

Hong Kong 15 “Les Paysans prennent la parole”

Première Séance: A quelles conditions la mondialization profite-t-elle aux Pays en Développement?

G-20 and Brazil in WTO the Doha Round: Perspectives for Hong Kong

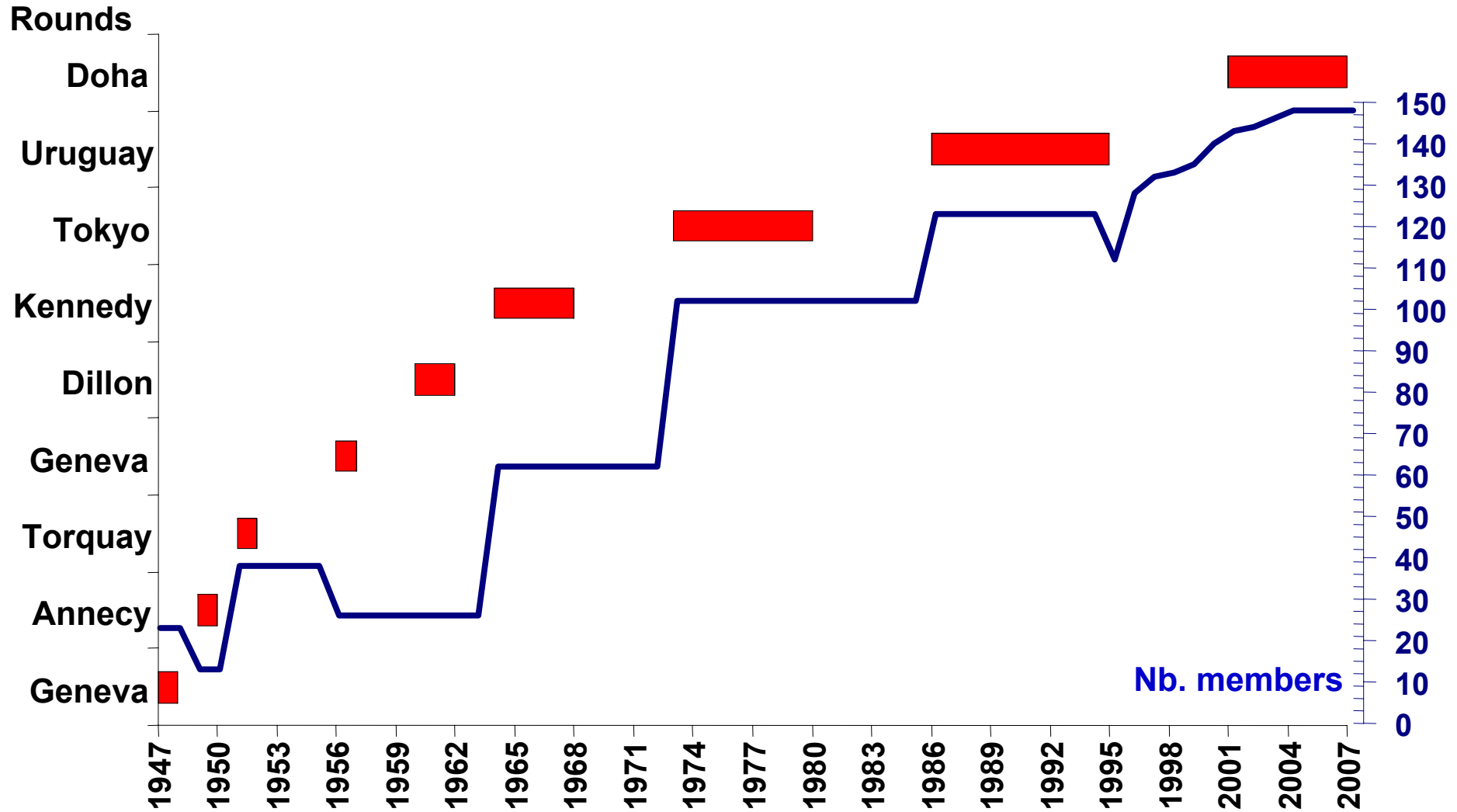
Marcos S. Jank

- **President, Brazilian Institute for International Trade Negotiations (ICONE)**
- **Professor, School of Economics, University of São Paulo (FEA-USP)**

Paris, France
30 November 2005

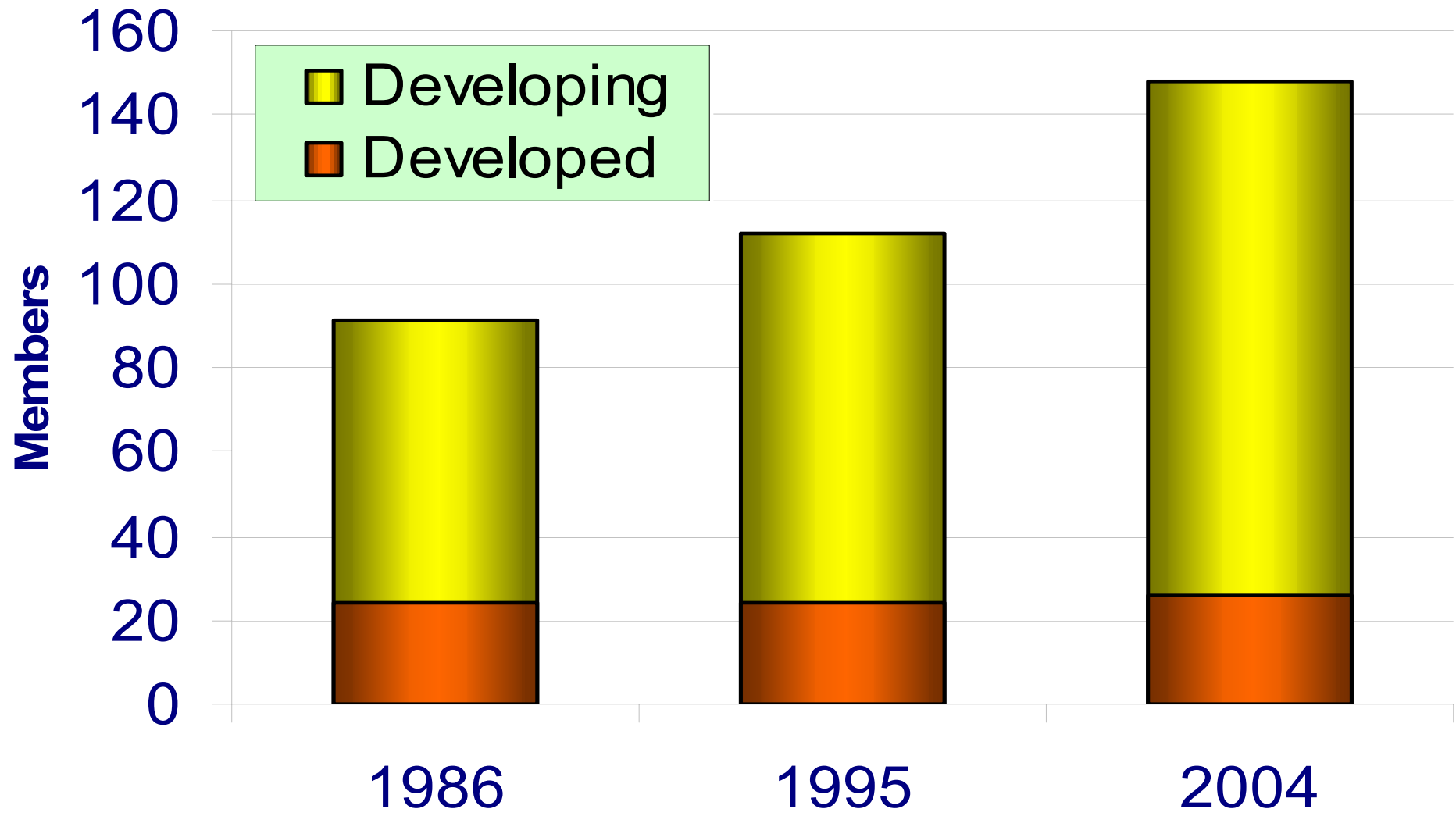
GATT-WTO

Negotiating Rounds and Number of Members



Source: WTO

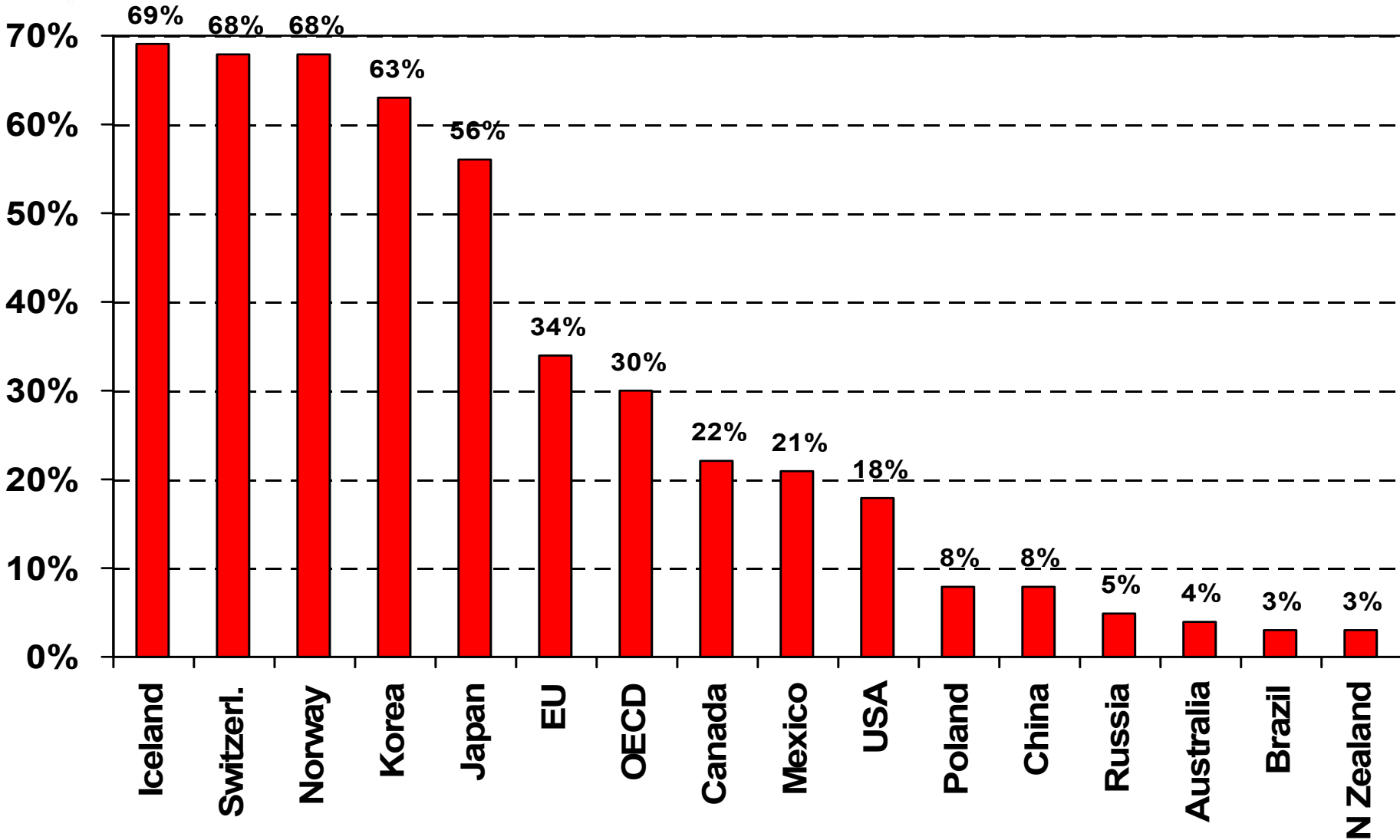
WTO membership: increased developing country



Source: WTO. Elaboration: ABARE-Australia.

Overview of Domestic Subsidies

OECD - Producer Support Estimate (PSE%)



Notes: The %PSE expresses the total producer support as a percentage of gross farm receipts, measured by the value of total production (at farm gate prices) plus budgetary support. China and Russia data are 2002-03 averages. Source: OECD PSE/CSE databases, 2005.

Doha Interest Groups

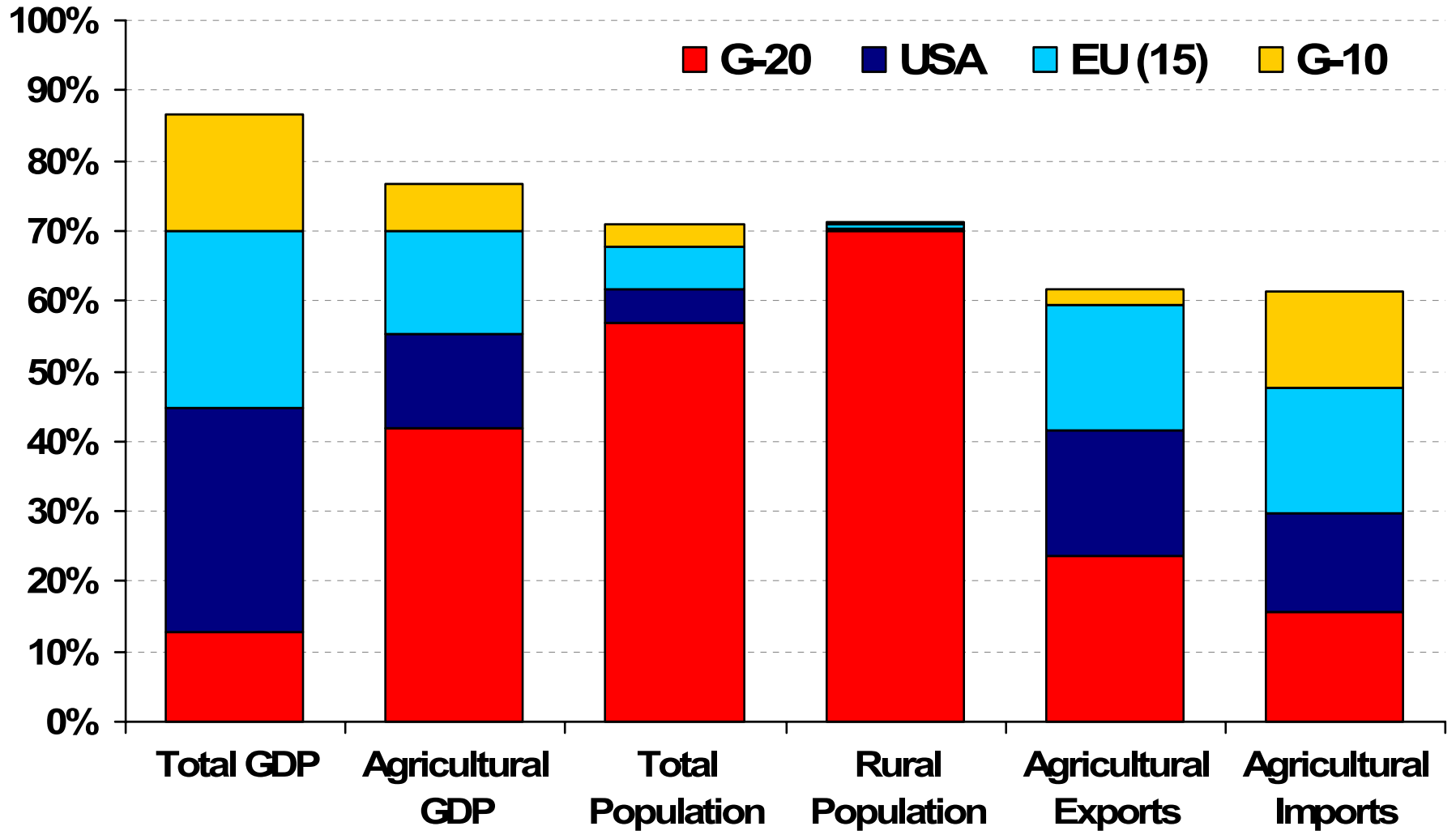
Group	Countries	Agriculture		Industrial Goods	Services
		Subsidies	Access		
United States		Red	Green with cross-hatch	Green	Green with cross-hatch
European Union		Green with cross-hatch	Red	Green	Green with cross-hatch
Free traders (Cairns)	Australia, Chile, New Zealand, S.Africa	Green	Green	Green	Green
Ag resistant countries	G10: Japan, Korea, Taiwan, Switz, Norw	Red	Red	Green	Green with cross-hatch
G-20 main players	Brazil, Argentina	Green	Green	Red	Green with cross-hatch
	China	Green	Red	Green	Green with cross-hatch
	India	Green with cross-hatch	Red	Red	Green
Developing: SP, preference erosion	G-90 and G-33	Green with cross-hatch	Red	Red	Green with cross-hatch
Developing: net food importers	LDCs and others	Red	Red	Red	Green with cross-hatch

 = Offensive position

 = Defensive position

- **Legitimacy**
 - **Geographic distribution: Asia, Africa, Latin America.**
 - **Most dynamic exporters and markets with the highest rates of growth.**
- **Traditional Coalitions x New Forms of Pressure:**
 - **Cairns: old coalition based on common interests.**
 - **G-20: heterogeneous pressure group based on technical & political capacity: fast response, measurable results.**

Agricultural Negotiations in the Doha Round: Main Coalitions



Notes: Data for GDP (2001) population (2001) and trade (2003). EU excludes intra-trade.

Source: FAO and World Bank. Elaboration: ICONE.

Market Access:

- Tariff Peaks & Tariff Overhang (“water”)
- Tariff Escalation
- Specific Duties (conversion to ad valorem)
- Tariff-Rate Quotas
- Special Safeguards (SSG, SSM)

Domestic Support:

- Amber Box payments
- Blue/New Blue Box payments
- Green Box disciplines
- De Minimis payments
- Overall cut of all distorting support

Export Competition:

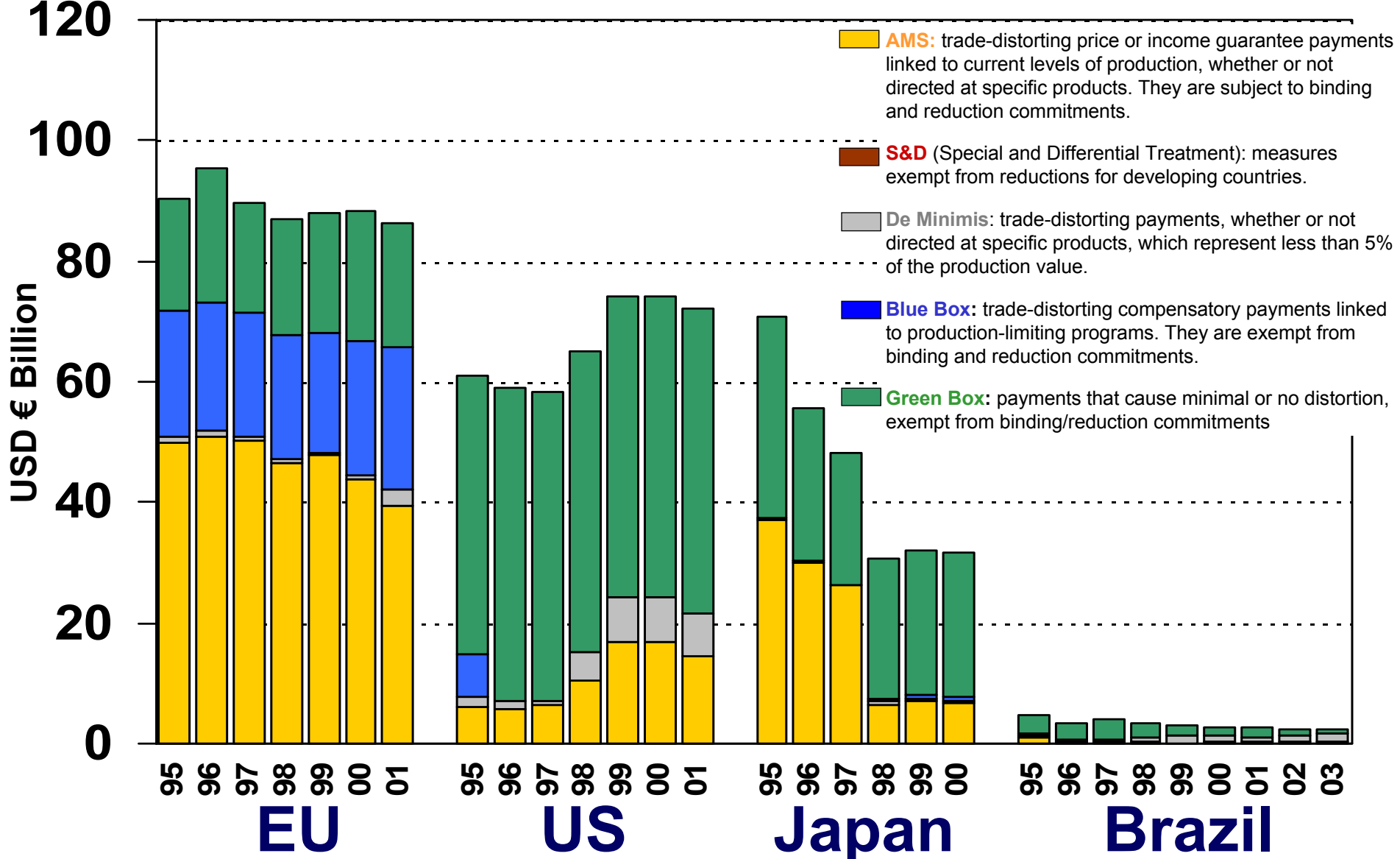
- Export Subsidies
- Export Credits
- Food Aid
- State Trade Enterprises & Monopoly Power

Other Issues:

- Geographical Indications
- Differential Export Taxes (DET)
- Sectoral Initiatives: Level Playing Field

WTO: Overview of Total Domestic Support

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Source: WTO notifications.

Agricultural Domestic Support

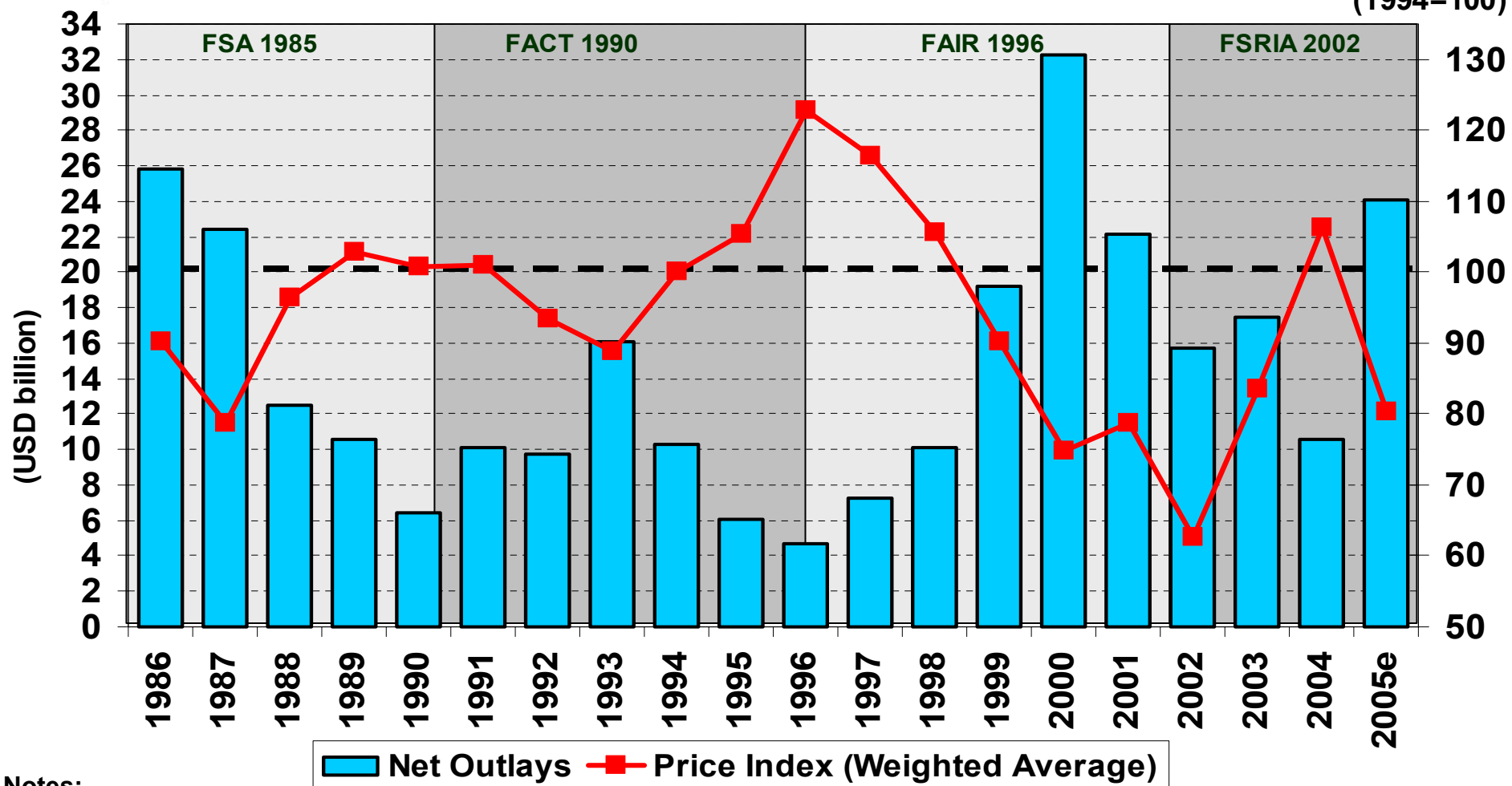
- **EU "greening" its subsidies for internal reasons: budget constraints, enlargement.**
- **US increasing subsidies: doubled in '02 Farm Act**
 - **Unfair competition: no round if the US does not cut and "decouple" subsidies.**
 - **The "new blue box" loophole.**
 - **Cotton case (US vs. Developing World): implementation and spillovers.**

Evolution of U.S. Subsidies

CCC Net Outlays (fiscal year)

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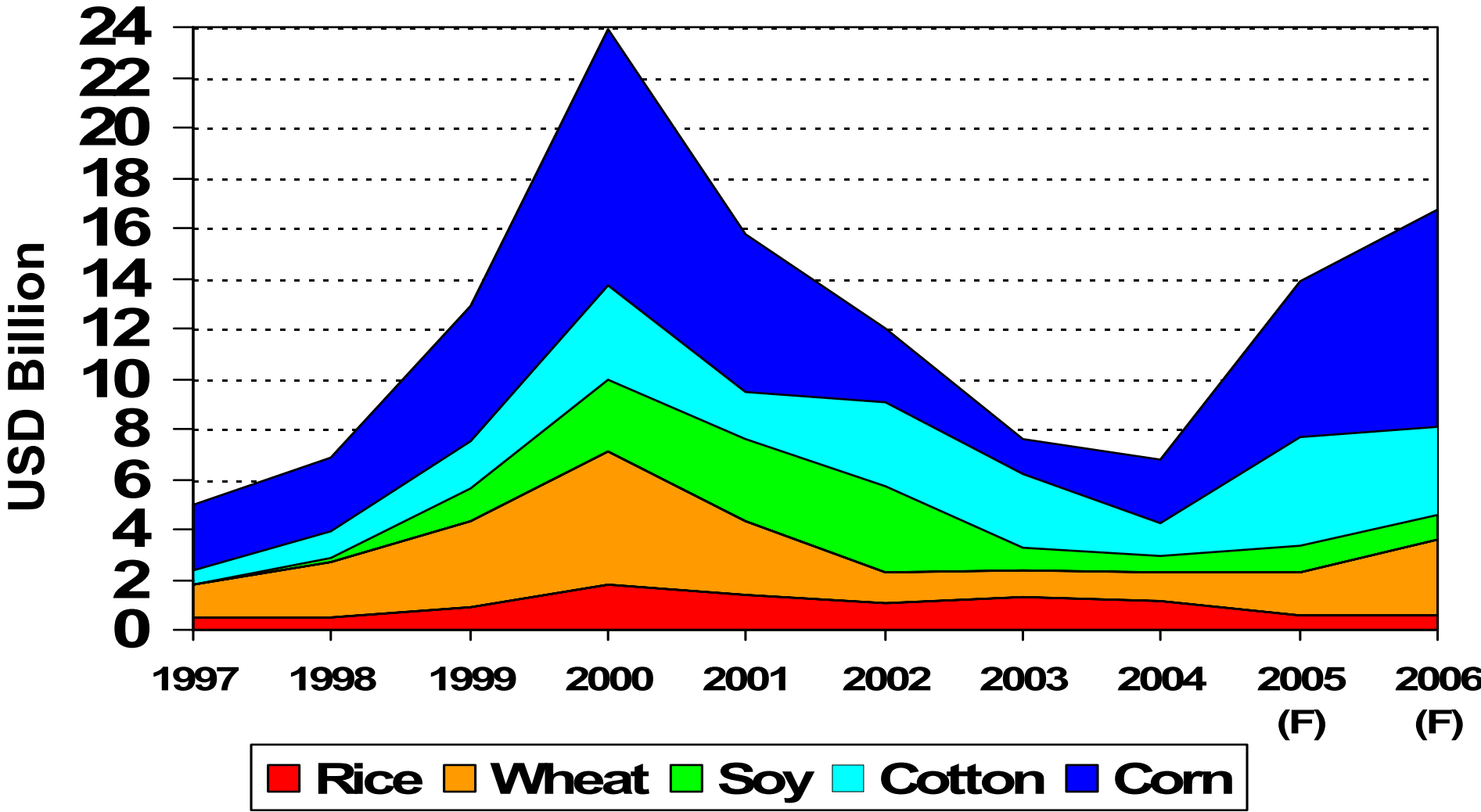
(1994=100)



Notes:
 FSA: Food Security Act (1985); FACT: Food, Agriculture, Conservation and Trade Act (1990);
 FAIR: Federal Agricultural Improvement & Reform Act (1996); FSRIA: Farm Security & Rural Investments Act (2002)
 *US nominal farm gate prices of barley, corn, cotton, oats, rice, sorghum, soybeans and wheat. Prices are weighted according to the share of each crop in the total value of production (1994-2004 average).

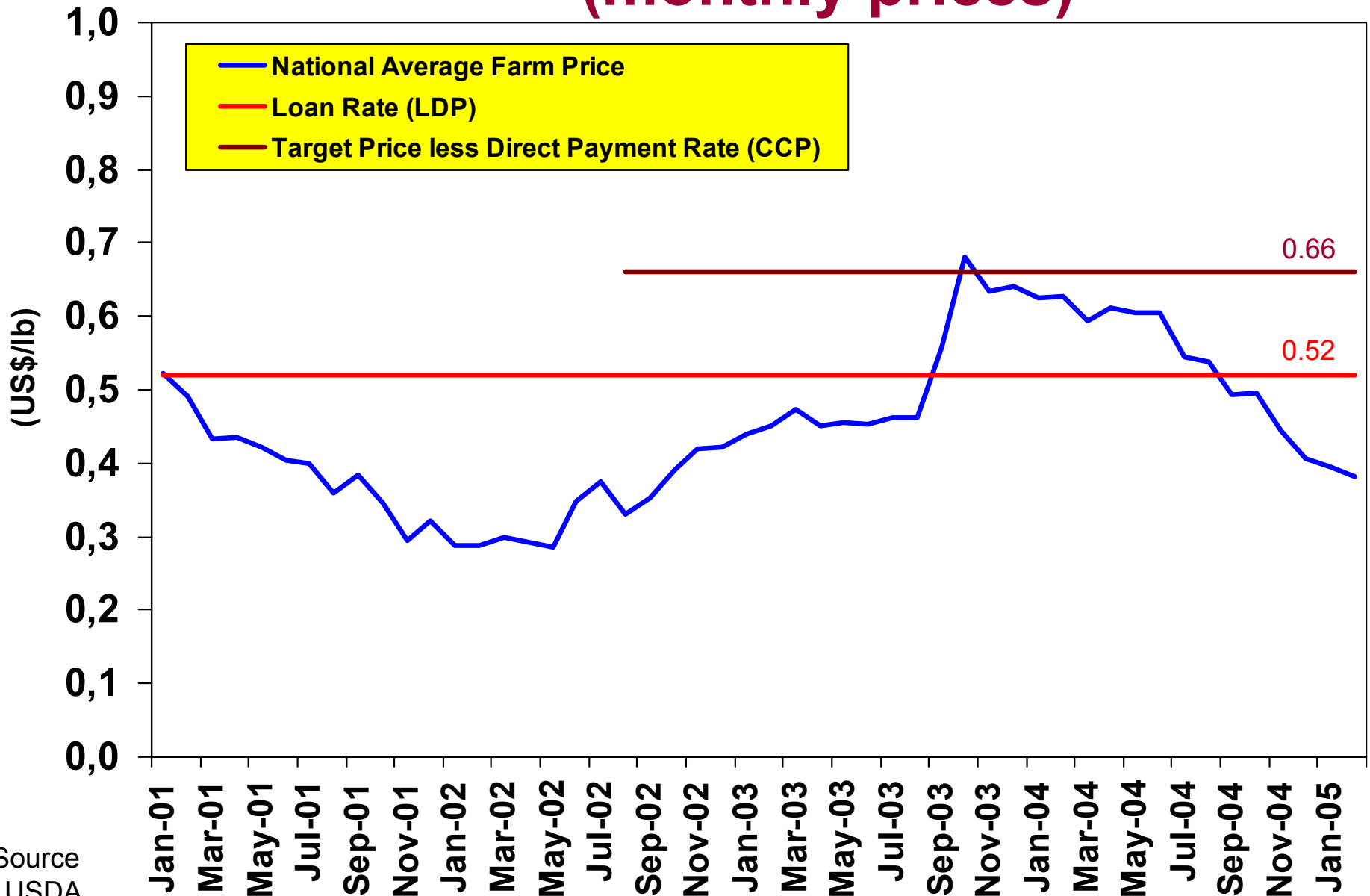
(e) Estimate (b) Budget provisions.
 Source: USDA-CCC. Elaboration: ICONE

US: Domestic Support Main Commodities



(f) forecast
 Source: USDA-CCC, Fiscal Years. Elaboration: ICONE.

US: Cotton (monthly prices)

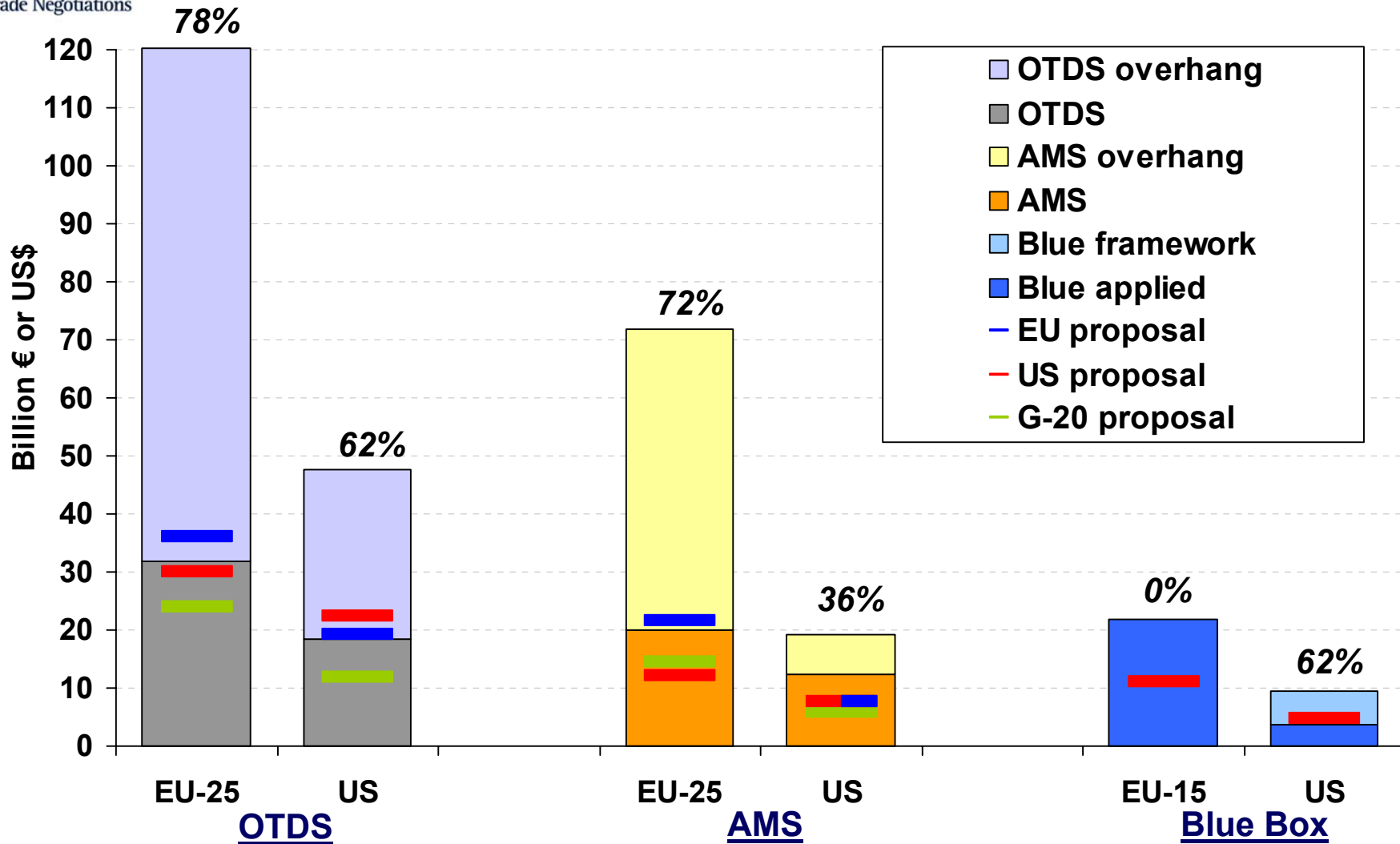


Source : USDA

OVERHANG IN TRADE-DISTORTING DOMESTIC SUPPORT

UNITED STATES & EUROPEAN UNION

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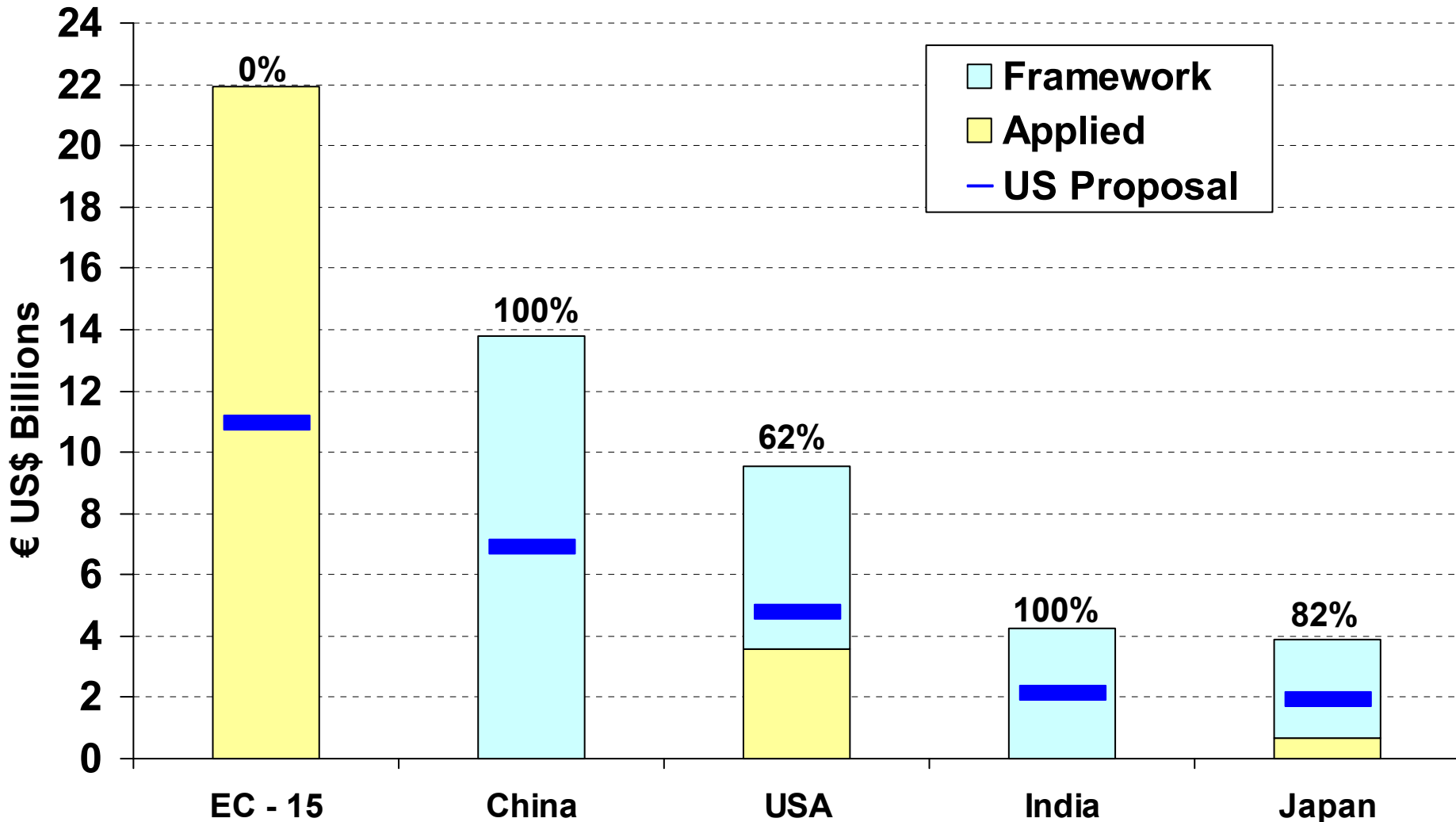


Sources: European Commission and USDA/Commodity Credit Corporation.

EU: OTDS and AMS applied levels estimations for EU-25 according to the provisions of the Fischler Reform of the CAP. Figures are estimates for 2008. €26 billion were projected in OTDS. Data for the Blue Box refers to the latest EU-15 notification to the WTO.

US: 2004 data were collected in the USDA-CCC reports and adapted to the format of WTO notifications. Expenditures on CCP were included in the Blue Box. Elaboration: ICONE.

Overhang in Agricultural Domestic Support New Blue Box



Note: latest WTO notification in Blue Box. Data from the USDA-CCC of US for 2004 (countercyclical payments expenditures) and projections of the Fischler Reform of PAC-EU for 2008 . Source: WTO notifications. Elaboration: ICONE.

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Trade Barriers to Brazilian Exports (%)

Bound Tariff

Product	EU	USA	JAPAN
Raw Sugar	<u>161</u> *	<u>133</u> *	311*
Ethanol	43*	46*	27
Powder Milk	<u>64</u> *	<u>44</u> *	<u>155</u> *
Frozen Chicken Cuts	94*	12*	12
Frozen Pork	<u>43</u> *	0	<u>136</u> *
Frozen Beef	<u>124</u> *	<u>26</u>	50
Corn	<u>73</u> *	1*	87*
Tobacco	75	350	0
Orange Juice	15	39*	25

(*) indicates that specific tariffs were converted into their Ad *Valorem* Equivalent (AVE)

Underlined numbers indicate the existence of Special Safeguard Measures (SSG)

Shaded cells indicate sanitary restrictions that act as a barrier to trade

MARKET ACCESS

Conflicts are worldwide. CGE models indicate that removal of tariffs has greater impact than subsidies elimination.

1. Sensitive Products

- EU, Japan, Norway, Switzerland, Korea.

2. LDCs: no commitments

- Around 32 countries: already decided.

3. Preference Erosion, Special Products:

- Largest group: LDCs, G-90, G-33.
- Ex.: sugar case/EU (developing countries divided)

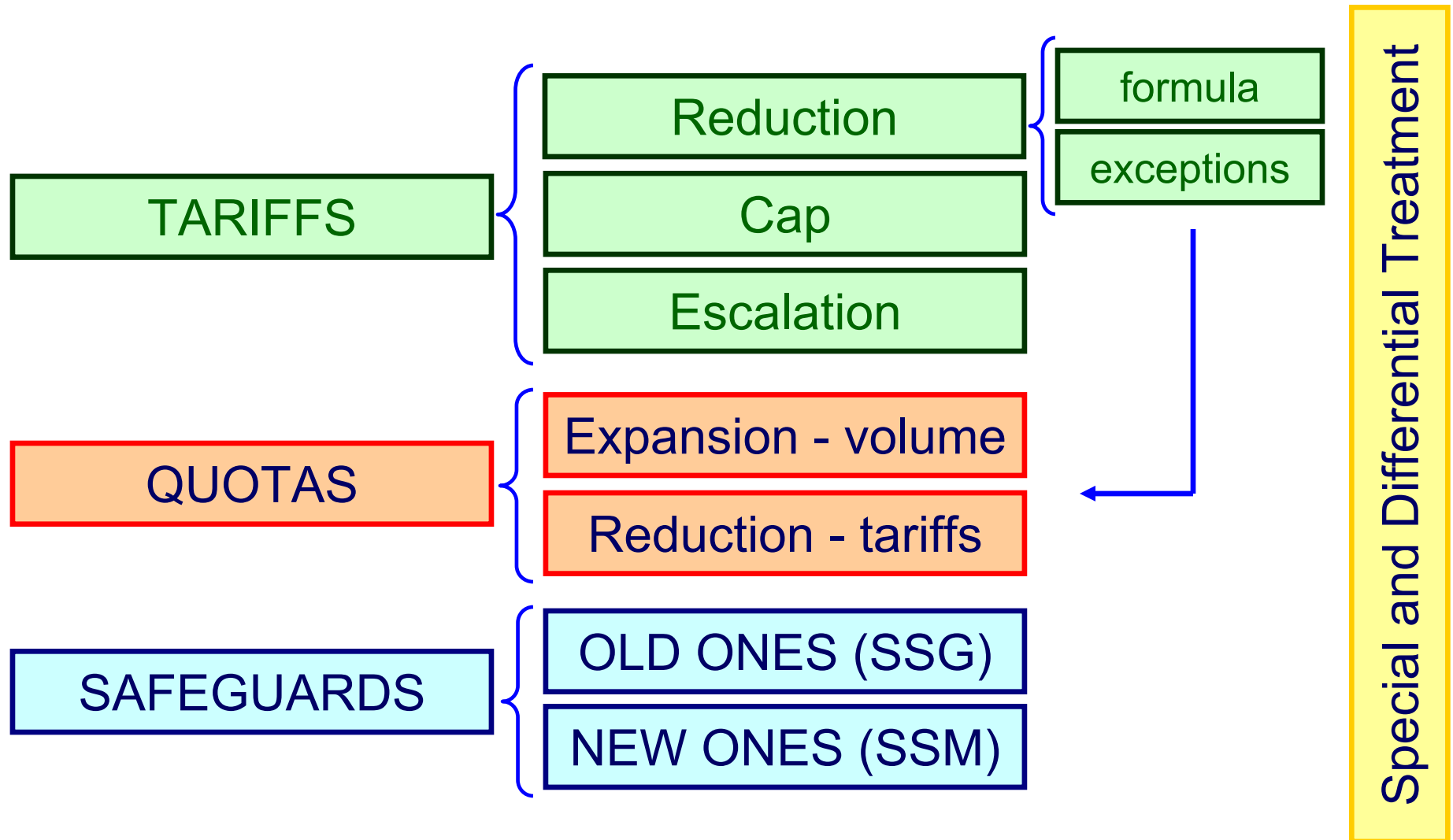
4. Large consumers & rural populations

- India, China, Indonesia,... (central role?)

5. Free-traders

- Net exporters: Australia, New Zealand, Brazil, Argentina, Chile, Central America, South Africa, Thailand. US and Canada are free-traders, but have a few sensitivities (< 20 countries).

Market Access: Main Issues

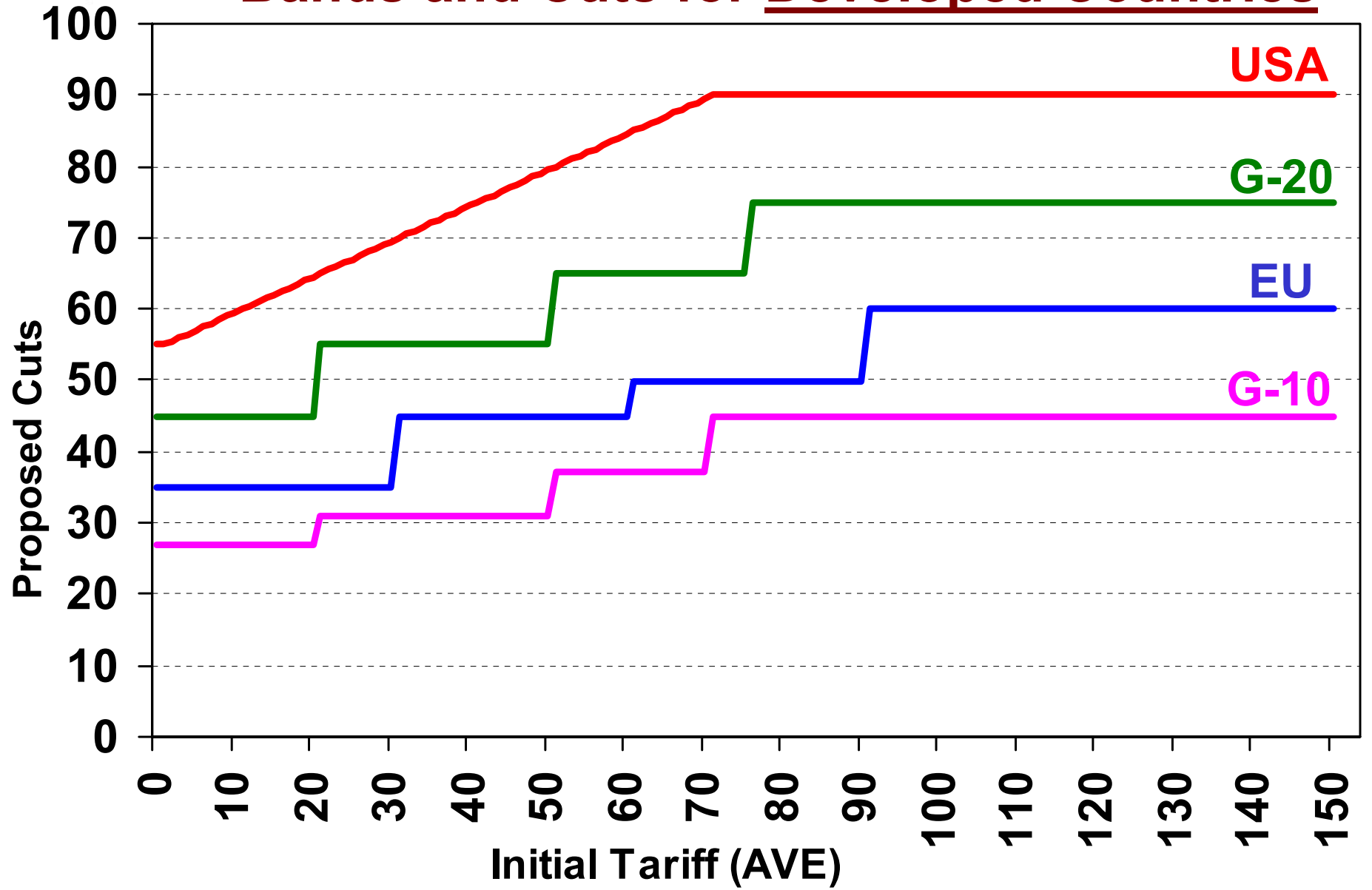




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Market Access

Bands and Cuts for Developed Countries

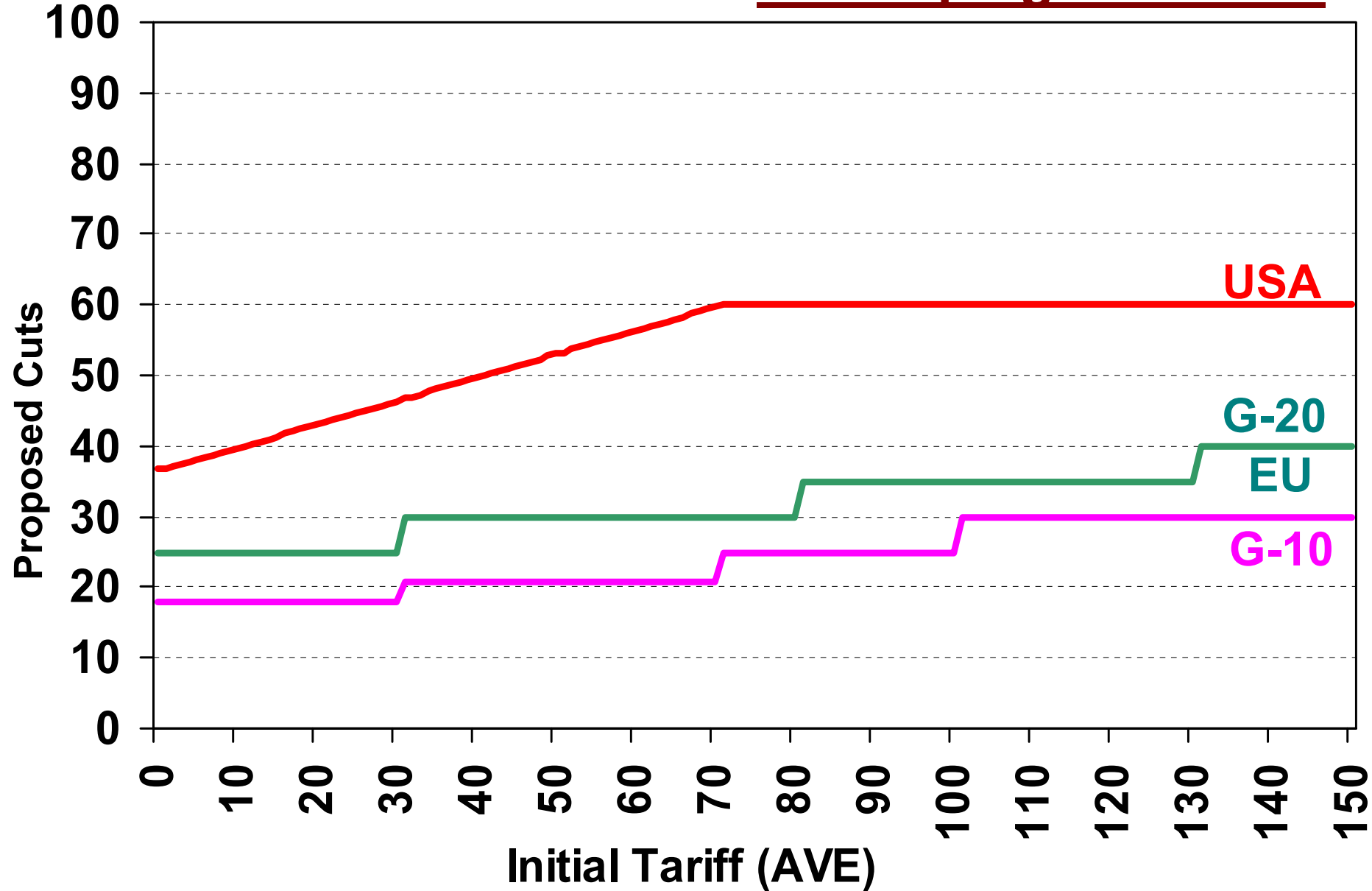




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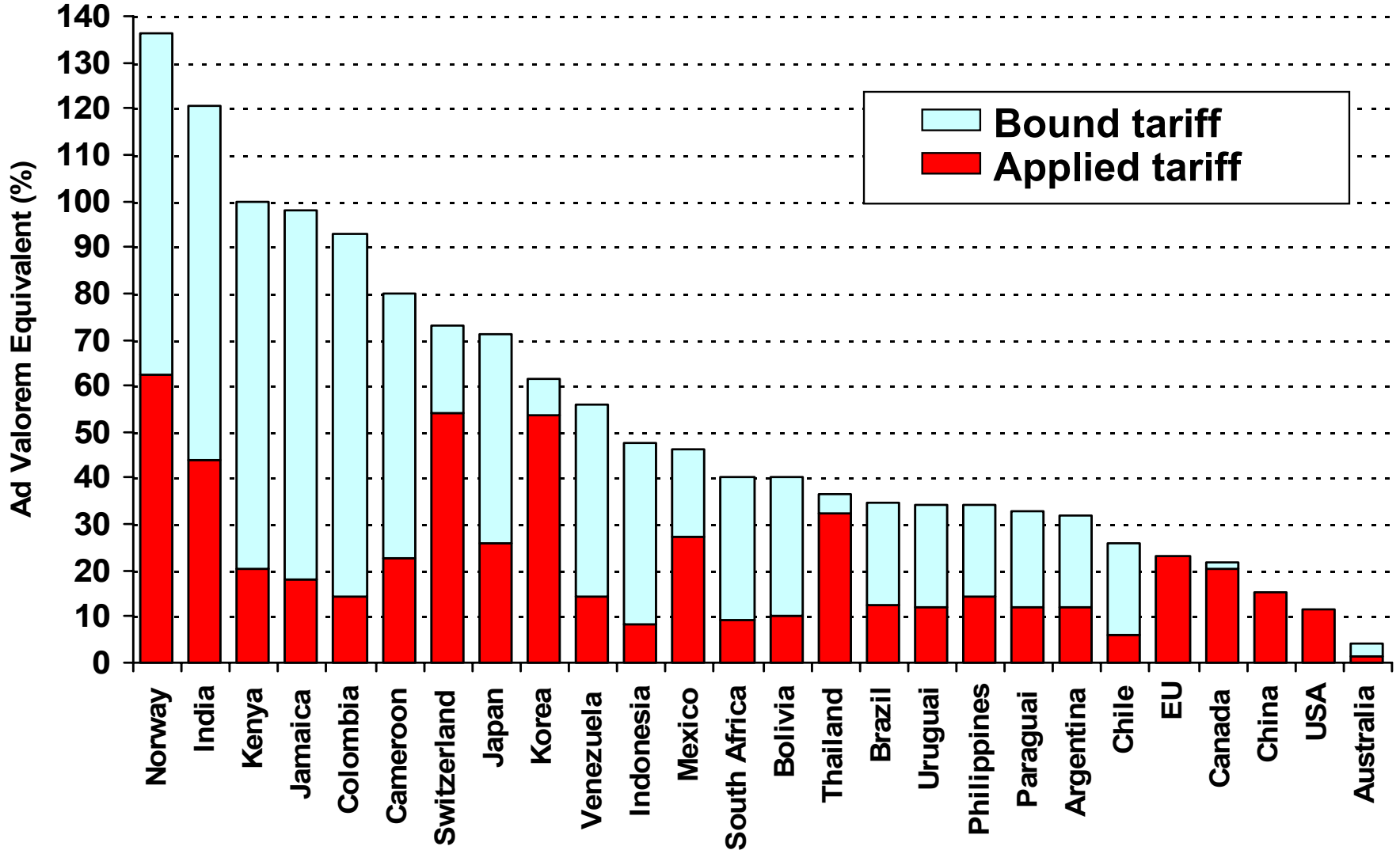
Market Access

Bands and Cuts for Developing Countries



AVERAGE AGRICULTURAL TARIFFS

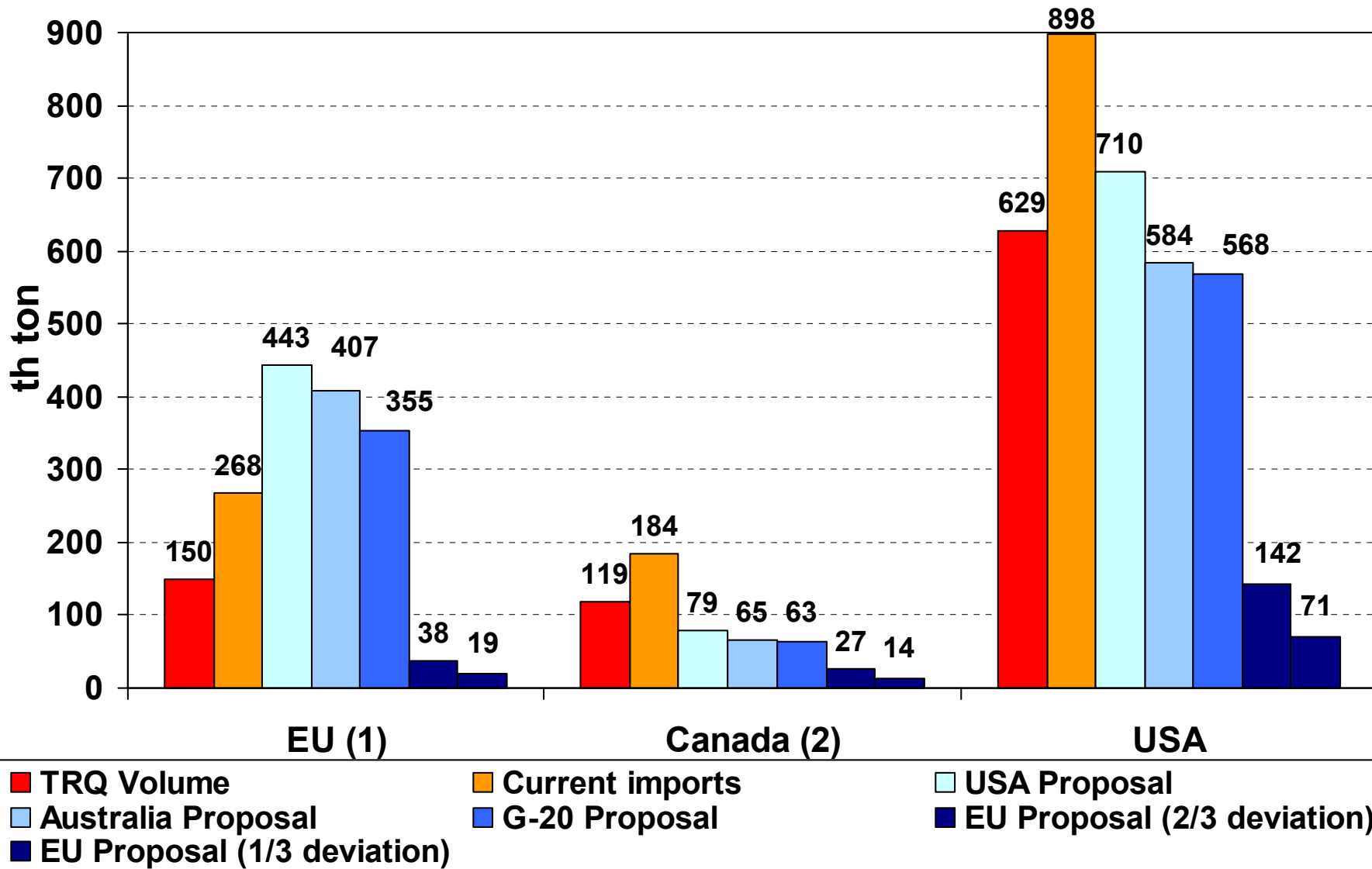
Bound x Applied



Note: 1) Specific and compound tariffs were converted into Ad Valorem Equivalents following the methodology agreed by WTO Members in 2005. Source: WTO. Elaboration: ICONE.

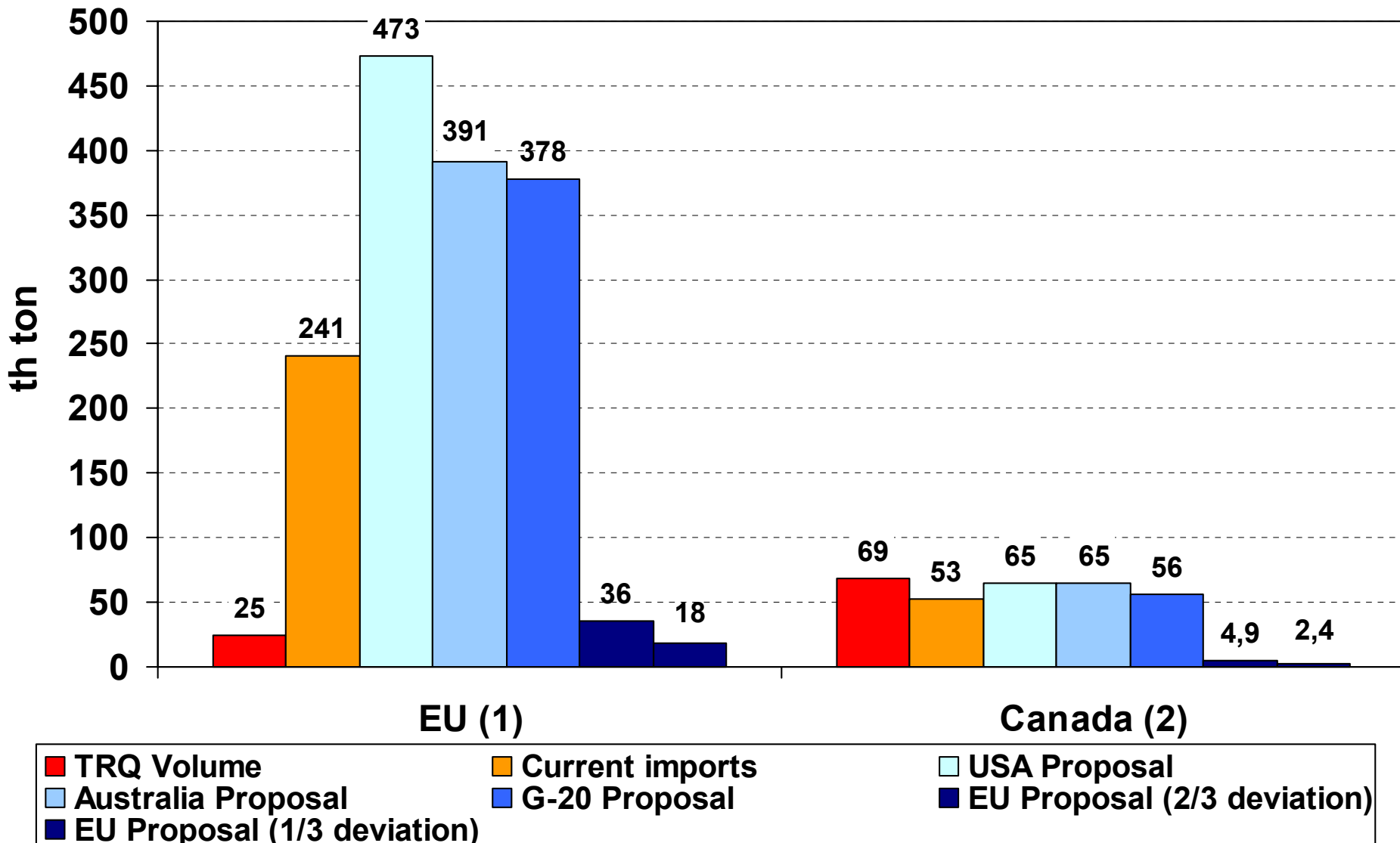
TREATMENT FOR SENSITIVE PRODUCTS: IMPACT OF THE MAIN PROPOSALS ON TARIFF RATE QUOTA EXPANSIONS

BEEF



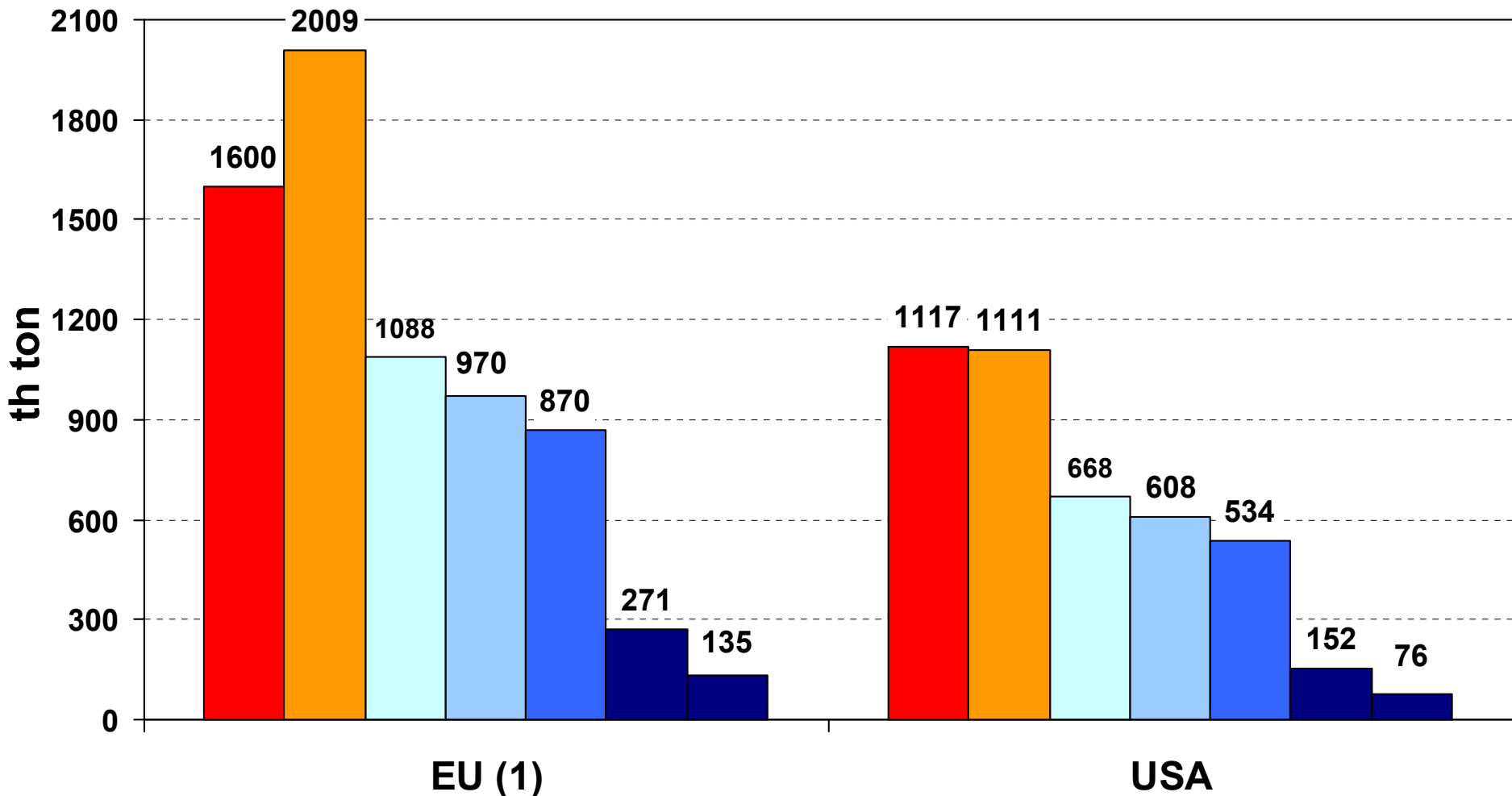
NOTE: (1) EU – TRQ volume: all quotes sum. (2) Canada - TRQ volume: applied volume (notified volume is 76.4).

CHICKEN MEAT



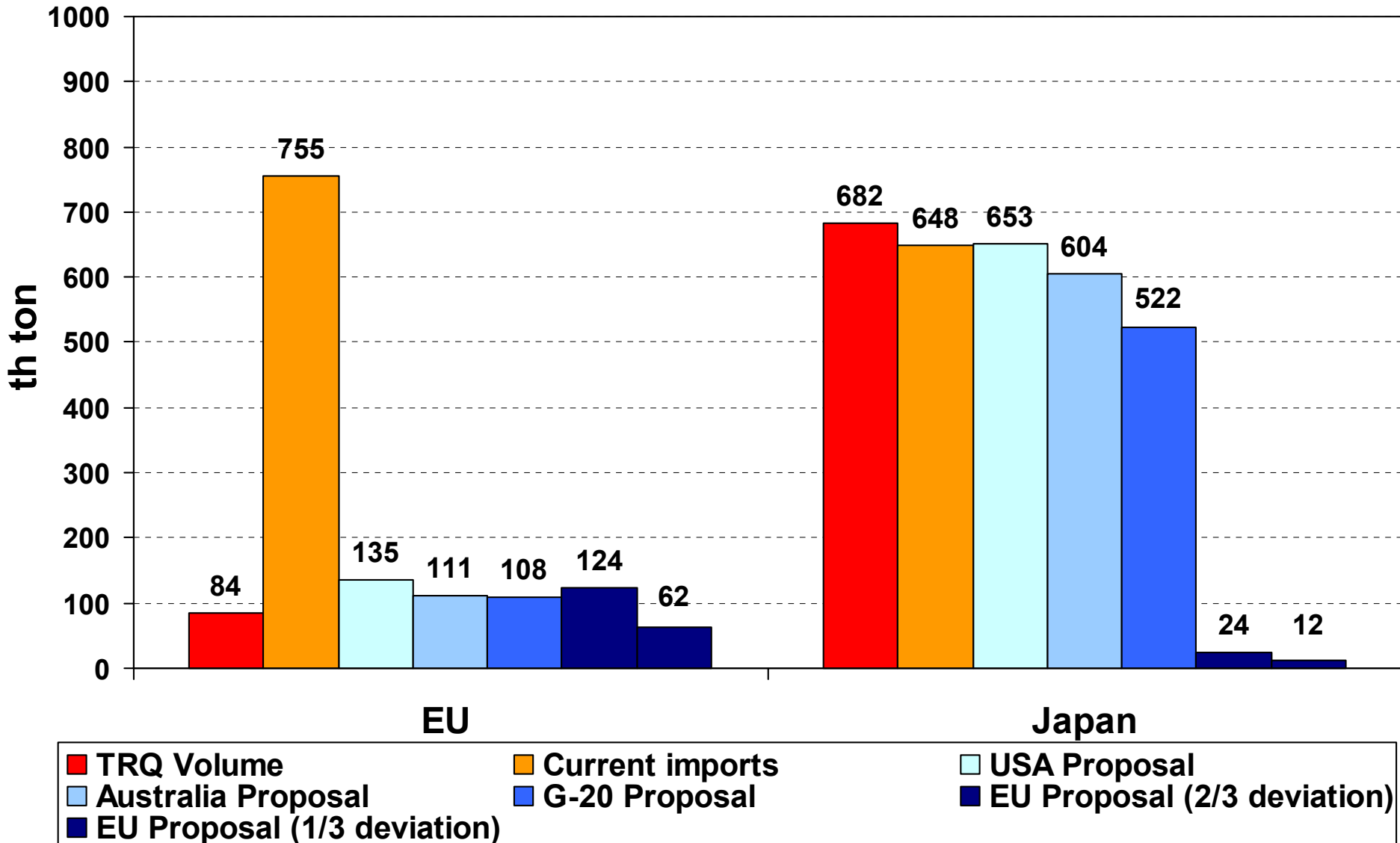
NOTE: (1) EU – TRQ volume: all quotes sum. (2) Canada - TRQ volume: applied volume (notified volume is 39.8).

SUGAR

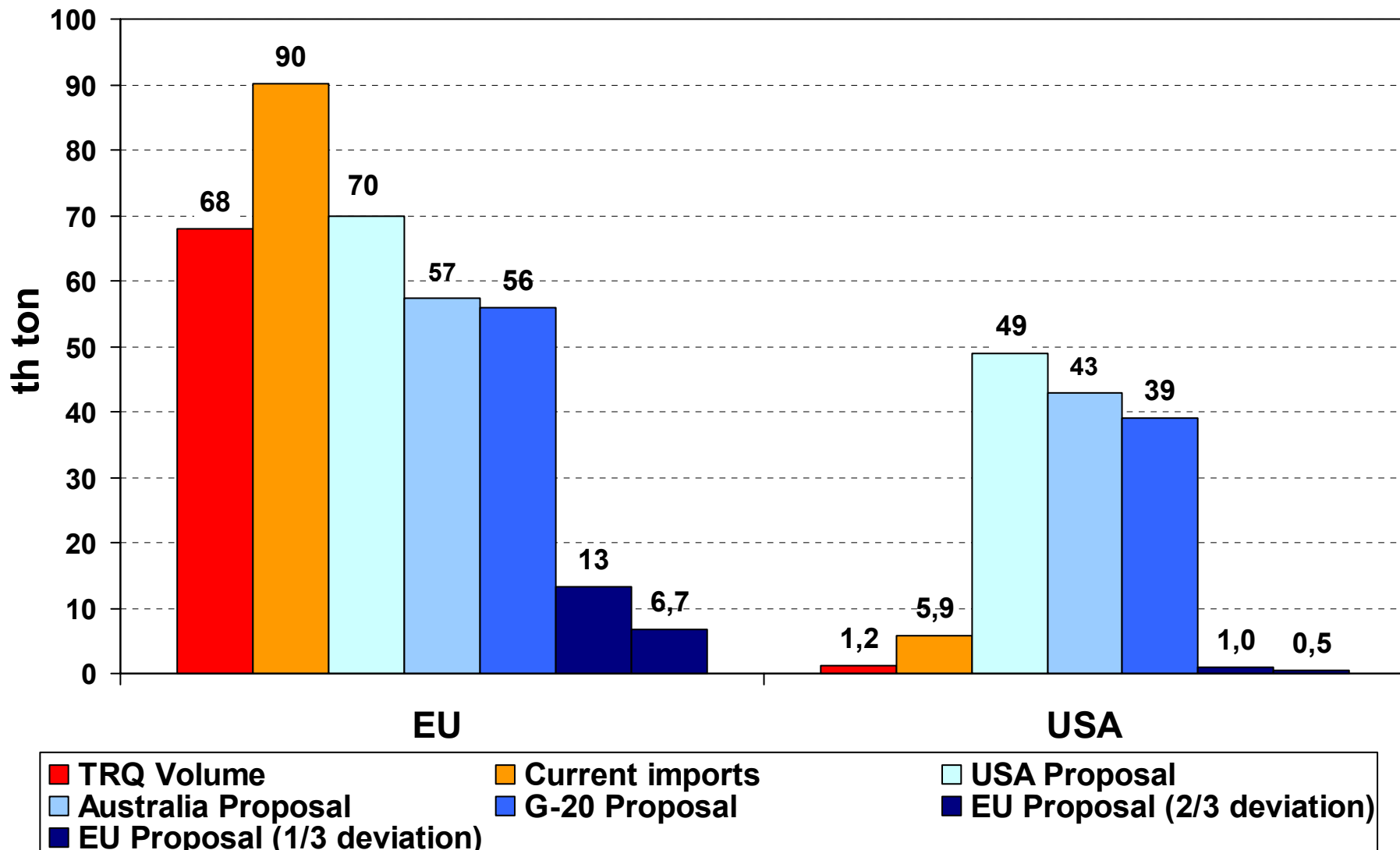


NOTE: (1) EU: THE TRQ VOLUME REFERS ONLY TO ACP QUOTE AND INDIA.

RICE



MILK POWDER



NOTE: (1) Canada – volume's sum of wheat and wheat products.

CONCLUSIONS

- Time is very short!!
- Disciplines beyond the **status quo** of ag trade policies?
- The risk of the “Water Round”:
 - ✓ **Bound vs. Applied** levels of protection (tariffs, subsidies).
 - ✓ **Horizontal Rules vs. Exceptions & loopholes**: Sensitive & Special Products, Preference Erosion, Special Safeguards (SSM, SSG), TRQs.
 - ✓ Trade-offs: **Global vs. Agriculture**.
 - ✓ **Tariffs/TRQs** (trade creation) vs. **Subsidies** (moral issue).
 - ✓ **Market Access**: **Free vs. Preferential** trade interests.
 - ✓ Endless discussion on **Graduation**: “the trees and the forest”.

Marcos S. Jank

Email: msjank@iconebrasil.org.br

Homepage: www.iconebrasil.org.br

Phone: 55 11 3021 0403



Institute for International
Trade Negotiations



Instituto de Estudos do Comércio
e Negociações Internacionais

Institute for International Trade Negotiations

Avenida General Furtado Nascimento, 740 conj. 81

05465.070 São Paulo SP Brazil

Phone/Fax: 55 11 3021 0403

icone@iconebrasil.org.br

www.iconebrasil.org.br

Mantenedores



Parceiros

