



October 10, 2005

SUMMARY OF U.S. PROPOSAL

Domestic support

- Reductions:
 - Amber box: 60% for U.S., 83% for EU and Japan, 37% for all others. These percentages would reduce the disparity between EU and U.S. support from a ratio of 4:1 to 2:1.
 - Overall support (amber + blue + *de minimis*): 53% for U.S. and Japan, 75% for EU and 31% for all others.
- Blue box: Limit of 2.5% of total value of production, rather than 5%, as laid out in the July 2004 Framework Agreement.
- De minimis: Reduce by 50% -- i.e., from 5% of value of production to 2.5% for developed countries and from 10% to 5% for developing countries.
- Product-specific caps: Support for each commodity would be capped at the average level in the 1999-2001 period.
- Green box: “No material change” for developed countries. Modification of criteria to allow for inclusion of some types of policies of interest to developing countries.
- Peace clause: New peace clause similar to Uruguay Round provision.
- Special and differential treatment: “Slightly lesser reduction commitments and longer phase-in periods” for developing countries.

Market access

- Tariff reductions:
 - Tier 1 (0-20% tariffs) – cuts ranging from 55-65% (rising gradually for higher duties within tier)
 - Tier 2 (20-40% tariffs) – cuts ranging from 65-75%
 - Tier 3 (40-60% tariffs) – cuts ranging from 75-85%
 - Tier 4 (60% and higher tariffs) – cuts ranging from 85-90%
- Sensitive products: 1% of tariff lines, with “full compensation” via TRQ expansion.
- Priority products: Further liberalization through sectoral initiatives and bilateral negotiations.
- Special and differential treatment: “Slightly lesser reduction commitments and longer phase-in periods” for developing countries. Special Safeguard Mechanism and Special Products derogations “to provide transitional protection”.

Export subsidies

- Export subsidies: Elimination by 2010.
- State trading enterprises: Elimination of monopoly rights and special financial privileges. Increased transparency.
- Food aid: Broad discretion for emergency situations and in low-income countries; tighter disciplines for other situations.
- Export credits: Eliminate export subsidy elements (bring in line with commercial terms).
- Differential export taxes: Eliminate.

Elimination of import protection and trade-distorting policies

The reductions above would be phased in over 5 years. There would then be a five-year interlude, followed by a second stage of reductions, during which all tariffs and all trade-distorting support would be eliminated.