

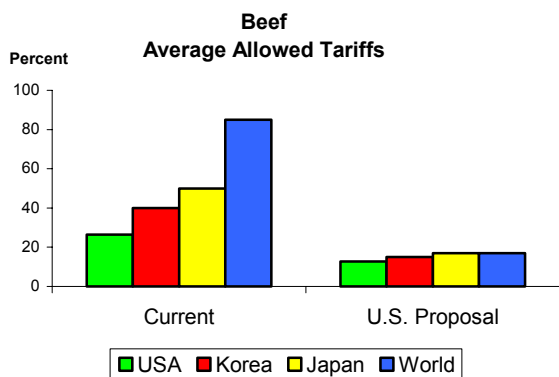
What's at Stake for Beef?

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. beef currently faces in global markets, particularly in the areas of market access and domestic support.

Market Access

High Tariffs: The average allowed WTO tariff for beef is 85%. The average U.S. tariff is 26.4%. Japan also has a snap-back system on beef. Although Japan applies a 38.5% tariff on beef, they reserve the right to increase the tariff to 50% if imports rise more than 17% in a quarter, which increases uncertainty in beef trade.

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. beef. The snap-back would be eliminated.



Export Competition

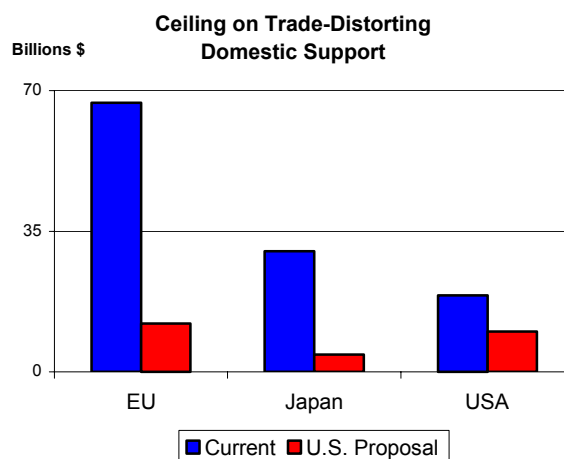
Export Subsidies: In marketing year 2000/01, the European Union (EU) provided \$350 million in export subsidies to beef producers, with an allowance to spend more than \$1 billion on beef exports.

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 marketing year 1998/99, the EU provided \$14.6 billion in "amber box" support and \$3 billion in "blue box" support to beef producers. In 1998, Norway provided \$277.8 million in "amber box" support and \$301 million in "blue box" support to beef producers. In 1998, Japan provided \$1.26 billion in "amber box" support to beef 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	\$1 billion
2. Mexico	\$542 million
3. Korea	\$360 million
4. Canada	\$217 million
5. Hong Kong	\$42 million

Total U.S. Beef Exports \$2.5 billion

Top U.S. Import Sources, 2001

1. Canada	\$1 billion
2. Australia	\$848 million
3. New Zealand	\$479 million
4. Nicaragua	\$29 million
5. Costa Rica	\$25 million

Total U.S. Beef Imports \$2.5 billion