

December 7, 2017

The Honorable Robert E. Lighthizer
United State Trade Representative
Office of the United States Trade Representative
600 17th Street NW
Washington, D.C. 20508

Dear Ambassador Lighthizer,

As you prepare for the upcoming World Trade Organization (WTO) ministerial in Buenos Aires, we urge you to defend the interests of U.S. agriculture, particularly regarding negotiations around domestic support and public stockholding, while preserving an effective dispute settlement mechanism. In summary, these are our priorities:

- Oppose attempts to weaken the disciplines on price supports through public stockholding programs.
- Oppose new disciplines on domestic support for the United States while several large agricultural trading countries ignore current disciplines.
- Preserve the vital role of a binding, enforceable WTO dispute settlement mechanism while ensuring it continues to function as quickly as possible.

Price Support through Public Stockholding

The undersigned organizations have long opposed attempts to weaken the WTO Agreement on Agriculture through exceptions from market price support disciplines when used by developing countries for public stockholding programs. Market price support is one of the most trade distorting forms of domestic support for agriculture, directly leading to overproduction of farm commodities and suppressing prices.

We support the current domestic support disciplines in the Agreement on Agriculture because they can help restrain the worst effects of trade distorting farm policies. Relaxing price support disciplines for certain countries could lead to a much more distorted global marketplace for agriculture that would fall on the backs of farmers in the United States.

Domestic Support Negotiations

A related challenge facing U.S. agriculture is that some of the same countries lobbying to weaken existing domestic support commitments have been flouting them for years. As President Trump noted recently in Vietnam, countries undermine the rules-based trading system when they ignore WTO commitments. These commitments were carefully negotiated over decades and underpin global trade in agriculture. But it's undoubtedly the case that many countries – particularly some advanced developing countries – have ignored commitments in agricultural domestic support and other areas.

It is surreal to witness attempts to negotiate new domestic support commitments when so many countries have flagrantly ignored current commitments, and in some cases are so far behind or inaccurate in their notifications that it makes a transparent negotiation impossible. U.S. farmers would be understandably furious to discover that the United States has agreed to new restrictions on its farm support while countries like China and India make no attempt to bring their programs in line with WTO commitments. Any domestic support outcome should carefully target the deficiencies in the system that led to such enormous abuses by certain WTO members.

Thanks to a dispute settlement case (DS 511) brought under your predecessor and continued by you, the United States has finally begun to address the problem of non-compliant domestic support through its case against China's policies for corn, rice, and wheat. China's decision over the past decade to expand its price support programs has led to major distortions in trade of these commodities. Fortunately, as a member of the WTO, China has clear, enforceable commitments that form the basis for this case.

Binding Dispute Settlement

The WTO provides strong, effective recourse through the Dispute Settlement Understanding (DSU) while preserving national sovereignty. The WTO has no authority over U.S. farm bills or any other countries' farm policies, but it provides a path to resolve disagreements impartially while retaliating only through an individual member's sovereign actions.

You have stated that the WTO was not designed to handle mercantilism on the scale of China's and we certainly recognize the challenge posed by many of China's policies. But in agriculture we have only just begun to try to handle the problem through the WTO and it will be the responsibility of this Administration to ensure existing cases are successful.

Even setting aside China, it is difficult to overstate the importance of an effective DSU to agriculture. Prior to the WTO there were very few disciplines on agricultural trade. The WTO agreements along with new free trade agreements included much stronger market rules compared to the woefully inadequate framework under the GATT. However, the benefits of the WTO are only available to the degree that commitments are followed. Sometimes that requires enforcement through litigation, and litigation requires a functioning DSU.

WTO Appellate Body

In case the implication is unclear, the U.S. litigation against China's non-compliant domestic support programs – which received bipartisan, bicameral support from agriculture leaders in Congress – cannot be completed without a functioning WTO Appellate Body. The current actions by this Administration to block appointments indefinitely could leave this case in limbo and discourage new cases. We encourage a quick resolution of this issue so that the Appellate Body can quickly return to full capacity.

Thank you in advance for your work to defend U.S. agriculture interests in Buenos Aires. It is critical that negotiations on domestic support reflect reality, that the Agreement on Agriculture is not weakened further for a certain set of countries, and that a binding and enforceable WTO dispute settlement process remains available as recourse for the U.S. agriculture sector.

Sincerely,

American Farm Bureau Federation
American Soybean Association
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Council of Farmer Cooperatives
National Sunflower Association
U.S. Canola Association
U.S. Dry Bean Council
U.S. Grains Council
U.S. Soybean Export Council
U.S. Wheat Associates
USA Dry Pea & Lentil Council
USA Rice Federation

cc. Secretary of Agriculture Sonny Perdue