The Doha Negotiations on Trade in Goods: An European Perspective

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The note reviews the basic market access issues in the Doha negotiations on trade in goods from an European perspective. First, it shows that some European negotiators are demanding more concessions in manufacturing (NAMA) that the European business community is asking for – adding strong tensions in a context already marked by severe problems in farm talks. Second, the note reveals the European interests really at stake in the agricultural negotiations, before addressing the negotiating issues *per se*.

Section 1. The NAMA Negotiations

One of the "gems" of the Hong Kong Ministerial is the decision to use the so-called "Swiss" formula in NAMA. [2]/ The Swiss formula is an efficient instrument from a negotiating point of view (it is the simplest possible negotiating tool) from an economic perspective (it cuts high tariffs by more than small tariffs, hence magnifying welfare gains and possibly improving tariff revenues) and from a domestic political point of view (it minimizes the fights among domestic interests about the level of the post-liberalization tariffs).

The emerging economies with large and rapidly growing markets for industrial products still impose substantial bound and applied tariffs (Table 1). Freer trade would thus provide large gains to these economies, and vast opportunities to all exporters, from advanced and emerging economies alike. By contrast, the advanced economies exhibit mostly low bound and applied tariffs (Table 1). Hence they have few economically meaningful concessions to offer. In sum, a "balanced" deal in NAMA alone is hard to achieve. That puts additional pressures on getting substantial deals in the farm (and services) negotiations.

NAMA negotiations benefit from a strong support from the world business community [Wall Street Journal, 27 April 2006, see www.iccwbo.org]. Moreover, European firms have clearly defined the minimal concessions they expect in NAMA from the emerging economies, i.e.,

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[2]/The basic Swiss formula is $T = [rt/(r+t)]$ where 't' are the initial tariffs, 'T' the post-negotiation tariffs, and 'r' the reduction factor – the only element to negotiate on. In what follows, the expression "a Swiss60" means a Swiss formula with a reduction factor of 60.

"*no single [industrial] tariff above 15 percent at the end of the implementation period of the Doha Round (except for LDCs)*" [UNICE 2006, www.unice.org].

A Swiss formula with a reduction factor of 20 (hereafter a "Swiss20") would meet this request (Table 1).[3]/ A Swiss20 is not an easy target for the emerging economies if only because it imposes an average reduction of the bound tariffs of the emerging economies (54 percent) higher than the reduction (50 percent) associated to the Swiss10 often envisaged for the advanced countries' liberalisation. This gap is seen by the emerging economies as a breach of the WTO principle of "less than full reciprocity in reduction commitments" for the developing coutries (even if the magnitude of applied tariff cuts is roughly the same (26 and 28 percent) for the two groups of countries).

There are two options for addressing the emerging economies' concern. First is that the advanced economies would liberalize more by agreeing to a Swiss factor smaller than 10 – an option that has the support of some advanced economies (Canada). The second option is to accept the asymmetry in the NAMA concessions, and to get deeper concessions in the farm (and services) negotiations from the advanced economies.

This is in this context that the Trade Ministers of France and a few other countries are insisting on a Swiss10 for the advanced economies, and on a Swiss15 for the emerging economies – hence overshooting the European business request since the average maximum tariff in the emerging countries would then be roughly 13 percent (Table 1). And the same Ministers insist on only 92 percent of the tariffs in agriculture not above 100 percent and on a yet undefined cap for the remaining 8 percent. This position is so hawkish, and so at odds with the views of the business, that it raises strong doubts as to whether or not the Ministers are genuinely willing to negotiate.

Section 2. The Farm Negotiations

The second "gem" of the Hong Kong Ministerial Declaration is its Paragraph 24: "[..] *we instruct our negotiators to ensure that there is a comparably high level of ambition in market access for Agriculture and NAMA.*" This statement should be applied first to the farm tariff issue which has a major difference with its NAMA counterpart. The business community

[3]/Calculations based on more detailed tariff schedules provide cuts in the applied tariffs of Brazil and India which are considered as not "significant enough" by some advanced economies.

(farmers and food producers) of the major agricultural exporting countries have not publicly defined the minimal concessions they expect from the advanced economies. Such a statement would give a sense of the magnitude of the gap, as assessed by businesses, between the tariff concessions requested by *demandeurs* and those offered by *demandees*. And, it would also reveal any excessive request that governments may be tempted to do for tactical reasons.

Assessing the tariff-cutting formula tabled by the EC

The Doha formula for cutting farm tariffs is much murkier than in NAMA. Negotiators should strike a deal on 16 figures – three thresholds defining four tariff ranges, four percentage cuts for each range, and a tariff cap for developed countries and the same for developing countries (Table 2). This is a recipe for endless fights, bitterness and ultimatly failure.

Assessing such a complex formula requires a benchmark. Paragraph 24 suggests a Swiss-like approach as the natural benchmark. Doing so provides a key result in the case of the EC tier-based proposal. It protects much more the initially most protected activities that a Swiss-like approach would do. Any Swiss formula with a reduction factor lower than 175 (or 272!) would achieve two results (Figure 1 and Table 3). On the one hand, it would impose deeper tariff cuts on the currently most protected products (for instance, on those with a tariff higher than 50 percent in the case of a Swiss60) than the EC tier-based formula. But on the other hand, it would impose smaller tariff cuts on the currently less protected products (on those with a tariff smaller than 50 percent in the Swiss60 case) than the EC tier-based formula.

As a result, European producers of the goods benefiting from smaller tariff cuts would clearly support a shift to a Swiss-like approach, while those associated to deeper tariff cuts would fight against it. As long as the former constitute a larger and stronger coalition than the latter, a Swiss-like approach is politically superior to the current EC tier-based proposal.

In order to have a sense of the forces in presence, Table 3 provides four informations for a few selected initial tariffs[4]/: (i) the post-Doha tariffs generated by the current EC tier-based formula, (ii) the Swiss factors that would generate the same post-Doha tariffs, (iii) a sense of

[4]/The following calculations are based on European tariffs including estimated *ad valorem* equivalents of the specific tariffs. Shares in terms of tariff lines take into account only the HS8 tariff lines having a tariff higher than 5 percent (roughly 70 percent of all the tariff lines). This assumption is used in order not to inflate the results provided (it reflects the fact that there is probably little, if any, European production for tariff lines with very low tariffs).

the relative size of the potential coalition of the loosers in Europe (by counting the number of tariff lines subjected to larger tariff cuts with a Swiss approach), and (iv) a sense of how hard these loosers would fight back (by calculating the additional tariff cuts generated by a shift to a Swiss-like approach, and by assuming that the larger the additional tariff cut is, the stronger the reaction of the vested interests is). Table 3 suggests that a Swiss60 is a target within easy reach (80-85 percent of the tariffs would be less cut) while Table 4 presents the key elements of the tariff structure for the various Swiss factors selected.

Farmers are not the main beneficiaries of the EC proposal

Examining in more detail the current European proposal (on a product by product basis) provides three quite surprizing results. First, the tariff cuts proposed by the EC tend much more often to protect food producers than farmers. Only one-fourth of the 210 products that would remain the most protected after the Doha Round are farm products, and many of them raise questions. For instance, why do products such as cucumbers and gherkins deserve such a favor? As for rice, it is well known that rice-growers get subsidies large enough to enable them to shift to new crops if necessary (six rice-growing farms are among the top 10 beneficiaries of farm subsidies in France)?

Second, the food products that would remain the most protected after the Doha Round are a strange hodgepodge of waste products (dog and cat food, offal, whey, etc.) products with tiny potential in international trade (yoghurts) and goods pertaining to wide families of food products. Liberalizing more these *de facto* industrial goods may require adjustment from the food producers, but it is unlikely to hurt noticeably European farmers (for instance, milk can be reallocated among a vast range of end-products, depending on their relative prices).

Third, the post-Doha tariffs proposed by the EC vary hugely for minimal shifts in product classification within the same family of products. For instance, the tariffs for different varieties of grape juice and those for different varieties of buttermilk vary by a factor of 2 or 3 depending on the variety classification within their family. This leaves the door wide open to misclassifications and corruption. Moreover, because it would freeze for years these widely dispersed tariffs, a WTO agreement on such a basis would generate severe distortions in Europe's agriculture.

These flaws reflect the 1994 Uruguay Round "dirty tariffication" which has allowed a massive use of specific tariffs (i.e., tariffs expressed in euros per physical unit) under the pressure of powerful lobbies. They also mirror the world prices which have been used as a basis for calculating the *ad valorem* equivalents of these specific tariffs. A tier-based formula softens the combined impact of these two factors (much) less than a Swiss-like formula because it compresses (much) less the higher tariffs than the lower ones.

<u>Back to the negotiating process</u>

Are then the agriculture negotiations doomed to fail? No. Europe can gain economically, diplomatically and politically by "rebalancing" its current offer – that is, by imposing deeper tariff cuts on the currently most protected products, and smaller tariff cuts on the currently less protected products.

Economic gains for Europe would be twofold. Cutting deeper into the highest tariffs would amplify the welfare gains for European consumers – especially the poorest. And, because it reduces the huge distortions created among the relative prices of the farm and food products by very different tariffs, a narrower range of post-Doha tariffs would generate a more far-reaching and economically sound reallocation of resources amongst all these products.

Diplomatically, Europe would give a welcome signal for serious negotiations. This would be the case even with a Swiss60 which is very modest in the sense that it would deliver the same average agricultural tariff cut – from 24 percent to 13 percent (Table 4) – than the current European proposal. But, compared to this current proposal, it would reduce from 45 to 37 percent (i.e., an average additional tariff cut of 19 percent) the average post-Doha tariff of the 210 most protected products (almost 15 percent of all the tariff lines with a tariff higher than 5 percent) and it would introduce a tariff cap of roughly 50 percent (Table 4).

Politically, cutting low tariffs (involving mostly farm products) by a lesser amount would receive the support of a vast majority of European farmers. Compared to the current proposal, a Swiss60 would increase from 12.8 to 14.5 percent (i.e., an average 13 percent increase) the average post-Doha tariff of the less protected products (roughly 85 percent of the tariff lines). Meanwhile it would still bring about a substantial opening of the European markets for these products since their current average tariff will be cut by 32 percent.

That said, with so few weeks left for negotiations, it may be unwise to reopen the debate on the type of formula in the WTO forum. But mimicking a Swiss formula by a tier-based formula is not difficult. For instance, a Swiss60 is approximated by a tier-based formula with the four (incremental) coefficients of 66.7, 33.3, 20.0 and 7.4 percent if one uses the four tiers defined in the current European proposal.[5] And mimicking would allow to make full use of the possibly emerging agreements (for instance, on the tier definition).

Balancing tariff cuts and domestic support cuts

The tabled cuts in domestic support look huge in percentage terms, but this largely reflects "water in subsidies" (Table 5) although the U.S. case is uncertain since the new Farm Bill is not yet available. That said, the deeper the farm tariff cuts are, the more convincingly Europe can argue that cuts in domestic subsidies should merely consolidate the foreseen evolution of its subsidy regime in order to facilitate European adjustment to possible trade turbulences.

But, such modest cuts should be paid by much stricter definitions of the current Boxes in order to ensure that domestic subsidies will be used only for softening the impact of possible trade turbulences (protecting endangered farmers' incomes in the importing countries) not for increasing production. The real impact of cuts in domestic support can be easily eroded by box-playing or shifting, as illustrated by the 2003 CAP reform which introduced "decoupled" subsidies without liberalizing the European farm sector (other things being constant, it reduced the European overall level of protection from 57 to 55 percent [OECD. 2004. Analysis of CAP Reform. www.oecd.org]. That said, defining subsidies is a serious problem for the U.S., not for Europe.

"Flexibilities": Negotiators as "Penelopes"

The lack of political will in major WTO members tends to turn the Doha negotiators into "Penelopes" fighting for substantial tariff cuts, and then agreeing on lavish provisions undercutting these cuts. Doing so will only infuriate both free traders (frustated by illusory

[5]/Except the first one, these coefficients are not directly comparable to the tabled reductions because they are incremental. Assuming the EC definition of the tiers, T = t*0.667 for the first tier. For the second tier, T = 20 + (t-30)*0.334. For the third tier, T = 30 + (t-60)*0.200. For the last tier, T = 36 + (t-90)*0.074. Note that the coefficient 0.667 (the only one directly comparable to the tabled reductions) is almost within the range of reductions [20-65] mentioned in the paper on the modalities presented by the Chairman of the Committee on Agriculture, Special session, 22 June 2006.

market access) and anti-globalizers (attributing all the future problems faced by a country to a fictitious liberalisation). Agricultural negotiations provide two illustrations of this danger.

The Doha negotiators are playing with "tariff-rate quotas" (i.e., limited imported quantities of a good are subjected to a "in quota" tariff which is lower than the normal "out-of-quota" tariff imposed on the rest of the imports of this product). The Urugay Round used them as a device for beginning to open farm markets left closed by the very high tariffs agreed in this Round. In the Doha negotiations, the EC (and other WTO Members) is using them as a device for reducing less the out-of-quota tariffs – increasing quantities to be imported under the in-quota tariff is the "price" to be paid for keeping the out-of-quota tariff high. This is a self-defeating tactic. If the European demand becomes smaller than the quota, the EC price will reflect the low in-quota tariff (the out-of-quota tariff playing no role). If the European demand still exceeds the quota, the EC price will be determined by the world price plus the high out-of-quota tariff, generating huge rents for the quota beneficiaries. Who are these beneficiaries? The answer depends on several parameters. But there is an almost sure bet: not the European farmers. And there is a very good chance that the ultimate beneficiaries would be the foreign traders and/or food producers. What does such a flexibility mean?

The Doha negotiators are also playing with the notion of "sensitive" products benefiting from tariff cuts smaller than the ones generated by the agreed formula. Initially, the EC proposed that up to 8 percent of all the tariff lines (representing 12 percent of the tariff lines with a tariff higher than 5 percent) could be treated as sensitive products. Such a proposal has three consequences. First, it will generate a nightmare in terms of domestic lobbying: European producers will fight hard between themselves for being the beneficiaries of such a regime. Second, it does not seem fortuitious that all the agricultural products with a tariff below 50-60 percent <u>and</u> already under a tariff-rate quota represent roughly 8 percent of all the tariff lines. Third, the 450 products or so which would be declared sensitive or protected by the highest tariffs represent the bulk of EC agricultural production. In sum, the Doha Round would have mostly produced a fake liberalisation. Liberalisation would be limited to products for which there is no powerful lobby in Europe. Europe may have comparative advantages in such products, but it may not benefit from them since the protected sector is large and protected enough to absorb all the available resources. Again, what does such a flexibility mean?

Concluding remarks

As a result, for the few weeks left, the best rule may be, paradoxically, to think long term. If Europe needs to rebalance more deeply its proposal in order to boost domestic support, so be it (a variant of the Swiss formula would protect the initially low protected farmers better than the "classic" Swiss formula, while allowing to be slightly more ambitious at the margin. [6]/) If sacrificing a couple of points or so in a Swiss reduction factor may be the price to pay for minimizing or eliminating "flexibilities", so be it. The next Round will take over much more easily a modest but clean Doha outcome that if it inherits from an apparently bigger outcome, but tied to distortions entrenched in a few highly protected sectors and to perverse flexibility provisions. The lesson of fifty years of trade policy in textiles and clothing should be learnt.

Some European politicians have declared that they hope to save the Common Agricultural Policy (CAP) by letting the Doha Round fail. This is a total illusion. The Doha negotiations (even if unsuccessful) are giving the finishing stroke to the current CAP. First, they are revealing to farmers the true European priorities shown above. Second, they are making European farmers increasingly aware of the fact that the impact of common European tariffs varies with each Member state production structure. An European country producing mostly farm goods protected by high European tariffs is more protected than a country producing mostly farm goods protected by moderate European tariffs. This is why today, agriculture is, on average, roughly twice as protected in Ireland as in southern Europe (Table 6). It is in the own interest of the European farmers to have similar tariffs on all the farm products. Only such tariffs ensure the level playing field that European farmers will need when the new CAP provides for less subsidies, distributed very differently amongst European farmers.

Ironically, France would be a major beneficiary of successful Doha negotiations in agriculture. As French farmers are not among the most protected in Europe (contrary to a wide belief) they will benefit from rebalanced tariffs. And as they are among the most efficient in Europe, they will benefit from a serious CAP reform – as well as the European consumers, especially the poorest. French farmers are beginning to realize all this, and to wonder whether they should not support a swift CAP reform. When will French politicians do the same, and lead instead of dragging behind?

[6]/For instance, $T = rt/(r^a + t^a)^{1/a}$ where 'r' is the usual reduction factor and 'a' a "political" factor (to be negotiated) aiming to reduce tariff cuts in the low tariff range, hence to boost political support.

Table 1A. Estimates of tariff cuts in NAMA: Selected emerging economies

	Initial tariffs		Post-Doha tariffs with a Swiss20			Post-Doha tariffs with a Swiss15		
	Average bound tariff	Average applied tariff	Bound tariffs avg tariffs	Bound tariffs max tariffs	Tariffs >15% [a]	Bound tariffs avg tariffs	Bound tariffs max tariffs	Tariffs >15% [a]
	1	2	3	4	5	6	7	8
China2001 [b]	–	14.4	7.7	16.4	0.3	6.7	12.9	0.0
South Africa	11.0	8.3	5.2	15.0	1.6	4.5	12.0	0.0
Malaysia	11.2	8.6	5.4	18.8	0.2	4.7	14.3	0.0
Philippines	16.7	9.2	8.1	14.3	0.0	7.0	11.5	0.0
Thailand	20.2	13.4	9.2	16.0	0.7	7.8	12.6	0.0
Brazil	29.4	15.1	11.6	16.2	0.0	9.7	12.8	0.0
Mexico	34.8	17.2	12.7	14.3	0.0	10.4	11.5	0.0
Indonesia	35.0	8.3	12.2	17.2	0.5	10.1	13.4	0.0
India2001	37.0	33.9	12.4	17.6	0.3	10.2	13.6	0.0
Average [c]	24.4	14.3	9.4	16.2	0.4	7.9	12.7	0.0
China2005	9.2	9.1	5.8	14.3	0.0	5.2	11.5	0.0
India2005	37.0	12.5	same as for India 2001			same as for India 2001		

Table 1B. Estimates of tariff cuts in NAMA: Selected advanced economies

	Initial tariffs		Post-Doha tariffs with a Swiss10			Post-Doha tariffs with a Swiss5		
	Average bound tariff	Average applied tariff	Bound tariffs avg tariffs	Bound tariffs max tariffs	Tariffs >15% [a]	Bound tariffs avg tariffs	Bound tariffs max tariffs	Tariffs >15% [a]
	1	2	3	4	5	6	7	8
Japan	2.3	1.6	1.4	7.4	0.0	1.0	4.3	0.0
USA	3.4	2.6	1.9	7.9	0.0	1.4	4.4	0.0
EC	4.0	3.9	2.4	8.5	0.0	1.8	4.6	0.0
Singapore	4.1	0.0	2.2	5.0	0.0	1.5	3.3	0.0
Taiwan	4.7	4.5	2.6	8.6	0.0	1.9	4.6	0.0
Canada	5.3	3.3	2.7	7.1	0.0	1.9	4.2	0.0
Korea	10.2	6.7	4.3	7.9	0.0	2.8	4.4	0.0
Australia	11.0	3.5	4.1	8.5	0.0	2.7	4.6	0.0
New-Zealand	11.1	3.1	3.6	8.2	0.0	2.2	4.5	0.0
Average	6.2	3.3	2.8	7.7	0.0	1.9	4.3	0.0

Sources: Integrated Tariff Analysis System, Australian Productivity Commission, 2004. China's tariff schedule for 2001. Press reports for India 2005. Author's computations.

Note [a]: Number (in percent) of HS6 lines with tariffs still higher than 15 percent after trade liberalisation.

Note [b]: Calculations based on Chinese tariffs applied in 2001.

Note [c]: Simple averages.

Table 2. Tabled proposals in the farm negotiations, selected tabled tier-based formulas								
		EC proposal			G20 proposal			U.S. proposal
		definition	tariff cut		definition	tariff cut		definition	tariff cut
		of the tiers	(%)			(%)			(%)
		1	2		3	4		5	6
Tariff cuts to be imposed on developed countries									
	highest tier	>90%	60		>75%	75		>60%	85-90
	medium high tier	60-90%	50		50-75%	65		40-60%	75-85
	medium low tier	30-60%	45		20-50%	55		20-40%	65-75
	lowest tier	0-30%	35		0-20%	45		0-20%	55-65
Tariff cuts to be imposed on developing countries									
	highest tier	>130%	40		>130%	40		>60%	[a]
	medium high tier	80-130%	35		80-130%	35		40-60%	[a]
	medium low tier	30-80%	30		30-80%	30		20-40%	[a]
	lowest tier	0-30%	25		<30%	25		0-20%	[a]
Other elements of tariff rates									
	cap tariff (developed countries)	–	100		–	100		–	75
	cap tariff (developing countries)	–	150		–	150		–	100
Source: The EC, G20 and U.S. proposals. Note [a]: Reference to "slightly lesser reductions".									

Figure 1. Assessing the EC tier-based formula

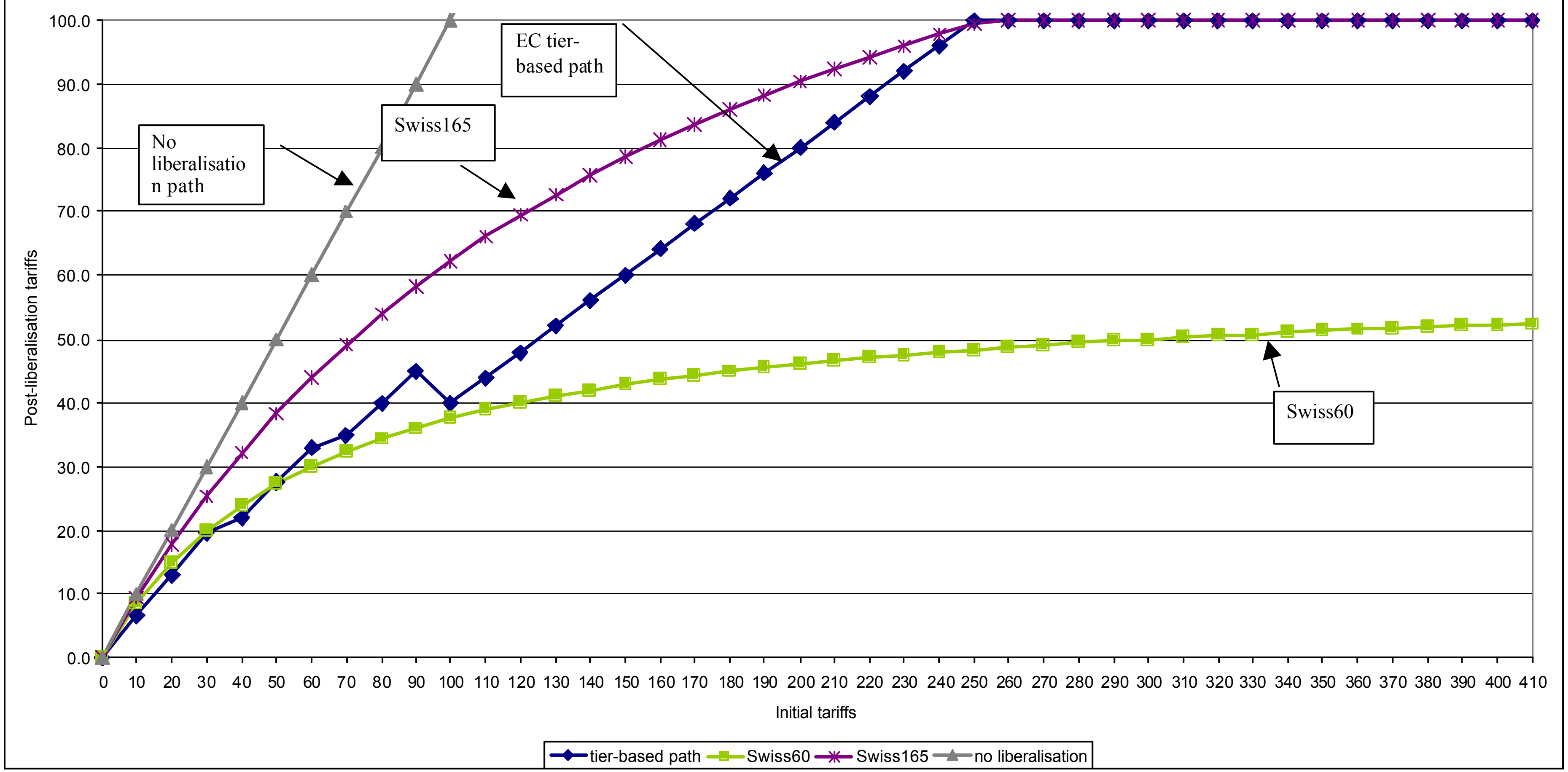

Table 3. Assessing the European tariff-cutting formula

Initial tariff (%)	Post-Doha tariff generated by the EC tier formula (%)	Swiss reduction factor leading to the same post-Doha tariff	Tariff lines "less" protected by a Swiss formula than by the tier-based formula: Number of tariff lines	Tariff lines "less" protected by a Swiss formula than by the tier-based formula: Nber (in%) all tar. lines	Number of tariff lines for which shifting to a Swiss formula generates additional tariff cuts 5%-10%	Number of tariff lines for which shifting to a Swiss formula generates additional tariff cuts > 10%	Magnitude of the additional tariff cuts generated by the Swiss formula: average cut (%)	Magnitude of the additional tariff cuts generated by the Swiss formula: maximum cut (%)
1 [a]	2	3	4	5 [b]	6	7	8 [c]	9 [c]
408.0	163.0	272	0	0.0	0	0	0.0	0.0
260.0	105.0	175	1	0.1	0	1	(40.2)	(40.2)
120.0	48.0	80 [d]	55	3.8	11	27	13.0	44.3
80.0	40.0	80 [d]	129	8.9	11	27	4.5	44.3
70.0	35.0	70	161	11.0	14	37	6.9	50.4
60.0	30.0	60 [d]	210	14.4	61	48	8.7	56.8
60.0	30.0	60 [d]	288	19.8	61	48	6.7	56.8
40.0	22.0	50	367	25.2	92	91	8.3	63.7
20.0	13.0	37	718	49.3	137	174	7.5	73.3

Author's computations.

Note [a]: These tariffs include the estimated ad valorem equivalents of the specific tariffs.

Note [b]: The percentages are based only on the number of tariff lines with tariffs higher than 5 percent (see text).

Note [c]: The additional tariff cut related to the most protected product (408 percent) is not taken into account for the six bottom initial tariffs. Column 8 gives the average additional cuts in percentage points.

Note [d]: Discontinuities in the tier-based formula open the possibility of several Swiss factors or several results.

Table 4. Selected alternative tariff structures							
	Current tariffs	EC tier-based formula	Swiss-type formula				
			S37	S50	S60	S70	S80
Tariff distribution (%)							
Zero tariff	17.9	18,0	17.9	17.9	17.9	17.9	17.9
Range 0-10 [a]	24.3	37.5	33.9	30.3	28.8	28.6	27.7
Range 10-20	21,9	24,3	31,3	29,8	29,2	27,5	27,1
Range 20-30	11,7	7,8	15,5	14,6	13,7	12,9	12,5
Range 30-40	5,3	7,0	1,3	6,9	7,9	8,4	8,3
Range 40-50	4,9	3,0	0,0	0,5	2,7	3,7	4,5
Range 50-60	3,4	1,0	0,0	0,0	0,0	1,0	1,8
Range >60	10,5	1,4	0,0	0,0	0,0	0,0	0,1
Comparison with the NAMA target of no tariff higher than 15 percent							
Range 0-15	54,4	67,7	69,8	66,3	64,1	62,7	62,3
Summary indicators (in %)							
Average tariff	24,4	12,9	10,7	12,2	13,1	13,9	14,6
Maximum tariff	407,8	163,1	33,9	44,5	52,3	59,7	66,9
2nd highest tariff [b]	264,3	105,7	32,5	42,0	48,9	56,3	61,4
Author's computations.		Notes [a]: zero tariff excluded. [b]: second highest tariff.					

Table 5. Farm domestic support in the EC and the U.S.	units	U.S.	EC25
1. The Amber Box (the most trade-distorting subsidies)			
Uruguay Round commitments	billion US$	19	89
Effective amounts in 2004	billion US$	13	42
Estimated amounts in 2006-2010	billion US$	[a]	26
The Doha proposals on subsidy cuts			
EC proposal	percent	60	70
U.S. proposal	percent	60	83
G20 proposal	percent	70	80
EC proposal	billion US$	8	27
U.S. proposal	billion US$	8	15
G20 proposal	billion US$	6	18
2. Overall Trade Distorting Support (sum of AMS, de minimis and Blue Box)			
Uruguay Round commitments	billion US$	55	149
Effective amounts in 2004	billion US$	23	74
Estimated amounts in 2006-2010	billion US$	[a]	40
The Doha proposals on subsidy cuts			
EC proposal	percent	60	70
U.S. proposal	percent	53	75
G20 proposal	percent	75	80
EC proposal	billion US$	22	45
U.S. proposal	billion US$	26	37
G20 proposal	billion US$	14	30
Source: EC, U.S. and G20 Proposals, Penn 2005, Jales and Nassar 2006, Kutas 2006.			

Table 6. Farm Protection of European Member States

Member states	PSEs		Tariffs
	[a]		[b]
Austria	59		25,3
Belgium	57		26,0
Britain	72		28,5
Cyprus	--		--
Czech Rep.	57		28,4
Denmark	54		28,9
Estonia	55		29,1
Finland	72		28,2
France	59		23,6
Germany	61		26,4
Greece	40		19,8
Hungary	44		25,3
Ireland	99		29,8
Italy	45		20,6
Latvia	59		26,8
Lithuania	62		28,4
Luxembourg	75		27,9
Malta	37		20,7
Netherland	53		20,8
Poland	47		26,7
Portugal	43		20,1
Slovakia	54		27,2
Slovenia	57		23,6
Spain	43		21,0
Sweden	71		27,3
EC-15	55		23,9
EC-25 [c]	57		25,4
Sources: OCDE, WTO. Author's computations.			
[a] PSE:Producer support equivalents (in percent).			
[b] Ad valorem tariffs (specific tariff equivalents included).			
[c] simple average.			

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