

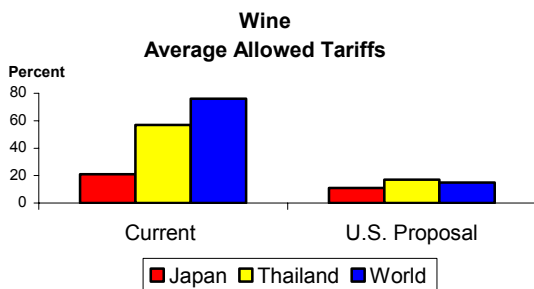
## What's at Stake for Wine?

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. wine currently faces in global markets in the areas of market access, export competition, and domestic support.

### Market Access

**High Tariffs:** The average allowed WTO tariff on wine is 76%.

**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. wine.



### Export Competition

**Export Subsidies:** In marketing year 2000/01, the European Union (EU) provided \$21.6 million of export subsidies to wine producers, with an allowance to spend as much as \$35.8 million on wine exports.

**Elimination of Export Subsidies:** The U.S. proposal would eliminate export subsidies over a five-year implementation period.

### Domestic Support

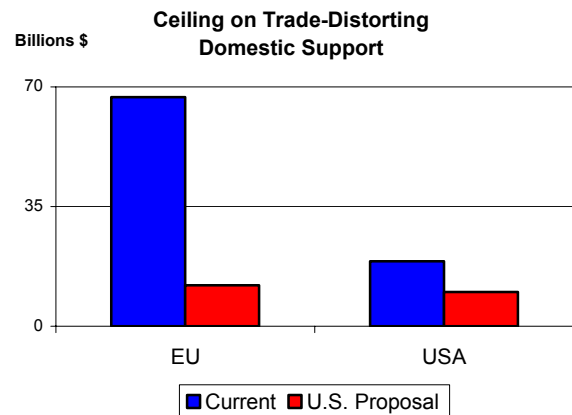
#### Trade-Distorting Domestic Support:

In marketing year 1998/99, the EU provided \$2 billion of “amber box” support to wine producers. The U.S. does not provide domestic support to wine 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 over \$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. United Kingdom       | \$167 million |
| 2. Canada               | \$85 million  |
| 3. Netherlands          | \$69 million  |
| 4. Japan                | \$50 million  |
| 5. Belgium/Lux.         | \$27 million  |
| Total U.S. Wine Exports | \$508 million |

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

|                         |               |
|-------------------------|---------------|
| 1. France               | \$809 million |
| 2. Italy                | \$610 million |
| 3. Australia            | \$345 million |
| 4. Chile                | \$137 million |
| 5. Spain                | \$109 million |
| Total U.S. Wine Imports | \$2.2 billion |