Trade Facts

Office of the United States Trade Representative www.ustr.gov
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WTO Doha Development Agenda
The U.S. Proposal on Agriculture

The United States took the leadership initiative last October and proposed substantial reductions in trade-distorting domestic support, along with ambitious market-openings in agriculture, to spur the WTO Doha talks forward.

The U.S. agriculture proposal, unique among WTO offers, would require substantial reforms of our own programs in each of the three pillars:

- Elimination of export subsidy programs (including U.S. export subsidy programs) and tighter disciplines on export credits and food aid.
- Reduction in trade-distorting domestic support, particularly in specific allowances under the "amber" and "blue" boxes currently under U.S. law.
- Reduction in tariffs across the board in agriculture, with only a few "sensitive products."

Unfortunately, other Members' proposals have failed to make significant cuts to trade-distorting support and cut tariffs below levels already set in place.

The U.S. proposal would reduce its "amber" box (the most trade-distorting) allowance from $19.1 billion to $7.6 billion (a 60% cut) and its "blue" box (less distorting but not fully decoupled from market prices) from $9.8 billion to $4.8 billion (a 50% cut). The sum of these trade-distorting support allowances would be just $12.6 billion – a 56% cut from allowed levels and a cut below actual support estimated for 2005

To deliver on the promise of Doha for development, countries must open their markets to allow new trade flows. Unfortunately, offers currently on the table fail to meet this test.

- The EU tariff proposal only cuts tariffs on average by 39%, and allows for up to 8% of all tariffs to avoid serious cuts and would restrict access for low-duty imports to just 1 – 2% of domestic consumption. In fact, the EU proposal for "sensitive products" has the perverse effect of rewarding highly protected sectors by limiting required new access.
- The EU offer compares poorly to the Uruguay Round, which cut tariffs on average by 36% - and cut from a higher base level. The access for sensitive products also compares unfavorably to the Uruguay Round where "minimum access" was set at 5% of the size of the domestic market.
- The EU proposal on domestic support would deliver no new subsidy reforms beyond those already set in EU regulations, but it would still leave EU allowed levels of trade-distorting domestic support over three times the level of the United States.
- The G-20 proposal would make deep cuts on developed country tariffs, but delivers minor tariff cuts in developing country markets. The G–20 proposal would require a 150% tariff in developing countries to be cut by a smaller percentage than a 15% tariff in developed countries.