

# Study shows countries distort wheat trade

By MATTHEW WEAVER  
Capital Press

Representatives of a wheat marketing organization say they are trying to determine how much money five countries may have cost U.S. farmers by exceeding World Trade Organization limits on domestic subsidies.

Several U.S. commodity organizations recently presented a study to the WTO alleging the governments of India, China, Turkey, Brazil and Thailand had "dramatically increased" trade-distorting subsidies for domestic wheat, corn and rice production, exceeding their WTO agreements.

Under the Uruguay Round Agreement in the mid-1990s, WTO member countries agreed to limit subsidies paid to their farmers. The study showed India, China, Turkey and Thailand exceeded their limits, U.S. Wheat claims.

U.S. Wheat hopes to have an estimate of the cost to U.S. and other wheat producers within the next month, said Shannon Schlecht, vice president of policy.

"We've seen an incentive to produce more wheat in these countries because they're getting above-market prices for

**Online**  
<http://www.uswheat.org/>

their returns and they're also receiving subsidies to lower their cost of production," Schlecht said. "That takes away import opportunities for us because they are producing more wheat and it also creates export competition for us in other countries."

The countries are not complying with domestic agricultural support commitments they made as WTO members, according to U.S. Wheat. Member countries are required to report their domestic support levels, but more than 650 notifications were late as of November. Turkey has not reported its support since 2001, China has not reported since 2008 and India submitted a notification last fall that made it current through 2010.

"Transparency is something that's been lacking," Schlecht said. "It's pretty hard to advance the discussion when you're not all working from the same page, or the facts are unclear."

When the countries overproduce and don't have adequate storage capacity, they tend to unload wheat on the



Eric Mortenson/Capital Press

U.S. Wheat Associates hopes to determine the amount of money several countries cost U.S. wheat farmers when they subsidized domestic production beyond what was allowed under World Trade Organization agreements.

world market, lowering the prices they accept, Schlecht said.

The "unfairly priced" competition hurts U.S. farmers' ability to export their wheat, he said.

"They're not keeping up to their end of the bargain, is what this all amounts to," said Randy Suess of Colfax, Wash. He is a wheat farm-

er, member of the Washington Grain Commission and a former U.S. Wheat chairman."

Any WTO member country can take another member country to dispute settlement. It would be up to the U.S. government to decide whether to take the countries to dispute settlement for not complying with their obligations,

Schlecht said.

Recognizing the study's findings could prompt a new agreement in the ongoing Doha Round of WTO trade negotiations. The agreement could provide market access to 160 countries, Schlecht said. It's also one of the few forums to address the subsidies countries give to farmers.

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