European Commission

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Joint Degree in Political Economy
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7. The GATT and the Uruguay Round

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The origine of the GATT I

Wall Street Crash of 1929

Dow Jones Industrial Average on Black Monday and Black Tuesday

Date	Change	% Change	Close
October 28, 1929	−38.33	−12.82	260.64
October 29, 1929	−30.57	−11.73	230.07

1944: Bretton Wood Agreement:IMF and Word Bank

1945: Marshall Plan: Open to trade condition

The origin of the GATT II

1946: International Conference on Trade and Employment at Havana

1947: GATT agreement signed by 23 countries

1948: More ambitious Havana Charter promoting an International Trade Organisation. Never ratified by the US

GATT principles

Most Favoured Nation (MFN) treatment

National treatment

Reciprocity

Tariff binding and reduction, discussed in negotiation rounds

Dispute settlement

General elimination of quantitative restrictions

An anti-dumping agreement

GATT and agriculture

Outside the general rules

In particular, export refunds allowed if "equitable share of world export trade" is maintained

Import restrictions and quotas are allowed "when needed"

Convenient political agreement between Europe and the US

The GATT Rounds: not much on agriculture

Geneva (1947); Annecy (1949); Torquay (1951); Dillon (1961/62)

Kennedy Round (1963-1967): agricultural import duties decreased by 20%

Tokyo Round (1973-1979): International agreements on milk products and beef. Limited reductions in import duties

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The Uruguay Round: A clear mandate

Improve market access, through reduction of imports barriers

Increase disciplines on all direct and indirect subsidies affecting agricultural trade directly and indirectly

Minimise adverse effects of sanitary and phytosanitary regulations

The negotiations

1988: Montreal "mid term" review: a failure

1989: Geneva agreement and restart of the negotiations

1990: Heysel conference also failed.

1991: Dunkel options paper

1992: Blair House agreement(s)

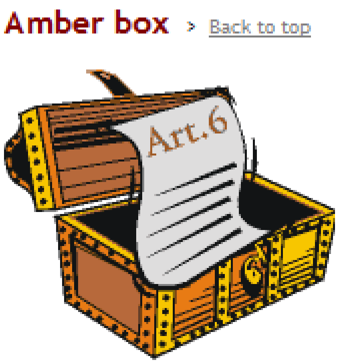
1993: Final agreement

The agricultural agreement I

***Market access**: tariffication + 36% reduction for developed countries (minimum 15%); 24% for developing (minimum 10%) and 0% for LDC*

***Export subsidy**: cut of 36% (by value) or by 21% (by volume) over six years. For developing countries, 14% (by volume) and 24% (by value) over ten years.*

The agricultural agreement II: internal support



Distortive. Reduction by 20% (13% for developing countries); de minimis 5% for non-product specific (10% developing)

The agricultural agreement III: internal support

Green box › Back to top

Minimal or no trade distortion. Exempt of any reduction: investments, training, subsidies not related to production

The agricultural agreement IV: internal support

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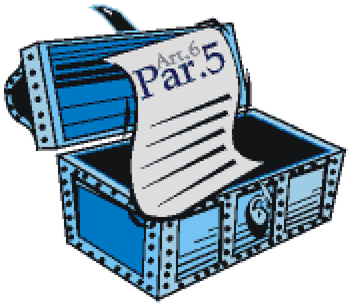


Amber box with conditions to reduce distortion: historical references; participation in programmes to limit production

"Traditional" US and "new" EU subsidies

Conclusions

Introduction of new disciplines to agricultural policies, limiting their distortive effects

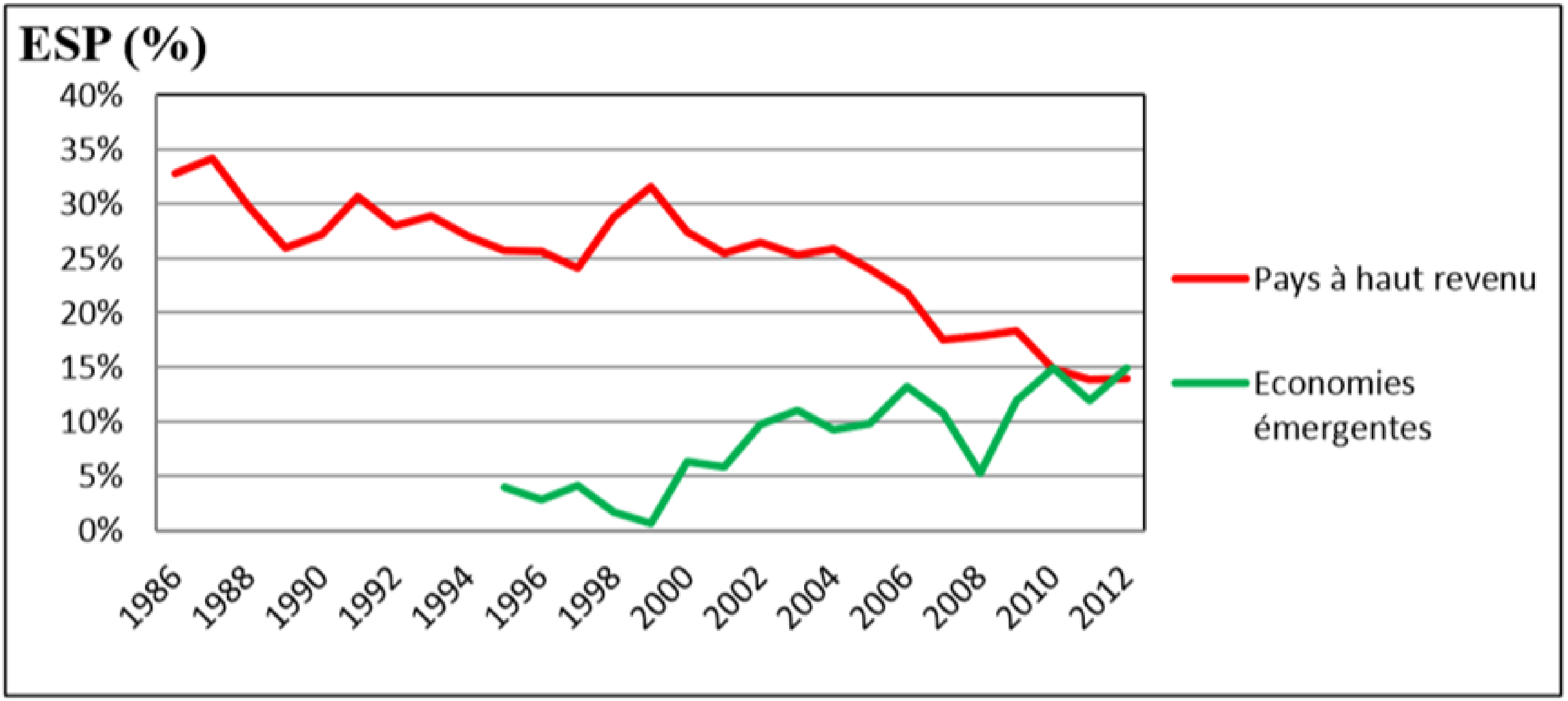
Commitments acceptable for all negotiating parties.

Based on the US-EU Blair House agreement

A step in the good direction but more steps expected (new Round foreseen)

Evolution of the word agricultural support

Graphique 1 : Estimation du soutien aux producteurs (ESP) en pourcentage des recettes agricoles



Source : calcul des auteurs à partir des données OECD (2013)

If you want to know more …

DG AGRI webpage:

http://ec.europa.eu/agriculture/index_en.htm

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