Facts on Doha Round

Office of the United States Trade Representative www.ustr.gov
Doha Development Agenda Policy Brief – October 2005

U.S. Proposal -- WTO Agriculture Negotiations

The United States proposes ambitious results in all three pillars of the agriculture negotiations: export competition, market access, and domestic support. The U.S. proposal is contingent on comprehensive reform in all pillars and meaningful commitments by all members, except the least developed countries. Special and differential treatment and other provisions of the July 2004 Framework will be developed in the negotiations to complement the elements below.

Timing

- Two stage process: initial stage of significant reductions in tariffs and trade-distorting domestic support, and elimination of export subsidies, followed by a second stage of reductions culminating in the full elimination of remaining tariffs and trade-distorting domestic support.

- First Stage: tariff and subsidy reductions would be phased-in over 5 years.

- Interlude: reductions pause for five year period for review of effects of first stage reforms.

- Second Stage: Unless Members agree to change course, further tariff and trade-distorting domestic support reductions would begin after the interlude, culminating in the total elimination of remaining measures after a 5 year phase-in period, which include safeguard mechanisms to assist transitional adjustment.

Domestic Support

- Amber Box: 60% reduction in the total Aggregate Measurement of Support (AMS) for the United States.

- AMS cuts will be based on harmonization principle agreed to in the July 2004 Framework, requiring the deeper cuts by the larger subsidizers. Cuts will be based on the following parameters:

Bound AMS level (billion U.S. dollars)	Reduction
$25 -	83%
$12 - $25	60%
$0 - $12	37%

- This provides for a more equitable balance by reducing the disparity in allowed AMS between the United States and the EU from a ratio of 4:1 to a ratio of 2:1.

- Blue Box: Cap on "Blue Box" programs at 2.5% of the total value of agriculural production, instead of 5% as set in the July 2004 Framework.

- *de minimis:* product-specific and non-product-specific *de minimis* cut by 50%.

- Product-specific caps: establish product-specific AMS cap on 1999 – 2001 base.

- Overall reduction in trade-distorting domestic support: substantial reductions in the sum of the allowed level of the amber box, blue box, product-specific *de minimis*, and non-product-specific *de minimis* based on the following parameters:

Overall allowed level (billion U.S. dollars)	Reduction
$60 -	75%
$10 - $60	53%
$0 - $10	31%

- Green Box: no material changes in Green Box, specifically no expenditure caps.

- Litigation protection ("peace clause") for subsidy programs that stay under the new limits or conform to "green box" criteria.

- Special and Differential Treatment. Slightly lesser reduction commitments and longer phase-in periods for developing countries to be determined when base parameters for developed country commitments established. Review of "green box" criteria to specify inclusion of non-trade-distorting development policies.

Market Access

- Balancing the new proposal on domestic support, substantial reductions will be made in tariffs, yielding deeper cuts on higher tariffs as established in the July 2004 Framework, through a progressive formula based on the following parameters:

Developed Countries

Tiers (%)`	Cuts at …	
	… beginning of tier	… end of tier
0 – 20	55%	65%
20 – 40	65%	75%
40 – 60	75%	85%
60 →	85%	90%

Cap: 75%

Developing Countries

Tiers (%)	Cuts at …	
	… beginning of tier	… end of tier
0 – 20	a	b
20 – 40	b	c
40 – 60	c	d
60 →	d	e

Cap: x%

- Minimal number of "sensitive products" subject to lesser tariff reductions: 1% of tariff lines, with full compensation via TRQ expansion.

- Meaningful access provided for priority products in key markets through the agreed formula, sectoral initiatives, and bilateral negotiations.

- Developing countries will be subject to slightly lesser reduction commitments and longer phase-in periods to be determined when base parameters for developed country commitments are established. Developing countries must make meaningful commitments which reflect their importance as emerging markets.

- As outlined in the July 2004 Framework, establishment of Special Safeguard Mechanism and Special Products for developing countries to provide transitional protection from import surges while still providing meaningful improvement in market access.

Export Competition

- Export Subsidies: rapid elimination, no later than 2010 for all products with accelerated elimination for specific products.

- State Trading Export Enterprises: elimination of monopoly export rights, termination of special financial privileges, and greater transparency.

- Food Aid: broad discretion for donors to meet needs in emergency situations and low income countries, tighter disciplines to deal with other situations, but no requirement for "cash-only."

- Export Credits: bring government programs in line with commercial terms to prevent export subsidy.

- Differential Export Taxes: end discriminatory tax levels across exported products.