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# Agricultural Trade and the WTO- An Update

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# Cornhusker Economics

Cooperative Extension

Institute of Agriculture & Natural Resources  
Department of Agricultural Economics  
University of Nebraska – Lincoln

## Agricultural Trade and the WTO- An Update

Market Report	Yr Ago	4 Wks Ago	3/1/02
<b><u>Livestock and Products,</u></b>			
<b><u>Average Prices for Week Ending</u></b>			
Slaughter Steers, Ch. 204, 1100-1300 lb Omaha, cwt .....	\$82.08	\$69.75	\$70.51
Feeder Steers, Med. Frame, 600-650 lb Dodge City, KS, cwt .....	93.00	*	*
Feeder Steers, Med. Frame 600-650 lb, Nebraska Auction Wght. Avg .....	97.07	93.43	93.36
Carcass Price, Ch. 1-3, 550-700 lb Cent. US, Equiv. Index Value, cwt .....	125.39	107.67	109.39
Hogs, US 1-2, 220-230 lb Sioux Falls, SD, cwt .....	46.75	40.50	39.00
Feeder Pigs, US 1-2, 40-45 lb Sioux Falls, SD, hd .....	*	58.23	*
Vacuum Packed Pork Loins, Wholesale, 13-19 lb, 1/4" Trim, Cent. US, cwt .....	123.10	107.10	103.50
Slaughter Lambs, Ch. & Pr., 115-125 lb Sioux Falls, SD, cwt .....	87.62	65.40	64.25
Carcass Lambs, Ch. & Pr., 1-4, 55-65 lb FOB Midwest, cwt .....	171.00	131.92	142.80
<b><u>Crops,</u></b>			
<b><u>Cash Truck Prices for Date Shown</u></b>			
Wheat, No. 1, H.W. Omaha, bu .....	3.24	3.01	2.94
Corn, No. 2, Yellow Omaha, bu .....	1.99	1.87	1.87
Soybeans, No. 1, Yellow Omaha, bu .....	4.38	4.08	4.32
Grain Sorghum, No. 2, Yellow Kansas City, cwt .....	3.70	3.52	3.62
Oats, No. 2, Heavy Minneapolis, MN, bu .....	1.26	2.21	2.42
<b><u>Hay,</u></b>			
<b><u>First Day of Week Pile Prices</u></b>			
Alfalfa, Sm. Square, RFV 150 or better Platte Valley, ton .....	115.00	*	105.00
Alfalfa, Lg. Round, Good Northeast Nebraska, ton .....	70.00	65.00	65.00
Prairie, Sm. Square, Good Northeast Nebraska, ton .....	110.00	105.00	100.00
* No market.			

Representatives of 142 countries met at the Fourth Ministerial Meeting of the World Trade Organization (WTO) in November 2001, in Doha, Qatar, and decided to launch a new round of trade talks. The WTO, the successor to the General Agreement on Tariffs and Trade (GATT), was launched in 1995 at the end of the Uruguay Round (1986-1994) with the goal of reducing or eliminating trade distortions. Prior to the Uruguay Round, agricultural trade was not fully subjected to international trade disciplines. The Uruguay Round Agreement on Agriculture (URAA), which included provisions on export subsidies, market access and trade-distorting domestic policies, led to some liberalization of world agricultural markets, although widespread agricultural protectionism is still practiced. Under article 20 of the URAA, WTO members made a commitment to start negotiations on continuing the process of agricultural trade reforms in 1999-2000. These negotiations have been underway for almost two years. However, they have been slowed by the fact that they are not being conducted as part of a more wide-ranging round of multilateral trade negotiations. The new round of trade talks changes these circumstances. The agricultural negotiations will now be conducted along side talks on eight other broad issues including environmental barriers to trade, industrial tariffs, foreign investment, competition, government procurement practices and trade facilitation.

Developing countries have been much more active during the current agricultural negotiations in arguing their case than they were during the URAA negotiations. They are particularly concerned that provisions for special and differential treatment for



developing nations be included to protect their interests in food security and rural development. Specific commitments and details concerning special and differential treatment of low-income countries are to be tabled by March 31, 2003 when the members will meet in Mexico to review progress on the agricultural negotiations. Some developing nations also have concerns about intellectual property rights in agriculture, notable patent protection of seeds and genetically modified crops.

Of course, developed countries have also been arguing for their positions. The European Union (EU) is concerned with environmental protection and animal welfare and would like to see certain agricultural subsidies legalized on the grounds that agriculture has multiple functions (food production, maintaining rural environments, etc.) some of which are uncompensated in the absence of subsidies beyond what is earned from agricultural markets. The United States opposes this idea but joins the EU in arguing for safeguards, contingency restrictions on imports taken temporarily to deal with import surges. Agricultural safeguards would be triggered automatically when import levels rise above a certain level or if prices fall below a certain level on products subject to tariffs. A total of 38 WTO members have reserved the right to use a combined total of 6,072 safeguards, on agricultural products

The Doha Ministerial successfully launched a new round of trade negotiations, something that the WTO failed to do in Seattle two years ago. The fact that the agricultural trade negotiations will now be conducted within a broader framework is important because member states will now be able to bargain across the main issue areas, offering concessions, for example, in the treatment of intellectual property in return for concessions by others on market access for agricultural goods. The possibility of such bargaining increases the likelihood that the member states will be able to reach some type of agreement. On the other hand, the fact that there are now about 144 countries actively promoting their agricultural trade agendas is a serious complication. Early trade negotiations such as the Geneva Round (1947) involved less than 30 countries and lasted less than a year. As membership increases, there is greater diversity in the interests of the parties and this complicates the process of reaching agreement. It is important to note that changes in WTO provisions are only adopted through consensus. The active participation of so many countries in the

agricultural talks may make it more difficult to achieve such a consensus.

For further information see:

1. Kerr, W. (2002). A Club No More—The WTO after Doha. *The Estey Centre Journal of International Law and Trade Policy* 3(1), 1-9. Retrieved [date] from the World Wide Web: <http://www.esteyjournal.com>
2. Doha Ministerial Declaration, WTO Agriculture Negotiations: The issues, and where we are now (January 25<sup>th</sup> 2002), <http://www.wto.org>.
3. Green, D. CAFOD(Catholic Agency For Overseas Development) Analysis of WTO Doha Declarations, 20/11/01 [www.cafod.org.uk/policy](http://www.cafod.org.uk/policy).

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