

US Farm Bill a setback for Doha talks

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The United States' 2007 Farm Bill, which has been passed by the House of Representatives and will next be considered by the Senate, is likely to be a stumbling block in the negotiations to finalise the "modalities" in agriculture, when the World Trade Organisation resumes its work in early September.

Australia and India are two countries which have already publicly named the Farm Bill as an obstacle to a successful outcome of the Doha talks.

The US Farm Bill was approved by the House of Representatives on 27 July, a few hours after the WTO General Council in Geneva had concluded its meeting, marking the start of the WTO's summer break. Delegations at the WTO have thus so far been unable to comment on the bill.

However, when the WTO negotiations resume on 3 September, starting with agriculture, the implications of the bill on what the US can credibly offer in terms of cuts in its domestic support are likely to figure prominently, given that two major countries (Australia and India) in the agriculture talks have already proclaimed their serious concerns.

The bill was adopted by a 231-191 vote by the House of Representatives. The Senate will discuss its own version of the Farm Bill, after the present vacation break. The House and Senate versions will have to be "reconciled" before sending a Bill to President George W Bush, who has already threatened to veto the House version.

The debate in the Senate will most likely take place at the same time as the most intense stage of the WTO negotiations on modalities in agriculture and NAMA, scheduled for the whole month of September.

The present farm bill expires at the end of September, and the new bill is to cover a new five-year period. The budget for the House 2007 farm bill totals \$284 billion, or \$56.8 billion a year on average.

This is higher than the allocation of \$49.5 billion annually in the current farm bill. The new farm bill (as in the present one) covers subsidies to farms, as well as conservation and nutrition-assistance programmes.

In order to properly analyse the implications of the new Farm Bill for the WTO negotiations, the categories in the farm bill budget will have to be "translated" into the WTO categories .

Some delegations are planning to work in August to undertake this “translation” of farm bill categories and budget amounts into WTO agricultural categories and subsidy amounts.

The US delegation can thus be expected to face questions on what the Farm Bill means in terms of offers that the US can realistically make.

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