

Looking At The Next Farm Bill

Change or Status Quo?
International Policy Considerations

Preferred Option

Keep the Status Quo

Hurdles to Status Quo - Int'l

- **World Trade Organization**
 - **Agricultural Agreement**
 - **Subsidies Code**
- **Countervailing Duty Actions**
- **Public Opinion**

Non-WTO Hurdles

Countervailing duty actions

Public Opinion

WTO - Current Ag Agreement

Meeting the Agriculture Targets

Win the Litigation

Agriculture Targets

- **\$19.1 billion amber ceiling**
- **Cotton case concerns**
 - **Green Box**
- **Impact of counter-cyclical**
- **Fixable Issues**

Ag Targets - US Proposal

- **\$7.6 billion ceiling**
 - **One higher ceiling for 3 lower ones**
 - **Marketing loan; counter-cyclical; direct payments; sugar; dairy**

WTO - US Proposal

- **To maintain relative status quo**
 - **10-15% cut in loan rates**
 - **Similar AMS cuts in sugar & dairy**
 - **Target price reduction**
 - **Potential offsetting increases in direct payments, insurance, others**

WTO - Away from Status Quo

- **Gov't Services**
- **Public Stockholding**
- **Domestic food aid**
- **Income insurance and safety net**
- **Natural disasters**
- **Producer or resource retirement**
- **Conservation and environment**

Winning the Litigation

- **Subsidies Code issues**
 - **Causing “serious prejudice”**
- **If no peace clause -**
 - **WTO litigation potential remains with or without a new agreement**

The Keys

- Ensure there is a **Green** box
- Reduce commodity specific aspects and *references*
- No export subsidy components
- Don't get too carried away with conservation, environment, revenue insurance

Closing Thoughts

- **Will Congress write US farm bill with WTO rules firmly in mind?**
- **Can we merge WTO with budget issues and still make POLICY?**
- **Make no mistake - policy changes of this magnitude will have impact**

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Change or Status Quo?

Boo!

William A. Gillon
