

# Johanns outlines needed changes

By RICHARD DAVIS

**M**ANY farmers have benefited greatly from the 2002 Farm Bill. Nevertheless, U.S. Agriculture Secretary Mike Johanns recently told cotton producers that some aspects of the bill have been problematic despite all the good it's done. Johanns made his comments at the 2007 Beltwide Cotton Conferences in New Orleans.

For example, some farm bill provisions have led to challenges before the World Trade Organization. Johanns noted about 80% of U.S. cotton is sold on the world market. That means cotton producers are particularly threatened when their markets are challenged in court cases before the WTO.

## Building upon successes

The U.S. scored a record \$4.7 billion in cotton exports last year. Johanns said USDA expects a new record this year of about \$5 billion in cotton exports.

He noted the U.S. is the second-largest producer in the world. Still, to maintain this pace or increase it, the U.S. cotton industry will have to keep up friendships and find new customers.

"Developing countries are increasingly driving world textile production and trade," Johanns said. "American cotton farmers are under continuing and intense pressure to market their cotton abroad. They need free trade. They need constantly growing markets that result from greater market access, and they need trade barriers reduced through trade negotiations."

But litigation in the world trade courts, particularly lawsuits brought by Brazil, has threatened to hamper the way the U.S. does business in the future in regard to farm policy. The WTO has ruled in Brazil's favor, both in the initial cases and in appeals.

To comply with the rulings, the U.S. eliminated the Step 2 program last August and made major changes in the export credit guarantee program. But Brazil currently has yet another case

## Key Points

- Defenders of U.S. farm policy are grappling with WTO challenges.
- Cotton producers are particularly threatened by WTO challenges.
- Johanns says we need to consider farm policy that will avoid WTO challenges.

before the WTO, arguing that U.S. steps to comply have not gone far enough.

As if to follow in Brazil's footsteps, the C-4 nations in Africa (Benin, Burkina Faso, Chad and Mali) have made similar challenges against cotton. Uruguay has challenged U.S. policy in respect to rice, and Canada recently filed a case against U.S. programs for corn.

Adding to the problems, WTO discussions relative to the Doha Round are currently suspended due to lack of progress. And although the WTO director recently said he believes a global trade deal is possible, Johanns said he thinks challenges to U.S. farm programs, as outlined in the 2002 Farm Bill, will continue.

Johanns told the cotton audience at the Beltwide, "You can cuss it. You can discuss it. But the reality is we are engaged in an international market. It is what it is."

## Choosing the next step

Johanns said Brazil is targeting the marketing loan in the countercyclical programs in its latest complaint. If successful, it would hit cotton and producers of other program crops hard. Johanns asserted USDA will present the strongest possible case, but he didn't seem confident about the outcome.

"...We have to make a choice," he added. "The first choice would be to let the future be driven by whatever the results of the litigation are. Anybody who has been involved in litigation — and that was my life at one time — knows that is not a very predictable future. WTO litigation runs the risk of dismantling your safety net, a piece at a time.



**CHANGES:** U.S. Secretary of Agriculture Mike Johanns told a cotton-industry audience at the Beltwide Conferences that we may need to craft farm policy that avoids litigation before the World Trade Organization. He is also concerned about "fairness" issues and wants his agency to help a wider variety of producers.

There is a second option, though. I'm not suggesting this is an easy option, but the second option is to simply grab hold of the issues and craft farm policy in a way that leads us into the future and tries to recognize that we have to have a policy that can withstand challenge. It comes down to a choice of being the authors of farm policy or being in the audience as the WTO challenges the safety net and attacks our programs."

## What's fair?

Throughout last year, USDA held farm-

bill listening programs across the U.S. Another issue that could add to the problem of WTO wrangling is one Johanns said he often heard during those meetings: fairness.

As the programs are currently structured, 15% of the farms receive 54% of all farm program payments.

"Sixty percent of U.S. producers are pretty well left out of farm programs because they don't raise the program crops that are traditional to farm bills dating back to the Depression," he said.

Vol. 25 No. 3

## Fast find:

- News Watch 1
- Crop Production 10
- Marketplace/Classified M1
- Letters & Opinion 22
- Lifestyle 24
- Livestock 26
- Property Management 28
- Marketing 32



Keep up on ag news in the region; check out [www.Carolina-VirginiaFarmer.com](http://www.Carolina-VirginiaFarmer.com). We feature updates on a wide range of topics, marketing data and weather information you can put to work in your operation.

## Contact us:

**Editor:** Richard Davis  
700 Privette St., Wilson, NC 27893  
E-mail: [rdavis@farmprogress.com](mailto:rdavis@farmprogress.com)  
Phone: (252) 237-4422 Fax: (252) 237-8999

## Contributing Editors:

Tom J. Bechman  
Pam Golden, T.J. Burnham  
Cecil Yancy Jr., J.T. Smith  
Alan Newport  
John A. Otte, Economics  
Arlan Suderman, Marketing & Management  
**Executive Editor:** Dan Crummett

**Corporate Editorial Director:** Willie Vogt,  
(651) 454-6994, [wvogt@farmprogress.com](mailto:wvogt@farmprogress.com)

**Sales:** Bill Pittard (901) 758-2743

**Subscription Questions:** (800) 441-1410

For additional sales and company information, see last page of Marketplace section.

## More funding for cotton promotion

**D**URING the Beltwide, U.S. ag secretary Mike Johanns announced that USDA will grant 67 U.S. trade organizations a total of \$100 million in fiscal year 2007 to promote U.S. agricultural products overseas under the USDA's market access program.

Of that, Cotton Council International, the export promotion

arm of the National Cotton Council, will receive \$12.7 million this year.

"If I'm not mistaken in looking at the list, I think cotton is the largest recipient," Johanns said. "This is the kind of support that helps our farmers and ranchers compete in the marketplace. This is the kind of support that I believe is really sound farm policy."

**POSTMASTER:** Please send address corrections to *Carolina / Virginia Farmer*, 191 S. Gary Ave., Carol Stream IL 60188