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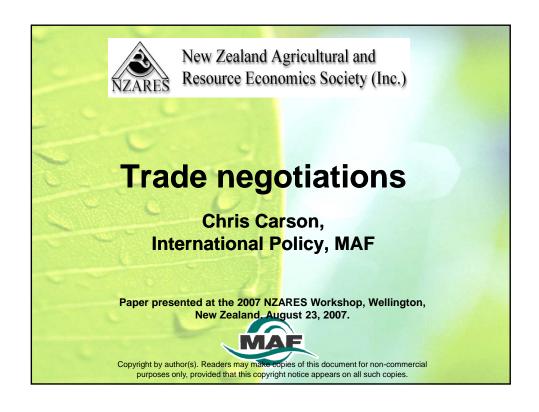
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## Why do we enter into trade negotiations?

## Exports as a percentage of production

Lamb	90	Butter	72
Wine	56	Cheese	91
Milk powder	89		

50% merchandise exports are agricultural

## What does the trading environment look like?

Very high tariffs remain on many agricultural products

## Weighted average bound over-quota tariffs

Product	Export \$m	Tariff %	Product	Exports \$m	Tariff %
SMP	1,209	93	Beef	1,815	32
WMP	2,290	78	Sheepmeat	2,522	57
Butter	925	71	Kiwi	759	12
Apples	663	4	Wool	318	20

Export subsidies - EU up to \$4.4 billion on dairy products

Domestic support- EU \$130 b, US \$28 b, Japan \$50 b

# What has New Zealand got to offer others?

- 4 million people in an isolated market
- Low tariff protection already (10% maximum tariff by 2009)
- Exports others' "sensitive" products dairy, meat, forestry

## So what can we do about it?

Multilateral track

Bilateral track

	average bo	una <u>over</u>	-quota tariffs		
Market	Exports \$m	Tariff %	Market	Exports \$m	Tariff %
EU-15	3,924	44	Korea	581	3
US	2,565	23	Taiwan	527	1.
<u>Australia</u>	1,688	0	Indonesia	426	12
Japan	1,545	42	Mexico	407	7
China	1,031	15	Philippines	406	2
Non-agricul Services/Inv	vestment sues, SPS, easons	cts, includ	ing forestry pr	oducts	

## Completed bilateral negotiations

- Australia
- Thailand
- P4 Chile, Singapore, Brunei

# **Current bilateral negotiations**

- China
- ASEAN/CER
- Gulf Cooperation Council
- Malaysia

# Possible future negotiations

- US?
- Mexico?
- Korea?
- Japan?
- EU?
- India?

## Multilateral track

## WTO Uruguay Round

- benefits about \$1 billion per year
- export subsidies
- tariff quotas
- tariff reductions
- intangibles SPS, dispute settlement, ...

# Doha Round Doha 2001 Cancun 2003 Geneva 2004 Hong Kong 2005 Geneva 2006 – suspension Geneva 2007 – draft texts

## What's on the table at the moment?

Tariff cuts [48-52]% to [66-73]%

Tariff quota expansion [4-6]% of domestic consumption

Domestic support cuts - US to US\$13.4 billion

Export subsidy elimination by end 2013

### But also gaps

- · details around tariff quota expansion
- · developing country market access

## **Outlook for the Doha Round**

Who are the "majors" and where do they stand?

- US
- EU
- Brazil
- India
- ACP, G10, G33

## **United States**

- 2006 Congress and House elections
- 2007 expiry of Trade Promotion Authority
- 2007 treatment of FTAs by Congress
- 2008 Presidential campaign
- Trade Adjustment Assistance Act

Who is really pushing for a Round?

## Possible influence of dispute settlement

**US – Upland Cotton dispute** 

US - Domestic Support dispute...

## US domestic support levels – allowance \$19,103 million

	2000	2001	2002	2003	2004	2005
Total AMS (notified)	16,803	14,413	9,688	7,174	12,071	12,482
Emergency/ CCPs	5,463	4,640	1,803	544	4,224	5,224
Direct payments	5,068	4,100	3,968	3,857	5,278	5,236
Total AMS (disputed)	27,334	23,153	15,459	11,575	21,573	22,942

## The future...

## Ongoing role for trade negotiations

## Emerging issues:

- Consumer focus, .e.g. animal welfare, sustainability, food miles, illegal logging
- Biofuels influences short- or long-term?

# MAF/MFAT role • Analysis of strategy and options • Advocacy of New Zealand positions • Stakeholder liaison