

Institute for Agriculture and Trade Policy

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9 July 2004

Your Excellencies,

On 30 June, Ambassador Tim Groser presented to a special session of the Committee on Agriculture the results of his informal consultations on a “framework agreement” for further agricultural negotiations. Former U.S. Trade Representative Clayton Yeutter said one advantage for negotiators of a framework agreement “is that no one knows what a framework means, so whatever they come up with they can call a framework”. We write to urge you to reject this negotiating “advantage” and to refuse to agree to a framework whose lack of specificity risks becoming a noose that will strangle the food security and rural employment objectives of the Doha Agenda.

We understand that you are under great pressure to produce a framework agreement, if only because failure to come to an agreement could be depicted as a “lost year” for negotiations and a loss of prestige for the WTO as a negotiating venue. However, far worse than such a “lost year” would be another “lost decade for development” that could result from a bad framework agreement. If a framework allows unfair trading practices, while market access opportunities are promised but not realized, as happened under the Uruguay Round, then the temporary setback of continuing to work with the Doha mandate rather than a new framework agreement seems a very small price to pay.

The Institute for Agriculture and Trade Policy (IATP) joined other NGOs in a 24 June letter to decry the proposed expansion of the Blue Box, opposition to which Ambassador Groser defines as a “deal breaker” for a framework agreement. As it is, the U.S. government is unable to enforce rules on its farm payments program, according to 16 June testimony by the General Accounting Office to the U.S. Senate (see <http://www.gao.gov/new.items/d04861t.pdf>). Even with the expanded Blue Box proposed by the United States, the U.S. might still exceed payment limits,

given this inability to enforce payment rules (which is also a factor in tardy U.S. notifications to the Committee on Agriculture).

An expansion of the Blue Box to include U.S. counter-cyclical payments will prolong the existence of farm programs that are universally acknowledged to distort world markets by contributing to export dumping—the sale of agricultural commodities at less than cost of production prices. Such an expansion would also undermine the legitimate use of the Blue Box to prescribe viable production limits, another policy tool to help end dumping.

IATP has documented U.S. agricultural export dumping in detail and has proposed steps towards a phase-out of dumping (see “United States Dumping on World Agricultural Markets” at <http://www.tradeobservatory.org>). We are dismayed that the framework agreement includes no political commitment to develop multilateral rules against agricultural export dumping. IATP would welcome your leadership in proposing a commitment in the framework agreement to end agricultural export dumping.

IATP questions the value of market access concessions without a commitment from all WTO members to end agricultural export dumping. Even if the market access opportunities proposed in the framework agreement materialize, they are unlikely to offset the damage to food security and rural employment caused by the increased dumping that would result from greater market access to developing countries for food companies based in Organization for Economic Cooperation and Development member countries. Developing countries are struggling with meager technical assistance to develop the trade infrastructure to meet proliferating technical and sanitary/phytosanitary requirements to realize existing market access opportunities. Unless action is taken to outlaw dumping, greater market access to developing country markets will, in the words of the Friends of the Development Box at the Doha Ministerial, “import food insecurity and rural unemployment”.

If there is a lack of balance among the three pillars, not to mention a failure to include a commitment to implement special and differential treatment, than there will not be enough on offer for an appropriate framework. In effect, the United States and European Union are both asking for market access and yet are protecting their “sensitive products” while not committing to significant cuts to their domestic support.

In our view, an agreement at this stage should start from a few fundamental principles and commitments, not least a ban on all export dumping. Furthermore, until there is clarity on what real concessions will be made in the area of domestic support, export competition and special and differential treatment, we urge delegates not to negotiate in detail on other issues, particularly market access.

July 9, 2004

IATP would be glad to discuss any of these issues further. Please do not hesitate to contact us.

Respectfully,

Alexandra Strickner
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