

Developing Countries in Multilateral Trade Negotiations: What Stands in the Way of a Trade Agreement?

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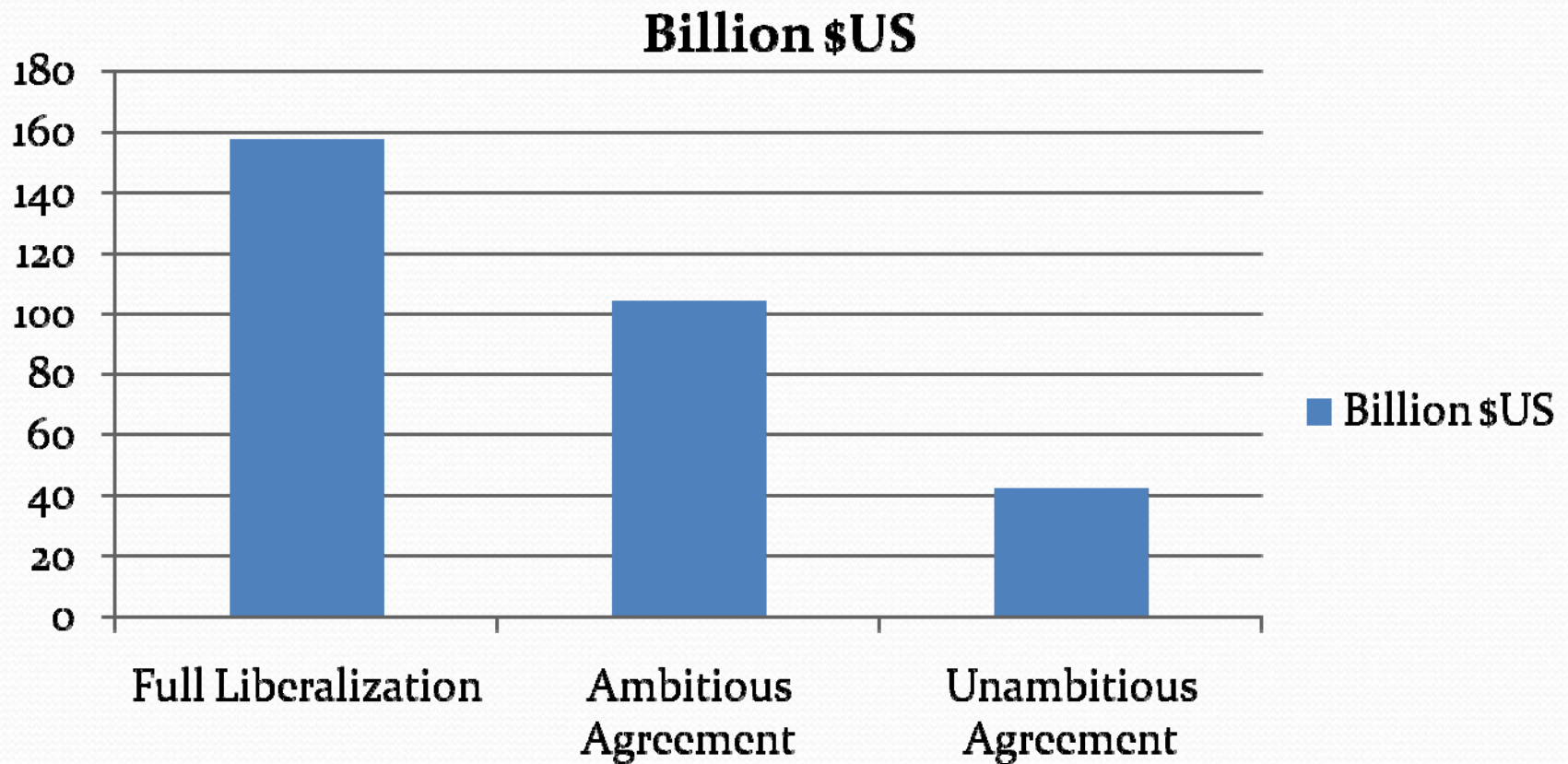
Developing Countries Are Not a Homogeneous Group

Grouping	Key Stance
Group of Twenty	Mostly offensive; represent interests of exporters
Group of Thirty-Three	Mostly defensive; represent interests of importers
Group of Ninety	Mostly defensive; represent interests of exporters with preferential access
Africa Group	Mixed offensive/defensive interests
Small & Vulnerable Economies	Mostly defensive; represent interests of exporters
Recently Acceded Members	Mostly defensive; no additional tariff cuts
Net Food Importing Countries	Mostly defensive, concerned about food aid rules

Developing Countries Don't Have Homogeneous Concerns

- Brazil: wants deal at all costs
- India: faces national elections April 2009, fragile coalition government
- Argentina: worries more about protecting manufacturing than opening agricultural markets
- China: believes it already liberalized trade during WTO accession
- Africa: wants better deal on cotton; wants to be “in the room”

Gains from “Unambitious” Agriculture Agreement Limited



Source: More or Less Ambition, IFPRI 2006, based on US/EU proposals 2005

Tariff Cap of Limited Value

	Canada	United States	Europe	Japan
Tariff Lines Above 100%	87	18	43	120
Likely Sensitive Products	80	All	27	73
Categories	Dairy, Meat, Processed Eggs	Peanuts, Tobacco, Dairy	Dairy, Beef, Sugar	Dried beans, Dairy products, Peanuts, Meat byproducts, Wheat, and Rice

Source: How Useful Is Proposed Tariff Cap?
Bridges, November 2008

Limited Gains from Partial Cotton Reform

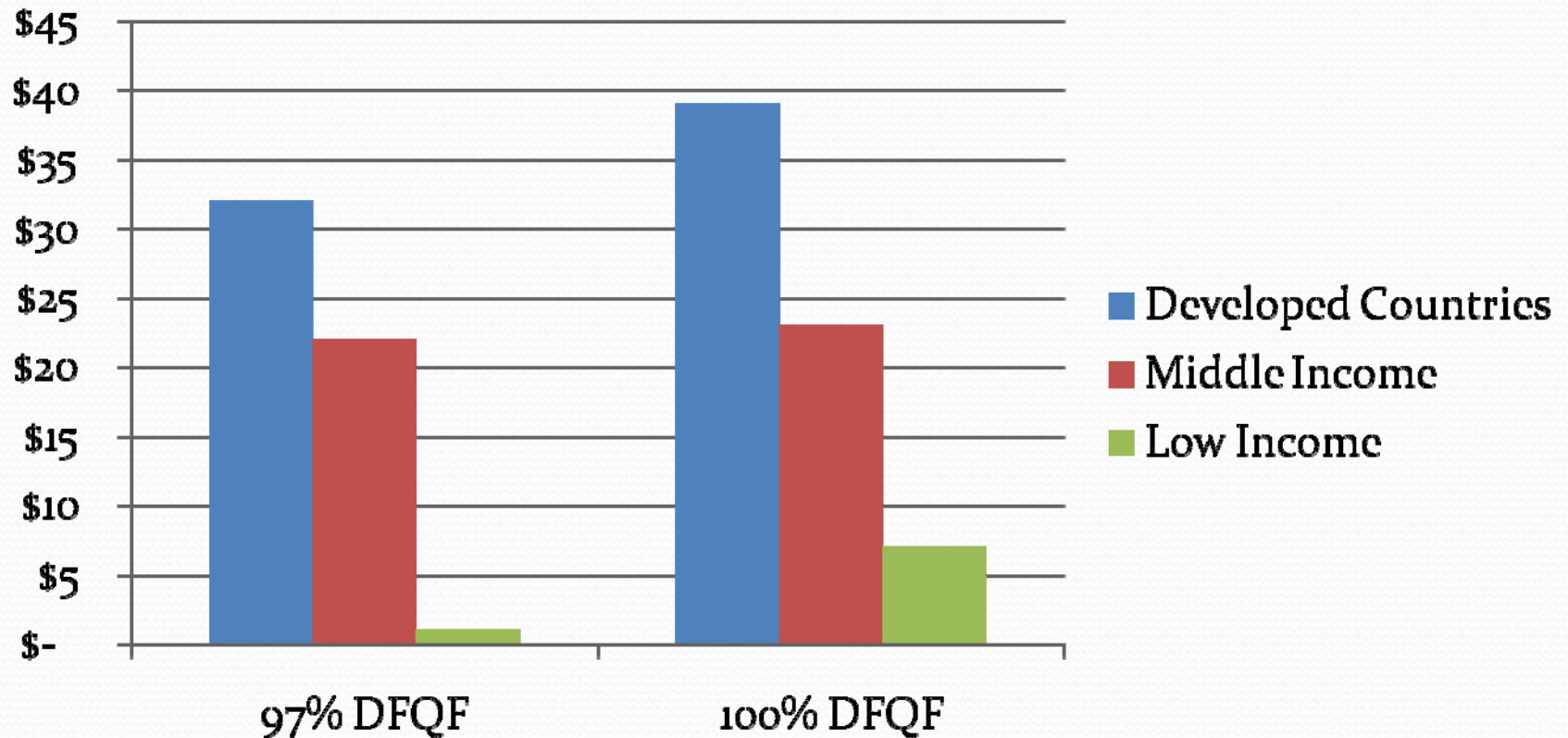
Country	Partial Reform	Full Reform
United States	\$231 million	\$429 million
Sub Saharan Africa	\$35 million	\$147 million
Brazil	\$2 million	\$13 million

Africa/Brazil Need Cut in US Cotton Subsidies to See Benefits

Country	Tariff Removal	Export Subsidy Removal	Domestic Subsidy Removal
United States	\$0.3 million	\$0.1 million	-\$18 million
Sub-Saharan Africa	\$5 million	\$0.5 million	\$25 million
Brazil	\$0.3 million	\$0.2 million	\$10 million

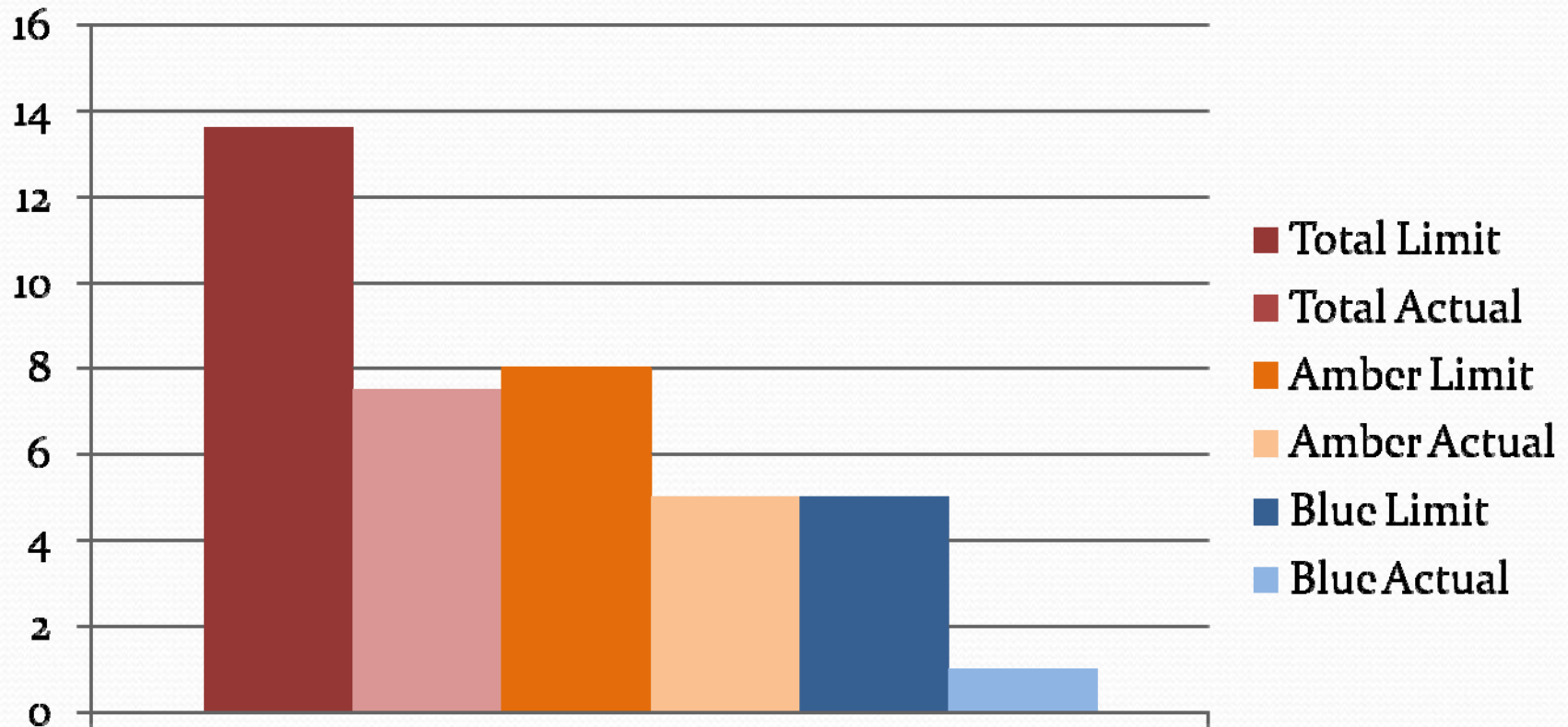
Source:WTO's Cotton Initiative. Who Gains?
World Bank, 2006

Limited Gains from 97% Duty-Free Quota Free Offer



Source: Two Opportunities to Deliver on Doha,
IFPRI 2006

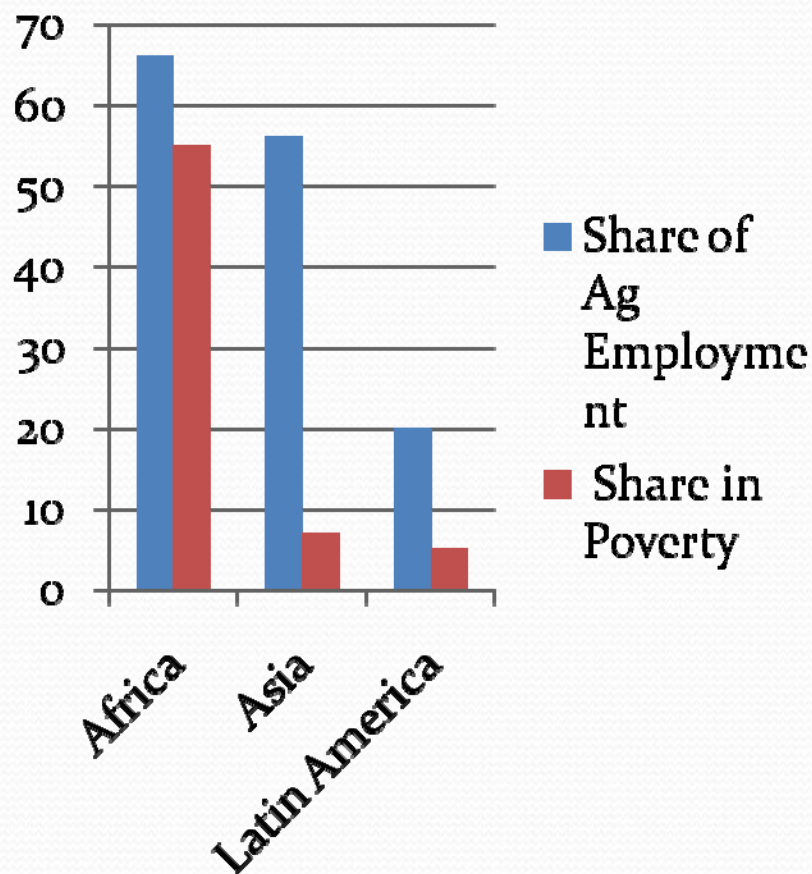
Domestic Support Cuts Leave Room for Mischief



United States 2013 Projections

Source: Implications for US of May 2008
Modalities, IFPRI/ICTSD/IPC

Political/Economic Risks High



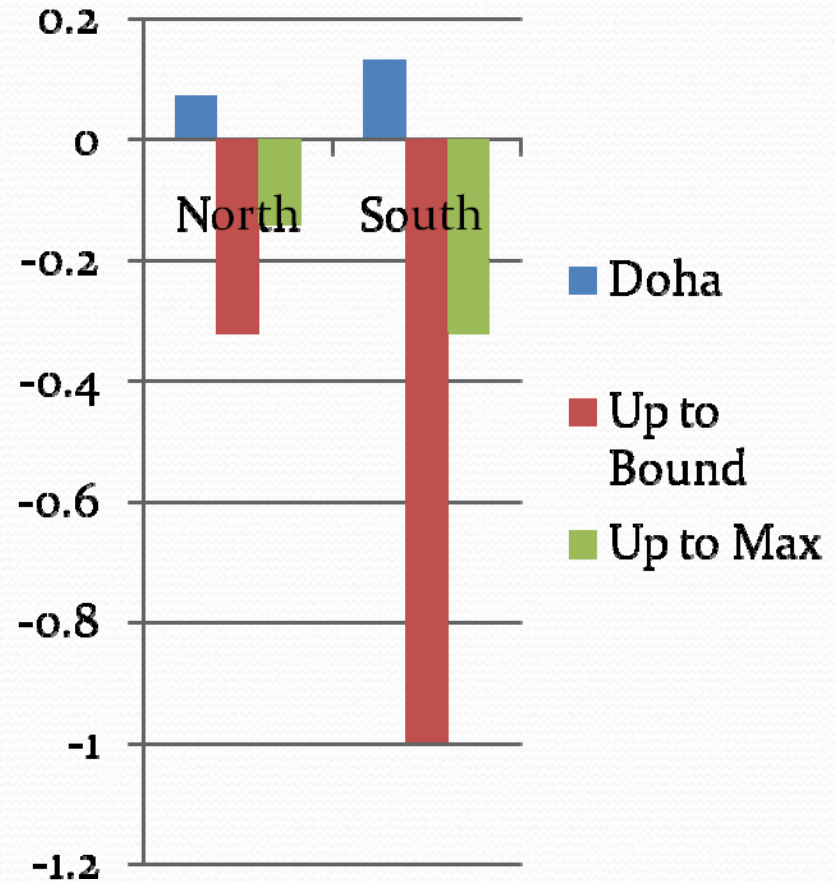
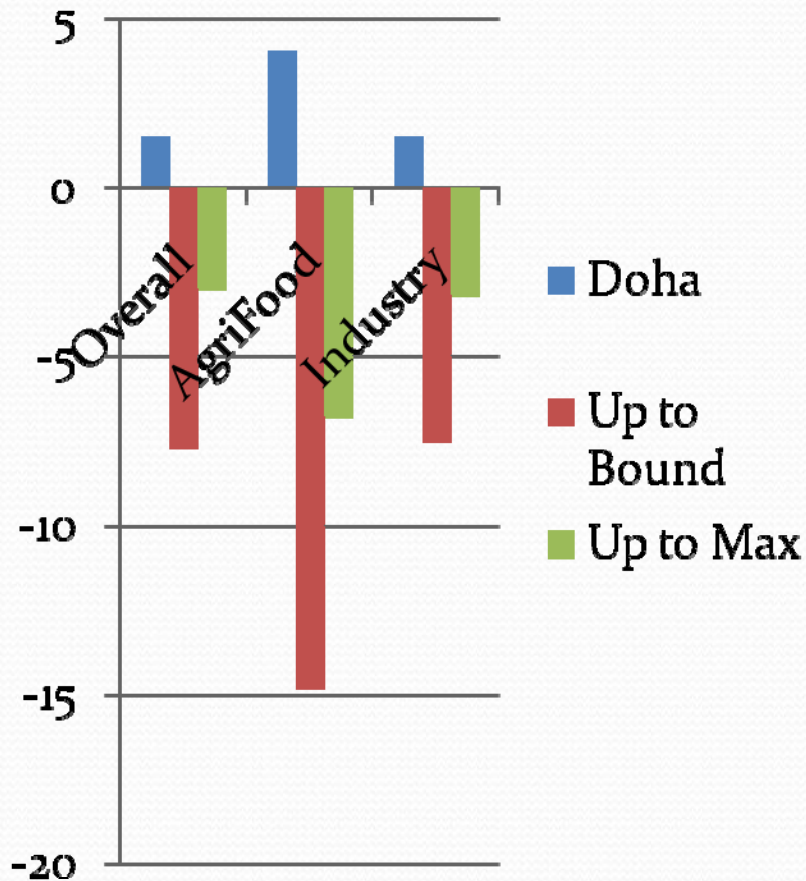
- Special Safeguard
 - China 18% v. 7% of trade covered under 10 v 30% price trigger
 - 35% v. 27% of trade covered under 10 v. 30% price trigger
- Special Products
 - 6 of 10 product categories heavily traded across South
 - Beef, vegetable oils, rice, maize, sugar

Source: Why SSM Matters for Developing Countries, South South Trade in Special Products, IICTSD, 2006

But— Deal Contains Positives for Developing Countries

- Cuts in tariff and domestic subsidy “water”
- Special Safeguard Provision
- Special Products
- Aid for Trade
- Export Subsidy Elimination
- Food Aid “Safe Box”

And, No Deal Hurts Agriculture and the South Most



A Deal as if Development Mattered

- Provide poor countries with 100% duty free quota free access by rich and middle income countries
- Fast track reductions in cotton subsidies
- Real cuts in trade distorting subsidies
- Real cuts in peak tariffs, sensitive products