

Reforming US farm programs is an issue of global fairness. The US must live up to its international commitments and abide by rules that we helped create. Certain US agricultural subsidies violate WTO commitments and hurt poor farmers in developing countries. The WTO global trade talks and recent WTO disputes highlight that the US is not alone in this world – US policies have impacts beyond US borders. US subsidies exceeded \$20 billion in 2005; many of these payments encourage farmers to overproduce. Excess production is exported, often at less than the cost of production through a practice known as ‘dumping.’ Dumping floods the world market, depresses prices and ultimately lowers the income of poor farmers around the world.

Reforming the 2007 Farm Bill: Living Up to International Commitments



Oxfam estimates that West African cotton producing countries have lost \$200 million annually since 2002 as a result of US cotton dumping. Poverty-stricken farmers as a result can no longer afford to buy basic necessities such as food, clothing and life-saving medicines. Furthermore, the amount of international aid these countries receive from the US barely off-sets their losses. For example, Burkina Faso lost over \$13 million in cotton export earnings in one year, but only received \$10 million in development assistance from the US.

As US farm policies exacerbate poverty in developing countries, they also diminish its credibility as a respected international player. In 2004, the WTO ruled that US cotton subsidies violate international trade rules and WTO commitments. The US was instructed to eliminate illegal export subsidies for cotton and reform WTO-inconsistent subsidies by July 2005 and September 2005 respectively. Both deadlines were missed. Despite measures taken in February 2006 to eliminate cotton export subsidies by August 2006, the US is not setting a good example to its trading partners nor the international community. Playing by the rules will encourage everyone else to do the same; otherwise other countries will not have an incentive to comply with unfavorable WTO rulings either.

The US should seek to set a good example as it strives to create a global system of free trade through the WTO. Pressuring developing countries to open their markets while remaining protectionist is no way to nurture the global economy or healthy competition. Supporting reforms to US international trade and agriculture policy will assure a fair system of commerce and a level playing field for all.

Together, we can end poverty.

