



**B R I E F L Y**

In November, Seattle will host the third ministerial conference of the World Trade Organization.

Up coming negotiations will focus, in part, on agricultural trade. The state's farms would greatly benefit from liberalized trading rules.

## Foreign Trade Barriers Hurt Washington Farmers

Agriculture is huge in Washington, but local producers would fare much better if the World Trade Organization were to dismantle more barriers to sales abroad.

Trade barriers exist aplenty, according to a June report by the state Department of Agriculture. Judging from a sampling survey of Washington commodity producers, the department observes "that there is much more work to be done if we are to achieve our goals of free trade and unimpeded international exchange of goods."

Washington producers face trade barriers in more than 35 countries, affecting some 25 commodities and processed foods, according to the department's report, *Exporting Washington Agricultural Products and Processed Foods: Foreign Trade Barriers*.

Although the World Trade Organization and its predecessor, the General Agreement on Tariffs and Trade, "have made great strides in establishing international rules of the game, many countries continue to construct trade barriers that result in market distortion, at best, and total exclusion of products in some foreign markets, at worst," the report states.

As it happens, the World Trade Organization (WTO) seems ready to kick off a new round of trade negotiations in several areas – including agriculture. At the end of November, Seattle will host WTO's third ministerial conference, with ministers and other senior officials from about 150 governments.

"Ministers will announce the organization and management of the WTO's work programme, including the scope, structure and time-frames of negotiations to liberalize international trade in sectors such as agriculture and services," according to a WTO statement.

"This will be the largest trade event ever held in the United States," said U.S. Trade Representative Charlene Barshefsky. "And it will inaugurate global negotiations which will shape world trade as we move to the next century."

The agenda for this round of trade negotiations, which could go for three years or more, is already pretty much determined, said WTO official David Hartridge. "Negotiations on agriculture and trade in services are mandated by agreements reached in the Uruguay Round," which lasted seven years, 1986-94.

Based in Geneva, the WTO is the only international organization that deals with the global rules of trade between nations. Its main function, it says, is to ensure that trade flows as smoothly, predictably and freely as possible. Representatives of member countries essay to reach consensus on trade rules, which then are ratified by their governments. Subsequent trade conflicts are hashed out through the WTO's dispute settlement process, which focuses on interpreting agreements and commitments.

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The rules of trade mean a great deal to this country. As of 1998, American agricultural exports totaled \$53.6 billion, supporting nearly 750,000 jobs, according to the U.S. Department of Agriculture (USDA). About 96 percent of potential customers for U.S. commodities live in other nations. Even with the problems besetting the nation's farmers today, about 25 percent of agricultural sales are exports, compared with 10 percent for the rest of the economy.

"U.S. agricultural productivity is increasing while domestic demand for agricultural products is growing slowly. Therefore, we must develop new overseas markets for our products," a USDA official said during a June 30 pre-WTO "listening session" in Richland.

More than 40 groups representing Washington's wheat industry, horticultural interests, farm bureaus and commodity groups registered to testify at the session and share perspectives on trade issues. The session was attended by USDA Deputy Secretary Richard Rominger and other senior department and trade officials.

In Washington, agriculture is big. In 1997, local farmers produced \$5.6 billion worth of agricultural products, and exports totaled upward of \$1.8 billion, according to the Agriculture Department's report on trade barriers. "International trade matters to this state, and the future of the industry will depend in no small measure on the success of current efforts to remove foreign barriers to free trade."

The report defines trade barriers as "government laws, regulations, policies or practices that either protect domestic products from foreign competition or artificially stimulate exports of particular domestic products."

Barriers include tariffs, import licenses and registration, domestic and export subsidies, and a variety of labeling and certification requirements. The latter include sanitary and phytosanitary (SPS) measures. "This category of trade barrier is perhaps the largest and most contentious because these are where domestic desires to protect human, animal and plant life often come into conflict with international standards of acceptability," the report says. Some SPS measures "are thinly veiled attempts to inhibit trade with no real health issue at stake."

Current SPS measures affect Washington beef, apples, cherries, apricots, nectarines, peaches and potatoes.

Export subsidies hurt Washington products as well. The European Union, for one, subsidizes fresh fruit and vegetables. Moreover, European Union domestic hops subsidies "continue to place Washington hop growers at a disadvantage in the world marketplace," the report says.

Tariffs, of course, continue to be a major problem. For instance, Washington faces considerable barriers in China (which is not a WTO member). "Many, of not all, of Washington's agricultural products face extremely high tariff rates when entering China," the report says. "The main barrier to direct apple and cherry shipments to China is an effective duty rate of approximately 47 percent."