

**UNITED STATES – SUBSIDIES AND OTHER DOMESTIC SUPPORT  
FOR CORN AND OTHER AGRICULTURAL PRODUCTS**

Request to Join Consultations

*Communication from Brazil*

The following communication, dated 19 January 2007, from the delegation of Brazil to the delegation of the United States, the delegation of Canada and to the Chairman of the Dispute Settlement Body, is circulated in accordance with Article 4.11 of the DSU.

With reference to the request by Canada for consultations with the United States concerning *United States – Subsidies and Other Domestic Support for Corn and Other Agricultural Products* (WT/DS357/1, circulated on 11 January 2007), I hereby wish to convey the request of the Government of Brazil, pursuant to Article 4.11 of the *Understanding on Rules and Procedures governing the Settlement of Disputes* ("DSU"), to be joined in these consultations.

Brazil has a substantial trade interest in the issues under consultation, as explained below.

First, with regard to the so-called "first part" of Canada's request, Brazil recalls that it is the third major world producer and exporter of corn. In 2005/6, Brazilian production was of approximately 42 million metric tons or about 6% of total world production for the period.<sup>1</sup> Brazilian exports, in turn, amounted to 4 million metric tons in the same period.<sup>2</sup> The United States itself acknowledges the role of Brazil as a major participant in the corn market.<sup>3</sup> Further, as also recognized by the United States – "the world's dominant corn exporter"<sup>4</sup> –, "corn prices are largely determined by supply-and-demand relationships in the US market, and the rest of the world must adjust to prevailing US prices".<sup>5</sup> Under these circumstances, Brazil's substantial interest in the present consultations is more than well-founded.

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<sup>1</sup> The two major producers – the United States and China – responded for approximately 42% and 19% of total world production, respectively.

<sup>2</sup> See "World Agricultural Supply and Demand Estimates" (issued on January 12, 2007), pages 442-22 and 442-23, available at [www.usda.gov/oce/commodity/wasde/latest.pdf](http://www.usda.gov/oce/commodity/wasde/latest.pdf). The same level of exports was recorded in 2006. See <http://aliceweb.desenvolvimento.gov.br/default.asp>.

<sup>3</sup> "... Brazil is expected to remain a significant net exporter of corn because of attractive world prices and niche marketing." See "Baseline Projections for World Feed Grains Trade", available at [www.ers.usda.gov/Briefing/Corn/2005baseline.htm](http://www.ers.usda.gov/Briefing/Corn/2005baseline.htm).

<sup>4</sup> See [www.ers.usda.gov/Briefing/Corn/trade.htm](http://www.ers.usda.gov/Briefing/Corn/trade.htm).

<sup>5</sup> See [www.ers.usda.gov/Briefing/Corn/trade.htm](http://www.ers.usda.gov/Briefing/Corn/trade.htm). In this respect, the United States singles out Brazil and some other countries in stating that, "Several countries – including Brazil, Ukraine, Romania, and South Africa – have had significant corn exports when crops were large or international prices attractive." *Idem*.

Second, concerning the "second part" of Canada's request, Brazil has a clear and undeniable substantial interest in these consultations. The export credit guarantee programs challenged by Canada have been subject of a complaint by Brazil in the context of the dispute *United States – Subsidies on Upland Cotton* (WT/DS267), currently being examined by a DSU Article 21.5 compliance panel.<sup>6</sup> As the United States is fully aware, in the *cotton dispute* the original panel found, and the Appellate Body confirmed, that Brazil's case included export credit guarantees to *all* eligible agricultural commodities.<sup>7</sup>

Finally, with reference to the "third part" of Canada's request for consultations, Brazil's role as one of the major producer and exporter of various agricultural products and our strong engagement in multilateral debates about the rules of the *Agreement on Agriculture* prove Brazil's substantial interest and call for the US agreement on Brazil being joined in the consultations at issue. In addition, Brazil recalls that all the measures cited by Canada's request were also subject of the *cotton dispute*.

Brazil considers that the reasons hereby provided, taken individually or collectively, make it clear that Brazil has satisfied the requirements under DSU Article 4.11. Therefore, Brazil would appreciate being informed of the date and venue of consultations.

A copy of this letter is being served on Canada and the Chairman of the Dispute Settlement Body ("DSB").

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<sup>6</sup> See, e.g. Brazil's request for consultations (WT/DS267/1), Brazil's request for the establishment of a panel (WT/DS267/7), and Brazil's request of the establishment a panel under DSU Article 21.5 (WT/DS267/30). Brazil notes that Canada listed these two documents in the *statement of available evidence* attached to WT/DS357/1.

<sup>7</sup> Appellate Body Report, *US – Upland Cotton* (WT/DS267/AB/R), paras. 291 and 294. Panel Report, *US – Upland Cotton* (WT/DS267/R), paras. 7.65 and 7.69