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Position Paper

Market Access for Crop Protection Chemicals

CropLife International and CropLife America are the principal trade organizations representing the global and United States' crop protection chemical industries, respectively. The global production of crop protection chemicals exceeds U.S. \$26 billion annually, of which nearly U.S. \$16 billion is traded internationally. Based on a recent study, it is estimated that the total savings from the elimination of tariffs in WTO member countries in the crop protection chemical sector would be between \$1.05 billion and \$1.53 billion annually.¹ A Tariff Reduction Project Team (TRPT) has been established to coordinate this global industry wide effort to reduce/eliminate tariffs and non-tariff barriers against crop protection chemicals.

Crop protection chemicals along with other agricultural inputs are essential for sustainable development. The safe and efficient use of these products translates into improved quality of food, fiber and animal feed by controlling pests and diseases in the field and during transport and storage. Therefore, tariff-free trade in crop protection chemicals and other agricultural technologies will provide farmers around the globe with the ability to produce food and fiber economically with less land and a minimal effect on the environment. With tariff-free access to state-of-the-art crop protection chemicals and technologies, farmers in developing countries will not have to till as much erosion-prone land and cut down native forests to feed a burgeoning population. In short, elimination of tariff and non-tariff barriers would increase overall competition in the market place; allow growers to use innovative crop technologies they cannot currently access; stimulate production of better quality, higher-value crops with premium prices and export potential.

INTRODUCTION

We support the launch of a new multilateral round of trade negotiations as a result of the successful World Trade Organization (WTO) Ministerial meeting in Doha, Qatar, in November 2001. We support the need to continue the market access negotiations with the aim of reducing/eliminating tariffs, as well as non-tariff barriers against all chemicals, including crop protection chemicals.

We believe in the principle of a single undertaking at the end of the round, which should not preclude the possibility of reaching an agreement on chemicals, or crop protection chemicals at an earlier stage on a provisional basis.

STATEMENT OF PRINCIPLE ON TARIFF NEGOTIATIONS

We are committed to the elimination of tariffs on crop protection chemicals in the WTO and support a proposal whereby all member countries, with a viable crop protection chemical industry, agree to reduce/eliminate in equal steps all tariffs by the year 2010, dismantle all identified non-tariff measures (NTMs) and commit to prevent the introduction of new NTMs in the future.

We believe that reduction/elimination of tariffs on crop protection chemicals can be achieved either through:

a. A broader agreement on tariff elimination on all chemicals, including crop protection chemicals, by an expansion of the WTO member countries joining the Chemical Tariff Harmonization Agreement (CTHA) of 1994, **OR**

b. Through negotiations on specific chemical product coverage classified under the World Customs Organization Harmonized Systems codes:

3808.10	Insecticides
3808.20	Fungicides
3808.30	Herbicides
3808.40(pt)	agricultural bactericides and disinfectants
3808.90(pt)	agricultural pesticides not specified elsewhere, and products used as active ingredients listed in Pesticides Manual, 12 th Edition, published by the British Plant Protection Council, including salts, esters and hydrates of listed products, including sole and predominant use intermediate chemicals classified under Chapters 29 and 38 and used in the production of crop protection chemicals. A specific listing of these chemicals is being developed.

We recognize that all least-developed countries and some developing countries may need a slightly longer transition period, i.e. beyond 2010 to implement their commitments and, therefore, we support provisions for longer phasing periods for the least-developed and some developing countries.

STAGING AND BINDING ON TARIFF REDUCTIONS

Tariff reduction/elimination should begin from currently applied rates² and not bound rates³. We recognize that the WTO member countries whose currently applied rates are high may need to phase them out in stages. Also, longer phasing may be necessary for import sensitive crop protection chemicals and for developing countries. All members must agree to bind their tariff commitments⁴ resulting from the new round.

NON-TARIFF MEASURES (NTMS)

We believe that non-tariff measures (NTMs) such as import licenses, quotas, border fees, trigger mechanisms, discriminatory standards, pre-shipment inspections, custom valuation practices that are inconsistent with the WTO requirements should be eliminated. Such trade barriers should be removed as an integral part of an overall trade liberalization agreement. Concurrently, the proposed agreement should not affect provisions related to the movements, sale and use of crop protection chemicals, which may arise from national legislation on health, safety and the environment. Furthermore, it should not affect the protection of intellectual property relating to registration data patents, trademarks, and copyright or any other such protections.

COUNTRY COVERAGE AND FUTURE WTO ACCESSIONS

We believe that the WTO member country participation in the proposed agreement should be as complete as possible. Those include all countries that have agreed to the CTHA, in addition to at least as many countries as is needed to comprise at least 90% of the global production in crop protection chemicals.

Countries subsequently wishing to accede to the WTO following the conclusion of the new round of negotiations, as well as those that accede during the round, should be required to adopt all agreements reached during those negotiations, including agreements reached regarding crop protection chemical tariffs and NTMs.

For further details and related information concerning this proposal, contact Patricia Postigo, CropLife International, at patricia@croplife.org or Isi Siddiqui, CropLife America at isiddiqui@croplifeamerica.org.

¹ It includes tariffs paid worldwide on finished crop protection chemical products listed under Chapter 38 and on “active ingredients” and “sole use intermediates” covered under Chapter 29 of the Harmonized Tariff schedule.

² Applied rates mean the current tariff rates being charged on imports of certain products by a country.

³ Bound rates mean the maximum tariff rates, which a country can charge on imported products under its WTO commitments.

⁴ Binding of tariff commitments means – setting the maximum tariff rate on an imported product. While the applied tariff rate charged by an importing country can vary, an importing country can not exceed the bound rate without renegotiating its WTO commitments.