Key facts on EU agriculture

The numbers:

- The EU has 11 million farmers, rising to 14 million in when Romania and Bulgaria join in 2007. The US has 2 million farmers.

- The average EU farmer gets less than half what the average US farmer receives in trade-distorting support.

- The EU has cut support prices across the board since 1992, with the recent reform in sugar being the last example. US support prices have been either stable or rising in the same period. For example, EU wheat support prices fell by 42 percent wheat between 1992 and 2007; US wheat support prices are up by 35 percent since 1992.

- The 2003/2004 Common Agricultural Policy reforms mean 90 percent of direct support is no longer linked to production – it is therefore 'Green Box'.

- This continues a trend of shifting support payments from the most trade-distorting to the least or non-trade distorting support – exactly what the WTO promotes.

- US payments continue to increase. Highly trade-distorting Counter Cyclical Payments are forecast to rise from 1.1 billion dollars in 2004 to 4.2 billion dollars this year. Marketing loans will rise from 3.8 billion dollars to 6.2 billion and one-off and emergency payments from 0.6 billion to 3.7 billion.

- That is, in just one year US commodity support will increase from 5.5 billion dollars to 14.1 billion dollars – or by 250 %!

Trade in agricultural products:

- EU net exports of all supported agricultural commodities have been in decline over the last 10 years. This is the result of CAP reform, and the decline in EU production and increase in EU consumption.

- The EU has become a major net importer of beef. The recent sugar reform means that the EU will switch from the world's second largest exporter to a net importer.

- The EU is the world largest importer of agricultural goods, importing EUR 61.6 billion in 2004.

- The EU takes 85 percent of Africa's agricultural exports and 45 percent of those from Latin America. The EU imports more agricultural products from developing countries than the U.S, Australia, Japan, Canada & New Zealand put together.

- The EU gives the 49 poorest countries (LDCs) completely duty and tariff free access for goods except arms and ammunition (under the 'Everything But Arms' initiative). In 2004, the EU was still the largest market for LDC exports of agricultural products ($ 3.2 billion).

EU and developing countries:

- A total of 178 developing countries and territories benefit from EU preferences under the recently enhanced "General System of Preferences" (GSP).

- The EU provides more than half of the world's total trade development assistance. Every year since 2001, the EU has given about 750 million euros in trade development assistance.

- Overall EU development aid (from Member States and the EU budget) is increasing from €33 billion in 2003 to €46 billion next year.

The EU offer:

- The EU offer provides substantially increased market access. It has offered to cut its highest tariffs by 60 percent.
- The average EU tariff in agriculture would fall from 23% to 12%. That is to about the same level as the current US average farm tariff.
- The EU market access offer reflects the interests of *all* parties – which means that developed countries should provide 50 % higher tariff cuts than developing countries.
- The EU applies the farm tariffs that it binds. Proposing tariff cuts and increased import quotas even in sensitive products – and fewer sensitive products (8% of tariff lines) – means substantially improved access for *all* products.
- Under our proposal, we expect beef imports to rise by 150 % and poultry exports to drop by 25 %.
- On the back of CAP reform, the EU is offering to bind cuts in its trade distorting measures by 70%.

What the EU expects from others:

- Clear commitments that the US will curb Counter Cyclical Payments.
- Clear commitments from the US to reform its food aid and export credit programmes.
- Reform of State Trading Enterprises in Australia, New Zealand and Canada.
- The EU will not talk about end dates for phasing out export refunds without parallel commitments from others.
- A clear balance between developed and developing country tariff cut commitments.
- Improved protection for Geographical Indications.

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