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## **European Union**

### **Trade Policy Monitoring**

#### **Initial EU Response to the Draft WTO Agriculture**

#### **PaperN**

## **2003**

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#### **Report Highlights:**

**The EU Commission's initial reaction to the Draft WTO Agriculture Paper criticizes it for placing an unfair burden on the EU. Additionally, the Commission argues that the paper is unhelpful to developing countries as well as failing to address the de minimis issue effectively. The French Minister of Agriculture rejects the paper saying it destroys one of the foundation stones of the CAP: Community Preference.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Brussels USEU [BE2], E2



The Draft WTO Agriculture Paper produced by WTO Chairman Stuart Harbinson is an attempt to define the modalities WTO members will agree to. WTO members are committed to agreeing to these by March 31<sup>st</sup> 2003. Modalities are the targets that countries will agree to for the reduction of domestic support and liberalization of agricultural trade, etc. These modalities will then serve as the framework for a final agreement to be negotiated for agricultural trade liberalization by January 2005.

The EU Commission's first responses to the Harbinson paper were expectedly critical, the key contentions being:

- Lack of balance, with both the burden unevenly spread amongst developed countries, as well as the paper failing to reflect the views of WTO member's in the opinion of the Commission.
- The paper doesn't reflect several objectives from the earlier Doha Development Agenda, namely, it doesn't address taking into account non trade concerns, nor does it tackle all forms of export subsidies.
- It doesn't offer any assistance to developing countries nor address the issue of developing countries preferential access to developed markets being eroded.

Further, Commissioner Fischler in a speech on February 13<sup>th</sup> rejected the Harbinson paper's idea that the amber and blue boxes were equally trade distorting, as well as the reference periods chosen. In a veiled reference to the US, Fischler, in a carefully worded phrase criticized the *de minimis* 'loophole' being effectively left alone.

Fischler was pessimistic as to the impact the paper will have on reaching agreement on modalities, but stated that the EU remained committed to the March 31 target date.

The French Ministers of Agriculture and Trade, in a combined statement criticize the Harbinson paper as being unacceptable both for the EU and developing countries. Their critiques follows three broadly similar themes:

- If the Harbinson paper's ideas were enacted it would threaten over half of agricultural activity in Europe, as well as destroying one of the foundation stones of the CAP: community preference.
- The paper doesn't provide any response to the developing countries needs in that new EU import opportunities created would benefit the current major food exporters and not developing countries.
- The proposals are unbalanced for Europe, in that the demand to eliminate export subsidies is not balanced by equivalent engagements by the EU's principal competitors.

In contrast, New Zealand's Trade Negotiations Minister, Jim Sutton, was broadly supportive of the paper, particularly the setting of a definitive date for the elimination of export subsidies although saying it didn't go far enough in terms of tariff reductions and domestic subsidy cuts. He expressed his disappointment at low levels of tariff quota expansions.

For further information on the WTO and agriculture process, please visit:

[www.fas.usda.gov/itp/wto/default.htm](http://www.fas.usda.gov/itp/wto/default.htm)

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