<u>TALKING POINTS ON US AGRICULTURE POLICY AND TRADE</u>

Main points to emphasize:

- Current US agriculture policy allows agriculture products to be sold on the international market far below their cost of production which benefits mainly agribusiness corporations and very large farming operations. These policies allow these large players to buy cheap and sell across international borders wherever they can make the most profit, while underselling local farmers both in the U.S. and abroad, and intensifying rates of poverty since family farmers worldwide are unable to compete.

- Today more than 40% of net income of agriculture in the U.S. comes from the federal government in the form of direct subsidies, an attempt to make up for low commodity prices. This allows agribusiness, the main beneficiary of direct government support, to flood foreign markets with products priced as low as 46% below cost of production.

- This system has given rise to harsh criticism from the international community who blame U.S. farmers and U.S. subsidies for displacing farmers all over the world. However, it is agribusiness who engages in the export/import business, not family farmers. Many U.S. farmer's organizations are working with their international partners to educate consumers, farmers, government officials, taxpayers and the general public that if farmers received a fair price for their products, there would not be a need for price supports in the form of subsidies.

- Subsidies are not the cause of the worldwide agriculture crisis but a response to low world market prices. Many farmers in countries that are not subsidized have increased their production more than US and other farmers who do receive income support payments.

- Agribusiness corporations are the advocates of free trade policies that encourage dumping of agriculture products at prices below the cost of production, both in the U.S. and abroad. Usually supported by commodity groups, they falsely claim to represent U.S. farmers, when in reality commodity groups are merely fronts for agribusiness corporations. They also play an important role in determining what is included in the Agricultural chapters of different trade agreements. Many agribusinesses have access to information as well as decision-makers that is not available to the general public, or to ordinary farmers.

- Another example of the "revolving door" practices of agribusiness: recently, the ex-head of the World Trade Organization, Mike Moore, was hired as a consultant to the dairy giant Fonterra, and will "offer guidance" with information regarding competitors and free-trade agreements-an unfair advantage that no family farmer could ever compete with.

Other important facts about U.S. agriculture:

*82% of US corn exports are controlled by 3 agribusiness firms.
*While figures show that U.S. farmers receive an average of $21,000 a year in subsides, the reality is that most farmers receive little or no subsidies while large corporate and factor farm operations and agribusiness firms can receive more than $500,000 annually.
*In 1997 the USDA did a study that showed that the farmer was paid $.10 for the amount of corn used in a box of cornflakes, which cost $1.98. Today, the farmer is getting less than four cents for the amount of corn in a box of cereal.
*Over 73% of the nation's farms share only 6.8% of the market value of agriculture products, while 7.2% of farms receive 72.1% of the market value of products sold. These figures illustrate the growing shift towards large operations controlled by large agribusiness.
*During the first 7 years of NAFTA, Archer Daniels Midland's profits went from $110 million to $301 million while ConAgra's grew from $143 million to $413 million-two of the main agribusinesses that control the corn trade.
*Since 1984, the real price of food has remained constant, while the price farmer's receive has fallen by 38%. In 1999, farmers were receiving 21 cents on the dollar from food products, while 10 years ago they received 32 cents. These numbers demonstrate how consumers, taxpayers and especially farmers are paying the price so that agribusiness can earn record profits.

International impacts of free trade in agriculture:

-Without special protections and domestic policies that take into account the distinct situations of farmers in different countries, farmers in less developed countries are forced to compete with those with much greater advantages in the areas of technology, credit, rural infrastructure, etc. For example, with NAFTA, Mexican farmers must compete against US and Canadian technology:
For every 1000 farmers in the U.S. there are 1,484 tractors, in Canada there are, 1,642 - while in Mexico there are only 20 tractors for every 1000 farmers.
-Despite the promises made before NAFTA, according to the secretary of Social Development in Mexico, there are now more poor people that ever before in history. In 1992, 36% of the rural population was "food insecure". Today that number has risen to 52.4%.
-Imports of agriculture products in Mexico have increased by 44% since NAFTA, seriously threatening many sectors, which can no longer sell their products in the local market. This is true for products such as: wheat, potatoes, rice, barley, coffee, milk products, sugar, fruits and many others.
-More than 80% of Mexico's poor live in the countryside, 2 million of those being corn producers. Before NAFTA, Mexico only imported about 2.5 million tons of corn per year. In 2001, they imported over 6 million tons of corn. For every 10 tons of corn exported to Mexico, an average of 2 rural residents migrate to the U.S.

for more information, please contact the National Family Farm Coalition at: nffc@nffc.net, 202-543-5675