

NEWS RELEASE

International
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Policy Council



US Farm Policy Reform Would Benefit Developing Countries

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As the US Congress reconvenes, one of its pressing issues this month will be the reauthorization of the Farm Bill. In a report released today, the International Food & Agricultural Trade Policy Council (IPC) urges Congress to pass a Farm Bill that allows developing countries to compete fairly in the international trade of agricultural products. As highlighted in “**The 2007 US Farm Bill: Implications for Developing Countries**,” the US has an opportunity in the coming weeks to implement legislation that levels the playing field in international agricultural trade.

Currently, US farm policy is characterized by production-linked commodity subsidies that undercut the comparative advantages of developing countries. By stimulating the production and export of corn, wheat, cotton, rice, and soybeans, US farm support programs depress world prices. US food aid programs and incentives for ethanol and biodiesel also impact developing country markets and opportunities.

Therefore, developing countries have much to gain from a US Farm Bill that reduces trade-distorting support. As most of the poor in developing countries live in rural areas, and depend on agriculture for their livelihoods, these countries need domestic and international market opportunities for their agricultural products if they hope to reduce poverty.

Unfortunately, the Agricultural Committee in the House of Representatives passed legislation in July that will maintain the status quo. The report emphasizes that the perpetuation of product-specific support programs not only harms developing countries but also fails to address the evolution of the agricultural sector in the US. Furthermore, continuing these policies decreases the US’s credibility among its trading partners. By refusing to undertake reform, or even honor its WTO commitments to liberalize agriculture, the US compromises its leadership role in international trade and reduces its own opportunities to enter overseas markets.

Hope for a US Farm Bill more consistent with trade and development aims now rests in the Senate. Unlike the House, the Senate Agricultural Committee should draft a proposal that recognizes the international implications of the Farm Bill. Given the outlook for high commodity prices, reform to US farm policy would entail minimal costs to the subsidized parts of US agriculture, while the rewards to developing country farmers and to US international commercial and political objectives would be substantial for generations to come.

The 2007 US Farm Bill: Implications for Developing Countries, authored by Tim Josling, Daniel A. Sumner, Robert L. Thompson, Mary Chambliss, and Kara Laney is available at: http://www.agritrade.org/Publications/farm_bill_briefs.html.

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About IPC The International Food & Agricultural Trade Policy Council (IPC) promotes a more open and equitable global food system by pursuing pragmatic trade and development policies in food and agriculture to meet the world's growing needs. IPC convenes influential policymakers, agribusiness executives, farm leaders, and academics from developed and developing countries to clarify complex issues, build consensus, and advocate policies to decision-makers. More information on the organization and its membership can be found on our website: www.agritrade.org.