

# US takes China to WTO over farm subsidies

Shawn Donnan



**The US has accused China of illegally subsidising rice, corn and wheat farmers,** adding agriculture to a growing list of Washington's concerns over Chinese overproduction and distortion of global markets.

**The launch on Tuesday of a new World Trade Organisation case comes as President Barack Obama is campaigning to get a vast new Pacific Rim trade deal ratified by Congress later this year** and selling it as a vital element of America's strategic response to China's economic rise.

It also comes amid global concerns about China's **industrial overcapacity** and a heated US presidential election in which global trade and China's impact on the US economy have been central issues.

Washington has stepped up a trade crackdown on China in recent months, introducing steep anti-dumping tariffs on steel imports, **launching a flurry of new WTO cases and pushing to resist China's demands to be treated as a market economy under WTO rules.** Tuesday's case is the **14th it has filed against China** during Mr Obama's presidency but its **first major action against Beijing on behalf of the powerful US grain export sector.**

"When American workers, businesses, and farmers have a fair shot to compete in the global economy, we win. And when other countries flout the rules to try and undercut American workers and farmers, we hold them accountable," Mr Obama said on Tuesday.

But, faced with a rising China negotiating its own new trade deals in Asia, that was not enough, Mr Obama said, pressing his case for the Trans-Pacific Partnership which his administration signed with Japan and 10 other countries earlier this year.

“As our global economy evolves, we have to ensure America plays a leading role in setting the highest standards for the rest of the world to follow,” the president said. “That’s what [the TPP] is all about.”

### Obama vows to make the case for Pacific trade deal



*Renewed push for Congressional approval when election ‘dust settles’*

Mr Obama’s push to secure congressional approval for the TPP faces major hurdles including the opposition of both Donald Trump and Hillary Clinton, the two candidates vying to succeed him. But the administration is hoping that with the backing of Republican leaders in Congress as well as **powerful business and agricultural lobbies** it can secure the votes needed to secure ratification after the November 8 election.

Key to that effort will be the support of members of Congress from farm states, some of whom joined Tuesday’s announcement of the WTO case.

The case is aimed at what Washington argues is almost **\$100bn in illegal subsidies that Beijing provides to farmers by setting inflated minimum prices for rice, wheat and corn** at which it then buys the grains during harvest season.

Those de facto subsidies, the US argues, **violate the commitments that China made when it joined the WTO in 2001. They also result in overproduction and affect the ability of US farmers to compete both in China and around the world.**

**The US is the world’s largest agricultural exporter and last year sent more than \$20bn in agricultural products to China.** But Tom Vilsack, the US agriculture secretary, said China’s price support for corn, rice and wheat had displaced imports from the US and other producers.

“We could be doing much better, particularly if our grain exports could compete in China on a level playing field,” he said. “When China joined the WTO, it committed to limit this kind of trade-distorting support, which it has failed to do, [and] this has resulted in significant losses to American producers. “