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# Who's to Blame?: An Analysis of Agricultural Subsidies and Their Effects on Development

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Who's to Blame?: An Analysis of Agricultural Subsidies and their Effects  
on Development

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Abstract:

This essay aims to reveal the complex landscape of the hindrances to development that developing countries themselves and developed nations' agricultural subsidies pose. It discusses developing countries' objectives and desires to see trade as a tool for development and then considers the potential for trade to contribute to development by examining how different international organizations use trade to aid developing countries. It examines China's use of the green box as a case study of the potential that certain agricultural subsidies hold for development. Then, it looks at the limitations of trade as a means to make development progress, citing both agricultural subsidies and faulty development models. The essay lays out a brief structure of the different boxes of subsidies under the Agreement on Agriculture in the WTO with a focus on the green box and the complaints being mounted against its use by developed countries. It studies the effects of U.S. agricultural subsidies, both on the U.S. and developing countries, and it concludes by looking to the current political landscape of the Doha round and the U.S. to gain a sense of the prospects for agricultural subsidies. This essay seeks to show how both the agricultural subsidies of rich, developed countries and the domestic inadequacies of developing countries are to blame for the lack of development that we see in the world today.

Trade continues to be both a means of economic growth and a hot-button issue in foreign policy. Trade, especially when it comes to agricultural, is often the source of tension between nations, and understandably so. Agricultural trade cannot be reduced down to a neat exchange of agricultural commodities between countries, circumscribed within purely economic policy. Much more is at stake, and much more is affected, often deleteriously, by governments' agricultural trade policies. Considering that 70 percent of poor countries' workforces is in agriculture<sup>1</sup> and that the food security and livelihoods of these poor are threatened from subsidized exports entering their countries, it is no surprise that migration becomes a relevant issue as these poor farmers seek means of living elsewhere. In rich, industrialized countries such as the U.S., the crops that receive the most subsidies are also the crops that lead to obesity and health problems, imposing higher health care costs to a failing system.

The trade and agricultural policies of developed countries are the culprit for much of the damage that poor farmers face, and this culprit is no hidden one either. It is visible and well known. Poor farmers, in general, are cognizant of the fact that the farm policies of rich countries are often behind their eroded rural development and sources of income.<sup>2</sup> Due to this awareness, developed nations' struggle to win the hearts and minds of those around the world is undermined by their very own farm policy. Especially when speaking of the United States, a nation that prides itself in the role it assumes as self-avowed defender of liberty and justice around the world, American agriculture policy raises disaffection, hunger, and anger in developing countries that become breeding grounds for

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<sup>1</sup> *Ensuring EU farm policy supports the Millennium Development Goals\** . Geneva: International Centre for Trade and Sustainable Development, 2009. Print.p. 1

<sup>2</sup> Anonymous. Personal interview. 27 Oct. 2009.

anti-American sentiment, and, at worst, for terrorism. American national security is at stake as it hurts the world's poor in the interests of its own rich.

When it comes to U.S. farm programs and policies, the magnitude and detail is staggering. The current U.S. farm legislation, commonly known as the 2008 Farm Bill, is a \$290 billion dollar piece of legislation<sup>3</sup> with provisions running from environmental conservation programs to local food development to nutrition initiatives to a new revenue-based subsidy program called ACRE (Average Crop Revenue Election).<sup>4</sup> Certain subsidies are explicitly trade-distorting and others are explicitly not, while the effects of some farm programs remain ambiguous or contested. There are provisions that have carried over from past farm legislation, while others have been eliminated, changed, set to change, or recently created. It can be difficult to wade through the sea of convoluted policies, programs, and requirements and arrive on the other side of the analysis with a value judgment on overall American farm policy being made.

### **Developing Countries' Trade Interests**

Developing countries, across the board, are concerned with poverty reduction and development. What differs among them are their development models or philosophies. Depending on the development philosophy, trade plays a different role in bringing about economic growth and reaching development goals. The much discussed development model dichotomy, when speaking of trade's developmental role, is export-led growth versus import substitution industrialization (ISI). Quite simply, export-led growth is

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<sup>3</sup> PRESS, THE ASSOCIATED. "Farm Bill Is Approved - NYTimes.com." The New York Times - Breaking News, World News & Multimedia. N.p., n.d. Web. 15 Nov. 2009. <[http://www.nytimes.com/2008/06/19/washington/19farm.html?\\_r=1](http://www.nytimes.com/2008/06/19/washington/19farm.html?_r=1)>.

<sup>4</sup> *The Food, Conservation and Energy Act of 2008: A New Direction for Farm and Food Policy*. Washington D.C.: American Farmland Trust, 2008. Print. p. 2

concentrating efforts for economic growth on developing a nation's export-sector and gaining market access in which its export industry can flourish. This, logically, is paired with an offensive negotiation stance in the World Trade Organization's (WTO), one that has been adopted by negotiating groups and coalitions such the Cairns group and by some developing countries within the G-20. Their positions call for radical reform in developed countries' subsidy programs, specifically pushing for significant reductions in these countries' domestic agricultural support and offering increased market access in return.<sup>5</sup>

On the other hand, a strategy of import substitution industrialization consists of retaining relatively high trade barriers so as to shield a country off from foreign competition. These barriers allow the country to import a small amount of a commodity, analyze it, and then produce and sell it domestically, often increasing its value. This model of development is shared among countries that take a defensive position in WTO negotiations. Groups of developing nations like the G-33 conceive of a means of development as maintaining a level of protectionism while acquiring market access and concessions and subsidy cuts from rich countries. These countries have pushed for the unique status of deserving opened-up markets abroad while at the same time needing to protect their nascent industries by keeping high tariffs in place. They ask for limitations on reduction commitments so as to keep high levels of domestic support, and they appeal for Special and Differential Treatment (SDT) in order to maintain high tariffs.<sup>6</sup>

It is crucial to remember that the trade interests and objectives of developing countries are not monolithic. There are many groups of developing nations whose interests overlap in several different ways, including the G-20, G-33, G-90, ACP,

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<sup>5</sup> Anonymous. Personal interview. 2 Nov. 2009.

<sup>6</sup> Ibid

Mercosur, Small and Vulnerable Economies (SVEs), African Group, Tropical Products group, and many more. Developing countries cannot neatly be fitted into a single group with one negotiating stance, model of development, or conception of how trade can be harnessed to further development. In some cases, developing countries are actually against tariff reduction on some products in certain markets and are pushing for a more gradual lowering of duties. For instance, the African Caribbean and Pacific Group of States (ACP) have preferential duty-free access for their exports in the European Union. Because of this, they want European Union tariffs to come down slowly so as to allow time for them to prepare for competition with the Latin American Tropical Products group of countries.<sup>7</sup> The “South” forms anything but one solid coalition in the WTO negotiations, and agricultural trade is far from the South screaming foul play in one loud voice against the North.

As mentioned above, developing countries all desire to see development goals met and want to employ trade as a means of getting there. They differ on their models of development, trade interests, and negotiating stances, yet they share a common value in seeing the Millennium Development Goals (MDGs) being part of the framework in which trade and agricultural policies are created. In order for these policies to cohere with, and not undermine, aid and development policies as they often do, the MDGs must be included in the goals of trade and farm support in developed nations. The U.S. in particular must consider the MDGs as fundamental and crucial aims and not as peripheral, ancillary provisions shoved into the margins of farm legislation and forgotten when it comes time to secure funds from the appropriations committee in Congress.

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<sup>7</sup> Anonymous. Personal interview. 2 Nov. 2009.

## **Trade as a Tool for Development**

Specifically, MDG #8 calls upon the world to “develop a global partnership for development.” This global partnership for development seeks to create a more level playing field among countries and their economic power.<sup>8</sup> Yet, this global partnership can only truly be global if such things as agricultural subsidies do first not undercut developing countries’ own efforts toward development. The imbalance in the trade playing field is preventing any balancing of the larger playing field in development. Only after some trade equity is established will the prospect for decreased reliance on aid and increased competence among developing nations become a reality, thereby enabling developing nations themselves to make progress toward their development goals. Only then will the “global partnership for development” genuinely be global instead of amounting to a group of Northern rich countries attempting to finance the development of the South.

A particularly relevant portion of Official Development Assistance (ODA) is Aid for Trade, the portion of ODA that helps build the trade capacity of developing countries. Unfortunately, developed nations’ subsidies often offset the Aid for Trade funds that help build the economic infrastructure and production capabilities of developing nations. Developed countries gave a total support to their agricultural sectors of \$365 billion in 2007, while a total of only \$27 billion was given to Aid for Trade in the same year.<sup>9</sup> In addition to this staggering discrepancy, the aid given is used as a means to buy the complacency of developing countries with the current trade agreements and keep them

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<sup>8</sup> Anonymous. Personal interview. 27 Oct. 2009.

<sup>9</sup> *Strengthening the Global Partnership for Development in a Time of Crisis*. New York: MDG Gap Task Force, 2009. Print. p. 34

dependent on relief.<sup>10</sup> Considering that the developing countries' demands were based upon the free market principles championed by developed nations, these rich countries could only respond to the legitimate demands by giving developing nations one of the things they wanted: aid. This aid makes the current subsidy system palatable, and developing nations often cower from aggressive pursuits of developed countries out of the fear that this aid will start to disappear.<sup>11</sup> Yet, by their own farm policies, the rich countries are burdening themselves financially by having to carry the greatest load in the global partnership for development and keeping it that way in the name of national trade interests, all the while impeding development in several ways.

Yet how much can a balance in the playing field of trade actually accomplish for development? A multifarious array of organizations believes it effective and worthwhile to aid developing countries by guiding their domestic trade policies and supporting their integration into world trade. The United Nations Development Program (UNDP) helps developing countries look for existing market opportunities while treating developed nations' agricultural subsidies and their effects as a given. It continually attempts to identify these opportunities over time and space, and since these market prospects are moving targets that respond to volatile food prices and developed nations' farm policies, the UNDP has its work cut out for it.<sup>12</sup>

The UNDP only continues to search for existing market opportunities for developing countries because it holds the belief that liberalized markets can lift people out of poverty. The problem lies in that for the full poverty-reducing potential of liberal markets to be harnessed, domestic trade policy reform must often first take place. The

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<sup>10</sup> Imboden, Nicolas. Personal interview. 11 Nov. 2009.

<sup>11</sup> Ibid

<sup>12</sup> Anonymous. Personal interview. 27 Oct. 2009.

UNDP is also active in this regard, building the capacity of developing countries' governments to reform their trade policies. It gives advice on how to best frame trade and agriculture policy in terms of development by placing an emphasis on building a base of social and economic infrastructure on top of which a private sector can develop. For the agricultural sector, a big push is often needed as governments of developing countries have lost hope and see no profitable investment in a sector that continues to be ravaged by the effects of export subsidies or disadvantaged by the domestic support of other nations. The UNDP also takes into account climate change and small-scale private investment in policy reform. Irrigation is a major operation that responds to agricultural needs especially in the context of climate change, and microfinance continues to lift people out of poverty and stimulate the private sector upon which liberal markets are founded.<sup>13</sup>

The International Trade Center, the joint agency of the WTO and the United Nations Conference on Trade and Development (UNCTAD), also seeks to provide avenues in which small businesses in developing countries can develop through export-led growth. They help countries develop their agriculture sectors into commercial export-based sectors. For instance, the ITC helped the Ethiopian Ministry of Finance and Economic Development to change its primary economic sector from subsistence farming to an export-led agricultural sector based on paprika, a staple commodity in Ethiopia. This contributed to the average income per day more than doubling from U.S.\$ 0.46 in 2005 to U.S.\$ 0.98 in 2008.<sup>14</sup> This rise in income allowed the farmers to buy more

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<sup>13</sup> Anonymous. Personal interview. 27 Oct. 2009.

<sup>14</sup> *International Trade Center Annual Report*. Geneva: International Trade Center, 2009. Print. p.

livestock and better equipment that further allowed them to capitalize on Ethiopia's comparative advantage in the spice industry. ITC also seeks market opportunities in response to progress made in social development. Uganda availed itself of its changed gender policy by building off of the wake of reform to identify four main sectors for investment as part of its National Export Strategy (NES). They used areas in which women have shown economic potential but still face obstacles as one of the criteria for choosing the four sectors.<sup>15</sup>

### **China: A Comprehensive Use of the Green Box as a way to Promote Development**

China serves as a good illustration of what a constructive and comprehensive use of non trade-distorting agricultural subsidies can accomplish for a nation's development. China's domestic agricultural support relies almost completely on the green box.<sup>16</sup> The green box is a classification under the Agreement on Agriculture in the WTO that applies to subsidies that cause minimal or no trade distortion. As such, there are no limitations on the use of green box subsidies.<sup>17</sup> China uses the green box for the purposes of poverty alleviation, rural development, and food security. It has established regional assistance programs that compensate farmers who own land in naturally disadvantaged areas and that also pay for agricultural development projects. These projects create rural infrastructure such as roads, irrigation, electricity networks to increase the production capability of China's agricultural sector, while public stockholding safeguards the new

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<sup>15</sup> *International Trade Center Annual Report*. Geneva: International Trade Center, 2009. Print. p. 21

<sup>16</sup> *Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals*. Geneva: International Centre for Trade and Sustainable Development, 2009. Print. p. 7

<sup>17</sup> WTO Agreement on Agriculture, Annex 2, paragraph 1

higher levels of domestic food reserves.<sup>18</sup> The rural development programs also lift citizens out of poverty by creating farmers' markets and schools.<sup>19</sup> As for environmental concerns, China spent 26 times more in 1998 on environmental programs than they had in 1981. These environmental protection programs targeted water and soil conservation, grassland and forest protection, and the discovery and maintenance of water resources. In particular, its forestry program was more comprehensive and complicated than usual because it took into account such things as farmer migration, property rights, and relocation of future agricultural operations.<sup>20</sup>

This multifarious use of the green box has helped China's export-led agricultural sector boom. Its agricultural exports increased 9.8 percent from 2007 to 2008, reaching a value of \$40.19 billion.<sup>21</sup> However, China still faces the need for reform of its green box. It lacks market promotion services, income safety nets, and structural adjustment through producer or resource retirement programs. Although green box support for China's agricultural sector comprised 14.2 percent of the national budget in 2003, China's agriculture taxes and fees outweighed the green box and all other farm support, thereby creating an overall negative agriculture support below the allowed -8.5 percent.<sup>22</sup> Because of this deficit, China has a lot of room to increase its trade-distorting subsidies under the "amber box", although it would be very difficult to reach its amber box limit

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<sup>18</sup> Green Box Support Measures Under the WTO Agreement on Agriculture and Chinese Agricultural Sustainable Development. Manitoba: International Institute for Sustainable Development , 2003. Print. p. 5

<sup>19</sup> Ibid

<sup>20</sup> Ibid

<sup>21</sup> [http://www.chinadaily.com.cn/bizchina/2009-02/11/content\\_7467089.htm](http://www.chinadaily.com.cn/bizchina/2009-02/11/content_7467089.htm)

<sup>22</sup> *Green Box Support Measures Under the WTO Agreement on Agriculture and Chinese Agricultural Sustainable Development*. Manitoba: International Institute for Sustainable Development , 2003. Print. p. 6

since its overall support is so negative. Nevertheless, China's reform goals seem to align best with green box instruments.<sup>23</sup> Despite the fact that China's farm policy includes a net tax on its agricultural sector, China reveals how the green box can be used to promote domestic development that ultimately leads to a strong export-based agricultural sector.

### **Obstacles that Developing Countries Face**

China exhibits how countries can reach their development goals through the use of agricultural support. China, though, has emphasized a very offensive, outward-looking development model, one that is not shared by many developing countries but that would be most beneficial for them and that is promoted by many international organizations. In 2008, the ITC, UNCTAD, FAO, IMF, the World Bank, WTO, and others conducted a survey among a group of developing countries to gather data on non-tariff measures that companies in these countries face. The most commonly cited non-tariff barriers were technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures. However, the report concluded that "exporters and importers often report on a measure applied by a partner country but the problems they face often stem from weak infrastructure and inefficient processes in their own country."<sup>24</sup>

Because of distorted development philosophies, developing countries will project all of the blame for lack of economic growth on another country's trade barriers when, in reality, the fault is also on their lack of domestic capacity. This is not to say that these countries have backwards governments who have no regard for their people-in fact, quite

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<sup>23</sup>Green Box Support Measures Under the WTO Agreement on Agriculture and Chinese Agricultural Sustainable Development. Manitoba: International Institute for Sustainable Development , 2003. Print. p. 6-7

<sup>24</sup> *International Trade Center Annual Report*. Geneva: International Trade Center, 2009. Print. p.

the contrary. It is the export subsidies and high tariffs of the industrialized nations that often undermine developing countries' efforts to build up their economies and promote development. While the developed countries hold on to their agricultural support levels, the governments in developing countries see no incentive to invest in their agricultural sector. They have lost hope in seeing agricultural concessions from the North, and, as such, they pursue other more profitable prospects.<sup>25</sup>

Regardless of the subsidies, though, there remain domestic inadequacies and naïve, mistaken policy focuses. Even if a developing country had greater market access or a larger infrastructure base and private sector, it would nonetheless be the government's obligation to efficiently utilize the new resources that would be made available to it. Faulty development models erect barriers to this efficient allocation of resources that could greatly contribute to the country's development. An isolationist, inward-focused import substitution strategy has furthered the struggle of many developing countries, as well as the defensive negotiating stance paired with it that has made these countries dependent and subordinate.<sup>26</sup> Instead of actively pushing for reciprocally opened market access and reduced domestic support, they placed emphasis on keeping their status under Special and Differential Treatment (SDT). This meant that they did not liberalize their markets and, as such, the developed countries did not open theirs. Developing countries retained their ineffective import substitution strategy and

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<sup>25</sup> Anonymous. Personal interview. 27 Oct. 2009.

<sup>26</sup> Anonymous. Personal interview. 2 Nov. 2009.

allowed the developed nations to maintain their high trade barriers and most favored nation (MFN) tariffs on commodities of interest to developing countries.<sup>27</sup>

Domestic problems continue to be at the base of development problems in many cases. If countries like the U.S. were to eliminate its domestic support for cotton, for example, the Cotton Four (C-4) countries (Benin, Burkina Faso, Mali, and Chad) would not feel much of a 'trickle-down' effect.<sup>28</sup> Estimates say that a total elimination of U.S. domestic support for cotton would cause world cotton prices to appreciate between \$0.03 and \$0.13. This price increase is actually less than the one experienced in 2007 that resulted from the U.S. reducing its production of cotton. On top of that, cotton demand has decreased because synthetic fiber production has become much more competitive, thereby further lowering the price of cotton.<sup>29</sup> Furthermore, there are domestic nooks in which the benefits from marginally increased cotton prices would get stuck and not fully trickle down to cotton farmers. The C-4, along with many other developing countries, have poor infrastructure, a weak state or parastatal-controlled market, and rampant corruption all preventing economic benefits from reaching their people in the long term and from allowing their country to develop. That is one of the reasons why cotton farmers in the C-4 did not begin to earn larger incomes following the mentioned 2007 cotton price increase and why they will continue to not benefit from increased prices in the long-term.<sup>30</sup> Part of this market failure lies in developing countries' lack of good governance

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<sup>27</sup> Srinivasan, T.N.. *Working Paper No. 252 Doha Round of Multilateral Negotiations and Development*. Stanford: STANFORD CENTER FOR INTERNATIONAL DEVELOPMENT, 2005. Print. p. 8

<sup>28</sup> Miller, David. Personal interview. 4 Nov. 2009.

<sup>29</sup> Ibid

<sup>30</sup> Imboden, Nicolas. Personal interview. 11 Nov. 2009.

and infrastructure, while developed nations' agricultural subsidies are just as, if not more of, the culprit.

### **Development Models and Philosophies**

China's economic success was due to their outward-oriented, aggressive, export-led approaches. This has been said to reveal that the best model of development is such an export-based model. Some aligned with the South; however, advocate against this model, offering up a model of building up domestic market capacity and seeking access to neighbors' regional markets in its stead.<sup>31</sup> They claim that the infrastructure and production capacities for local, national, and regional market levels need to be developed because the lower-income developing countries of the South have difficulty gaining market access in both developed and developing countries. Since the countries of the South have the highest tariffs in order to shield their nascent domestic industries, developing countries like those in Africa are primarily exporting to their immediate neighbors, strengthening regional trade agreements.<sup>32</sup>

This approach reduces down to a reluctantly accepted import substitution strategy, one that pushes for domestic reform that would enable countries to have an export-led sector but then does not reach that far. Its proposals for exporting only stretch as far as regional markets, not because of a normative belief in the development potential of regional markets but as a result of a perceived practical limitation. It does not claim that an export-led engagement with world trade would not benefit these countries, but rather, that it is unattainable because of existing trade barriers. It seeks to respond to these barriers, not reform them. It is a proposal that dovetails with the pitifully weak and costly

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<sup>31</sup> Anonymous. Personal interview. 28 Oct. 2009.

<sup>32</sup> Ibid

defensive negotiating stance among developing countries in the WTO, countries that could join the strong coalition of the Cairns group and push for substantial reform so as to attain an export-led integration into world trade. On top of that, the Southern countries that fall back upon the import substitution strategy have lost the comparative advantage of cheap labor to export-focused East Asia, making their isolation extremely costly.<sup>33</sup>

As a middle-ground example, South Korea provides a case for temporary protection of nascent domestic industries through an import substitution strategy, revealing that sole market liberalization without any adjustment is not the whole story. South Korea initially shielded itself from foreign competition, but the key consisted in the isolation being only temporary and in it being offset by an export-bias in the trade policy. South Korea, unlike countries in Latin America, established a system where import protection was linked to export promotion. Only companies who met export targets and that used domestically unavailable import products as inputs in their production processes could obtain import licenses. This selective and temporary import protection allowed South Korea to stimulate its domestic ties between its imports and its export-oriented industry.<sup>34</sup> This emphasis on an outward-looking strategy in the early 1960s caused South Korea's GNP to skyrocket from US\$2.3 billion in 1962 to US\$204 billion in 1989 and helped its per capita annual income grow from US\$87 in 1962 to US\$4,830 in 1989.<sup>35</sup>

As a result of growing dissent over an endorsement of export-led growth as the only means of development and as a result of cases like South Korea's where protectionist beginnings can be used to get stumbling infant industries on their feet,

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<sup>33</sup> Imboden, Nicolas. Personal interview. 11 Nov. 2009.

<sup>34</sup> Import Protection in Newly Industrializing Economies: Comparing Brazil and Mexico with South Korea and Taiwan 24 Nov. 2009 <<http://www.ucm.es/info/eid/pb/charl.htm>>

<sup>35</sup> sector, emphasizing the industrial, and Seoul's export-oriented. "South Korea - The Economy." Country Studies. N.p., n.d. Web. 16 Nov. 2009. <<http://countrystudies.us/south-korea/45.htm>>.

promote exports, and prepare for market liberalization, the World Bank has modified its stated position on the correct model of development. Originally, there was a pure endorsement of an outward-looking export emphasis, but now the World Bank promotes this same model of development while clarifying that certain preconditions such as good governance, developed infrastructure, and “reliable country systems” are necessary for the export-led strategy to reach its potential in aiding the development of a country.<sup>36</sup>

### **Subsidies are also To Blame**

The obstacles to development that the agricultural subsidies of industrialized nations pose are quite staggering. While export subsidies are due to expire in 2013<sup>37</sup>, significant levels of domestic agricultural support remain. Whereas the total support developed countries provide to their agricultural sectors is declining as a percent of their GDPs, the gross amount is still high at \$365 billion, a figure especially high in relation to official development assistance (ODA).<sup>38</sup> For instance, in 2002, the U.S. government provided \$3.4 billion in subsidies to the cotton sector alone.<sup>39</sup> This is almost twice the amount of U.S. aid to Sub-Saharan Africa<sup>40</sup> and more than the World Bank’s total lending to rural development around the world.<sup>41</sup> Furthermore, Sub-Saharan Africa is a place where public spending on agriculture amounts only to 4 percent of total

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<sup>36</sup> *The Country-Based Development Model and Scaling Up*. PREM, World Bank, 2007. Print. p. 1

<sup>37</sup> *Strengthening the Global Partnership for Development in a Time of Crisis*. New York: MDG Gap Task Force, 2009. Print p. 24

<sup>38</sup> *Ibid*, p. 32

<sup>39</sup> dispersed, politicians who fear farm voters more than the. "Six Reasons to Kill Farm Subsidies and Trade Barriers - Reason Magazine." Reason Magazine. N.p., n.d. Web. 17 Nov. 2009. <<http://reason.com/archives/2006/02/01/six-reasons-to-kill-farm-subsi>>.

<sup>40</sup> *Ibid*

<sup>41</sup> Agence France Presse. "World Bank Says Agriculture Must Take Center Stage in Development ." *Agence France Presse* 20 Oct. 2007: n. pag. *Global Policy Forum*. Web. 4 Nov. 2009.

government expenditure.<sup>42</sup> With developed nations and international institutions not investing enough in agricultural sectors; however, it is understandable why governments of developing nations see no incentive to also invest in their agricultural economies.<sup>43,44</sup>

Considering the fact that 75 percent of the world's poor live in rural areas and that an agriculture-driven growth in GDP is four times more effective in reducing poverty than growth in other sectors<sup>45</sup>, developed countries, developing countries, and international institutions all alike do not have a proper focus on rural development. Poverty is a rural issue, and accordingly, reduction of it and the meeting of other Millennium Development Goals require a healthy amount of assistance and policy support for agriculture in developing countries. This explains why rural poverty still runs rampant even in emerging economic powers such as China and India who have millions of rural people living below the poverty line.<sup>46,47</sup> We must detach pure GDP growth from the concept of economic development and include a strong agricultural sector in conceiving means to reach development goals. Yet agricultural subsidies remain a huge obstacle to reaching these goals. It is estimated that a one-third reduction in agriculture, industry, and service tariffs would cause annual global production to rise by U.S.\$613 billion.<sup>48</sup> This sort of agricultural domestic support, and especially the export subsidies

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<sup>42</sup> Agence France Presse. "World Bank Says Agriculture Must Take Center Stage in Development ." *Agence France Presse* 20 Oct. 2007: n. pag. *Global Policy Forum*. Web. 4 Nov. 2009.

<sup>43</sup> Anonymous. Personal interview. 27 Oct. 2009.

<sup>44</sup> Anonymous. Personal interview. 23 Oct. 2009.

<sup>45</sup> Agence France Presse. "World Bank Says Agriculture Must Take Center Stage in Development ." *Agence France Presse* 20 Oct. 2007: n. pag. *Global Policy Forum*. Web. 4 Nov. 2009.

<sup>46</sup> Ibid

<sup>47</sup> IFAD. "Rural Poverty in China." Rural Poverty Portal. N.p., n.d. Web. 17 Nov. 2009. <<http://www.ruralpovertyportal.org/web/guest/country/home/tags/china>>.

<sup>48</sup> dispersed, politicians who fear farm voters more than the. "Six Reasons to Kill Farm Subsidies and Trade Barriers - Reason Magazine." Reason Magazine. N.p., n.d. Web. 17 Nov. 2009. <<http://reason.com/archives/2006/02/01/six-reasons-to-kill-farm-subsi>>.

that often result from them, undermines the agriculture-driven growth needed in developing countries both directly from their market distortions and indirectly from their despairing effects on developing countries governments.

### **The Boxes**

As a tool for understanding domestic agricultural support, there are three classifications or ‘boxes’ set up in the WTO’s Agreement on Agriculture that categorize domestic support based upon its effects on trade. Specifically, when speaking of effects on trade, the main concern is whether the subsidy is linked to or affects production or production decisions. The amber box applies to subsidies that are most directly linked to production and that distort trade significantly. This category is referred to when the Aggregate Measure of Support (AMS) is mentioned.<sup>49</sup> The amber box is subject to reduction commitments in the Agreement on Agriculture, specifically, to commitments on reducing the ceiling of AMS. Most of the time, there is something called ‘water’, which, in the case of domestic support, is the gap between the agreed upon maximum of AMS and the actual amount of AMS applied during a certain time.<sup>50</sup> So a reduction commitment, in essence, can be a commitment to reduce the ‘water.’

Water becomes the breathing room in which countries that are engaged in negotiations on agriculture can change domestic support levels in response to crop prices. As a response to the hike in food prices in 2007, in part caused by biofuel subsidies that

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<sup>49</sup> *Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals*. Geneva: International Centre for Trade and Sustainable Development, 2009. Print p. 2

<sup>50</sup> Anonymous. Personal interview. 2 Nov. 2009.

diverted corn, soybeans, and grain from potential food sources to ethanol production,<sup>51</sup> governments in many developing countries exacerbated the situation with their short-sighted protectionist measures that sought to hold on to food supplies. They applied export taxes and quotas and reduced or temporarily eliminated food import tariffs. The trade-stimulating reduction of import tariffs was outweighed by the export measures, which reduced the global food supply, causing food prices to rise and become more volatile.<sup>52</sup> Because of this volatility in food prices, water is all the more precious, essentially becoming the safety net that can be triggered by an ever-more likely fall in food prices.

The other two boxes, the blue and green boxes, were not subject to reduction commitments in the Uruguay Round. The blue box; however, will be limited due to agreements reached in the Doha Round. It consists of subsidies and programs that distort trade but that are obligated to limit production, while the green box is a group of subsidies that have a minimal distorting impact on trade or production and that still can be used without limit. The green box must be funded by the government and must not use transfers from consumers or have the effect of price support.<sup>53</sup> Due to the exemption from reduction commitments, the attraction of decoupling farm payments from production, and the multifarious array of ways to deliver public goods through the green box (as seen fairly well in China's example), the green box is seen as the future of

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<sup>51</sup> *Food Prices and Inflation in Developing Asia: Is Poverty Reduction Coming to an End?*. Metro Manila: Economics and Research Department of the Asian Development Bank, 2008. Print. p. 6

<sup>52</sup> *Strengthening the Global Partnership for Development in a Time of Crisis*. New York: MDG Gap Task Force, 2009. Print. p. 24

<sup>53</sup> *Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals*. Geneva: International Centre for Trade and Sustainable Development, 2009. Print. p. 2

agricultural policy. As governments have been shifting more and more funds and emphasis to the green box, it has accordingly come under more and more public examination.<sup>54</sup> Although concern is appropriately more over the trade-distorting amber box, the controversies surrounding the green box provide a good example of how avowed minimally trade-distorting subsidies in fact *can* significantly distort trade, hurt their own citizens, and undermine development, thereby letting us imagine only how much more distortion the amber box causes. The green box's impact on production raises concern over the impact that the admittedly more trade-distorting amber box has, both on the developed countries that employ it and on developing countries.

### **The Green Box: General Misgivings and Specific U.S. Programs**

U.S. farm policy provides some examples that reveal what tends to occur in the use of the green box by developed countries. Most of the suspicions and complaints that arise from the case that Brazil brought to the WTO against the U.S. for its cotton subsidies can also be found in discussions of the green box in general and especially of its use in the Common Agricultural Policy (CAP) of the European Union. Since payments within the green box must not be linked to production, a large effort to decouple payments from production levels has resulted in a large amount of money, and accordingly public scrutiny, being shifted toward these direct payments functioning under the banner of decoupled income support.<sup>55</sup> Theoretically, even decoupled income support can be troubling as it increases the moral hazard of farmers receiving the payments. It insulates farmers from the risks and signals of market fluctuations by increasing or

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<sup>54</sup> Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals. Geneva: International Centre for Trade and Sustainable Development, 2009. Print. p. 2

<sup>55</sup> Ibid, p. 2-3

stabilizing their incomes and by building up expectations of future support. Rather than farmer's production decisions and cost-benefit analyses being informed by the market, their behavior stands to benefit from the direct payments regardless of how much they grow and of what they grow, since the payments are decoupled from production. Thus, incentives for overproduction, inefficiency, and intensive agricultural practices are often reinforced by the financial risk insulation brought about by direct payments in the green box.<sup>56</sup>

Direct payments are decoupled from production in the U.S. by being based upon historical entitlements of acreage or production levels. Because this aid is not needs-based, large agri-businesses end up receiving a disproportionate amount of the direct payments. This supports the very farms that need the least amount of financial aid, and it also reinforces commercial farming practices, which tend to be very intensive and non-sustainable.<sup>57</sup> In 2003, the most recent year for which statistics are available, the top 10 percent of U.S. agricultural subsidy recipients received 68 percent of the money and the top 5 received 55 percent, all the while two-thirds of American farmers receive nothing.<sup>58</sup> Not only does this perpetuate environmental damage, it flies in the face of the logic of social welfare. Rather than providing financial support to the farmers with the most financial need, the money is going to the large agriculture companies and their CEOs in

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<sup>56</sup> *Ensuring EU farm policy supports the Millennium Development Goals\**. Geneva: International Centre for Trade and Sustainable Development, 2009. Print. p. 4

<sup>57</sup> *Ibid*, p. 10

<sup>58</sup> dispersed, politicians who fear farm voters more than the. "Six Reasons to Kill Farm Subsidies and Trade Barriers - Reason Magazine." Reason Magazine. N.p., n.d. Web. 17 Nov. 2009. <<http://reason.com/archives/2006/02/01/six-reasons-to-kill-farm-subsi>>.

New York City penthouses instead of struggling farmers in the Midwest and the Heartland.<sup>59</sup>

Often decoupled payments are actually not decoupled from production, with the production impact being hidden in the fine print of the subsidy administering programs. In 2002, Brazil brought a case before the dispute settlement board of the WTO, complaining that the U.S.'s cotton subsidies and other programs were either trade-distorting or export subsidies. Brazil claimed that instead of being classified under the green box, the U.S.'s cotton subsidies and programs should be subject to previous amber box or export subsidy reduction commitments, thereby putting the U.S. over its committed AMS or export subsidy ceiling.<sup>60</sup> In particular, two major programs in U.S. farm legislation administered direct payments- the Production Flexibility Contract payments of the 1996 Farm Bill and the Direct Payments of the 2002 Farm Bill. While the U.S. claimed they were not trade-distorting amber box subsidies and as such, exempt from reduction commitments, the WTO dispute body found that these payments were not fully decoupled from production because they were product specific. They prohibited the growth of fruits, vegetables, and wild rice on covered land. Thus, the WTO ruled that they should be classified in the amber box and, as a result, cause the U.S. to exceed its amber box maximum commitment.<sup>61</sup> Even when direct payments are non-product specific, the historical entitlements upon which the decoupled payments are based belong to landowners that have historically grown certain crops, excluding fruits and vegetables. Because of the non-product specificity, American farmers with the historical entitlement

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<sup>59</sup>Anonymous. Personal interview. 23 Oct. 2009.

<sup>60</sup>Schnepf, Randy. *Brazil's WTO Case Against the U.S. Cotton Program*. Washington D.C.: Congressional Research Service, 2009. Print Summary

<sup>61</sup>Ibid, p. 8

receiving the direct payment can and sometimes do grow fruit on the land, creating a disadvantage for other farmers who have been growing fruit for sometime but who do not have a historical entitlement and thus do not receive any income support.<sup>62</sup>

The green box appropriately includes green concerns. Unfortunately, there is often not a strong link between the environmental goals, which tend to not be defined well, and the payments from the environmental programs claiming to have those goals. Even when the environmental goals are clearly set out, research on the CAP in the E.U. has shown that subsidies doled out under some environmental programs are not proportionately linked to the environmental benefits of compliance with the program's environmental protection efforts. In other words, the payments received greatly outweigh the costs of complying with the environmental standards of the program, functioning effectively as income support.<sup>63</sup>

The U.S., under the 2008 Farm Bill, has two environmental programs that contain the potential, if not already the effect, of being these sort of environmental programs that essentially function as income support. The Conservation Stewardship Program "rewards farmers for stewardship" and the Conservation Loan Guarantee Program helps "producers secure *low interest loans* in order to implement *often-costly conservation and environmental practices*." (my emphasis added).<sup>64</sup> But how much is rewarded to farmers for stewardship and just how costly are these conservation and environmental practices? Also, how low are these low-interest loans? The U.S. only raised its premiums for its export credit guarantee programs in response to the WTO's finding them to function as

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<sup>62</sup> Miller, David. Personal interview. 4 Nov. 2009.

<sup>63</sup> *Ensuring EU farm policy supports the Millennium Development Goals\**. Geneva: International Centre for Trade and Sustainable Development, 2009. Print. p. 10

<sup>64</sup> The Food, Conservation and Energy Act of 2008: A New Direction for Farm and Food Policy. Washington D.C.: American Farmland Trust, 2008. Print. p. 5

prohibited export subsidies because the premium rates were too low in order to cover the financial losses and long-term operational costs of the programs.<sup>65</sup> Given the need of the U.S. to be pushed to reform and the fact that these conservation programs have not come under any strict examination or been complained about, it seems likely that the “low-interest loans” of the Conservation Loan Guarantee Program are too low in order to cover the program’s loss. It also appears probable that the stewardship rewards given to farmers under the Conservation Stewardship Program unjustly exceed the costs of being a steward of the environment.

Due to the fact that many different uses of the green box follow the distorting patterns of the amber box, the green box adds a degree of financial force to the trade-distorting subsidies that farmers receive. When a farmer gets a check in the mail, he sees the payment he is receiving and the amount of the payment that comes from each of the three boxes.<sup>66</sup> To the farmer, the fact that some of the money he is receiving is under certain obligations of the green box weighs very little on his production decisions, which are more informed by the financial sum he is receiving. Thus, the green box can become the same as the amber and blue boxes in the farmer’s mind, and therefore, can have the same distorting impact on production decisions and, consequently, trade.

### **The Domestic Effects of U.S. Agricultural Subsidies**

Considering the ways in which the green box can distort production decisions, it only becomes more apparent that agricultural subsidies in general, and especially the amber box and export subsidies in particular, have an adverse impact on trade and, thus,

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<sup>65</sup> Schnepf, Randy. *Brazil’s WTO Case Against the U.S. Cotton Program*. Washington D.C.: Congressional Research Service, 2009. Print p. 9-10

<sup>66</sup> *Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals*. Geneva: International Centre for Trade and Sustainable Development, 2009. Print. p. 6

development. Eliminating these agricultural subsidies is in the national interests of the developed countries that use them since they hurt their economies, environments, businesses, citizens, and farmers. In the case of U.S. agricultural subsidies, the effects are particularly salient. The Producer Support Estimate (PSE) in 2004 was calculated by the Organization for Economic Co-operation and Development (OECD) to be \$16.2 billion. This figure means that American consumers transferred \$16.2 billion to agricultural producers by the way of artificially inflated domestic food prices. This boils down to a food tax of \$146 on each American household.<sup>67</sup>

Domestically, the Americans hurt by the agricultural subsidies range from consumers to taxpayers to manufacturers to farmers themselves. The \$146 essential food tax per American household counteracts the food stamps and other forms of income support that go to poor families, upon which the costs of subsidies disproportionately fall. American taxpayers handed over \$55.5 billion in the three fiscal years following the 2002 Farm Bill. An unmerited proportion of this money went to the farmers and landowners who need it least. As mentioned above, in 2003, the top 10 percent of recipients swallowed 68 percent of the subsidy money. In fact, Riceland Foods in Stuttgart, Arkansas was the largest recipient of subsidy payments in 2003, receiving \$68.9 million. This is more than the amount given to all the farmers in Rhode Island, New Hampshire, Connecticut, Massachusetts, Maine, New Jersey, Hawaii, and Alaska combined.<sup>68</sup>

The artificially high domestic food prices caused by agricultural subsidies raise costs for the manufacturers who use food as inputs in their production processes. The

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<sup>67</sup> dispersed, politicians who fear farm voters more than the. "Six Reasons to Kill Farm Subsidies and Trade Barriers - Reason Magazine." Reason Magazine. N.p., n.d. Web. 17 Nov. 2009. <<http://reason.com/archives/2006/02/01/six-reasons-to-kill-farm-subsi>>.

<sup>68</sup> Ibid

manufacturers who are downstream from agricultural producers face the higher upstream prices, forcing them to cut wages and, at times, jobs. This decreases sales and damages prospects for investment in America's industries. If the high import tariffs used to keep domestic crop prices high were lowered, global markets would open up and increase export opportunities for American businesses. As agricultural concessions remain the linchpin of other countries lowering their import tariffs on industry and services, some of America's most competitive industries stand to gain a lot from farm policy reform. In fact, a study at the University of Michigan in 2001 estimated that a one-third cut in American tariffs on agriculture, industry, and services would boost U.S. production by \$177 billion.<sup>69</sup> Specifically, farmers would largely benefit from a reduction of agricultural subsidies and larger farm policy reform. The World Bank estimates that genuine reform would increase U.S. exports in agriculture annually by \$88 billion and annual agricultural imports by \$28 billion. This amounts to an overall trade surplus of \$60 billion, and since most of these imports would likely come from countries that have a comparative advantage in producing them, costs to American consumers and taxpayers would decrease as well.<sup>70</sup>

U.S. export subsidies might seem to allow American agricultural commodities to capture greater shares of the world agricultural export market. These subsidies, however, and the dumping of agricultural products that they cause can provoke other countries that are not being dumped upon to also subsidize their exports. These other countries attempt to undercut the subsidizing country's low prices and capture its market share. This results

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<sup>69</sup> dispersed, politicians who fear farm voters more than the. "Six Reasons to Kill Farm Subsidies and Trade Barriers - Reason Magazine." Reason Magazine. N.p., n.d. Web. 17 Nov. 2009. <<http://reason.com/archives/2006/02/01/six-reasons-to-kill-farm-subsi>>.

<sup>70</sup> Ibid

in a race to the bottom of food prices, spurred on by a tit for tat increase of export subsidies. China's export subsidies in the early 2000s seem likely to have played a part in what contributed to the loss in value and market share of the U.S.'s agricultural exports. These exports lost \$4 billion in value from 1995 to 2003 and decreased from 14 percent to 11.3 percent in world agricultural export market share from 1990 to 2003.<sup>71</sup> During some of those same years, China was most heavily subsidizing its exports of maize and cotton, two of the main agricultural exports that the U.S. was subsidizing and dumping onto world markets at well below costs of production.<sup>72</sup>

The heart of the problem for the U.S.'s agricultural market and its dumping lies in a deep market failure. There is an imbalance of negotiating power and supply/demand information between millions of agricultural producers and a few large processors, resulting in an oligopoly-like market structure.<sup>73</sup> Vertically integrated processing firms coax farmers into selling their raw agricultural products at very low prices, and since the vertically integrated companies control the stages of production, they ensure themselves a sizeable profit.<sup>74</sup> An emphasis should be placed on cutting out these exploitative middlemen both by selling a larger proportion of farm products directly to consumers and by establishing a supply management program wherein the government intervenes to ensure that farmers receive fair returns on their products. Government intervention for the purposes of managing supply on top of an elimination of agricultural subsidies is needed

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<sup>71</sup> *WTO Agreement on Agriculture: A Decade of Dumping*. Minneapolis: Institute for Agriculture and Trade Policy, 2005. Print. p. 3

<sup>72</sup> Huang, Jikun, Scott Rozelle, and Min Chang. Working Paper No. 195 Tracking the Nature of Distortions to Agricultural Prices: The Case of China and its Accession to the WTO . Stanford: STANFORD CENTER FOR INTERNATIONAL DEVELOPMENT, 2003. Print. p. 8

<sup>73</sup> *WTO Agreement on Agriculture: A Decade of Dumping*. Minneapolis: Institute for Agriculture and Trade Policy, 2005. Print. p. 4

<sup>74</sup> *Ibid*, p. 6

to correct the imbalance of information and power in the market. The Agricultural Policy Analysis Center has concluded that even a total elimination of farm subsidies in the U.S. would only cause modest increases in domestic prices for commodities whose prices remain well below the cost of production.<sup>75</sup> Thus, without subsidies, those who can afford to overproduce without subsidy support (the large agribusinesses) will continue to do so, leading to more dumping and effectively supporting huge commercial farms over small American farmers if supply is not managed. Unfortunately, the 1996 Farm Bill repealed supply management programs in the U.S., programs that were less expensive than the current programs that lead to overproduction.<sup>76</sup>

### **The Effects of Developed Nations' Agricultural Subsidies Abroad**

Abroad, America's domestic support and import tariffs prevent developing countries from earning export income. On top of that, as discussed above, our domestic support often causes overproduction, and in order to keep domestic food prices high enough, the U.S. dumps the surplus overseas at artificially suppressed prices by means of export subsidies. The depressed global food prices caused by export subsidies further undermine farmers' export earnings. Subsidized exports flood the domestic markets of developing countries, reducing income for their farmers and driving them out of competition. Due to the dearth of investment in their agricultural sectors, developing countries often lack a safety net for their farmers, meaning that farmers who begin to lose income and competition must leave their land to find another economically viable pursuit.<sup>77</sup>

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<sup>75</sup> *WTO Agreement on Agriculture: A Decade of Dumping*. Minneapolis: Institute for Agriculture and Trade Policy, 2005. Print. p. 5

<sup>76</sup> *Ibid*, p. 5

<sup>77</sup> *Ibid*, p. 3

Beyond the flooded country, subsidized food exports grab market share away from the other developing countries that have significant export economies in the flooded country. This directly impedes the development of these countries, especially considering the fact that 70 percent of the workforce in the poorest countries is in agriculture<sup>78</sup> and, accordingly, that agriculture-driven GDP growth is four times more effective at reducing poverty than other sector-led growth.<sup>79</sup> As for indirect effects, agricultural subsidies in developed countries dishearten the governments in developing countries and lead to their economic policies not including investment in a strong agricultural sector. As seen merely with the amount of U.S. cotton subsidies, the weight of agricultural subsidies greatly exceeds the support of U.S. aid to developing countries, thereby resulting in a net obstacle to development and keeping a huge financial burden on American citizens as the money they give toward development is more than canceled out by the money they hand over to agri-businesses.

There are legal avenues in the WTO rules system that countries can take to obtain compensation for the damage caused by export subsidies. However, the legal assistance required to utilize the WTO dispute settlement function can be very expensive, often too expensive for developing countries to access without some form of support.<sup>80</sup> For example, recourses to Anti-Dumping Measures (ADMs) as instruments of injury claim and compensation are expensive, and the trade wars that ensue are unaffordable for developing countries. Developing countries that don't have a diversified economy and set

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<sup>78</sup> *Ensuring EU farm policy supports the Millennium Development Goals\** . Geneva: International Centre for Trade and Sustainable Development, 2009. Print. p. 1

<sup>79</sup> Agence France Presse. "World Bank Says Agriculture Must Take Center Stage in Development ." *Agence France Presse* 20 Oct. 2007: n. pag. *Global Policy Forum*. Web. 4 Nov. 2009.

<sup>80</sup> Srinivasan, T.N.. *Working Paper No. 252 Doha Round of Multilateral Negotiations and Development* . Stanford: STANFORD CENTER FOR INTERNATIONAL DEVELOPMENT, 2005. Print p. 24-25

of trading partners do not dare to incite the country upon which they depend for a significant share of their imports or exports. Unfortunately, it is the developing countries that are hurt the most by export subsidies and that thus have the greatest need for some sort of compensation.

It is worth noting; however, that net food-importing countries in a way benefit from cheap subsidized food imports. 45 out of the 49 Least Developed Countries (LDCs) are net food-importing countries and 33 are net importers of all agricultural commodities. A removal of export subsidies will increase the prices of agricultural products and subject the poor consumers of LDCs to higher food prices.<sup>81</sup> Nevertheless, we must balance the economic benefits of higher food prices for the farmers in these LDCs with the costs to the consumers in order to determine the net outcome of higher food prices resulting from an elimination of export subsidies.

In most net food-importing countries, there is a comparative advantage in agricultural products, and often, as in West Africa, countries only export a certain commodity, making the consideration of consumer benefits of cheaper food irrelevant.<sup>82</sup> Given the comparative advantage, the costs of not having a developed agricultural sector due to cheap products that undercut developing countries' domestic markets outweigh the benefits to consumers of having cheap food.<sup>83</sup> Because farmers comprise an overwhelming majority of the poor in developing countries, higher food prices would bring more income to most of the poor that needed the very cheap food in the first place, thereby outweighing the costs of higher food prices. This agriculture-driven growth

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<sup>81</sup> Bhagwati, Jagdish. "Reshaping the WTO." *Far Eastern Economic Review* Jan. - Feb. 2005: 1-8. Print. p. 4

<sup>82</sup> Imboden, Nicolas. Personal interview. 11 Nov. 2009.

<sup>83</sup> Ibid.

would encourage development, whose long-term benefits would also outweigh the higher costs of food. As an example, research has shown that a 20 percent increase in cotton prices alone would reduce poverty by an estimated 1.939 million people in Pakistan.<sup>84</sup> It must be remembered, though, that the benefits of higher food prices depend on a developed agricultural sector, which further depends on the country's domestic agricultural policies. These policies often have the wrong focus or ignore agricultural investment, but again, agricultural subsidies also play a part in hurting prospects for agricultural development.<sup>85</sup>

### **Prospects for Agricultural Subsidies: Looking to the Doha Round**

The Doha development round of negotiations within the WTO provides the landscape in which the future of agricultural subsidies can be assessed. Simply the name of the round, the *Doha development* round, reveals the fruits and bargaining power of the many developing countries that pushed for the development-focused Doha agenda. It is these countries, the negotiating coalitions they form, and their demands that play a great role in causing the stalls and stalemates of the Doha round along with the often criticized Grand Bargain negotiating model of the WTO. A cursory examination of the plethora of negotiating groups, their interests and demands, and their effects on the flow of negotiations reveals the simple fact that developing countries believe forming these coalitions is a valuable pursuit.<sup>86</sup> Their efforts have come to fruition. The Cairns group, comprised of both developing and developed countries, successfully made agriculture a

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<sup>84</sup> Impact Evaluation of Research by the International Food Policy Research Institute on Agricultural Trade Liberalization, Developing Countries, and WTO's Doha Negotiations. Washington D.C.: INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE , 2008. Print. p. 22

<sup>85</sup> Imboden, Nicolas. Personal interview. 11 Nov. 2009.

<sup>86</sup> Anonymous. Personal interview. 11 Nov. 2009.

part of the Doha agenda, subsequently leading to the formation of the WTO's Agreement on Agriculture. The drafts now running through the negotiations resemble the proposals made by the Small and Vulnerable Economies (SVEs), and several more coalitions of developing countries have succeeded in making their proposals part of the final, circulating drafts. At times, stalls are created by South-South haggles, as between the African Caribbean and Pacific Group of States (ACP) and the Tropical Products Group of Latin America over E.U. tariff reductions on certain products.<sup>87</sup> Considering more long-term changes, the power structure of the "Old Quad" (E.U., U.S., Japan, Canada) that lasted up to the Uruguay Round (1986-1994) has disappeared and been replaced by a more multilateral power structure where it is even harder to have a meeting without Brazil, India, and China then without Japan and Canada.<sup>88</sup>

Given the bargaining power developing countries wield in the WTO, the negotiating stances they take are crucial for procuring economic and development benefits. All too often, developing countries go on the defensive, seeking Special and Differential Treatment, calling for limits on reduction commitments, and settling for being treated as inferior nuances in negotiations. IDEAS centre, a non-profit organization that helps developing countries accede to the WTO and better integrate into the WTO negotiations and world trade, takes the explicit position that developing countries must shift from a defensive negotiating stance to a robust offensive one that demands concessions from developed countries and makes some as well.<sup>89</sup> Small, developing countries often do not look at the issues before coming to negotiations<sup>90</sup> because they

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<sup>87</sup> Anonymous. Personal interview. 11 Nov. 2009.

<sup>88</sup> Braz, Mr.. Personal interview. 30 Oct. 2009.

<sup>89</sup> Imboden, Nicolas. Personal interview. 11 Nov. 2009.

<sup>90</sup> Ibid

have already decided beforehand that their demands will be for SDT and for limiting reduction commitments. As such, they feel no need to prepare for negotiations, as their bargaining will not involve any aggressive stances or commitments. When these countries do look at the issues beforehand, they have the wrong focus and come to the negotiations with their reserved proposals for being kept under SDT. They are thus brushed off as not being legitimate bargainers, leaving them out of the picture when it comes to defining the trade agenda. For this reason, the negotiating groups often have themselves to blame for not getting certain deals out of the WTO negotiations.

The problem is, these countries cannot always remain special and will eventually have to incur the costs of leaving SDT.<sup>91</sup> Entrenching oneself in SDT means you will eventually have to struggle out of it and will, for the moment, be discarded in the serious negotiations by rich countries. While noting the benefits of the temporary protection of nascent domestic industries as a liberalization coping strategy, developing countries should still push for reciprocal subsidy reductions since they are under longer reduction deadlines. Pakistan shifted from defense to offense in the Doha negotiations by joining the Cairns group in December of 2005 because of the new avenues for development through export-led growth that Pakistani officials were seeing. Pakistanis concluded that a liberalized market was the most effective development model and that an aggressive negotiating position was best suited toward these ends.<sup>92</sup> Developing countries need policy advice on these matters, and that's why there is a need for more organizations like

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<sup>91</sup> Imboden, Nicolas. Personal interview. 11 Nov. 2009.

<sup>92</sup> *Impact Evaluation of Research by the International Food Policy Research Institute on Agricultural Trade Liberalization, Developing Countries, and WTO's Doha Negotiations*. Washington D.C.: INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE, 2008. Print. p. 56-57

IDEAS Centre who help developing countries by getting them to shift their negotiating positions and by bolstering their integration into world trade instead of furthering their costly and ineffective trade policies and bargaining stances.

The bargaining power developing countries possess offers hopeful prospects for the reduction of agricultural subsidies. Yet the defensive stance they often take in the WTO negotiations hampers progress by diluting their potential to acquire subsidy reductions from developed countries. If they continue along this defensive path and entertain the illusion that their complaints can change U.S. or E.U. law after it's already been made, they should not expect to gain much and we should not expect to see developed nations' agricultural subsidies decrease significantly. If, however, developing countries try to play some of the bigger and more active roles in the policy negotiating efforts, the prospects brighten but still depend on the willingness of developed nations.

### **Prospects for Agricultural Subsidies: The American Political Landscape**

The U.S. is demanding significant cuts in tariffs on industry and services especially from China, India, and Brazil as significant powers of world trade that have kept their industrial tariffs high. It claims it will lower its domestic agricultural support if these nations and other developing nations open up their markets to U.S. agricultural products in return as well as increasing access to their industrial and services markets.<sup>93</sup> The developing nations that are taking an aggressive stance in the Doha negotiations, such as the G-20 and those in the Cairns group, have the mirror-image demand: the U.S. must reduce its agricultural subsidies before they open up their markets.<sup>94</sup> Differences exist between how the U.S. and developing nations classify certain programs into either

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<sup>93</sup> Miller, David. Personal interview. 4 Nov. 2009.

<sup>94</sup> Anonymous. Personal interview. 2 Nov. 2009.

the green, blue, or amber boxes, as best seen in the case Brazil brought against the U.S. over its cotton subsidies. Disagreements also exist over how significant certain reduction proposals are, thereby further complicating the negotiations.

The U.S. sees more importance in hanging on to certain bargaining chips than in gaining goodwill and capitalizing on its leadership by taking steps that will encourage other countries to follow suit. It is politically beneficial for the U.S. to place more value on keeping some flexibility in its AMS because its relentless agricultural lobbies remain split along commodity and other special interest lines while the American electorate remains ignorant or merely lethargic on agricultural issues.<sup>95</sup> These political obstacles notwithstanding, the new partnerships formed between historically divergent interest groups and the public discontent with current subsidy policies during the legislative process of the 2008 Farm Bill offer prospects for furthering small but fundamental changes to U.S. farm policy.<sup>96</sup>

The U.S. has painted its offer of lowering its cap on AMS as a significant step of good faith, not knowing what other countries will offer in return.<sup>97</sup> The significance is undeniable: the U.S. has offered to lower its AMS ceiling to a level that would dispose of all its 'water' and would be below actual levels of AMS applied in the last few years.<sup>98</sup> The Obama administration's nominees for agricultural negotiators are adamant on the fact that an agreement reached in Doha will benefit American farmers and

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<sup>95</sup> Anonymous. Personal interview. 27 Oct. 2009.

<sup>96</sup> The Food, Conservation and Energy Act of 2008: A New Direction for Farm and Food Policy . Washington D.C.: American Farmland Trust, 2008. Print. p. 2-3

<sup>97</sup> Miller, David. Personal interview. 4 Nov. 2009.

<sup>98</sup> Ibid.

agribusinesses.<sup>99</sup> As for selling an agreement to Congress, a deal brought back from the WTO must contain significant provisions that reveal the commitments from developing nations to increase their market access to American industries, services, and farmers.<sup>100</sup> Since what is on paper now in the commitments made in the Doha negotiations seems like it's going to be in the final agreements<sup>101</sup>, we should expect the proposals and attitudes that the U.S. has been putting forward to be part of a final negotiation reached in Doha. If a Doha agreement is not reached and another stall ensues before 2012, the year in which the 2008 U.S. Farm Bill expires, the players in the legislative process of the new farm bill will most likely not take international trade ramifications into account. However, as the current U.S. commitments will most likely not change up until a Doha final agreement, a sense of urgency to reach an agreement in the Doha Round before 2012 is unnecessary and may even be inappropriate.

With the current high food prices and the WTO ruling in the U.S. vs. Brazil cotton case, American political officials can find the necessary political opportunity and impetus to significantly reduce U.S. agricultural subsidies. High food prices reduce the dissatisfaction of farmers and thus open a window in which farm support can be lowered without inciting persuasive farm lobbies as much as usual. The ruling from the WTO dispute settlement body prompts otherwise politically unpopular reform from the outside by threatening to hurt the U.S. economically. Nonetheless, the protectionism stimulated by the financial crisis could end up outweighing these prospects for reform. The U.S. has

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<sup>99</sup> REUTERS. "Side Talks on Services Could Spur WTO - U.S. Nominee - NYTimes.com." The New York Times - Breaking News, World News & Multimedia. N.p., n.d. Web. 20 Nov. 2009. <<http://www.nytimes.com/reuters/2009/11/18/us/politics/politics-us-usa-trade-nominees.html?scp=1&sq=WTO%20agriculture&st=cse>>.

<sup>100</sup> Ibid

<sup>101</sup> Anonymous. Personal interview. 2 Nov. 2009.

recently introduced new measures of domestic support and other non-tariff measures.<sup>102</sup>

Agricultural interests are entrenched, rural constituencies wield political weight, and their lobbies have both a stranglehold on Congress and a direct interest in seeing farmers receive large subsidy payments since farmers pay these lobbyists using their increased income. At best, we should expect minute yet core changes all the while hoping for an elimination of agricultural subsidies, knowing that it is this optimism that lubricates the gears of the political machinery. Both for developing nations and Americans themselves, the U.S. should seek to institute fair and efficient farm programs, and industrialized countries should follow suit. That is one step on the way to making trade more of a non-zero sum game in which nations benefit from each other's comparative advantages and less of such an incendiary issue that often leads to unnecessary conflicts.

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<sup>102</sup> Strengthening the Global Partnership for Development in a Time of Crisis. New York: MDG Gap Task Force, 2009. Print. p. 26

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## **Work Journal**

### *Chronology of Research:*

*Wednesday, October 21, 2009*

I met with Professor Lambert for 30 minutes to discuss my ISP. I had finally settled on the subject of agricultural subsidies and the Doha Round. He said I had a good proposal and gave me a contact at the International Center for Trade and Sustainable Development.

*Thursday, October 22, 2009*

I emailed Jonathan Hepburn of the ICTSD for an interview. He emailed me back, said he could speak with me the next day, and gave me two reports to read. One was on the MDGs and EU farm policy, and the other was on the green box. I read them and prepared questions for the interview.

*Friday, October 23, 2009*

I read the reports that Mr. Hepburn had given me the night before at the Graduate Library for 3 hours. Then, I interviewed Jonathan Hepburn for 1.5 hours. I emailed Mr. Bosch at the WTO and he gave me several contacts. One of them was a man named Peter Ungphakorn who worked with external relations and covered agriculture. He also gave me phone numbers for the WTO delegates from the U.S., Brazil, and New Zealand. I had asked him for contact from these three countries because I knew that Brazil and the U.S. had a legal dispute over cotton, and I also knew that New Zealand had totally eliminated its agricultural subsidies, thereby providing a potentially interesting case study. I emailed Vicente Yu, and he gave me the contact information of Ms. Aileen Kwa at the South Centre. I also emailed Adam Rogers to set up and interview.

*Monday, October 26, 2009*

I went to the Graduate Studies Library and researched for 5 hours. I read about development and the Common Agricultural Policy (CAP) of the EU. I also scanned some of the UNDP's reports on the MDGs. I set up an interview with Peter Ungphakorn for the next Monday, November 2.

*Tuesday, October 27, 2009*

I interviewed Adam Rogers of the UNDP for 1 hour. Then I did research at the Graduate Studies Library for 3 hours that afternoon on the WTO negotiations and WTO reform.

*Wednesday, October 28, 2009*

I did research at the Graduate Studies Library for 5 hours, reading a UNDP report on the food crisis, searching for other reports on food prices, and also reading about WTO reform.

*Thursday, October 29, 2009*

I had a meeting with Professor Lambert to discuss how my research was going. I told him about the interviews that I had had and that I had set up to have in the future. He thought I was off to a fast start and gave me a contact. I then had an interview with Ms. Kwa of the South Centre for 1 hour. I went to the World Council of Churches in order to set up an interview with someone who could give me an ethical perspective on the issue of agricultural subsidies because I had seen that the World Council of Churches was active at a conference of NGOs some years back that rejected a certain agricultural modalities agreement. I then made calls for 1 hour to the different contacts and organizations I had received or found.

*Friday, October 30, 2009*

At the Graduate Studies Library, I read a report and a few articles on the cotton case brought to the WTO dispute settlement body by Brazil against the U.S. for 3 hours. Then I interviewed Mr. Braz, Brazil's delegate to the WTO, for 1.5 hours.

*Saturday, October 31, 2009*

I read reports on U.S. dumping and the aid international organizations provide to developing countries at my house for 5 hours. All the while I was reading, I wrote down questions I was going to ask Peter on Monday. I had a friend from Harvard send me some of the material on agriculture subsidies that he had used to put together a petition against them last spring. I asked Peter if he would be my adviser and he agreed.

*Monday, November 2, 2009*

I read reports on the Doha Round, the WTO, and development models at the U.N. Library for 3 hours. Then I interviewed Peter at the WTO for 1 hour.

*Tuesday, November 3, 2009*

I read a lot of articles on the trade commitments that the U.S. was making regarding its agricultural subsidies, and I also read some reports on the 2008 Farm Bill for 5 hours at the Graduate Studies Library.

*Wednesday, November 4, 2009*

I interviewed David Miller of the USDA at the U.S. Mission to Switzerland for 1.5 hours. Then I went to the Graduate Studies Library and read more about U.S. farm policy for 3 hours.

*Tuesday, November 10, 2009*

I read about China's development and use of the green box at the Graduate Studies Library for 5 hours.

*Wednesday, November 11, 2009*

I wrote an outline for my paper in the U.N. Library for 3 hours. I had concluded my research and was now defining the direction of my paper, so I met with my adviser

Peter to talk about the essay's direction. He gave some advice, flipping the structure of my paper on its head. I liked the idea and decided to go with it. I then had an interview with Mr. Imboden from IDEAS Centre for 1 hour.

*Saturday, November 14, 2009*

I finished writing my outline for my paper at my house. It took me 3 hours. I committed myself to write the whole paper before getting to Croatia.

*Sunday, November 15, 2009*

I wrote 6 pages of my paper at home for 5 hours.

*Monday, November 16, 2009*

I wrote 8 more pages of the essay, 6 pages at the Graduate Studies Library and 2 more at home for a total of 7 hours of work that day. I started to wonder about the structure of my paper, asking myself if I was laying out the structure of the subsidy boxes too late. 14 total pages.

*Tuesday, November 17, 2009*

I wrote 5 pages more at the Graduate Studies Library for 5 hours. 19 total pages.

*Wednesday, November 18, 2009*

I wrote 3 pages of my essay at home in 3 hours. Then I met with Peter one last time. I told him the plot of my paper and asked him about the timing of my essay talking about the boxes. He thought the timing worked and said the structure of my essay was coherent and good. I thanked him and said goodbye. 21 total pages.

*Thursday, November 19, 2009*

I wrote 7 pages in 7 hours, 4 pages at the Graduate Studies Library in 4 hours and 3 more pages at home in 2 hours. 28 total pages.

*Friday, November 20, 2009*

I wrote 4 more pages in 4 hours, 2 pages at home and 2 at the Graduate Studies Library. 32 total pages.

*Saturday, November 21, 2009*

On the bus from Zagreb, Croatia to Pula, I wrote 2 more pages in 1.5 hours and finished my paper. 34 total pages.

*Sunday, November 22, 2009*

I revised my paper a bit, adding a bit to the introduction and the conclusion, working for 4 hours.

*Monday, November 23, 2009*

I finished proofreading through my paper and then sent it to my adviser. He sent it back with some general comments and some specific changes to make throughout the paper. I made the changes. This all took a total of 6 hours.

*Tuesday, November 24, 2009*

I read through my paper and made a few small changes, taking 4 hours.

*Wednesday, November 25, 2009*

I worked on my paper for 8 hours, adding some last minute details and re-reading my paper and making the necessary changes one last time.

**Total Research Hours: 121 hours**

*Adviser meetings:*

- Wednesday, November 11, 2009 meeting with Peter Ungphakorn
  - 1. Do regional trade agreements undermine the WTO?
    - Response: Yes. They make things horrendously complicated because of rules of origin especially. The WTO has an advantage in that it has one set of rules
  - 2. How have developing countries shown their bargaining power in the Doha Round?
    - Response: These countries believe being part of the coalitions is valuable because they put so much energy into being a part of them. If you look at the drafts, they are similar to developing countries' proposals.
  - 3. What should the direction of my paper be?
    - Response: Start out with what developing countries want from trade and then talk about how many of these objectives can be achieved through trade. Discuss the obstacles, then describe the boxes.
- Wednesday, November 18, 2009 meeting with Peter Ungphakorn
  - 1. Am I introducing the boxes too late?
    - Response: No. I think the structure you have is good. Mention that there are trade-distorting and non trade-distorting subsidies in the beginning.
  - 2. Is the direction of my paper coherent?
    - Response: Yes. It's good. Now, give me the plot of the essay.

*Interview Questions:*

- Jonathan Hepburn of ICTSD
  - 1. What are your recommendations on reforming the green box in order to reduce trade distortion and better support development?
  - 2. How can economic superpowers such as the U.S. and the EU achieve their domestic policy objectives while not distorting trade? In other words, how can they be shown that flooding world markets is actually not good for themselves?
  - 3. Why is decoupled income support so controversial?

- 4. How do governments end up circumventing the green box requirements by using the subsidies to support production?
- 5. Because the EU maintains high percentages of blue and amber box spending, does its green box merely add financial force to the trade-distorting orientation of its subsidy policies? How?
- 6. In what ways can decoupled payments still encourage overproduction?
- 7. To what degree does increased and more stable farmer income coming from decoupled payments within the green box lead to overproduction?
- 8. Countries seem to not be following existing green box criteria. What are the biggest problems here? Does the green box need substantial reform or just increased implementation and enforcement reform?
- 9. How can developing countries use the structures within the green box to aid their development? What are the obstacles?
- Adam Rogers of UNDP
  - 1. Which MDGs are affected most by agriculture and trade? How?
  - 2. What is the UNDP doing to help developing countries build or strengthen their agricultural industries, both domestic and exports?
  - 3. To what extent has the UNDP seen its efforts and accomplishments undermined by agricultural trade barriers and export subsidies?
  - 4. How do you perceive aid from developed countries such as the U.S. and international institutions such as the World Bank?
  - 5. What do you think would be the effects of the U.S. making certain agricultural trade concessions?
  - 6. How can agricultural and trade policy be placed within the framework of development? What does that policy guided by MDGs look like?
  - 7. To what degree do you think the U.S.'s image abroad is damaged by its farm policy? Would you say it only aids in creating the disaffection that terrorists capitalize on in recruiting?
  - 8. How can trade liberalization not help the poor sometimes?
  - 9. What exactly are the demands of developing countries when they call for the Doha Round to have a development agenda?
  - 10. What can we, as citizens, do? What should the international community do?
  - 11. How is the setback for the Doha Round affecting development now?
- Aileen Kwa of the South Centre
  - 1. What are the U.S. current AMS commitments and attitudes in the trade negotiations?
  - 2. What are Brazil's demands?
  - 3. What are organizations doing to help developing countries cope with agricultural subsidies of developed nations?
  - 4. What kind of model of development do you advocate?
- Mr. Braz-Brazil's Delegate to the WTO
  - 1. Why does Brazil want cross-retaliation? How does it justify this over normal retaliation?
  - 2. Some in the U.S. are concerned that there will be a broad ruling in the dispute case, one that touches other crops and U.S. farm programs

provisions in general. Do you think this will happen? Does Brazil want such a broad ruling?

- 3. Do you approve of the single undertaking, “Grand Bargain” model of trade negotiations in the WTO? Do you recommend another negotiations model?
- 4. What is your opinion on the 4 African cotton-producing countries’ call for an end to all production-related support for cotton in all WTO member countries?
- 5. What does Brazil want the U.S. to do with its cotton support? With its agricultural subsidies?
- 6. Someone from the South Centre told me Brazil is no longer pushing the U.S. to make agricultural concessions. Is this Brazil’s attitude and trade approach? Why?
- 7. To what degree is Brazil gaining clout in the WTO as an emerging country and economic power?
- 8. How does Brazil view the U.S. and its economic power and clout in the WTO?
- Peter Ungphakorn of the WTO Information and External Relations Division
  - 1. Is agricultural reform in Doha negotiations more likely to focus on disciplinary measures and special and differential treatment over subsidy reduction and market access?
  - 2. Some have even said a focus on cotton has distorted the development agenda and has disproportionately shone the spotlight on domestic support discipline over market access. Has cotton become or will it become an issue that reduces the prospects for agricultural subsidy reduction or elimination?
  - 3. Is a push for market access a better road or more politically viable ambition to take in the negotiations?
  - 4. Is a legally-binding dispute the best way to get the U.S. to make concessions? Someone from the UNDP said that it has to hurt.
  - 5. Do disputes also offer prospects for agricultural subsidy reductions as they provide a legally-binding forum in which research on behalf of the poor is heard?
  - 6. Who is or will be pushing for agricultural concessions?
  - 7. Pakistan shifted from defense to offense because it saw development opportunities in an export-oriented, liberalized agricultural sector. Is this the best model of development? East Asia and China’s success?
  - 8. Is dispute resolution, unilateral policy reform, or bilateral or regional trade agreements the most effective way to reduce agriculture subsidies?
  - 9. In general, what do you see for the future of agricultural subsidies in the Doha Round.
- David Miller of the USDA and U.S. Mission to WTO
  - 1. Do the Conservation Stewardship Program and the conservation loan guarantee programs reward farmers disproportionately to the costs of environmental practices?

- 2. Can changes in the definition of support programs and their criteria lower notified support levels? Is this happening?
- 3. Does financial support directed toward local agriculture give an unfair advantage to domestic agricultural products over foreign ones? Does this violate the WTO's principle of national treatment?
- 4. Does emphasis on "buying local" undermine the livelihoods of poor farmers in developing countries?
- 5. What's the status on corn ethanol support in U.S. farm policy?
- 6. Looking to the political landscape of the U.S. and of the Doha round, what are the prospects for domestic support and export subsidies?
- 7. Should domestic support for cotton in the U.S. be in the green or amber box?
- 8. What, in general, is the U.S.'s position on its agricultural subsidies?
- Mr. Imboden of IDEAS Centre
  - 1. What does IDEAS Centre do to help developing countries better integrate into WTO negotiations and world trade?
  - 2. What does the cost-benefit analysis of higher food prices in developing countries entail?
  - 3. What is your opinion on Special and Differential Treatment?

### Interview Write-Ups

- Jonathan Hepburn
  - Talked about the production linkages and trade-distorting affects of the green box and the EU's CAP.
  - G-20 amendment
- Adam Rogers
  - Talked about liberalization having a poverty-reduction potential. Also talked about the UNDP building domestic governments' capacities to reform their trade policies and build the necessary infrastructure for taking advantage of liberalized markets.
  - Talked about the different aspects of agriculture policy including the MDGs and and the U.S.'s bargaining
- Aileen Kwa
  - Gave me the current AMS commitment numbers. Discussed Brazil's ambitions and the G-20 vs. the G-33. She then discussed Aid for Trade and talked about an import substitution model as appropriate for development. Obama doesn't even want \$14.5 billion. Current is 19.1 billion of AMS
- Mr. Braz
  - Talked about the strengths of the single undertaking negotiating model in the WTO and the changing economic power structure manifesting itself in that model
  - Discussed Brazil's ambitions both in the cotton case and in the general Doha Round.
- Peter Ungphakorn

- Gave me an overview of all the different coalitions' demands.
- Talked about the different models of development
- Discussed the prospects for agricultural subsidies, the commitments, and regional trade agreements
- David Miller
  - Informed me of the U.S.'s official position in the cotton case and the Doha Round. We talked about provisions of current U.S. farm policy
  - He discussed the example of the C-4 with the 2007 cotton price increase. The farmers did not benefit much.
- Mr. Imboden
  - Discussed the naïve stances developing countries often take in the negotiations and how IDEAS helps them be on the offense in WTO negotiations.
  - Gave his opinion on SDT, saying it was BS.
  - Explained IDEAS Centre's activities to me. Accession to WTO, better negotiating stances.

#### Research Locations:

- Graduate Institute of International and Development Studies Library- Used the study desks to read reports, take notes, and write my paper.
  - Address: □P.O.Box 136,  
1211 Geneva 21,
  - Telephone: +41 22 908 57 00
- Home- Wrote some of my paper at home and looked up organizations to contact.
- United Nations Office in Geneva Library- Got a personal desk once. Other few times I went I read reports and took notes in the cyberspace room.
  - Address: Palais des Nations□  
CH - 1211 Geneva 10
  - Telephone: 004122 917-41-81

#### Human Resource List:

- Vicente Yu- Programme Coordinator for Global Governance for Development Programme
  - Address: Chemin du Champ d'Anier 17  
Case Postale 228, 1211 Geneva 19  
Switzerland
  - Telephone: (41)(22)791 8050
- Ms. Kwa-Coordinator of Trade for Development Programme of the South Centre
  - Address: Chemin du Champ d'Anier 17  
Case Postale 228, 1211 Geneva 19  
Switzerland
  - Telephone: (41)(22)791 8050

- Jonathan Hepburn-Agriculture Programme Officer of ICTSD
  - Address:INTERNATIONAL ENVIRONMENT HOUSE II  
7-9 chemin des Anémones,  
CH - 1219 Châtelaine, Geneva, Switzerland
- Adam Rogers-Senior Strategic Communication Adviser of UNDP Office in Geneva
  - Address :INTERNATIONAL ENVIRONMENT HOUSE  
11-13 chemin des Anémones,  
CH - 1219 Châtelaine, Geneva, Switzerland
  - Telephone: [41-22] 917-8222
- Mr. Braz-Brazil's delegate to WTO
  - Address: Brazil's Mission to Switzerland  
71 Av Louis-Casai, Geneva  
Switzerland
  - Telephone: +41 22 929 0900
- Mr. Imboden-Executive Director of IDEAS centre Geneva
  - Address: 11, route de Pregny 1292 Chambesy  
Geneva, Switzerland
  - Telephone: (41) (0) 22 749 5247
- David Walker- New Zealand's Ambassador to WTO, Head of Agricultural Committee
  - Telephone: 0229290350
- Josep Bosch- Information Officer at WTO
  - Address: rue de Lausanne 154  
CH-1211 Geneva 21, Switzerland
  - Telephone: (+41) (0)22 739 54 12
- Peter Ungphakorn of WTO- Information Officer, WTO Information and External Relations Division
  - Address: rue de Lausanne 154  
CH-1211 Geneva 21, Switzerland
  - Telephone: (+41) (0)22 739 54 12
- David Miller-Minister-Counselor for Agricultural Affairs, USDA, U.S. Mission to WTO
  - Address: 11, route de Pregny 1292 Chambesy  
Geneva, Switzerland
  - Telephone: (41) (0) 22 749 5247

**Interactive Log**

**SIT Study Abroad: Switzerland**

**INDEPENDENT STUDY PROJECT  
INTERACTIVE RESEARCH HOURS  
(30 hours are required)**

Name \_\_\_\_\_ Jared Baragar \_\_\_\_\_ Semester \_\_\_\_Fall 2009\_\_\_\_\_

Organisation: International Center for Trade and Sustainable Development (ICTSD)

Key Contacts: Jonathan Hepburn, Agriculture Programme Officer

Address

INTERNATIONAL ENVIRONMENT HOUSE II  
7-9 chemin des Anémones,  
CH - 1219 Châtelaine, Geneva, Switzerland

Telephone

Name of Supervisor: Mr. Peter Ungphakorn

Title: Information Officer, WTO Information and External Relations Division

**Brief description of your interactive research**

I interviewd Jonathan Hepburn for 1.5 hours. He gave the basics on the green box and the E.U.'s farm policy.

**Comprehensive time (dates, days of week, hours)**

October 23, 2009; Friday; 3-4:30: 5 hours of interactive research

**SIT Study Abroad: Switzerland**

**INDEPENDENT STUDY PROJECT  
INTERACTIVE RESEARCH HOURS  
(30 hours are required)**

Name \_\_\_\_\_ Jared Baragar \_\_\_\_\_ Semester \_\_\_\_ Fall 2009 \_\_\_\_\_

Organisation : United Nations Development Programme (UNDP)  
Key Contacts: Adam Rogers, Senior Strategic Communication Adviser

Address  
INTERNATIONAL ENVIRONMENT HOUSE  
11-13 chemin des Anémones,  
CH - 1219 Châtelaine, Geneva, Switzerland

Telephone: [41-22] 917-8222

Name of Supervisor: Mr. Peter Ungphakorn  
Title: Information Officer, WTO Information and External Relations Division

Brief description of your interactive research

I interviewed Mr. Rogers for an hour. He gave me a development-focused perspective and spoke a lot about trade policies.

Comprehensive time (dates, days of week, hours)

October 27, 2009; Tuesday; 10-11am: 4 hours of interactive research

**SIT Study Abroad: Switzerland**

**INDEPENDENT STUDY PROJECT  
INTERACTIVE RESEARCH HOURS  
(30 hours are required)**

Name \_\_\_\_\_Jared Baragar\_\_\_\_\_ Semester \_\_\_\_Fall 2009\_\_\_\_\_

Organisation: South Centre

Key Contacts : Vicente Yu, Aileen Kwa-Coordinator of Trade for Development Programme

Address:  
Chemin du Champ d'Anier 17  
Case Postale 228, 1211 Geneva 19  
Switzerland

Telephone: (41)(22)791 8050

Name of Supervisor: Mr. Peter Ungphakorn  
Title: Information Officer, WTO Information and External Relations Division

Brief description of your interactive research

I interviewed Ms. Aileen Kwa about developing countries' demands in the Doha Round and about what was being done in response to developed countries' agricultural subsidies.

Comprehensive time (dates, days of week, hours)

October 29, 2009; Thursday, 11am-12pm: 4 hours of interactive research

## **SIT Study Abroad: Switzerland**

### **INDEPENDENT STUDY PROJECT INTERACTIVE RESEARCH HOURS (30 hours are required)**

Name \_\_\_\_\_Jared Baragar\_\_\_\_\_ Semester \_\_\_\_Fall 2009\_\_\_\_\_

Organisation: World Trade Organization (WTO)

Key Contacts : Josep Bosch, Peter Ungphakorn- Information Officer, WTO Information and External Relations Division  
Mr. Braz- Brazil's Delegate to WTO

Address: rue de Lausanne 154  
CH-1211 Geneva 21, Switzerland

Telephone: (+41) (0)22 739 54 12

Name of Supervisor: Mr. Peter Ungphakorn

Title: Information Officer, WTO Information and External Relations Division

#### Brief description of your interactive research

-I interviewed Mr. Braz on the cotton case, Brazil's positions and the Doha negotiations.

-I interviewed Peter Ungphakorn about all the different demands in the negotiations and about development models. He gave me a lot of information, the most balanced position I have heard. He revealed the true complexity of the issue to me.

-I had an informal meeting with Peter about developing countries in the WTO negotiations. He agreed to be my adviser and guided me on coming up with an outline for my paper.

-I met with Peter a third and final time to discuss the direction of my paper. I had written about 20 pages of my paper by then and he looked over my outline.

#### Comprehensive time (dates, days of week, hours)

-Mr. Braz=October 30, 2009; Friday, 3-4:30: 5 hours of interactive research

-Peter Ungphakorn=November 2, 2009; Monday, 2-3pm: 4 hours

November 11, 2009; Wednesday, 2-3pm: 1 hour

November 18, 2009; Wednesday, 11am-12pm: 1 hour

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**INDEPENDENT STUDY PROJECT  
INTERACTIVE RESEARCH HOURS  
(30 hours are required)**

Name \_\_\_\_\_Jared Baragar\_\_\_\_\_ Semester \_\_\_\_Fall 2009\_\_\_\_\_

Organisation: U.S. Mission to WTO

Key Contacts : David Miller- Minister-Counselor for Agricultural Affairs

Address

11, route de Pregny 1292 Chambesy  
Geneva, Switzerland

Telephone: (41) (0) 22 749 5247

Name of Supervisor: Mr. Peter Ungphakorn

Title: Information and Media Relations Division covering agriculture in WTO

Brief description of your interactive research

I interviewed David Miller on the U.S.'s official position in the Doha Round and discussed U.S. farm policy.

Comprehensive time (dates, days of week, hours)

November 4, 2009; Wednesday, 11am-12:30pm: 5 hours of interactive research

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**INDEPENDENT STUDY PROJECT  
INTERACTIVE RESEARCH HOURS  
(30 hours are required)**

Name \_\_\_\_\_ Jared Baragar \_\_\_\_\_ Semester \_\_\_\_Fall 2009\_\_\_\_\_

Organisation: IDEAS Centre

Key Contacts : Mr. Imboden

Address  
Rue de l'Arquebuse 10,  
1204 Geneva, Switzerland

Telephone

Name of Supervisor: Mr. Peter Ungphakorn  
Title: Information and Media Relations Division covering agriculture in WTO

Brief description of your interactive research

I interviewed Mr. Imboden on what is being done to help developing countries integrate into world trade and deal with the agricultural subsidies of developed nations.

Comprehensive time (dates, days of week, hours)

November 11, 2009; Wednesday, 4-5pm: 4 hours of interactive research

**Total Interactive Research Hours: 33 hours**