FTA & Food and Agriculture
trade diversion? WTO+, price or payment

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Mega-FTAs

- China
- EU
- Japan
- US
- Canada
- Mexico
- Australia
- India
- RCEP
- TPP
- TTIP
Major exporters of wheat

Production and Export of Wheat by Major Countries

Source: USDA, Production, Supply and Distribution database
Some tariffs are prohibitively high.
The relationship between WTO and TPP

WTO

- SCM (Subsidies)
- Tariffs
- Service
- SPS
- TBT
- TRIP
- Government Procurement

FTA (TPP)

- Trade and Labor
- Trade and Environment
- Trade facilitation competition
- State owned enterprises (SOE)
- Investment
New rules and disciplines on SOE

the Price of Japanese rice in Tokyo and Beijing

- **Tokyo**: 300 yen/kg
- **Beijing**: 1300 yen/kg

*de facto tariff charged by SOE*
### Comparison of agricultural policies

<table>
<thead>
<tr>
<th>Country</th>
<th>Japan</th>
<th>US</th>
<th>EU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decoupled direct payments</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Environmental direct payments</td>
<td>Partial</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Direct payments for less favourable regions</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Production restriction programme for price maintenance</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Tariffs* over 1000%</td>
<td>1 (tubers of konnyaku)</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Tariffs of 500-1000%</td>
<td>2 (rice, peanuts)</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Tariffs 300-500%</td>
<td>2 (butter, pork)</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>Tariffs of 200-300%</td>
<td>6 (wheat, barley, skim milk powder, starch, beans and raw milk)</td>
<td>None</td>
<td>None</td>
</tr>
</tbody>
</table>

* Specific tariffs are applied to tariffed products in Japan and the EU. Here, these specific tariffs are estimated as their equivalents of ad valorem tariff rates, taking into account international prices.
Domestic agricultural price

Import price

Price support ↓ Direct payment

Tariff ↓ Tariff elimination

From Price Support to Direct Payment: Consumer Burden Disappears

Domestic production
Imports

Quantity