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United States Senate

COMMITTEE ON
AGRICULTURE, NUTRITION, AND FORESTRY

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The Honorable Mike Johanns
Secretary
United States Department of Agriculture
1400 Independence Avenue, S.W.
Washington, D.C. 20250

Dear Secretary Johanns:

As you prepare for another round of agriculture negotiations in the World Trade Organization (WTO), I need to express my concern regarding proposals from the European Union (EU) and others that would dramatically reduce U.S. farm support. The agriculture negotiations are at a critical point and substantive drafts are circulating that will be the foundation for an eventual agreement on modalities.

As Chairman of the Senate Agriculture Committee, I have a responsibility and duty to protect the farm safety net and ensure the Farm Security and Rural Investment Act passed by Congress and signed by the President remains intact through 2007. I believe that an agreement that genuinely results in a more market-driven international trading system would be good for the United States and for the rest of the world. Unfortunately, it appears that some of our trading partners are asking for a lot while offering very little. Therefore, I have identified the following principles that must guide any WTO agreement that will gain my support as it concerns the domestic support pillar.

1. No net reduction in the farm safety net. I understand that existing programs will face new limits in a Doha Round agreement, but care should be taken to ensure that resources currently committed to all titles of the farm bill remain available when it is reauthorized in 2007. It would be wise for the President and the Department of Agriculture to protect the current baseline for agriculture spending. I firmly believe the United States should commit to reduce trade distorting domestic support in exchange for other forms, but it should not reduce overall farm program expenditures in the negotiations. Domestic budget decisions are best determined by the President and elected Members of Congress. With ample resources, farmers and ranchers will better manage whatever transition will be necessary resulting from a final agreement.
2. Negotiations should proceed as a single undertaking. The negotiations should not isolate any particular commodity for "early harvests," and commitments in agriculture must be part of a single undertaking. Efforts to single cotton out for special treatment by other WTO members are misguided and threaten support for the overall Doha Round in Congress.


3. The new blue box should accommodate the U.S. counter-cyclical program. Negotiators should adhere to the agreement made last summer shifting counter-cyclical payments from the amber box to the blue box. Efforts to eliminate the blue box should be opposed. Overall caps are not objectionable, however, product-specific caps should not be part of limits placed on either amber or blue box support.
4. Reasonable period of implementation. The broad reforms being discussed in the agriculture negotiations will require time to implement. Any significant changes in the structure of U.S. domestic support programs will cause some economic hardship in rural America. The United States can commit to substantial down payments in the first years of an agreement, but Congress must have adequate time extending over a period of time (i.e. minimum 10 years) to implement larger and deeper reforms in domestic support. The agriculture economy should not be subject to rapid shocks as part of the negotiations.
5. Greater certainty and predictability regarding WTO litigation. WTO rules need to provide greater certainty and predictability so that farm programs designed to meet WTO requirements are not subject to arbitrary and capricious rulings in WTO litigation. A final agreement should maximize protection for farmers and ranchers while providing flexibility for new mechanisms to maintain the farm safety net.

I want to work with you to ensure that your efforts will meet these principles and result in a successful agreement. However, let me caution you that the negotiations and modalities should not preempt the responsibilities and prerogatives of Congress. The agriculture negotiations can set the broad parameters of spending limits, but they should not write the next farm bill.

Let me be clear, the Congress will be writing the next farm bill in 2007, and I am deeply concerned the Administration is using the current negotiations to reshape farm policy without the full input of Congress and grassroots support. Any substantial structural changes to the farm safety net must account for the varying types of agriculture in the United States. For example, policies best suited for the eastern Corn Belt may not be appropriate for southern agriculture or that found in the western states. I am looking forward to a successful conclusion to the negotiations, but not at the risk of a bad agreement that lacks the support of farmers and ranchers in the United States.

Thank you for your attention to these concerns. I look forward working with you on this and on other important issues.

Very truly yours,


Senator Saxby Chambliss
Chairman