



## Trade<sup>1</sup>

### INTRODUCTION

The purpose of this memo is to outline the history, context, and content of the Trade Title of the farm bill. The first section charts the history and major evolutionary shifts of the title since its inception. The second section summarizes the central programs authorized by the Trade Title, including updates from the 2018 Farm Bill. The final section explores various challenges and critiques to the Trade Title, describing key issues that will inform preparation for the next farm bill.

International agricultural trade and policy existed in the U.S. long before the farm bill in the form of tariffs, quotas, and other financial and legal tools.<sup>2</sup> Authorization for the government to regulate commodity imports was further formalized in the Agricultural Adjustment Act Amendment of 1935 (AAAA), which focused on stabilizing domestic agricultural markets in the wake of the Great Depression.<sup>3</sup> In particular, the AAAA called on the government to set import quotas when necessary to protect domestic markets.<sup>4</sup>

Although the original purpose of farm bill trade programs was to regulate the price of commodities in the U.S., the 1960s, 1970s, and 1980s saw an increasing focus on humanitarian food aid programs. This new focus led to the creation of a standalone Trade Title in the Food Security Act of 1985.<sup>5</sup> Today, the Trade Title contains a variety of international programs that seek to solve agricultural challenges both domestically and abroad.

While trade accounts for an entire title of the farm bill, it represents less than 0.5 percent of the bill's overall spending.<sup>6</sup> Nonetheless, trade remains an extremely important aspect of U.S. agricultural policy. In 2015, the U.S. imported and exported nearly \$250 billion worth of agricultural products, in addition to the millions of tons of food sent abroad each year through food assistance programs.<sup>7</sup> Further, the Trade Title supports the establishment of U.S. brands abroad with programs that help identify markets and educate consumers in foreign markets.

Despite the long-term success of many trade programs, a number of challenges remain. The next farm bill, for instance, will face questions regarding how food aid should be disbursed (cash-based or in-kind), and whether the current trade regime conflicts with both domestic and foreign policies.<sup>8</sup> The 2018 iteration of the Trade Title represents an opportunity to improve international trade programs to better combat hunger abroad and improve agricultural exports to foreign markets.

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<sup>2</sup> DAVID RICH DEWEY, FINANCIAL HISTORY OF THE UNITED STATES (1903).

<sup>3</sup> U.S. DEP'T OF AGRIC., ECON. RES. SERV., AGRICULTURE INFORMATION BULLETIN NUMBER 485: HISTORY OF AGRICULTURAL PRICE-SUPPORT AND ADJUSTMENT PROGRAMS, 1933-84 (1984), [https://www.ers.usda.gov/webdocs/publications/41988/50845\\_aib485fm.pdf?v=42079](https://www.ers.usda.gov/webdocs/publications/41988/50845_aib485fm.pdf?v=42079).

<sup>4</sup> Agricultural Adjustment Act of 1933, Pub. L. No. 73-10, 48 Stat. 31.

<sup>5</sup> Food Security Act of 1985, Pub. L. No. 99-198, 99 Stat. 1354.

<sup>6</sup> Carl Zulauf, *2014 Farm Bill: The Big Picture As Seen Through Spending*, FARMDOC DAILY (May 22, 2014), <http://farmdocdaily.illinois.edu/2014/05/2014-farm-bill-the-big-picture-through-spending.html>.

<sup>7</sup> *Quick Facts*, U.S. AGENCY FOR INT'L DEV. (Aug. 1, 2017), <https://www.usaid.gov/what-we-do/agriculture-and-food-security/food-assistance/quick-facts>.

<sup>8</sup> RANDY SCHNEPF, CONG. RSCH. SERV., R41072, U.S. INTERNATIONAL FOOD AID PROGRAMS: BACKGROUND AND ISSUES (2016).



## I. HISTORY

The history of international agricultural trade programs in the U.S. has been marked by a number of shifts in scope. This section follows the evolution of the farm bill trade programs, from its original focus on stabilizing national markets to its current role of balancing a multitude of domestic and foreign interests.

### A. *Trade in the First Farm Bill: Economic Stabilization*

The importance of trade in U.S. agricultural policy dates back to the country's founding, as cotton and tobacco exports were central to America's fledgling economy. International trade of commodities was formalized as part of the Agricultural Adjustment Act Amendment of 1935, as Congress sought to stabilize the domestic agricultural markets during the Great Depression by authorizing import quotas. Thus, the early farm bill trade programs focused on regulating the influx of agricultural products entering and leaving domestic markets in order to control prices.

### B. *The Rise of Food Assistance*

Beginning in the 1960's, the Trade Title began to incorporate programs, such as the Food for Peace Act (FFPA), which provided international humanitarian food aid and addressed foreign economic development challenges.<sup>9</sup> These programs allowed for in-kind food donations to foreign countries facing both emergency and non-emergency food needs. Since then, the scope of the Trade Title has largely shifted from regulating agricultural markets through quotas toward international food assistance. In 1985, Congress included the Food for Progress Program (FFPP), which supplemented the FFPA by offering long-term assistance to foreign nations engaging in agricultural development. That same year also saw the creation of the first standalone Trade Title, which focused on international food assistance, market development, transportation of commodities, imports, and trade practices.<sup>10</sup>

The food assistance programs of the Trade Title were further bolstered with the introduction of the McGovern-Dole International Food for Education and Child Nutrition program (2002) and the Local and Regional Procurement Program (2008). As of 2017, USAID estimated that approximately three billion people across 150 countries had benefitted from U.S.-based food assistance over the course of the past 60 years.

### C. *Market Development and U.S. Exports*

The Trade Title not only saw the rise of foreign aid in the latter part of the 20th century, but also began to support programs aimed at improving U.S. access to foreign agricultural markets. Programs such as the Market Access Program (MAP), the Emerging Markets Program (EMP), and the Export Credit Guarantee Program (ECGP) have helped U.S. businesses identify and export commodities to foreign markets. More recently, MAP has specifically supported market development for organically-produced agricultural products.<sup>11</sup>

### D. *Trade Title and WTO Compliance*

The World Trade Organization (WTO) is an international organization that provides a forum wherein countries resolve trade disputes and lower trade barriers over time. One of the major differences between the WTO, created in 1995, and its predecessor GATT, created in 1947, is that the WTO introduced a robust legal framework for resolving disputes. Whereas the original dispute settlement process permitted the

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<sup>9</sup> *Id.* at 2.

<sup>10</sup> Food Security Act of 1985, Pub. L. No. 99-198, 99 Stat. 1354.

<sup>11</sup> *Title 3: Trade Programs*, THE 2014 FARM BILL (2014), <http://www.thefarmbill.com/title-3-trade-programs>.



accused party to veto the adoption of the dispute panel’s decision, the modern process requires unanimity to overturn a ruling. Another major change was the extension of trade liberalizing policies to sectors other than manufacturing. The WTO largely operates on the premise that trade barriers are obstacles that distort prices and thus prevent the proper (or natural) operation of the best distribution mechanism, which is price. These WTO commitments were negotiated with the underlying long-term objective of depreciating market distorting interventions, such as trade barriers and subsidies.

As a member of the WTO, the U.S. is called upon to uphold the organization’s principles, and has committed to bringing its trade policies in line with the provisions of WTO agreements. Thus, since 1995, Trade Title is no longer an independent and unilateral policy tool, but one that must be considered in light of WTO principles. On several occasions, foreign nations have charged the U.S. with creating or implementing trade programs that violate the WTO’s provisions. While not all challenges have been successful, the WTO’s legal framework has influenced the evolution of farm bill trade programs, and the overall trade policies enacted by the U.S.

## II. THE 2018 FARM BILL

U.S. agricultural trade policy has had an important impact on the overall U.S. economy. Indeed, agricultural trade has maintained a significant trade surplus since 1960.<sup>12</sup> While agricultural exports have been impacted by shifting trade dynamics with Asia, and particularly China, trade is still a major outlet for farm commodities and constitutes about 20% of the value of U.S. farm production.<sup>13</sup>

The USDA’s Foreign Agricultural Service (FAS) administers the nation’s international food assistance programs, with the exception of programs under the Food for Peace Act, which is managed by the U.S. Agency for International Development (USAID).<sup>14</sup> The FAS also supports the nation’s agricultural sector and food industry through efforts to build, maintain, and expand overseas markets.<sup>15</sup> Thus, with exception of the Food for Peace Act, Title III programs are largely directed by FAS. These programs focus on three broad categories: Food Assistance, Market Development, or Export Financing.

### A. Food Assistance

The U.S. manages a number of food assistance programs that send both in-kind and cash donations to populations abroad experiencing emergencies or facing chronic hunger. The largest of these programs include: the Food for Peace Act, the Food for Progress Program, the McGovern-Dole International Food for Education and Child Nutrition program, and Local and Regional Procurement projects.

#### i. Food for Peace Act (FFPA)

FFPA is the main legislative vehicle authorizing U.S. international food assistance programs. FFPA functions primarily by shipping in-kind food aid commodities to recipient countries in response to emergencies or for development purposes.<sup>16</sup> Funding may also be used for cash-based assistance. While

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<sup>12</sup> MARK A. MCMINIMY, CONG. RESEARCH SERV., R43696, AGRICULTURAL EXPORTS AND 2014 FARM BILL PROGRAMS: BACKGROUND AND CURRENT ISSUES, SUMMARY (2016) [hereinafter MCMINIMY, AGRICULTURAL EXPORTS].

<sup>13</sup> See *Agricultural Trade*, ECON. RSCH. SERV. U.S. DEP’T OF AGRIC. (Aug. 20, 2019), <https://www.ers.usda.gov/data-products/ag-and-food-statistics-charting-the-essentials/agricultural-trade/#:~:text=U.S.%20agricultural%20exports%20were%20valued,percent%20increase%20relative%20to%202017.&text=Imports%20grew%20by%206%20percent,by%20strong%20domestic%20economic%20growth>

<sup>14</sup> THE 2014 FARM BILL, *supra* note 11.

<sup>15</sup> STAFF OF TRADE PROMOTION COORDINATING COMMITTEE, THE 2007 NATIONAL EXPORT STRATEGY 84 (Comm. Print 2007), <http://trade.gov/media/publications/pdf/nes2007FINAL.pdf>.

<sup>16</sup> SCHNEPF, *supra* note 8, at 9.



such cash-based aid is on the rise with the recent relaxation of the commodity monetization provisions throughout the title, the U.S. continues to be one of the only major international food assistance providers that relies primarily on in-kind food aid commodities.<sup>17</sup>

FFPA is divided into four titles, with Titles I and III being inactive. Title II is administered by USAID and is the main source of FFPA funding.<sup>18</sup> Since 2006, Title II has averaged \$1.8 billion in spending, or 74% of the U.S.’ overall spending on international food assistance programs.<sup>19</sup> Title IV finances the Farmer to Farmer program, which mobilizes American volunteers with agricultural expertise to provide technical assistance to farmers and farm organizations in developing countries.<sup>20</sup>

The 2018 Farm Bill makes several changes to funding for Title II of the FFPA including slightly increasing the minimum funding for nonemergency assistance.<sup>21</sup> It extends previous requirements for food assistance provided through U.S. Commodities to FFP Title II programs including requirements for adequate storage and non-interference with the local economy.<sup>22</sup> It also does away with the requirement to “monetize”, or sell to local markets to fund development projects, at least 15% of FFP Title II commodities.<sup>23</sup> The changes build on flexibilities added in the 2014 Farm Bill that allowed spending for a wider variety of purposes, such as purchasing food from within the target country or distrusting vouchers for households to purchase food, and to improve the nutritional profile of food aid.<sup>24</sup> Section 3101 of the title creates a new mandate that all FFP Title II assistance, including local food, products acquired outside the U.S., and any materials that accompany FFP assistance, must include labeling indicating the product is “furnished by the people of the United States of America.”<sup>25</sup>

In addition, the 2018 Farm Bill reauthorizes funding to expedite delivery of food aid commodities. Under a framework known as “prepositioning,” USAID is able to store food aid commodities in strategic sites in the United States and around the world in order to support a rapid response when emergencies arise.<sup>26</sup> In addition to increasing the funding for prepositioning, the 2014 Farm Bill allowed USAID to establish additional sites in foreign countries following the results of assessments into storage, feasibility, and costs.<sup>27</sup> Changes in funding schemes under the 2014 Farm Bill also provided for greater use of shelf-stable prepackaged foods. Funding increased from \$8 million to \$10 million through FY 2018, with 70% of the funds specified for preparation and stockpiling, and the remainder for rapid transport, delivery and distribution in foreign countries.<sup>28</sup> These specific provisions have been reauthorized in 2018.

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<sup>17</sup> *Id.* at 2.

<sup>18</sup> *Id.* at 10.

<sup>19</sup> *Id.* at 1.

<sup>20</sup> *Id.* at 10.

<sup>21</sup> CONG. RSCH. SERV., 2018 FARM BILL PRIMER: AGRICULTURAL TRADE AND FOOD ASSISTANCE (2019), <https://fas.org/sgp/crs/misc/IF11223.pdf>.

<sup>22</sup> Agriculture Improvement Act of 2018, Pub. L. No. 115-334, § 3109, 132 Stat. 4604.

<sup>23</sup> 2018 FARM BILL PRIMER, *supra* note 21.

<sup>24</sup> Agriculture Act of 2014, Pub. L. No. 113-79 § 3002; SCHNEPF, *supra* note 8, at 15, 24 (2016); Stephanie Mercier, *New and Unique Provisions in the Agricultural Act of 2014*, AGREE (March 2014), [http://www.foodandagpolicy.org/sites/default/files/Farm%20Bill%202014\\_Mercier.pdf](http://www.foodandagpolicy.org/sites/default/files/Farm%20Bill%202014_Mercier.pdf).

<sup>25</sup> Agriculture Improvement Act of 2018 § 3101, 132 Stat. 4603; MARK A. MCMINIMY ET AL., CONG. RSCH. SERV., R45525, THE 2018 FARM BILL (P.L. 115-334): SUMMARY AND SIDE-BY-SIDE COMPARISON 19, 151 (2019), <https://fas.org/sgp/crs/misc/R45525.pdf> [hereinafter MCMINIMY, SIDE-BY-SIDE].

<sup>26</sup> Agriculture Act of 2014, Pub. L. No. 113-79, § 3009; SCHNEPF, *supra* note 8, at 14; STAFF OF S. COMM. ON AGRICULTURE NUTRITION & FORESTRY, AGRICULTURAL ACT OF 2014 1 (Comm. Print 2014) (Senator Debbie Stabenow, Chairwoman), <http://www.agriculture.senate.gov/imo/media/doc/2014%20Farm%20Bill%20Title%20by%20Title%20Summary.pdf>.

<sup>27</sup> Agriculture Act of 2014, Pub. L. No. 113-79 § 3009.

<sup>28</sup> Agriculture Act of 2014, Pub. L. No. 113-79, § 3007; SCHNEPF, *supra* note 8, at 14.



## ii. Food for Progress Program (FFPP)

Like FPPA, FFPP sends agricultural commodities internationally in order to strengthen foreign communities and improve food security. However, while FPPA programs focus on food assistance in emergencies, FFPP allows the USDA to undertake multi-year agreements with foreign organizations to strengthen the agricultural sectors of developing nations. In particular, FFPP projects donate food to be sold at foreign markets, and use the proceeds to enhance local agricultural, economic, and infrastructure development. Such projects have included training, technical assistance, and micro-credit programs, and have included partnerships with NGOs, governments, and universities.<sup>29</sup> In 2016, USDA undertook eight international FFPP projects with a combined value of \$153.2 million.<sup>30</sup> The 2018 Farm Bill authorizes \$10 million annually for a pilot program to directly fund those aid activities instead of funding them through commodity monetization.<sup>31</sup>

## iii. McGovern-Dole International Food for Education and Child Nutrition (IFECN)

The IFECN program was first authorized in the 2002 Farm Bill. It calls for FAS and its partners to implement school feeding programs, as well as maternal and child nutrition programs, in foreign countries. IFECN takes advantage of in-kind food donations, financial assistance and technical support to create these programs in countries that demonstrate a need for “improving domestic nutrition, literacy, and food security.”<sup>32</sup> In 2014 alone, 2.5 million people received \$165 million worth of food as a part of the IFECN program. The 2018 Farm Bill authorizes up to 10% of funds for the program for locally-sourced foods and added a requirement that food should be delivered in a timely manner and throughout the entire school year.<sup>33</sup>

## iv. Local and Regional Procurement (LRP) Projects

The LRP program was authorized as a pilot program by the 2008 Farm Bill. It sought to provide communities with locally-procured food during emergencies. In particular, LRP projects award USDA and USAID partners cash grants in order to buy commodities from nearby markets and disburse the food to the targeted community. The LRP represents an innovative solution to many food assistance programs. First, this program allows for quicker response to crises. Because cash assistance to LRP partners can be transferred electronically, LRP projects avoid the wait-time and delays associated with international food transportation. Additionally, LRP benefits more people through locally-procured food assistance, which injects value into regional economies.<sup>34</sup> Though the pilot program expired in 2012, the 2014 Farm Bill created a permanent LRP program and authorized \$80 million annually in spending through 2018 (subject to yearly appropriations).<sup>35</sup> The 2018 Farm Bill reauthorizes funding at the same level.<sup>36</sup>

### B. Market Development Programs

FAS administers four market development programs: the Market Access Program (MAP), the Foreign Market Development Program (FMDP), the Emerging Markets Program (EMP), and the Technical

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<sup>29</sup> *Food for Progress*, U.S. DEP’T OF AGRIC., FOREIGN AGRIC. SERV., <https://www.fas.usda.gov/programs/food-progress> (last visited Sept. 11, 2017).

<sup>30</sup> SCHNEPF, *supra* note 8, at 16.

<sup>31</sup> Agriculture Improvement Act of 2018 § 3302, 132 Stat. 4617.

<sup>32</sup> SCHNEPF, *supra* note 8, at 17.

<sup>33</sup> Agriculture Improvement Act of 2018 § 3309, 132 Stat. 4622.

<sup>34</sup> SCHNEPF, *supra* note 8, at 17.

<sup>35</sup> 7 U.S.C. § 1726c.

<sup>36</sup> Agriculture Improvement Act of 2018 § 3311, 132 Stat. 4623.



Assistance for Specialty Crops Program (TASC).<sup>37</sup> The 2018 Farm Bill consolidates the four programs into a new program, the Agricultural Trade Promotion and Facilitation Program, thus establishing permanent mandatory funding for all four.<sup>38</sup> The Bill also establishes a “Priority Trade Fund” from which the Secretary can provide an additional \$3.5 million in funding for all of the export development programs.<sup>39</sup> Additionally, Cuba is now an eligible country for export program assistance under MAP and FMD.<sup>40</sup>

MAP provides funding for promotional activities, such as trade shows, market research, consumer promotions for retail products, technical capacity building, and seminars to educate overseas customers.<sup>41</sup> MAP funds can be used to support generic promotions by nonprofit trade associations, and brand-name promotions by small businesses. Large U.S. companies are not eligible for funding. Furthermore, MAP largely targets value-added products such as cotton, fruits, dairy products, meat, nuts, wood products, wine, and seafood.<sup>42</sup> The 2018 Farm Bill mandates that at least \$200 million of the \$255 million in Commodity Credit Corporation (CCC) funds allocated for expert promotion programs be spent on MAP.<sup>43</sup>

Similarly, the FMDP’s primary objective is also to assist industry organizations to expand export opportunities. However, unlike MAP, FMDP mainly promotes generic or bulk commodities in order to address long-term opportunities to expand export growth, such as the identification of new markets and improved agricultural and food processing infrastructure.<sup>44</sup> Substantially smaller than MAP, FMDP receives approximately \$34.5 million per year in funding.<sup>45</sup>

Smaller market programs directed by FAS include both EMP and TASC. EMP supports market development and agricultural exports to emerging markets by providing partial funding for technical assistance such as feasibility studies, market research, sector assessments, orientation visits, specialized training, and business workshops.<sup>46</sup> TASC assists exporters by funding projects that address sanitary, phytosanitary, and technical barriers that prohibit or limit U.S. specialty crop exports. Specialty crops includes all cultivated plants, except wheat, feed grains, oilseeds, cotton, rice, peanuts, sugar, and tobacco.<sup>47</sup> EMP and TASC are allocated up to \$8 million and \$9 million, respectively, which is \$1 million less each than in the 2014 bill.<sup>48</sup>

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<sup>37</sup> *Market Development*, U.S. DEP’T OF AGRIC., FOREIGN AGRIC. SERV., <https://www.fas.usda.gov/topics/market-development> (last visited Nov. 23, 2016).

<sup>38</sup> Agriculture Improvement Act of 2018 § 3201, 132 Stat. 4608; McMINIMY, *SIDE-BY-SIDE*, *supra* note 25, at 19.

<sup>39</sup> Agriculture Improvement Act of 2018 § 3201, 132 Stat. 4615; McMINIMY, *SIDE-BY-SIDE*, *supra* note 25, at 19.

<sup>40</sup> Agriculture Improvement Act of 2018 § 3201, 132 Stat. 4616; McMINIMY, *SIDE-BY-SIDE*, *supra* note 25, at 20.

<sup>41</sup> McMINIMY, AGRICULTURAL EXPORTS, *supra* note 12, at 10; *see also Market Access Program*, U.S. DEP’T OF AGRIC., FOREIGN AGRIC. SERV., <https://www.fas.usda.gov/programs/market-access-program-map> (last visited Jan. 6, 2017).

<sup>42</sup> McMINIMY, AGRICULTURAL EXPORTS, *supra* note 12, at 11; *see also Foreign Market Development Program (FMD)*, U.S. DEP’T OF AGRIC., FOREIGN AGRIC. SERV., <https://www.fas.usda.gov/programs/foreign-market-development-program-fmd> (last visited Sept. 11, 2017).

<sup>43</sup> Agriculture Improvement Act of 2018 § 3201, 132 Stat. 4615; McMINIMY, *SIDE-BY-SIDE*, *supra* note 25, at 19.

<sup>44</sup> *Foreign Market Development Program (FMD)*, U.S. DEP’T OF AGRIC. FOREIGN AGRIC. SERV., *supra* note 42.

<sup>45</sup> Agriculture Improvement Act of 2018 § 3201, 132 Stat. 4615; McMINIMY, *SIDE-BY-SIDE*, *supra* note 25, at 19.

<sup>46</sup> McMINIMY, AGRICULTURAL EXPORTS, *supra* note 12, at 12; *see also Emerging Markets Program (EMP)*, U.S. DEP’T OF AGRIC., FOREIGN AGRIC. SERV., <https://www.fas.usda.gov/programs/emerging-markets-program-emp> (last visited Jan. 6, 2017).

“Emerging market” countries are any country that “is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country” and “has the potential to provide a viable and significant market for United States commodities or products of United States agricultural commodities.”

<sup>47</sup> McMINIMY, AGRICULTURAL EXPORTS, *supra* note 12, at 12; *see also Technical Assistance for Specialty Crops (TASC)*, U.S. DEP’T OF AGRIC., FOREIGN AGRIC. SERV., <https://www.fas.usda.gov/programs/technical-assistance-specialty-crops-tasc> (last visited Jan. 6, 2017).

<sup>48</sup> Agriculture Improvement Act of 2018 § 3201, 132 Stat. 4615; McMINIMY, *SIDE-BY-SIDE*, *supra* note 25, at 19.



### C. *Export Financing*

In addition to food assistance and market development, FAS also administers programs that provide credit guarantees to encourage the financing of commercial exports of U.S. agricultural products. The Export Credit Guarantee Program, for instance, provides export credit guarantees to help ensure the availability of credit to finance the exports of U.S. agricultural products to countries where financing might not be available (mainly developing countries). All products must be entirely produced in the U.S. To address concerns related to the compliance with WTO law, current export credit guarantees are maintained at \$5.5 billion.<sup>49</sup> This works to ensure compliance with the dispute settlement with Brazil, while maintaining U.S. export competitiveness for agriculture. Direct credits of \$1 billion or credit guarantees of up to 10 years are authorized to continue annually through 2023.<sup>50</sup>

FAS also administers the Facility Guarantee Program (FGP), which guarantees financing of goods and services exported from the U.S. to improve or establish agriculture-related facilities in emerging markets. Eligible projects must improve the handling, marketing, storage, or distribution of imported U.S. agricultural commodities and products.<sup>51</sup>

## III. KEY ISSUES

While trade makes up a small percentage of farm bill spending, many have voiced their concerns with Title III programs, especially regarding the relationship between trade programs and domestic and foreign policies. Advocates of cash-based food assistance have also criticized the U.S.'s unique reliance on in-kind food donations, and have called on the U.S. to bring itself in line with the global norm.

### A. *Do Trade Programs Conflict with EPA Goals?*

The top level goal of the EPA Food Recovery Hierarchy is Source Reduction — a reduction in the volume of surplus food generated.<sup>52</sup> However, many have noted that agricultural exports are prone to global socio-political influences that generate large quantities of food waste. For instance, approximately 69% of cotton, 41% of wheat, 47% of soybeans, and more than 70% of tree nuts produced in the U.S. are absorbed by export markets,<sup>53</sup> yet geopolitical events, such as economic sanctions, may generate a large volume of food surplus, which cannot be absorbed by the domestic market (or through new foreign markets) and therefore go to waste.

While some efforts have been made to prevent food waste through Trade Title programs, such as USAID's Bellmon Analysis which determines if there are adequate storage facilities for recipients of U.S. food assistance, critics claim that the current Trade Title regime is fundamentally at odds with the nation's growing domestic policies to limit food waste.

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<sup>49</sup> 7 U.S.C. § 5641; McMINIMY, AGRICULTURAL EXPORTS, *supra* note 12, at 14; *see also Export Credit Guarantee Program (GSM-102)*, U.S. DEP'T OF AGRIC., FOREIGN AGRIC. SERV., <https://www.fas.usda.gov/programs/export-credit-guarantee-program-gsm-102> (last visited Jan. 6, 2017).

<sup>50</sup> 2018 FARM BILL PRIMER, *supra* note 21.

<sup>51</sup> McMINIMY, AGRICULTURAL EXPORTS, *supra* note 12, at 14; *see also Facility Guarantee Program*, U.S. DEP'T OF AGRIC., FOREIGN AGRIC. SERV., <https://www.fas.usda.gov/programs/facility-guarantee-program> (last visited Jan. 6, 2017).

<sup>52</sup> *Sustainable Management of Food*, U.S. ENVT'L PROT. AGENCY, <https://www.epa.gov/sustainable-management-food/how-prevent-wasted-food-through-source-reduction#benefits2> (last visited Nov. 23, 2016).

<sup>53</sup> *World Agricultural Supply and Demand Estimates Report*, U.S. DEP'T OF AGRIC., OFFICE OF THE CHIEF ECON., <https://www.usda.gov/oce/commodity/wasde/> (last visited Nov. 23, 2016).



### *B. Do Export Promotion Programs Violate WTO Principles?*

Although the U.S. has attempted to incorporate WTO principles into the farm bill Trade Title, current trade programs (such as the Export Credit Guarantee Program) still run the risk of violating WTO agreements. In particular, the U.S. has been accused of implementing trade programs in ways that create unfair subsidies for U.S. commodities. Brazil, a competing exporter of cotton, for instance, brought a claim against the U.S. for violating commitments outlined in the WTO's Agreement on Agriculture (AoA). The U.S. claimed that the programs represented domestic measures of support rather than subsidies for foreign trade, thus highlighting the blurry boundaries between domestic programs and world markets.<sup>54</sup>

While the U.S.-Brazil case was settled, many have called on Congress to be mindful of WTO compliance when authorizing trade provisions of the 2018 Farm Bill for at least four reasons. First, persistent failure to comply with international agreements may tarnish the United States' international reputation. While the immediate consequences might be insignificant, critics claim that flaunting trade agreements undermines the United States' influence in future negotiations. Second, WTO compliance is considered important in reducing the risk of trade disputes and their attendant consequences, including compensation and suspension of concessions (countermeasures taken by the aggrieved party). While WTO disputes arising from agricultural subsidies have rarely been brought against the United States, critics have pointed to the recent Brazil case challenging American cotton subsidies to demonstrate that challenges to the United States can be significant.

Third, advocates for WTO compliance call on the United States to honor its commitments out of equity concerns. Developing countries tend to be under far greater pressure to comply with WTO rules. They have fewer resources to devote to disputes or even to hire counsel to help with interpretation, meaning that they often take conservative interpretations of these provisions. The result, some argue, is a lop-sided arrangement that favors developed economies at the expense of the many developing nations. Finally, critics claim that American agricultural subsidies might be contributing to international food insecurity.<sup>55</sup> If this criticism is true, compliance with WTO compliance provisions would represent a significant step towards limiting these market distortions.

### *C. Should the United States Move Away From In-Kind Donations?*

Currently, the United States is one of the only major international food assistance providers that relies primarily on in-kind food aid donations.<sup>56</sup> However, many critics of the in-kind food assistance regime, including lawmakers, have pushed for an increase in cash-based assistance.<sup>57</sup> Advocates of cash-based assistance claim that this system has many benefits and should be expanded for nonemergency food aid programs. USAID indicates that cash-based assistance, or cash transfers, are particularly effective when people are physically spread out or highly mobile, when rapid response is a high priority, or when food needs are so severe that most income is spent on food.<sup>58</sup> Because cash transfers can occur electronically, this approach removes costly distribution and storage costs for food aid commodities and can reach

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<sup>54</sup> ELISABETH BONANOMI, SUSTAINABLE DEVELOPMENT IN INTERNATIONAL LAW MAKING AND TRADE, INTERNATIONAL FOOD GOVERNANCE AND TRADE IN AGRICULTURE 203 (2015).

<sup>55</sup> SCHNEPF, *supra* note 8.

<sup>56</sup> SCHNEPF, *supra* note 8, at 15.

<sup>57</sup> See Melissa Shapiro, *A Human Rights-Based Approach to International Food Assistance: Adopting a Long-Term Solution to an Immediate Challenge*, GEO. J. OF INT'L AFFS. (Dec. 8, 2020), <https://gija.georgetown.edu/2020/12/08/a-human-rights-based-approach-to-international-food-assistance-adopting-a-long-term-solution-to-an-immediate-challenge/>.

<sup>58</sup> *Types of Emergency Food Assistance*, U.S. AGENCY FOR INT'L DEV. (May 19, 2016), <https://www.usaid.gov/what-we-do/agriculture-and-food-security/food-assistance/programs/emergency-programs/types-emergency>.





vulnerable populations faster.<sup>59</sup> Cash transfers are also more supportive of local agricultural systems, as they allow for the purchase of locally produced food, and disrupt black markets that often arise with in-kind food donations.

While many critics do not call for in-kind donations to be completely eliminated, they claim that cash-based assistance can provide more sustainable and locally-supportive food assistance. This regime may already be shifting, as the 2014 Farm Bill expanded FFPA funding to allow for increased use of cash-based assistance programs. However, supporters of cash-based food assistance have advocated for even more funding for these programs, especially in the wake of the COVID-19 pandemic.<sup>60</sup>

*D. Should the next farm bill address trade aid policy more explicitly?*

Starting with the United States' withdrawal from the Trans-Pacific Partnership, continuing through negotiations over the North American Free Trade Agreement, and culminating in a trade war with China, the Trump Administration's foreign policy created a rough road for U.S. farmers and ranchers who rely on export markets.<sup>61</sup> To mitigate the escalating, retaliatory tariffs China imposed on U.S. agricultural products, the Secretary of Agriculture used his discretionary authority under the Commodity Credit Corporation Charter Act to provide trade aid packages in 2018 and 2019, amounting to \$12 billion and \$16 billion, respectively, in relief to farmers and ranchers, primarily in the form of direct payments.<sup>62</sup> China and the United States seemed to reach an accord at the beginning of 2020 in and China agreed to purchase \$40 billion worth of U.S. agricultural products.<sup>63</sup> However, amidst the ensuing pandemic, it appeared that Chinese procurement would not reach this target. While trade may stabilize with the shift in Administration in 2021, the tumult of the trade wars will likely impact how the next farm bill takes shape.

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<sup>59</sup> SCHNEPF, *supra* note 8, at 24–25.

<sup>60</sup> See Shapiro, *supra* note 57.

<sup>61</sup> See Clark Packard, *Trump's Trade Wars Have Made Bad Agriculture Policies Worse*, FOREIGN POL'Y (Oct. 27, 2020), <https://foreignpolicy.com/2020/10/27/trump-trade-wars-farmers/>.

<sup>62</sup> CONG. RSCH. SERV., FARM POLICY: USDA'S 2019 TRADE AID PACKAGE (2019), <https://fas.org/sgp/crs/misc/R45865.pdf>.

<sup>63</sup> Packard, *supra* note 61