International trade and impact on the malt industry

Euromalt Malting Barley Conference

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Agenda

1. *Multilateral trade environment (WTO)*

   Doha Development Agenda

2. *FTAs*

3. *(Biofuels)*

WTO-DDA

- **"A strong multilateral trading system is the most effective means of expanding and managing trade for the benefit of all"**

- **DDA is a global package**
  - ***Agricultural market access***
  - ***Industrial market access (NAMA)***
  - ***Services (e.g. telcom, financial serv)***
  - ***Rules***
  - ***Geographical Indications, etc.***

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Domestic support
Issues to be negotiated

- Overall trade distorting domestic support
- AMS ceiling
- AMS product specific caps
- De minimis ceiling
- Blue box ceiling
- Blue box disciplines
- Green box

Domestic support
OTDS

- *OTDS* **(overall trade distorting DS)** *is the sum of AMS, blue box and de minimis (both product specific and non-product specific).*
- *US final OTDS is one of the magic numbers in the DDA negotiations*
- *Falconer May 2008 reductions:*
- *75%-85%: OTDS higher than US$60 bln (EU)*
- *66%-73%: OTDS lower/equal to US$60 bln and higher than US$10 bln (US)*
- *50%-60% for: OTDS lower/equal to US$10bln*

Due to high prices and low levels of expenditure expected in the years to come, US potential offer has devaluated over time.

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Domestic support
Green box

- ***Support with « no or at most minimal effects on production » is classified under the green box.***

- ***For the EU, it includes the single payment scheme and the rural development payments.***

- ***Key element of the reformed CAP.***

- ***Current negotiations focus on the new language to cover SPS, move from historical to regional model, Rural development (for DCs public stocks for food security)***

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Market access
Issues for negotiations

- *Tariff reductions to be done through a tiered formula (i.e. higher cuts for higher tariffs within 4 bands).*
- *Flexibilities will be provided through sensitive products (for which tariff cuts and TRQ expansion will nevertheless take place).*
- *Developing countries will benefit from special and differential treatment (lower cuts but also special products and Special Safeguard mechanism: SSM).*
- *LDC exempt of any commitment.*

Market access: cuts

- Tiered formula cuts:
  0 - 20: 50%
  20-50: 57%
  50-75: 64%
  75 : [66-73%]

- Average cut for developed countries (without brackets = 54% as min) includes the cuts for SePs, tariff escalation and tropical products;

- EU: Malt mostly in the second band.

- [CN 11071019: 134 Euro/ton, equiv. 35.3% AVE
  CN 11071099: 131 Euro/ton, equiv. 51.3% AVE
  CN 11072000 132 Euro/ton, equiv. 29% AVE]
- Japan: first band

Market access: DCs

- **Tiered formula cuts:**
  0 – 30%: 2/3 of 50%
  30-80%: 2/3 of 57%%
  80-130%: 2/3 of 64%
  130-: 2/3 of [66-73%]

Examples:

- **Brazil: Malt in first band**
- **Venezuela: Malt in first band**

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Market access
Special products, SSG, SSM (?)

- ***Special products: appropriate number to be self-designated by DCs, guided on indicators based on criteria of food security, livelihood security and rural development. Slow progress so far***

- ***SSG: EU wants to keep it as long as the reform process continues; US/G20 ask for its elimination.***

- ***SSM: safeguard mechanism for DCs. Coverage, duration, triggering mechanism and remedies still to be agreed.***

- ***Several other issues: tropical products, tariff simplification…***

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Export competition

- ***UR: export refunds cut by 21% in volume and 36% in value, per product.***
- ***Framework agreement 2004: EU accepts elimination of export refunds provided all other forms of export subsidies are eliminated (food aid, State trading enterprises, export credits).***
- ***Hong-Kong 2005: Agreement to eliminate all export subsidies by 2013.***
- ***Since HK, negotiations have focused on the phasing-out and on the parallelism.***

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Global Europe: FTAs

- FTAs go further than WTO rules

  stepping stones for multilateral liberalisation

- Economic criteria:

  - significant market potential

  - level of protection

- ASEAN, India, Korea, Mercosur, Central America, Andean Countries, Ukraine and maybe Russia

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FTA with ASEAN

(Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam, *Myanmar, Laos, Cambodia***)**

Launched in May 2007

- **Slow pace of negotiations (bilateral exploratory)**
- **Fourth Joint Committee (Bangkok 16-18 April 2008)**
- **No formal tariff offers submitted and no agreement on % liberalisation**

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Latin America / Caribbean

- FTA with Central America (CA): Costa Rica, El Salvador, Guatemala, Honduras, Panama, Nicaragua
- FTA with Andean Community (CAN): Bolivia, Colombia, Ecuador, Peru
- EPA with CARIFORUM (Bahamas, Barbados, Belize, Dominican Rep, Grenada, Trinidad, Tobago…mostly ACPs)

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FTA with Mercosur

(Brazil, Argentina, Paraguay, Uruguay, *Venezuela*)

- Negotiations started in June 2000
- Negotiations stalled in September 2004
- Outcome of DDA very important
- Venezuela, still not a member. Brazil, Paraguay not yet ratified

FTA Ukraine

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- Negotiation of the New Enhanced Agreement started on 5 March 2007
- FTA launched on 18 February 2008:

- Liberalisation of 95% with TRQs for sensitive products and regulatory approximation
- Tariff offers still not finalised.

(Biofuel)

- Strong commitment on 10% in 2020
- Sustainability criteria (under discussion)
- Role of second generation (30% in 10%)
- Trade (DDA, FTA, sustainability)
- Energy prices – agri prices (alternative outlet)

(15% of arable land, 11% bioethanol, 4% biodiesel)

Thank you for your attention

Contacts in TRADE.F3

- Zoltan SOMOGYI: *Head of Unit*

- Diana ACCONCIA: *Deputy head of unit, DDA coordination, USA and CND.*

- Andreas SCHMIDT: *Market access, Mercosur, Far-East, meat, dairy.*

- Ricardo VARANDA: *SDT, development issues, ACP, LDCs, India, sugar, bananas, cotton.*

- Inna *GARKOVA: domestic support, export competition, Russia, Ukraine, cereals.*

- Daria GISMONDI: *Mediterranean countries, other Latin America, biofuels, wine, fruit and vegetables.*

- Nuria *NAVARRO: Food aid, Australia and NZ, Statistical support,.*

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