Farm Bill and the WTO

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Outline

• Review of WTO commitments
• Domestic support in the U.S., EU and Japan
• U.S. comprehensive proposal
• WTO implications of farm bill
WTO commitments

- Classifies support into three broad categories or boxes
  - Amber (most distortive)
  - Green (minimally production and trade-distorting)
  - Blue (production limiting programs, payments tied to fixed area, yields)
- Reduce Aggregate Measurement of Support by 20% from 1986-88 levels
- Green and blue outlays exempt
- Support considered *de minimis* (and exempt) if less than 5% of total value
Total U.S. Domestic Support

- **1995**: 60 billion dollars
- **1996**: 60 billion dollars
- **1997**: 60 billion dollars
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**Legend**:
- Green Box
- Blue Box
- AMS
- de minimis
U.S. Comprehensive Proposal

- Exempt vs non-exempt support
- Eliminate blue box
- Reduce non-exempt support to a final level equal to a fixed percentage of the member’s value of total agricultural production
Key Proposals in Play

- **H.R. 2646 (House):** Lower loan rate for soybeans, target prices, higher AMTA
- **S. 1731 (Senate Committee):** Higher loan rates, target prices, lower AMTA, CSP
- **Cochran-Roberts:** House loan rates, higher AMTA, savings accounts
U.S. Aggregate Measure of Support

Billion dollars

2002 2003 2004 2005 2006 2007 2008 2009 2010

Baseline  House bill  S. 1731
Non-product specific amber support

![Bar chart showing non-product specific amber support from 2002 to 2010. The bars represent billion dollars for each year. The chart includes data for Baseline, House, and S. 1731.]

- **2002**: Baseline: 3, House: 6, S. 1731: 2
- **2003**: Baseline: 4, House: 8, S. 1731: 3
- **2004**: Baseline: 3, House: 7, S. 1731: 2
- **2005**: Baseline: 3, House: 7, S. 1731: 2
- **2006**: Baseline: 3, House: 7, S. 1731: 2
- **2007**: Baseline: 3, House: 7, S. 1731: 2
- **2008**: Baseline: 3, House: 7, S. 1731: 2
- **2009**: Baseline: 3, House: 7, S. 1731: 2
- **2010**: Baseline: 3, House: 7, S. 1731: 2

*Note: The chart visually represents the data.*
AMS Exposure in 2006

Billion dollars

House
S. 1731
Cochran-Roberts

Potential exposure
Estimated AMS
Conclusions

• Less consistency between farm bill and WTO than in 1996
• Importance of circuit breakers
• Positioning vis-à-vis EU, Japan for future cuts