

# Farm Bill and the WTO

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# Outline

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

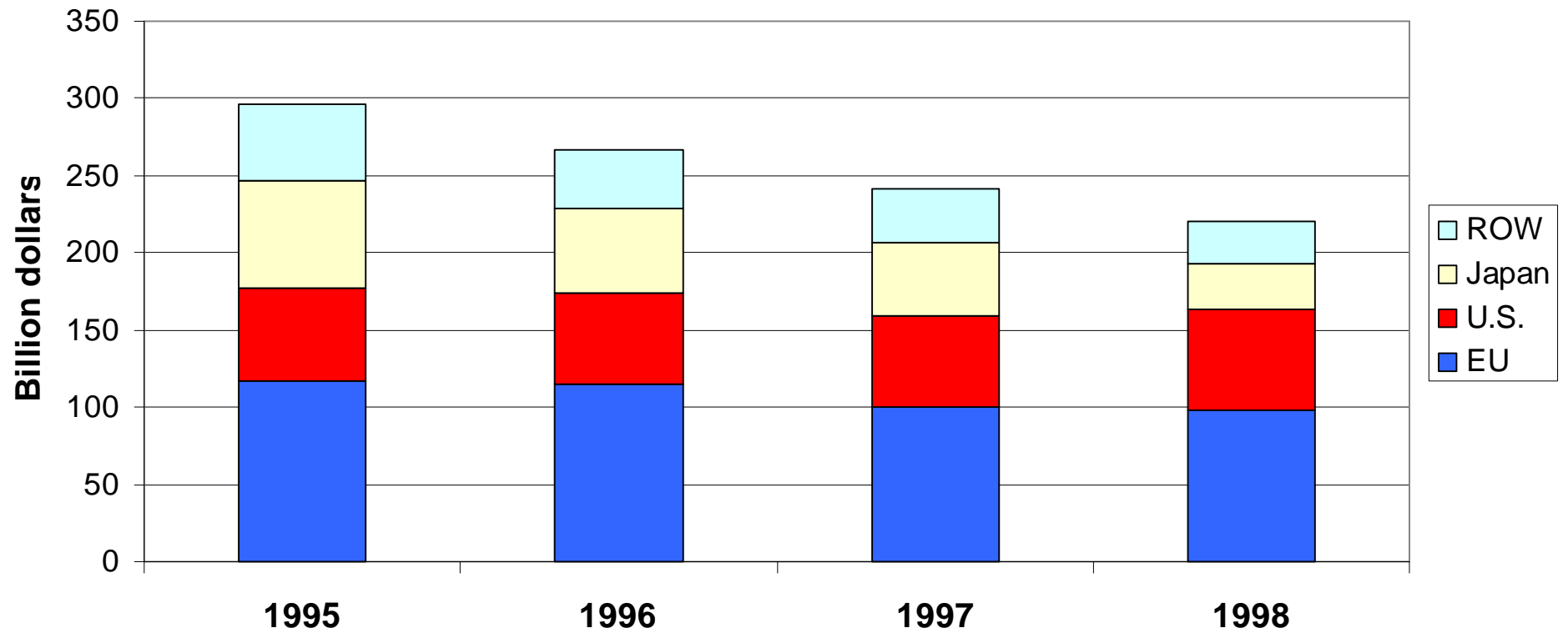
# WTO commitments

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- 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

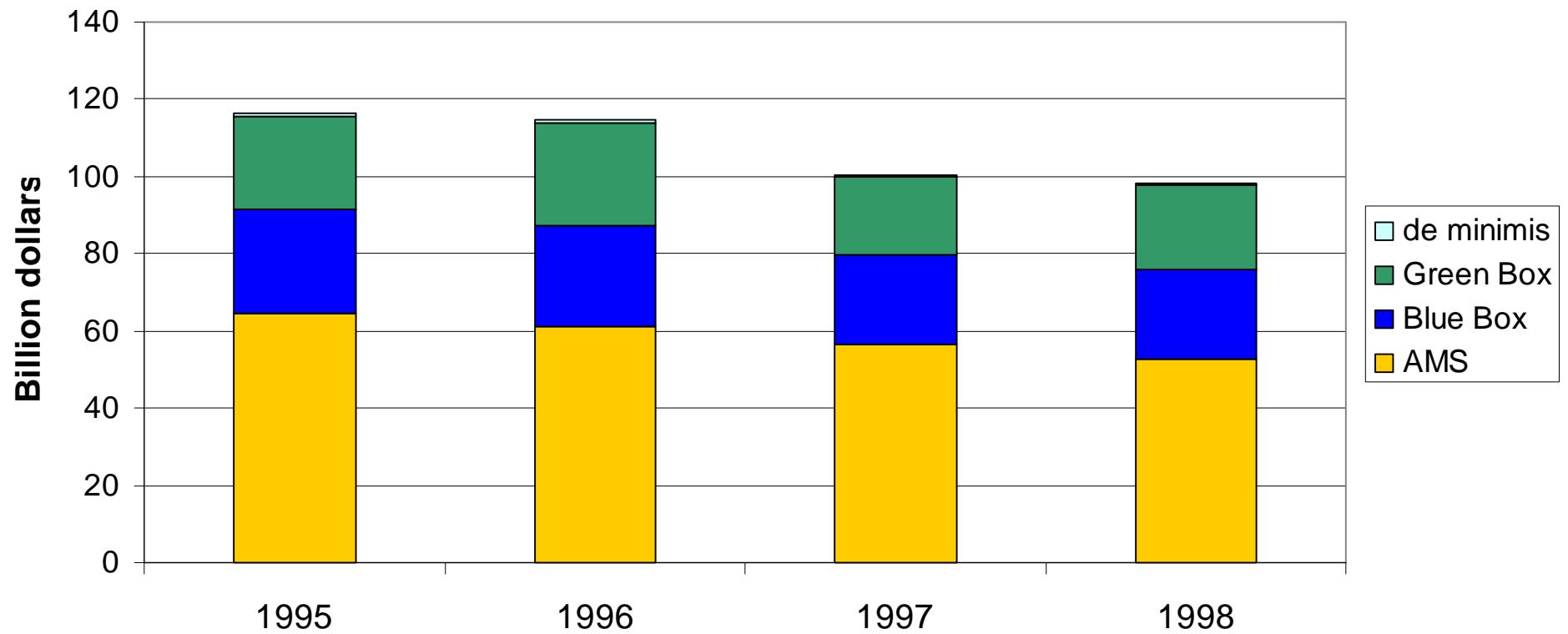
# Total World Domestic Support

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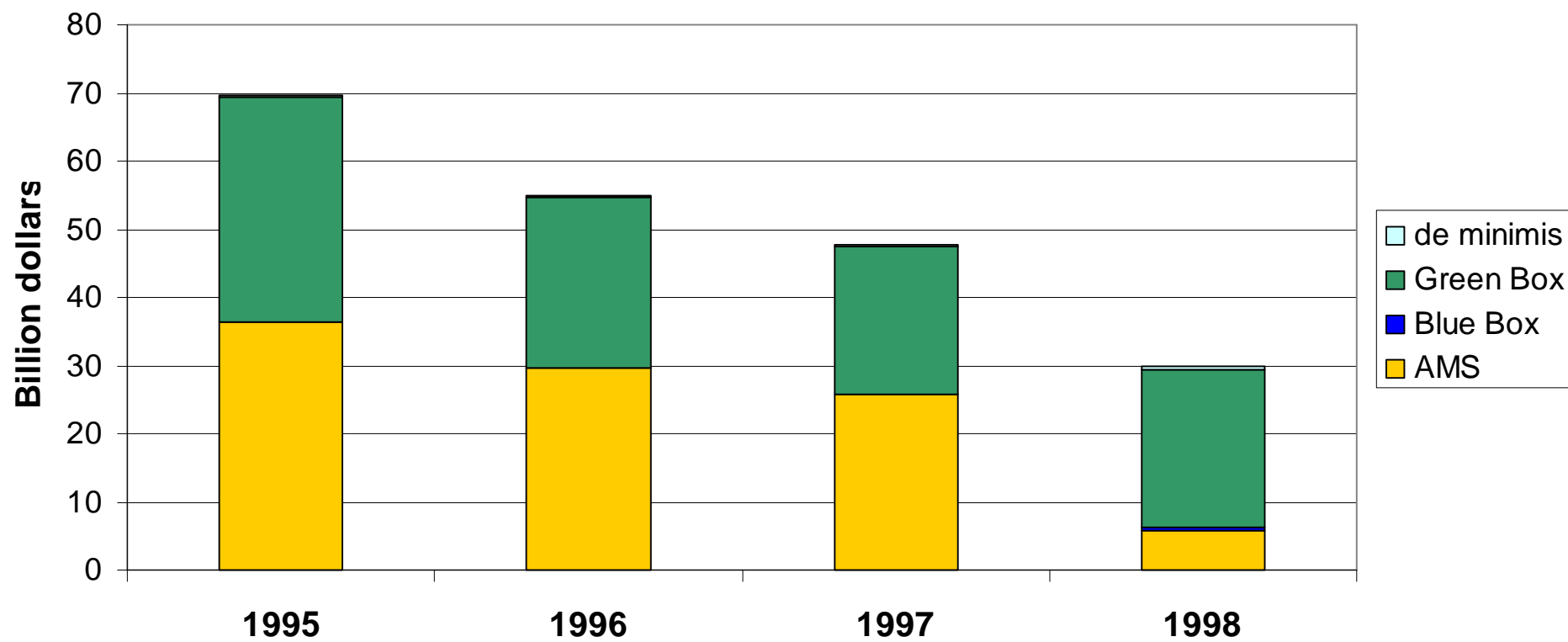
# Total EU Domestic Support

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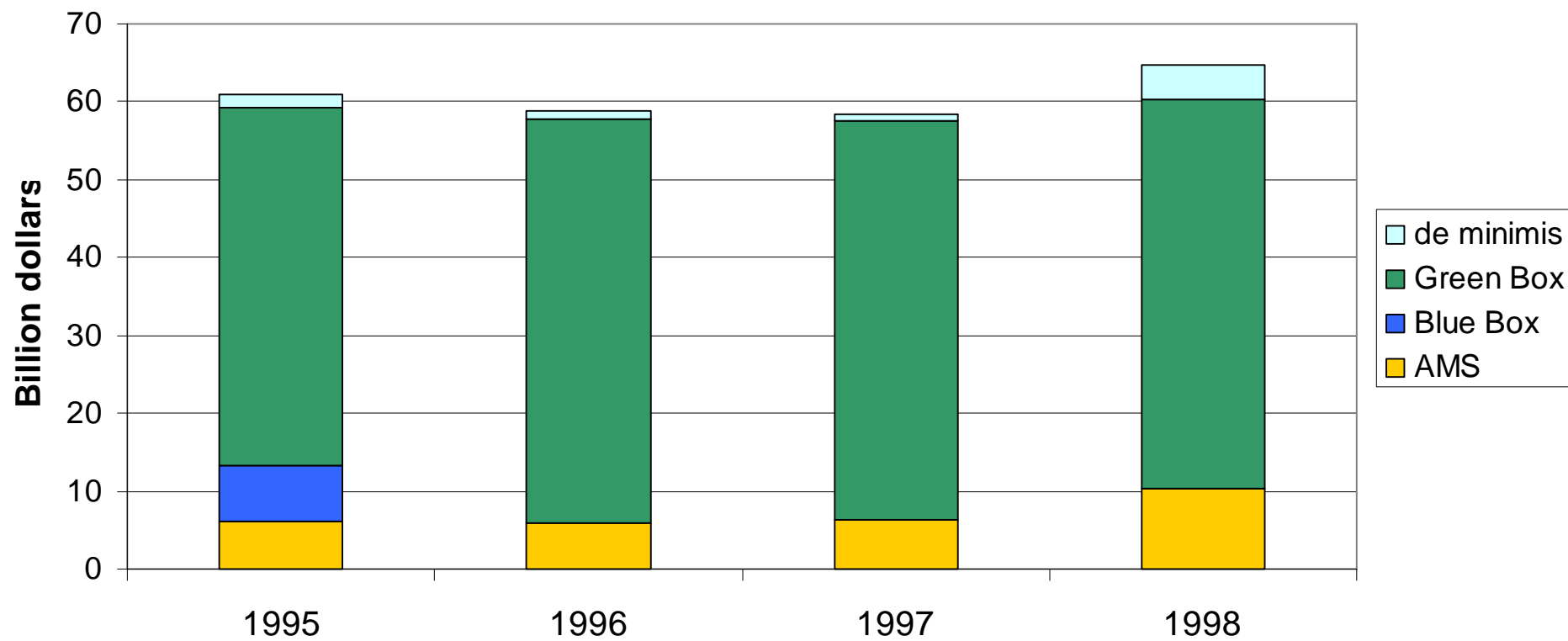
# Total Japanese Domestic Support

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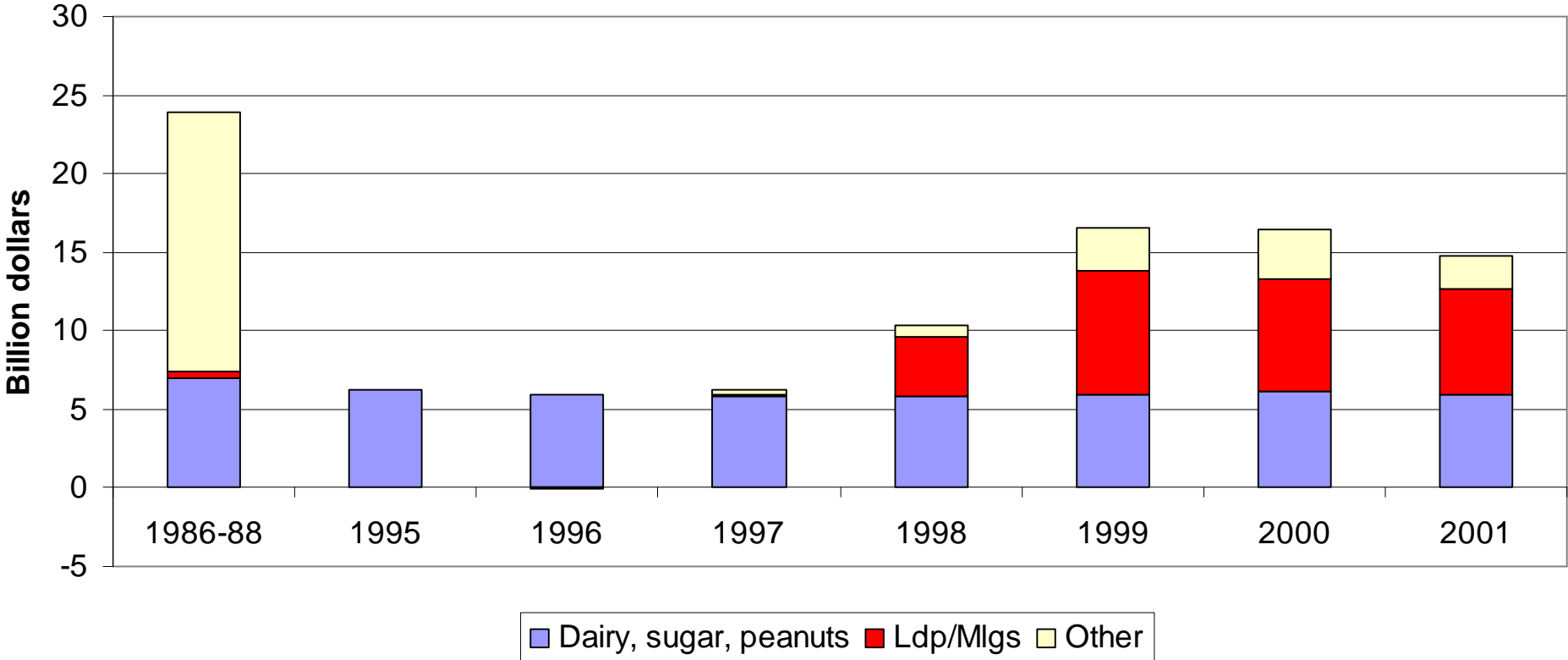


# Total U.S. Domestic Support

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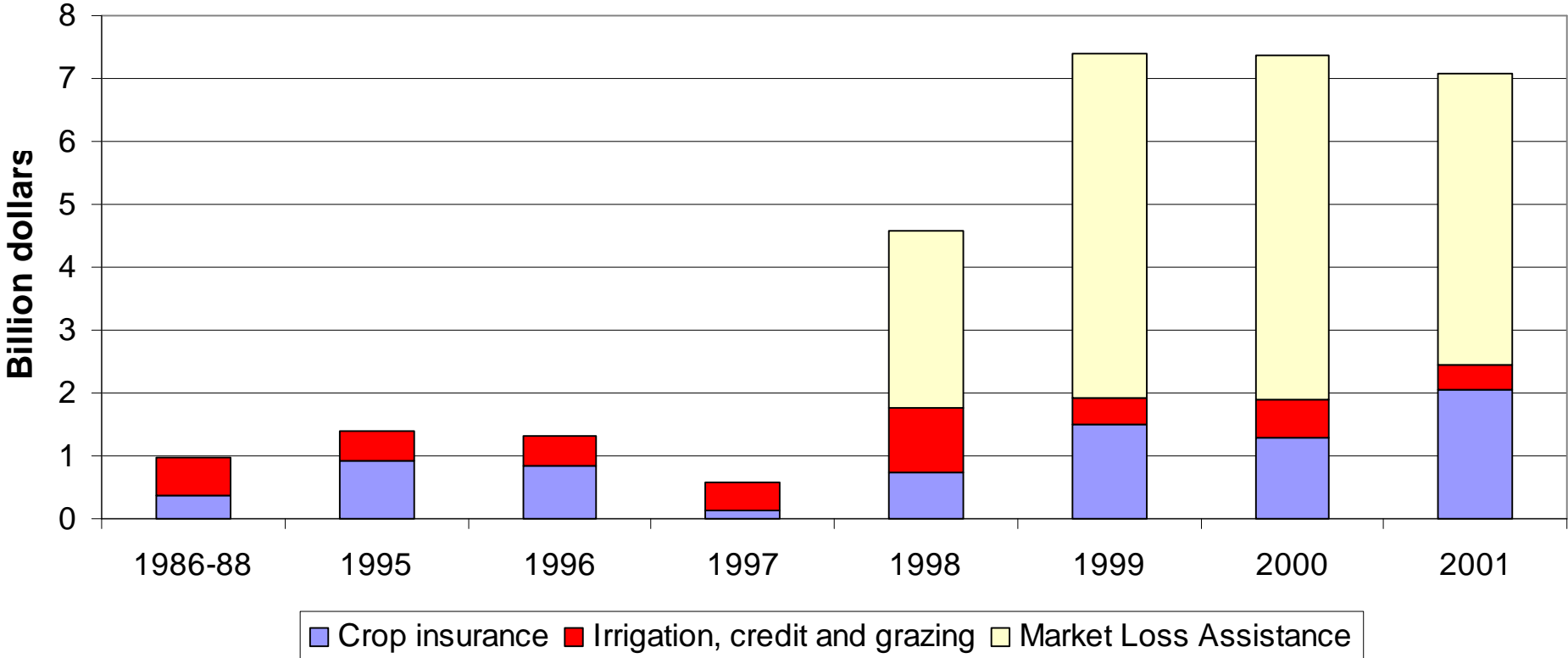


# U.S. Aggregate Measurement of Support





# U.S. Non-product Specific Amber Support



# U.S. Comprehensive Proposal

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- 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

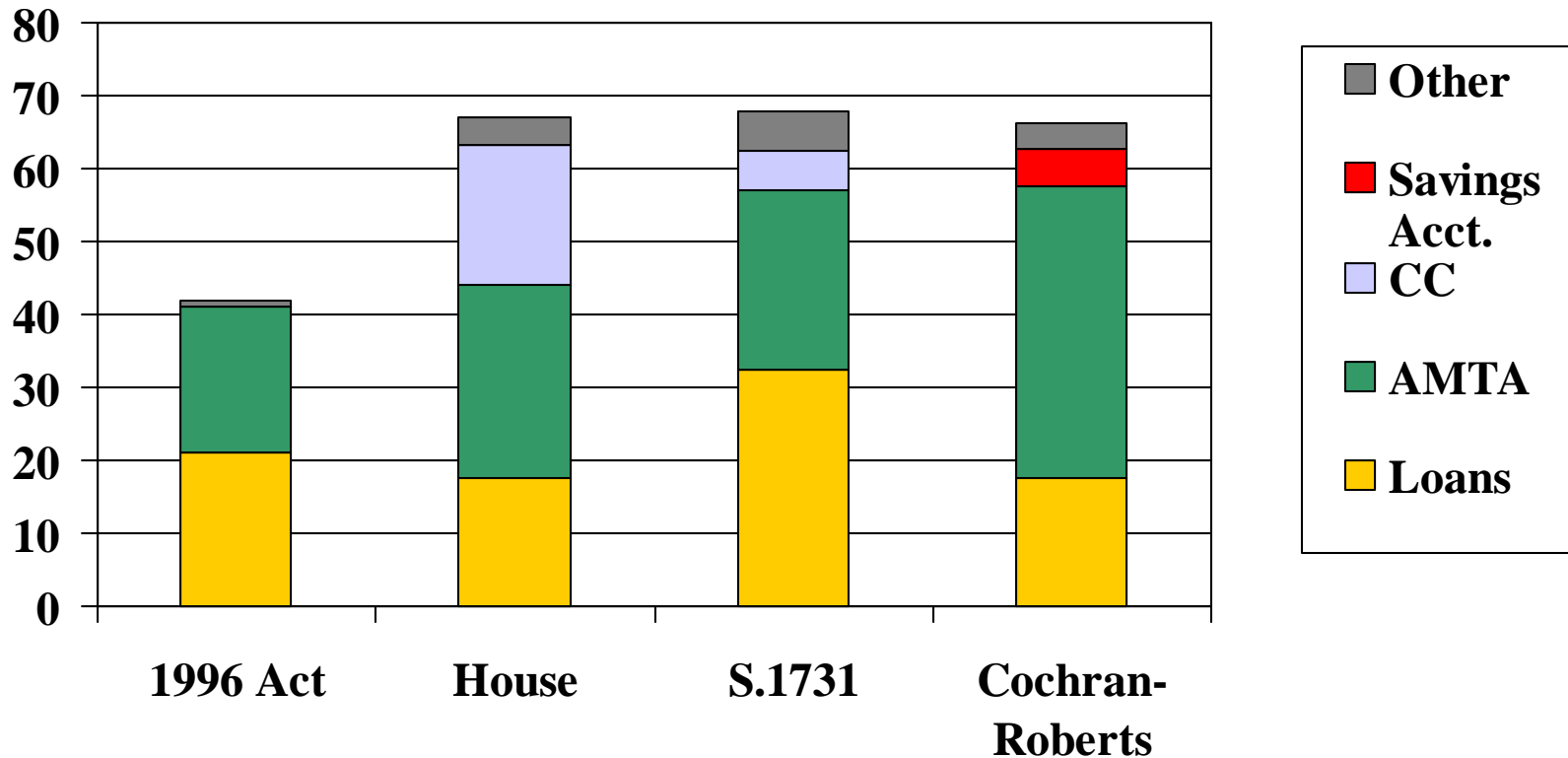
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- *H.R. 2646 (House)*: Lower loan rate for soybeans, target prices, higher AMTA
- *S. 1731 (Senate Committee)*: Higher loan rates, target prices, lower AMTA, CSP
- *Cochran-Roberts*: House loan rates, higher AMTA, savings accounts

# Major Proposals: Commodity Spending FY 2002-2006

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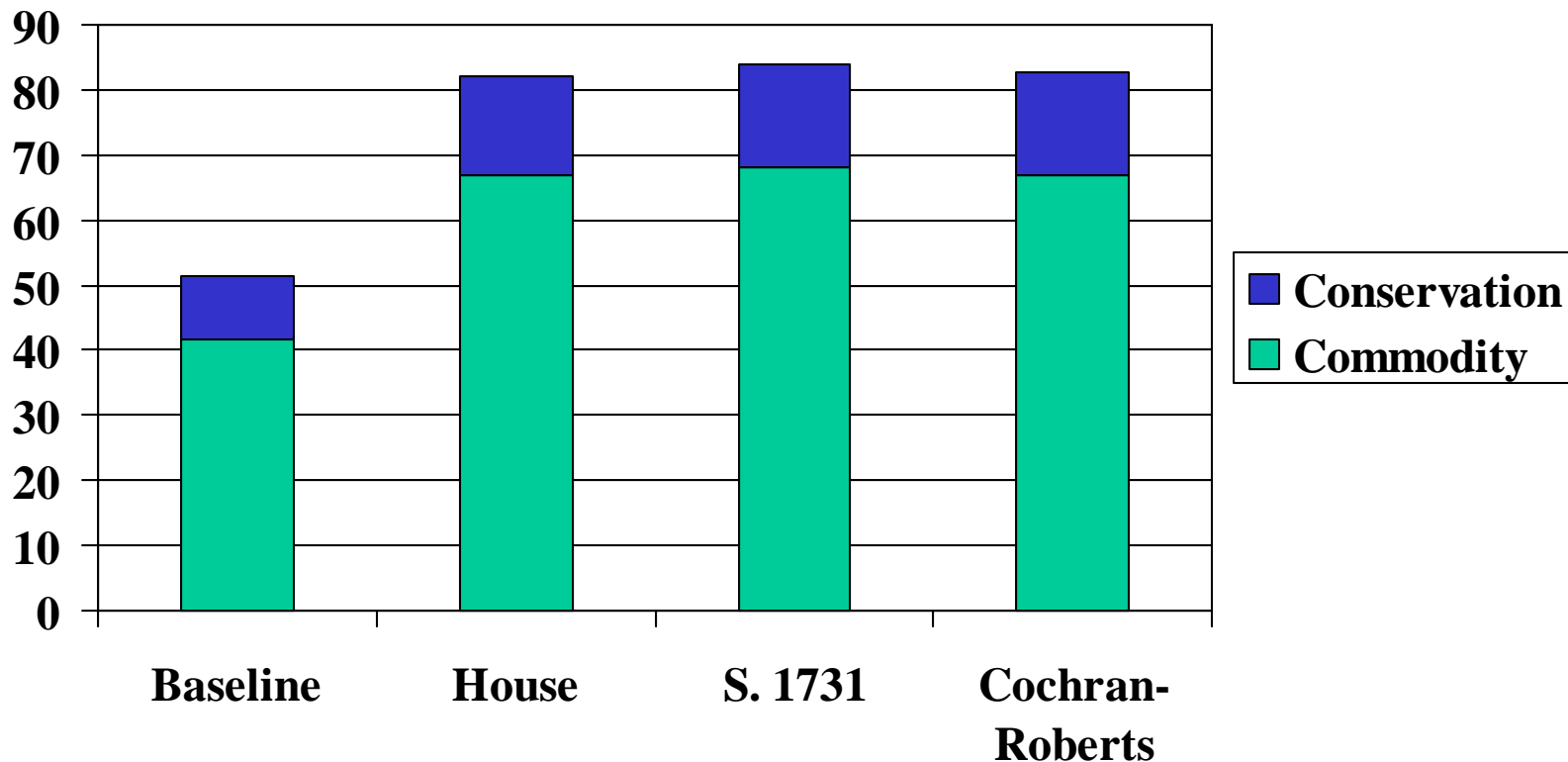
Billion \$



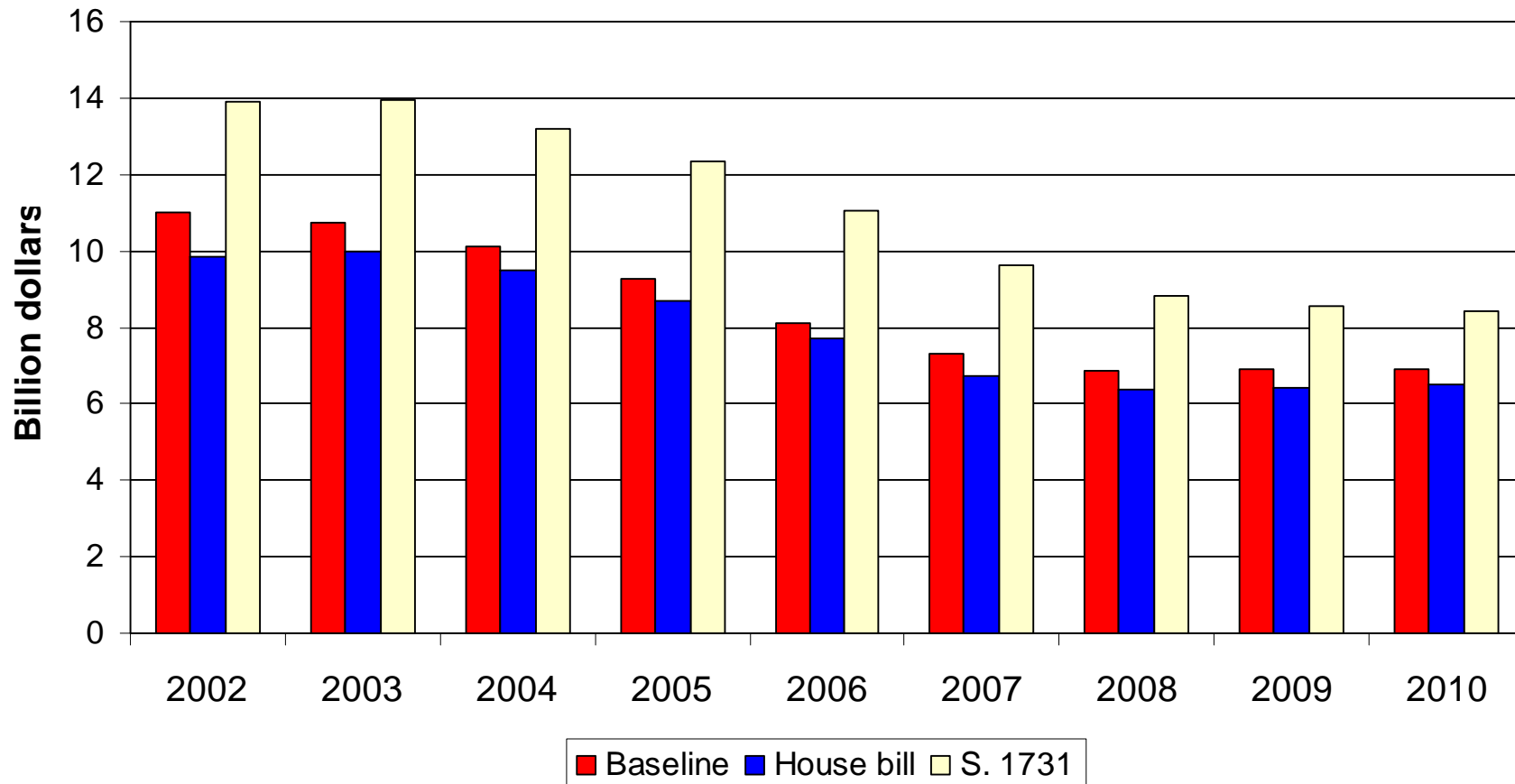
# Major Proposals: Commodity vs. Conservation Spending, FY 2002-2006

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Billion \$

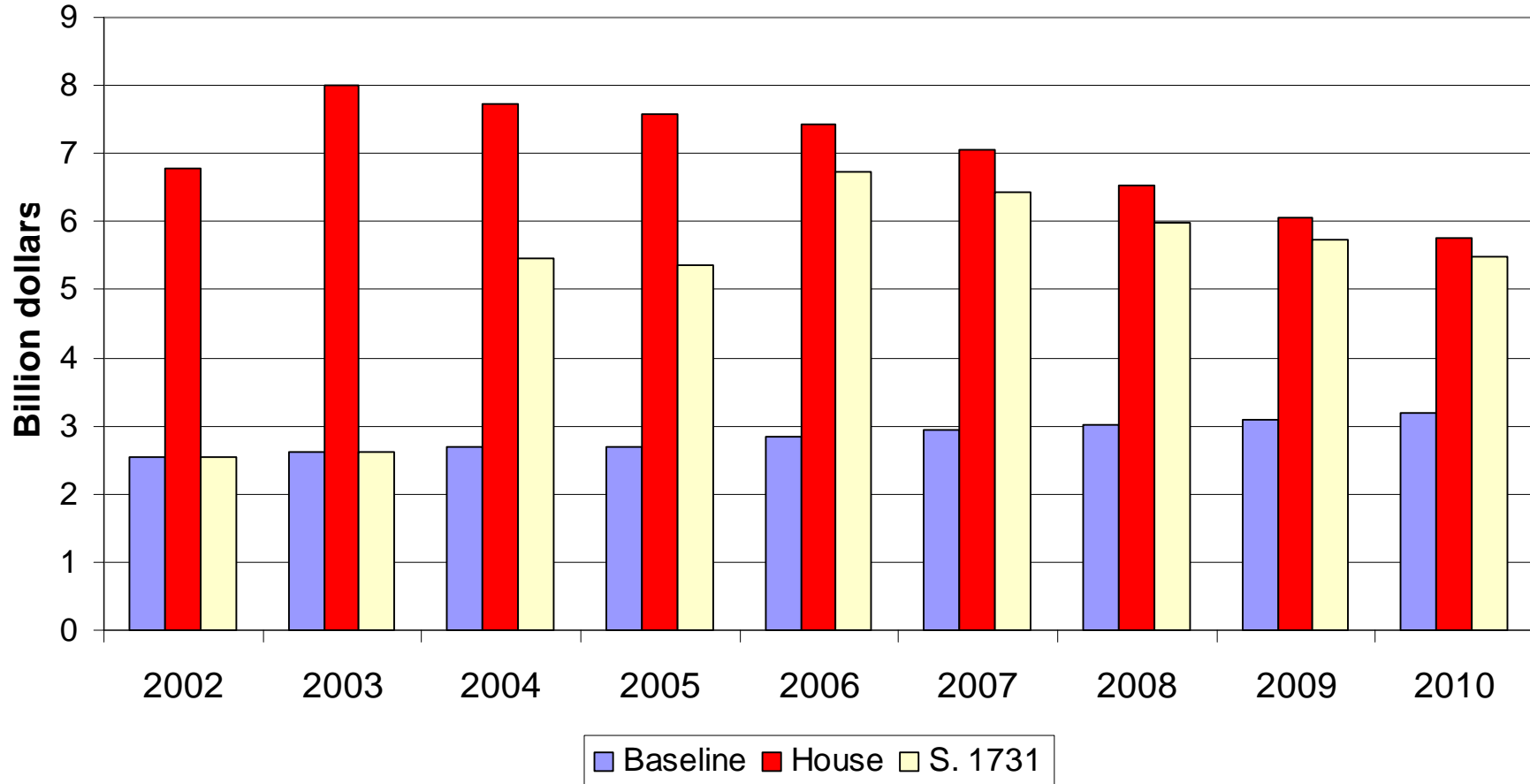


# U.S. Aggregate Measure of Support



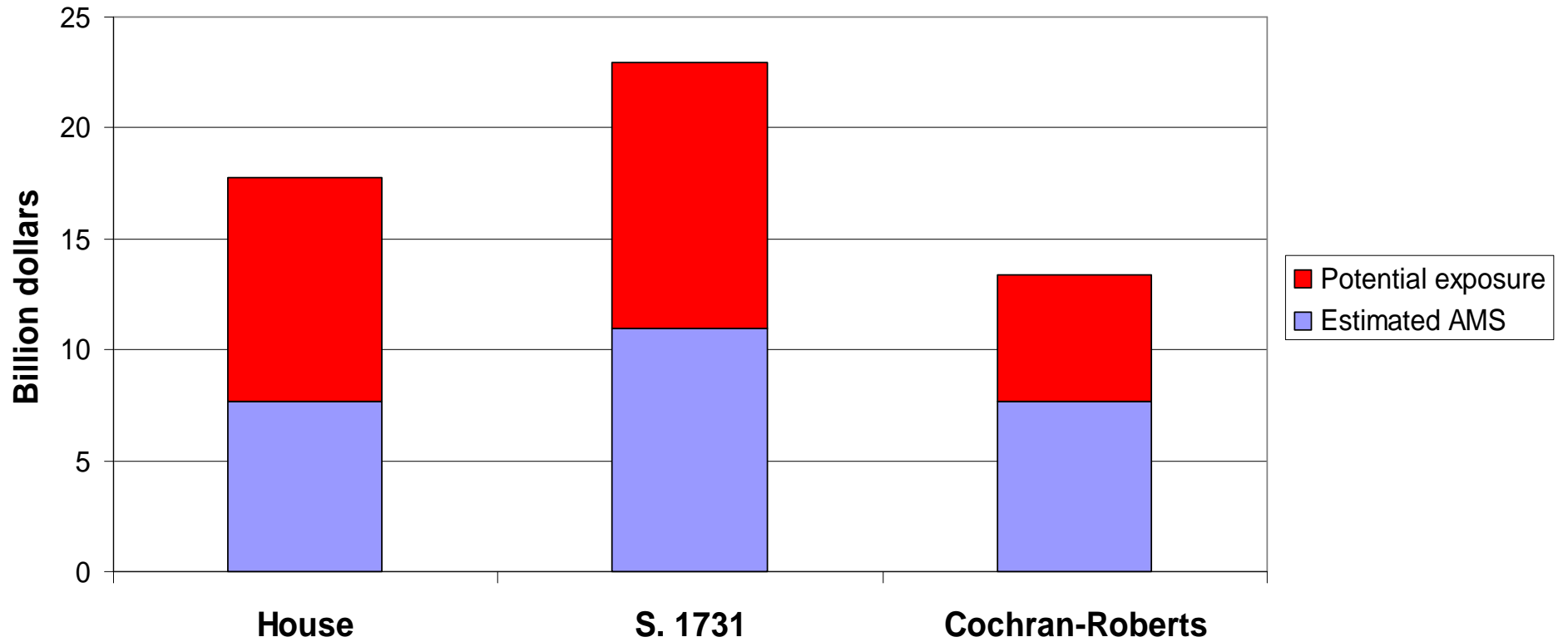
# Non-product specific amber support

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# AMS Exposure in 2006

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# Conclusions

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