



# Negotiations at the World Trade Organization

Strategic Thinking for a Changing Industry  
International Livestock Congress

July 14, 2006





# My Future is Global

1. Introduction to CAFTA
2. Overview of World Production and Trade
3. The State of Trade in Meat
4. Goals of the Doha Round
5. Progress of the Doha Round
6. Why Agreement in the Doha Round Matters – what if there is no deal?



## Introducing CAFTA – Canadian Agri-Food Trade Alliance

- **15 member organizations representing:**
  - Majority of Canadian farmers
  - All of Canada's important export commodities
  - Primary and consumer level processors
  - Input suppliers, marketers and exporters





## **Introducing CAFTA** – Canadian Agri-Food Trade Alliance

Over 90% of Canadian farm families depend on the international market

### **CAFTA's Members**

- Account for over 80% of Canada's agricultural exports and 60% of farm cash receipts
- Conduct over \$50 billion in business annually and employ more than 500,000 Canadians

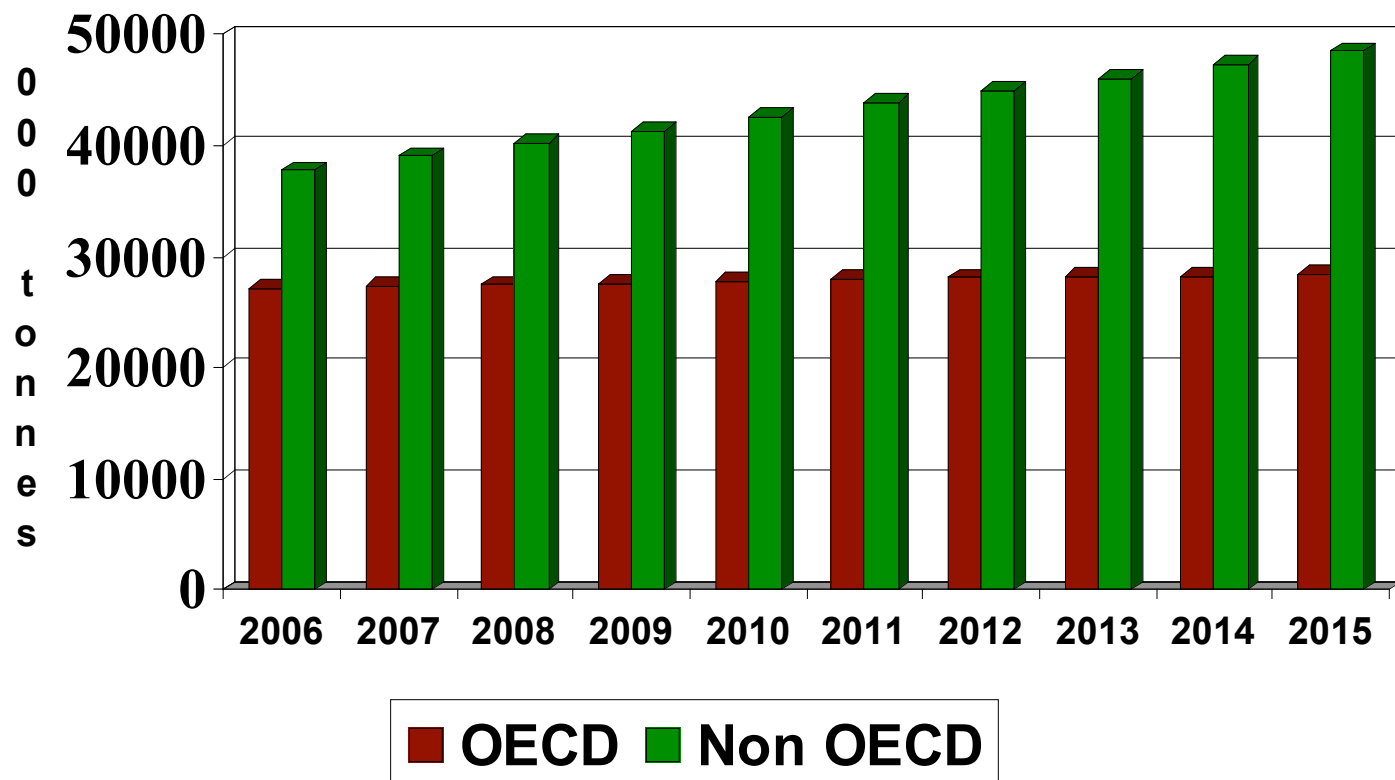
**CAFTA's Mission:** to advocate the liberalization of global agriculture and agri-food markets





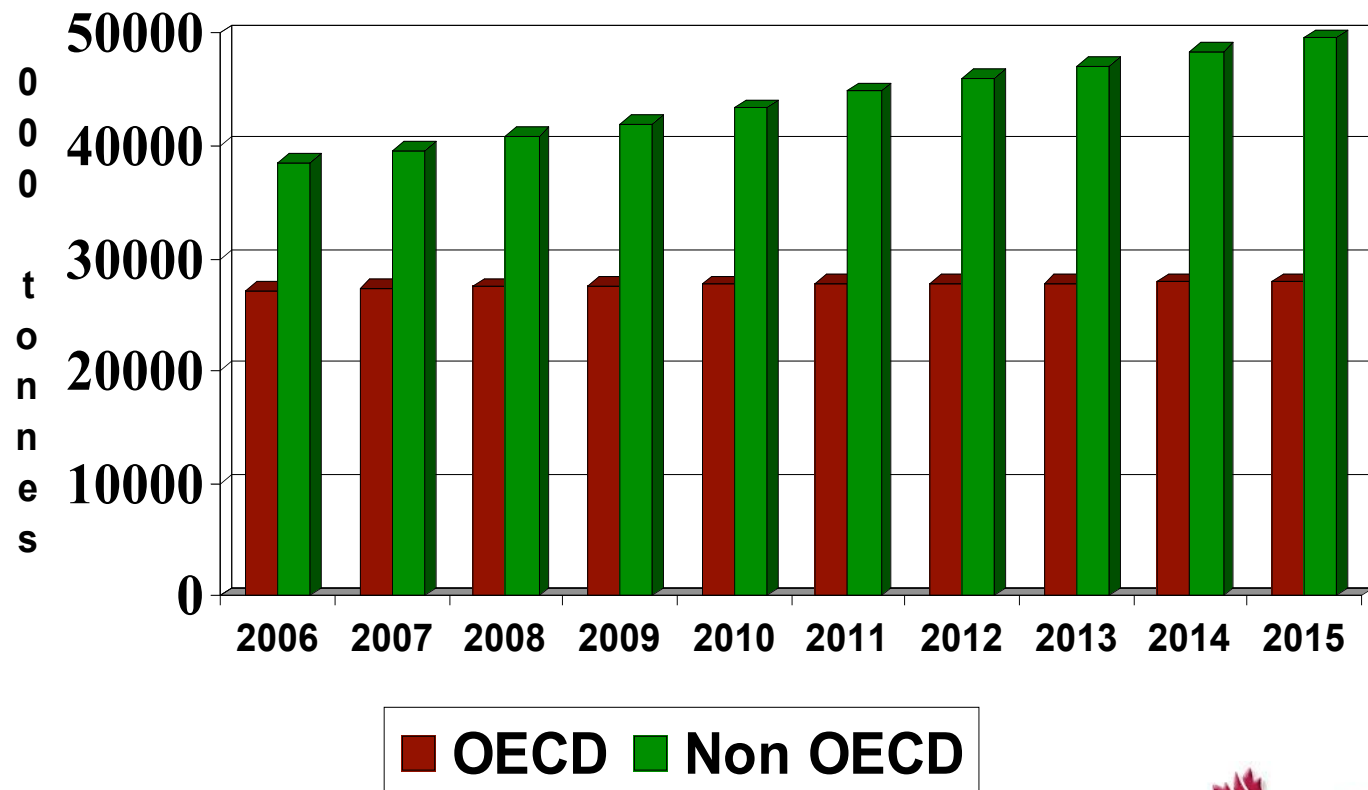
# An Overview of World Production and Trade

## World Beef and Veal Consumption



# An Overview of World Production and Trade

## World Beef and Veal Production





## The State of Trade in Meat

Meat is one of the most protected products in the world

- Average tariff on agriculture and food is 63% - industrial tariffs average 4%
  - 77% for pork 80% for beef
- 37 WTO members administer 1,400 Tariff Quotas (TRQs)
  - 30 members administer 250 TRQs on meat
- 30 WTO members can use Special Safeguards (SSGs) on 6000 products
  - 21% of all SSGs are on meat



## The State of Trade in Meat

Meat is one of the most subsidized products in the world

- OECD countries provide 34% of the value of beef production in subsidies
  - EU 68%
  - Norway 78%
  - Japan 31%
  - Switzerland 76%
  - Korea 56%
- WTO member countries can spend \$US 2.2 billion to subsidize 1,490 tonnes of beef - \$1,499 per tonne





## The Doha Round

### Commitment on 2001 Launch and in 2004 Framework:

1. Elimination of all forms of export subsidies
2. Substantial reduction in trade distorting domestic support
  - Higher subsidizers take bigger cuts
3. Substantial improvement in market access
  - Higher tariffs cut more
  - Improved access provided differently for “sensitive” products

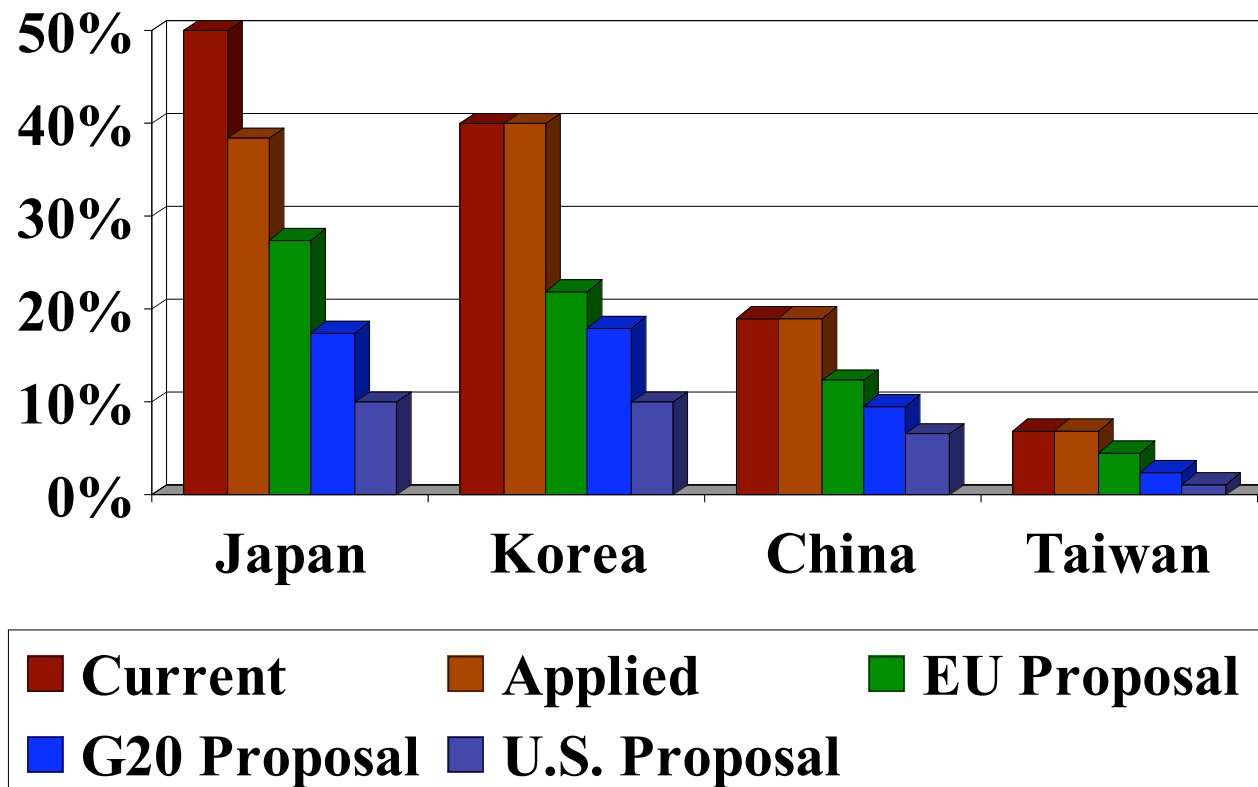
## The Doha Round

### The Process:

- Agreement on “modalities” (rules) July 31, 2006
- Schedules September 2006
- Full agreement signed before December 31, 2006
- Implementation?

# The Doha Round

## Effects of Proposals on Tariffs



# The Doha Round

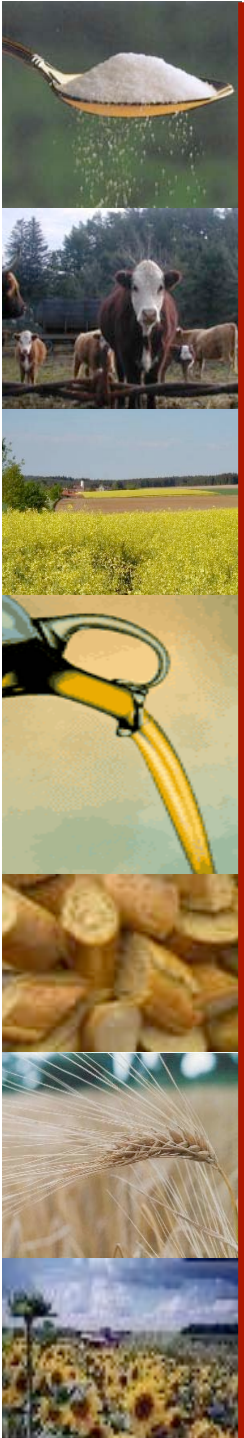
## Domestic support terms

**Green Box** – non-distorting support

**Amber Box** – also called AMS

**De-Minimis** – amber support below 5% of VOP is not included in support notifications

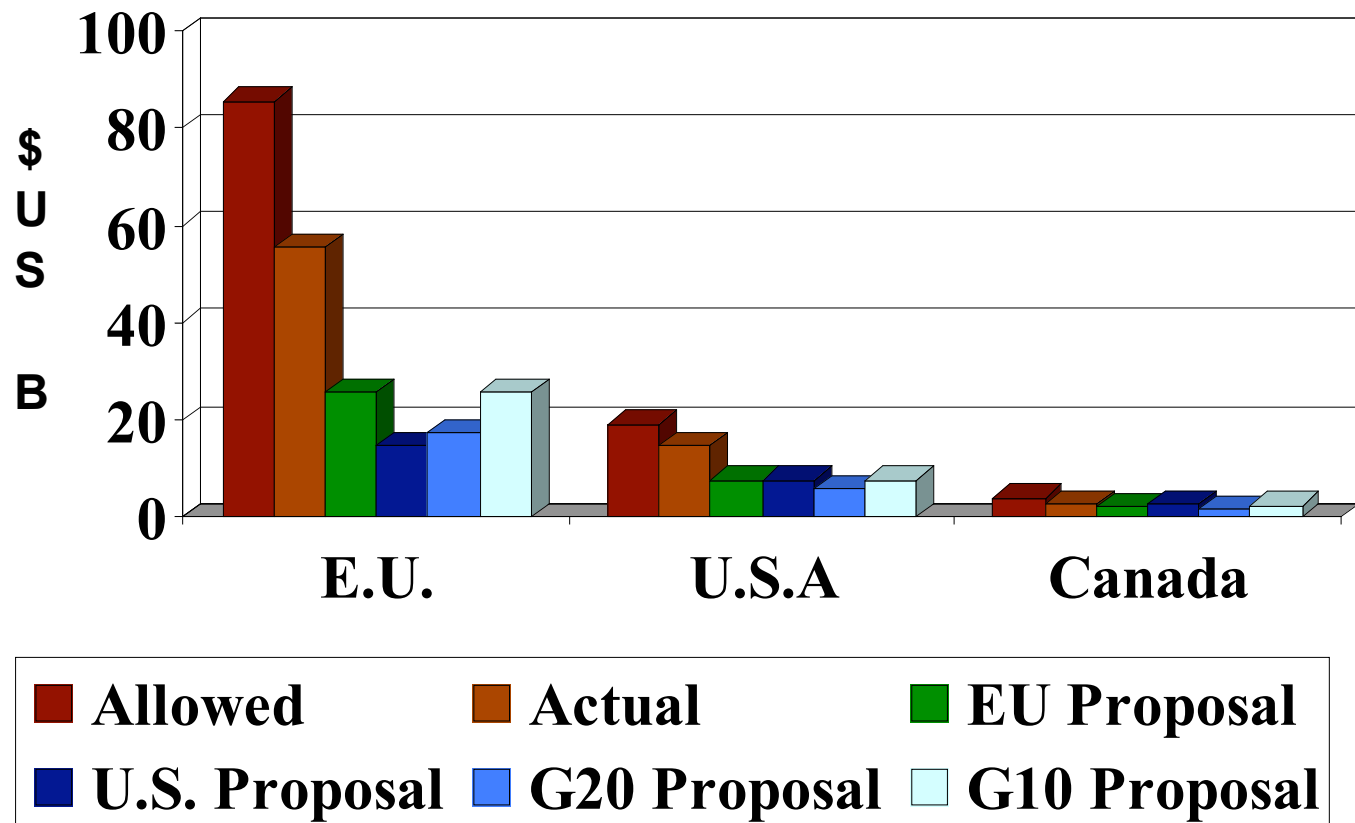
**Blue Box** – trade distorting support in transition to green





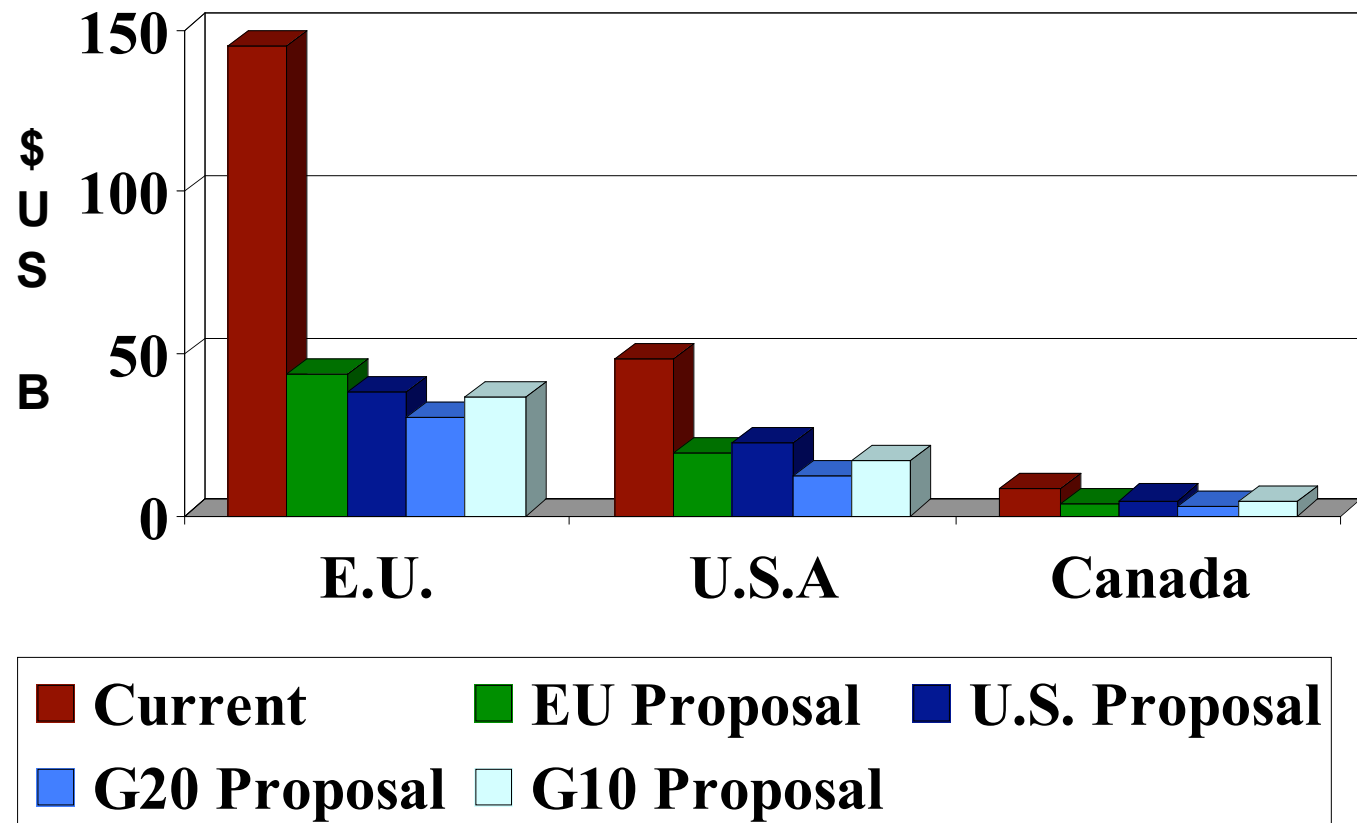
# The Doha Round

## Effect of Proposals on AMS



# The Doha Round

## Effect of Proposals on Total TDS



## What if There Is No Deal?

### Between 1995 and 2000

- Brazil's international market share increased from 2.8% to 3.9%
- U.S. market share dropped from 12.9% to 10.2%

### At the Same Time

- U.S. total domestic support spending increased by 13%.
- EU spending increased by almost 41%.

## What if There Is No Deal?

- The U.S. can increase amber support by 1/3
- The EU can double amber support
- The US can spend about \$US 23 million to subsidize 18,000 tonnes of beef and about \$US 500 thousand to subsidize 400 tonnes of pork
- The EU can spend 1.3 billion euros to subsidize 817,000 tonnes of beef and 172 million euros to subsidize 490,000 tonnes of pork



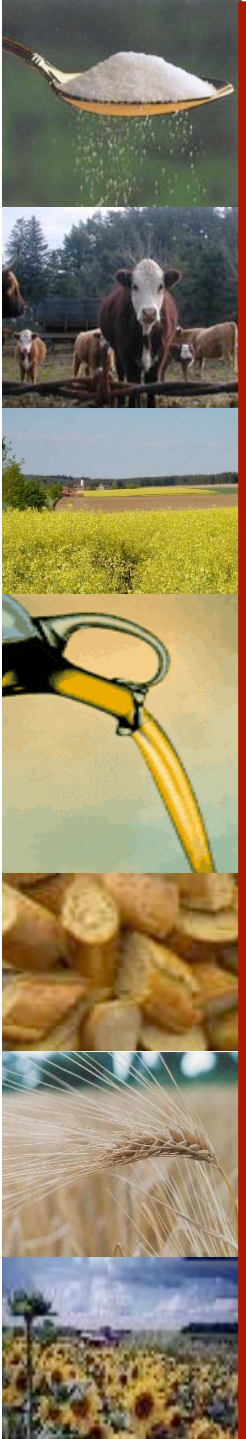
## What if There Is No Deal?

- Japan's beef tariff can and does go from 38.5% to 50%
- Korea's beef tariff could increase from 30% to 40%
- Philippines beef tariff could increase from 10% to 40%
- In-quota tariff on pork in Barbados can go from 0% to 184%



## What if There Is No Deal?

- Plethora of bilateral deals will give preferential access to our competitors
- A world of litigation and challenge
- Lost faith in the WTO as an institution



# *My Future is Global*

- **Our Future is Global**
- **We all have a stake in these negotiations**
- **We all need to be involved**



# My Future is Global



  
**CAFTA**