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WTO Reveals Details of Ruling on Subsidies

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The United States has been ordered to withdraw some of its support programs for producers of cotton and other commodities, according to a World Trade Organization report made public Wednesday.

The WTO panel, which ruled on a complaint from Brazil, found that many U.S. programs are illegal export subsidies or domestic payments that are higher than permitted by WTO rules.

"We are pleased with the results and we hope that they will be implemented by the United States," Brazilian Ambassador Luis Felipe de Seixas Correa told The Associated Press.

The United States called the decision "mixed" and said it would appeal parts of the ruling.

"U.S. farm programs were designed to be fully compliant with our WTO obligations. We will strongly defend the U.S. position and work to ensure a level playing field for U.S. producers," said Agriculture Secretary Ann Veneman.

The report was given to the U.S. and Brazilian governments in June, and Brazil declared victory, but the exact details had remained confidential until now.

Brazil alleged the United States has kept its place as the planet's second-largest cotton grower and largest exporter because the U.S. government paid \$12.5 billion in subsidies to American farmers between August 1999 and July 2003.

The United States has insisted that its payments to farmers are within permitted levels, claiming many are not subsidies as defined by the WTO and should not be included in the calculations.

In their 351-page report, the three-person panel ruled that some U.S. credit guarantee programs for cotton and other items are export subsidies because they are provided at rates that did not cover the long-term cost of running the program.

It said that other payments to U.S. producers led to "significant price suppression" on the world market, causing "serious prejudice to the interests of Brazil."

The panel recommended that the United States should remove the illegal subsidies "without delay."

The publication of the ruling came on the same day that the WTO sent governments confidential copies of another report on commodities subsidies.

Diplomats said that ruling sided with Brazil, Thailand and Australia, who had claimed that the European Union exports more sugar than it agreed to and that the sugar is unfairly subsidized, encouraging overproduction. Opposing countries say that hurts their producers.

"These rulings are a triumph for developing countries and a warning bell for rich countries who consistently flout the rules at the WTO and whose unfair systems are creating misery and poverty for millions" said Phil Bloomer, head of the trade campaign for development charity Oxfam International.