

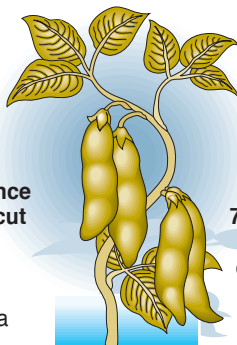


GATT – set up to ease restrictions on international trade – has been responsible for much of the global economic growth of the past 40 years. GATT's 105 nations account for 90% of the world's trade and have seen the average tariff on manufactured goods fall from 40% to just under 5%

## 1. The oilseed battle



GATT has twice upheld U.S. complaints since 1987 that the E.C. should cut oilseed production which costs U.S. farmers up to \$1bn a year in lost sales. The oilseed battle is part of a larger struggle to reduce farm subsidies worldwide



Since 1987, EC production has risen from 7.5m tonnes to an estimated 13m. The U.S. wants output cut to 9m but the EC is only prepared to reduce output to 9.5m tonnes. France's 1 million farmers refuse to accept the U.S. demand

Sanctions

## 2. Pre-emptive

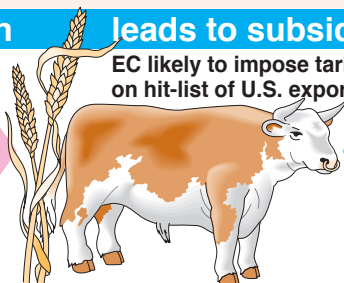
## strike by U.S.

The U.S. has announced plans to impose tariffs of 200% on \$300m of EC farm products – white wine, wheat gluten and rape seed oil being the initial targets from a hit-list of \$2bn. The duties, intended to hit France and Germany hardest, will take effect from Dec 5 unless prior agreement is reached

## 3. Retaliation

## leads to subsidy wars

Subsidy wars declared on a number of U.S. farm products, notably wheat and beef



EC likely to impose tariffs on hit-list of U.S. exports

Taxpayers in EC and U.S. forced to subsidise their own farm products to remain competitive

## 4. The world pays the price

As exports are lost and farm prices fall, other countries are drawn into conflict

World trade suffers

Canada, Australia, New Zealand, Argentina and Brazil are among the victims

## 5. War escalates to other areas of trade

Plans to include telecommunications, shipping, textiles, and intellectual property rights under the GATT umbrella cannot be implemented. Other outstanding disputes, such as dumping cheap steel into the U.S. market, fuel the war

