

Future of Agriculture Trade

Farm Foundation Roundtable

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Agenda

- Trade Agreements:
Some Context
- Importance of Trade to
U.S. Agriculture
- Trade and Global Food
Security



A world map with a light green background. The map is color-coded into several regions: North America (USA and Canada) is dark green; South America is light green; Europe, Africa, and Australia are dark green; Asia and Oceania are yellow; and India and Southeast Asia are grey. The text 'Trade Agreements: Some Context' is overlaid in the center-left of the map.

Trade Agreements: Some Context

General Agreement on Tariffs and Trade (GATT)

- Post-WWII conference results in creation of World Bank, International Monetary Fund, and General Agreement on Tariffs and Trade.
- International cooperation through economic linkages critical to avoiding future wars.

Year	Place/ name	Subjects covered	Countries
1947	Geneva	Tariffs	23
1949	Annecy	Tariffs	13
1951	Torquay	Tariffs	38
1956	Geneva	Tariffs	26
1960-61	Dillon Round	Tariffs	26
1964-67	Kennedy Round	Tariffs, anti-dumping	62
1973-79	Tokyo Round	Tariffs, non-tariff measures, "framework" agreements	102
1986-94	Uruguay Round	Tariffs, non-tariff measures, rules, IP, dispute settlement, textiles, <u>agriculture</u> , creation of WTO, etc.	123

Source: WTO, December 2015

Uruguay Round

“A round to end all rounds?”

- 7½ years of negotiations;
- Largest reform of world trade since GATT began;
- First to include agriculture (comprehensively).

September
1986:
Launched in
Punta del
Este,
Uruguay

December
1991:
First draft of
Final Act
completed

July 1993:
Quad achieve
market access
breakthrough
at G7 summit

April 1994:
Agreements
signed

December
1990:
“Closing”
ministerial
meeting ends
in deadlock

November
1992:
US and EU
achieve “Blair
House”
breakthrough on
agriculture

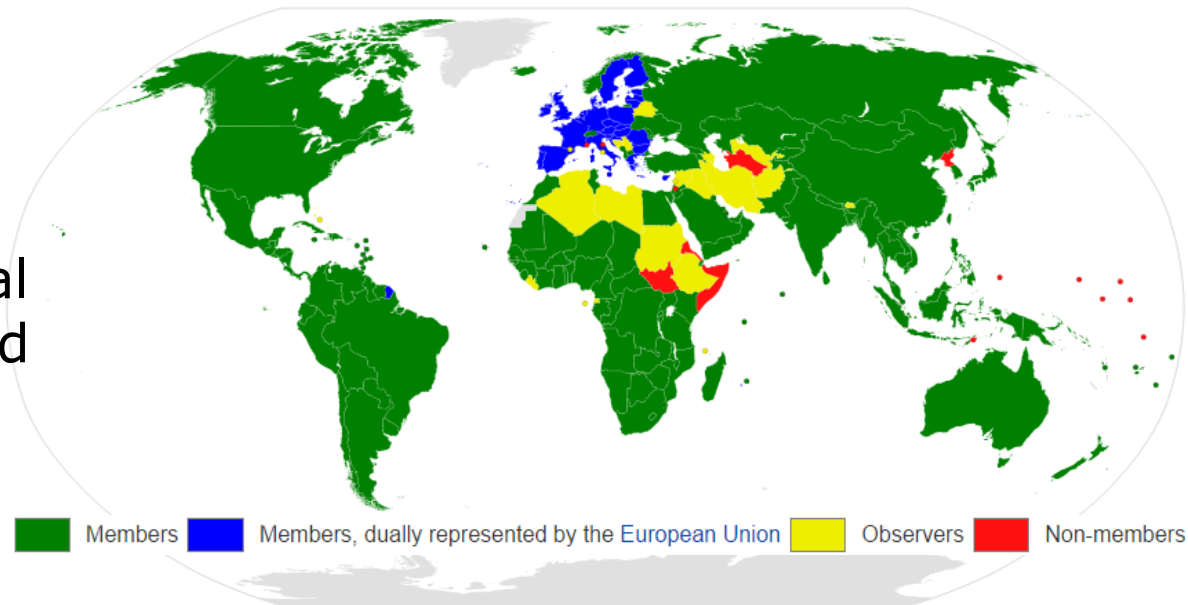
December
1993:
Most
negotiations
end

January 1995:
WTO created,
agreements
take effect

Source: WTO, December 2015

World Trade Organization (WTO)

- Founded 1995 – emerged from GATT and the Uruguay Round.
- 162 member countries; accession is earned, not guaranteed.
- Requires consensus to conclude agreement.
- U.S. and EU are leaders – and often targets.
- 10 Ministerial Conferences since inception.
- “Most Favored Nation” and “National Treatment” enshrined in international agreements.



The Doha Development Agenda

Context

"Development" Agenda
launched in Nov. 2001

"Special and Differential
Treatment" underpins
negotiations

Leads to Developed vs.
Developing Country
dynamic

Requires consensus

Content

Three Pillars:
Agricultural goods,
manufactured goods, and
services

Ambitious – market
access, subsidies
reduction, IPR, trade
facilitation, GIs...

Ag is the most
contentious – tariffs and
subsidies

Progress

Slow, contentious,
missed deadlines

Low-hanging fruit agreed
to in Bali (Dec. 2013) –
Trade facilitation,
Agriculture, Least
Developed Countries

Nairobi Dec. 2015: Doha
mandate dropped, minor
ag progress

The Failure of Doha

- 14 years of negotiations;
- U.S. urged abandoning DDA – rules of engagement outdated;
- WTO to “find new ways to advance negotiations”;
- Some agreement: SSM; end export subsidies; export credit financing; food aid;
- Next steps rather unclear at this time.



Global Trade Liberalization Progress Tenuous

- WTO stymied – structure/overtaken by events / path forward unclear.
- Bilateral/regional agreements proliferate – uneven scope/quality.
 - 619 notifications to WTO to date.
 - U.S. involved in only 14 FTAs with 20 countries.
- Rising protectionism (G-20 example) – WTO dispute resolution function future?
- Some reason for optimism – “modern” agreements, self-selected, like-minded participants, expandable (TPP, T-TIP).

“21st Century Trade Agreements”

TPP

- 12 member countries – 40% of global GDP and 1/3 of world trade;
- Beyond tariffs and quotas – includes IP, SOEs, cross-border data flows, SPS measures, financial services, E-commerce, environment, regulatory coherence, and more;
- Grants new, enhanced, expanded market access.

T-TIP

- Negotiations between U.S. and EU – 50% of global GDP and 30% of world trade;
- Addresses market access and regulatory issues, non-tariff barriers including customs procedures and behind border regulatory restrictions, labor, environment, IP, SOEs, rules of origin, and more.

Why TPP Matters

A high quality agreement provides **incentives for others to join**: Indonesia, Philippines, Taiwan, South Korea, Thailand, China have expressed interest.

12 members today	→	40% of global GDP and 1/3 of trade
18 members (future)	→	60% of global GDP and 54% of trade

Expanded economic integration **reduces geopolitical tensions**—improves national and global security—countries engaged in commerce less likely to engage in hostilities.

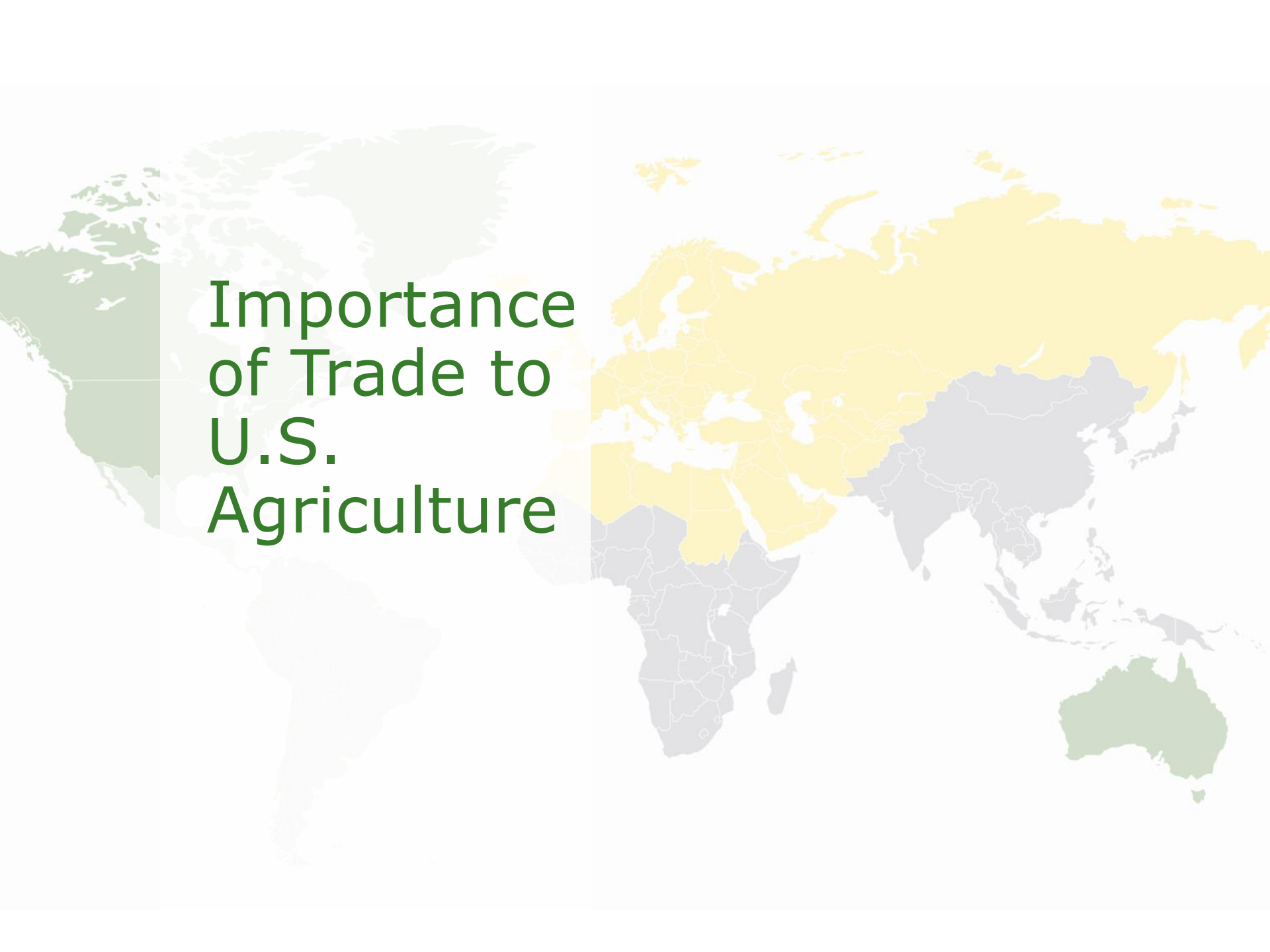
TPP **drives the international trade agenda** today. Failure to conclude seriously undermines TTIP... stalls global trade liberalization.

Role of Agriculture in TPP

How TPP Benefits U.S. Agriculture

- Eliminates foreign taxes (tariffs) on the vast majority of U.S. exports of food and agricultural products.
- Provides new, commercially meaningful market access.
- Eliminates all agricultural export subsidies.
- Discourages countries from imposing export restrictions.
- Ensures food safety, animal health, and plant health measures are developed and implemented transparently in a science-based manner based on risk.
- Works together in the WTO to improve transparency around the operations of agricultural export state trading enterprises.

Source: USTR, 2015



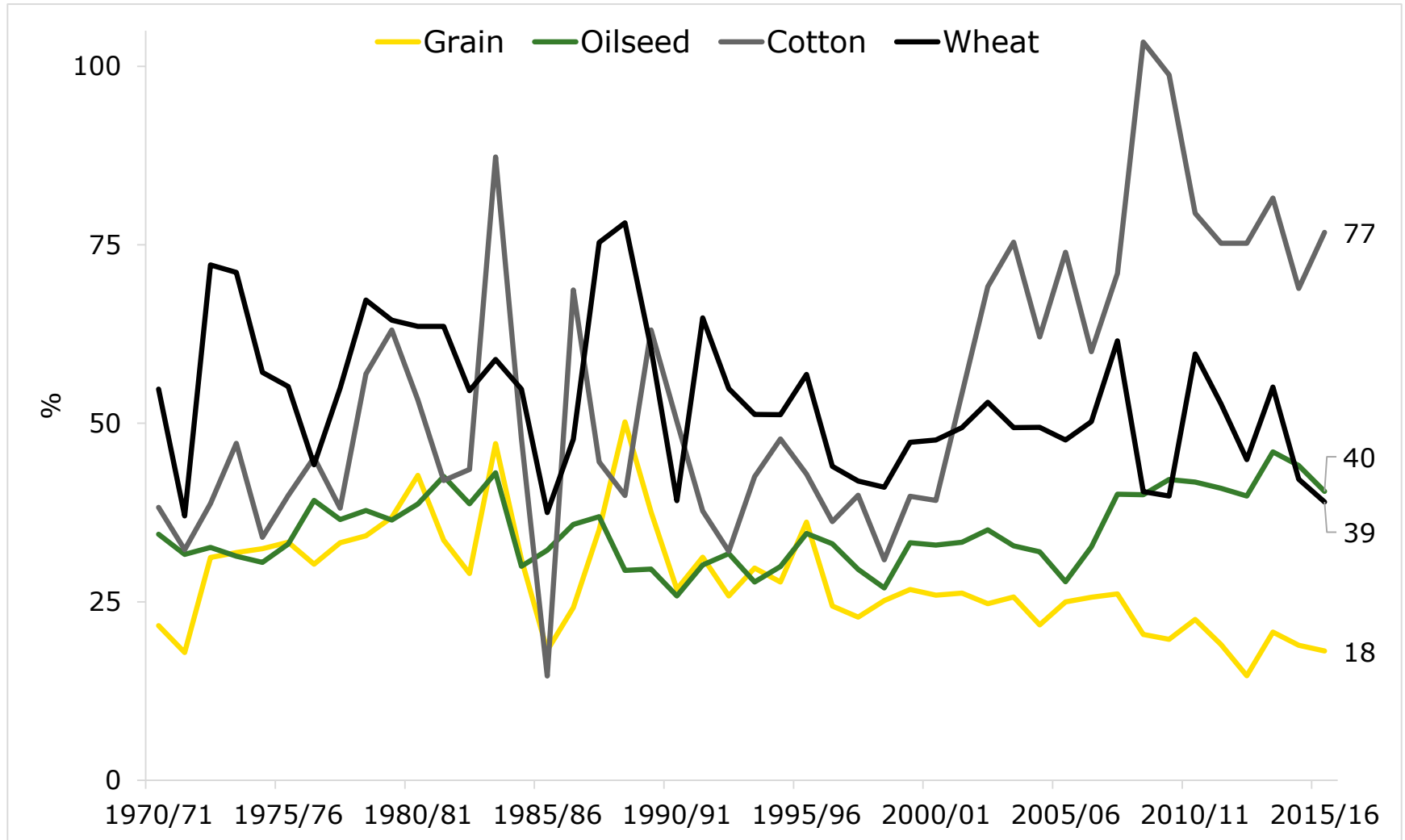
Importance
of Trade to
U.S.
Agriculture

Importance of Trade to U.S. Agriculture

- Export sales are 36% of total agricultural sales in 2014.
- Food/ag exports exceeded \$150 billion in 2014, up 152% from 2004.
- One dollar of ag exports stimulates another \$1.22 in business activity (2013).
- Ag exports support over 1 million full-time U.S. jobs, both on and off the farm (2013).
- 95+% of global consumers live outside U.S. – Asia-Pacific region world's largest food market and most rapidly growing.

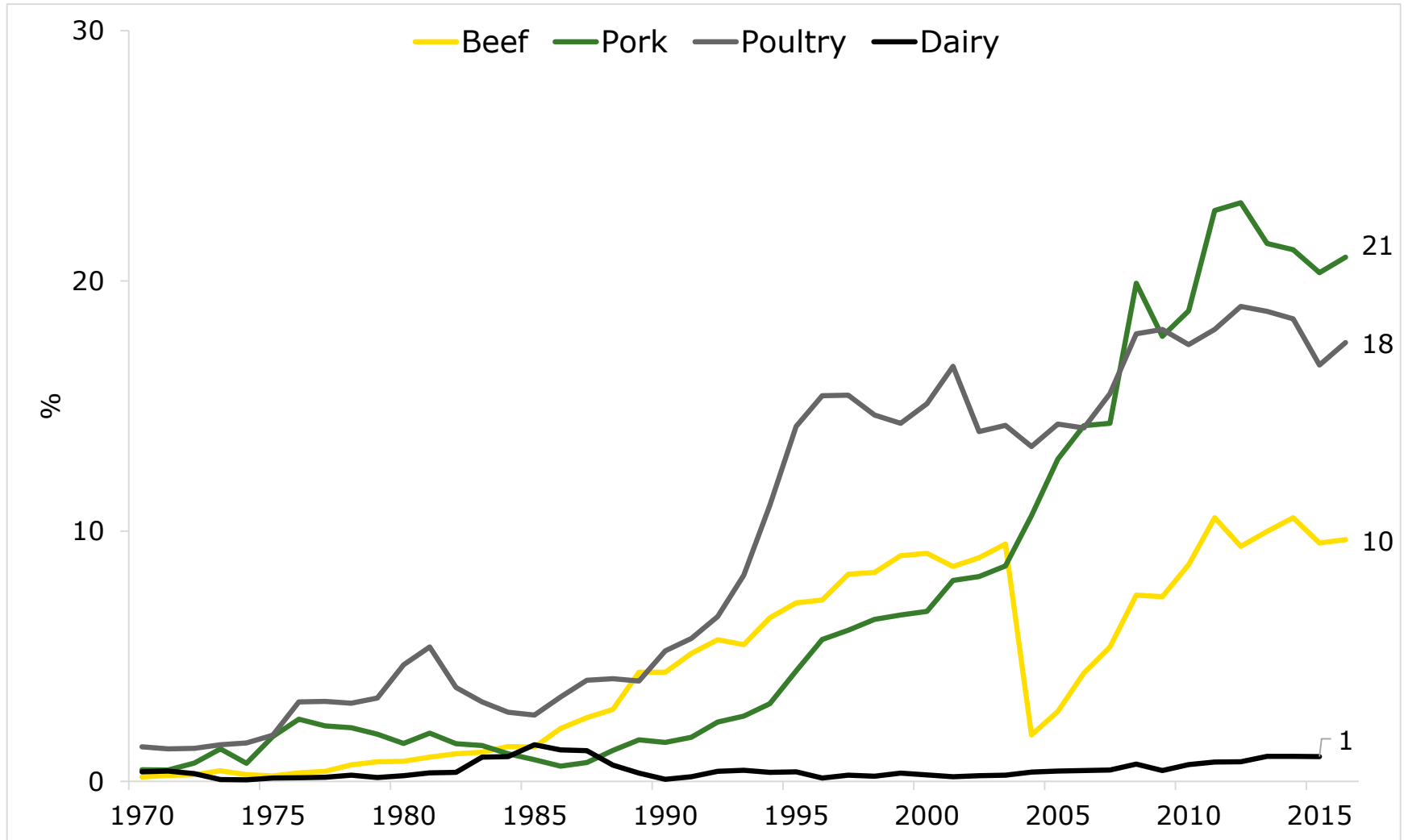
Source: USTR, USDA FAS, 2015

U.S. Exports - % of Production Exported



Source: USDA Foreign Agricultural Service, December 2015

U.S. Exports - % of Production Exported



Source: USDA Foreign Agricultural Service, December 2015



Trade and Global Food Security

Global Food & Agricultural Trade

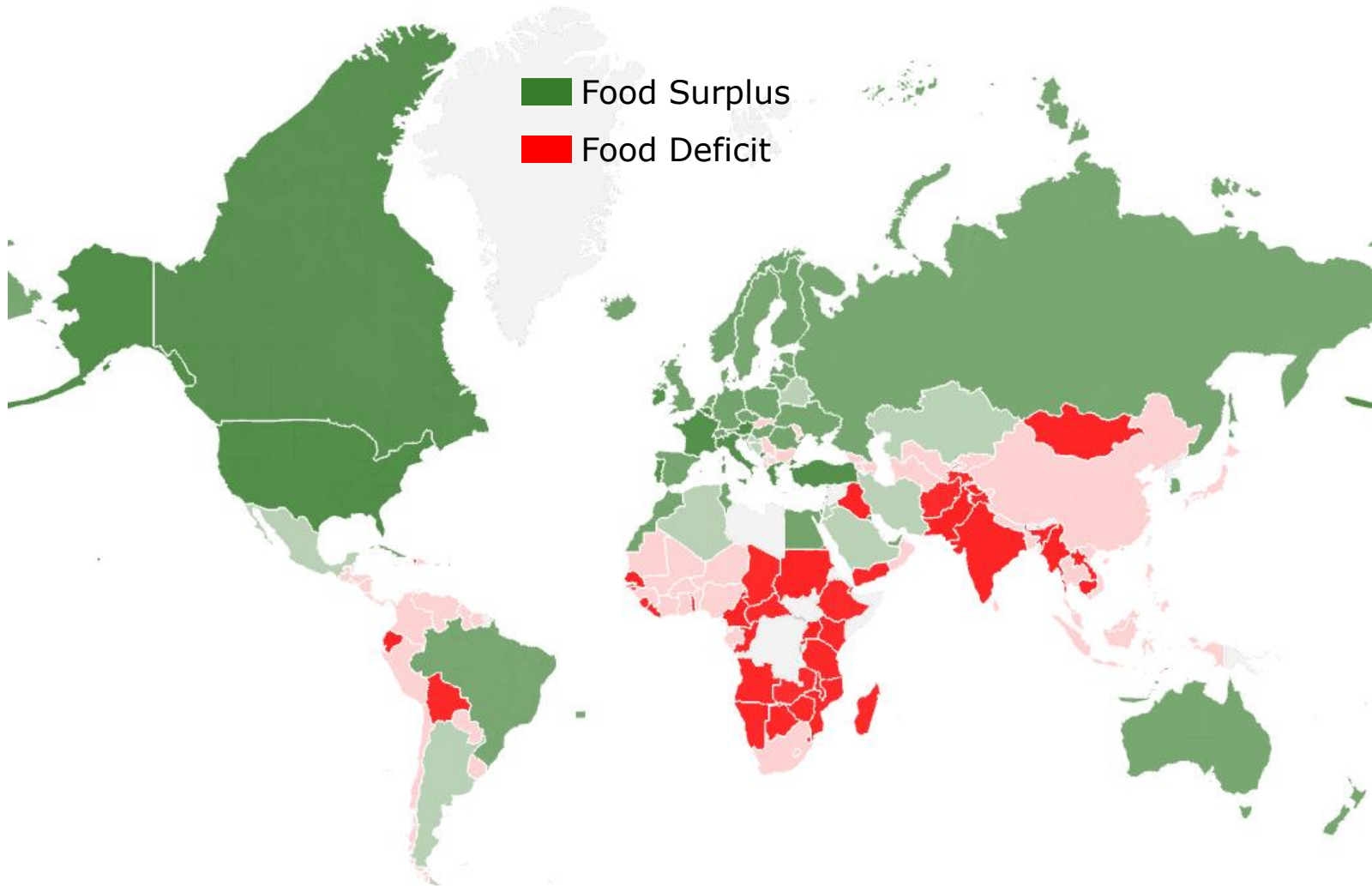
Export Value



Source: USDA Foreign Agricultural Service, UN Commodity Trade Statistics, December 2015

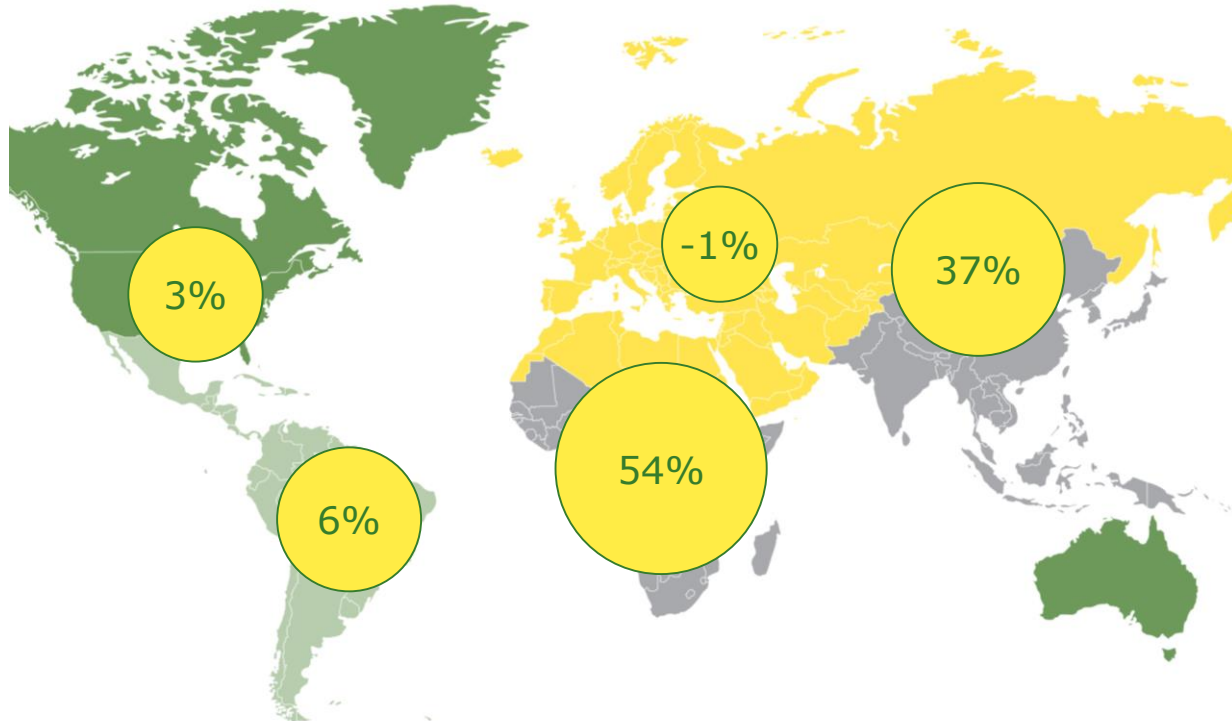
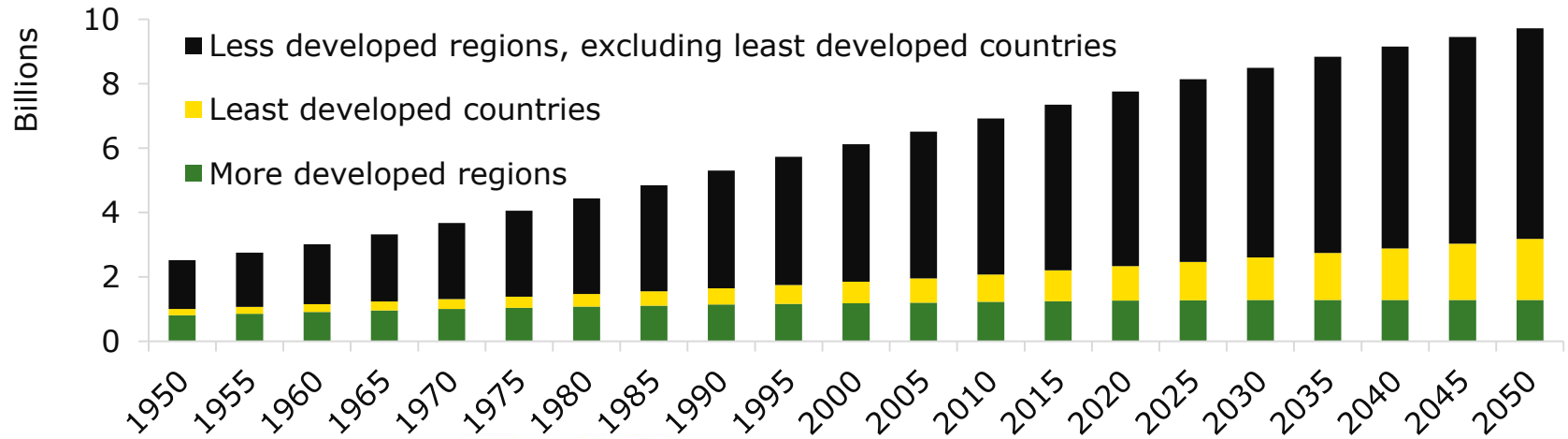
Global Food Security

Food Surplus and Deficit Countries



Source: Food and Agriculture Organization (FAO), December 2015

Population Growth and Distribution



Summary

- Continued trade liberalization contributes importantly to global economic growth.
- Recent multilateral progress tenuous – some reason for renewed optimism.
- TPP and T-TIP hold considerable promise – some rejuvenation of WTO (maybe?).
- Market access expansion critical to U.S. Ag sector financial health and growth.



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