



INFORMATIONAL MEMORANDUM

ISSUE: WTO NEGOTIATIONS

IMPORTANCE: The United States has proposed ambitious reforms for agricultural trade in the World Trade Organization (WTO) negotiations. Taken as a package, the U.S. proposal on export competition, market access, and domestic support would result in reductions in trade barriers for agricultural products, greater equity in world agriculture, and expanding growth opportunities.

BACKGROUND: Agricultural negotiations under the Uruguay Round format began in 2000. Success or failure rests on the political will of the big trading powers. In 2000, the U.S. submitted its comprehensive proposal. During the Doha Ministerial in 2001, the 132 nations outlined the objectives and timetable for the negotiations. The agreed objectives were: substantial improvements in market access; reductions of, with a view toward phasing out, all forms of export subsidies; substantial reductions in trade-distorting domestic support; with the negotiations to conclude in January 2005. The establishment of formulas and rules (modalities) was to be completed by March 2003. However, all countries roundly rejected the paper meant to provide a compromise position between all the negotiating countries, called the Harbinson Text. In the weeks leading up to the Cancun Ministerial, six counter proposals were submitted for review. In September 2003, the 5th Ministerial took place in Cancun, Mexico. The WTO trade talks collapsed after trade groups representing developed and developing nations failed to reach common ground on key issues. No progress was made because of a voting bloc known as the G-22, which is an evolving trade group representing developing nations. G-22 includes Brazil, India, South Africa, Egypt, Colombia, Thailand, El Salvador, Costa Rica, Morocco, Guatemala, China, Argentina, Philippines, Pakistan, Turkey, Bolivia, Cuba, Ecuador, Mexico, Peru, and Venezuela.

Countries have been getting together in a number of meetings since September 2003 and reached a framework agreement by July 2004, which allows countries to return to the negotiating table to work out the details. The framework contains important commitments to eliminate or reduce overall levels of subsidies. The eventual elimination of export subsidies, reduction in the overall aggregate measure of support (AMS) levels and stronger disciplines on less distorting blue box subsidies should benefit U.S. exports. As part of the exercise, negotiators have a better understanding of where their subsidy program fits (e.g. in which colored box). The framework also accommodates sensitive products to some extent and will require substantial reductions in all import barriers.

The General Council had called on all Members to redouble their efforts and agreed to continue the negotiations leading to the Sixth Session of the Ministerial Conference in Hong Kong in 2005. WTO Director General Pascal Lamy held meetings throughout 2005 to identify outstanding problems and to devise a strategy for solving them. There were problems in all three pillars. In domestic support, negotiating hurdles included coming up with a tiered formula for reducing the final bound total aggregate measurement for support, overall cuts in trade-distorting support, blue box criteria and review and clarification of the green box. In market access, pending issues include: a tiered formula for tariff reductions, sensitive products, export competition, disciplines on export state trading enterprises, and food aid.

WTO Director-General Pascal Lamy informed WTO members that there was insufficient convergence of views to be able to agree on negotiating modalities at the Hong Kong Ministerial. All 148 member countries agreed, and began discussing “recalibrating” the Hong Kong ministerial – meaning they were deciding just what the Ministerial should now do. For agriculture, the primary achievement was agreement to end all export subsidies by 2013. Modalities were to have been agreed upon by July 2005 ...then September ...and then at the December Ministerial... then April 2006, then July. The sticking point has been the unwillingness of the European Union (EU) to cut its huge agricultural tariffs as sharply as its trading partners want. The EU maintains a highly protected agricultural market by maintaining tariff barriers that frequently exceed 100 percent – effectively doubling the world price of food in the EU as a means of keeping inefficient farmers employed. France, in particular, is afraid that sharp cuts in farm tariffs will lead to the collapse of Europe’s farm policy and rising agricultural unemployment. Other countries, however, are unwilling to reduce their agricultural or industrial trade barriers if they cannot get access to the EU agricultural market. The WTO meetings in Geneva and Russia collapsed in July 2006 to the point that countries thought there would be no progress made the rest of 2006. Negotiations were indefinitely suspended. A two step approach to getting the meetings back on track was devised near the end of 2006. This was “quiet diplomacy” and informal meetings in Geneva. Leaders from 21 Asian and Pacific countries, as well as the U.S. met in Vietnam November 18 and promised to make new commitments to free up farm trade to kick-start the talks. Not much came from this meeting.

In early 2007, there were “fire-side chats” between WTO Agriculture Trade Negotiator Chair Crawford Falconer and individual countries lead negotiators. To date, members have held to their positions. 30-36 countries had been meeting in September – November to review the Crawford text with the hope of reaching enough consensuses to convene a Ministerial meeting in December. This did not occur and redraft of the Crawford text was completed at the end of 2007 to be reviewed by all countries with the hope of convening in early 2008.

Trade ministers met in 2008 in Paris in an informal setting on the sidelines of that year’s annual Organization for Economic Cooperation and Development spring ministerial and failed to agree on a “roadmap” for finalizing modalities in the Doha Development Agenda agriculture and market-opening for industrials negotiations due to simmering differences over the level of balance between industrialized countries and members of the developing-country coalition. The European Union, the United States, Japan, Canada, Switzerland, New Zealand, Chile, Mexico, Argentina, Brazil, Hong Kong, India, and South Africa attended the brief session hosted by Australia. The meeting was specifically convened to decide Doha process-related issues, such as setting the timeframe for “horizontal” meetings among senior trade officials – and later ministers – to start the negotiating

trade-off process between agriculture and industrials. Beyond a commitment to intensify consultations, there was no agreement on the core issues – including the comparable level of ambition in agriculture and nonagricultural market access.

The July 2008 Geneva Ministerial meeting broke down as the United States and India remained apart on ways to reach a compromise on “triggers” and remedies for a new agricultural imports special safeguard mechanism for developing countries – leaving the much-delayed modalities in the Doha Developing Agenda negotiating round in doubt. Although the special safeguard mechanism was at the core of the failed mini-ministerial meeting, other differences remain. Issues on which there was convergence among the G-7 ministers were never vetted among the WTO membership.

Efforts were stepped up among some of the DOHA participants to kick-start the stalled negotiations in late September, 2008. WTO Director General Lamy had called for a Ministerial Meeting in December 2008, but there was still a wide divergence among members on the agricultural issues and this meeting did not take place. No meetings have taken place since then.

The Obama Administration has said it is committed to concluding the DOHA round and attaining a “balanced agreement.” AMI President Patrick Boyle met with USTR Agricultural Chief Negotiator, Ambassador Isi Siddiqui, on December 21, 2010 to review the December 2008 Draft Modalities for Agriculture. (This was in preparation for meetings in Geneva the week of January 17, 2011). During this meeting several key issues were raised including the EU import quotas for pork and beef, the Russian import quotas for beef, pork and poultry, the U.S. comprehensive BSE rule, and bilateral negotiations with China, Japan and Korea.

STATUS: There is an effort to complete the December 2008 text by April 21, 2011 (previously a March 31, 2011 deadline) which is described as a “narrow window of opportunity” in which WTO members agree to aggressively conclude the agricultural negotiations. USTR does not concur with this deadline since there is much left to be clarified in 2008 text—some countries want additional agricultural market access, uncertainties over how the special safeguard mechanisms (SSM) would work and how to handle special and/or sensitive products for developing countries. These are the same issues which have stalled the negotiations for years and we need to calculate whether this Doha round of negotiations will end in stalemate this year. Without a successful Doha, the FTA negotiations, such as the Trans Pacific Partnership, and SPS related bilateral and multilateral talks become that much more important to our industry’s export potential and opportunities.

AMI POSITION: AMI will continue to support the U.S. goals and objectives in the WTO. AMI is working with USDA, USTR and the other major meat industry associations to suggest appropriate market access proposals for the WTO negotiations specifically affecting the meat industry.

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