Agriculture and Trade Agreements

Agricultural Outlook Forum
February 25, 2016

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DTB Associates, LLP
Evolution of Regional Trade Agreements in the world, 1948-2015

Note: Notifications of RTAs: goods, services & accessions to an RTA are counted separately. Physical RTAs: goods, services & accessions to an RTA are counted together.
Source: WTO Secretariat.

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Who is Negotiating Agreements?

• EU – 37 agreements (93 countries)
• U.S. – 14 (20)
• Japan – 14 (18)
• Canada – 10 (13)
• China – 8 (15)
• Chile – 22 (54)
• Mexico – 9 (48)
• Peru – 12 (45)
• Brazil – 1 (5)

• And why?
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<th>FTA Partners</th>
<th>Rest of World</th>
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Total U.S. Agricultural Trade with Mexico

Exports (red) and Imports (blue) from 1994 to 2014.

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Total U.S. Agricultural Trade with Canada

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U.S. Pork Trade with Mexico

Million Dollars

DTB Associates, LLP
U.S. Poultry Trade with Mexico

Million Dollars

Exports

Imports
U.S. Soybean Trade with Mexico

Million Dollars

Exports
Imports
U.S. Fruit & Vegetable Trade with Mexico

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Trans-Pacific Partnership (TPP)

• Significant accomplishment
  – Ambitious in scope
  – Real liberalization, real economic opportunities

• Significance for future trade policy
  – Designed as “living agreement”
  – Interest from several countries (e.g., Korea, Taiwan, Thailand, Philippines, Costa Rica, China(?))
Trans-Pacific Partnership (TPP)

• SPS Chapter: WTO-plus provisions
  – Science and risk analysis
    • Assessment: Better definition; more detailed requirements
    • Management: Least trade-restrictive option
    • International standards
  – Border checks/laboratory testing
    • Frequency and nature of checks
    • Testing: 1) confirmatory test; 2) appropriate facility; 3) validated test methods
  – Transparency (notice & comment; implementation)
Trans-Pacific Partnership (TPP)

- Good agreement, deserving of passage.
- Rejection by Congress would be huge setback for U.S. trade policy.
- Caveat – market access package not up to normal U.S. standards.
- Exceptions
  - Japan: rice, beef, pork, dairy, wheat and sugar
  - Canada: dairy and poultry
  - Malaysia: poultry
  - U.S.: sugar and dairy

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Transatlantic Trade and Investment Partnership (TTIP)

• Good set-up for negotiation
• U.S. insisting on comprehensive scope – ag tariffs and SPS measures
  – Tariff protection less sensitive for EU than in past. However:
    • TPP may have lowered bar
    • EU has never done it before (TTIP offer)
  – SPS measures – Most major U.S. exports face SPS barriers (corn, soybeans, beef, pork, poultry, dairy)
• Danger – poor agreement on agriculture
Trade Policy Agenda for Agriculture

• Dirty little secret of FTAs: Tend to exclude agriculture
  – Tariffs
  – Subsidies
  – SPS rules

• Agenda item one: Ensure U.S. doesn’t go in same direction
Trade Policy Agenda for Agriculture

• Agenda item 2: Enforcement
  – U.S.: Three ag cases in past seven years
  – Issues – subsidies, non-tariff barriers, SPS barriers
  – Lack of action threatens to legitimize practices

• Agenda item 3: Re-establish WTO as negotiating forum
  – FTAs not long-term trade policy strategy
  – Doha dead, rules under attack
  – Need a positive agenda
THANK YOU