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# Developing Countries in Multilateral Trade Negotiations: What Stands in the Way of a Trade Agreement?

M. Ann Tutwiler  
USDA Agricultural Outlook Forum  
February 28, 2009

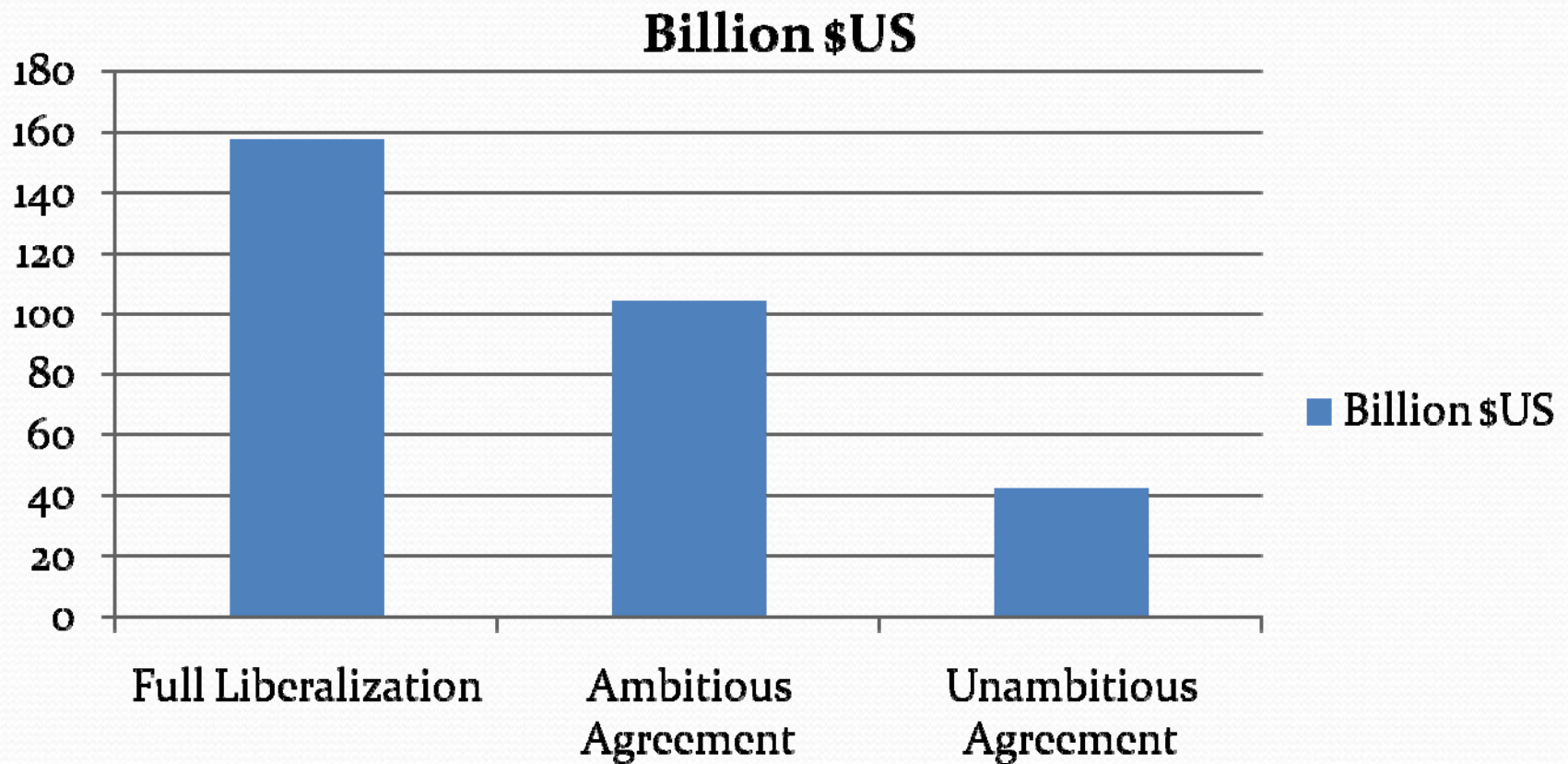
# Developing Countries Are Not a Homogeneous Group

| Grouping                     | Key Stance  |
|------------------------------|---|
| Group of Twenty              | Mostly offensive; represent interests of exporters                          |
| Group of Thirty-Three        | Mostly defensive; represent interests of importers                          |
| Group of Ninety              | Mostly defensive; represent interests of exporters with preferential access |
| Africa Group                 | Mixed offensive/defensive interests   |
| Small & Vulnerable Economies | Mostly defensive; represent interests of exporters                          |
| Recently Acceded Members     | Mostly defensive; no additional tariff cuts                                 |
| Net Food Importing Countries | Mostly defensive, concerned about food aid rules                            |

# Developing Countries Don't Have Homogeneous Concerns

- Brazil: wants deal at all costs
- India: faces national elections April 2009, fragile coalition government
- Argentina: worries more about protecting manufacturing than opening agricultural markets
- China: believes it already liberalized trade during WTO accession
- Africa: wants better deal on cotton; wants to be “in the room”

# Gains from “Unambitious” Agriculture Agreement Limited



Source: More or Less Ambition, IFPRI 2006, based on US/EU proposals 2005

# Tariff Cap of Limited Value

|                           | Canada                      | United States           | Europe             | Japan  |
|---------------------------|-----------------------------|-------------------------|--------------------|--|
| Tariff Lines Above 100%   | 87                          | 18                      | 43                 | 120  |
| Likely Sensitive Products | 80                          | All                     | 27                 | 73   |
| Categories                | Dairy, Meat, Processed Eggs | Peanuts, Tobacco, Dairy | Dairy, Beef, Sugar | Dried beans, Dairy products, Peanuts, Meat byproducts, Wheat, and Rice |

Source: How Useful Is Proposed Tariff Cap?  
Bridges, November 2008

# Limited Gains from Partial Cotton Reform

| Country            | Partial Reform | Full Reform   |
|--------------------|----------------|---------------|
| United States      | \$231 million  | \$429 million |
| Sub Saharan Africa | \$35 million   | \$147 million |
| Brazil             | \$2 million    | \$13 million  |

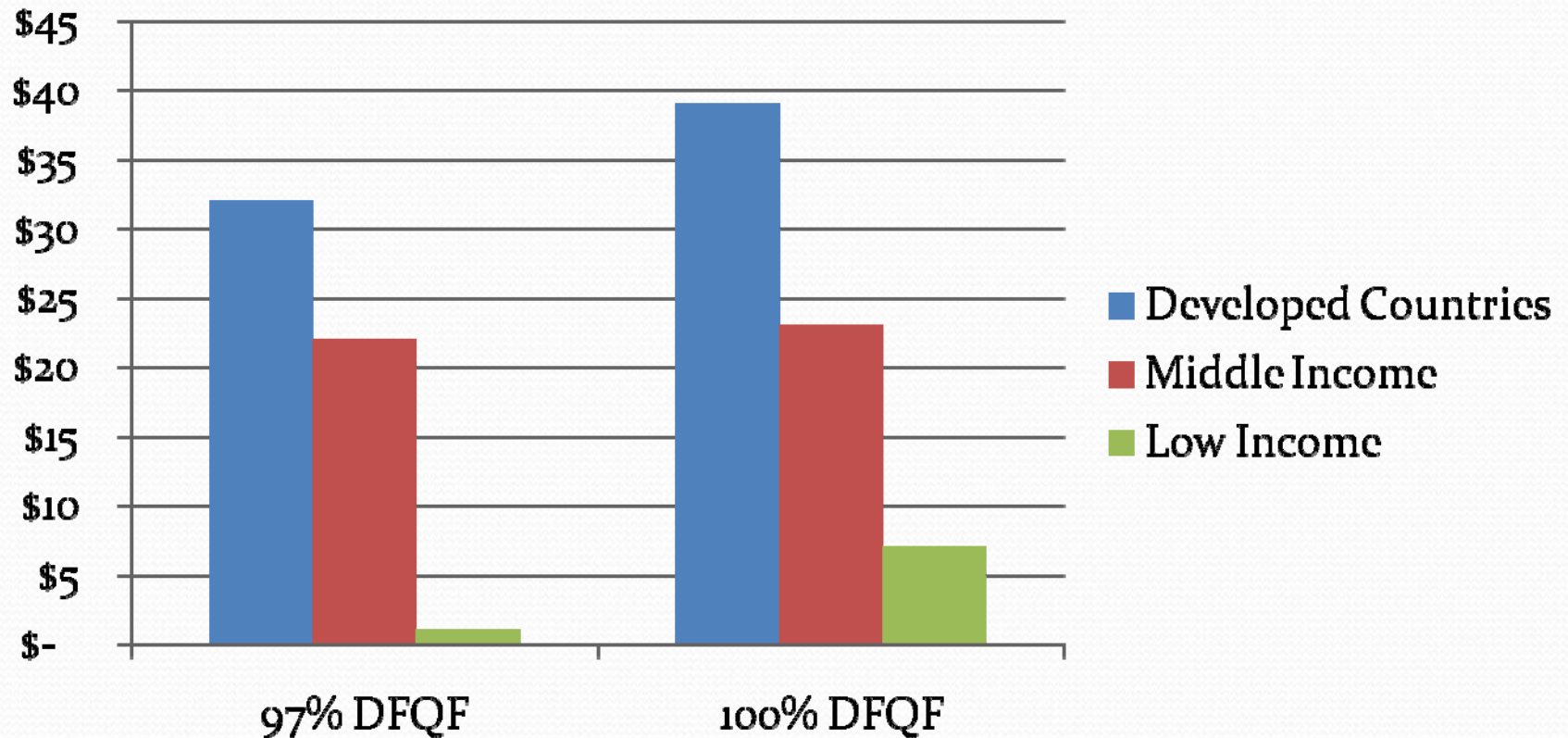
# Africa/Brazil Need Cut in US Cotton Subsidies to See Benefits

| Country            | Tariff Removal | Export Subsidy Removal | Domestic Subsidy Removal |
|--------------------|----------------|------------------------|--------------------------|
| United States      | \$0.3 million  | \$0.1 million          | -\$18 million            |
| Sub-Saharan Africa | \$5 million    | \$0.5 million          | \$25 million             |
| Brazil             | \$0.3 million  | \$0.2 million          | \$10 million             |

Source:WTO's Cotton Initiative. Who Gains?  
World Bank, 2006

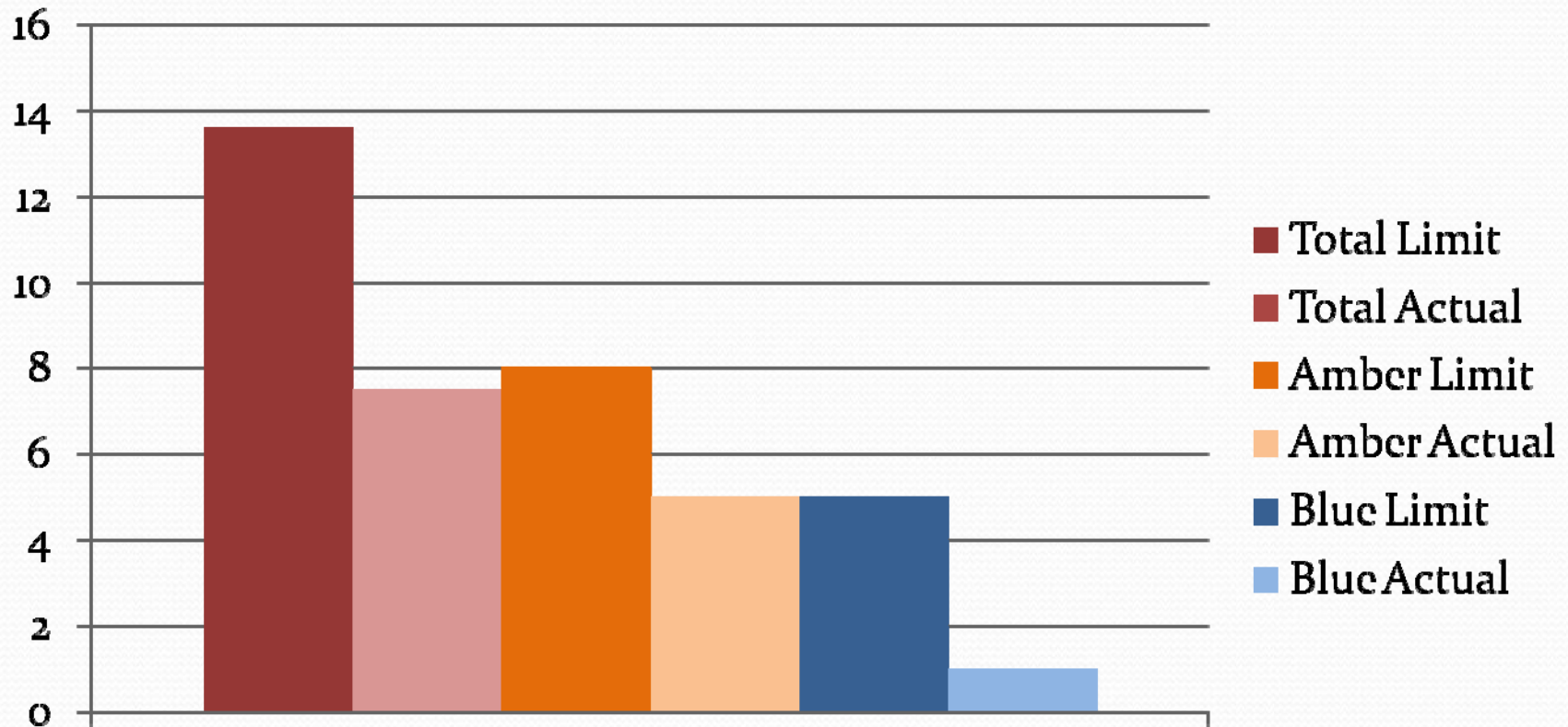


# Limited Gains from 97% Duty-Free Quota Free Offer



Source: Two Opportunities to Deliver on Doha,  
IFPRI 2006

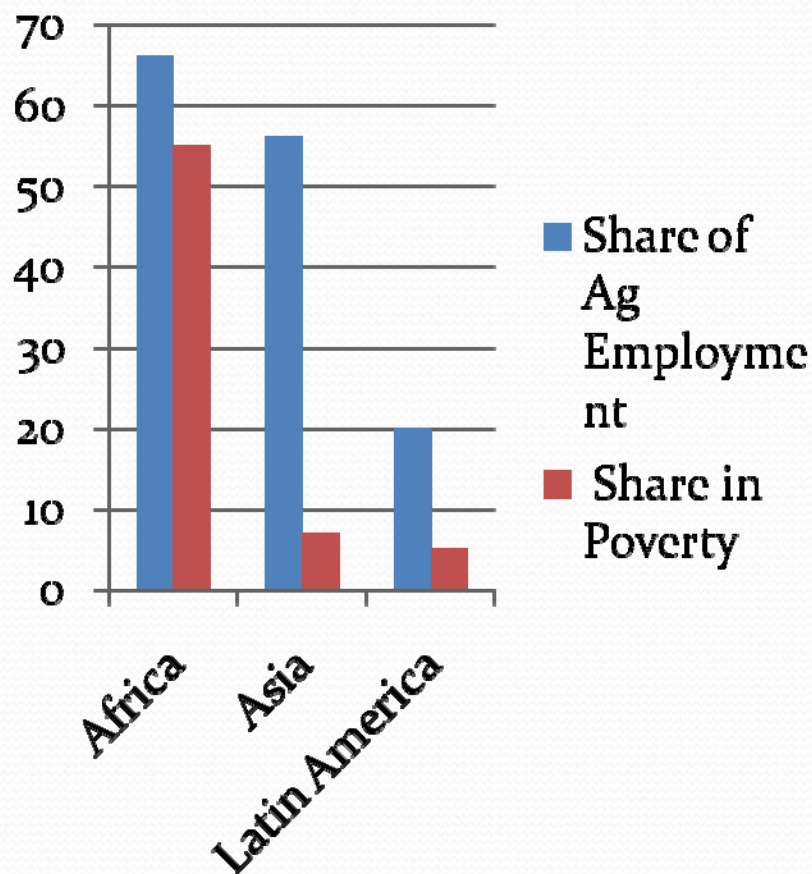
# Domestic Support Cuts Leave Room for Mischief



United States 2013 Projections

Source: Implications for US of May 2008  
Modalities, IFPRI/ICTSD/IPC

# Political/Economic Risks High



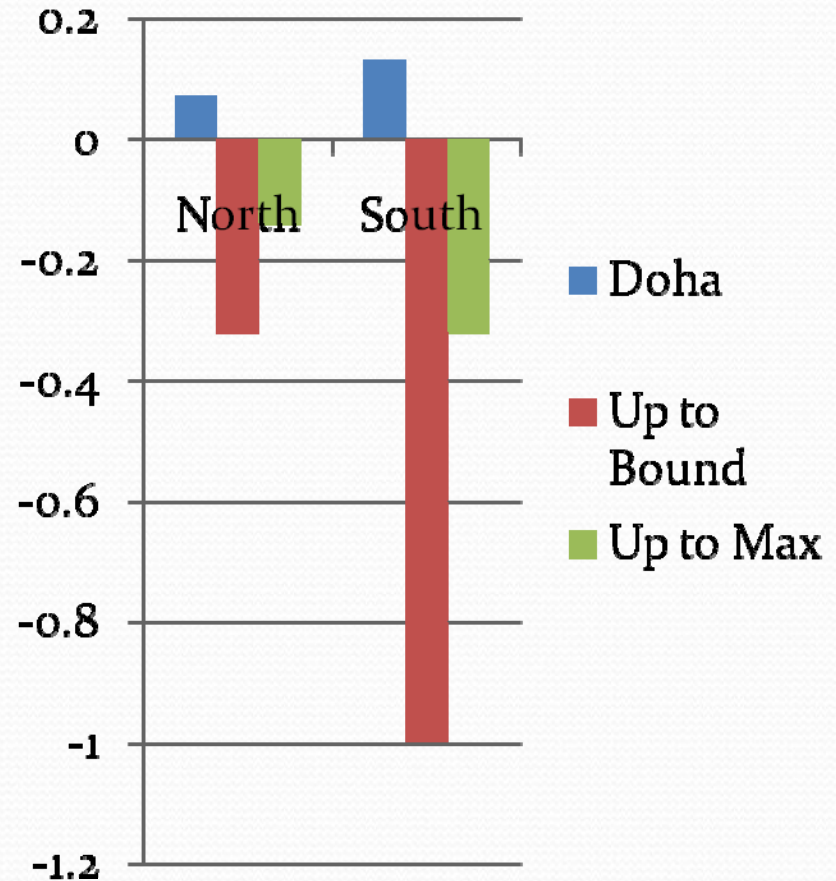
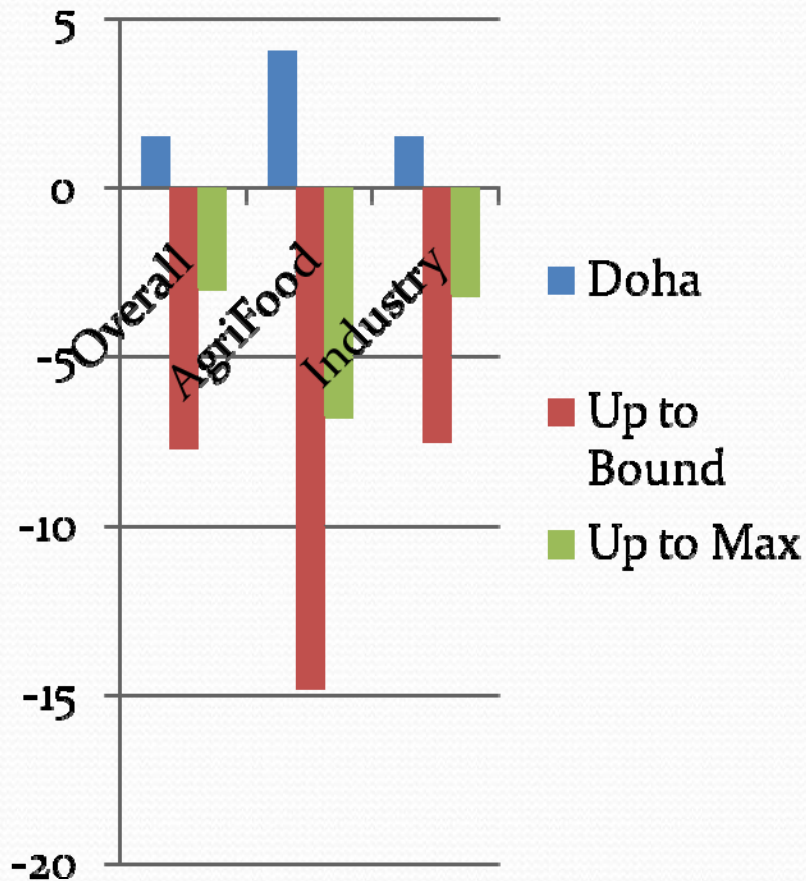
- Special Safeguard
  - China 18% v. 7% of trade covered under 10 v 30% price trigger
  - 35% v. 27% of trade covered under 10 v. 30% price trigger
- Special Products
  - 6 of 10 product categories heavily traded across South
  - Beef, vegetable oils, rice, maize, sugar

Source: Why SSM Matters for Developing Countries, South South Trade in Special Products, IICTSD, 2006

# But— Deal Contains Positives for Developing Countries

- Cuts in tariff and domestic subsidy “water”
- Special Safeguard Provision
- Special Products
- Aid for Trade
- Export Subsidy Elimination
- Food Aid “Safe Box”

# And, No Deal Hurts Agriculture and the South Most



# A Deal as if Development Mattered

- Provide poor countries with 100% duty free quota free access by rich and middle income countries
- Fast track reductions in cotton subsidies
- Real cuts in trade distorting subsidies
- Real cuts in peak tariffs, sensitive products