

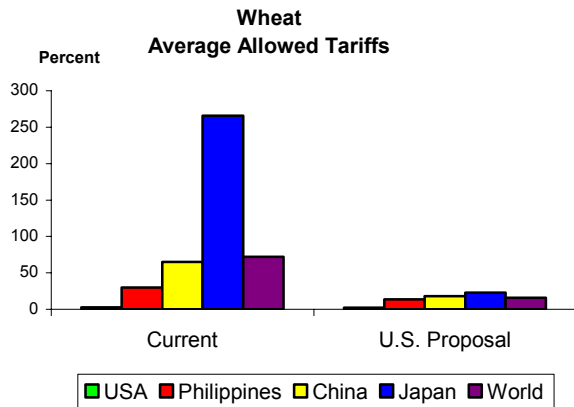
What's at Stake for Wheat?

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. wheat 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 for wheat is 72%.

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. wheat.



Export Competition

Export Subsidies: In marketing year 2000/01, the European Union (EU) provided \$98.9 million in export subsidies to wheat producers, with an allowance to spend as much as \$1 billion on wheat exports.

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

Export State Trading: Unfair advantages arise from single-desk and special financing privileges, such as those of the Canadian Wheat Board.

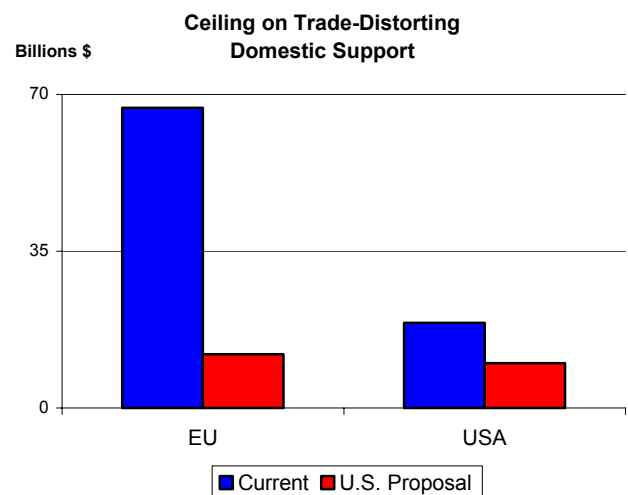
U.S. Proposal on Export State Trading: The U.S. proposal would eliminate the export

purchasing exclusivity, end special financing privileges, and increase transparency.

Domestic Support

Trade-Distorting Domestic Support: In marketing year 1998/99, the EU provided \$3 billion in "amber box" support to wheat producers and \$13 billion in "blue box" support to durum wheat producers and cereal producers, excluding corn.

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	\$439 million
2. Egypt	\$388 million
3. Mexico	\$268 million
4. Philippines	\$229 million
5. Korea	\$173 million

Total U.S.
Wheat Exports \$3.3 billion

Top U.S. Import Sources, 2001

1. Canada	\$277 million
2. Mexico	\$3 million
3. Germany	\$136,000
4. Australia	\$63,000
5. Turkey	\$39,000

Total U.S.
Wheat Imports \$281 million