



# Food Aid and the World Trade Organization

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*WISHH*

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# Moving Forward at WTO

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- Framework text, adopted last summer, moves negotiations towards meeting U.S. objectives for agriculture in the Doha Round:
  - Eliminate export subsidies
  - Reduce and harmonize trade-distorting domestic support
  - Reduce tariffs and tariff disparities



# WTO Timeline

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- Negotiations in Fall 2004 focused on technical discussions
- More politically sensitive discussions began in early 2005
- Sixth Ministerial in Hong Kong scheduled for December 2005



# WTO Framework: Export Competition Overview

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- Export subsidies to be eliminated by an end date to be negotiated
- Export credits with repayment periods of more than 180 days to be eliminated
- Trade-distorting practices of exporting State Trading Enterprises to be eliminated; future use of monopoly powers subject to negotiation
- Disciplines on food aid to prevent commercial displacement to be negotiated



# What Does the Framework Mean for U.S. Food Aid?

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- The Framework does not compromise the structure of existing U.S. food aid programs
- Disciplines will be established, but several questions are outstanding...
  - What is “bona fide” food aid
    - Grant only?
    - Concessional Sales?
    - Development Programs?
  - Role of International Organizations
  - Future of Monetization



# Key Themes and Tone

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- Member attitudes toward food aid all over the map
- Harsh interventions from Developed Countries (Switzerland, New Zealand, Norway, and EU)
- Some members believe monetization needs to be disciplined or phased out completely
- Mixed ideas on the the Role of International Organizations (IOs)
  - Some support all aid via IOs
  - Committee on Surplus Disposal under attack



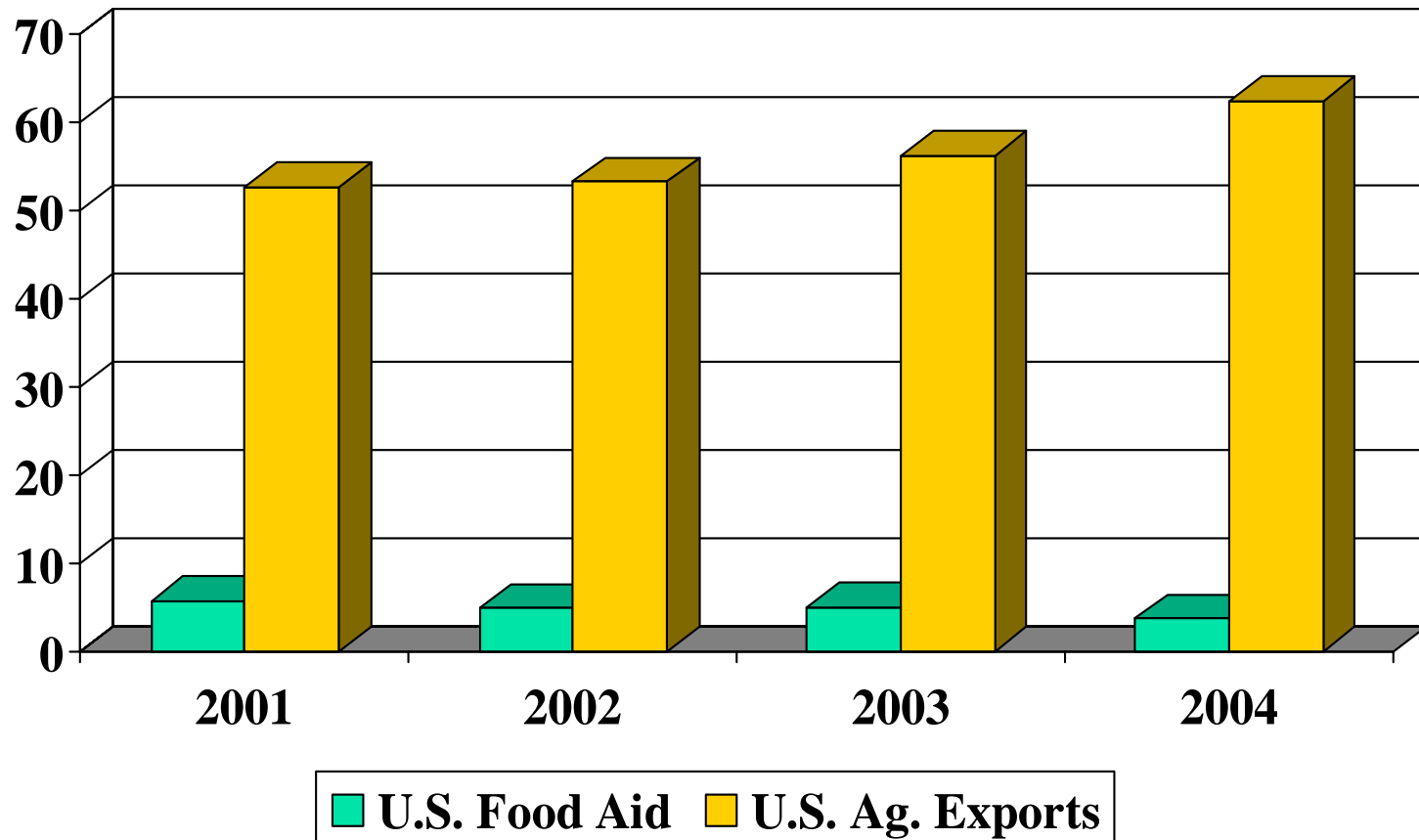
# United States Pushes Back

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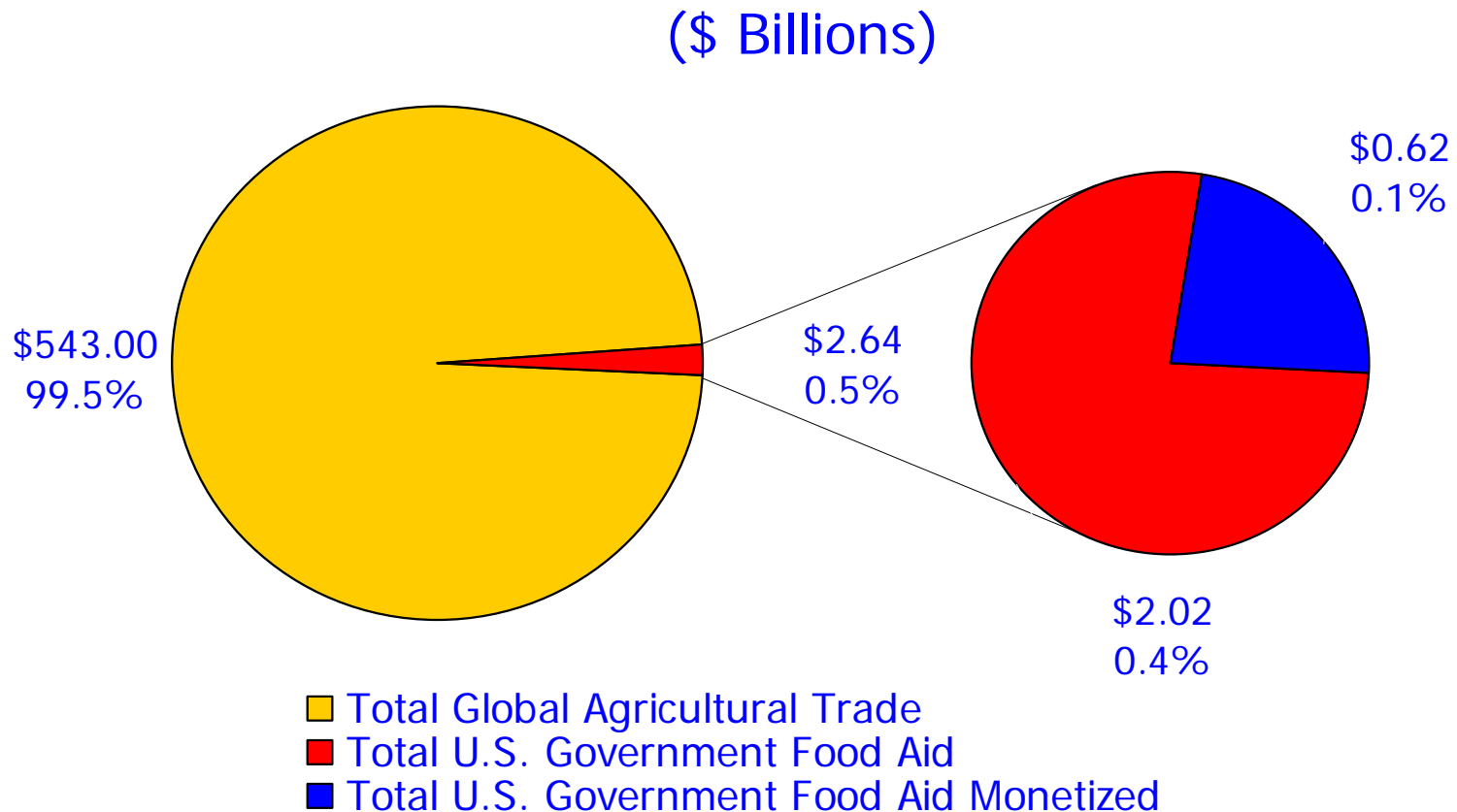
- Goal: prevent commercial displacement, not prohibit programming
- Role of International Organizations: help target aid, not be the sole administrator
- There is a role for grant-only and concessional aid
- Monetization is essential
- Support transparency

# Does Food Aid Really Distort Market?

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# FY 2003 Percentage of Monetized U.S. Food Aid and Global Agricultural Trade





# Educational Efforts Underway

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- Part of the problem is lack of development expertise of trade negotiators
- United States has sponsored two workshops in Geneva on food aid--in December and January
- Bilateral discussions are ongoing



# Closing Comments

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- Commitment to achieving ambitious results in these negotiations
- Continue to strive for a balanced reform package for all of agriculture
- A balanced package will include minimizing the negative impacts of disciplines on food aid... and ensuring comparable treatment between export credits and export subsidies



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