



INSTITUTE FOR AGRICULTURE AND TRADE POLICY  
2105 FIRST AVENUE SOUTH  
MINNEAPOLIS, MINNESOTA 55404 USA

## PRESS RELEASE

### FOR IMMEDIATE RELEASE

July 12, 2004

Contact: Alexandra Strickner, in Geneva, 41-22-789-0724  
Steve Suppan, in U.S., 612-870-3413, [ssuppan@iatp.org](mailto:ssuppan@iatp.org)

## Likely New WTO Agriculture Framework Would Increase Dumping

### Farmers Around the World Could be Hit Hard By Lower Prices

Minneapolis - As World Trade Organization (WTO) agriculture negotiations heat up this week, a key proposal could prove disastrous to farmers around the world, the Institute for Agriculture and Trade Policy (IATP) wrote in a letter to delegates distributed on July 9. WTO members are trying to reach consensus on a new framework by the end of the month to keep the latest round of agriculture negotiations alive.

WTO rules restrict certain types of domestic support payments to farmers because they are considered trade distorting. After losing a recent dispute with Brazil over U.S. support for cotton farmers, the U.S. is facing real cuts to existing support programs—programs it claimed were allowed under the rules, but which have been judged illegal by the WTO dispute panel. To avoid making these real cuts, the U.S. is aggressively pushing a proposal in the WTO negotiations that would shift its counter-cyclical payments into the so-called “Blue Box,” where spending limits are expected to be much softer than for other trade-distorting support. Counter-cyclical payments cover losses to farmers during short-term price falls. The proposal infuriates many countries, whose farmers are unable to compete with U.S. exports often sold at below cost of production prices, and who expect real cuts in export dumping as the only fair exchange for opening their markets to increased agricultural imports. Yet New Zealand Ambassador Tim Groser, who is chairing the WTO agriculture talks, has called opposition to the expansion of the Blue Box a “deal breaker.”

IATP's July 9 letter is in response to Ambassador Groser's June 30 formal presentation to WTO delegates on the status of agriculture talks. IATP's letter warned that "an expansion of the Blue Box to include U.S. counter-cyclical payments will prolong the existence of farm programs that are universally acknowledged to distort world markets by contributing to export dumping—the sale of agricultural commodities at less than cost of production prices. Such an expansion would also undermine the legitimate use of the Blue Box to prescribe viable production limits, another policy tool to help end dumping."

IATP has documented widespread agricultural dumping of cotton, soy, corn, rice and wheat by U.S.-based companies onto international markets (See: [tradeobservatory.org](http://tradeobservatory.org)). The dumping of agricultural commodities from the U.S. and the European Union has caused tremendous hardship for farmers around world, driving commodity prices down and farmers off the land.

"We are dismayed that the framework agreement most likely will not include a political commitment to develop multilateral rules against agricultural export dumping," IATP wrote. While much of the talks have centered around market access, or tariff reduction, success in this area is "unlikely to offset the damage to food security and rural employment caused by the increased dumping that would result from greater market access to developing countries for food companies based in the major exporting countries," IATP wrote.

IATP cautioned that an agreement to any agricultural framework should start with banning all export dumping. Additionally, IATP said it was critical that the framework allows for efforts to manage agricultural production in order to prevent over-supply or times of scarcity.

IATP's full letter to WTO delegates can be read at: [tradeobservatory.org](http://tradeobservatory.org).

*The Institute for Agriculture and Trade Policy promotes resilient family farms, rural communities and ecosystems around the world through research and education, science and technology, and advocacy.*