

The US and a Doha deal. Fact Sheet – Brussels, 24 July 2006

“The G20 wants steeper cuts in US farm subsidies before it is willing to table the required cuts in industrial goods. Washington can unlock this by stepping forward with a better offer. If this happens the EU will, at the same time, meet them both with a strengthened offer.” – Peter Mandelson, EU Trade Commissioner, 23 June 2006

What does Doha need from the US?

- Real cuts in farm subsidies. That means a steep reduction in the level last bound in Geneva in 2001: \$21.5 billion. The US has spent between \$10 billion and 19.5 billion each year since 2002. The US is currently offering to cut its farm spending to \$22 billion dollars. This is more that it currently spends and more than it has bound with the WTO in Geneva.
- The US has offered steep cuts in Amber box subsidies - \$19.1 billion down to 7.6 billion. BUT it has proposed to increase what it spends in other categories of subsidy while rejecting the idea of reforming those categories to ensure they are not trade distorting. So the steep amber cuts hide a ‘reshuffling’ of US support from one box to another. Add together the three types of proposed trade-distorting support and you actually get \$22.7 billion. More than they currently spend!

What would be a realistic US move?

- The EU has offered to get “as close as possible” to the G20 developing countries’ request in the area of market access: a 51.5% average farm tariff cut. The US should try to aim for the same proximity to the request of the G20 developing countries in the area of domestic support: \$10.5 billion.