



Facts on Global Reform

Office of the United States Trade Representative
Doha Development Agenda Policy Brief – July 2006

www.ustr.gov

DDA Fact Sheet – July 24, 2006

President Bush remains committed to a successful and ambitious outcome to the Doha Development Agenda (DDA)

- While Europe has not put forward meaningful proposals to generate real market access, the United States will not give up
- The President has instructed his trade representative to continue engagement with our trading partners to achieve the development and economic growth objectives that launched the Doha Round

FACTS:

- **The United States Has Been the Leader in Seeking to Promote Development Through the Doha Round of Trade Negotiations**
 - At the G-8 Summit in Gleneagles, President Bush said: ***“It’s very important for the world to hear very clearly the position of the United States and that is we want to work with the EU to rid our respective countries of agricultural subsidies.”*** (July 2005)
 - He reaffirmed this message at the United Nations General Assembly: ***“The United States is ready to eliminate all tariffs, subsidies and other barriers to free flow of goods and services as other nations do the same. This is key to overcoming poverty in the world’s poorest nations.”*** (September 2005)
 - At his speech to the Initiative for Global Development National Summit, he reiterated: ***“We’re ready to make the move on agriculture, and services, and manufacturing...now is the time for the world to come together and make this a free trading world, not only for the benefit of our own economies but as an important part of the strategy to reduce poverty around the world.”*** (June 2006)
- **A Key to Development through Trade is Agriculture**
 - The World Bank has estimated that 63% of goods trade gains for developing countries comes from agriculture and 93% of that benefit derives from greater market access.
- **The United States Has Lower Agricultural Tariffs than the EU or Advanced Developing Economies**
 - US average bound tariff = 12%
 - EU average bound tariff = 23%
 - Global average bound tariff = 62%
 - India’s average bound tariff = 114%

- **The United States Offered a Far Bolder Package of Ag Tariff Cuts than Anyone Else**
 - o The U.S. October proposal would require the developed countries to cut average agricultural tariffs by over 60%. Developing countries should offer a two-thirds reduction of this amount.
 - o By contrast, the EU – trying to protect its market – would offer a far more limited tariff cut of 39-48% for developed countries and less than two-thirds of that for advanced developing countries
 - o The EU and developing countries also propose substantial loopholes that could exempt many agricultural commodities from the tariff-cutting formulas altogether. For example, India's proposal would seek to shield up to 98 % of its agricultural imports from tariff reduction, while the EU's would result in little if any new market access for key commodities
- **The United States Has Fewer Trade-Distorting Agricultural Supports than the EU**
 - o Total 2005 US trade-distorting agricultural domestic support = \$12.5 billion with an allowed level of \$19.1 billion
 - o Total 2005 EU trade-distorting agricultural domestic support = \$33 billion (est.) with an allowed level of \$88 billion
- **The United States would make real cuts in allowed support in existing farm programs.**
 - o The U.S. has proposed to cut its most trade-distorting subsidies by 60%
 - o The EU proposal would not require any changes in its current farm programs