

## Subsidy reform – the key to successful agricultural globalization?

As more countries seek to capitalize on the opportunities available through a global agricultural market, subsidies are increasingly becoming a hot topic among the World Trade Organization's 148 member nations. At a November conference titled "Agriculture and the WTO - Subsidies in the Cross Hairs," experts gathered at Georgia Law to provide their perspectives about agricultural globalization and the support some countries provide to their farmers.



California Congressman Cal Dooley (l.) delivers the keynote address while Dean Rusk Center Interim Director Don Johnson (J.D.'73) looks on.

In his keynote address, "The Need for Reform – A View from Capitol Hill," U.S. House Rep. Cal Dooley said the United States should welcome agricultural globalization.

"I'm becoming increasingly concerned that some of our agricultural leaders in the country are drifting away from globalization and are being seduced by the false allure of protectionism," he said. "Our failure to view it as an opportunity will result in the stagnation and demise of the U.S. agriculture industry."

As the world population increases so will the demand for agricultural products, and the United States has the potential to supply this increased demand, Dooley continued. Furthermore, there is such a difference between the United States and developing countries that "we shouldn't be surprised when developing countries demand [the] reform of our domestic farm policy program," he said.

Recently, the WTO issued a decision in a case between the United States and Brazil,

declaring American cotton subsidies unfair. While the United States is appealing the WTO's decision in the case, Dooley said it is time for the United States to be a leader for third-world countries and make changes to its agricultural support initiatives.

While Dooley stressed the importance of a world market to the agricultural industry, some U.S. farmers are "skeptical" about this trend, National Farmers Union President David Frederickson said.

One of the goals of the WTO's Doha Development Agenda, which provides mandates for multilateral trade negotiations, is to maintain a fair agricultural trade system by improving current global market conditions and restrictions. But Frederickson said the current negotiations do not seem to be taking into account the best interests of U.S. farmers and ranchers.

American Farm Bureau Federation President Bob Stallman indicated that many foreign countries need infrastructure improvements in order for the global agricultural economy to succeed.

"Developing countries must have better access to modern transportation, marketing infrastructure, production technology and tools," Stallman said. "The development of their economic system is key for [these nations] to be able to take advantage of [the] reform. ... In this round of [WTO] negotiations, developing nations have a big role. But, because they do, [these countries] need to be prepared to partake in the entire banquet of subsidy reform, and that includes the main course of market access."

Jon E. Huenemann, senior vice president of Fleishman-Hillard Government Relations and a former U.S. trade official, agreed that one of the critical issues in global agricultural trade is market access.

"Global markets present enormous opportunities," he said. "But we are by no means realizing the extent in agriculture. This is largely due to agricultural policy."

The next few years are important for global agricultural policy, not just because WTO Doha Round negotiations will continue but also because the United States will start drafting its next farm bill, Huenemann said.

The conference was sponsored by the Dean Rusk Center – International, Comparative and Graduate Legal Studies and UGA's College of Agricultural and Environmental Sciences.

"Our purpose in organizing conferences like this is to increase the understanding of the policy and decisions involved in these significant global issues," Dean Rusk Center Interim Director Don Johnson (J.D.'73) said. "This is best accomplished by having our panels made up of people who are directly involved in and directly affected by the process."



Key players in the American agricultural market discuss key factors affecting international trade – (l. to r.) National Farmers Union President David Frederickson, American Farm Bureau Federation President Bob Stallman and Fleishman-Hillard Government Relations Senior Vice President Jon Huenemann.

In addition to the private sector agricultural representatives quoted above, a panel of senior government representatives from the United States, European Union and Brazil discussed the current status of multilateral negotiations and the likelihood of success of the Doha Round. Additionally, a panel of legal experts – William A. Gillon (J.D.'83), counsel for the National Cotton Council; David Palmeto, counsel for Brazil; and Michigan State University College of Law Professor Kevin C. Kennedy – discussed the WTO cotton dispute case.

- Julie Camp