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PRESS RELEASE

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U.S. Agriculture Proposal Falls Short at the WTO

Offer Includes Nothing for Development or a Stop to Agricultural Dumping

Minneapolis - A proposal for new agriculture trade rules made today by the U.S. Trade Representative at the World Trade Organization (WTO) includes nothing to benefit developing countries. The proposal contains provisions and escape hatches that would continue a damaging farm policy that hurts family farmers in the U.S. and around the world, according to the Institute for Agriculture and Trade Policy (IATP).

“The U.S. proposal is supposed to be part of the so-called ‘Doha Development Round,’ but it includes no protections for developing countries who have been hit the hardest by damaging WTO rules,” said Sophia Murphy, Director of IATP’s Trade Program. “The Bush Administration’s vision of a world free of subsidies and tariffs would be a disaster for farmers, workers, the environment, and consumers. We need to find ways to keep borders open, but regulated. This misguided vision only helps transnational corporations who both export and import.”

“This proposal does nothing to address dumping or excess production of commodities,” said Carin Smaller, of IATP’s Geneva office. “One of the major weaknesses of international agricultural trade is the absence of quick, simple rules to stop dumping. By pushing to strip away the appropriate use of tariffs to protect against below cost imports, the U.S. proposal takes us further away from finding a solution to dumping.”

Other weaknesses in the proposal include:

- It allows the fuzzy shifting of boxes for U.S. agriculture payments. The shift of approximately \$7 billion worth of countercyclical payments into the Blue Box gives the U.S. much more flexibility to meet its proposed commitment and makes the proposed cuts less significant. In fact, as the 2007 U.S. Farm Bill is expected to shift more of current payments into the Green Box (where there are no limits on spending), the U.S. proposal would likely require little or no cuts in overall spending.
- The food aid proposal, a major sticking point in WTO negotiations, does nothing to address the key problems in the U.S. program - namely the selling of U.S. food aid, and the shipment of actual food rather than donating money to allow countries to purchase food locally.

- It ignores the power of the private sector in world agricultural commodity markets. It singles out the elimination of State Trade Enterprises (STE), but disregards transnational traders that have considerably more market power.
- Although the July Framework states that Special and Differential Treatment (SDT) for developing countries is an "integral element" of all aspects of the agriculture negotiations, the U.S. proposal fails to substantially address SDT.
- The U.S. proposal has nothing to say about the cotton crisis of African cotton producers. The U.S. earlier called for a "comprehensive solution" on the crisis of African cotton producers but fails to say anything in the current proposals.

IATP will be following the WTO negotiations through the Hong Kong Ministerial. News and analysis can be found at: tradeobservatory.org.

The Institute for Agriculture and Trade Policy works globally to promote resilient family farms, communities and ecosystems through research and education, science and technology, and advocacy. Find out more at: iatp.org.

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