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SUBSIDIES

Notifications Pursuant to Article XVI:1

United States

The following new and complete notification has been received from the Office of the United States Trade Representative.

PART I: Export Credit Subsidies

PART II: Maritime Construction Subsidies

PART III: Export Assistance Measures

A. Export Enhancement Programme
B. Dairy Export Incentive Programme
C. Mandated Export Sales of Dairy Stocks
D. Sunflowerseed Oil and Cottonseed Oil Assistance Programmes

PART IV: Price Support Programmes

A. Wheat and Feed Grains
B. Rice
C. Cotton
D. Oilseeds
E. Peanuts
F. Dairy
G. Sugar
H. Wool and Mohair
I. Honey
J. Tobacco

Appendix

91-0552

I. EXPORT CREDIT SUBSIDIES

1. Nature and Extent of the Subsidies

a. Background and Authority

The U.S. Export-Import Bank is authorized by the Export-Import Bank Act of 1945 to provide credits, guarantees and insurance to promote exports of U.S. goods and services. The financial support is to be at rates and on terms which are consistent with the Arrangement on Export Credits and competitive with the government-supported rates and terms available from other countries whose exports compete with U.S. exports. The Eximbank, through the Foreign Credit Insurance Association (the "FCIA"), provides insurance to cover commercial credit risks and political risks. Inasmuch as several foreign governments offer extensive subsidies in support of exports from their countries, the U.S. Eximbank has, frequently, offered similar subsidies.

b. Amount of the Subsidy

The amount of the subsidy is calculated as the difference in financing costs between what a foreign purchaser might have paid for the U.S. export in the absence of any official support and what the U.S. Eximbank actually offered. The financial rate that an individual foreign purchaser is able to obtain in the credit market will vary with a number of factors, including the credit-worthiness of the borrower and the risk of the particular project. This makes it difficult to assess an aggregate financial market rate that can be used to gauge the extent of the U.S. Eximbank subsidy.

In order to estimate the subsidy value of the U.S. Export-Import Bank direct loan program, the U.S. government evaluates all terms of alternative private modes of financing, translates these terms to cash flows, and calculates the internal rate of return of these cash flows. This internal rate of return is then used to discount the cash flows associated with Export-Import Bank financing. The present value of the Export-Import Bank direct loan cash flow is the subsidy value. This method requires the following sort of information about the private loan:

- Interest rate.
- Commitment fees.
- Grace periods.
- Disbursement schedules.
- Schedule of payments.

The comparable private sector rates for Eximbank loans were estimated from data on commercial bank intermediation costs, sovereign debt ratings, and spreads between yields on private and U.S. Treasury debt. [1]

The following table shows the U.S. government estimates of the subsidy value of the Export-Import Bank direct loan program:

Export-Import Bank of the United States
Direct Loan Program Subsidies
Dollars in Millions

Fiscal Year	Direct Loan Obligations	Subsidy Rate	Subsidy Value
1987	677.0	30%	205.0
1988	692.0	13%	87.7
1989	695.0	7%	38.9
1990	614.0	9%	54.0

This method of subsidy calculation measures the benefit to the borrower of Eximbank financing. The U.S. government, for its internal budgeting, will calculate subsidies on the basis of cost to government, rather than benefit to borrower, beginning in fiscal year 1992. Because the U.S. Government can borrow at lower interest rates than the private sector, cost to government subsidy calculations will show lower subsidies than benefit to borrower calculations. For consistency with prior reports, the subsidy estimates in this report were made on the basis of benefit to the borrower.

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[1] For additional information on the methodology of subsidy estimation, see Budgeting for Eximbank: A Case Study of Credit Reform, published by the Congress of the United States, Congressional Budget Office, January 1990.

2. Effect of Subsidy

It is impossible to estimate the quantitative trade effect of these subsidies without also examining the export credit subsidies offered by other countries. In most cases, the U.S. Eximbank offered a direct credit subsidy only when a major export competitor had offered, or was about to offer, an export credit subsidy. Thus, the effect of the Eximbank subsidy was frequently to prevent the loss -- due to foreign subsidization -- of exports that would otherwise have come from the United States.

II. MARITIME CONSTRUCTION SUBSIDIES

1. Nature and Extent of the Subsidy

a. Background and Authority

The Merchant Marine Act of 1936, as amended, provides a general authorization for construction-differential subsidies (CDS) to be paid to United States shipbuilders for the construction of certain ships built for and operated in the foreign commerce of the United States. However, no monies have been appropriated for ship construction since fiscal year 1982, and no funds are being budgeted for CDS in the foreseeable future.

b. Incidence

Title V of the Merchant Marine Act provides that CDS may be paid to either a United States shipyard or the purchaser of the ship. The amount of the CDS would equal the difference between shipbuilding costs in a U.S. shipyard and a reasonable estimate of the costs in a foreign shipyard, although by law, CDS cannot exceed 50 percent of domestic shipbuilding costs.

CDS may only be granted where (*inter alia*): (1) the purchaser is a U.S. citizen; (2) the ship is built for, and in general is operated in, the foreign commerce of the United States; (3) the shipyard is in one of the 50 states or Puerto Rico; (4) the purchaser satisfies certain managerial qualifications; (5) the vessel satisfies foreign commerce and national defense requirements; and (6) the vessel is documented under U.S. laws for 25 years (20 years for tankers and other bulk carriers).

c. Amount of Subsidy

CDS PAID OUT 1985-90

Fiscal Year	Subsidy Outlays
1985	$ 4,692,013
1986	$ (416,673)*
1987	$ 420,700
1988	$ 1,236,379
1989	$ -0-
1990	$ -0-

* The negative figure is due to construction differential subsidy payback.

2. Effect of Subsidy

Estimated Quantitative Trade Effects: the CDS program under the Merchant Marine Act was designed to provide incentives to U.S. citizens to purchase U.S.-built vessels, so as to ensure the maintenance of a U.S. shipbuilding industry. Thus, CDS could reduce the number of foreign-built vessels purchased by U.S. citizens for use in foreign commerce.

However, no monies have been appropriated for ship construction since fiscal year 1982, and no funds are being budgeted for CDS in the foreseeable future.

Since a ship constructed in the U.S. with CDS must be documented under the laws of the U.S. for at least 20 years thereafter, in fact, no subsidized vessels are exported.

III. EXPORT ASSISTANCE MEASURES

A. THE EXPORT ENHANCEMENT PROGRAM (GENERAL)

I. Nature and Extent of the Subsidy

(a) Background and Authority

The Export Enhancement Program, has operated under various authorities since May, 1985.

In November 1989, USDA announced new guidelines to determine the annual level of programming and to select proposed sales initiatives under the EEP. Under the new guidelines, initiatives are evaluated based on four factors. These are: (1) Trade Policy Effect -- EEP proposals must support the U.S. negotiating strategy of countering the export subsidies and unfair trade practices of competitors. Countries targeted for EEP sales are those where the U.S. has been unable to sell products or where the U.S. market share has dropped because of competition from subsidized exports. (2) Export Effect -- EEP initiatives must demonstrate the potential to develop, expand, or maintain markets for U.S. agricultural commodities with consideration given to the U.S. historical market share and long-term commercial relationships. (3) Effect on Non-subsidizers -- Individual EEP initiatives will not be approved if it is determined that sales for which a proposed EEP bonus would be paid would have more than a minimal effect on non-subsidizing exporters in the market. (4) Subsidy Requirements -- USDA will compare the subsidy requirement of EEP proposals to expected benefits. The overall program level for EEP, as well as bonus awards under individual EEP initiatives, will be maintained at the minimum levels necessary to achieve the expected benefits of the program's export expansion objective, as well as the anticipated long-term benefits from multilateral agricultural trade policy reform. Together, these four factors are considered in the selection of initiatives targeting specific commodities and countries that will best meet the program's trade policy and export expansion objectives.

The Food, Agriculture, Conservation, and Trade Act of 1990 required that, in each of the fiscal years 1991 through 1995, the CCC make available not less than $500 million of CCC-owned commodities or funds to carry out this program.

(b) Incidence

The program offers certificates that can be redeemed for government-owned CCC commodities as bonuses to exporters. The program has involved, and will continue to involve, a series of export initiatives. USDA periodically

announces the terms and conditions of each export initiative.

This program has worked as follows: (1) The General Sales Manager, acting as Vice President of the CCC, issues an "announcement" for a specific eligible commodity to be exported under the EEP and an "invitation" for offers from exporters to obtain a specific dollar and cents value of a CCC bonus in connection with a sale of an eligible commodity for export to a targeted country. (2) Interested exporters submit information to qualify as participants under the program. (3) The exporter must make a commercial sale of the eligible commodity under either a world-wide tender or a U.S.-origin tender, or a negotiated sale with a buyer as a result of a tender. (4) The exporter then makes an offer to the CCC to establish the amount of the CCC bonus in dollars and cents necessary to make the eligible commodity competitive with the same commodity being offered for sale from other exporting countries under a world-wide tender and furnish a performance certificate to the CCC. (5) The General Sales Manager determines if the CCC bonus makes the exporter's commercial sale of the eligible commodity competitive with the same commodity offered for export from other exporting countries and if the offer meets the requirements of the program. (6) The General Sales Manager notifies successful exporters and sends a written acceptance of the offer. (7) The exporter exports the eligible commodity against the sales contract. (8) The exporter furnishes proof of export and requests delivery of the CCC commodity bonus. (9) The CCC issues to the exporter certificates for the exact amount of the CCC bonus based on the net quantity of the eligible commodity exported against the exporter's sales contract. (10) The General Sales Manager agrees to a cancellation of the performance security, in whole or in part, provided the exporter has furnished evidence that the exports arrived in the designated country. (11) The exporter or holder of the certificates selects specific lots of eligible CCC-owned commodities from the CCC bonus catalog. (12) The CCC determines, if the lots selected are available, the market value of the lots of the CCC-owned commodity selected and the quantity of the CCC-owned commodity necessary to satisfy the value of the certificates to be redeemed. (13) The lots are set aside for delivery to the exporter. (14) The lots of CCC-owned commodities are delivered to the exporter or holder of the certificates in exchange for the certificates issued as the bonus.

(c) Amount of Subsidy

For fiscal year 1990, the United States Congress limited spending for the program to $566 million, of which $338.8 million was used.

(d) Estimated Amount per Unit

Because the program is operated on an ad hoc basis, where varying levels of bonuses may be offered for a range of different agricultural commodities, it is not possible to estimate the amount of subsidy per unit of exports.

II. Effect of the Subsidy

The CCC bonuses offered are intended to enable U.S. exporters to compete at commercial prices in selected foreign markets. The effect of the program is to enable exporters to offer prices that are competitive with those being offered by other countries' exporters in these selected foreign markets.

(a) Estimated Quantitative Trade Effects

As of March 1990, 105 initiatives have been announced under the program targeting 65 countries and 12 commodities. The total value of export sales facilitated under the program has reached approximately $10.1 billion. Sales included roughly 7 million MT of wheat, 3 million MT of flour (grain equivalent), 7 million MT of barley, 73 thousand MT of semolina (grain equivalent), 257 thousand MT of barley malt (grain equivalent), 319 thousand MT of sorghum, 191 thousand MT of rice, 189 thousand MT of poultry feed, 525 thousand MT of vegetable oil, 167 thousand MT of frozen poultry, 70 thousand head of dairy cattle, and 461 million table eggs (pieces).

(b) Statistics on Production, Consumption, Imports and Exports

Because of the ad hoc nature of the program and the variations and range of commodities exported under the program, it is not possible to provide meaningful statistics of the type referred to in the agreed format for notifications under Article XVI:1.

B. SECTION 114 DAIRY EXPORT INCENTIVE PROGRAM - 1990 ACT (SECTION 153 DAIRY EXPORT INCENTIVE PROGRAM - 1985 ACT)

I. Nature and Extent of the Subsidy

(a) Background and Authority

The Dairy Export Incentive Program (DEIP) was mandated by Section 153 of the Food Security Act of 1985. The program became operational on February 6, 1987. Section 114 of the Food, Agriculture, Conservation, and Trade Act of 1990 extends the operation of this program through December 31, 1995.

USDA follows four guidelines in selecting countries and commodities under DEIP. The guidelines take into account: effects on trade policy negotiations; developing, expanding or maintaining markets for U.S. dairy product exports; adverse effects on non-subsidizing exporters; and maintaining minimum subsidy levels that achieve the expected benefits of the program's export expansion and trade policy objectives.

(b) Incidence

Section 153 of the 1985 Act, as amended, mandated that the Commodity Credit Corporation operate a program for the period February 21, 1986 - December 31, 1995 and make payment (in cash, Commodity Credit Corporation-owned commodities, or generic certificates) on a bid basis to entities that sell U.S. dairy products for export. Export sales under the program must be in addition to, and, to the extent practicable, not displace, commercial export sales of U.S. dairy products.

Eligible dairy products, in bulk, are butter, butteroil, anhydrous milk fat, nonfat dry milk, whole milk powder, Cheddar cheese and American cheese for manufacturing.

Other legislation requires that the DEIP not be operated in a manner that will reduce dairy products made available from Commodity Credit Corporation inventory to domestic feeding programs.

(c) Amount of Subsidy

In Fiscal Years 1987 and 1988 combined, the U.S. Government spent $8.38 million on 24 million pounds of products. In Fiscal Year 1989, government expenditures were zero. In Fiscal Year 1990, the U.S. Government spent $9.25 million on 5015.28 metric tons of products.

(d) Estimated Amount Per Unit

Because the program is operated on an ad hoc basis, where varying levels of bonuses may be offered for several different kinds of dairy products, it is not possible to estimate the amount of subsidy per unit of exports.

II. Effect of the Subsidy

(a) Estimated Quantitative Trade Effects

Under Section 153 of the 1985 Act, through fiscal year 1990,9,750 tons of milk powder were exported to 15 countries and 5,015 tons of butteroil were exported to two countries.

(b) Statistics on Production, Consumption, Imports and Exports

This information is provided in the Appendix.

C. SECTION 111 MANDATED EXPORT SALES OF DAIRY STOCKS - 1990 ACT (SECTION 1163 MANDATED EXPORT SALES OF DAIRY STOCKS - 1985 ACT)

I. Nature and Extent of the Subsidy

(a) Background and Authority

Section 1163 of the 1985 Food Security Act mandated minimum annual levels of export sales of Commodity Credit Corporation-owned dairy stocks. The requirement was extended through 31 December 1995 by Section 111 of the Food, Agriculture, Conservation, and Trade Act of 1990.

(b) Incidence

Under Section 1163 of the 1985 Act, the Commodity Credit Corporation (CCC) is required to sell for export not less than 150,000 metric tons of CCC-owned dairy stocks in each of fiscal years 1986-1995, of which not less than 100,000 tons is to be butter and 20,000 tons is to be cheese, if the disposition of such commodities will not disrupt U.S. markets nor world prices and normal patterns of commercial trade.

(c) Amount of Subsidy

The subsidy is calculated as the difference between the CCC cost of acquisition for these stocks and the export sales price received. The United States Government sold its stocks at $258.0 million below cost in 1987, $99.8 million below cost in 1988 and $124.7 below cost million in 1989 under this program.

(d) Estimated Amount Per Unit

Because the program is operated on an ad hoc basis, varying amounts of subsidy occur for several different kinds of dairy products. It is not possible to estimate the amount of subsidy per unit of exports.

II. Effect of the Subsidy

(a) Estimated Quantitative Trade Effects

Under the program, the CCC has made the following sales to date:

	Butter/Butteroil	Nonfat Dry Milk (Metric tons)	Cheese
Fiscal Year 1986:	3,750	167,786	0
Fiscal Year 1987:	13,454	187,914	6,000
Fiscal Year 1988:	21,104	58,722	13,180
Fiscal Year 1989:	84,241	0	0
Fiscal Year 1990:	4,706	0	0
Five Year Totals	127,255	414,422	19,180

(b) Statistics on Production, Consumption, Imports and Exports

This information is provided in that section of this notification addressed to price support programs.

D. SUNFLOWERSEED OIL (SOAP) AND COTTONSEED OIL (COAP) ASSISTANCE PROGRAMS

I. Nature and Extent of the Program

(a) Background and Authority

Section 637 of the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1988, required the operation of the Sunfloverseed Oil Assistance Program (SOAP) through the end of fiscal year 1989. The program directed the Secretary to purchase $10 million of sunfloverseed oil, using funds available under Section 32 of the Act of 24 August 1935, to facilitate additional export sales of sunfloverseed oil in world markets at competitive prices. The Rural Development, Agriculture, and Related Agencies Appropriations Acts for fiscal years 1989 and 1990 directed the Secretary to use an additional $20 million and $30 million in funds to assist exports of sunfloverseed and cottonseed oils through the end of FY 1990 and FY 1991, respectively. The Food, Agriculture, Conservation, and Trade Act of 1990 extends the operation of SOAP and COAP through FY 1995, with funding not to exceed $50 million to be made available for the programs, to the extent provided in appropriations acts, in each of the five fiscal years.

(b) Incidence

It is similar to the Export Enhancement Program, except that bonuses are provided to U.S. exporters in the form of crude sunfloverseed and cottonseed oil rather than in Commodity Credit Corporation certificates.

(c) Amount of Subsidy

The program levels are indicated above.

(d) Estimated Amount per Unit

The program operates on an ad hoc basis. Therefore, estimates are not available.

II. Effect of the Subsidy

(a) Estimated Quantitative Trade Effects

As of January 1991, 129,300 tons of sunfloverseed oil had been sold with assistance under the SOAP program. Of the sales, 72,300 MT have been made to Egypt, with Algeria accounting for the balance. A total of 14,000 tons of cottonseed oil have been sold to date with assistance under the COAP, all to Egypt. As of January 17, 1991, there were three outstanding initiatives: 7,700 MT SOAP for Egypt; 3,000 MT SOAP for Algeria; and 6,000 MT COAP for Egypt.

(b) Statistics on Production, Consumption, Imports and Exports

Because of the ad hoc nature of the program, there are no meaningful statistics of the type referred to in the agreed format for notification.

IV. PRICE SUPPORT PROGRAMMES

The Food, Agriculture, Conservation, and Trade Act of 1990
The Omnibus Budget Reconciliation Act of 1990

Introduction

These programs are designed to (1) stabilize, support and protect farm income and prices; (2) assist in the maintenance of balanced and adequate supplies of food, feed and fiber; and (3) aid in the orderly marketing of farm commodities. The programs are financed by the Commodity Credit Corporation (CCC), a government-owned entity, and administered by the Agricultural Stabilization and Conservation Service (ASCS). The Food, Agriculture, Conservation, and Trade Act of 1990 (1990 Farm Bill) provides a five-year framework for the administration of these programs.

Price support programs for specified commodities were first authorized by the Agricultural Adjustment Acts of 1933 and 1938, and the Agricultural Act of 1949. The current programs are authorized by the Agricultural Act of 1949 (1949 Act), the CCC Charter Act, and the Food, Agriculture, Conservation, and Trade Act of 1990 (1990 Act). Generally, the 1990 Act amended the 1949 Act to cover five crop years, 1991 to 1995.

The commodity programs are purely voluntary except for tobacco and peanuts. They are made available to all farmers, but some choose not to participate, preferring to depend on the mechanisms of the free market.

The 1949 Act was amended by the Omnibus Budget Reconciliation Act of 1990 (the Reconciliation Act) to reduce projected expenditures by $13 billion over the Fiscal Year 1991-95 period. The primary source of the savings will be "triple base", the elimination of deficiency payments on 15 percent of the base acres of wheat, feed grains, upland cotton, and rice. In addition, the Reconciliation Act amendments impose marketing assessments on producers or first purchasers of sugar, honey, peanuts, wool and mohair, and tobacco. Producers of oilseeds will be charged a loan origination fee and milk producers could receive a reduction in price. The amendments also set minimum levels for acreage reduction programs.

The Omnibus Budget Reconciliation Act also contains provisions that are contingent on events connected with the Uruguay Round of the General Agreement on Tariffs and Trade. If the United States has failed to enter into such an agreement by 30 June 1992, the Secretary of Agriculture would be required to implement a marketing loan for the 1993-95 wheat and feed grains crops,

allowing producers to repay their loans at the world market price, and increase program levels for export promotion programs by $1 billion. In addition, the Secretary could waive the minimum Acreage Reduction Program levels for any of the 1993-95 crops of wheat, feed grains, upland cotton, or rice. However, if the President certifies to the Congress that the failure to enter into a Uruguay Round agricultural agreement was caused, in whole or in part, by the nonapplication of the "fast track" rules to implementation of that agreement, these provisions cease to be effective. If an agricultural agreement fails to enter into force in the United States by 30 June 1993, the Secretary may take specific actions if it is determined that those actions are "appropriate to protect the interests of American agricultural producers and to ensure the international competitiveness of United States agriculture." The Secretary may waive all or in part measures of the Reconciliation Act for agricultural spending. If this action is taken, then either or both of the following must also be implemented: (1) marketing loans for the 1993-95 crops of wheat and feed grains and/or (2) mandatory increases in funding for export promotion programs in an unspecified amount.

A. WHEAT AND FEED GRAINS (Corn, Barley, Oats, Sorghum, Rye)

I. Nature and Extent of the Subsidy

(a) Background and Authority

Wheat and feed grains are covered by a combination of programs that provide for income/price support and production adjustment. The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Act of 1949, and the Food, Agriculture, Conservation, and Trade Act of 1990. The principal export incentives for wheat and feed grains are the Export Enhancement Program and various export credit and credit guarantee programs administered by the CCC. These programs are described in separate parts of this notification.

There are no import controls on grains.

(b) Incidence

Nonrecourse loans and purchases provide price support for these commodities; deficiency payments provide income support. To be eligible for the price and income support programs (i.e. loans, purchases and deficiency payments), participating farmers must adhere to the regulations in the production adjustment programs. The Food, Agriculture, Conservation, and Trade Act of 1990 also authorizes the Secretary of Agriculture to implement several optional programs, including marketing loans, loan deficiency payments, and inventory reduction payments.

Price Support Rates

The price support rates for these commodities are established annually by the Secretary of Agriculture at levels which should allow the commodities to be competitively priced. For example, in 1986 the Secretary reduced the wheat and corn price support rates the full 20 percent permissible from the basic (statutory) levels. The basic wheat price support rate of $3.00 was reduced to $2.40, and the basic corn price support rate of $2.40 was reduced to $1.92 to maintain the competitiveness of U.S. exports.

Current national average price support loan rates per bushel are:

	1990	1991
	(---dollars---)	
Wheat	1.95	2.04
Corn	1.57	1.62
Barley	1.28	1.32
Oats	0.81	0.83
Sorghum	1.49	1.54
Rye	1.33	1.38

The national average price support rates are converted into local price support rates for grades and qualities at specified locations.

For 1991-95 wheat and corn crops, the basic price support rate will be set at 85 percent of the simple average of the season average prices received by producers during the five preceding marketing years, disregarding the high and low years, with declines limited to 5 percent per year. The Secretary has discretion to reduce further the basic price support rate by up to 10 percent depending on the current year stocks to use ratios and an additional 10 percent if the reduction is necessary to maintain domestic and export markets.

Price support rates for other feed grains will be set at their feed value relation compared to corn. These values are 81.43 percent for barley, 95 percent for grain sorghum, 51.43 percent for oats and 85 percent for rye.

Loans for wheat and feed grains mature on demand of the Commodity Credit Corporation, but no later than the end of the ninth calendar month following the month the loan is made. Producers may repay the loan plus interest (at the government borrowing rate) at any time up to maturity. If the loan is not repaid by the final maturity date, the CCC takes title to the commodity in full payment of the loan and interest charges; this is called a nonrecourse loan.

In addition, the CCC may purchase these commodities from producers at the local price support loan rate.

Target Prices

The target price for each commodity is established annually. The Food Security Act of 1985 amended the 1949 Act to establish minimum target prices for the 1986 through 1990 crops. Under the Act, the Secretary of Agriculture froze target prices in 1986 and 1987 at the 1985 level and reduced target prices by 2 percent in 1988, 3 percent in 1989 and 5 percent in 1990. The Food, Agriculture, Conservation, and Trade Act of 1990 amendments freeze minimum target prices for 1991-95 at their 1990 level. This results in the following minimum target prices:

	Wheat	Corn 1/
	(--dollars per	bushel--)
1988	4.23	2.93
1989	4.10	2.84
1990	4.00	2.75
1991-95	4.00	2.75

1/ Target prices for sorghum, barley, and oats are determined in relation to corn. There is no target price for rye.

Deficiency Payments

The Food, Agriculture, Conservation, and Trade Act of 1990 amendments to the Agricultural Act of 1949 mandate deficiency payments if the national weighted average market price received by farmers during the first five months of the marketing year (June 1991 through October 1991 for wheat, barley and oats; and September 1991 through January 1992 for corn and sorghum) is below the established target price for that crop year. The payment rate for 1991-93 crops of wheat and feed grains is the difference between the target price and either the five-month weighted average market price or the basic loan level,

whichever is higher. The Reconciliation Act amendments require that for the 1994-95 crops of wheat and feed grains the five-month market price will be replaced by the lesser of (1) the season average market price, or (2) the five-month market price plus $0.10 for wheat, and $0.07 for feedgrains, in determining the payment rate. Final deficiency payments are determined at the end of the crop year on the difference between the basic price support loan rate and either the final national weighted average market price for the entire marketing year or the announced loan rate, whichever is higher.

The deficiency payment for wheat in 1991 is estimated to be $1.47 per bushel. Deficiency payments will be made to eligible producers in December 1991, less a portion of any advance. The projected 1991 deficiency payment rates for grain sorghum, oats, barley, and corn are $0.56, $0.15, $0.47 and $0.58, respectively.

Wheat and feed grain producers can earn deficiency payments on actual acres planted within the permitted acreage established for the farm. Acreage for payments will include acres devoted to wheat plus conserving use designated to these crops under the 0/92 provision. The 0/92 provision states that growers who plant less than their payment acreage may receive deficiency payments on a portion of their underplanted acreage. If growers plant between 0 and 92 percent of their payment acreage to the program crop and devote the remaining payment acres to a conserving use, they will be eligible to receive deficiency payments on 92 percent of the payment acreage. Program participants may plant a minor oilseed crop on the 0/92 conserving use acres. Producers who plant minor oilseeds must choose between receiving deficiency payments under the 0/92 program, or receiving price support loans for the minor oilseeds, but not both.

Payments for the 1991-95 crops will be determined by multiplying the payment rate times the farm program payment yield established for the farm times either the acreage planted to the crop or 85 percent of the acreage base less any reduced acres, whichever is less. The amount of combined deficiency payments a farmer may receive under the wheat and feed grains programs together is limited to $50,000 per year, with certain exceptions noted below. There is no deficiency payment program for rye. Deficiency payments will not be made for any quantity on which a disaster payment was made. Any increase in deficiency payments resulting from the reduction in basic price support rates is subject to a $75,000 payment limitation.

Farmers were offered a portion of their projected final payment at the beginning of the crop year, an advance deficiency payment, for 1986-90 crops. Advance deficiency payments will be mandatory for 1991-95 crops.

Marketing Loans

The Food, Agriculture, Conservation, and Trade Act of 1990 amendments continue the authority provided in the Food Security Act of 1985 for the Secretary of Agriculture to offer wheat and feed grain producers a marketing loan. If a marketing loan were offered, then market prices are below the price support loan rate, producers may repay their loan at the world market price, as determined by the Secretary, or 70 percent of the basic price support rate, whichever is higher. Loans may not be required to be repaid at a level higher than the announced price support loan rate. Marketing loans have not been offered since 1986. They will not be offered in 1991.

Acreage Reduction

The Food, Agriculture, Conservation, and Trade Act of 1990 amendments continue the authority of the Secretary of Agriculture to require reductions in the acreage planted to wheat and feed grains. Acreage limitation or paid land diversion programs may be implemented if total supplies will be excessive. An acreage limitation program is commonly called an acreage reduction program or ARP. If an ARP is in effect, producers must participate in the ARP as a condition of eligibility for wheat and feed grain loans, purchases and deficiency payments.

When an ARP has been announced, the Department of Agriculture determines the acreage that may be planted to the crop by uniformly reducing the crop acreage base of each farm. Under an ARP, a percentage of each farm's acreage must be devoted to conservation uses.

The Omnibus Budget Reconciliation Act amendments set minimum ARP levels for the 1992-95 crops of wheat. The minimum ARP will be 6 percent in 1992, 5 percent in 1993, 7 percent in 1994 and 5 percent in 1995. This provision will not apply if the stocks-to-use ratio of wheat is less than 34 percent. The Reconciliation Act amendments set the minimum ARP for 1992-95 crops of corn, grain sorghum, and barley at 7.5 percent if the stocks-to-use ratios of these crops exceed 20 percent. The minimum ARP levels for wheat and feedgrains in the Reconciliation Act will not apply if the Secretary determines that the quantity of soybeans on hand on the first day of the marketing year for the 1991 crop will be less than 325 million bushels.

In 1991 the ARP is 15 percent for wheat. Producers not exercising the winter wheat option (explained below) must reduce their wheat plantings by 15 percent of their wheat acreage base to be eligible for loans, purchases, and payments for the 1991 wheat crop. Under the winter wheat option, producers who plant wheat in 1990 for harvest in 1991 may choose to receive payments on 100 percent of their acreage base less reduced acres. However, payments would be determined by the 12-month average market price instead of the 5-month average.

In 1991, producers of corn, sorghum, and barley must reduce plantings by 7.5 percent of their crop acreage base to be eligible. The oat acreage limitation will be zero percent of the crop acreage base.

Wheat producers participating in the basic acreage reduction must also devote eligible cropland equal to 15 percent of their farm's 1991 crop acreage base to the Acreage Conservation Reserve (ACR). The ACR for corn, grain sorghum and barley producers is 7.5 percent in 1991. The ACR requirement for oat producers will be zero in 1991.

The Secretary may also offer producers a paid land diversion (PLD) program if such payments will assist in obtaining the necessary adjustments in total acreage. A diversion program can be offered whether or not an ARP is in effect. The diverted cropland must be devoted to approved conservation uses. Payment amounts may be determined by bids submitted by producers or other such means as the Secretary deems appropriate. There will be no paid diversion program for wheat or feed grains in 1991.

The Food Security Act of 1985 authorized the Secretary of Agriculture to offer a set-aside program as an alternative to an ARP. The Food, Agriculture, Conservation, and Trade Act of 1990 eliminated this authority.

The Secretary may make inventory reduction payments to producers who agree to forgo obtaining loans and receiving deficiency payments and who limit the amount of wheat and feed grains planted for harvest to the crop acreage base less half of any acreage to be diverted by and ARP or PLD. The payment rate and quantity would be the same as those determined for loan deficiency payments.

Farmer-Owned Reserve

The Commodity Credit Corporation administers a Farmer-Owned Reserve (FOR) program for wheat and feed grains, except rye. The program is intended to promote market and price stabilization by assisting farmers who withhold supplies from the market in periods of surplus for release in periods of shortage. The Grain Reserve was originally established by the Food and Agriculture Act of 1977.

The FOR allows farmers to place eligible grain in storage and receive extended loans for 3 years with extensions as warranted by market conditions. The loans are "nonrecourse" in that farmers can forfeit the commodity held as collateral to the Government in full settlement of the loan without penalty and without paying accumulated interest. Interest on the loan also may be waived by the Secretary of Agriculture, and farmers may receive annual storage payments from the Government. Farmers may not take grain out of storage without penalty unless the market price reaches a specified "release price" or the loan matures. The release price is established by the Secretary of Agriculture. When this release price is reached, farmers may elect to remove their grain from the reserve but are not required to do so. At that point the storage and interest incentives may be reduced or eliminated.

The Food, Agriculture, Conservation, and Trade Act of 1990 contains three modifications to the program, (1) only the maximum levels of wheat and feed grains that may enter the reserve in a marketing year are specified; (2) producers may repay their reserve loan and market the crop at any time regardless of market prices; and (3) entry is permitted only when certain stocks-to-use ratios and market prices exist. The upper limits on the FOR quantity, as determined by the Secretary, will be no more than 300-450 million bushels for wheat and 600-900 million bushels for feed grains. For 1990, the limit on the FOR for wheat is 300 million bushels and for feed grains it is 450 million bushels. If reserve quantities exceed this limit at the time that 1990 crop loans mature or market prices are greater than 140 percent of the price support rate, no entry into the reserve will be permitted. As of December 1990, the FOR held zero bushels of wheat and 100 million bushels of feed grains.

(c) Amount of Subsidy

For Fiscal Year 1991, it is estimated that the United States Government spent $2.7 billion (net) on the wheat program, and $2.5 billion (net) for feed grains.

(d) Estimated Amount per Unit

See Tables 1 and 2 for this information.

Table 1: U.S. Support and Farm Prices

Grain	Year	Target Price	Average Price Support Rate	Average Farm Price	Deficiency Payment Rate
		(----------dollars per bushel---------)			
Wheat	1986/87	4.38	2.40	2.42	1.98
	1987/88	4.38	2.28	2.57	1.81
	1988/89	4.23	2.21	3.72	0.69
	1989/90	4.10	2.06	3.72	0.32
	1990/91	4.00	1.95	2.60	1.28
Corn	1986/87	3.03	1.92	1.50	1.11
	1987/88	3.03	1.82	1.94	1.09
	1988/89	2.93	1.77	2.54	0.36
	1989/90	2.84	1.65	2.36	0.58
	1990/91	2.75	1.57	2.35	0.51
Sorghum	1986/87	2.88	1.82	1.37	1.06
	1987/88	2.88	1.74	1.70	1.14
	1988/89	2.78	1.65	2.27	0.48
	1989/90	2.70	1.57	2.10	0.66
	1990/91	2.61	1.49	2.20	0.54
Barley	1986/87	2.60	1.56	1.61	0.99
	1987/88	2.60	1.49	1.81	0.79
	1988/89	2.51	1.44	2.80	0.00
	1989/90	2.43	1.34	2.42	0.00
	1990/91	2.36	1.28	2.20	0.20
Oats	1986/87	1.60	0.99	1.21	0.39
	1987/88	1.60	0.94	1.56	0.20
	1988/89	1.55	0.90	2.61	0.00
	1989/90	1.50	0.85	1.49	0.00
	1990/91	1.45	0.81	1.15	0.33
Rye	1986/87	none	1.63	1.49	none
	1987/88	none	1.55	1.63	none
	1988/89	none	1.50	2.52	none
	1989/90	none	1.40	2.10	none
	1990/91	none	1.33	2.10	none

NOTE: 1989/90 deficiency (except wheat deficiency) and 1990/91 farm prices and deficiency payment rates are preliminary.

Table 2: U.S. Production and Government Payments

Grain	Year	Total U.S. Production	Deficiency Payments	Total Government Payments a/
		(million bushels)	(---------million dollars---------)	
Wheat	1986/87	2,091	3,457	3,844
	1987/88	2,108	3,287	3,400
	1988/89	1,812	1,228	1,714
	1989/90	2,037	561	1,036
	1990/91	2,744	2,384	2,384
Corn	1986/87	8,226	6,210	6,862
	1987/88	7,131	5,918	7,866
	1988/89	4,929	2,165	3,906
	1989/90	7,525	3,508	3,753
	1990/91	7,935	3,508	3,508
Sorghum	1986/87	939	556	605
	1987/88	731	576	737
	1988/89	577	267	363
	1989/90	615	391	425
	1990/91	560	310	310
Barley	1986/87	609	340	389
	1987/88	521	303	375
	1988/89	290	38	187
	1989/90	404	16	71
	1990/91	419	35	35
Oats	1986/87	385	30	33
	1987/88	374	19	27
	1988/89	218	2	47
	1989/90	374	0	3
	1990/91	358	8	8

a/ Total government payments to producers are the sum of deficiency payments, land diversion payments, and Farmer-Owned Reserve storage payments.

NOTE: 1989/90 amounts are preliminary, 1990/91 amounts are projected.

II. Effect of the Subsidy

The Food, Agriculture, Conservation, and Trade Act of 1990 continues the aim of the Food Security Act of 1985 to introduce greater market orientation in U.S. farm policy. The 1985 Act tied price support rates to an average of past market prices and permits much larger discretionary reductions if the previous season's prices were low or if market competitiveness is likely to be hampered by the formula-determined rate. The reduction of price support rates resulted

in lower U.S. grain prices and removed an important impediment that was pricing the United States out of international markets.

(a) Estimated Quantitative Trade Effects

The United States is a grain exporting country. It is unlikely that the U.S. would import more grain even if the elimination of price support programs resulted in lower grain prices.

Certain support prices are set by legislation but there is considerable administrative discretion in lowering them. Price support rates were reduced in 1986 and 1987 and are intended to more closely correspond to prevailing market conditions through at least 1995. Target prices were reduced beginning in 1988 through 1990 and they will be frozen at 1990 levels for 1991-95. Lower price support rates should result in the competitiveness of American grains.

Furthermore, income support programs require producers to participate in production adjustment programs to be eligible for support.

In pricing commodities for domestic use, CCC-owned commodities generally are required to be sold at levels above the price support rate, depending on the commodity and other conditions of sale, plus reasonable carrying charges. In addition, higher minimum sales prices are applicable to wheat and feed grains when the farmer-owned grain reserve programs are in effect for such commodities. Congress has established the CCC pricing policy in order to protect the CCC's investment in the property, to stabilize prices, and not to disrupt commercial trade channels.

(b) Statistics of Production, Consumption, Imports and Exports

This information is contained in the Appendix.

B. RICE

I. Nature and Extent of the Subsidy

(a) Background and Authority

Rice is covered by a combination of programs that provide for income/price support and production adjustment. The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Act of 1949, and the Food, Agriculture, Conservation, and Trade Act of 1990.

(b) Incidence

Income support through target prices, deficiency payments, and nonrecourse loans and purchases of rice at the price support rate, is available to rice producers. Provisions in the 1949 Act -- marketing loans and marketing certificates -- are aimed at making rice competitive in world markets. To be eligible for the income support and marketing loan programs, farmers must reduce their rice plantings under the acreage reduction program.

Price Support Rates

The 1990 price support rate is $6.50 per hundredweight (cwt.). The 1991 price support rate will also be $6.50 per cwt. For the 1991-95 crops, the 1990 Act sets the minimum rates at 85 percent of the simple average of the season prices received by producers during the preceding five marketing years, dropping the years with the highest and lowest prices. The price support rate may not be reduced more than 5 percent below the previous year's rate and not lower than $6.50 per cwt.

Target Prices

The Food, Agriculture, Conservation, and Trade Act of 1990 amendments freeze minimum target prices at their 1990 levels. Target prices for 1987-95 follow.

(dollars per hundredweight)

1987	11.66
1988	11.30
1989	10.95
1990	10.71
1991-1995	10.71

Deficiency Payments

The deficiency payment rate for the 1991-93 crops will be equal to the target price minus the average price received by farmers during the first five months of the marketing year (August-December). or the price support loan rate, whichever is higher. The Omnibus Budget Reconciliation Act of 1990 amendments require that the deficiency payment rate for the 1994 and 1995 crops be calculated as the target price minus the higher of: (1) the lesser of: (a) the national average market price received by producers during the calendar year that contains the first 5 months of the marketing year; or (b) the

national average market price received by producers during the first 5 months of the marketing year for the crop plus an appropriate amount that is fair and equitable in relation to wheat and feed grains; or (2) the price support level for the crop. The gain from repaying loans at less than the price support loan rate (see below) is subject to a $75,000 payment limitation.

Payments for 1991-95 crops will be determined by multiplying the payment rate times the farm program payment yield for the farm times either the acreage planted to rice or 85 percent of the acreage base less any reduced acres, whichever is less. Producers who underplant acreage may, under some conditions, receive deficiency payments on the underplanted acreage. To be eligible, the producer must plant at least 50 percent of the maximum payment acreage to rice and designate at least 8 percent of such acreage as conserving use acres. No deficiency payment will be received on the 8 percent conserving use acreage. However, any additional acreage designated conserving use will be eligible for deficiency payments under the "50/92" provision. The maximum is the difference between the planted acreage and 92 percent of maximum payment acreage.

Marketing Certificates

At any time during the period 1 August 1986 through 31 July 1995, that the world price of rice adjusted for class is below the current loan repayment rate for that class of rice, marketing certificates will be issued. The value of the certificate is equal to the difference between the loan repayment level and the world price. Certificates are issued to producers when evidence is provided that the rice was sold or redeemed from a price support loan. Producers do not have to participate in the acreage reduction program to be eligible for such certificates. The certificates may be used for marketing, redeemed for agricultural commodities owned by the Commodity Credit Corporation, or redeemed for cash.

Marketing Loans

Producers are permitted to repay loans at the smaller of:

1. the loan rate determined for the crop; or

2. the higher of:
   a) the world market price for rice as determined by the Secretary of Agriculture; or
   b) 70 percent of the prevailing loan rate.

Producers may also elect to deliver their rice (loan collateral) to the government in full satisfaction of the loan.

Acreage Reduction

The Food, Agriculture, Conservation, and Trade Act of 1990 amendments continue the authority of the Secretary of Agriculture to require reductions in the acreage planted to rice. Acreage limitation or paid land diversion programs may be implemented if total supplies will be excessive. An acreage limitation program is commonly called an acreage reduction program or ARP. If an ARP is in effect, producers must participate in the program as a condition of

eligibility for rice loans, purchases and deficiency payments. The ARP cannot exceed 35 percent of the rice base acreage and should be at such a level as to reduce total carry-over stocks to between 16.5 and 20.0 percent of disappearance.

When an ARP has been announced, the Department of Agriculture determines the acreage that may be planted to rice by uniformly reducing the crop acreage base of each farm. Under an ARP, a percentage of each farm's acreage must be devoted to conservation uses. A 5 percent ARP has been announced for the 1991 rice crop.

The Secretary may also offer producers a paid land diversion (PLD) program if such payments will assist in obtaining the necessary adjustments in total acreage. A diversion program can be offered whether or not an ARP is in effect. The diverted cropland must be devoted to approved conservation uses. Payment amounts may be determined by bids submitted by producers or other such means as the Secretary deems appropriate.

(c) Amount of Subsidy

It is estimated that the United States Government spent $561.7 million (net) on the rice program in Fiscal Year 1991.

(d) Estimated Amount per Unit

See Tables 3 and 4 for this information.

Table 3: U.S. Support and Farm Prices

Crop	Year	Target Price	Average Price Support Rate	Average Farm Price 1/	Deficiency Payment Rate 2/
		(----------dollars per hundredweight---------)			
Rice	1986	11.90	7.20	3.75	4.70
	1987	11.66	6.84	7.27	4.82
	1988	11.15	6.63	6.83	4.31
	1989	10.80	6.50	7.35	3.56
	1990	10.71	6.50	6.75	4.21

1/ 1989 and 1990 farm prices are estimates.

2/ Deficiency payment rates are based upon the average farm price over the first five months of the marketing year.

Table 4: U.S. Production and Government Payments

Crop	Year	Total U.S. Production	Deficiency Payments	Total Government Payments 3/
		(million cwt)	(---------million dollars---------)	
Rice	1986	133.4	495	495
	1987	129.6	544	544
	1988	159.9	557	557
	1989	154.5	457	457
	1990	154.4	560	560

3/ Total government payments are the sum of deficiency, storage, diversion, marketing loan and certificate payments. 1989 and 1990 crop payments are estimates.

II. Effect of the Subsidy

(a) Estimated Quantitative Trade Effects

The rice provisions of the Food, Agriculture, Conservation, and Trade Act of 1990 are designed to improve the competitiveness of United States rice in world markets.

(b) Statistics of Production, Consumption, Imports and Exports

This information is contained in the Appendix.

c. COTTON: Upland and Extra Long Staple (ELS)

I. Nature and Extent of the Subsidy

(a) Background and Authority

Cotton is covered by a combination of programs that provide for income/price support and production adjustment. The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Act of 1949, the Extra Long Staple Cotton Act of 1983, and the Food, Agriculture, Conservation, and Trade Act of 1990.

Under Section 22 of the Agricultural Adjustment Act of 1933, as amended, imports may be restricted if it is determined that they would render price support or stabilization programs ineffective. Such import quotas have been placed on cotton. However, if the average U.S. spot market price is unusually high, the quota must be increased by a certain amount.

(b) Incidence

Generally, the support programs for cotton provide for nonrecourse loans and deficiency payments to producers who comply with the requirements of the annual cotton acreage reduction program. Marketing loans, with a choice of two different repayment plans, are required when the adjusted world market price is below the loan rate. Whenever the adjusted world market price is below the loan repayment rate, the issuance of commodity certificates to first handlers of upland cotton is required.

Loan Rates

For 1991, the loan rate for upland cotton is $0.5057 per pound for the base quality, Strict Low Middling, 1-1/16", micronaire 3.5-4.9, at average U.S. location. The extra long staple cotton loan rate is $0.8299 per pound. For the 1991-95 crops of upland cotton, the loan rate will be the lower of (a) 85 percent of the average U.S. spot prices during the previous 5 years (excluding the high and low years) or (b) 90 percent of recent average northern European prices. The loan rate cannot be reduced by more than 5 percent from the preceding year's rate and not to less than $0.50 per pound.

The loan period for cotton is ten months and must be extended another eight months under certain conditions. The loan rate for ELS cotton is equal to 85 percent of the simple average price received by producers of ELS cotton during the previous five years (excluding the high and low years).

Target Prices

The Food, Agriculture, Conservation and Trade Act of 1990 amendments require a minimum target price of $0.729 per pound for the 1991-95 crops of upland cotton. For ELS cotton, the 1991 target price is $0.996 per pound.

Deficiency Payments

The deficiency payment rate is equal to the target price minus the higher of (a) the national average market price received by farmers during the calendar year which includes the first five months of the marketing year, or (b) the loan rate determined for the crop. The 1991 payment rate for upland cotton is $0.10 per pound and for ELS cotton it is zero.

Payments for 1991-95 crops will be determined by multiplying the payment rate times the farm program payment yield for the farm times either the acreage planted to cotton or 85 percent of the crop acreage base less any reduced acres, whichever is less.

Loan Repayment

If the world price of upland cotton as determined by the Secretary of Agriculture is below the loan rate, in order to make United States cotton competitive in world markets, the producers are permitted to repay a loan at:

1. a level that is the lesser of:
   a) the loan level determined for the crop; or
   b) the higher of-
      i) the loan level determined for the crop multiplied by 70 percent; or
      ii) the prevailing world market price for cotton

2. such other level (not in excess of the loan level determined for the crop nor less than 70 percent of that level) that the Secretary determines will minimize loan forfeitures, minimize stock accumulation, minimize storage costs, and allow U.S. cotton to be competitive.

For each of the 1991 through 1995 crops, loan deficiency payments may be made to producers who are eligible but agree to forgo obtaining a loan in return for such payments. Up to one half the amount of the payment may be made in cotton commodity certificates.

Marketing Certificates

If the above (1 and/or 2) repayment plans fail to make U.S. cotton fully competitive in world markets and the prevailing world market price is below the loan repayment rate, negotiable marketing certificates must be issued. The value of each certificate is based on the difference between the loan repayment level and the adjusted world market price of cotton. These certificates may be used for marketing, redeemed for cash, or exchanged for agricultural commodities or products owned by the Commodity Credit Corporation.

Acreage Reduction

If the Secretary of Agriculture determines that the supply of cotton is excessive, an acreage limitation program must be implemented. The Secretary must operate an acreage reduction program to result in a ratio of carry-over to total disappearance of 30 percent. The limitation is achieved by applying a uniform percentage reduction (0 to 25 percent) to the crop acreage base for

each producer. Producers who do not reduce their cotton acreage become ineligible for loans and payments on their crop.

A 5.0 percent Acreage Reduction Program (ARP) is in effect for 1991 upland cotton and 5.0 percent ARP is in effect for 1991 ELS cotton.

(c) Amount of Subsidy

In Fiscal Year 1990, it is estimated that the U.S. Government spent $218 million (net) on the upland cotton program and zero on the ELS cotton program.

(d) Estimated Amount per Unit

See Tables 5 and 6 for this information.

Table 5: U.S. Support and Farm Prices

Crop Year	Target Price	Average Loan Rate	Average Farm Price	Deficiency Payment Rate
	(----------cents per pound----------			)
Upland				
1986/87	81.0	55.0	51.5	26.0
1987/88	79.4	52.25	63.7	17.3
1988/89	75.9	51.8	55.6	19.4
1989/90	73.4	50.0	64.9 1/	13.1
1990/91	72.9	50.27	n/a	7.3
ELS				
1986/87	102.48	85.40	89.9	14.08
1987/88	97.70	81.40	104.0	0.0
1988/89	95.7	80.92	118.0	0.0
1989/90	96.7	81.77	107.0 1/	0.4
1990/91	98.1	81.77	n/a	0.0

1/ Average farm price August 1989-December 1989.

Table 6: U.S. Production and Government Payments

Crop Year	Total U.S. Production	Deficiency Payments	Total 2/ Government Payments
	(1,000 bales)	(----------million dollars----------)	
Upland			
1986/87	9,525.0	1,258.0	1,384.0
1987/88	14,475.0	955.0	955.0
1988/89	15,077.0	1,128.0	1,170.0
1989/90	11,570.0 3/	677.0 3/	677.0 3/
ELS			
1986/87	206.0	2.46	2.46
1987/88	285.0	0.0	0.0
1988/89	334.0	0.0	0.0 3/
1989/90	663.0	n/a	n/a

2/ Total government payments are the sum of deficiency payments, land diversion payments, marketing certificates and loan deficiency payments.

3/ Calculated as of February 1990.

II. Effect of the Subsidy

(a) Estimated Quantitative Trade Effects

The provisions of the cotton program of the Food, Agriculture, Conservation and Trade Act of 1990 are expected to increase the competitiveness of United States cotton exports.

(b) Statistics of Production, Consumption, Imports and Exports

This information is contained in the Appendix.

D. OILSEEDS

Soybeans

I. Nature and Extent of the Subsidy

(a) Background and Authority

Soybeans are covered by a combination of programs that provide for price support. The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Act of 1949, and the Food, Agriculture, Conservation, and Trade Act of 1990.

(b) Incidence

The Agricultural Act of 1949 established a soybean marketing loan program. Under the marketing loan program, a producer is eligible to obtain a nonrecourse price support loan. The loan level for each of the 1991 through 1995 crops of soybeans shall not be less than $5.02 per bushel under the marketing loan provision. The producer may repay a loan at a level that is the lesser of the loan level determined for the crop; or the prevailing world market price established for soybeans (adjusted to U.S. quality and location), as determined by the Secretary of Agriculture; or at such other level (not in excess of the loan level determined for the crop) that the Secretary determines will minimize potential loan forfeitures, minimize the accumulation of soybean stocks by the Federal Government, minimize the cost incurred by the Federal Government in storing soybeans, and allow soybeans produced in the United States to be marketed freely and competitively, both domestically and internationally.

All producers are eligible to obtain soybean price support loans, which are 9-month loans. When a producer applies for the loan, a 2 percent loan origination fee will be deducted from the initial loan. In addition, loan deficiency payments will be paid to farmers who agree to forgo obtaining the marketing loan. Payment is based on the quantity eligible (farm acreage actually harvested multiplied by the actual yield established for the farm) multiplied by the amount by which the loan rate exceeds the loan repayment rate. Loan deficiency payments will be reduced by an amount equal to the amount of the loan origination fee.

Producers cannot be required to participate in any production adjustment for soybeans or any other commodity as a condition of eligibility for soybean price supports. Soybeans are not eligible for storage payments or any reserve program.

(c) Amount of Subsidy

The U.S. Government spent an estimated $5.3 million (net) on the soybean program in FY 1990.

(d) Estimated Amount per Unit

Year Beginning	Average Price Support Rate	Average Farm Price
	($/bushel)	
1983	$5.02	$7.81
1984	$5.02	$5.78
1985	$5.02	$5.05
1986	$4.77	$4.78
1987	$4.77	$5.43
1988	$4.77	$7.42
1989	$4.53	$5.70

II. Effect of the Program

(a) Estimated Quantitative Trade Effects:

The price support program for soybeans has had no appreciable effect on trade. In recent years, market prices have generally been above loan rates.

(b) Statistics of Production, Consumption, Imports and Exports

This information is contained in the Appendix.

Minor Oilseeds

I. Nature and Extent of the Subsidy

(a) Background and Authority

Minor oilseeds (sunfloverseed, canola, rapeseed, safflowerseed, flaxseed, mustardseed, and such other oilseeds as the Secretary may determine) covered by a combination of programs that provide for price support. The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Act of 1949, and the Food, Agriculture, Conservation, and Trade Act of 1990.

(b) Incidence

The 1949 Act as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 establishes a marketing loan program for minor oilseeds. Under the marketing loan program, a producer is eligible to obtain a nonrecourse price support loan. The loan level for each of the 1991 through 1995 crops for minor oilseeds shall not be less than $0.089 per pound. The Secretary shall permit a producer to repay a loan at a level that is the lesser of the loan level determined for the crop; or the prevailing world market price established for the minor oilseeds (adjusted to U.S. quality and location), as determined by

the Secretary; or at such other level (not in excess of the loan level determined for the crop) that the Secretary determines will minimize potential loan forfeitures, minimize the accumulation of oilseed stocks by the Federal Government, minimize the cost incurred by the Federal Government in storing oilseeds, and allow oilseeds produced in the United States to be marketed freely and competitively, both domestically and internationally.

All minor oilseeds producers are eligible to obtain price support loans, which are a 9-month loans. When a producer applies for the loan, a 2 percent loan origination fee will be deducted from the initial loan. In addition, loan deficiency payments will be paid to farmers who agree to forgo obtaining the loan. Payment is based on the quantity eligible (farm acreage actually harvested multiplied by the actual yield established for the farm) multiplied by the amount by which the loan rate exceeds the loan repayment rate. Loan deficiency payments will be reduced by an amount equal to the amount of the loan origination fee.

Producers cannot be required to participate in any production adjustment for oilseeds or any other commodity as a condition of eligibility for oilseed price supports. These minor oilseeds are not eligible for storage payments or any reserve program.

(c) Amount of Subsidy

Not available since the program is being implemented for the first time for the 1991 crops.

(d) Estimated Amount per Unit

Not available since the program is being implemented for the first time for the 1991 crops.

II. Effect of the Program

(a) Estimated Quantitative Trade Effects:

None to date since the program is being implemented for the first time with the 1991 crop.

(b) Statistics on Production, Consumption, Imports and Exports

This information is contained in the Appendix.

E. PEANUTS

I. Nature and Extent of the Subsidy

(a) Background and Authority

Peanuts are covered by a combination of programs that provide for price support and production control. The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the Food, Agriculture, Conservation, and Trade Act of 1990. There are no direct export incentives. There is a dual price support system in effect, under which peanuts for domestic edible use are supported at one level, and peanuts for export or crushing are supported at a lower level, set consistent with the world market price. The support price system is protected by an import quota established under the authority of Section 22 of the Agricultural Adjustment Act of 1933, as amended.

(b) Incidence

The price of peanuts is supported through nonrecourse price support loans and purchase agreements. The 1990 price support rate for quota peanuts is $631.47 per short ton. The 1990 loan rate for "additional" (over-quota) peanuts is $149.75 per short ton. The support rate for subsequent crops of quota peanuts will be the rate for the previous crop, adjusted to reflect any increases in the cost of production (excluding any change in the cost of land) during the previous calendar year. The support rate cannot be increased by more than 6 percent from the previous year. Under the amendments to the 1949 Act, the support rate cannot be increased by more than 5 percent from the previous year effective with the 1990 crop.

The price support rate for additional (over-quota) peanuts will be at levels the Secretary determines appropriate, given prices and demand of oils and meals. The rate must be set to incur no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

In addition to price support, peanuts are under a supply management program. The first part is the quota system. A national poundage quota is set and farm quota holders receive a farm poundage quota which is a proportionate share of the national poundage quota. The quota level of peanuts is intended to fill domestic demand for peanuts for human consumption (i.e. not for crushing or seed). The national poundage quota in effect for 1989 crop peanuts is 1,440,000 tons and 1,560,000 tons for the 1990 crop. The national poundage quota for 1991 crop peanuts is set at 1,550,000 short tons. Peanuts grown and marketed in excess of the farm poundage quota or by farmers without a quota must be contracted for export, crushing for oil, or Commodity Credit Corporation loan. It is possible for Commodity Credit Corporation "additional" peanuts to enter the domestic edible market under certain conditions.

The Omnibus Budget Reconciliation Act of 1990 amendments require a 1.0 percent marketing assessment on each of the 1991-95 crops of peanuts. In general, the first purchaser of peanuts is required to collect from the producer a marketing assessment equal to 0.5 percent of the applicable national average support rate times the quantity of peanuts acquired. The first purchaser remits that amount

F. DAIRY

I. Nature and Extent of the Subsidy

(a) Background and Authority

Dairy products are covered by a combination of programs that provide for price support. The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Act of 1949, and the Food, Agriculture, Conservation, and Trade Act of 1990. Prior to October 21, 1981, the Agricultural Act of 1949 required that the price of milk to producers be supported at such level between 75 and 90 percent of parity as would assure a level of farm income to maintain productive capacity sufficient to meet future needs. However, since October 21, 1981, the support price has been established by Congress at specific price levels, rather than parity levels.

The Food, Agriculture, Conservation, and Trade Act of 1990 amendments set the support price of milk at not less than $10.10 per hundred pounds through 31 December 1995. However, Omnibus Budget Reconciliation Act of 1990 amendments provide that $0.05 to $0.1125 per hundred pounds will be deducted from the price of milk paid to producers who increase production above that of the previous year. The 1990 Act amendments also provide for the preparation of a study of supply management alternatives for years when Commodity Credit Corporation purchases are estimated to exceed 7 billion pounds on a total solids milk equivalent basis. Under certain conditions, an additional assessment could be levied on the price of milk paid to producers.

Import quotas have been placed on many dairy products according to the provisions of Section 22 of the Agricultural Adjustment Act of 1933, as amended. Overall, the United States is a net importer of dairy products.

(b) Incidence

The Commodity Credit Corporation supports milk prices by buying butter, cheese and non-fat dry milk from manufactures at announced prices which are calculated to allow processors to pay farmers the announced support price for milk.

Price Support Levels

The following levels apply:

Year	Dollars per hundredweight (cwt.)
Calendar Year 1986	$11.60
January 1, 1987	$11.35
October 1, 1987	$11.10
January 1, 1988-90	$11.10
January 1, 1990	$10.10
January 1, 1991-96	$10.10

(c) Amount of Subsidy

It is estimated that in FY 1990. the U.S. Government spent $505 million (net) on the dairy program.

(d) Estimated Amount Per Unit

Marketing Year	Support Price at 3.67% butterfat	Average Farm Price at 3.67% butterfat
	$ per hundredweight	
1986-87		$12.54 (CY 1987)
Oct. 1-Dec. 31	$11.60	
Jan. 1-Sept. 30	$11.35	
1987-88		$12.26 (CY 1988)
Oct. 1-Dec. 31	$11.10	
Jan. 1-Sept. 30	$10.65	
1988-89		$13.56 (CY 1989)
Oct. 1-Mar. 31	$10.60	
Apr. 1-June 30	$11.10	
July 1-Sept. 30	$10.60	
1989-90		$13.78 (CY 1990)
Oct. 1-Dec. 31	$10.60	
Jan. 1	$10.10	
1990-95	$10.10	

II. Effect of the Subsidy

(a) Estimated Quantitative Trade Effects

In managing its dairy support program the United States strives to avoid setting support prices at levels which stimulate production beyond domestic market requirements. However, adjustments of support prices alone has not proved sufficient, largely because of continuing improvements in milk production technology. In those instances when dairy surpluses have accumulated, the policy is to avoid disrupting domestic markets or export markets for non-subsidizing exporters in disposing of those surpluses. Donations to domestic feeding programs accounted for 71 percent of surplus removals in 1988/89 and 51 percent of surplus removals in 1989/90. Foreign sales of dairy surpluses have been within the guidelines specified in Part III, Sections B and D of this notification.

The United States remains a large net importer of dairy products. Under Section 22 of the Agricultural Adjustment Act of 1933, as amended, import quotas are in effect for certain cheeses and several other dairy products.

(Section 22 provides for the imposition of import quotas on commodities under price support, if imports threaten to undermine the price support program).

(b) Statistics on Production, Consumption, Imports and Exports

This information is contained in the Appendix.

G. Sugar

I. Nature and Extent of the Subsidy

(a) Background and Authority

Sugar is covered by a combination of programs that provide for price support. The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Act of 1949, and the Food, Agriculture, Conservation, and Trade Act of 1990.

The price support program for sugar is authorized by the Agricultural Act of 1949. The Food, Agriculture, Conservation, and Trade Act of 1990 amended the 1949 Act with respect to the 1991-1995 crops of domestically grown sugarcane and sugar beets. A tariff-rate quota is in effect under the Additional U.S. Note 2 to Chapter 17 of the Harmonized Tariff Schedule of the United States (HTS). Import fees or quotas are also authorized by Section 22 of the Agricultural Adjustment Act of 1933, as amended. There are no export incentives for sugar. In addition, the Food, Agriculture, Conservation, and Trade Act of 1990 amended the Agricultural Adjustment Act of 1938 to provide for marketing allotments for sugar and crystalline fructose under certain circumstances.

(b) Incidence

Sugar prices are supported through nonrecourse loans made to sugar processors who must agree to pay at least the minimum level of support for the applicable region to any producer who delivers sugar beets or sugarcane for processing.

The 1990 national average support price (loan rate) is 18 cents per pound for raw cane sugar. The loan rate for refined beet sugar for the 1990 crop is 21.93 cents per pound. Under the Gramm-Rudman budget deficit reduction legislation both of these loan rates are reduced by 1.4 percent to 17.75 and 21.62 cents per pound, respectively.

Under the Food Security Act 1985, the President is directed by Congress to use all available authorities to enable the Secretary of Agriculture to operate the sugar program at no net cost to the Federal Government by preventing Commodity Credit Corporation accumulation of sugar acquired through loan forfeiture.

The Omnibus Budget Reconcilation Act of 1990 amended the 1949 Act to require first processors of sugar to pay marketing assessments to the Commodity Credit Corporation. For the

1991-95 crops of sugarcane, the first processor will pay a non-refundable marketing assessment of $0.0018 per pound of raw cane sugar processed from domestically-produced sugarcane. For the 1991-95 crops of sugar beets, the first processor will pay a non-refundable marketing assessment of $0.00193 per pound of beet sugar processed from domestically produced sugar beets.

The 1938 Act provides that, if the Secretary of Agriculture determines that imports would fall below 1.25 million short tons, raw value, in any marketing year (October/September), he is directed to impose marketing allotments on domestic producers, limiting their ability to market domestically-produced sugar such that imports will meet or exceed the minimum 1.25 million short tons, raw value, level. Under the 1985 Act, no share of a sugar import quota or tariff-rate quota may be allocated to any country that is a net importer of sugar unless officials of that country verify that it does not export to the United States sugar previously imported from Cuba.

(c) Amount of Subsidy

In Fiscal Year 1990, the U.S. Government spent $0 (net) on sugar price supports. However, the program provides approximately $13 million per year in benefits as interest subsidies in connection with commodity loans.

(d) Estimated Amount per Unit

The support price is maintained primarily through import barriers rather than government expenditures.

II. Effect of the Subsidy

(a) Estimated Quantitative Trade Effects

The price support program is intended to stabilize domestic prices and to support producer income in times of world surpluses and low world prices. Most sugar imports currently are subject to tariff-rate quotas. The United States is a net importer of sugar and expects to remain so through 1995.

(b) Statistics on Consumption, Production, Imports and Exports

This information is contained in the Appendix.

H. WOOL AND MOHAIR

I. Nature and Extent of the Subsidy

(a) Background and Authority

The National Wool Act of 1954 was amended by the Food, Agriculture, Conservation, and Trade Act of 1990 to cover the 1991-95 marketing years for wool and mohair. There are no import quotas or export incentives for wool or mohair.

(b) Incidence

Support is carried out through incentive payments to producers. These payments encourage producers to improve the quality and marketing of wool and mohair, since the producers who get higher prices for wool and mohair also get higher incentive payments. Payments are based on the percentage, called the payment rate, needed to bring the average return (market price + payment) received by all producers up to the support level. To determine a producer's payment, the payment rate is applied to the individual producer's net proceeds from the sale of wool or mohair. For the 1991-95 marketing years of wool and mohair the Agricultural Reconciliation Act imposes a marketing assessment of 1.0 percent that is deducted from the total payment. The support prices for 1991 are $1.88 per pound for wool and $4.46 per pound for mohair.

The Food, Agriculture, Conservation, and Trade Act of 1990 amendments also contained the following provision: The total amount of payments that a person shall be entitled to receive under this Act for wool or mohair for any marketing year shall not exceed:

A. $200,000 for the 1991 marketing year;
B. $175,000 for the 1992 marketing year;
C. $150,000 for the 1993 marketing year;
D. $125,000 for the 1994 and subsequent marketing years.

(c) Amount of Subsidy

In Fiscal Year 1990, the U.S. Government spent approximately $158 million on the wool and mohair programs.

(d) Estimated Amount per Unit

The national average support prices, farm prices and payment rates are given below:

	Support Price	Farm Price	Payment Rate 1/
	(-----$ per pound	----------)	(% of market return)
Wool			
1987	$1.81	$0.92	.974
1988	$1.78	$1.38	.290
1989	$1.77	$1.24	.427
1990	$1.82	$0.85	1.141
Mohair			
1987	$4.95	$2.63	.882
1988	$4.69	$1.89	1.481
1989	$4.59	$1.58	1.904
1990	$4.53	$1.50	2.021

1/ See explanation in I (b) above.

2/ 1990 figures are estimates.

II. Effect of the Subsidy

(a) Estimated Quantitative Trade Effects

The U.S. wool program does not affect international production or trade to a great extent because the dominant factor in U.S. wool production is the price of meat rather than the price of wool. The U.S. is and expects to remain a wool importer and a minor producer.

Because mohair prices are much greater than wool prices, goat meat prices are less important in determining mohair production than lamb prices are for wool. Even so, the mohair program is not believed to have a significant impact on mohair trade.

(b) Statistics on Production, Consumption, Imports and Exports

This information is given in the Appendix.

I. HONEY

I. Nature and Extent of the Subsidy

(a) Background and Authority

The current programs are authorized by the Commodity Credit Corporation Charter Act, the Agricultural Act of 1949, and the Food, Agriculture, Conservation, and Trade Act of 1990. The honey support program provides market stability to producers and encourages maintenance of bee populations which are vital for pollination of important seed, fruit, and vegetable crops. The honey support program is conducted pursuant to the Agricultural Act of 1949 which requires price support to be made available to honey producers through loans, purchases or other operations. There are no import quotas or export incentives for honey. The Food, Agriculture, Conservation, and Trade Act of 1990 amendments establish the following payment and forfeiture limits per producer for honey.

Government Benefit Limits

Year	Forfeitures	Payments	Total
1991	$200,000	$200,000	$400,000
1992	$175,000	$175,000	$350,000
1993	$150,000	$150,000	$300,000
1994	$125,000	$125,000	$250,000

(b) Incidence

Honey producers are supported through a price support loan program which also allows producers to repay loans at a rate lower than the loan rate. The loan rate for 1991-95 was set in the 1949 Act as amended by the 1990 Act at 53.8 cents per pound. This was instituted to encourage producers to market their honey rather than forfeit it to the Government and thus cause a build up of Government owned stocks. The difference between the loan rate and the rate at which the producer repays his loan is the deficiency payment. The lower rate fluctuates throughout the year and is established on a weekly basis. The 1990 Act amendments also provide that loan deficiency payments may be made to producers who agree not to obtain a honey price support loan.

The Agricultural Reconciliation Act amendments require producer-packers of the 1991-95 crops of honey to pay the Commodity Credit Corporation a non-refundable marketing assessment equal to 1.0 percent of the national price support level for the crop.

(c) Amount of the Subsidy

In Fiscal Year 1990, the U.S. Government spent $46.7 million on the honey program.

(d) Estimated Amount per Unit

Year	National Average Support Price	Market Price
	(----------cents per pound----------)	
1986	64.0	51.3
1987	63.0	50.3
1988	59.1	50.1
1989	56.4	48.4

II. Effect of the Program

(a) Estimated Quantitative Trade Effects

The support price for honey is above the world market price. During the mid 1980s the price support rate was well above the world price resulting in high levels of imports. The implementation of the lower repayment rate has reduced the number of forfeitures and lowered the level of imports but has not resulted in significantly increased exports.

(b) Statistics on Production, Consumption, Imports and Exports

This information is contained in the Appendix.

J. TOBACCO: Burley, Flue-cured, and Others (dark air-cured, fire-cured, sun-cured, cigar binder, cigar filler, and cigar binder)

I. Nature and Extent of the Subsidy

(a) Background and Authority

The production adjustment and price support programs for tobacco are conducted pursuant to the Agricultural Adjustment Act of 1938, the Agricultural Act of 1949, and the CCC Charter Act. There are no import quotas or export incentives for tobacco.

(b) Incidence

The amount of the national marketing quota for flue-cured and burley tobacco is established by the 1949 Act as not more the 103 percent nor less than 97 percent of the total of: (1) the total amount domestic cigarette manufacturers estimate they intend to purchase on auction markets or from producers during the marketing year; (2) average annual quantity exported from the United States during the three marketing years preceding the year for which the quota is being set; and (3) the Secretary determines is necessary to increase or decrease the producer association inventory to reach the reserve stock level.

The price support level for flue-cured and burley tobacco is determined by statutory formula. Price support for 1988 and subsequent years is based on the change in the preceding five-year average auction prices (2/3 weight) and the change in a cost of production index adjusted for yield trends (1/3 weight). For each of the 1991-95 crops of tobacco for which price support is made available, producers and purchasers are required by Agricultural Reconciliation Act amendments to pay the Commodity Credit Corporation a non-refundable marketing assessment equal to 0.5 percent of the national price support level.

The national average loan level for the 1991 flue-cured tobacco crop is $1.528 per pound. The national marketing quota is 877.7 million pounds. The national average loan level for burley tobacco is $1.584 per pound. The national marketing quota is 726 million pounds.

(c) Amount of Subsidy

For FY 1990, the U.S. Government spent $102 million on tobacco support programs (outlays), and had receipts (loans repaid and miscellaneous) of $410 million, for a net inflow of $307 million.

(d) Estimated Amount per Unit

Support prices and average farm prices for burley and flue-cured tobacco are given below:

	National Average Support Price	Average Farm Price
	($/lb.)	
Flue-cured		
1988	1.442	1.613
1989	1.468	1.674
1990	1.488	1.671 (Preliminary)
Burley		
1988	1.500	1.610
1989	1.532	1.672
1990	1.558	1.752 (Preliminary)

II. Effect of the Program

(a) Estimated Quantitative Trade Effects

In general, the United States price support program has not increased exports or decreased imports. Some American tobaccos command a premium price because of their high quality. However, the support program has raised U.S. tobacco prices higher than they would be otherwise, possibly acting as an import incentive and export disincentive.

(b) Statistics of Production, Consumption, Imports and Exports

This information is contained in the Appendix.

APPENDIX

United States

Statistics of Production, Consumption, Imports and Exports

Commodity/Year	Production	Consumption	Imports	Exports
Wheat (July-June)	(----------million metric tons----------)			
1985/86	66.0	28.5	0.4	24.9
1986/87	56.9	32.6	0.6	27.2
1987/88	57.4	29.6	0.4	43.5
1988/89	49.3	26.5	0.6	38.6
1989/90 (estimate)	55.4	27.0	0.6	33.6
1990/91 (projected)	74.7	35.2	0.7	29.3
Feedgrains (marketing year)	(----------million metric tons----------)			
1985/86	274.8	171.7	0.9	35.0
1986/87	238.1	181.3	0.7	45.9
1987/88	217.0	184.4	1.0	52.1
1988/89	149.7	157.7	1.2	61.2
1989/90 (estimate)	221.3	173.4	1.4	69.9
1990/91 (projected)	230.4	179.2	1.3	59.0
Rice (Rough Equivalent) (August-July)	(--------million metric tons-------)			
1985/86	6.1	2.8	0.1	0.2
1986/87	6.1	3.1	0.1	0.4
1987/88	5.9	3.4	0.1	0.3
1988/89	7.3	3.5	0.2	0.3
1989/90 (estimate)	7.0	3.6	0.2	0.1
1990/91 (projected)	7.0	3.8	0.2	0.2
Soybeans (September-August)	(----------million metric tons----------)			
1986/87	52.9	35.0	0	20.6
1987/88	52.7	34.6	1/	21.9
1988/89	42.2	31.2	.1	14.4
1989/90	52.4	34.0	.1	17.0
1990/91 (projected)	52.3	34.9	.1	15.8

1/ Less than 50,000 tons.

Commodity/Year	Production	Consumption	Imports	Exports
Sunfloverseed (September-August)	(----------million metric tons---------)			
1986/87	1.2	.9	1/	.3
1987/88	1.2	1.0	1/	.3
1988/89	.8	.9	1/	.1
1989/90	.8	.8	1/	.1
1990/91 (projected)	1.0	.9	1/	.1
Flaxseed (June-May)	(----------million metric tons---------)			
1986/87	.3	.3	.1	1/
1987/88	.2	.3	.1	1/
1988/89	1/	.2	.2	1/
1989/90	1/	.2	.2	1/
1990/91 (projected)	.1	.2	.2	1/
Rapeseed (June-May)	(----------million metric tons---------)			
1986/87	NA	NA	NA	NA
1987/88	1/	1/	NA	NA
1988/89	1/	1/	NA	NA
1989/90	1/	1/	NA	NA
1990/91 (projected)	1/	1/	NA	NA
Canola (September-August)	(----------million metric tons---------)			
1986/87	NA	NA	NA	NA
1987/88	1/	1/	1/	.0
1988/89	1/	1/	1/	.0
1989/90	1/	.1	.1	1/
1990/91 (projected)	1/	.2	.1	1/
Safflowerseed (September-August)	(----------million metric tons---------)			
1986/87	.1	.1	.0	1/
1987/88	.2	.1	.0	1/
1988/89	.1	.1	1/	1/
1989/90	.2	.1	1/	.1
1990/91 (projected)	.1	.1	.0	1/

Commodity/Year	Production	Consumption	Imports	Exports
Mustardseed (June-May)	(----------million metric tons----------)			
1986/87	NA	NA	NA	NA
1987/88	1/	.1	1/	1/
1988/89	1/	.1	1/	1/
1989/90	1/	.1	1/	1/
1990/91 (projected)	1/	.1	1/	1/

1/ Less than 50,000 tons.
NA--Not Available.

Peanuts (August-July)	(----------1,000 metric tons----------)			
1987/88	1,640	1,438	1	280
1988/89	1,806	1,491	1	312
1989/90	1,810	1,429	1	449
1990/91	1,634	1,508	1	NA
Dairy/Butter (Calendar Year)	(----------1,000 metric tons----------)			
1983	589	541	1	34
1984	500	536	1	51
1985	566	529	2	82
1986	545	506	2	25
1987	501	511	2	39
1988	547	498	2	28
1989	577	484	2	60
1990	565	512	2	50
1991 (forecast)	550	527	2	90
Dairy/Cheese (Calendar Year)	(----------1,000 metric tons----------)			
1983	2186	2208	130	17
1984	2120	2334	139	17
1985	2305	2456	137	39
1986	2363	2541	134	27
1987	2424	2673	120	20
1988	2527	2652	114	17
1989	2546	2695	125	7
1990	2750	2840	140	5
1991 (forecast)	2890	3010	130	5

Commodity/Year	Production	Consumption	Imports	Exports
Dairy/Nonfat Dry Milk (Calendar Year)	(----------1,000 metric tons--------)			
1983	680	336	1	289
1984	526	303	1	295
1985	630	292	1	446
1986	582	322	1	408
1987	480	329	1	384
1988	444	312	1	189
1989	397	230	1	170
1990	375	298	1	10
1991 (forecast)	390	241	1	100
Beet and Cane Sugar (October-September) a/				
1986/87	6,885	7,986	1,221	177
1987/88	7,146	8,133	874	—
1988/89	6,712	8,166	1,376	—
1989/90 (estimate)	6,622	8,454	1,971	—
1990/91 (forecast)	6,813	8,600	2,390	—
Honey (Calendar Year)	(---------millions of pounds---------)			
1985	150.0	257.0	138.2	6.5
1986	200.4	283.0	120.0	9.2
1987	226.8	321.2	58.3	12.4
1988	214.1	286.8	55.9	14.1
1989	169.3	281.2	77.3	9.9
1990 (forecast)	175.0	287.4	87.6	11.3
Shorn Wool (clean)(Calendar Year)	(---------millions of pounds---------)			
1987	45.3	142.8	105.1	1.0
1988	47.8	132.7	96.7	1.2
1989	48.0	141.4	106.9	1.2
1990 (estimate)	51.0	130.0	90.0	1.0
Mohair (greasy)(Calendar Year)	(----------millions of pounds----------)			
1987	14.0	0.1	d/	14.0
1988	13.2	0.2	d/	14.4
1989	13.7	0.8	d/	10.7
1990 (estimate)	13.5	0.8	d/	12.5

a/ in 1,000 short tons, raw value equivalent, deliveries

d/ less than 5 metric tons

Commodity/Year	Production	Consumption	Imports	Exports
Upland and ELS Cotton (August-July)	(-------million 480 lb. bales-------)			
1986/87	9.73	7.45	.3	6.68
1987/88	14.76	7.62	.2	6.58
1988/89	15.41	7.78	.5	6.15
1989/90	12.20	8.76	.2	7.69
1990/91 (projected)	15.62	8.40	.5	7.80
Tobacco (unmanufactured, dry weight)	(--------1,000 metric tons--------)			
1985/86	475	604	207	217
1986/87	487	676	223	195
1987/88	559	625	167	219
1988/89	558	568	194	225
1989/90 (estimate)	649	541	200	230