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Agricultural Trade Symposium

The WTO and America's Agricultural Trade Agenda

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The United States is committed to further reform of world agricultural trading rules and we are prepared to negotiate. In contrast to the preparatory phase for the Uruguay Round, the Uruguay Round's "built-in agenda" scheduled negotiations in agriculture and services to begin in 2000. While a new WTO Round was not launched at the Ministerial Conference in Seattle, we remain committed to using the built-in agenda's mandated start and any other opportunity to achieve our own interest in opening new markets and strengthening guarantees of fairness for America's farm and ranch families, and also to ensure for the world a reliable supply of food at market prices.

We have therefore set ambitious goals, in areas ranging from tariffs to export subsidies and treatment of biotechnology products. This article will review these goals; the process by which we have set our objectives; and our strategy, in particular our work internationally, to build consensus on achieving them.

I. AGRICULTURAL TRADE GOALS

American farmers are the most competitive and technically advanced in the world, producing far more than we can ever eat. As we have been reminded with the Asian financial crisis, trade liberalization is not a guarantee against market fluctuations. And as every farmer knows, trade liberalization does not guarantee good weather or high prices. To guard against these fluctuations, we must retain the capacity to provide a farm safety net.

But the safety net is not enough. Trade liberalization creates the opportunities that our farmers and ranchers need for

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growth. We must have the ability to export to the 96 percent of humanity that lives beyond our borders. In fact, with one in three American farm acres now producing for foreign markets, we must export to remain profitable at home.

These realities are the foundation of our agricultural trade policy. We have sought to:

- reduce tariffs and other barriers to trade;
- ensure that sanitary and phytosanitary standards are based on science;
- promote fair trade by reducing foreign export subsidies and trade-distorting domestic supports;
- ensure greater transparency and fairness in state trading; and
- help guarantee that farmers and ranchers can use safe modern technologies, in particular biotechnology, without fear of trade discrimination.

II. URUGUAY ROUND ACHIEVEMENTS

We have pursued these goals in negotiations with all of our major bilateral trading partners in a wide range of commodities and in the regional initiatives we have opened in the Western Hemisphere, Asia, Europe and Africa. At the heart of our work, however, is the construction of a world trading system that opens markets for farmers and ranchers; reduces unfair trade practices; ensures that our trading partners do not use unscientific sanitary and phytosanitary measures to block American goods, while ensuring that consumers in the United States and around the world have the highest possible standards of food safety; and gives us strong and credible means of settling disputes.

The completion of the Uruguay Round in 1994 marked the first major step toward such a trading system. Under the Uruguay Round's Agreements on Agriculture and the Application of Sanitary and Phytosanitary Measures (SPS), we lowered tariffs and are on track to eliminate most quantitative restrictions. We reduced trade-distorting subsidies. We ensured that all WTO members — 110 at the time, 135 today — would use science-based sanitary and phytosanitary measures to protect human, animal and plant health rather than to bar imports. And we created a strong dispute settlement system, which we have now used thirteen times in the past four years to enforce the Agriculture and SPS Agreements, on issues ranging from fruit sales to Japan, to pork in the Philippines, to dairy in Canada, and of

course the still unresolved banana and beef hormone cases with the European Union.

Prior to the Uruguay Round, the losing party in a trade dispute could block the adoption of the dispute panel report. Under the Dispute Settlement Understanding, however, panel rulings are binding, which means the WTO rules are enforceable. The result is a greater willingness of countries to bring cases forward, a process which clarifies the rules and improves compliance. Knowing that panel decisions are binding, countries may also be more likely to settle early, as happened in the Philippines pork case.

Two examples serve to illustrate the important benefits to U.S. agriculture. Japan required tests of each variety of certain fruits for pests, which the WTO ruled had no scientific basis. The case established a valuable precedent that will be useful in future challenges against thinly veiled protectionist measures directed at our agricultural exports. Japan's compliance with the WTO rulings will help our growers export more than \$50 million a year of apples and other products to Japan.

In the Canada dairy case, the United States complained that Canadian government subsidies for exports of dairy products are inconsistent with the Agreement on Agriculture. In addition to the specific ruling against Canada's subsidies, which will reduce unfair export competition in dairy products, the panel has usefully clarified the rules on agricultural export subsidies in a way that makes circumvention of the rules more difficult.

The Uruguay Round has done a great deal to create a foundation of commitments to open markets, fair trade, respect for science and an enforceable rule of law. But while this is a very strong beginning, we are very far from done.

III. DOMESTIC CONSULTATIONS

In the next decade, we can and should go well beyond the achievements of the 1990s in aggressive reform of agricultural trade. Wherever and whenever we can, we will use our opportunities to make trade more open for our farmers and ranchers; encourage the most advanced and environmentally friendly agricultural technologies; and ultimately to increase the world's food security.

Over the past 18 months, we have pursued a methodical strategy which has moved us, step by step, towards these objectives. This began with our successful effort at the May 1998

WTO Ministerial to renew the formal commitment by WTO members to continue the agricultural reform process as called for in the Uruguay Round and ensure that implementation of existing agreements would receive priority attention.

We then opened a long series of consultations with Congress, agricultural producer and commodity groups and others interested in the Round to seek advice on the goals and priorities we should set. This included publishing notices in the Federal Register seeking public comment on agricultural and other policy goals.

We also held a series of Listening Sessions with the Department of Agriculture focusing specifically on agriculture this June and July. In these sessions, senior USTR officials and agricultural negotiators visited Indianapolis, Indiana; Des Moines, Iowa; Winter Haven, Florida; St. Paul, Minnesota; Memphis, Tennessee; Austin, Texas; Sacramento, California; Richland, Washington; Kearney, Nebraska; Newark, Delaware; Burlington, Vermont; and Bozeman, Montana to hear directly from farmers, ranchers and others on the specific issues and commodities they felt should be our top negotiating priorities.

IV. U.S. TRADE NEGOTIATING GOALS FOR AGRICULTURE

Having completed these sessions, we then developed a set of specific proposals which together form an ambitious agenda for agricultural negotiations. They will address the major concerns raised in our consultations, including worldwide tariff disparities; reform of Europe's Common Agricultural Policy, which is the world's largest single distortion of agricultural trade; the reduction in market transparency and competition created by state trading monopolies; and ensuring fair treatment for trade in biotechnology.

We tabled these proposals in August at the WTO in Geneva, proposing that agricultural negotiations:

- Completely eliminate, and prohibit for the future, all remaining export subsidies as defined in the Agreement on Agriculture;
- Substantially reduce trade-distorting supports and strengthen rules that ensure all production-related support is subject to discipline, while preserving criteria-based "green box" policies that support agriculture while minimizing distortion to trade;

- Lower tariff rates and bind them, including but not limited to zero/zero initiatives;
- Improve administration of tariff-rate-quotas;
- Strengthen disciplines on the operation of state trading enterprises;
- Improve market access through a variety of means to the benefit of least-developed Members by all other WTO Members; and
- Address disciplines to ensure that trade in agricultural biotechnology products is based on transparent, predictable and timely processes.

We have requested a number of studies from the U.S. International Trade Commission on the barriers that confront U.S. agriculture around the globe. In addition, agriculture is included in the request made to the ITC for advice on market access negotiations. Normally, this advice (which is required by statute) would be requested once negotiations are launched. We determined that in order to be ready, we should have the advice in hand before negotiations begin.

V. BUILDING INTERNATIONAL CONSENSUS

At the same time, we are working to build international consensus on our goals. The process includes these two elements: creating the broadest possible coalitions in support of our specific goals in agriculture; and setting concrete precedents for our goals in the negotiations through our regional trade initiatives and negotiations on new accessions to the WTO.

A. DEVELOPING CONSENSUS ON GOALS

We have worked to build the largest possible degree of consensus on our goals in agriculture. We have been focusing on the substantive problems with implementation and our goals for further reform. We called for building upon the basic structure of the Uruguay Round disciplines on agriculture — market access, domestic supports and export subsidies — and our trading partners seem to accept this fundamental approach for new negotiations.

We want to work closely with Congress and the private sector to determine the best way to mold the various measures affecting agricultural trade into detailed negotiating plans. The advice from the International Trade Commission will be useful to help us test possible approaches and build consensus for new initiatives. For example, we have already been approached

about sectoral initiatives in some areas and other approaches. We need to continue to work to refine the elements of our negotiating plans to meet these objectives.

In addition to our work at the WTO in Geneva, we have used the opportunities created by our regional trade initiatives and major international meetings (e.g. the US-Africa Ministerial in Washington this March; the NAFTA Ministerial in Ottawa in April; Free Trade Area of the Americas conferences; the US-EU Summit this spring; the Quad meeting in Tokyo; the OECD Ministerial; Cairns Group meetings; and most recently the APEC meeting in New Zealand in September) to build support for our goals in market access, subsidies and biotechnology. Some examples include:

- Asia-Pacific — At the APEC Ministerial this fall, we won a commitment by all 23 APEC Trade Ministers, including those of Japan, Canada, Mexico, the ASEAN states, South Korea and others, to take a joint stand for the “abolition of agricultural export subsidies,” and to promote “transparent and science-based approaches to the introduction and use of biotechnology products.”
- Africa — This March, we hosted an historic US-Africa Ministerial, at which we found common ground with many African trading partners on agricultural market access issues. Likewise, we have support from a number of African countries on elimination of export subsidies — which are especially damaging to developing country farmers.
- Europe — Clearly, many of our most difficult negotiating challenges in agriculture will be with the European Union. However, we are working to develop consensus in as many areas as possible. Under the Transatlantic Economic Partnership discussions, we opened a pilot project to enhance transparency and access to regulatory procedures, under which we will strive to agree on common data requirements for the acceptance of biotechnology products.
- Western Hemisphere — We are working towards commitment from every Western Hemisphere nation participating in the FTAA talks (with the exception of Cuba) to work for elimination of export subsidies globally, and have developed wide support for this goal.

B. WTO ACCESSIONS

Finally, thirty-one economies are now applying for accession to the WTO. In each of these we are requiring full compliance

with the provisions of the Agreement on Agriculture as well as significant market-opening measures, immediate acceptance of the Sanitary and Phytosanitary Agreement, and improved transparency in any existing state trading arrangements.

Specifically, in the past year we have brought Kyrgyzstan and Latvia into the WTO; completed negotiations with Estonia, with accession pending its Parliamentary ratification of the accession agreements; completed bilateral negotiations with Taiwan, Georgia and Albania; and made significant progress with Armenia, China, Croatia, Jordan, Lithuania, Moldova and Oman.

In the case of China, which is of course the largest prospective new economy in the WTO, while some services and rules issues remain for discussion, agricultural negotiations are complete and include a very strong set of commitments in market access, renunciation of export subsidies, tariff-rate quotas and other issues. These negotiations resumed at the direction of Presidents Clinton and Jiang at the APEC Leaders Meeting in September.

VI. CONCLUSION

In summary, we have developed a set of negotiating objectives which reflect the advice and priorities we have received from Congress and American agricultural producers; set precedents on our objectives in our accession negotiations, and begun to build the international coalitions that will realize our goals in agricultural negotiations. Much work remains ahead. We look forward to negotiating results which lead to a fairer, more open trading world for America's farm and ranch families.

