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Dr. Joe Glauber
Special Doha Agricultural Envoy
Acting Chief Economist
Office of the Chief Economist
U.S. Department of Agriculture
1400 Independence Ave., SW
Washington, DC 20250

Dear Dr. Glauber:

The US wheat industry remains supportive of a WTO agreement that offers maximum market access benefits to US wheat growers and producers and is prepared to accept a reduction in our AMS limit down to \$7.6 billion if commensurate market access can be obtained. While commending Agricultural Chair Crawford Falconer's effort to add new disciplines and close brackets in his latest negotiating text, the US wheat industry remains concerned that the level of ambition on market access is still lacking. With definitive amber and blue box caps established under the domestic support offer, the US wheat industry continues to insist on greater reciprocity in market access.

We are pleased with aspects of the new negotiating text such as a minimum average tariff reduction for developed countries, greater detail on TRQ administration and limits on the use of the Special Safeguard Mechanism (SSM). We believe however, that the SSM is a trade distorting mechanism that can be called on to protect markets in such a way that could negate any market access gains. In lieu of the elimination of the SSM, the US wheat industry expects to see greater discipline applied to this practice, further limiting the ability to invoke or apply the mechanism as well as the universe of products that it can be applied to.

The US wheat industry remains very concerned with the disciplines and treatment accorded to developing countries for Special Products (SPs). The text continues to provide an avenue for developing countries to designate a generous number of products as special allowing for limited or no tariff reductions on imports of those products, potentially wiping out a significant portion of market access gains for wheat. The big spread in the numbers in the latest text is an indication that there is still a lack of convergence on the issue. The US wheat industry believes that designating 8% of tariff lines as special products, is more than generous. The more this percentage increases, the greater the erosion on market access. We understand that the current proposal would still allow certain countries to protect 90% of trade, negating any market access gains. We are also opposed to allowing any designation of tariff lines as eligible for zero tariff cuts.

Falconer's text on domestic supports contains a problematic issue on Green and Blue Box base periods. We oppose changing the base periods. One of the criteria for considering a program as

Green Box is whether it is distributed on fixed and unchanging bases. It would therefore be inconsistent and inappropriate to update the base period for these programs. Leaving the Blue Box base unchanged should, by the same reasoning, make it less distorting than updating its bases.

We are also concerned with the disciplines proposed under the Export Credits Negotiating pillar. While noting several changes to the disciplines on food aid, the continuation of the practice of monetization is bracketed. The US wheat industry believes that commodity monetization programs should remain an option for private voluntary organizations (PVOs) to use at their discretion to meet local needs. Additionally, as you know, the US wheat industry supports nothing less than elimination of the monopoly practices of export state trading enterprises. While recognizing that this is a proprietary issue for the US wheat industry, the continued predatory pricing and other trade distorting practices of monopoly export wheat boards will almost completely negate any other market access gains. We continue to hope these issues will be addressed in some form prior to a Ministerial.

The US wheat industry is supportive of an eventual Doha agreement as the best opportunity to achieve the benefits of broad based market access around the world. We fundamentally believe that a successful Doha agreement will raise the worldwide standard of living, increasing consumer purchasing power, allowing for significant new sales of US wheat. We have been and remain supportive your efforts to obtain the best possible deal for US agriculture and the US wheat industry and we thank you for your efforts to that end.

Sincerely,



John Thamer
President
National Association of Wheat Growers



Ron Suppes
Chairman
U.S. Wheat Associates