

The Honorable Katherine Tai
U.S. Trade Representative
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

The Honorable Thomas Vilsack
Secretary of Agriculture
U.S. Department of Agriculture
1400 Independence Ave. SW
Washington, DC 20250

July 23, 2021

Dear Ambassador Tai and Secretary Vilsack,

The undersigned organizations strongly support U.S. leadership in reforming and revitalizing the World Trade Organization (WTO). We represent a broad array of the U.S. food and agriculture sector, which collectively supports millions of hard-working farm families and 40 million jobs in farming, manufacturing, transportation, retail, services, government, and other professions, while contributing \$7 trillion to the U.S. economy. As you know, trade is a leading driver of growth within the agricultural sector, helping family farmers, workers, rural communities, and diverse businesses across America connect to customers around the globe. Agricultural exports are a way to share America's bounty of food, fuel, and fiber with others, while simultaneously building back our own economies. However, the benefits of trade to American agriculture are greatly enhanced by well-defined trade rules and well-functioning international institutions, especially the WTO.

The world is looking to the Biden Administration to provide leadership to reform the WTO, a difficult but important task that could serve as a lasting achievement and benefit American workers, including farmers and ranchers, for many years to come. The WTO has served American farmers, ranchers, and workers across the food and agriculture sector well, but in recent years the flaws in the system have become apparent. Reform is badly needed, including changes that lead to a market opening agenda for agriculture and a better functioning institution. These changes can help improve global agricultural sustainability and support rural communities, workers, and better-paying jobs across the United States.

The attachment to this letter outlines a set of principles to address WTO reform issues and priorities for the 12th Ministerial Conference later this year. In summary, WTO reform should focus on further market-based and sustainable trade liberalization, institutional improvements that help members better prevent or address trade problems, and a more effective and efficient dispute settlement system.

Thank you in advance for prioritizing the needs of American rural and agricultural communities as you work towards WTO reform. The undersigned organizations welcome the opportunity to further discuss these principles with you and your respective staff.

Sincerely,

American Farm Bureau Federation
American Seed Trade Association
American Soybean Association
AMVAC Chemical Corporation
Bayer US
CoBank
Corn Refiners Association
CropLife America
Farmers for Free Trade
Gowan Company
International Dairy Foods Association
Leather and Hide Council of America
National Association of Egg Farmers
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Milk Producers Federation
National Oilseed Processors Association
National Turkey Federation
North American Meat Institute
Northwest Horticultural Council
Pet Food Institute
Sweetener Users Association
U.S. Apple Association
U.S. Cattlemen's Association
U.S. Dairy Export Council
U.S. Grains Council
U.S. Soybean Export Council
U.S. Wheat Associates
UPL
USA Poultry & Egg Export Council
USA Rice

Agriculture Priorities for WTO Reform

Reform of the World Trade Organization (WTO) and improved U.S. engagement would benefit the people who work in the U.S. food and agriculture sector, which supports 40 million American jobs and contributes \$7 trillion to the U.S. economy. U.S. agriculture depends on vibrant international institutions like the WTO and robust commercial diplomacy. Trade supports critical income for American farmers of all sizes and the small businesses and economic viability of the rural communities in which they live. It helps connect American farming communities to peoples around the globe. When the WTO functions poorly and other governments get away with treating U.S. agriculture exports unfairly, trust erodes in our government and international institutions. To restore trust, WTO reform is needed; reform that leads to a market liberalizing agenda for agriculture and a better functioning institution. This will help improve global agricultural sustainability and support rural communities, workers, and good-paying jobs across the United States. The following principles and suggestions can help ensure WTO reform is meaningful for U.S. agriculture:

Key Principles

- 1) WTO reform should lead toward further market-based and sustainable trade liberalization, reduced distortions, enhanced transparency, and a more effective and efficient dispute settlement system.
- 2) New areas of negotiation on topics like climate change and sustainability are important developments that have the potential to raise global ambitions on environmental sustainability, including in agriculture. The United States should pursue a science-based and data-driven approach to these negotiations that embraces innovation and prevents abuse that could lead to disguised restrictions on trade.
- 3) Predictable and transparent trade rules enabled by a reformed WTO could lower barriers to access and facilitate greater participation in trade by a wide diversity of stakeholders, while improving the livelihoods of those already engaged in the global marketplace.
- 4) Any negotiation on any element of agricultural domestic support should be tied to enhancing market access for U.S. food and agricultural goods at a commensurate level.
- 5) Any outcome on agricultural domestic support and market access should require that significant developing country agriculture exporters meet the same level of ambition as developed countries and establish a graduation process for developing countries.
- 6) Agriculture outcomes that are inconsistent with the objectives in Article 20 of the WTO Agreement on Agriculture – including new special safeguard mechanisms or a permanent solution on public stockholding – should not be used as a trade-off for non-agriculture outcomes.
- 7) Dispute settlement could be a more effective deterrent to protectionist measures. In addition to reforming and reinstating a functional Appellate Body, an active, offensive U.S. litigation agenda and a more streamlined and timely dispute settlement process to level the playing field for American farmers is needed. USTR could improve use of the *ad hoc* consultative mechanism of the SPS Agreement, the formal DSU consultation mechanism, and – when other avenues have failed or are likely to fail – formal litigation before dispute settlement panels.

Climate Change and Environmental Sustainability

Discussions related to the environment, climate change, and sustainability are important developments at the WTO. Greater openness to trade will help improve climate resilience and adaptation in agriculture. The United States should promote a positive agenda on trade and the environment that is grounded in market-based outcomes, does not discriminate against members that have adopted voluntary and incentive-based approaches, and supports the adoption of new technologies. Any environment-related trade rules should be science- and risk-based, minimally trade-distorting, and recognize that each Member, region, and farm or production area has unique and different drivers for sustainable production.

MC12 Suggestions

We support raising the level of ambition in WTO negotiations through creative new approaches. This can best be achieved with a modest initial outcome for agriculture at the 12th Ministerial Conference (MC12) focused on improved transparency and notifications and that lays the groundwork for a more ambitious work plan for MC13. The U.S. proposal on transparency (JOB/GC/204) would improve the operations of the monitoring functions of the WTO and provide important information to support future negotiations, especially in agriculture. WTO members could also encourage counter notifications when the methodology of the notifying member is flawed and provide technical assistance. We also support adopting certain proposals to improve committee deliberations, incorporate specific trade concerns into all regular bodies, and encourage informal resolution of repeated concerns.

We support the draft Ministerial declaration on sanitary and phytosanitary measures (G/SPS/GEN/1758/Rev.5), sponsored by the United States and 21 other like-minded countries, which would establish for the Committee on Sanitary and Phytosanitary Measures an agenda focused on important regulatory issues, including risk analysis, sustainability, and innovation.

For Committee on Agriculture topics, while the United States has not recently put forward any specific negotiating proposals, its documentation of challenges on tariff implementation and domestic support highlight specific trade impediments and transparency failures that WTO Members could address at MC12. We support converting certain challenges identified by the United States and other members into specific proposals, and take the following positions on topics in the agriculture negotiations:

- Public Stockholding (PSH): We do not support market price supports as a policy to implement PSH programs and oppose a permanent solution that weakens commitments on trade-distorting support or is not consistent with Article 20 long-term objectives.
- Special Safeguard Mechanism (SSM): We do not support negotiations or outcomes allowing increased use of SSM, and a negotiation on SSM should be part of comprehensive, trade liberalizing market access negotiations.
- Domestic Support: We support the United States negotiating new disciplines on domestic support only if market access negotiations have a commensurate level of ambition and are reflective of the current global situation on agricultural domestic support in both developed and developing countries. Furthermore, specific negotiations on the topic of cotton should be part of a comprehensive agriculture negotiation that includes both domestic support and market access.
- Market Access: The trade-distorting potential of high market access barriers, particularly in developing countries, remains a major impediment to predictable trading relationships. An ambitious agricultural market access agenda should be part of any post-MC12 work plan for agriculture that includes negotiations on domestic support.
- Export Competition: Implementation of the Nairobi Decision should be given priority over new commitments unless meaningful gains in market access are on the table. New commitments should not extend export subsidy exemptions, such as under Article 9.4.
- Export Restrictions: We support disciplines on export restrictions for World Food Programme donations but do not support new disciplines in exchange for trade-distorting outcomes on PSH or SSM.