

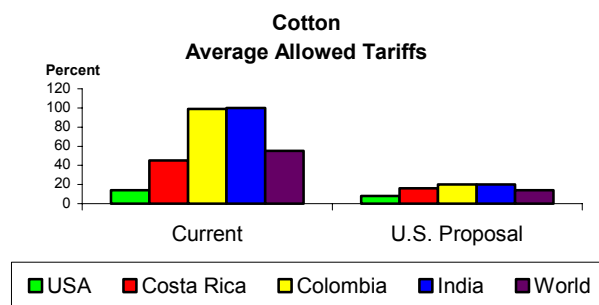
## What's at Stake for Cotton?

The July 2002 U.S. agriculture proposal for the World Trade Organization Doha Development Agenda calls for ambitious reforms to open global markets for American agriculture. The U.S. initiative would correct many of the disparities U.S. cotton currently faces in global markets, particularly in the area of market access.

### Market Access

**High Tariffs:** The average allowed WTO tariff for cotton is 55%.

**Reduce and Harmonize Tariffs:** The United States is calling for a formula that would reduce high tariffs more than low tariffs with no tariff line greater than 25%, creating more equitable treatment for U.S. cotton.



### Export Competition

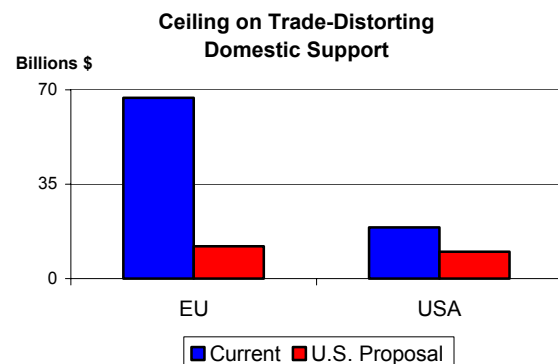
**Eliminate Export Subsidies:** The U.S. proposal calls for the elimination of export subsidies over a five-year implementation period.

### Domestic Support

**Trade-Distorting Domestic Support:** In 1998/99, the European Union (EU) provided \$780 million in “amber box” support to cotton producers. The U.S. provided \$935 million in “amber box” support to cotton producers.

**Reduce and Harmonize Domestic Support:** Under the U.S. proposal, the amount of trade-distorting domestic support available

to any country would be capped at 5% of the total value of production. For example, the amount available to the EU across all products would drop from more than \$67 billion a year to around \$12 billion. The “blue box” exemption, which accounted for \$22 billion of support in the EU during marketing year 1998/99, would be eliminated. The U.S. maximum allowed trade-distorting support would fall from \$19 billion to around \$10 billion.



### Top U.S. Export Markets, 2001

1. Mexico	\$744 million
2. Korea	\$222 million
3. India	\$194 million
4. Indonesia	\$194 million
5. Turkey	\$172 million

Total U.S. Cotton Exports    \$2 billion

### Top U.S. Import Sources, 2001

1. Egypt	\$8 million
2. Turkey	\$378,000
3. India	\$67,000
4. Mexico	\$33,000
5. Italy	\$28,000

Total U.S. Cotton Imports    \$8 million