
WTO and World Trade
Agricultural Executive Education Program
Guelph, Ontario
April 10, 2006

Robert Young - Chief Economist
American Farm Bureau Federation
Discussion Topics

- Yes, I Know…
- Ticking Clocks
- One Organization’s Viewpoint
  - And Why We Look At Things The Way We Do
- A Willingness To Consider Other Options
- Taking It From Here
Yes, I Know…

- From Your Perspective All Yanks Are…
- Well, From Our Perspective All Canuck’s Are…
- While You May Have More Snow, Not Sure Either Is As Pure As…
One Ticking Clock

Gives President Authority To Negotiate Agreement, Congress Only Option To Vote Up Or Down…

- Expires July 1, 2007
- What You Need Before Then…
- Does NOT Mean Congress Has To Pass By July 1, 2007
Another Ticking Clock – The 2002 Farm Bill

Public Law 107–171
107th Congress

An Act

May 13, 2002
[H.R. 2646]

To provide for the continuation of agricultural programs through fiscal year 2007, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the “Farm Security and Rural Investment Act of 2002”.
(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:
SEC. 1602(b) Agricultural Act of 1949.--
The following provisions of the Agricultural Act of 1949 shall not be applicable to the 2002 through 2007 crops of covered commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act and through December 31, 2007:
What The 1949 Act Means…

- About The Time You Harvest The 2008 Winter Wheat Crop You Better Have A New Farm Bill
- Govt. To Provide Price Support
  - Wheat - $5.15 to $9.27/bu
  - Corn - $3.83 to $6.89/bu
A Quick Commercial…

THE VOICE OF AGRICULTURE
STATE FARM BUREAUS

Just Over 6 Million Member Families
The Culmination Of All Those State Efforts…

- The Farm Bureau Process…
- County To State To National
- Truly A Grassroots Effort…
Future Farm Policy Design
We support an extension of the current farm bill until a new World Trade Organization (WTO) agreement is reached. We support extending concepts of the Farm Security and Rural Investment Act of 2002 into the next farm bill. However, if changes are necessary, consideration should be given to the following:
(6) Trade-distorting domestic support (amber box) may be reduced in exchange for an economically proportionate increase in agricultural market access and elimination of export subsidies. Such reduction in U.S. "amber box" supports should be offset by a transfer to fully funded "green and blue box" eligible programs.
Willingness To Consider Alternatives…The Rest Of #6

“…This could be accomplished through working lands conservation programs, risk management, the Market Access Program (MAP), enhanced crop insurance, revenue assurance or government programs that increase producer profitability that may include direct payments…”
# Average Tariff Rates for Selected Commodities

*Weighted by Population*

*(Values in Percentage)*

<table>
<thead>
<tr>
<th>Commodity</th>
<th>United States</th>
<th>Developed Countries</th>
<th>Developing Countries</th>
<th>World</th>
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<tbody>
<tr>
<td>Bulk: Wheat</td>
<td></td>
<td></td>
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<tr>
<td>Bound</td>
<td>2.6</td>
<td>69.4</td>
<td>83.1</td>
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<td>Applied</td>
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<td>7.1</td>
<td>42.2</td>
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<tr>
<td>Semi-Processed: Soybean Oil</td>
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<tr>
<td>Bound</td>
<td>19.1</td>
<td>11.2</td>
<td>77.1</td>
<td>67.8</td>
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<tr>
<td>Applied</td>
<td>19.1</td>
<td>6.9</td>
<td>52.9</td>
<td>42.3</td>
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<td>Processed: Poultry</td>
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<td></td>
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<tr>
<td>Bound</td>
<td>17.4</td>
<td>31.7</td>
<td>54.1</td>
<td>55.8</td>
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<tr>
<td>Applied</td>
<td>6.9</td>
<td>6.2</td>
<td>29.6</td>
<td>26.5</td>
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US Bound Ad Valorem Ag Tariffs
EU Bound Ad Valorem Ag Tariffs

1,749 of ‘em including specific tariffs
<table>
<thead>
<tr>
<th>Tariff item number</th>
<th>Description of products</th>
<th>Base rate of duty</th>
<th>Bound rate of duty</th>
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<td></td>
<td></td>
<td>Ad valorem (%)</td>
<td>Other (%)</td>
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<td>0101.11</td>
<td>Pure-bred breeding animals</td>
<td>140</td>
<td>100</td>
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<tr>
<td>0101.19</td>
<td>Other</td>
<td>140</td>
<td>100</td>
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<tr>
<td>0101.20</td>
<td>Asses, mules and hinnies</td>
<td>100</td>
<td>100</td>
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<tr>
<td>0102.10</td>
<td>Pure-bred breeding animals</td>
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<td>100</td>
</tr>
<tr>
<td>0102.90</td>
<td>Other</td>
<td>100</td>
<td>100</td>
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</tbody>
</table>
India’s Bound Ad Valorem Ag Tariffs

671 of these
Other Economic Protection Schemes

- **Quotas**
  - Absolute Quotas
    - Sometimes global
    - Sometimes specific countries
    - Marijawana?
  - Tariff Rate Quotas
    - Low quota up to certain quantity
    - High tariff above

- **Voluntary Export Restraints**
  - Pretty Well Gone
    - Japanese cars
    - Textile VER’s

- **Export Taxes**
  - Flat Unconstitutional
  - But other countries use to help keep processing at home
Non-Economic Schemes

- Sanitary/Phyto-Sanitary Standards
- Inspection Programs (VCR’s To France)
- Other Administrative Hurdles
Why We View Things As We Do…

- Why Not?
- Balance Market Access Gains Against Domestic Support Reductions
- Looking At Sector As A Whole, Not Specific Commodities
Estimated Impact of Tariff Reductions on U.S. Agricultural Exports of Selected Commodities

Tariff Reduction Percentage (Developing/Developed)

Billion Dollars

Q Change

Q and P Change
Trade-Off Between Tariff and Domestic Support Reductions
Key Country/Commodity Pairs

- **Beef**
  - European Union
  - China
  - Japan
  - South Korea

- **Pork**
  - Japan
  - South Korea
  - Philippines

- **Feed Grains**
  - China
  - European Union
  - South Korea
  - Philippines

- **Wheat**
  - China
  - European Union
  - India
# SCHEDULE LXXX - EUROPEAN COMMUNITIES

## PART I - MOST-FAVOURED-NATION TARIFF

### SECTION I - Agricultural Products

#### SECTION I - A Tariffs

Please refer to file `CEENTE1.WK4` for the Headnotes and to files `CEEAN1.WK4`, `CEEAN1A.WK4`, `CEEAN1B.WL4`, and `CEEAN1C.WK4` for the Ann

<table>
<thead>
<tr>
<th>Tariff item number</th>
<th>Description of products</th>
<th>Ad valorem Base rate of duty</th>
<th>Bound rate of duty</th>
<th>Implementatio</th>
<th>Special</th>
<th>Safeguard</th>
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<tr>
<td></td>
<td></td>
<td>Ad valorem (%)</td>
<td>Other U/B/C (%)</td>
<td>period from/t</td>
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<td>0101</td>
<td>Live horses, asses, mules and -Horses:</td>
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<tr>
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<td>---Other</td>
<td>18.0</td>
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<td>0101.20</td>
<td>-Asses, mules and hinnies:</td>
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<td>0101.20.10</td>
<td>--Asses</td>
<td>12.0</td>
<td>7.7</td>
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<tr>
<td></td>
<td>--Domestic species:</td>
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<td>---Steers (bullocks) of a weight</td>
<td>16.0</td>
<td>+ 1454 ECU/T</td>
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<td>16.0</td>
<td>+ 1454 ECU/T</td>
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<td>+ 931 ECU/T</td>
<td>SSG</td>
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Wither From Here…

- Other Pressures To Reform
  - Domestic Budget Pressure
  - Shift Of Political Will
### The One Handed Federal Budget (FY04) (Billions & Billions)

<table>
<thead>
<tr>
<th>Expense</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Defense</td>
<td>$454</td>
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<td>Social Security</td>
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<td>Medicare</td>
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<td>Medicade</td>
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<td>Interest</td>
<td>$160</td>
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<td>Subtotal</td>
<td>$1,579</td>
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<tr>
<td>Total Fed On Budget</td>
<td>$1,913/$1,345</td>
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</table>
Intellectual Bias

- When’s The Last Time You Read An Article By ‘Renowned’ Ag Economist Quoted In Popular Press That Said We Should Increase Farm Program Payments?
  - No names, but…
Other People’s Money…

- Strong Effort During 2002 Bill To Shift Funds From Commodity to Conservation Title
- Not Clear Where Votes Are Today, Particularly On House Side
Collapse of the Middle

- Minimum number of farms to produce between 25% and 75% of the value of agricultural output
Just A Couple Numbers

- Members Who Have *Not* Been On The Committee For A Farm Bill
  - House – 28
  - Senate - 7

- Members Who Have Been On The Committee For A Farm Bill
  - House – 18
  - Senate - 13
Correlation Of Forces..

- Reject Budget Premise
- No Unilateral Disarmament
- Cost/Price Squeeze
- Budget
- Trade
- Other Peoples Money
- Structure Off Farm Inc
- Change In Cong

Significant Reform

Status Quo
The Bottom Line

- Evolutionary Change, Not Revolutionary
- Will Take Producers Being Convinced They Are Better Off With Something Else Than Modified Status Quo