

## Press Releases

# LINCOLN-CHAMBLISS STATEMENT ON BRAZIL RETALIATION EFFORTS AIMED AT U.S. COTTON

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**Mar 08 2010**

WASHINGTON - U.S. Senate Committee on Agriculture, Nutrition and Forestry Chairman Blanche Lincoln (D-Ark.), and Ranking Member Saxby Chambliss (R-Ga.), today expressed disappointment after Brazil announced it is moving forward on retaliation for injuries due to the U.S. cotton program and the export credit guarantee program (GSM-102). The retaliation list totals 102 products including both agricultural and industrial goods. Brazil is expected to follow up this action with an additional announcement of "cross retaliation" action against U.S. intellectual property later this month.

"It is unfortunate Brazil is moving forward with retaliation without first engaging in meaningful discussions towards resolving the dispute," said Lincoln and Chambliss. "The U.S. government continues to express its willingness to have a substantive dialogue and negotiators from the Office of the U.S. Trade Representative and U.S. Department of Agriculture are waiting for Brazil to start the process. We cannot negotiate with a partner that is unwilling to voice what it wants. To be clear, we have been assured by the administration that U.S. officials attending the upcoming U.S.-Brazil CEO Forum are not carrying a proposal. We believe that doing so would only encourage a process where we end up negotiating with ourselves. Changes to both the cotton and GSM programs can only be done by Congress with the support of the House and Senate Agriculture Committees."

The Congress has made changes to both the GSM and cotton programs as a result of the case. In 2005, the Congress eliminated the Step 2 program and lowered the counter cyclical program target price and loan program in the 2008 farm bill. Although Brazil's original motivation for filing the case was to attack U.S. cotton programs, the arbitration panel's decision placed the bulk of the retaliatory award on the operation of the GSM program. Retaliation authority granted for the cotton component of the case is only \$147 million.

The Senators said, "We believe that resolving the dispute will require earnest discussions and a recognition regarding the relative roles of the GSM and cotton programs and the state of the international cotton market. U.S. cotton programs are not having a significant impact on world cotton prices."

There has been a 40 percent decline in U.S. cotton acreage since 2005 and a 45 percent decline in cotton production. There has been an 8 percentage-point decrease in world cotton market share attributable to the U.S., the lowest since 1983.

"While Brazil has chosen to exercise its rights, its future actions will determine the degree to which the administration and the Congress are willing to move forward together in resolving the dispute and others in the World Trade Organization," said Lincoln and Chambliss. "This case is an opportunity for Brazil to demonstrate its newly embraced role in the international arena consistent with its emergence as an advanced developing economy. Additionally, Brazil's actions in the case will be a unique and helpful indicator whether it is time to reconsider benefits it receives from U.S. trade preference programs."