



## GLOBAL DAIRY ALLIANCE STATEMENT

14 December 2005

### **Dairy in Hong Kong Leadership Essential to Deliver Doha Round Opportunities**

The potential benefits of creating a fair and market oriented system of world trade are too great to pass up. The Global Dairy Alliance urges the Cairns Group Ministers, the G-20 and other WTO partners to remain ambitious in their efforts to turn the Doha mandate into reality.

**The key to delivering sustainable long term improvement in world dairy trade and income, is substantial improvement in market access – with no tricks, no traps and no exceptions.**

Early action to remove export subsidies and make major cuts in trade distorting domestic support is important. But market access reform offers the only sustainable path to increase trade and the incomes of unsubsidised dairy producers around the world.

The Doha reform process began four years ago. Its reform dividends are now overdue.

The Hong Kong Ministerial meeting offers a key chance to deliver the substantial improvement in access for all sectors committed to in the 2004 Framework agreement. To do so will require:

- **Major reductions in tariffs** - with much larger cuts to higher rates. These cuts must be sufficient to allow new trade to develop, not just remove “water” from existing tariffs.
- **Strict limits** on the number of **sensitive products** with limits per tariff chapter.
- **Substantial expansion of tariff quotas** - by 7.5 per cent of **consumption**. Expansion must not be linked to distorted historical import levels.

Based on these criteria, the current EU market access offer is totally inadequate. It offers dairy producers nothing in terms of new commercial trade or market development opportunities. The final reform package must go substantially further. There are positive elements to both the G20 and US proposals but of those presented to date only the US proposal goes close in terms of necessary ambition.

Even then, the commercial value of new access will depend heavily on the rules applying to traded products. Therefore, the final modalities must also provide for:

- The elimination of in-quota tariffs
- Robust rules for tariff quota administration, and
- Abolition of Special Agricultural Safeguards.

The Global Dairy Alliance supports the provision of flexibility for developing countries. However this should not be achieved through the flawed concepts of Special Products and Special Safeguard Mechanisms. These systems would greatly restrict the gains from Doha. They will limit South-South trade to the detriment of producers in many developing countries. Their use, therefore, must be restricted to Least Developed Country (LDC) members.

The Doha Development Round is at a critical junction. Forward looking ambition is now essential. A defensive approach would spell disaster for the Round and the world’s agricultural producers.



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### The Global Dairy Alliance

The Global Dairy Alliance includes the dairy industries of Argentina, Australia, Brazil, Chile, New Zealand and Uruguay. It directly represents more than 1.5 million dairy farmers, 60 billion litres of milk production and the majority of international dairy trade.

The GDA maintains dialogue relationships with industry groups in China, India, Southern and Eastern Africa and the USA.

The dairy sector remains one of the most distorted areas of world trade with extremely high tariffs, quotas and other barriers. To deliver improved dairy trade opportunities, action is necessary across all three pillars – market access, domestic support and export subsidies.

The Alliance sees market access reform as offering the best path to sustainable improvements in trade and incomes of unsubsidised dairy producers around the world.

In conjunction with market access improvements the Global Dairy Alliance also seeks:

- The elimination of export subsidies by 2010 (with tight transitional measures)
- effective disciplines on food aid (including the abolition of monetised food aid and the use of food aid for surplus disposal purposes)
- substantial reductions in trade distorting domestic supports from current usage levels
- a cap and progressive reduction of all trade distorting domestic support on a product specific basis to prevent box shifting and the misuse of allowable instruments.

The Doha Round must also deal with non-trade concerns in ways that avoid increases in protectionism. The Global Dairy Alliance therefore opposes moves to increase protection for Geographic Indicators. Current rules TRIPS rules quite adequate. The proposals are an attempt to privilege specific producers, particularly in the EU, and would provide no benefits, but major costs, for dairy producers, manufacturers and consumers around the world.

*For more details of the GDA and analysis of key trade issues facing dairy please visit [www.globaldairyalliance.org](http://www.globaldairyalliance.org)*