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Rising US agricultural support

Avoiding a common agricultural policy of the United States and Europe?

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Both the United States and the European Union know that no agreement can work unless they want it to

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Currently, negotiators from countries around the world are trying to reach agreement on World Trade Organisation (WTO) rules that will expand agricultural trade and enable countries to benefit from more open markets that are less distorted by national protectionism.

In the past, the outcomes of such negotiations rested largely on agreement between a few economically powerful countries, in particular the United States and the European Union.

The dynamics of these negotiations changed with the Uruguay Round in which the Cairns Group of both developing and smaller developed countries that advocate more open, less distorted trade, played an important role.

Also, the many developing country members are exercising increasing influence on WTO negotiations.

US and EU key players in trade negotiations

Despite the increasing diversity of influences, both the United States and the European Union know that no agreement can work unless they want it to: they are just so large and important in world trade. Between them they account for about half of world temperate zone agricultural exports.

The United States and the European Union have traditionally taken largely opposing stands in agricultural negotiations. Broadly, the United States advocates more open markets, while the European Union has tried to defend its highly protectionist Common Agricultural Policy (CAP).

These positions are evident in the present negotiations. However, there is also a sense that the United States is playing a double game of trying to make others open up markets and reduce agricultural protection while concurrently expanding subsidies to its own farmers.

This propensity to US agricultural protectionism has been affirmed in the US House of Representatives' Agriculture Committee's version of the 2002 US farm bill. That bill is but the first step in an extensive process of policy development for the 2002 farm bill.

If adopted that bill would lock in recently greatly increased agricultural subsidies. The international consequences would be more depressed and destabilised world prices and trade.

At the same time, the European Union appears more preoccupied with expanding its membership into the land rich countries of eastern Europe than with advancing trade liberalisation. Such expansion would extend the CAP into large areas that previously had much lower support.

What appears to be a rising tide of agricultural protectionism in the United States is fraught with danger for agricultural trade reforms globally through the WTO and is the main focus in this study.

This paper sends a warning signal to all who want to see reformed and more liberal agricultural trade — with the economic benefits that that confers — to

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their farmers, to their economies and to the world economy. Agricultural protectionism is on the march, even in the United States, the country on which many have depended to advance the cause of trade liberalisation in the face of opposition from the European Union, Japan and the Republic of Korea.

A significant shift in US policy direction will be critical if the present WTO agricultural negotiations are to succeed.

The rot sets in in the United States

As in other countries, there has been concern in the United States for many years about agricultural product prices trending downwards in real terms and because such prices are highly variable. These trends have forced farmers to innovate, adjust their scale or methods of farming and what they farm, or to leave farming.

Declining real prices indicate that agricultural supplies on the world market are rising faster than effective demand. There are two main factors contributing to this.

One is advances in technology. Such technology driven real price reductions are by no means confined to agriculture — other examples are vastly reduced prices and improved outputs for computers and related services, and reduced costs of transport.

The other reason is ongoing high support that continues to attract resources into agricultural production.

Policy makers in large producing and exporting countries such as the United States, who believe that they can shield their farmers from forced adjustment, face a dilemma. Irrespective of how much money they throw at agriculture, the downward trend in real prices continues, although prices fluctuate from year to year.

Setting domestic prices at constant levels or at levels that fall more slowly, or providing subsidies to offset world price changes results in increasing costs to national consumers or taxpayers. But the support stimulates production and further depresses world prices. In turn, this increases the costs of support.

These protective policies are designed to slow domestic agricultural adjustment, which forces more adjustment onto producers elsewhere.

Generally, people in the country providing the support might not wish to harm producers elsewhere. However, there are those who consider it desirable to make others suffer to increase their farmers' competitiveness.

The reality is that domestic taxpayers and consumers, the domestic economy, foreign farmers and global incomes all suffer as a result.

A long history of support to US farmers

Over the years, the US government has provided comprehensive support to producers of a select group of major crops and dairy products.

The present support systems originated from the New Deal legislation in 1930s. The arrangements were supposed to have been temporary and designed to address rural poverty arising from the Great Depression in the 1930s (Rasmussen 1985). The main supported crops are termed 'program' crops and include wheat, feed grains, rice and cotton.

For sugar, the history of the present high support and import restrictive arrangements also extends back to the 1930s (Schmitz, Allen and Leu 1985).

Forms of support for these crops have varied over time, usually involving the government underwriting internal market prices at minimum levels and providing extra subsidies, termed deficiency payments, to bring prices to producers up to administratively set target prices. In turn, the high prices increased production and depressed world prices, increasing the budget costs of underwriting minimum prices.

To counter these costs, the government made the receipt of deficiency payments and minimum support prices contingent on producers refraining from planting an administratively set proportion of their land to supported crops. These 'acreage set asides' helped redress the support induced depressed and destabilised world prices.

In contrast to the program crops that are mainly assisted through government payments, support to US sugar and milk producers is provided mainly through maintaining internal prices at well above world prices. For sugar this is done through restricting imports by tariff quotas. For milk, it is done by import tariff quotas and export subsidies for dairy products, supplemented by internal pricing and competition restrictions.

US farm bill

The rules for support arrangements are revised every few years in 'farm bills' legislated by the US Congress. In the 1996 bill the way in which support was delivered to producers of farm program crops was changed. A set scale of 'production flexibility contract' payments (called 'contract' payments in this paper) was drawn up for each of the seven years to 2002.

These payments were considered 'decoupled' and minimally market distorting as they do not vary with prices or production. This categorisation is important for compliance with obligations under the WTO Agreement on Agriculture. Payments meeting conditions for decoupling are exempt from any limitation or restriction.

In addition the government undertook to underwrite crop prices at what appeared to be low levels (the underwriting price per unit of production for each crop is termed the 'loan rate').

So instead of farmers' production decisions being based on high support prices, it was argued that they would be based on either the world price or, if world prices were very low, the government underwriting price. The so-called decoupled payments were considered to be minimally market distorting.

Discontinuation of area reduction programs was a quid pro quo for this change.

When world prices fell from 1998, the support voted in the 1996 farm bill was considered inadequate. This was despite billions of government dollars being expended to support producer prices at their underwritten levels — those expenditures peaked at US$9.8 billion in 2000 (US Department of Agriculture 2001a).

As a result, four successive large emergency packages were voted for between 1998 and 2001, boosting payments by US$28 billion over the past four years (US Department of Agriculture 2001b). These payments were largely made in proportion to the contract payments being received by individual growers and moved inversely with world market prices.

With these additional payments, US farm support reached record levels by 2000.

Recent policy developments in the United States

The strong protectionist elements in Congress considered that the 1996 farm bill was inadequate because it did not provide the necessary income 'safety net', prompting resort to emergency packages to 'rescue' hard pressed US farmers.

To 'correct' this shortcoming, the Agriculture Committee of the US House of Representatives, in developing its version of the US 2002 farm bill, set out to reinstitute many of the most market distorting of the pre-1996 forms of protection, but, significantly, not to reinstate the acreage reduction programs.

In the United States, agricultural policy development is primarily in the hands of two committees — the Agriculture Committee of the House of Representatives and the Senate Agriculture Committee. These committees draft their versions of each farm bill, before presenting their drafts for acceptance by the House of Representatives and the Senate respectively. The committees then reconcile their draft bills to produce a bill that is required to be accepted by a joint meeting of the two houses before being forwarded to the President for final acceptance.

The bill prepared by the Agriculture Committee of the House of Representatives in 2001, as well as institutionalising much market distorting support to the traditional

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farm program crops, would extend additional support to soybeans, a very large crop in the United States.

This would lock in large increases that have been instituted in recent years. Traditionally soybeans have received less support than the program crops. But between 1986–88 and 1998–2000, support rose from 8 per cent to 20 per cent of the value of production (OECD 2001).

That bill, as well as increasing the so-called decoupled 'contract' payments and extending them for a further ten years would institute additional 'countercyclical payments' that would raise unit returns to specified levels that are similar to the previous target prices. Such payments would rise automatically when world prices fall and decline when prices rise. They would be determined from set target prices and historically determined base areas and yields — the same areas and yields as contract payments.

Because the payments would be price related, they should not comply for exemption on grounds of 'decoupling' under the WTO Agreement on Agriculture. However, the base areas on which the payments would be made are 85 per cent of farmers' historical plantings and would be paid on fixed area and yield bases (House Committee on Agriculture 2001a). This might be construed as enabling such payments to be exempt from WTO commitments on the grounds of being under 'production limiting arrangements'. One condition for such exemption is that payments are on 85 per cent or less of production.

In the draft bill, producers receiving contract payments could elect to update the areas on which they could claim payments to areas actually planted from 1998 to 2001. This tells growers that they will be rewarded in perpetuity by expanding plantings — so much for the effectiveness of decoupling that is supposed to break the links between support and production.

The rationale for labeling direct payments decoupled is that breaking the links between support, prices, production and production factors should result in similar production to that with no support. The ability of producers to increase the payment areas through updating bases clearly links support and production incentives.

Consequently, these so-called 'decoupled' payments in the draft bill are not decoupled according to their effects.

Furthermore, the proposed countercyclical payments that automatically change with price changes would be paid on the same bases as contract payments, giving a total that varies with prices. That total should also compromise the present decoupled status of contract payments.

The decoupled status of US contract payments is now extremely questionable, highlighting the inadequacy of the present WTO criteria for support exemptions on the grounds of decoupling.

The main message sent by the draft farm bill is that US farmers need not adjust to changing prices — why should they when they have cast iron legislated guarantees that the government will provide them with more money whenever market prices drop.

Effectively, the bill, if it were to pass into US law, would institutionalise the additional support in the four recent emergency packages and increase the contract payments. The US Congress would have provided substantial open ended, clearly market distorting support to these crops, with no effort to contain the distortions through acreage reduction programs.

Is US support really much different from EU support?

The United States is often perceived as an efficient, competitive agricultural producing country where support is not very high and the European Union as a high cost producer where farmers rely on copious support through the CAP. The United States is also a strong advocate of trade liberalising multilateral reforms, while the European Union is a bastion of agricultural protectionism.

There is some truth in these perceptions. For some agricultural industries — in particular the major meats (beef, pig and poultry) — the United States is in fact highly competitive, with little government support. This contrasts with very high EU support for beef and moderate support for pig and poultry industries.

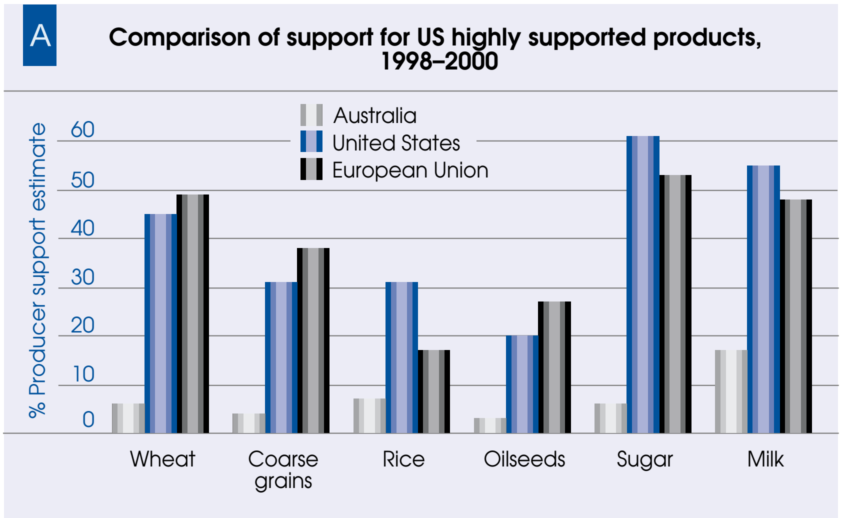
Because of the large size and low protection of the major US meat industries, the average level of support for US agriculture from 1998 to 2000 was well below EU levels — 23 per cent of the supported value of production compared with 40 per cent (OECD 2001).

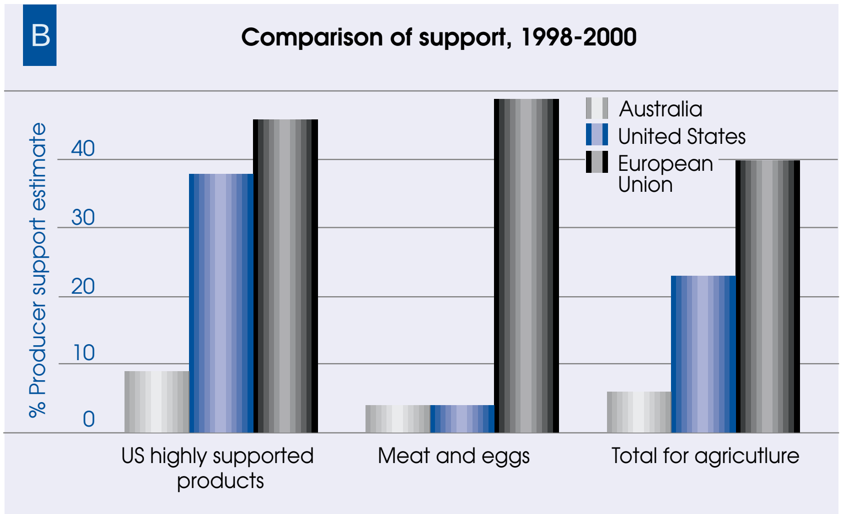
However, comparisons for major agricultural products other than meat show a different picture. OECD (2001) estimates indicate that US support for grains and oilseeds is now approaching that in the European Union (figures A and B), while that for sugar and dairy is higher.

One significant difference between US and EU support is that, over the past decade, US support for its major grain industries has tended to increase more rapidly than EU support when world prices drop and for US support to fall more markedly when world prices rise. This results in US support for these industries approaching or even reaching EU levels at times of low world prices but being well below them at times of high prices, such as occurred in the mid-1990s — this results in US support that averages less than EU levels over time, as is evident for wheat from figure C (OECD 2001).

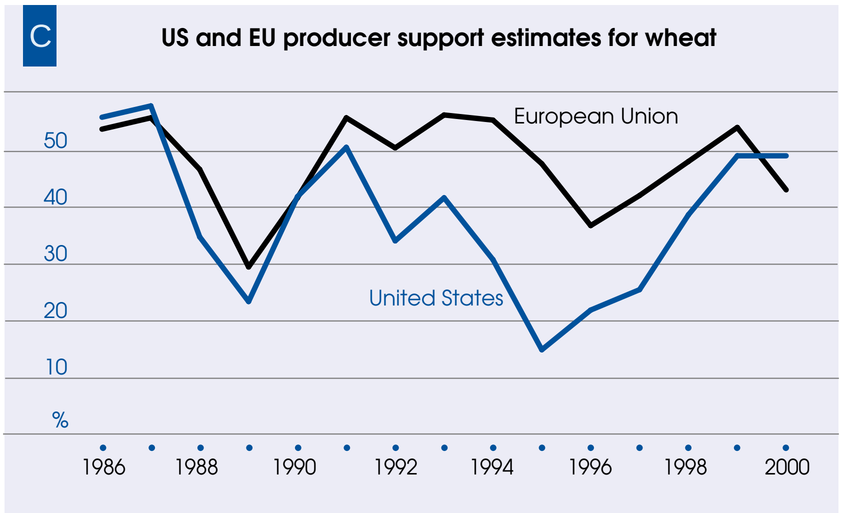
The reason for the greater volatility of US support for cereals is the greater emphasis in the European Union on largely set direct support payments since reforms in 1992. Although there was a comparable change toward similar US payments from 1996, such payments have been supplemented by large additional payments when prices drop.

Not only have US support levels for many of the most important agricultural commodities other than meat been approaching those in the European Union but the forms of assistance have been converging.





For milk, there have been similarities for a long time between levels of US and EU support and arrangements that have been used to provide it. In both places, support is provided mainly through restricting imports and subsidising exports of dairy products, thereby insulating domestic prices for



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milk at greatly above world price equivalents. However, since the mid-1980s, the surplus generating and market depressing effects of EU support have been contained by production quotas.

For sugar, there are also similarities. However, there are also differences because the European Union is a net exporter while the United States is an importer.

Both tightly restrict imports to maintain internal prices at stable levels greatly above world prices. The European Union also subsidises large amounts of exports that also act to support internal prices. Both also use the 'privilege' of the limited access they allow to their markets, and the price premiums that foreign suppliers can obtain from that access, to provide aid to traditional suppliers and former colonies through discriminatory preferential access. Such preferential access is highly inefficient, encouraging production in high cost countries and diverting benefits from trade away from more efficient producers, resulting in losses to the world economy.

In 1992 the European Union largely adopted mechanisms for cereals and oilseeds that underpinned the then current US support arrangements for cereals, rice and cotton. This helped bridge the gap between US and EU positions on agricultural support and was probably instrumental in agreement being reached in the Uruguay Round.

Previously, EU support for grain operated by managing internal prices at greatly above world prices through strictly limiting imports and subsidising exports. In 1992 it was decided that the means of providing the support, but not its levels, should be changed. The system adopted for cereals, oilseeds and protein crops combined lower supported prices akin to US loan rates, direct compensation payments that had a similar function to US deficiency payments, and US-like area reduction programs.

However, EU imports remained tightly restricted. The European Union maintained export subsidies (which were also being liberally applied by the United States at the time) but the rates were much lower than previously, as their internal support prices had been markedly reduced.

EU support levels had hardly changed. However, price support paid by EU consumers was largely replaced by taxpayer funded direct payments — as is the case with most US support for these commodities.

While the European Union adopted US-like support arrangements for cereals and oilseeds from 1992, the United States further adapted its own support arrangements from 1996. As discussed earlier, it replaced deficiency payments with 'contract' payments and eliminated acreage reduction programs. Then, it substantially increased budgetary transfers to producers in the four emergency programs voted from 1998 to 2001.

Also, since 1995, the United States has refrained from using export subsidies for wheat, the main product exported with such subsidies. Export subsidies increase market prices paid by domestic consumers as they divert supplies away from the domestic market and onto export markets. The discontinuation of these subsidies for wheat marks an even greater reliance on taxpayer funded support relative to consumer funded support than formerly.

The same can be said of the European Union where much more support than previously for arable crops (cereals, oilseeds and protein crops) is now provided through direct taxpayer funded transfers rather than via price support that relies substantially on export subsidies.

Export subsidies are still used for cereals in the European Union, but the levels are far lower than before 1992. They have been largely replaced by the compensation payments that cover most of the difference between unit returns to producers and those obtainable at world market prices.

The US and EU support arrangements for cereals since the early

1990s have differed only subtly according to precise definitions of direct payments, how they are paid, whether they have applied area reduction programs and whether they are continuing to use export subsidies. Currently, the EU employs area reduction programs and the United States does not.

An important similarity between US and EU support is that, for both, most support goes to those who need it least — large, wealthy farmers. Podbury (2000) showed that the largest 19 per cent of US farms received 66 per cent of total government support. In the European Union, the largest 17 per cent received 50 per cent.

This issue of who receives the lion's share of government support reflects the evolution of agricultural policies in both areas. Broadly, the plight of the small, struggling farmers who produce only a small fraction of total output sensitises public sympathy for support to farmers.

However, the policies developed have linked support to production levels — so those who produce most receive most.

This has been modified only marginally by so-called decoupled arrangements that break the direct link between production and prices, as farmers' payment bases reflect their past production.

Where are they going?

A few key sources provide a basis for predicting directions of change over the coming decade in both US and EU agricultural support policies. These include:

- the House Agriculture Committee's draft for the US farm bill (House Committee on Agriculture 2001b);
- Agenda 2000 that provides a blueprint for EU agricultural policies for well into the current decade (European Commission 1999); and
- proposals advanced by the US and EU governments to the current WTO negotiations on agriculture.

The tenor of statements of intent in the first two of these sources is that there is a commitment in both of these areas to maintaining the current lifestyle of their farmers and shielding them from external market forces.

Protectionist sentiment

In the United States, where one might expect less protectionist sentiment, clear protectionist positions are being taken by key policy makers. Larry Combest, Chairman of the House Agriculture Committee, when recently asked whether spending authorisations in his committee's draft House bill might exceed WTO limits, responded by saying that they wanted to comply with WTO rules, but his top priority was the welfare of US farmers — 'We want to show good faith. My interest is in protecting the American farmer.' (Reuters 2001).

The high cost House Agriculture Committee Bill was timed to catch the wave of big spending in the Congress that was being fueled by a large budget surplus. But that wave is showing signs of crashing with the slowdown in the US economy, taxation reforms and recently the initiatives to combat terrorism and special support for US aviation industries. There are therefore currently forces to moderate that high cost protection approach to US farm policy.

Revealed policy preferences

Revealed policy preferences and indications of directions in policy preferences are shown in table 1. The table covers the US farm program commodities, grains, rice and oilseeds (mainly soybeans) that have been supported primarily through government payments, and diary and sugar that have been assisted mainly through consumer funded price support.

In both the United States and European Union there is a clear high degree of preference for pursuing policies that maintain current farmer lifestyles, with the underlying major objective being to shield farmers from market forced adjustment.

For cereals and oilseeds, the essential support elements correspond closely —

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both set floor prices and strongly supplement market returns by domestic subsidies. This also applies for US cotton.

The areas of difference currently arise from differing degrees of emphasis on the various mechanisms used to manage internal prices and to constrain the market supply distortions arising from the protection.

The United States, as a naturally more competitive producer, is less restrictive of imports of most major field crops than the European Union. It is currently not using export subsidies for these crops whereas such subsidies are still an important element of the EU support system. Even so, EU reliance on export subsidies is dwindling rapidly.

The use of area reduction programs by the European Union and not the United States at this juncture represents a difference. US policy makers currently seem opposed to their reinstatement, but EU commitment to their maintenance is uncertain, depending on the potential for future surpluses and WTO limits on volumes of subsidised exports.

The similarities between US and EU policies are greater for the high price support commodities, milk and sugar, although there are important differences such as quota controls on production in the European Union and not in the United States. Furthermore, there is little evidence of fundamental reform by either.

Both the United States and the European Union have sugar price support systems that maintain prices to domestic consumers at greatly above world market levels. But one important difference between the regimes is that US sugar support encourages competition from other sweeteners, whereas the European Union limits such competition.

US sugar support has profoundly damaged world market demand for sugar, not only by increasing US production but also by encouraging the development and sale of substitutes

1 Similarities and differences between US and EU policies for selected products

■ Strong emphasis
● Preference, but not strong
▪ Weak preference

Policy approach	Grains and oilseeds: United States	Grains and oilseeds: European Union	Grains and oilseeds: Policy direction US	Grains and oilseeds: Policy direction EU	Milk and sugar: United States	Milk and sugar: European Union	Milk and sugar: Policy direction US	Milk and sugar: Policy direction EU
Restrict import access	▪	■ ▪ a	▪	■ ▪ a	■	■	■	■
Domestic support subsidies	■	■	■	■	●	●	●	●
Floor price support	■	■	■	■	■	▪	■	▪
Export subsidies	▪ b	■	▪ b	● c	■ d	■	● d	■
High internal market prices	▪	▪	▪	▪	■	■	■	■
Area reduction programs	▪	■	▪	■				
Production quota restrictions	▪	▪	▪	▪	▪	■	▪	●
Maintain current farm lifestyle	■	■	■	■	■	■	■	■
Link support to environment	●	●	●	■	▪	■	●	■
Provide preferential access	▪	▪	▪	●	■ e	■	■ e	■
Expand market access abroad	■	●	■	●	■	●	■	●

a The European Union tightly restricts import access for cereals but not for oilseeds which are a key input into its large oilseed crushing and stockfeed industries. **b** The United States has discontinued export subsidies for wheat since 1995 but maintains the legislative provisions to resume if required. **c** The European Union will continue to require export subsidies but their replacement by domestic support subsidies will reduce their incidence. **d** Milk products only. **e** There are strong preferential access elements in US sugar import arrangements and, to a lesser extent, for dairy products that now supply about half the US caloric sweetener market. Sugar import arrangements of both are highly discriminatory, providing preferential access on the basis of geopolitical influence and, in the case of the European Union, to former colonies.

There has been a trend toward greater emphasis on environmental considerations in agricultural policy. In the United States, this has been manifested in the Conservation Reserve Program under which farmers are paid not to cultivate erodible land. They are also encouraged to refrain from practices that damage environmentally sensitive wetlands.

Yet there are elements of market distorting protectionism in the environmental section of the recent draft House Agriculture Committee's farm bill that would provide for government incentive payments to encourage desirable practices for residue disposal and air quality management — expenditure that in an efficient system should be built into production costs and prices paid by consumers, not subsidised by governments.

In the European Union, there is even greater environmental awareness and efforts are being made to limit environmental degradation through such things as maximum stocking rates. However, Europeans also interpret environmental quality in terms of the cultivated and lived-in rural environment and justify market distorting agricultural protection on the grounds of preserving that environment.

As indicated in Freeman and Roberts (1999) and Anderson (1998), protection is likely to be much less efficient in achieving environmental objectives than policies specifically addressing environmental issues.

Finally, both the United States and European Union would like to see export market expansion through agreed reductions in international barriers to trade, with that propensity probably being greater in the United States. However, there is no real indication of preparedness by either to reduce their extremely high levels of market distorting domestic subsidies, while they continue to tightly restrict their own imports, especially for high price support products such as dairy products and sugar.

These observations are made on the strength of past and recent policy developments. However, it is important to acknowledge that the process of developing the 2002 farm bill still has a long way to go. As well as there being tightening fiscal conditions that could compromise important elements in the draft House Agriculture Committee bill, the Senate Agriculture Committee is still developing its bill. That bill is expected to focus more heavily on environmental, conservation, pest control and food safety aspects than on the traditional farm program support aspects that form the centrepiece of the House Agriculture Committee bill.

A further important contribution to the farm bill debate has been made by the US Department of Agriculture that recently released a 'principles' document that could influence both the further development of the farm bill process and approaches to future agricultural policies more generally (US Department of Agriculture 2001b).

That document questions the appropriateness of the farm programs that have evolved over the past seventy years for meeting the needs of a vastly changed, technically advanced US farming sector. It recognises the wide disparities between support for farm program commodities and other parts of US agriculture and the disproportionately high orientation of agricultural support to a small number of large farms — both issues highlighted in this paper.

It also indicates (p. 51) that 'our strongly held view is that agricultural policy must recognise that the market-place is the best guide for allocating resources and provides the most objective reward for efficiency and good management. But, that does not rule out helping farmers and ranchers when unexpected events beyond their control occur and cause output or income to plummet'.

Protection is likely to be much less efficient in achieving environmental objectives than policies specifically addressing environmental issues

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There is still time for America to display unambiguous leadership to guide the world toward the benefits from more open markets and less distorting government policies

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Conclusions

- Both the European Union and the United States have shown a willingness to shield their farmers from market forces for many years, the one important exception being for major meats in the United States.
- There are now many similarities in forms of agricultural support in the United States and the European Union.
- The United States has pursued highly supportive policies consistently for its major crop industries for several decades. Since 1998 there has been an upsurge in support payments, bringing them to record levels by 2000.
- US support for major grains is now close to EU levels. Such US support has risen more rapidly than EU support when world prices drop, as occurred in the late 1990s. However, it has fallen more at times of high world prices, as occurred in the mid-1990s, so that on average over time US support for grains has been lower than EU support.
- Both US and EU levels and methods of support for sugar and dairy are similar.
- In both the United States and European Union, most support goes to those who need it least.
- Market distorting US agricultural support has increased markedly over the past four years, partly as a result of four consecutive 'emergency' support packages.
- Supposedly decoupled 'contract' payments under the 1996 farm bill are being applied in ways that are production distorting — they are *not* minimally distorting.
- The US House Agriculture Committee's draft for the 2002 farm bill would, if adopted, institutionalise increased market distorting support through a combination of countercyclical and so-called decoupled payments.
- The United States has been a more active demander of open markets in international negotiations than the European Union, despite, or as a complement to, its own protection.
- The European Union appears to be more preoccupied with expansion into eastern Europe, that would extend the highly protective CAP, than with reform through the WTO. Its main preoccupation in the WTO is defending the CAP.
- US leadership will be critical for success in the current WTO agricultural negotiations. This extends beyond encouraging others to open their markets. It requires the United States to set an example with its own policies by reducing its own market distorting support and protection. The final 2002 farm bill will be an acid test of whether it is sincere in this, or whether its main objective is to retreat further into agricultural protectionism.
- The farm bill process so far has not been encouraging in this respect, but there are forces for change. The House Agriculture Committee bill is but the first shot in the campaign for the new farm bill. The Senate bill is still being developed and a period of debate and reconciliation is ahead. The US Department of Agriculture has recently released a major study aimed at injecting more market based principles into policy development. The US fiscal tide is swinging away from the practicality of the big spending approach. Recently, the US government has been in danger of creating a hand-out mentality that breeds dependence in US farmers — some of the world's most efficient and competitive. There is still time for America to display unambiguous leadership to guide the world toward the benefits from more open markets and less distorting government policies. The answers to problems in agriculture everywhere, not just the United States, lie not in large welfare payments to those least in need, but in efficient, targeted programs to assist those in genuine need and to safeguard the environment.

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