

# **The Importance of Increased Market Access to Southern Agriculture**

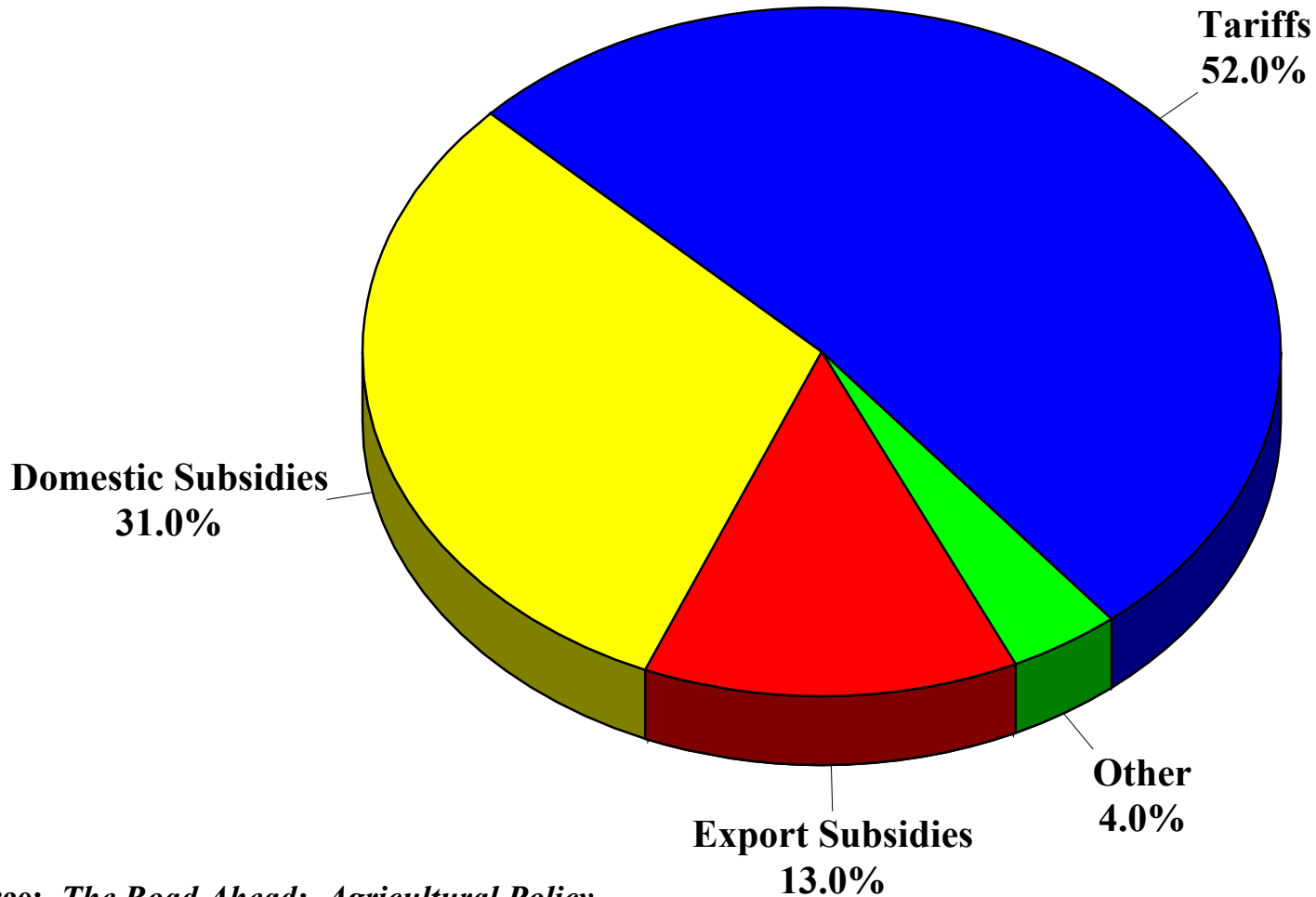
**Presentation at  
SAEA Organized Symposium:  
The Doha Development Agenda:  
Where are We and Where are We Going?**

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Prepared for the SAEA Annual Meetings  
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# Areas of Interest in Negotiations

- **Domestic Subsidies** (*Larry/Jim*)
- **Export Competition** (*Sam/Jaime*)
- **Market Access** (*Our Thoughts*)

# Accounting for World Agricultural Price Distortions

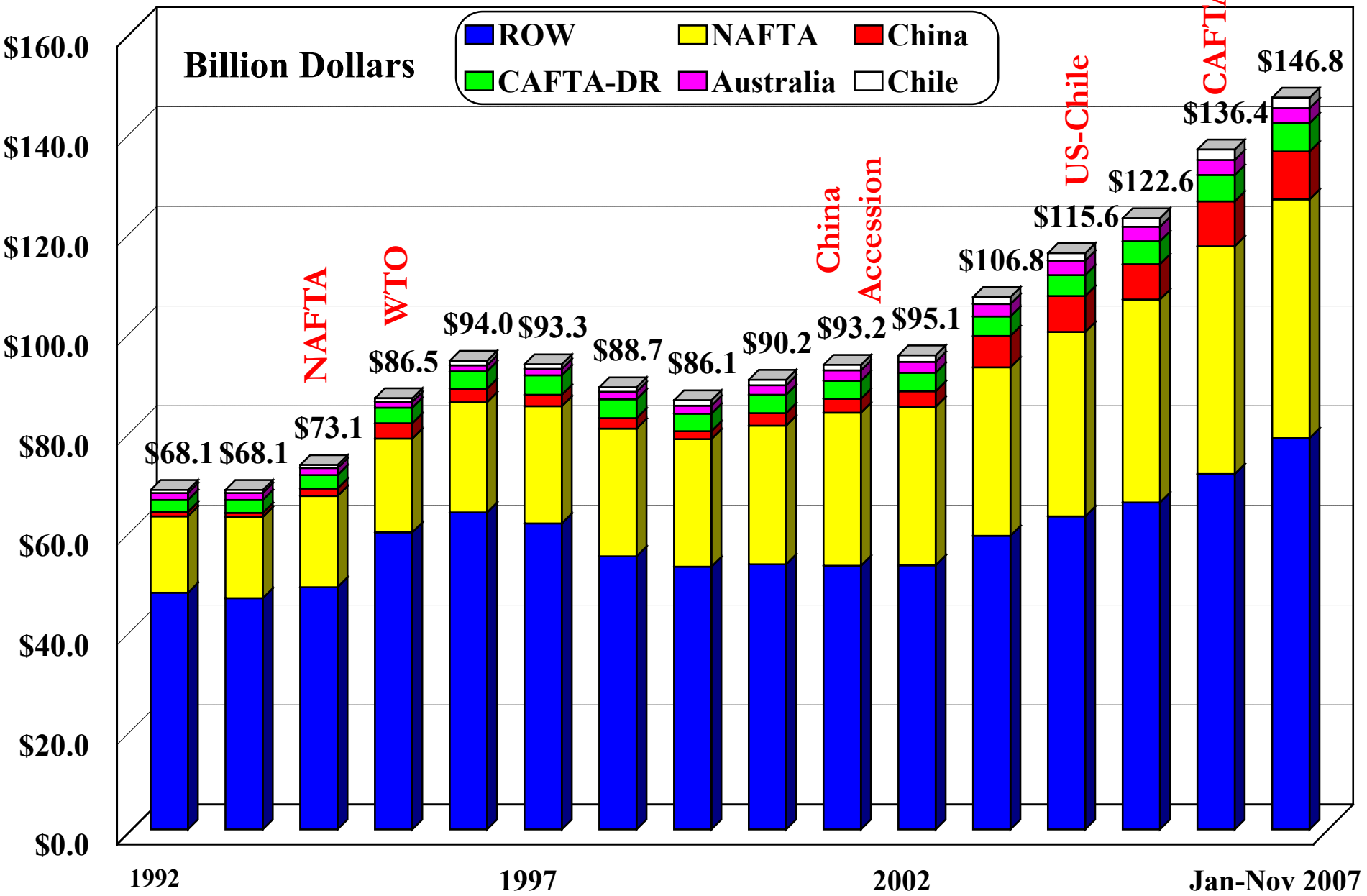


Source: *The Road Ahead: Agricultural Policy Reform in the WTO-Summary Report*, AER 797, USDA/ERS, January 2001, [www.ers.usda.gov](http://www.ers.usda.gov)

**Does Increased Market Access  
through Decreased Tariffs Result  
in Increased Exports?**

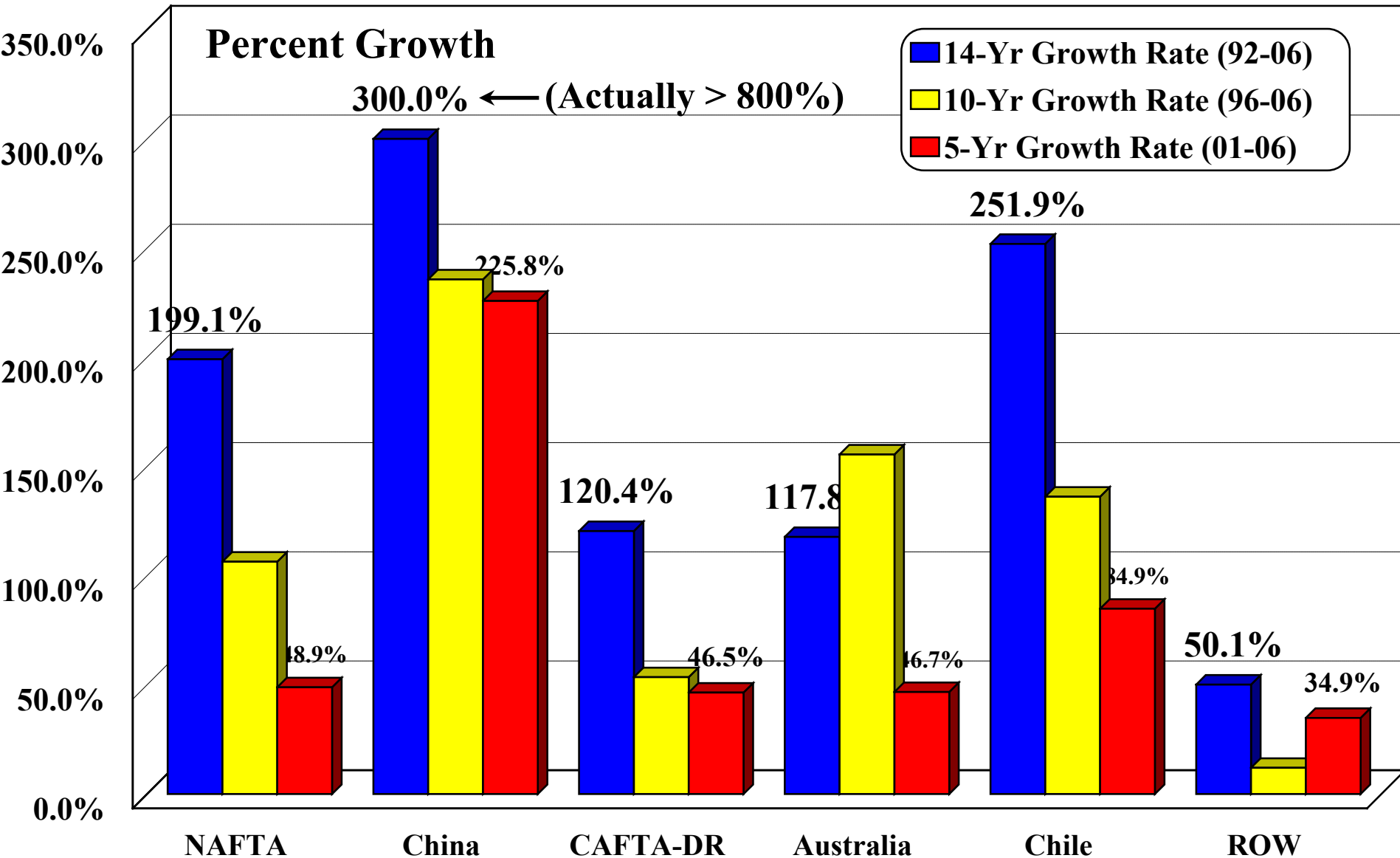
**Some Evidence Follows**

# U.S. Agricultural Trade, 1992 - November 2007



Source: U.S. Trade Internet System, [www.fas.usda.gov/ustrade](http://www.fas.usda.gov/ustrade)

# U.S. Agricultural Trade Growth Rates, 2006



Source: U.S. Trade Internet System, [www.fas.usda.gov/ustrade](http://www.fas.usda.gov/ustrade)

# Results of Evidence??

- **U.S. Agricultural Exports Have Grown 50% since 1992**
- **U.S. Exports to Countries/Regions with which Trade Agreements (Plus China) Have Been Reached Have Grown Significantly More than ROW**
- **BUT, How Much of the Growth with these Countries Is the Result of Diversion Versus Creation?**
- **Most Who have Looked At this Question Find that a Significant Part of the Increase is Due to Diversion**
- **With Multilateral Tariff Reduction Through the WTO, Increases will be Due Much Less to Diversion and Much More to Creation**

# Tariff Issues

## ➤ **Bound vs. Applied**

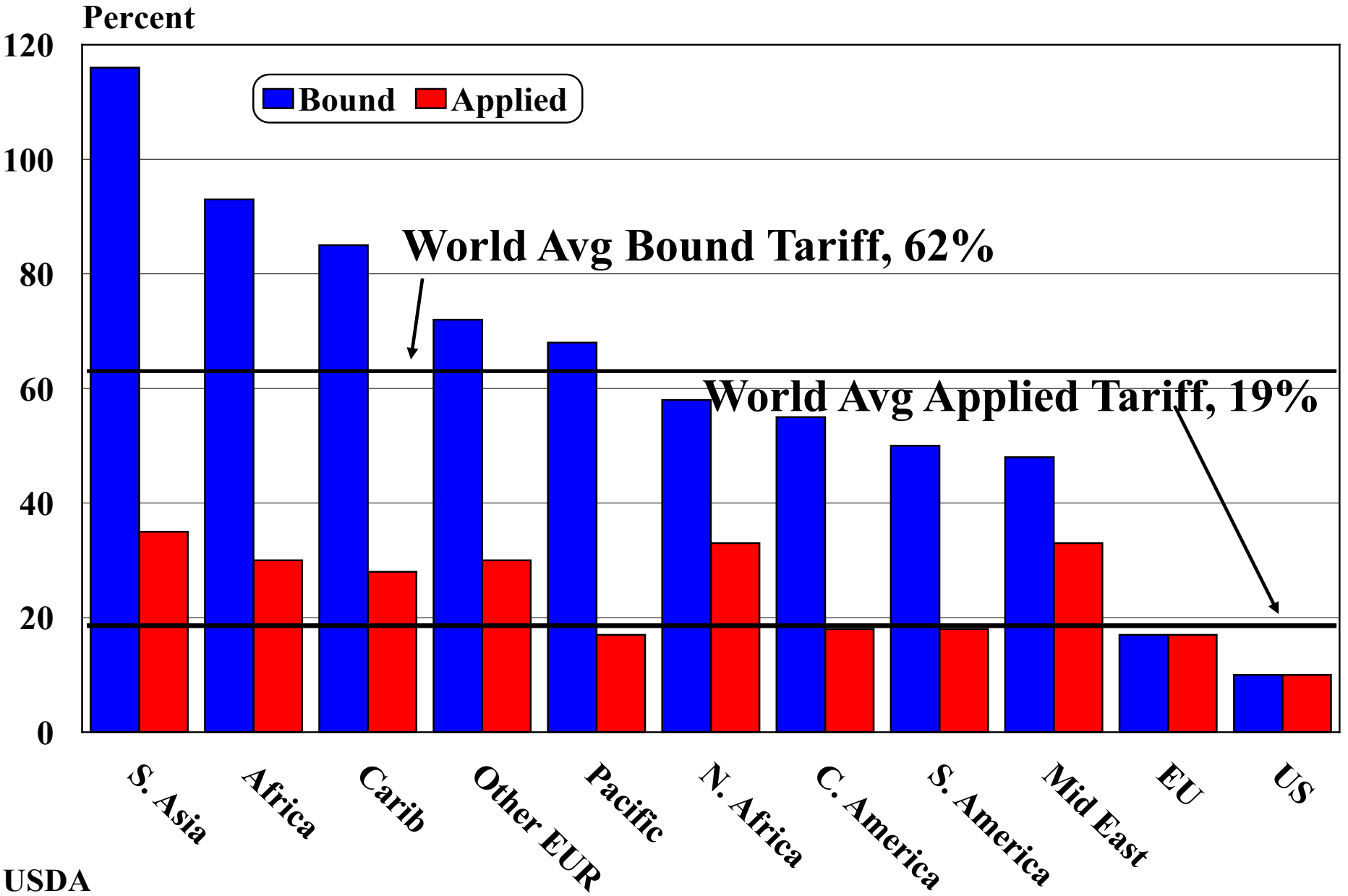
- **Substantial differences between bound and applied tariffs.**
- **South Asian countries can negotiate large drops in bound tariffs before reaching applied tariffs.**

## ➤ **Beware of averages**

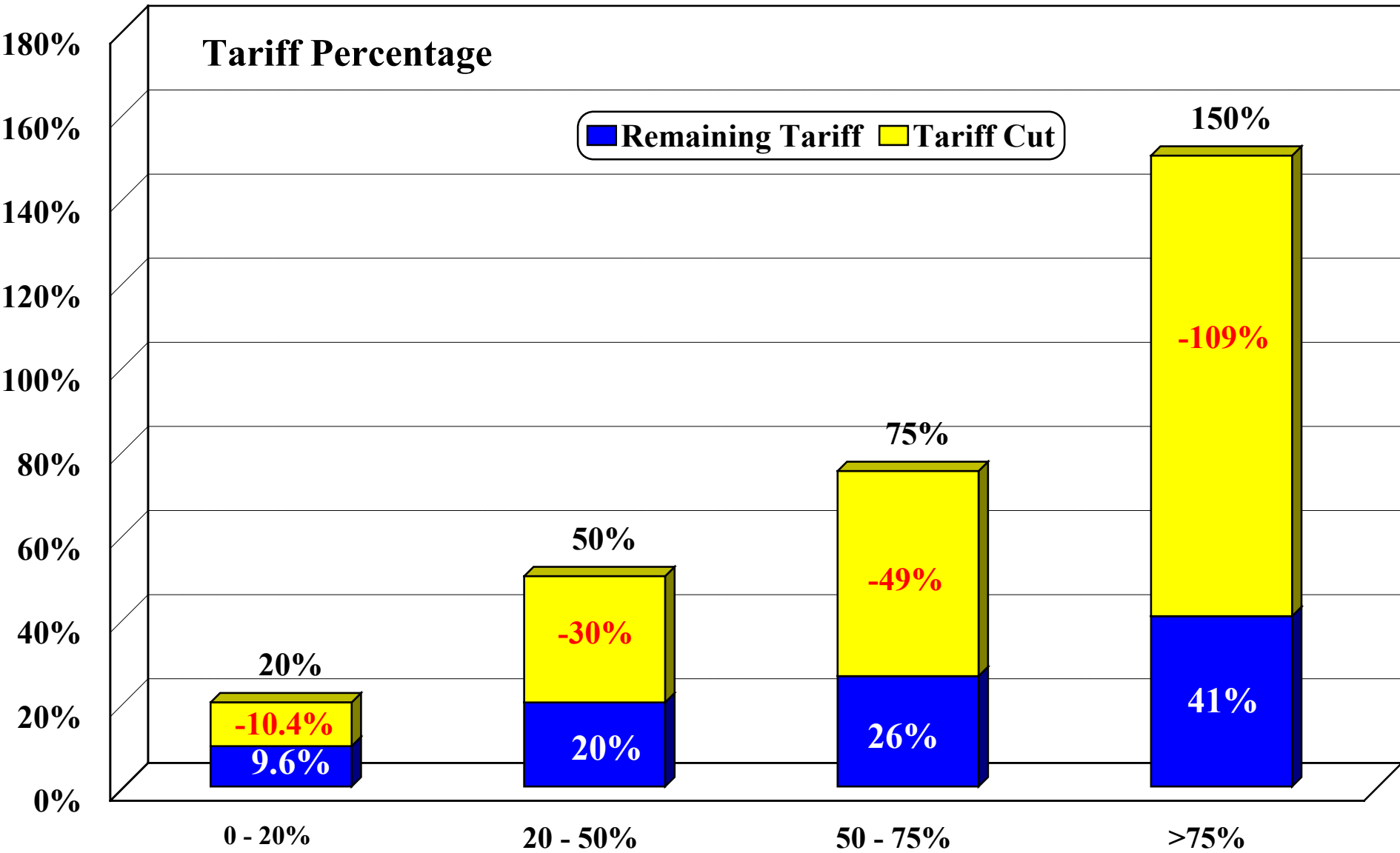
- **Average tariff rates can be quite misleading--- tariffs can be quite high on critical products**



# Average Bound & Applied Ag Tariffs



# Tiered Formula for Tariff Reductions



# Show vs. Dough

- **Most of the impacts in trade would come from reductions in less than 5% of the tariff lines**
- **But, its those 5% that are treated as “sensitive” products under URA.**
- **Further reductions in most of the tariff lines would have only marginal impacts on trade**

# Other Issues

- **“Tariff Escalation”—progressively higher tariff rates with greater degrees of processing**
  - Puts bias towards raw product trade
- **Tariff escalation can be a serious problem for U.S. exports vs. imports**

# Which Approach?

- **The “formula” used to cut tariffs probably does not matter to the U.S., but does matter to other countries (Bureau and Salvatici), but is more important to the EU**
- **Allowing selectivity (sensitive products) choices limits welfare gains to everyone**
- **Difficult to see how an agreement can be reached**

# Implications

- **U.S. Markets Relatively Open**
  - **Many Markets in Rest of World Are Not**
- **Doha Success Would Create More Trade Opportunities**
  - **Trade-Off in Domestic Support Reductions**
  - **Trade Disputes May Force Some Policy Changes Anyway**
- **Southern Agriculture will Benefit from Increased Market Access to the Degree of which U.S. Exports of Rice, Beef, Pork, Poultry Meat, Corn, and Soybeans/Products Increase**