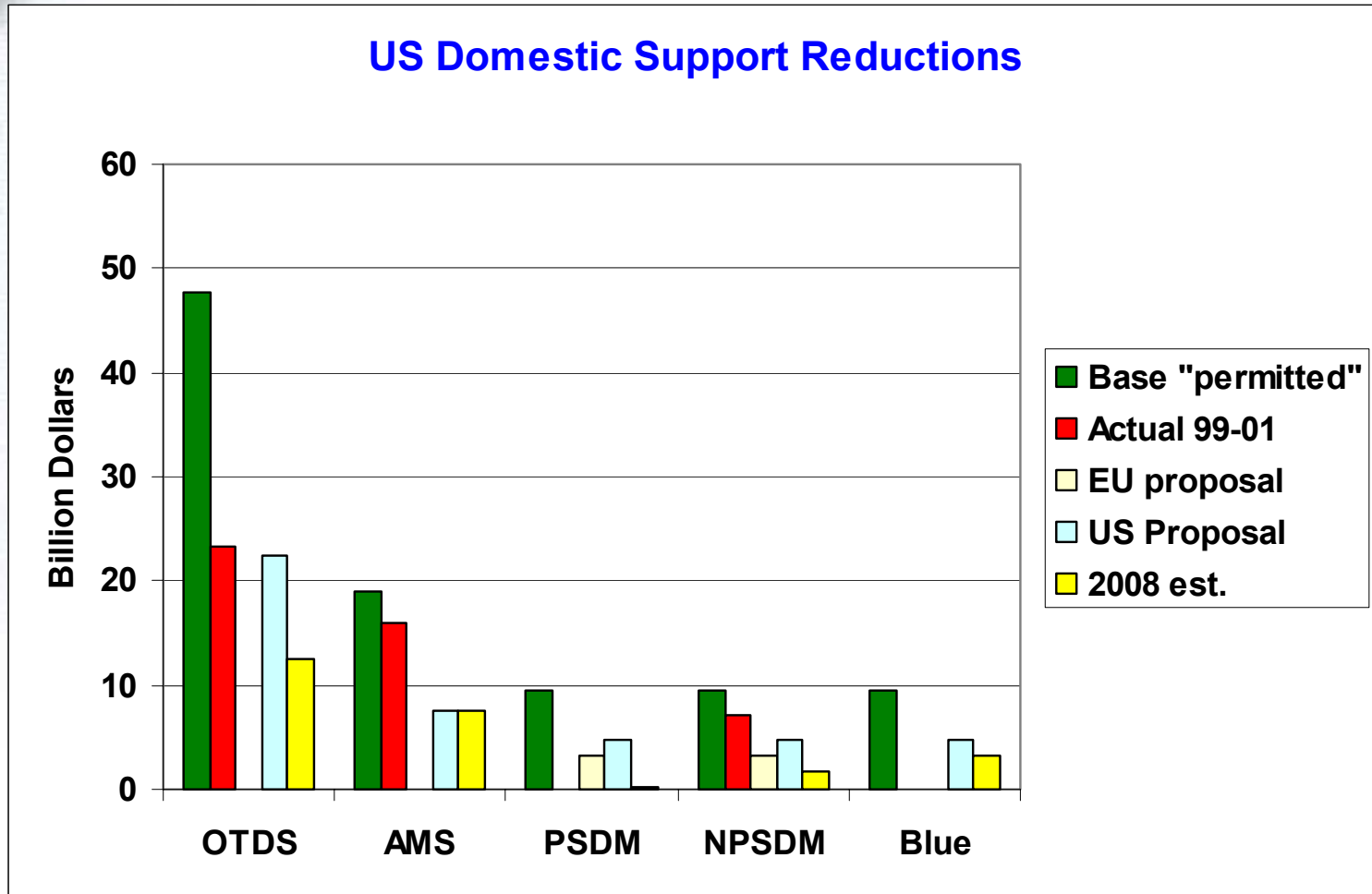


# Domestic support disciplines





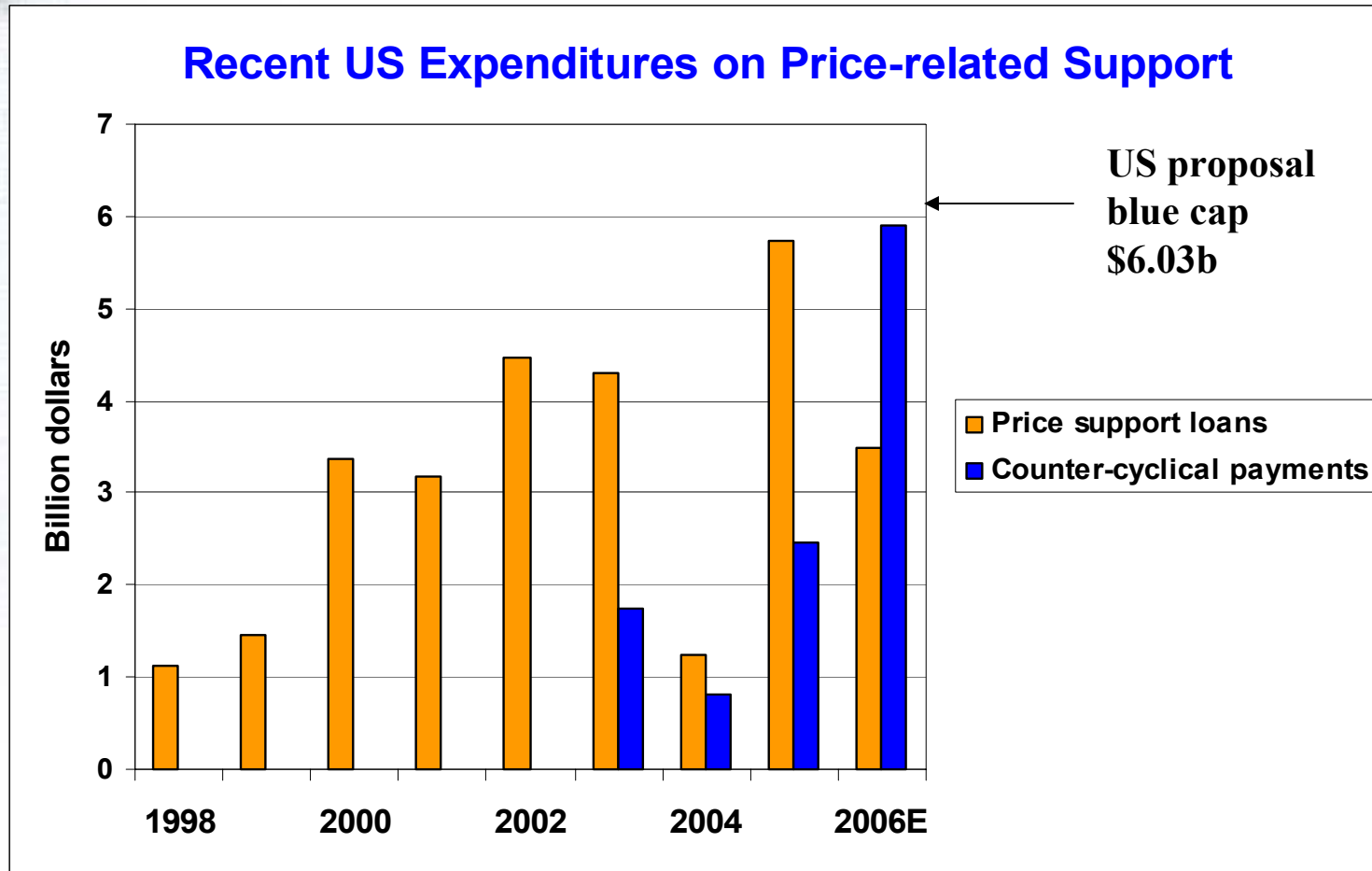
# Domestic support disciplines







# Domestic support disciplines





# The Green Box

- **Minimally distorting measures** – review and clarification
- **Developing countries** – to make the Green Box more “development friendly”
- **Inconsistencies** – problems, e.g., in satisfying Green Box criteria under environmental programs



# Domestic support – bottom line

- **Broadening of disciplines** – the OTDS takes in more elements of support, but also expands allowable support for many countries
- **Impact** – difficult to predict whether limitations will be effective constraints, market access provisions (tariff cuts) could have a greater impact
- **Future litigation** – unresolved Green Box issues could be a major source of this!



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