



U.S. Agricultural Policy and WTO Commitments

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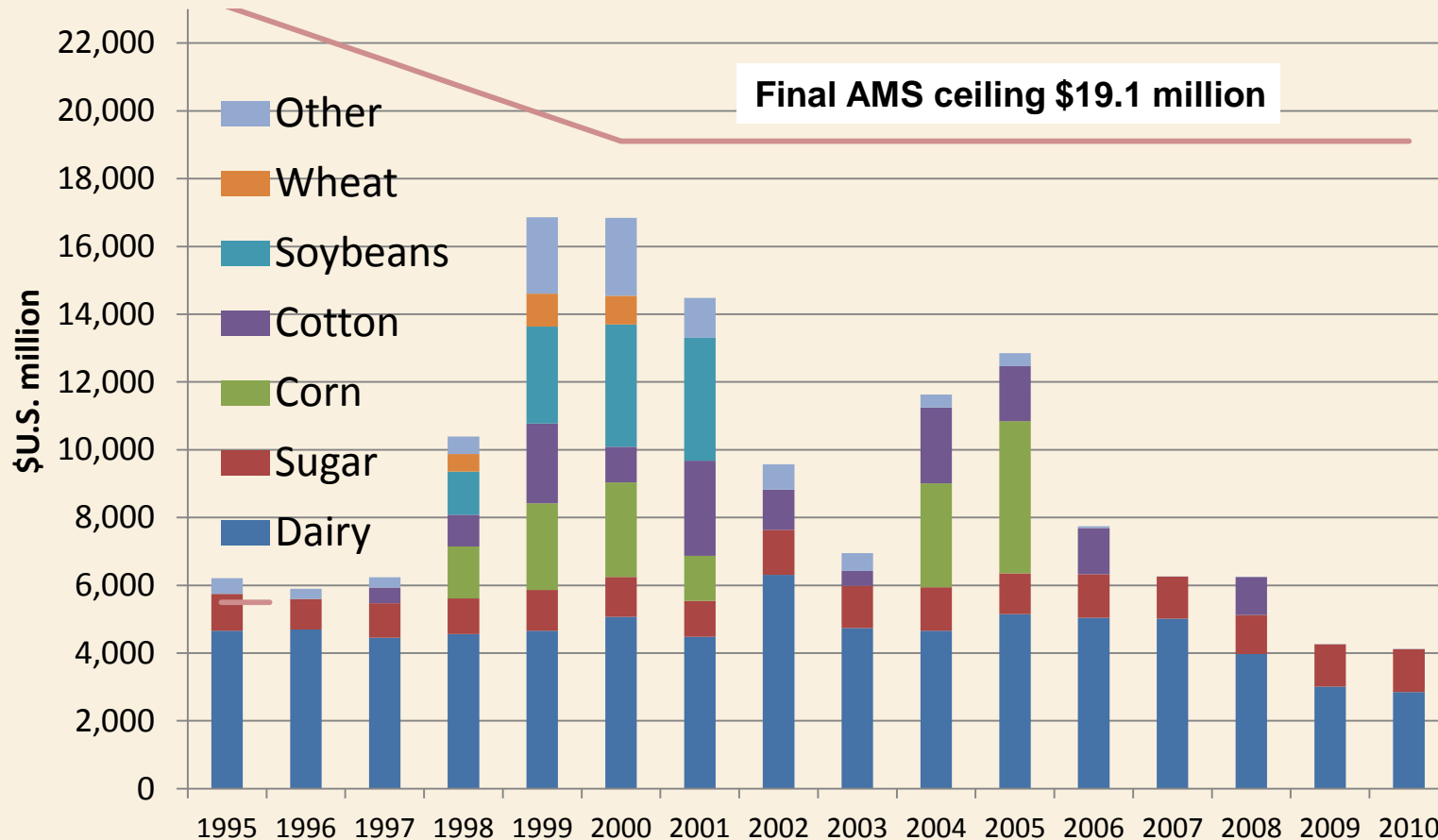
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U.S. WTO commitments under the Agriculture Agreement

- Uruguay Round Agreement on Agriculture commitments comprised 3 pillars:
 - Market access
 - Tariff reductions and tariff rate quotas (TRQs)
 - Export subsidies
 - Export subsidy reductions
 - Domestic support
 - Domestic support disciplines

Domestic support disciplines: Aggregate Measurement of Support (AMS)

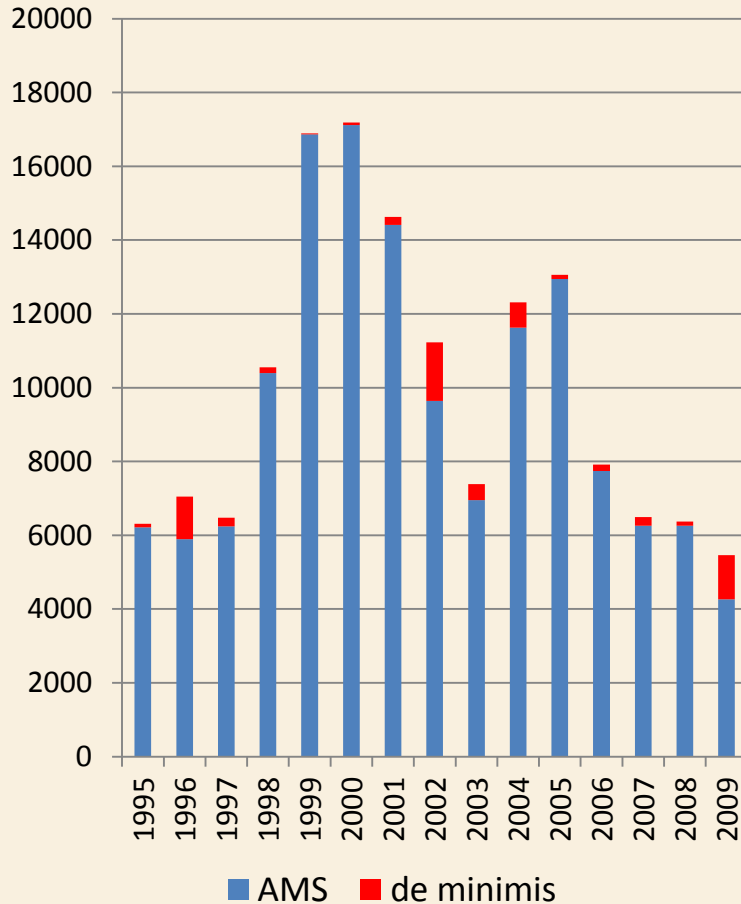


Source: U.S. domestic support notifications to the WTO

Domestic support disciplines: *De minimis* exemption

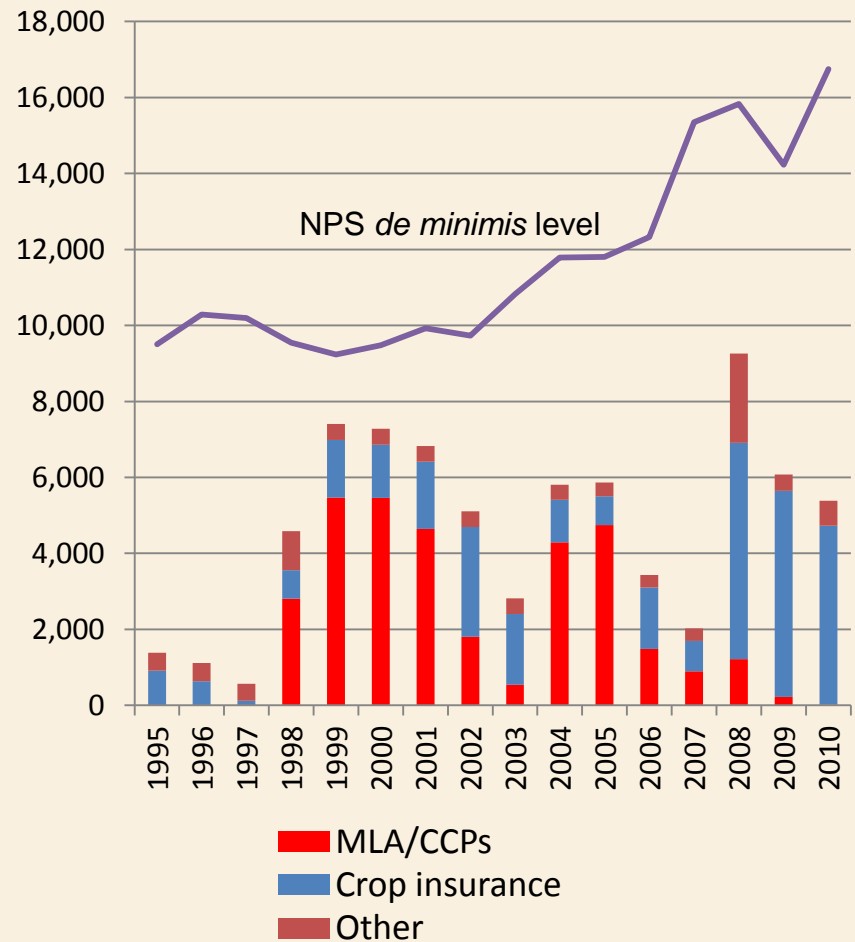
**Product specific expenditures
below *de minimis* vary**

US\$ thous



**Non-product specific expenditures
consistently below 5% *de minimis***

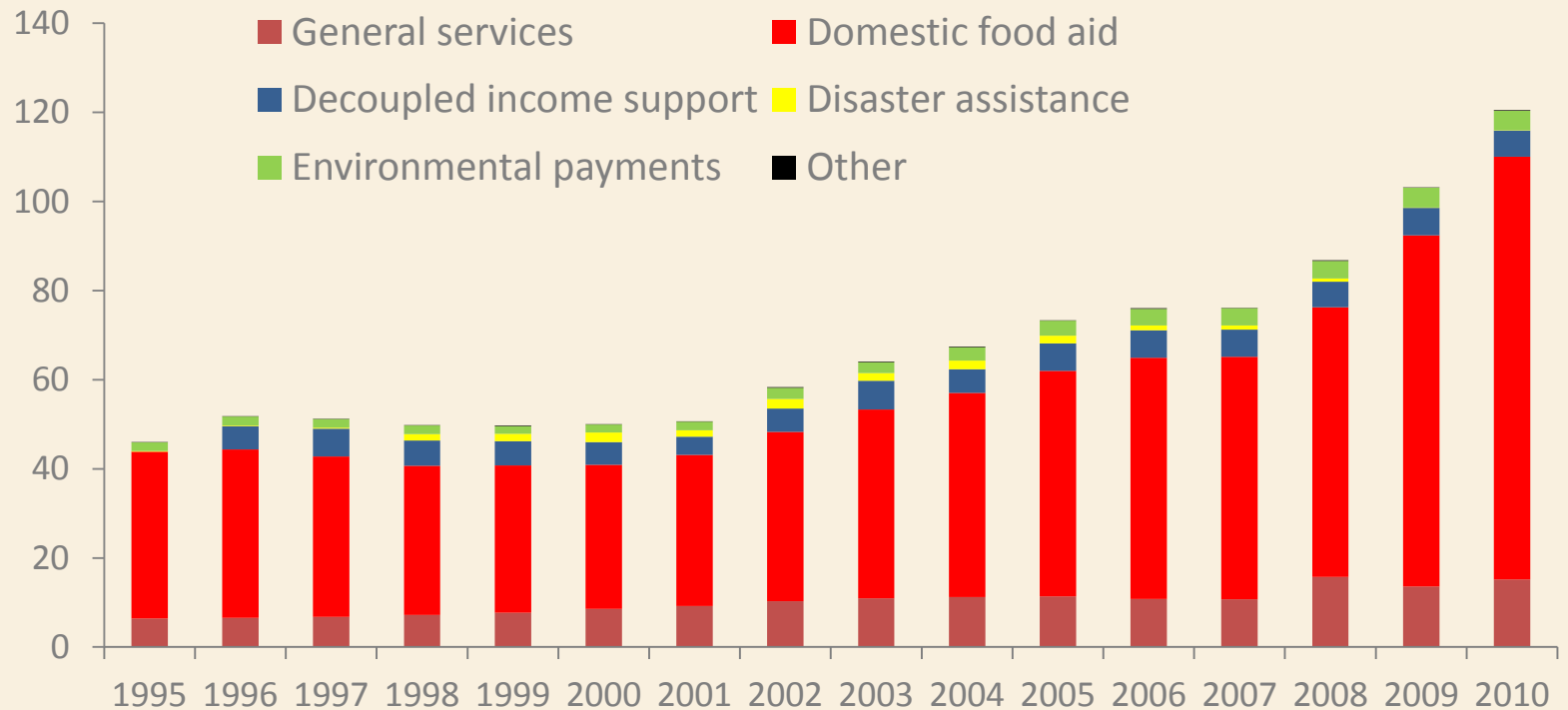
US\$ thous





Domestic support disciplines: Green box exemption

US\$ million



Source: U.S. domestic support notifications to the WTO



U.S. farm policy has undergone significant changes since 1995

1996 Federal Agriculture Improvement and Reform Act

- Ends program of target prices and deficiency payments with acreage controls
- Introduces “decoupled” payments based on historical production
- 1999-2001 annual *ad hoc* market loss payments

2002 Farm Security and Rural Investment Act

- Introduces countercyclical payments tied to historical production and milk income loss payments
- Peanut quotas and tobacco allotments end with buyouts
- Annual *ad hoc* disaster programs



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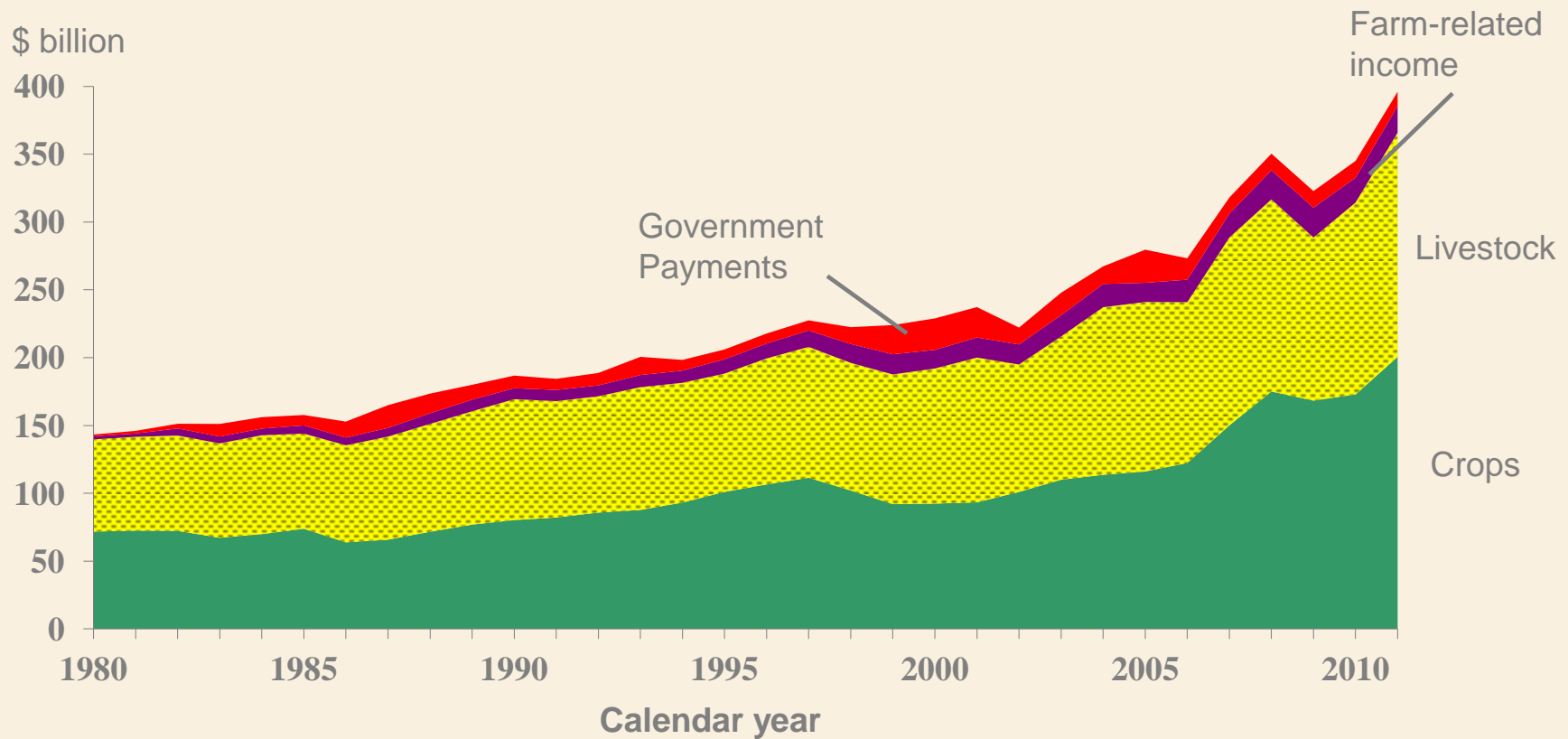
2008 Food, Conservation, and Energy Act

- Introduces ACRE revenue guarantee based on current plantings
- Introduces permanent disaster programs for crops and livestock
- Dairy product price support program replaces dairy price support

Current Farm Bill debate remains uncertain

- Current proposals include:
 - ending “decoupled” payments tied to historical production
 - introducing new revenue guarantee program
 - changing cotton support to meet dispute settlement requirements
 - replacing dairy price support with dairy margin insurance

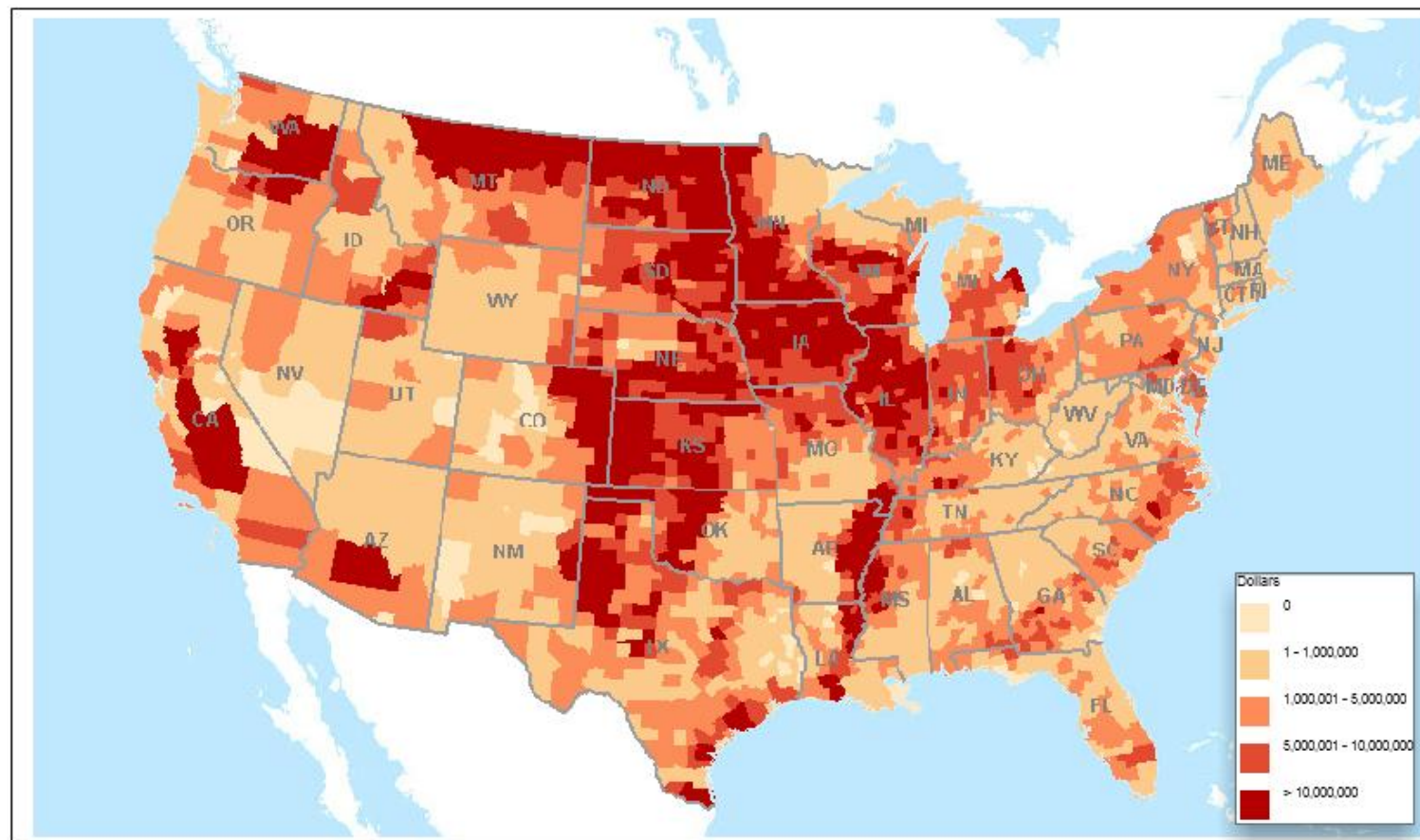
Government payments are only a small share of U.S. farm cash receipts



Source: *Farm Income Data*, Updated November 2011. Economic Research Service, USDA.

Farm program payment distribution reflects U.S. agricultural patterns

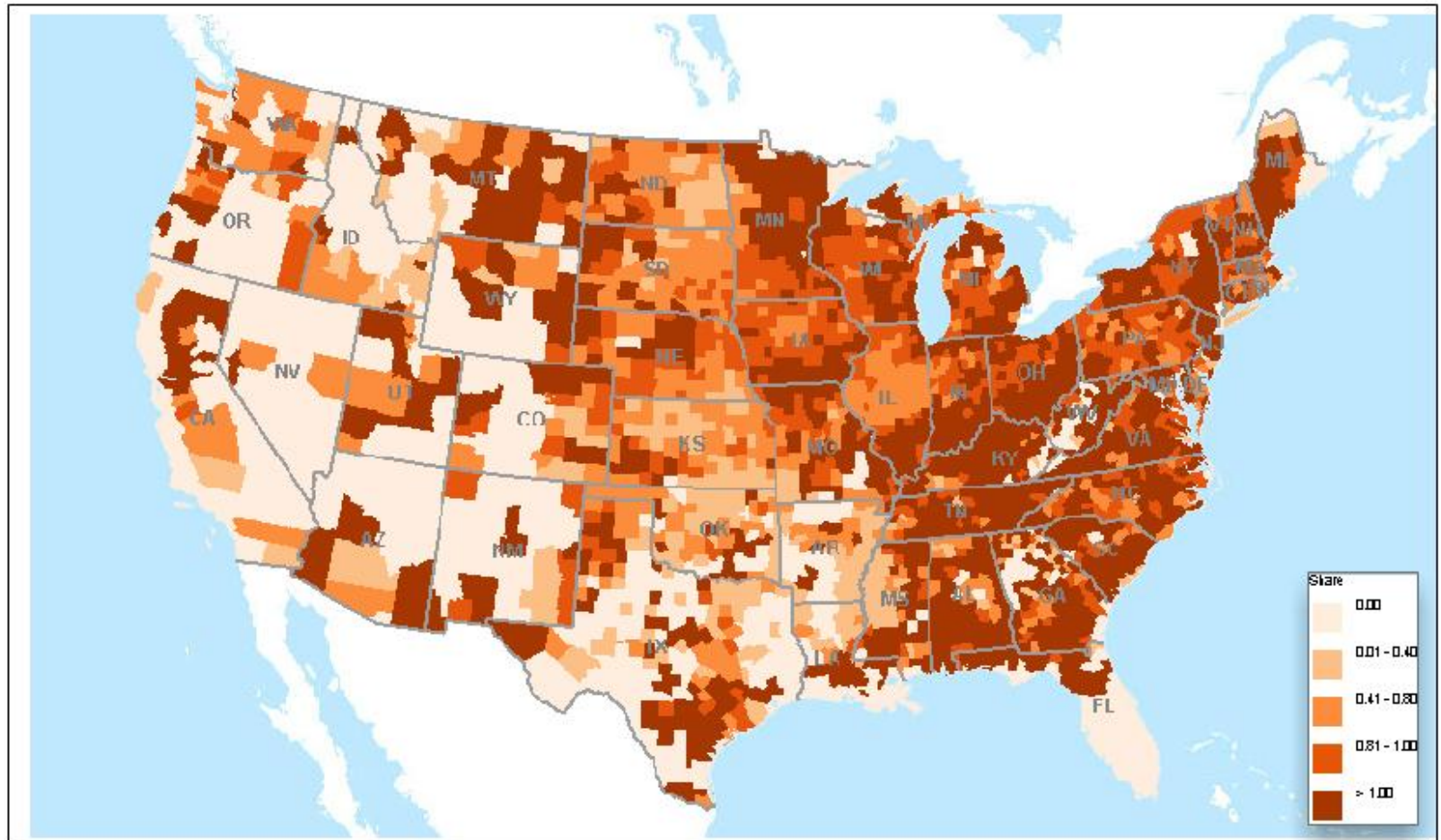
Total farm program payments, 2009



Source: ERS Farm Program Atlas

Planting flexibility has allowed producers to alter historical planting patterns

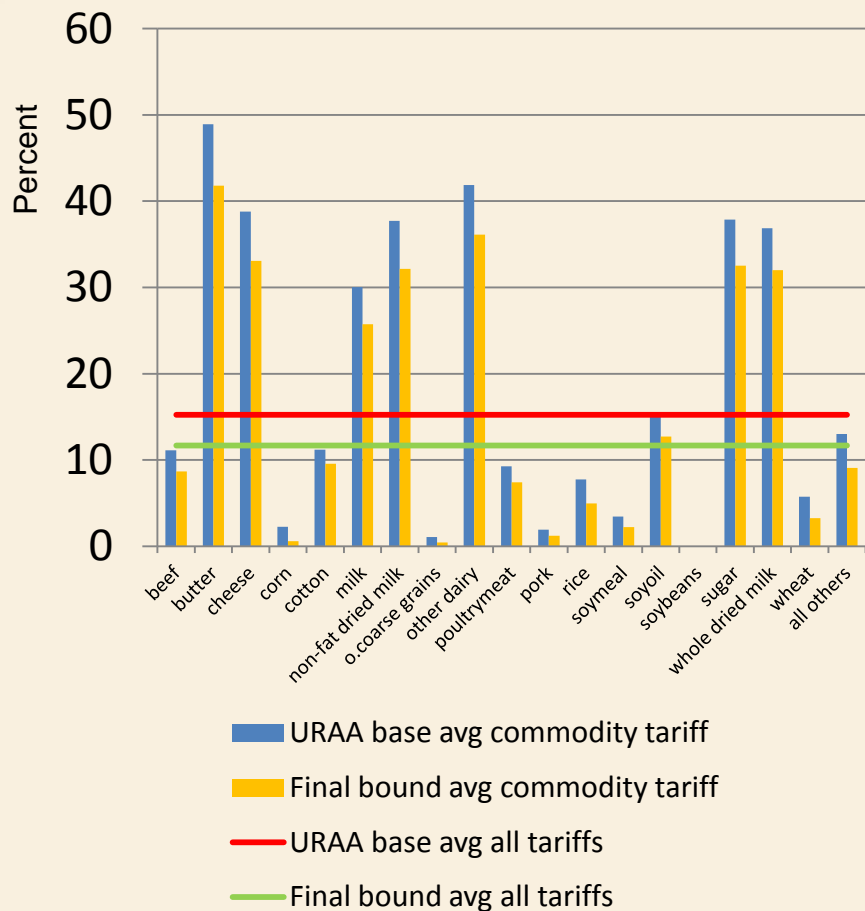
Corn planting compared to historical corn base, 2009



Source: ERS Farm Program Atlas and NASS data

Market access: tariff reductions and TRQs

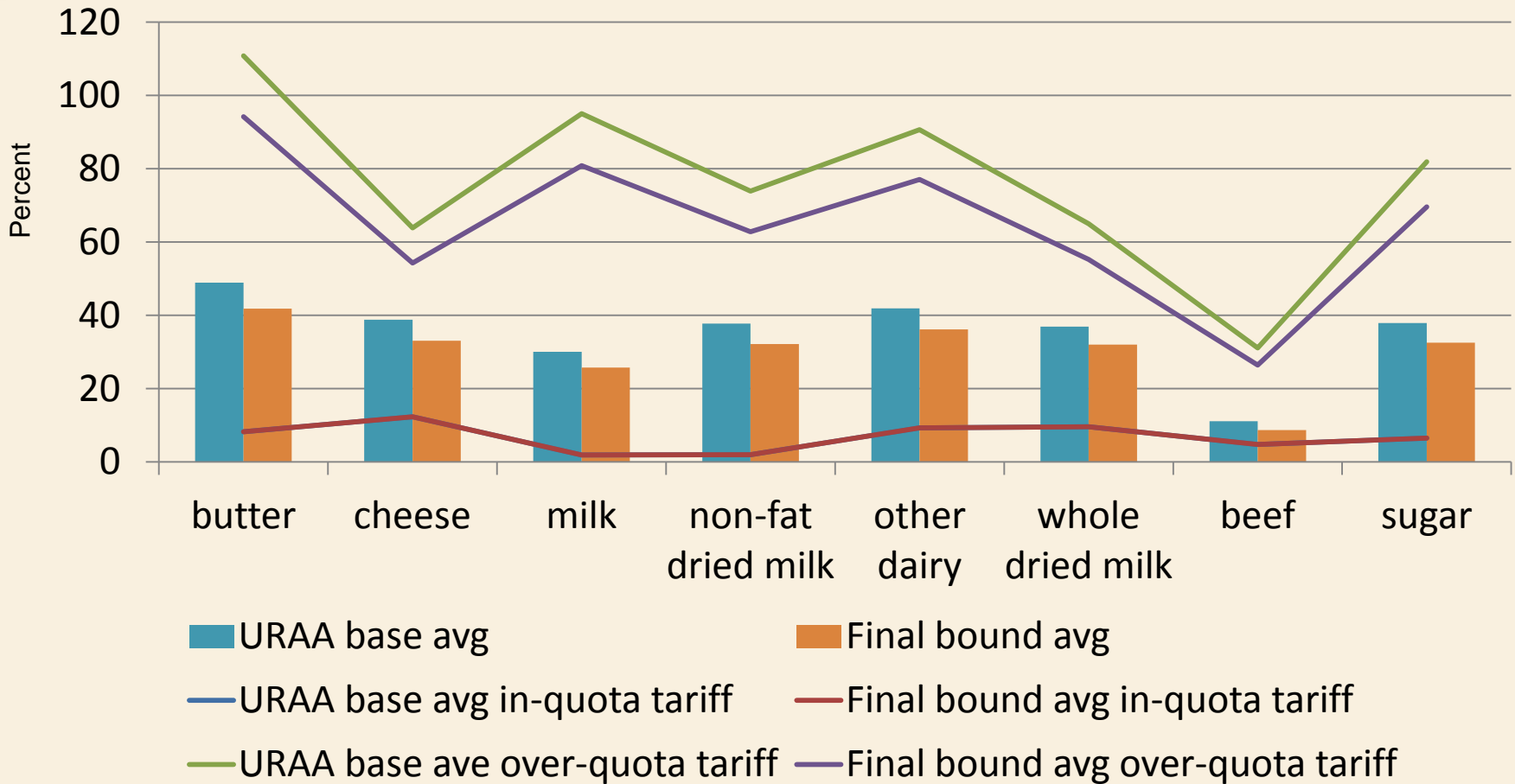
Selected U.S. tariff levels under the URAA




- U.S. average tariff level and individual commodity tariffs reduced
- TRQs with minimum access levels established to replace non-tariff barriers

Source: U.S. tariff schedule

Tariff cuts in products subject to TRQs



Source: U.S. tariff schedule



Export subsidies: expenditure and quantity reductions

- Reductions made in both U.S. export programs
 - Export Enhancement Program (EEP)
 - Dairy Export Incentive Program (DEIP)
- EEP little used after 2000
- DEIP used at bound quantities through 2003

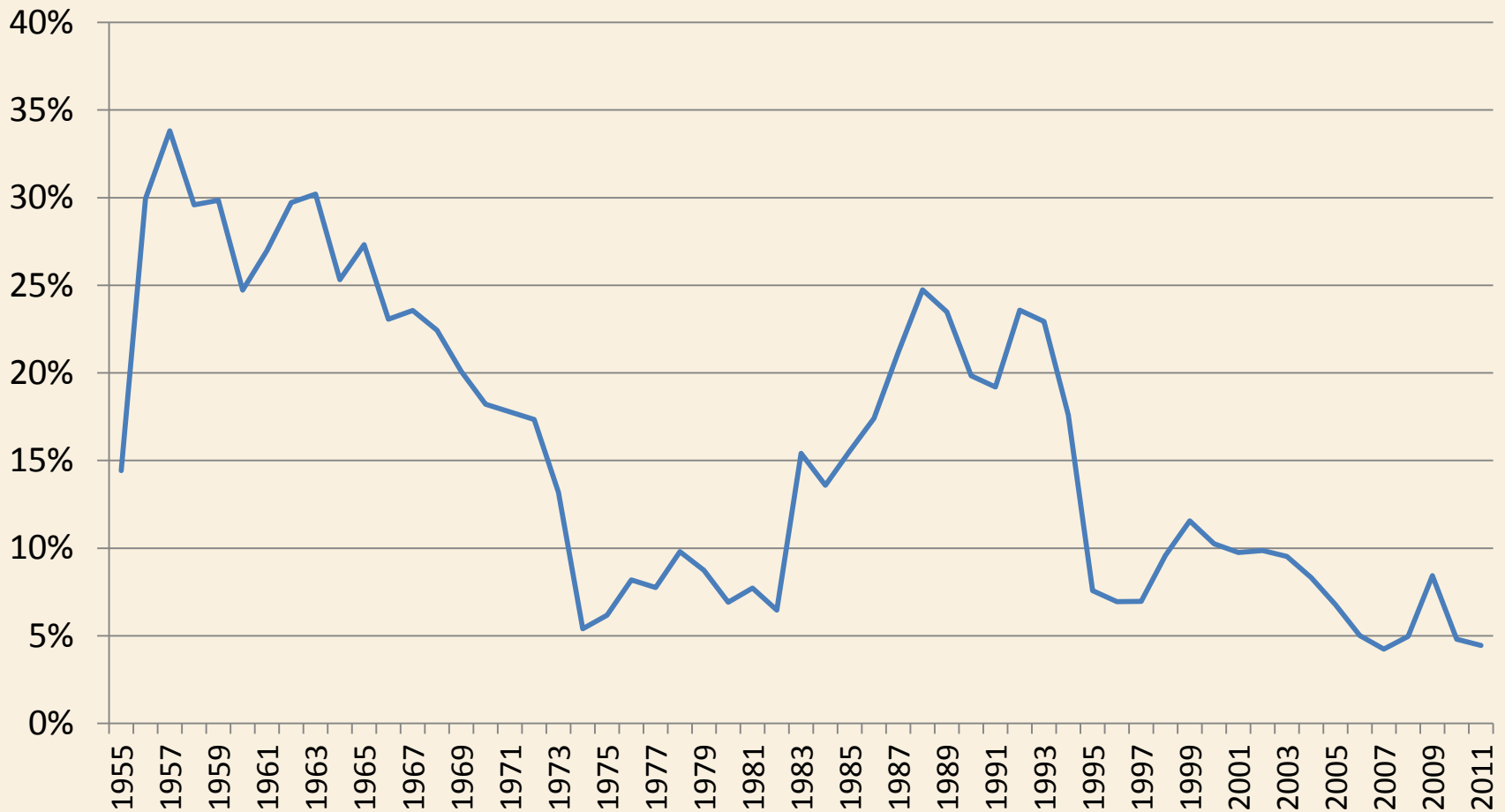
U.S. export subsidy expenditures

	Commitments		Outlays (US\$ million)					
	1995	2000	2000	2001	2002	2003	2008	2009
Wheat	765.5	363.8						
Poultry	21.4	14.8	6.8					
Butter	44.8	30.5			15.5		11.3	2.1
Skim milk powder	121.1	82.5	6.7	53.7	14.8	1.8	7.2	
Cheese	5.3	3.6	1.8	0.9	1.2	0.9	0.3	0.2

Source: US export subsidy notifications to the WTO



Share of U.S. agricultural trade exported under supported programs* has fallen



*Includes export subsidies, export credits, and food aid.

Source: USDA Foreign Agricultural Service and UN World Food Program



Concluding comments

- The U.S. has faced relatively few challenges in adjusting its agricultural policies to meet WTO commitments
- In some cases, agreed reductions reflected current conditions or already anticipated reforms
- In others cases, unrelated factors led to changes that mitigated possible constraints
- Chief among these have been changing domestic and world market conditions keeping prices above supported levels for all but a few commodities in most years since 1995



Additional resources

Economic Research Service (ERS) web site

<http://www.ers.usda.gov>

- U.S. domestic policy & program details
 - <http://www.ers.usda.gov/topics/farm-economy/farm-commodity-policy.aspx>