

The 2008 US Farm Bill

What is in it and what will it change?

from ABARE research report 08.14

- In May this year the US government enacted a new Farm Bill termed the *Food, Conservation and Energy Act of 2008*. The Bill provides policy directives and sets down support prices and arrangements for the period from 2008 to 2012.
- The Bill was enacted against the background of two consecutive years of high market prices for grains, oilseeds and dairy products and record US farm incomes. It was also expected, when the Bill was being developed, that market prices would be at relatively high levels for these products over the period covered by the new Farm Bill.
- The buoyant market conditions might have been considered to provide an opportunity to reduce or eliminate many of the complex and market distorting support arrangements that have applied for major US farm commodities with few adjustment costs. Instead the new bill maintains the existing support arrangements and extends some of them to additional commodities. Furthermore it provides a major additional support option through revenue assurance for the main field crops that has the potential to provide support to farmers, even when market prices are higher than previously.
- The US President George W Bush vetoed the Bill on grounds that it will be costly at a time when US farmers are doing well and that it will impede efforts to open foreign markets. However, the US Congress overrode the veto, for a Bill that will result in further protectionism for US farmers.

Report: Roberts, I, Haseltine, C and Andrews, N 2008, *The 2008 US Farm Bill: What is in it and what will it change?*, ABARE research report 08.14 for the Australian Government Department of Agriculture, Fisheries and Forestry, Canberra, December.