

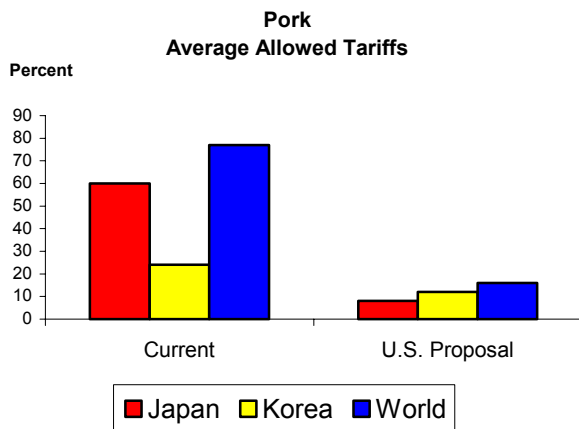
What's at Stake for Pork?

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

Market Access

High Tariffs: The average allowed WTO tariff for pork is 77%. The U.S. tariff on pork is less than 1%. Japan operates a gate price system on pork. Pork cannot be imported at a price below the gate price, which inhibits trade in lower priced meat cuts.

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. pork. The Japanese gate price system would be eliminated.



Export Competition

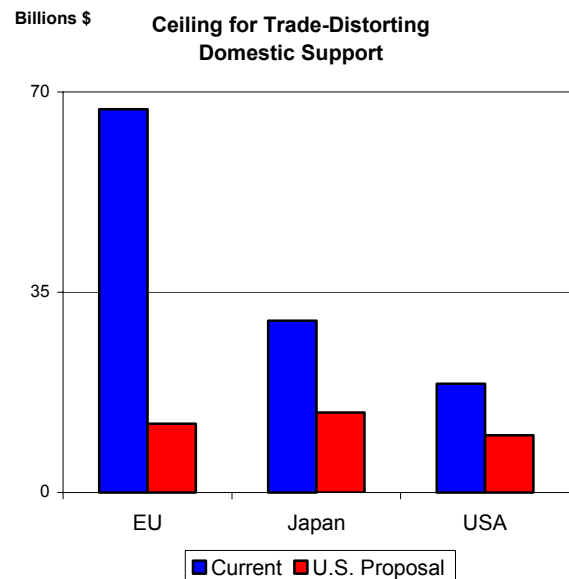
Export Subsidies: In marketing year 2000/01, the European Union (EU) spent \$31 million on pig meat export subsidies, with an allowance to spend as much as \$175 million on pig meat exports.

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, Japan provided \$2.14 billion of “amber box” support to pork producers. The United States does not provide domestic support to pork 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. Japan	\$830 million
2. Mexico	\$174 million
3. Canada	\$103 million
4. Russia	\$40 million
5. Korea	\$18 million

Total U.S. Pork Exports \$1.2 billion

Top U.S. Import Sources, 2001

1. Canada	\$619 million
2. Denmark	\$143 million
3. Finland	\$4 million
4. Ireland	\$2 million
5. Sweden	\$1 million

Total U.S. Pork Imports \$771 million