# Dumping as a Structural Feature of US Agriculture: Can WTO Rules Solve the Problem?

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## Introduction

Export dumping has been cited as one of the most damaging of all current distortions in world trade practices. Export dumping refers to the practice of selling products at prices lower than their cost of production. This article presents the most recent evidence of export dumping by companies based in the United States. We use data from the U.S. Department of Agriculture (USDA) and Organization of Economic Cooperation and Development (OECD) to compare the cost of production, including producer support paid by the government (calculated as the producer support equivalent, or PSE) with the export price. The paper then looks at the impact of agricultural export dumping on developing countries, including the impact on farmers, national food security, and balance of payments. The final section of this article suggests possible remedies, including the possible use of the World Trade Organization (WTO) and other international agreements, to reduce and eventually eliminate this destructive practice.

## Current Levels of Export Dumping

There are two common definitions of export dumping contained in Article Six of the General Agreement on Tariffs and Trade (GATT), now incorporated into the World Trade Organization's Marrakech Accord.[2] One is the export of a product at a price below the normal selling price in its own home market. For example, if a car made by Toyota is sold for $20,000 in Japan yet exported for only $15,000 into the United States, then there is a case to be made that these cars are being dumped onto the US market. If a proper investigation determines that these cars are in fact being sold into the US market at a price lower than Japan's domestic price, and that this is harming US-based producers, then a countervailing duty is authorized under US law and current WTO trading rules. The countervailing duty is intended to raise the imported price up to the normal selling price in Japan's domestic market. In practice, dumping cases are not so straightforward, but the example illustrates the basic mechanism.

The second definition of dumping contained in the same Article Six of the GATT (see annex 1, Article VI, 1(b)ii) addresses dumping when there are no "normal" prices. In this case, export dumping is said to exist if the export price into another market is less than the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit. This is referred to as the "constructed" value of the product. The constructed value is used in cases where the normal price cannot be determined because the marketplace is too distorted by subsidies, taxes, incentives, or other intervention by governments. Many agricultural exports, which are often heavily subsidized to lower consumer prices or to reduce costs to processors or exporters in the domestic market, fit this category. It is difficult to argue that agricultural prices in most countries are "normal." The Institute for Agriculture and Trade Policy argues that this lack of "normal" agricultural prices is why the level of agricultural

dumping by the United States should be determined by comparing the export price to the United State's full cost of production, including the cost of production paid by the farmer, by the government and the cost of transportation.

The debate on agriculture aired in Geneva does not often touch on whether the world market price for a given agricultural commodity provides a valid signal to producers and consumers. European subsidies are calculated automatically against world market prices. Yet, recent cross-border trade disputes in North America have raised interesting questions about the validity of these prices to measure levels of dumping. For example, U.S. beef producers recently persuaded the U.S. government to investigate the alleged dumping of live cattle from Canada into the U.S. market at less than cost of production prices. The U.S. Department of Commerce ruled in the cattlemen's favor, and a duty was imposed on the imports. The Canadian producers argued, however, that the export prices reflected the domestic price – which is also below the cost of production. They cannot get better in the local market. They claimed this was not dumping, because no predatory practice was involved.[3]

Their situation of Canadian cattle exporters describes exactly the situation facing U.S. grain growers. They cannot command cost of production prices in the domestic market, while the export companies buy the grain cheap and sell it overseas at dumped prices. Farm gate prices that do not capture the cost of production where a product originates build in price distortions that will be transferred globally, if those products become part of an international food production chain. This globalization of dumping requires rules to ensure orderly marketing, rather than the indifference to the problem exhibited to date. Local producers should not have to compete with dumped imports anywhere.

Thanks to excellent work by economists for the USDA and other agencies, figures for the cost of production paid by the producer are relatively easy to compile. In addition, the Organization for Economic Co-operation and Development (OECD) provides estimates of government support payments to agriculture through a formula called the Producer Support Estimate (PSE). The PSE provides reasonably accurate estimates of the cash values of government-paid subsidies as well as other interventions, such as tax credits and services provided by government. We have used a variety of sources to construct a rough estimate for the average cost of transportation of commodities from the farm gate to the export port, as this cost is not included in the data available but represents a significant part of the cost of exporting agricultural commodities.

The data used may be imperfect and debatable; in fact some important costs of production are not available for inclusion on a crop specific basis, including the costs of inspection, and research and development. However, by combining USDA figures for producer costs, OECD figures for government payments, and a transportation cost estimate, we can get close to a full cost of production figure. This is then compared to the export price in the table (see annex 2), to indicate the degree of dumping of U.S. agricultural grain exports. As you can see in the table, export dumping has been prevalent in important U.S. agricultural export commodities. The "Percent of Export Dumping," when positive, shows the ratio of the export price to the cost of production. For example, in the United States, both wheat and cotton have been dumped onto the world market at prices up to 30% less than their cost of production.

**What is the Impact of Dumping Prices on Agricultural Producers in the South?**

The original architects of the post-World War II global economic system, such as John Maynard Keynes, Cordell Hull and Harry Dexter White, were very aware of the negative effects of export dumping and the links between this practice and the creation of the economic depression of the 1930s. Predatory currency devaluations and government subsidies were used to manipulate prices in ways that destroyed entire industries in the importing countries where these products were dumped.

Dumped agricultural products today have the same effect. Exports shipped at prices below the cost of production from a large exporting country create an unfair trading advantage, because they depress international prices and narrow the market opportunities for other producers.[4] This can have two major effects on developing countries whose farmers produce competing products. One, without substantial governmental support, developing country farmers will be driven out of the market by the below-cost imports. This is happening around the world, in places as far apart as Jamaica and the Philippines.

Two, competing exporters must either meet the below-cost export price or loose market share. For example, the governments of developed countries such as Canada and Australia have offered support to their farmers by paying an increasing percentage of the cost of production of wheat. This effectively lowers the domestic market price, in order to try to help their own exporting companies compete with below-cost exports from the United States and European Union. However, this has proved to be unsustainable, even for relatively wealthy countries such as Canada and Australia. Instead, these countries are persuing the elimination of export subsidies through the WTO. They have ignored the problem of dumping and see their own producers go out of business. Agricultural employment in Canada has declined precipitously since 1997, when the number employed averaged 200,000. Today there are fewer than 160,000 agricultural workers left, a decline of 20% in two years.[5]

The United States is a large exporter of many temperate agricultural commodities, and as such, the domestic price in the U.S. effectively determines the world market price for many crops. This fact makes the effects of dumping by the U.S. especially damaging. As the U.S. export price for commodities such as wheat and cotton, move up and down, the market price in countries around the world must match that price. This means that farmers can only receive prices for their crops equal to, or below the dumping price, and must look to government for support or face bankruptcy if it does not cover their costs.

Some economists argue that if some countries choose to dump their products, importers should be glad to accept what is effectively a subsidy to their consumers. The dumping rules at the WTO reflect this belief, and it is complicated for smaller, poorer states to establish harm to their agricultural producers according to the procedures stipulated in the rules. Some developing country governments have chosen to accept dumping for short-term reasons. Cheap imports of food can provide a way to lower food prices for consumers or local food processors without spending any public funds.

However, cheap imports send the wrong message to the importing country's agricultural sector, resulting in long term damage to production. For example, Yujiro Hayami and Vernon Ruttan describe how over the past several decades, many developing countries have adopted policies of industrial development and import substitution, at the expense of agriculture.[6] Taking full advantage of cheap imports dumped on them by developed countries like the United States, developing countries have often ignored agricultural sectors, or have even indirectly taxed them, in order to protect industrial development. The result has been a loss of productivity in agriculture, and thus depressed farm incomes, in these countries. This only exacerbates the need for future imports, which may or may not be available at "dumped" prices. For their part, spokespeople for the U.S. government have been explicit in their use of food aid and other dumped exports to create future markets that will eventually buy their food from

U.S. exporters.[7] Indeed, U.S. legislation passed to implement the Uruguay Round Agreement reauthorized the U.S. Export Enhancement Program (EEP) through the year 2001, specifying its use to help develop export markets.[8]

There will continue to be emergencies where food aid or the import of food at concessional prices will provide a way to stabilize the supply of food in a country or region. However, economists have found that agricultural development in less developed countries is a catalyst for broad-based economic growth and development.[9] Further, research shows that the domestic food productivity growth is more effective in stabilizing developing country food security in the regular course of economic development, than the reliance on inexpensive food imports.[10]

The problems associated with this practice include the risk of depending on foreign currency reserves to supply an essential need. Governments cannot allow food supplies to run out in the same way that they might limit imports of cars or textiles if currency reserves ran low. While the strong U.S. dollar is making some countries exports more competitive, it is also making the food sold in world markets relatively more expensive to import. A country dependent on world markets for its food has to guarantee that a supply of foreign exchange is available for the purpose. While for some countries this use of foreign exchange may be logical, for many others, which could supply a considerable amount of their own food needs and which lack ready sources of foreign exchange, the policy makes poor economic sense. At the same time, demands on the domestic budget will grow, as local producers lose their share of the domestic food market to imports and call for assistance from the state. Dumping is clearly only one of several factors affecting food security, but the weight of evidence suggests the long-term impact is negative and difficult to reverse. Land is not easy to move in and out of production.

For farmers everywhere, no matter how large or well capitalized, selling products at prices below the cost of production is not sustainable. Unless their government has the budget available to simply subsidize producers indefinitely, and unless those subsidies are very carefully targeted, many of the producers will not survive. Indeed, one of the ironies of the current situation, is how few farmers in the United States are surviving economically, despite the extremely high levels of producer support being paid.

For 20 years, U.S. agricultural policy has been driven by the stated desire of increasing the market share of U.S.-based companies through the export of ever-cheaper commodities. However, a recent review of U.S. Department of Agriculture export figures has concluded that despite two decades of policies to drive prices below the cost of production to enhance agribusiness exports, U.S. market share of exports in major grains has dropped.[11] In the face of declining prices and world market share, there has been an expansion of production in both the United States and in competitor countries. Meanwhile, the private, multinational grain traders (active in all the exporter countries and often in the importer countries as well) have benefited tremendously from the expansion of production that keeps their input costs low and their international transportation infrastructure in use.[12]

Despite enormous differences between economies and farming systems, as global trade expands, producers everywhere are forced to compete with dumped prices. Global trade rules that increase trade and market access without stopping this abuse simply exacerbate the market inefficiencies that the rules are ostensibly designed to combat.

## The Role of the Uruguay Round in Increasing Agriculture Dumping

The rules of agricultural trade were significantly altered by the Agreement on Agriculture (AoA), which came out of the Uruguay Round of trade negotiations. While the non-binding preamble of the Agreement on Agriculture was full of promises to reduce export subsidies and other distortions in world agriculture trade, the reality was that the new rules institutionalized export dumping and have led to even higher levels of subsidies. A number of respected development agencies, including Action Aid, Oxfam and the Catholic Institute for International Affairs, have conducted extensive research into the situation facing several developing countries that have been subjected to dumping.[13] These studies document the impact of U.S. and European export dumping on markets for local farmers in developing countries. Secondary impacts, often including a significant increase in food insecurity, are also documented in many of these studies.

## Export Subsidies versus Export Dumping

Most current discussions on distortions in agriculture trade are centered on export subsidies. Some analysts believe that if we could reduce or eliminate direct export subsidies we could reduce or eliminate export dumping. However, direct export subsides are only part of the problem. Countries that pursue any sort of agricultural protectionist policy, including both export and production subsidies can be said to be dumping if they do not control export volumes.[14]

There is no question that the ultimate elimination of export subsidies is an important goal. But dumping is a much wider problem. For example, U.S.-based multinational companies sold wheat in 1998, on average, at roughly U.S. $1.43 per bushel (U.S. $34.00 per metric ton) less than the cost of production. The Export Enhancement Program (EEP) for that year spent only $2 million for all goods exported.[15] This means that only a very small portion of the $1.43 could be accounted for through the EEP. Somehow, the U.S. was able to export wheat at almost one dollar less than the cost of production without the use of this type of export subsidy.

Part of the problem is that most export subsidies to U.S.-based companies are invisible and not direct. For example, the U.S. government uses a complex set of public and private programs to subsidize agricultural trade - most of which never show up on our lists of official export subsidies. For example, according to the OECD, from 1995-1998 the United States completely phased out all of its "market price support" for wheat. Yet during these same years, the data shows that U.S. companies dumped wheat onto the world market. The European Union tends to be slightly more public in its disclosure of export subsidies, but they are adjusting these programs each year to be less transparent (although more WTO legal). Moreover, the two problems are directly linked, as the U.S. price is a big factor in setting world price, and the lower the world price as compared to the floor price in the European Union, the higher the subsidy figure appears. U.S. dumping exacerbates the problems created by the European system, while successfully deflecting all the criticism in the trade discussion to the European Union. The recent proposal by the United States to redefine which domestic support provisions should be exempt from reduction in the Agreement on Agriculture, would allow its burgeoning subsidies (officially U.S. $28.2 billion in fiscal year 2000) to increase while remaining WTO-legal.[16]

**What Can be Done?**

One of the great mysteries of modern economic diplomacy is why the high levels of export dumping of basic agricultural commodities by corporations based in the United States and Europe has gone so long unchallenged. Despite a growing body of literature describing the problem, particularly its impact on producers in developing countries and overall levels of food security, the international trade community has not yet focused on the problem in a serious way. The submission to the WTO Committee on Agriculture in June this year by a group of developing countries on Special and Differential Treatment (reference: G/AG/NG/W/13) is the first sign that this might be changing. The countries involved call for an end to the dumping of cheap, subsidized imports on developing countries.[17]

Why has dumping of agricultural products been tolerated? Some argue that recipient governments welcome the chance to feed urban populations cheaply, effectively subsidizing industrial wages through cheap imports. However, as we have seen above this export dumping is devastating in the long term. Too often the hungry poor of urban centers are yesterdays farmers, driven from their land by poor agricultural prices rather than tempted to the city in the hope of a better life. Agriculture is still the primary engine of economic growth in many developing countries, and is all too often the only source of foreign exchange. Ignoring these linkages has hampered many countries' development prospects.

How to end dumping? First, we should eliminate visible export subsidies as quickly as possible. The need to eliminate, or at least significantly reduce, direct export subsidies is agreed by almost everyone, so there is a basis to try to do this via the WTO or the OECD over the next few years. We do not need a full round of comprehensive trade talks to address this small but important component of export dumping.

Ending the use of export subsidies, however, will not solve the dumping problem. To tackle dumping in a serious way, countries must make the same commitment to reduce and then eliminate export dumping of all agricultural products. Since the exporting and importing corporations that profit at present from this dumping are not likely to voluntarily give up this practice, countries will need to take policy measures to gain corporate compliance. By far the easiest and most WTO-legal approach is for the importing country to impose countervailing duties to bring the dumping prices up to the cost of production levels. However, experience has shown how difficult it can be, especially for small countries, to impose countervailing duties to protect themselves from larger countries' dumping practices.

The world trading system manifests profound imbalances of economic power. The most effective way to end dumping will be to work inside the United States, the European Union, and other major grain exporters to secure legislation that ensures export prices capture the full cost of production, including the cost of marketing and a reasonable profit.

The OECD could take the lead on this by publishing each year a full-cost of production estimate, including all producer paid costs, government paid costs, and including the cost of marketing and a fair profit as the GATT proposes in Article 6, for at least OECD member states. Importing countries could use these figures as a reference for establishing minimum import prices. Imports brought in at prices below these levels would be subject to countervailing duties in an amount equal to the level of dumping. These duties would be applied in local currencies, which would allow for adjustment on the basis of currency differentials and fluctuations.

We believe this could be done over five years, by phasing out direct export subsidies and using full cost of production prices to eliminate dumping. Calculation of prices for some countries and some crops might

take longer than others. Some developing countries, particularly those most dependent on cheap food imports, will likely need a more flexible arrangement to adjust to the anti-dumping disciplines while continuing to meet their food security needs. However, the goal must be for all corporations in all exporting nations to stop dumping agricultural products.

## Annex 1: Article VI of the General Agreement on Tariffs and Trade (1994)

### Article VI

*Anti-dumping and Countervailing Duties*

1. The contracting parties recognize that dumping, by which products of one country are introduced into the commerce of another country at less than the normal value of the products, is to be condemned if it causes or threatens material injury to an established industry in the territory of a contracting party or materially retards the establishment of a domestic industry. For the purposes of this Article, a product is to be considered as being introduced into the commerce of an importing country at less than its normal value, if the price of the product exported from one country to another

(*a*) is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country, or,

(*b*) in the absence of such domestic price, is less than either

(i) the highest comparable price for the like product for export to any third country in the ordinary course of trade, or

(ii) the cost of production of the product in the country of origin plus a reasonable addition for selling cost and profit.

Due allowance shall be made in each case for differences in conditions and terms of sale, for differences in taxation, and for other differences affecting price comparability.*

2. In order to offset or prevent dumping, a contracting party may levy on any dumped product an anti-dumping duty not greater in amount than the margin of dumping in respect of such product. For the purposes of this Article, the margin of dumping is the price difference determined in accordance with the provisions of paragraph 1.*

3. No countervailing duty shall be levied on any product of the territory of any contracting party imported into the territory of another contracting party in excess of an amount equal to the estimated bounty or subsidy determined to have been granted, directly or indirectly, on the manufacture, production or export of such product in the country of origin or exportation, including any special subsidy to the transportation of a particular product. The term "countervailing duty" shall be understood to mean a special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly, or indirectly, upon the manufacture, production or export of any merchandise.*

4. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to anti-dumping or countervailing duty by reason of the exemption of

such product from duties or taxes borne by the like product when destined for consumption in the country of origin or exportation, or by reason of the refund of such duties or taxes.

5. No product of the territory of any contracting party imported into the territory of any other contracting party shall be subject to both anti-dumping and countervailing duties to compensate for the same situation of dumping or export subsidization.

6. (*a*) No contracting party shall levy any anti-dumping or countervailing duty on the importation of any product of the territory of another contracting party unless it determines that the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry.

(*b*) The Contracting Parties may waive the requirement of sub-paragraph (*a*) of this paragraph so as to permit a contracting party to levy an anti-dumping or countervailing duty on the importation of any product for the purpose of offsetting dumping or subsidization which causes or threatens material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party. The Contracting Parties shall waive the requirements of sub-paragraph (*a*) of this paragraph, so as to permit the levying of a countervailing duty, in cases in which they find that a subsidy is causing or threatening material injury to an industry in the territory of another contracting party exporting the product concerned to the territory of the importing contracting party.*

(*c*) In exceptional circumstances, however, where delay might cause damage which would be difficult to repair, a contracting party may levy a countervailing duty for the purpose referred to in sub-paragraph (*b*) of this paragraph without the prior approval of the Contracting Parties; *Provided* that such action shall be reported immediately to the Contracting Parties and that the countervailing duty shall be withdrawn promptly if the Contracting Parties disapprove.

7. A system for the stabilization of the domestic price or of the return to domestic producers of a primary commodity, independently of the movements of export prices, which results at times in the sale of the commodity for export at a price lower than the comparable price charged for the like commodity to buyers in the domestic market, shall be presumed not to result in material injury within the meaning of paragraph 6 if it is determined by consultation among the contracting parties substantially interested in the commodity concerned that:

(*a*) the system has also resulted in the sale of the commodity for export at a price higher than the comparable price charged for the like commodity to buyers in the domestic market, and

(*b*) the system is so operated, either because of the effective regulation of production, or otherwise, as not to stimulate exports unduly or otherwise seriously prejudice the interests of other contracting parties.

**Annex 2**

| | | A | | B | | C = A + B | | D | | E = C + D | | F | | G = (E-D)/E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | **Cost Of Production (In US Dollars)** | | | | | | | | | | |
| | **Year** | **Paid By Farmer** | (1) | **Paid By Govern-ment (PSE)** | (2) | **Farm Gate Full Cost** | | **Cost of Transport-ation** | (3) | **Full Cost** | | **Export Price** | (4) | **Export Dumping (As a % of Full Cost)** |
| **Wheat** | 1990 | 4.41 | | 0.08 | | 4.49 | | 0.56 | | 5.05 | | 3.72 | | 26.34% |
| ($/bushel) | 1991 | 4.74 | | 0.09 | | 4.83 | | 0.56 | | 5.39 | | 3.52 | | 34.69% |
| | 1992 | 4.46 | | 0.08 | | 4.54 | | 0.56 | | 5.10 | | 4.13 | | 19.02% |
| | 1993 | 4.62 | | 0.08 | | 4.70 | | 0.56 | | 5.26 | | 3.83 | | 27.19% |
| | 1994 | 4.63 | | 0.08 | | 4.71 | | 0.56 | | 5.27 | | 4.09 | | 22.39% |
| | 1995 | 5.33 | | 0.10 | | 5.43 | | 0.56 | | 5.99 | | 4.82 | | 19.53% |
| | 1996 | 5.94 | | 0.09 | | 6.03 | | 0.56 | | 6.59 | | 5.63 | | 14.57% |
| | 1997 | 5.02 | | 0.07 | | 5.09 | | 0.56 | | 5.65 | | 4.35 | | 23.01% |
| | 1998 | 4.29 | | 0.08 | | 4.37 | | 0.56 | | 4.93 | | 3.44 | | 30.22% |
| | | | | | | | | | | | | | | |
| **Soybeans** | 1990 | 5.76 | | 0.16 | | 5.92 | | 0.56 | | 6.48 | | 6.24 | | 3.70% |
| ($/bushel) | 1991 | 5.87 | | 0.16 | | 6.03 | | 0.56 | | 6.59 | | 6.05 | | 8.19% |
| | 1992 | 5.51 | | 0.13 | | 5.64 | | 0.56 | | 6.20 | | 6.01 | | 3.06% |
| | 1993 | 6.71 | | 0.16 | | 6.87 | | 0.56 | | 7.43 | | 6.53 | | 12.11% |
| | 1994 | 5.29 | | 0.13 | | 5.42 | | 0.56 | | 5.98 | | 6.52 | | -9.03% |
| | 1995 | 6.30 | | 0.15 | | 6.45 | | 0.56 | | 7.01 | | 6.50 | | 7.28% |
| | 1996 | 6.30 | | 0.15 | | 6.45 | | 0.56 | | 7.01 | | 7.88 | | -12.41% |
| | 1997 | 5.72 | | 0.13 | | 5.85 | | 0.56 | | 6.41 | | 7.94 | | -23.87% |
| | 1998 | 5.76 | | 0.14 | | 5.90 | | 0.56 | | 6.46 | | 6.37 | | 1.39% |
| | | | | | | | | | | | | | | |
| **Maize** | 1990 | 2.49 | | 0.07 | | 2.56 | | 0.56 | | 3.12 | | 2.79 | | 10.58% |
| ($/bushel) | 1991 | 2.65 | | 0.07 | | 2.72 | | 0.56 | | 3.28 | | 2.75 | | 16.16% |
| | 1992 | 2.26 | | 0.05 | | 2.31 | | 0.56 | | 2.87 | | 2.66 | | 7.32% |
| | 1993 | 2.90 | | 0.06 | | 2.96 | | 0.56 | | 3.52 | | 2.62 | | 25.57% |
| | 1994 | 2.25 | | 0.05 | | 2.30 | | 0.56 | | 2.86 | | 2.74 | | 4.20% |
| | 1995 | 2.88 | | 0.07 | | 2.95 | | 0.56 | | 3.51 | | 3.13 | | 10.83% |
| | 1996 | 2.70 | | 0.06 | | 2.76 | | 0.56 | | 3.32 | | 4.17 | | -25.60% |
| | 1997 | 2.77 | | 0.06 | | 2.83 | | 0.56 | | 3.39 | | 2.98 | | 12.09% |
| | 1998 | 2.64 | | 0.06 | | 2.70 | | 0.56 | | 3.26 | | 2.59 | | 20.55% |
| | | | | | | | | | | | | | | |
| **Cotton** | 1990 | 0.8424 | | N/A | | 0.8424 | | - | | 0.84 | | 0.7125 | | 15.42% |
| ($/pound) | 1991 | 0.7602 | | N/A /FONT> | | 0.7602 | | - | | 0.76 | | 0.6969 | | 8.33% |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 1992 | | 0.7507 | | N/A | | 0.7507 | | - | | 0.75 | | 0.5390 | | 28.20% |
| | | 1993 | | 0.8024 | | N/A | | 0.8024 | | - | | 0.80 | | 0.5536 | | 31.01% |
| | | 1994 | | 0.7057 | | N/A | | 0.7057 | | - | | 0.71 | | 0.7324 | | -3.78% |
| | | 1995 | | 1.0341 | | N/A | | 1.0341 | | - | | 1.03 | | 0.9344 | | 9.64% |
| | | 1996 | | 0.8477 | | N/A | | 0.8477 | | - | | 0.85 | | 0.7793 | | 8.07% |
| | | 1997 | | 0.7368 | | N/A | | 0.7368 | | - | | 0.74 | | 0.6962 | | 5.51% |
| | | 1998 | | 0.9541 | | N/A | | 0.9541 | | - | | 0.95 | | 0.6704 | | 29.73% |

Notes:

* Figures are presented in current year dollars, and are thus not adjusted for inflation.

(1) USDA - ERS US Farm Sector Performance Data, Costs And Returns. (http://www.econ.ag.gov/briefing/farmincome/data.htm)

(2) Producer And Consumer Support Estimates, OECD Database, 1999 Edition, Table III Producer Support Estimate by commodity for the US. No data is available for cotton. Data is based on Payments Based on Input Use.

(3) Source: Due to the complex nature of transporting commodities from a variety of locations across the country to the export market through various modes and differing market situations, this estimate is extremely rough, as it's intent is only to provide some perspective for the impact on the cost of transportation for the dumping estimates. No transportation costs were assumed from cotton because the export price was valued at the 7-market average spot market. Sources include: a. University of Minnesota faculty; b. Baumel, Philip et al. 1996. The Iowa Grain Flow Survey: Where and How Iowa Grain Producers and County Elevators Ship Corn and Soybeans. Iowa State University, Ames Iowa.; c. Iowa State University Faculty; d. USDA, Agriculture Marketing Service. 1999. Grain Transportation Prospects. USDA, Washington D.C.

(4) USDA-ERS, Agricultural Outlook January-February editions from 1992-2000, Table 24. Export prices were valued accordingly: wheat, soybeans, and maize: f.o.b. vessel, Gulf ports; rice: f.o.b. mill, Houston; cotton: 7-market avg. spot.

**Notes**

1 Institute for Agriculture and Trade Policy, 2105 1st Ave. S., Minneapolis, MN, 55404, USA.

2 *The General Agreement on Tariffs and Trade*, Article VI, (1947).

3 "Duty sparks call for new dumping definition," *The Western Producer*, July 15, 1999.

4 Houck, James P. 1996. Elements of Agricultural Trade Policies. Prospect Heights, IL: Waveland Press, Inc.

5 "Farmers an endangered species: survey," *The Western Producer*. September 21, 2000.

**6** Hayami, Yujiro and Vernon W. Ruttan. 1985. Agricultural Development: An International Perspective. Baltimore, MD: The Johns Hopkins University Press.

**7** "In Public Law 481 (food aid), these are American foods that go there. It's good for our economy. ... And a little-known fact is that basically those countries that get food aid actually ultimately develop into very good markets for the United States and they buy additional food from us when they get on their feet." Secretary of State Madeleine Albright presentation to House of Representatives International Relations Committee, 11 February 1997 (cited in *USIS Daily Bulletin*, 13 February 1997)

**8** Hanrahan, Charles E. June, 2000. "IB98006: Agricultural Export and Food Aid Programs," Congressional Research Service Issue Brief for Congress. Washington, D.C: National Council for Science and the Environment.

**9** See for several examples: Peters, G.H. and Joachim Von Braun, editors. 1999. Food Security Diversification and Resource Management: Refocusing the Role of Agriculture? Proceedings of the Twenty-third International Conference of Agricultural Economics held at Sacramento, California, August 1997. The International Association of Agricultural Economists.

**10** Barrett, Christopher B. January 1999. "Does Food Aid Stabilize Food Availability?" Staff Paper, Department of Agriculture, Resource and Managerial Economics, Cornell University.

**11** "How Have Crop Exports Performed With the Price and Income Farm Policy Changes of the Last Two Decades?" *Policy Matters*, November 1999, at http://apacweb.ag.utk.edu/FileLinks/Newsletters/PolicyMatters/

**12** For example, Cargill's net worth over the last five years has gone from U.S. $5,942 million in 1996 to U.S. $7,888 in 2000, at a time when commodity prices have reached their lowest level in well over 100 years (source: http://www.cargill.com/finance/highlights.htm).

**13** See Madeley, J., 2000, "The impact of trade liberalization on food security and poverty," Forum Syd: Sweden for an overview of case studies.

**14** Houck, James P. 1996. Elements of Agricultural Trade Policies. Prospect Heights, IL: Waveland Press, Inc.

**15** Hanrahan, Charles E. June, 2000. "IB98006: Agricultural Export and Food Aid Programs," Congressional Research Service Issue Brief for Congress. Washington, D.C: National Council for Science and the Environment.

**16** "U.S. Seeks Redefinition of Exempt Agriculture Domestic Support," INSIDE U.S. TRADE, October 6, 2000.

**17** The full text is available on the WTO web site, at http://www.wto.org/.