

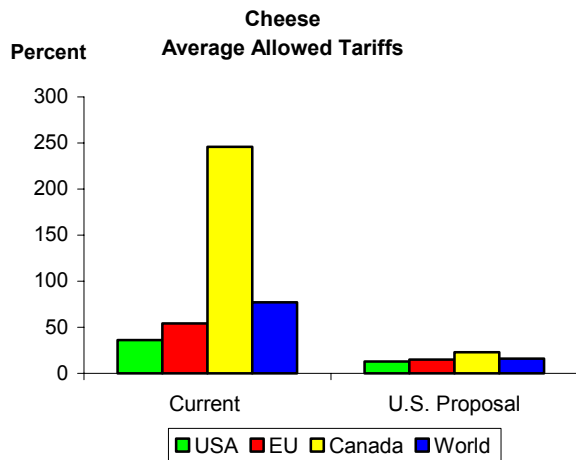
What's at Stake for Cheese?

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. cheese currently faces at home and abroad.

Market Access

High Tariffs: The average allowed WTO tariff for cheese is 77%.

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. cheese.



Export Competition

Export Subsidies: While the United States provided \$1.7 million in export subsidies to cheese producers in marketing year 2000/01, the European Union (EU) provided \$217 million, with an allowance to spend as much as \$312 million on cheese exports.

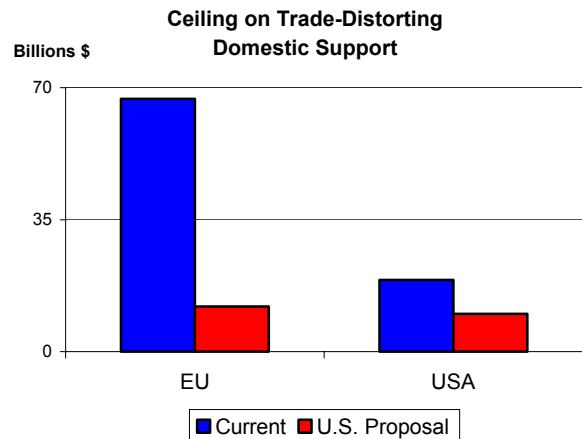
Elimination of Export Subsidies: The U.S. proposal would eliminate export subsidies over a five-year implementation period.

Domestic Support

Trade-Distorting Domestic Support: In marketing year 1998/99, the EU provided \$6 billion in "amber box" support to dairy producers. The U.S. provided \$4.5 billion in "amber box" support to dairy producers. Norway provided \$500 million in "amber box" support and an additional \$246 million in "blue box" support.

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	\$45 million
2. Japan	\$25 million
3. Canada	\$24 million
4. Korea	\$10 million
5. Philippines	\$4 million

Total U.S. Cheese Exports \$162 million

Top U.S. Import Markets, 2001

1. Italy	\$163 million
2. New Zealand	\$95 million
3. France	\$71 million
4. Denmark	\$51 million
5. Lithuania	\$35 million

Total U.S. Cheese Imports \$746 million