



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

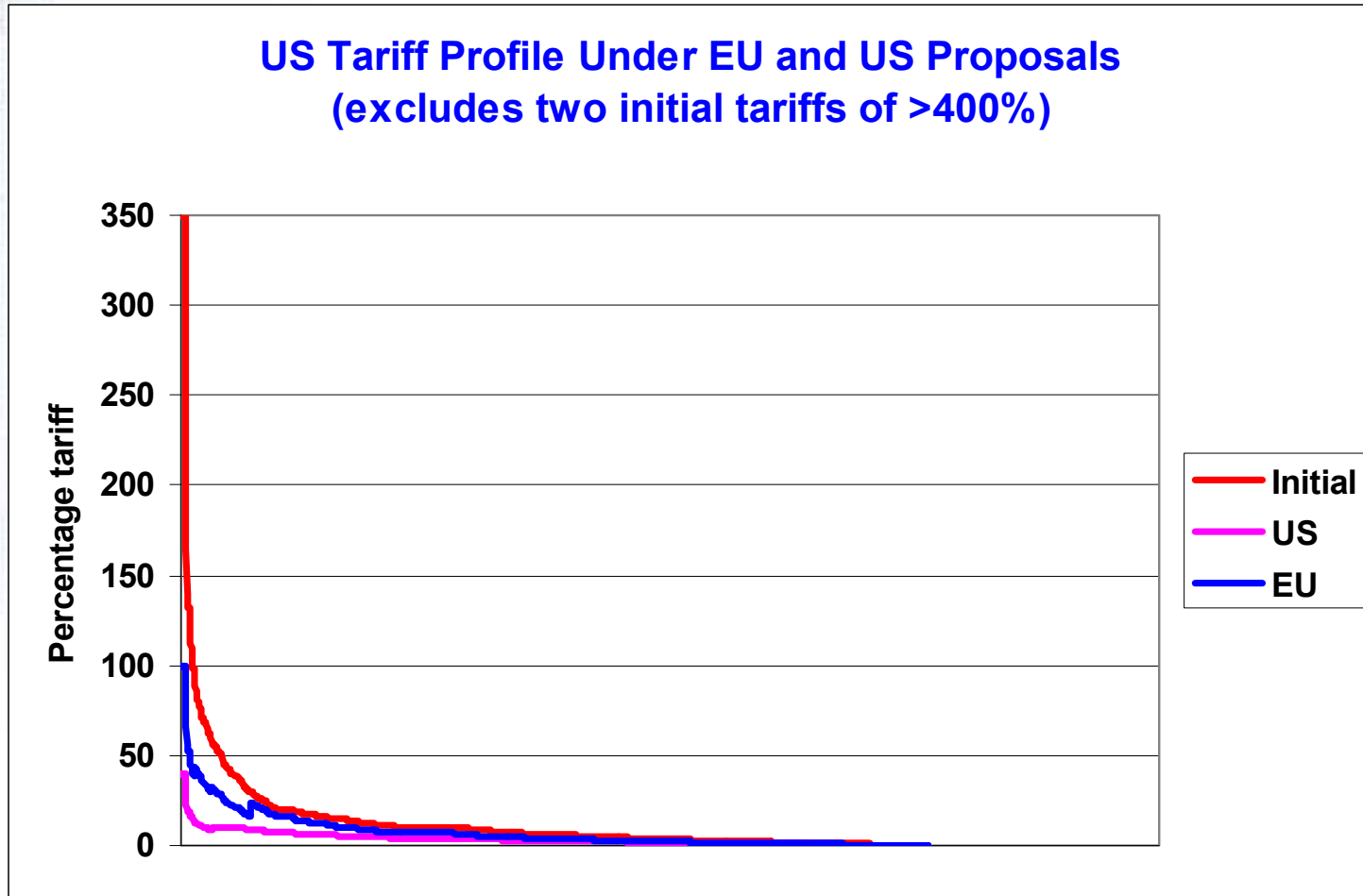


Tariff reductions

- **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)

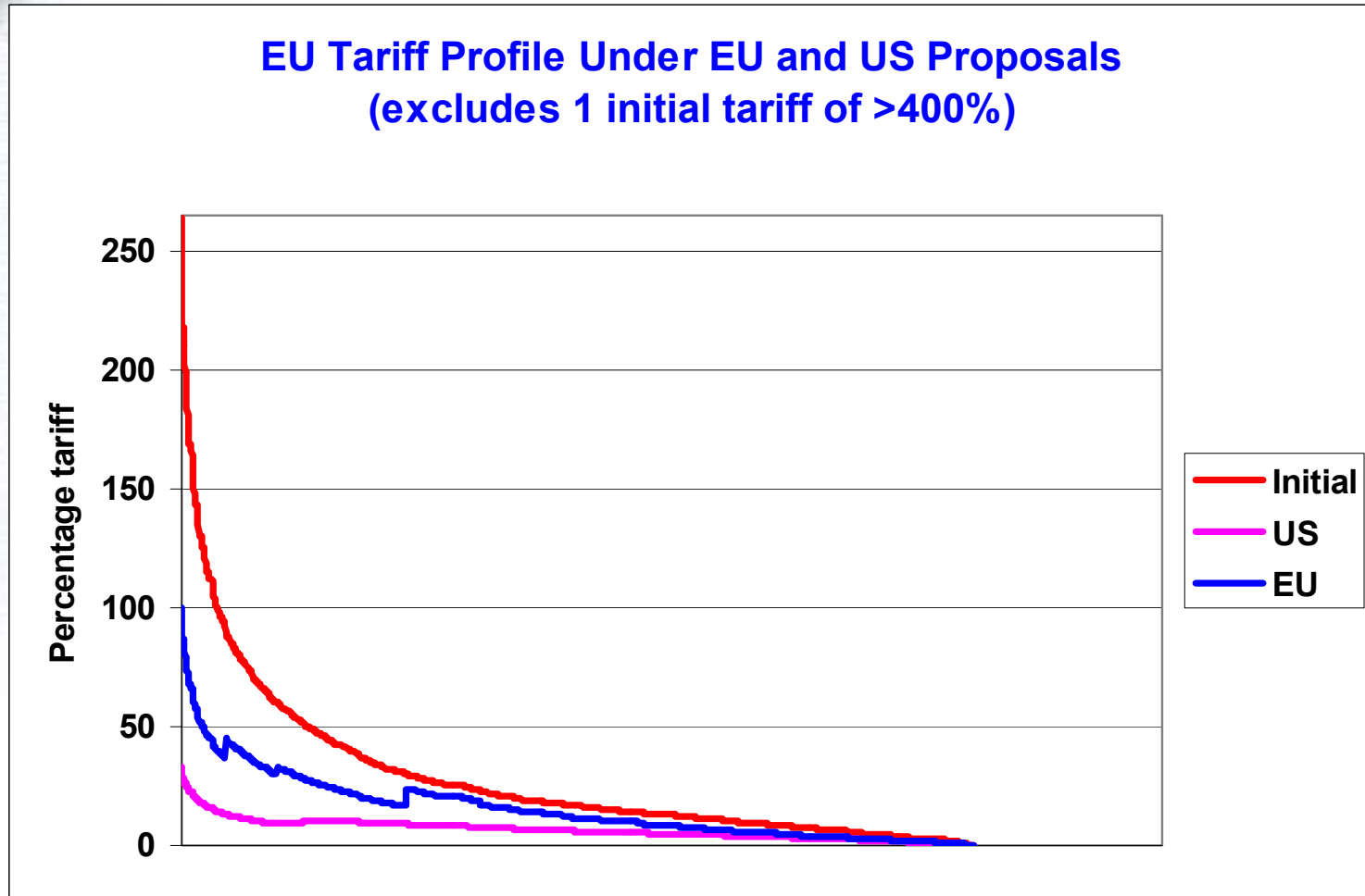


Tariff reductions and the US





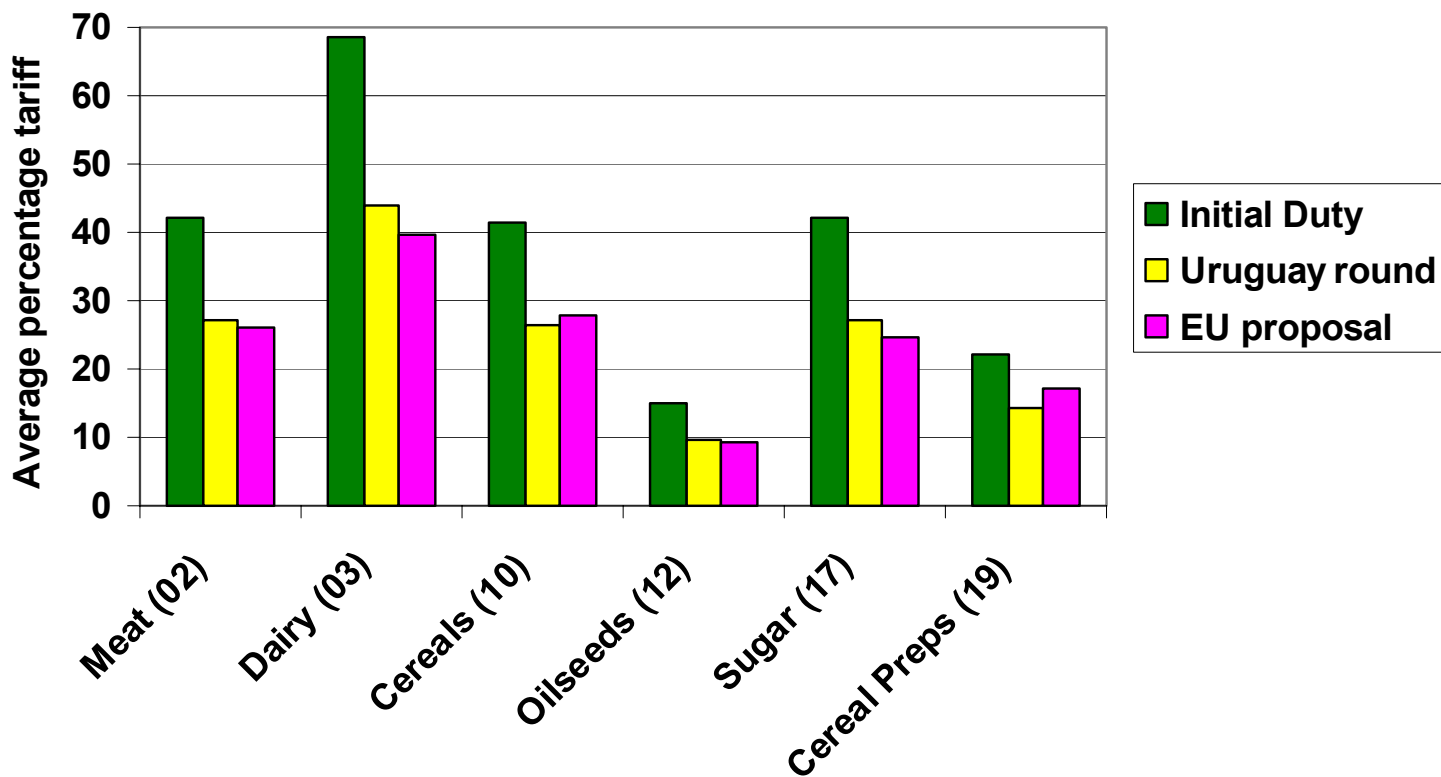
Tariff reductions and the EU





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

- **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

- **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

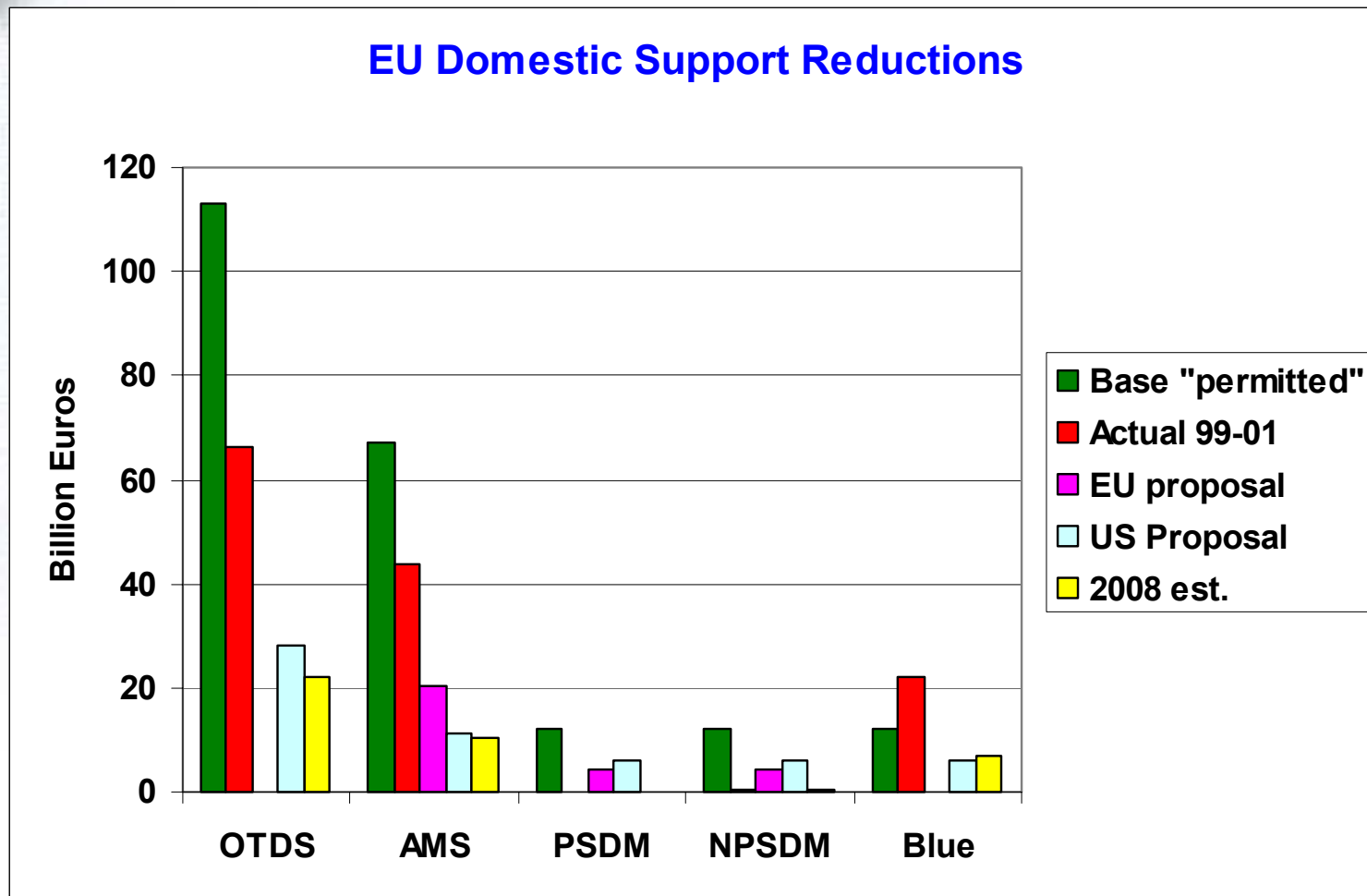


The new disciplines

- **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

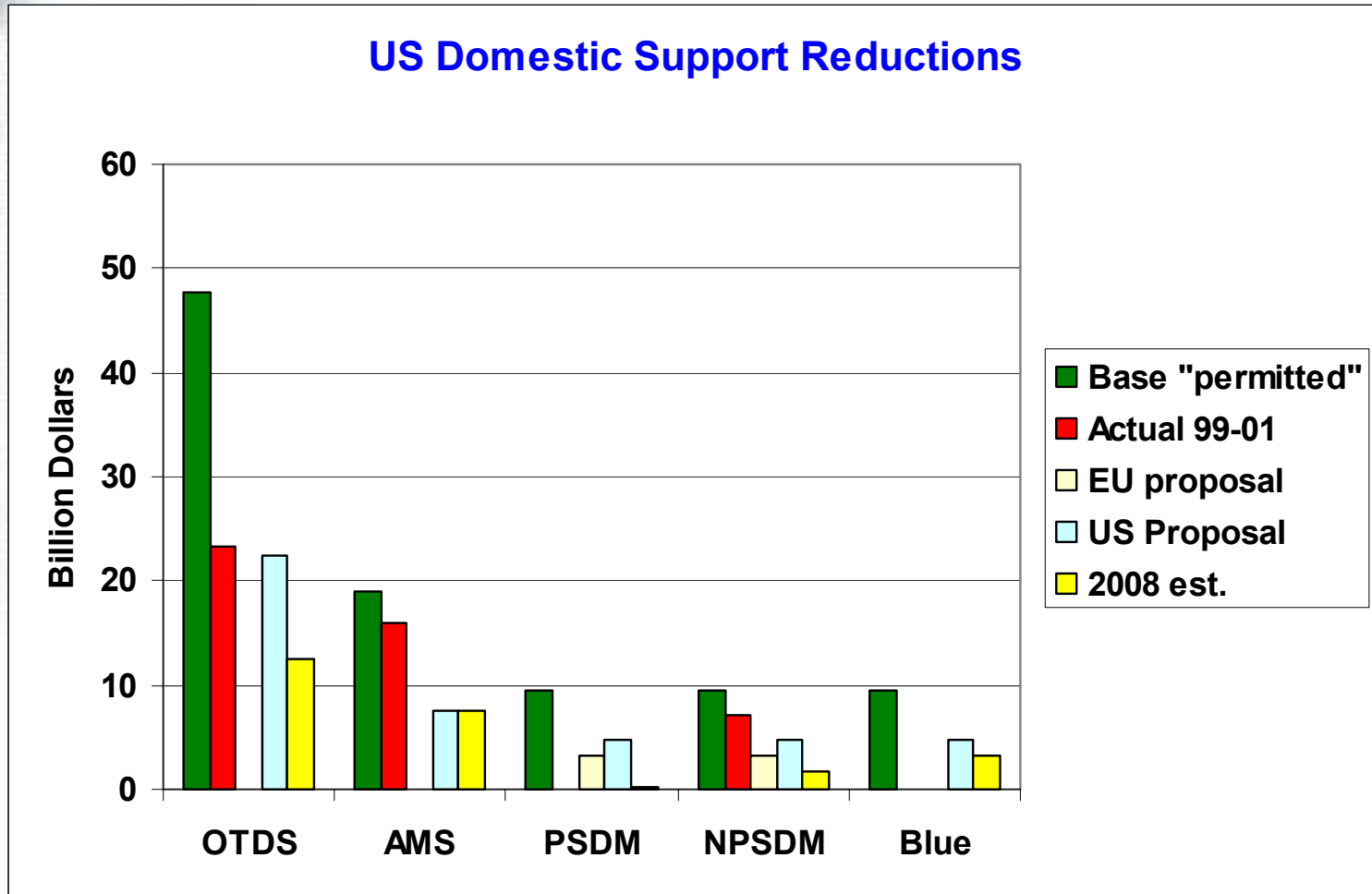


Domestic support disciplines



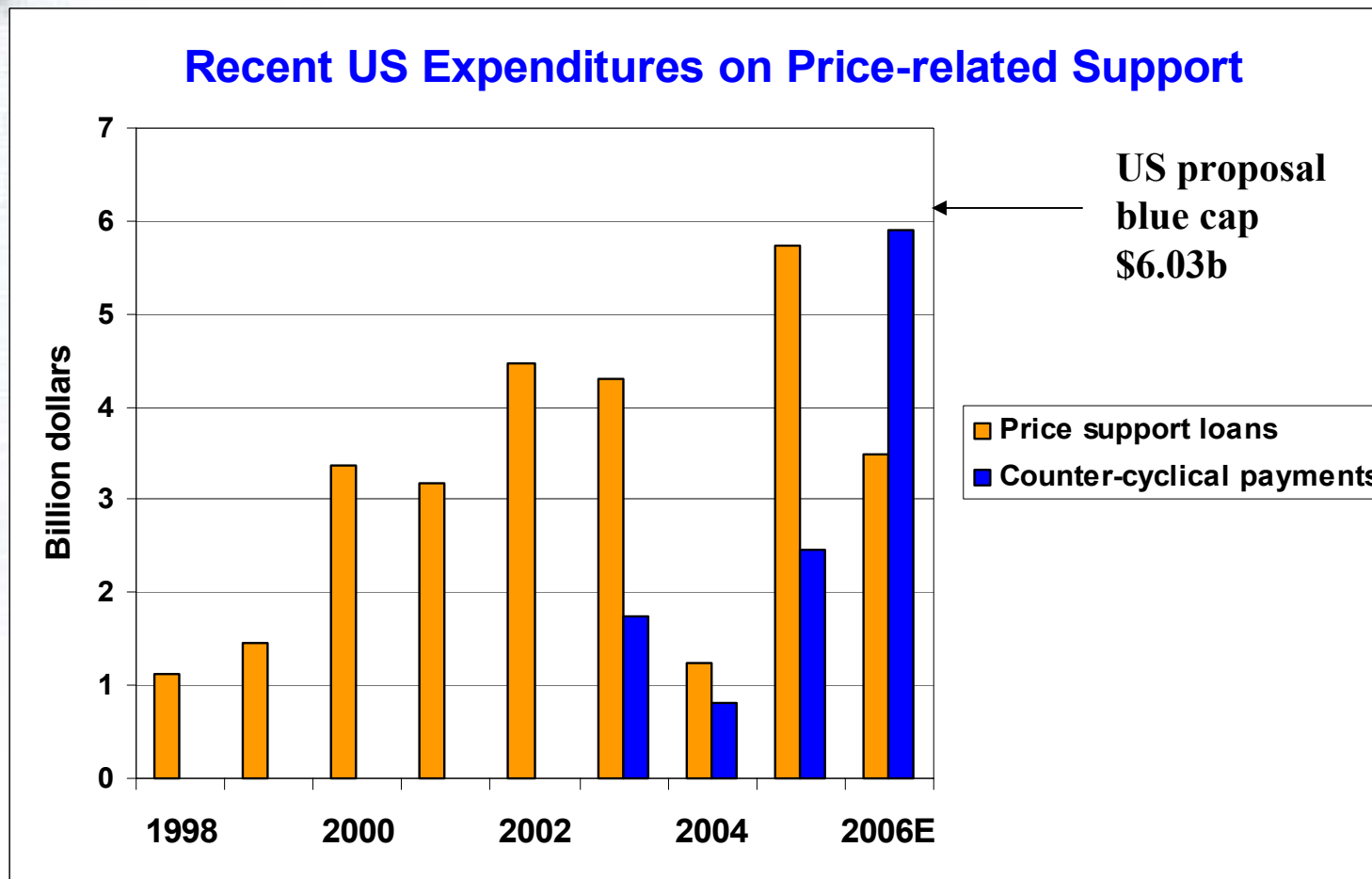


Domestic support disciplines





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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