

Details announced

U.S., Brazil settle longstanding cotton case

By Farm Press Staff

The United States and Brazil have settled their decade-old cotton dispute in the World Trade Organization.

Under the new agreement, Brazil will terminate the cotton case, giving up its rights to counter-measures against U.S. trade or any further proceedings in the dispute and will bring no new WTO actions against U.S. cotton support programs while the current U.S. farm bill is in force.

Will not bring dispute

Brazil also will not bring dispute against agricultural export credit guarantees under the GSM-102 program as long as the program is operated consistent with the agreed terms.

“Through this negotiated solution, the United States and Brazil can finally put this dispute behind us,” said Agriculture Secretary Tom Vilsack. “Without this agreement, American businesses, including agricultural businesses and producers, could have faced countermeasures in the way of increased tariffs totaling hundreds of millions of dollars every year. This removes that threat and ensures American cotton farmers will have effective risk management tools.”

National Cotton Council Chairman Wally Darneille said the U.S. cotton industry has undertaken extensive efforts to resolve this case. He said the NCC offered comprehensive reform of cotton policy as part of the new farm law.

New farm bill helped

“The new U.S. farm bill includes several necessary changes to cotton policy and the GSM export credit program,” Darneille said.

“When compared to previous programs, cotton policy is more market-oriented with the primary safety net conveyed through insurance products that must be purchased by the producer. ... With the conclusion of the case, the U.S. cotton industry can bring a renewed focus to the challenges that lay in front of us.”

“(The) agreement brings to a close a matter which put hundreds of millions of dollars in U.S. exports at risk. The United States and Brazil look forward to building on this significant progress in our bilateral economic relationship,” said U.S. Trade Representative Michael Froman.

History

Ten years ago, Brazil disputed U.S. cotton policy to the WTO. In 2005 and again in 2008, the WTO found some U.S. agriculture programs — like the domestic support to cotton under the marketing loan and countercyclical payment programs, and export credit guarantees under the GSM-102 program — were in-

consistent with the United States’ WTO commitments. In August 2009, WTO arbitrators provided the level of countermeasures that Brazil could impose against U.S. trade.

In June 2010, the United States and Brazil signed a Framework Agreement to avert the imposition of countermeasures by Brazil against the United States that

at the time would have affected approximately \$800 million of U.S. trade, including U.S. intellectual property rights.

Specific steps

The Framework provided specific interim steps and a process for quarterly discussions on the programs at issue. The United States also made monthly pay-

ments to the Brazil Cotton Institute for technical assistance and capacity building activities for the sector under a related Memorandum of Understanding.

The 2014 U.S. Farm Bill included significant changes to U.S. cotton domestic support programs, along with changes to the GSM-102 program, which led to the conclusion of the dispute.



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