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The impact of further tariff reduction on the EU sugar sector in the forthcoming multilateral round

Keywords tariff reduction, sugar, European Union, international trade, linear models, Swiss formula, Harbinson proposal, Uruguay formula, World Trade Organization,

## Abstract

This paper indicates the need for reform in the EU sugar sector due to the erosion of "border protection" in the view of further import tariffs for sugar. Three tariff reduction methods are assessed to project the "border protection" for EU sugar: Swiss formula by the Cairns Group, "Harbinson" Proposal by the World Trade Organization and Uruguay Round formula proposed by the EU. In the forthcoming multilateral round for agriculture, the EU would need to lower the support price for sugar by 67%, if the Cairns Group reduction method is used. However, if the "Harbinson" method is used, the EU would need to lower the support price for sugar by 15%. On the contrary, the EU may avoid lowering the support price for sugar with three conditions occurring simultaneously: 1) the Uruguay Round formula is used as the reduction method in the assumed new WTO round and the EU can use the minimum reduction rate of 15% for sugar prices will recover in the future; and 3) both developed and developing countries are allowed to use the "Special Safeguard

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