

Notifications on WTO domestic support in agriculture: how to review?

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Review in COAG

- **Review of implementation of commitments in domestic support**
 - Review is based on Members' notifications
- **Only a small number of Members ask questions**
 - **For example**
 - **Are the exemption criteria met?**
 - **Is a policy classified correctly?**
 - **Is the measurement of support correct?**
- **How to motivate a larger number of Members to participate in COAG?**

Understanding domestic support

- Support through policies not applied at the border
 - Subsidy payments
 - Administered prices
- Policy space for domestic support: two kinds
 - Exemption space: unlimited support
 - Limited space: AMS space (Aggregate Measurement of Support)
- Important distinctions
 - Measures vs. support
 - Ceiling on support vs. level of applied support

The exemptions

- Exemptions: 3 kinds
 - Policy meets green box criteria
 - No or at most minimal trade-distorting effects or production effects
 - Policy meets blue box criteria
 - Certain direct payments to producers
 - Policy meets Art. 6.2 criteria
 - Certain subsidies in developing countries
- Colored boxes – do they exist?
 - No, but it is easier to talk about colours than to cite full name of the category

... measures in favor of agricultural producers

**Non-green
measures**

**Green box
measures**

**Development
programs**

Blue box measures

**Non-exempt
measures**

Exemption space

AMS space



... measures in favor of agricultural producers

Non-green
measures

Green box
measures

Green box support

Development
programs

Development support

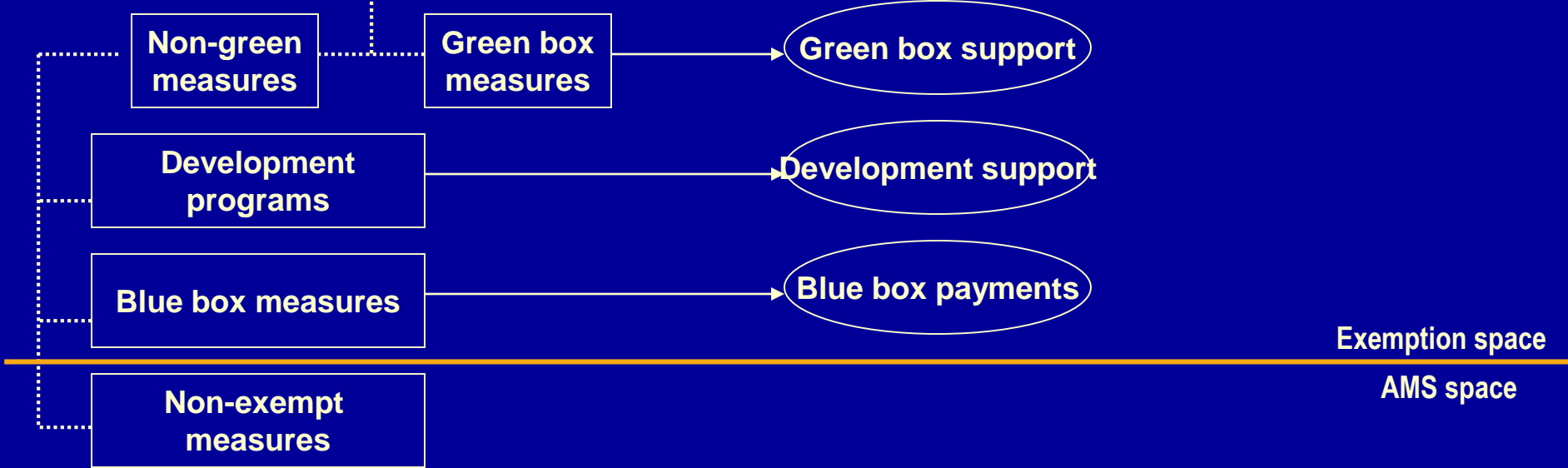
Blue box measures

Blue box payments

Non-exempt
measures

Exemption space

AMS space



... measures in favor of agricultural producers

Non-green measures

Green box measures

Green box support

Development programs

Development support

Blue box measures

Blue box payments

Non-exempt measures

Calculate AMSs

NPS AMS

Non-product-specific AMS (agriculture sector)

Product 1 PS AMS

Product-specific AMS (e.g. wheat)

Product 2 PS AMS

Product-specific AMS (e.g. milk)

etc.

Exemption space

AMS space



... measures in favor of agricultural producers

Non-green measures

Green box measures

Green box support

Development programs

Development support

Blue box measures

Blue box payments

Exemption space

AMS space

Non-exempt measures

Calculate AMSs

Applies to most WTO Members

The AMS is de minimis

NPS AMS

> 10%?

no

yes

violation

Product 1 PS AMS

> 10%?

no

yes

violation

Product 2 PS AMS

> 10%?

no

yes

violation

etc.

... measures in favor of agricultural producers

Non-green measures

Green box measures

Green box support

Blue box measures

Blue box payments

Non-exempt measures

Exemption space
AMS space

Calculate AMSs

Applies to China, Kazakhstan

The AMS is de minimis

NPS AMS

no
> 8.5%?

yes
violation

Product 1 PS AMS

no
> 8.5%?

yes
violation

Product 2 PS AMS

no
> 8.5%?

yes
violation

etc.

... measures in favor of agricultural producers

Non-green measures

Green box measures

Green box support

Development programs

Development support

Blue box measures

Blue box payments

Exemption space

Non-exempt measures

AMS space

Calculate AMSs

Applies to 32 WTO Members

Bound Total AMS

Current Total AMS

The AMS is de minimis

NPS AMS

no

> a% VOP?

yes

Product 1 PS AMS

no

> a% VOP?

yes

Product 2 PS AMS

no

> a% VOP?

yes

etc.

a = 5% or a = 10%

Current Total AMS > Bound Total AMS?

no

Compliance

yes

violation

Article 18 requires notifications by Members

- **Notification requirements**
 - Established by the Committee on Agriculture (COAG)
 - Timing and formats in document G/AG/2
- **Table DS:1 annually** (most Members)
- **Table DS:2 “new or modified measure”**
 - If Member claims that measure is exempt from reduction

Table DS:2 notifications

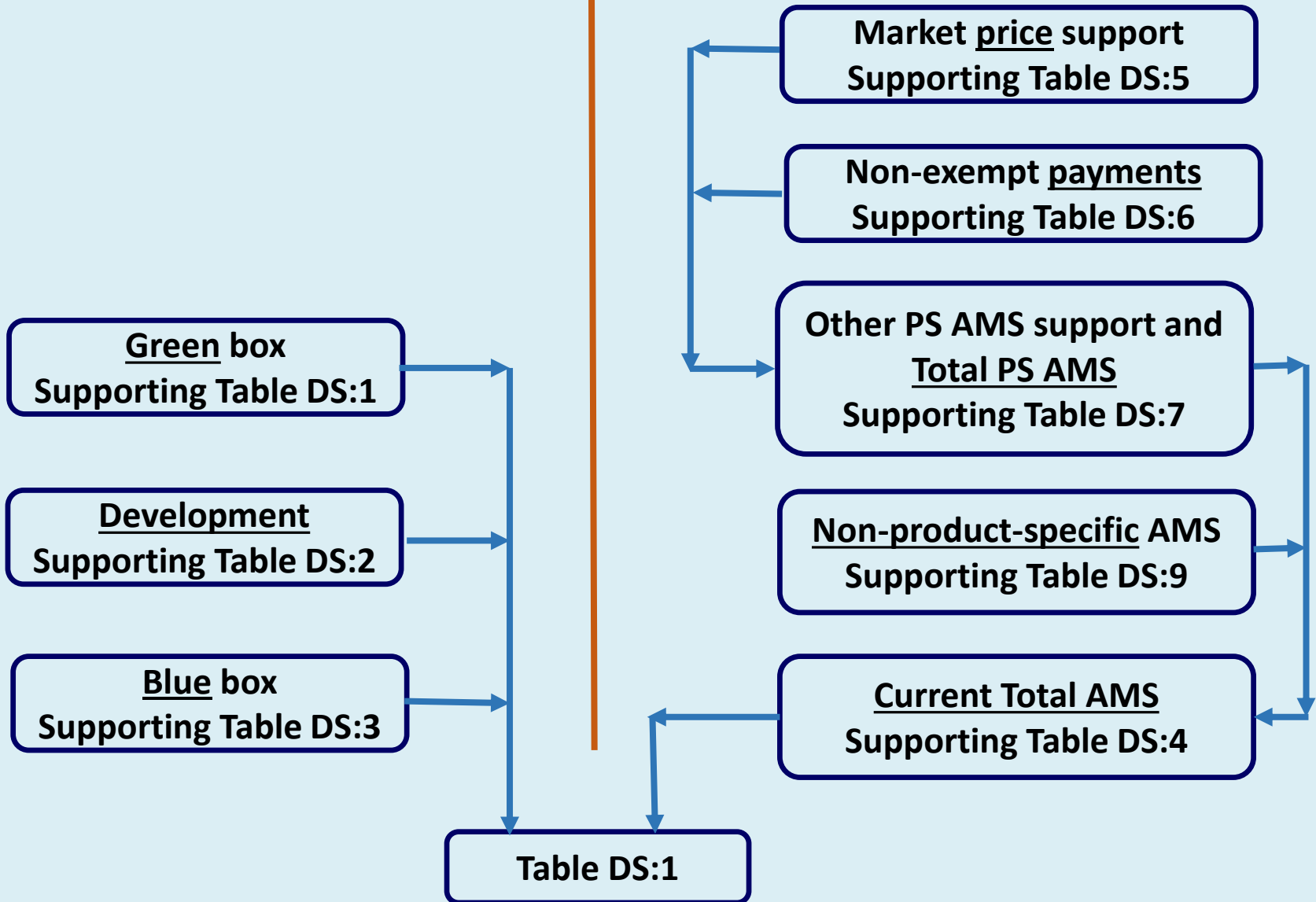
- **New or modified policies**
 - Need to justify claim for exemption from limits
 - How does policy meet the particular criteria in the relevant exemption category?

- **Contents**
 - Full title of policy
 - Domestic legislation reference
 - *Detailed description of policy with reference to criteria*
 - Cost of policy
 - Date of entry into effect
 - Period of application
 - Products to principally benefit, as applicable

Notification Table DS:1

Exempt support

Non-exempt support



Classify policies and measure support

- **Is the policy correctly classified?**
 - E.g. green box? Or product-specific AMS? Or non-product-specific AMS?
 - Does the description of the policy justify its classification?
 - Is there information about the policy in other sources?
- **Is the support measured correctly?**
 - Amounts of payment support
 - Calculation of market price support
- **Values of production?**
 - Not formally required
 - Necessary for claiming *de minimis* exemption

Green box exemption

- **Annex 2: unlimited support**
- **Fundamental requirement**
 - *No or at most minimal trade-distorting effects or effects on production*
- **Basic criteria**
 - a) *Publicly funded government program (including revenue forgone)*
 - b) *Not have effect of providing price support to producers*
- **Criteria specific to types of policy**
 - **Does a given policy satisfy the criteria for this type of policy?**

Specific criteria and conditions

- **§2: *General services (expenditures)***

- No direct payments to producers
- Open-ended list of general services

a) Research	e) Inspection services
b) Pest and disease control	f) Marketing and promotion
c) Training services	g) Infrastructural services
d) Extension and advisory services	

- **§3: *Public stockholding for food security (expenditures)***

- **§4: *Domestic food aid (expenditures)***

Direct payments to producers

<u>Para.</u>	<u>Kind of payment</u>	<u>Some key words in criteria (Annex 2)</u>
5.	<i>Direct payments</i>	Must meet 6.b. – e. below
6.	<i>Decoupled income support</i>	Criteria define WTO “decoupled”
7.	<i>Income safety nets</i>	Income loss and payment amount
8.	<i>Disaster relief, incl. crop insurance</i>	Production loss and payment amount
9.	<i>Producer retirement</i>	Permanent retirement
10.	<i>Resource retirement</i>	Retire land for at least 3 years
11.	<i>Investment aids</i>	Similar to paragraph 6 criteria
12.	<i>Environmental payments</i>	How to produce; extra costs
13.	<i>Regional assistance</i>	Generally available; extra costs

Other unlimited support:

Do policies meet the criteria?

- **Development programs Article 6.2**
 - Investment subsidies
 - Generally available to agriculture
 - Input subsidies
 - Generally available to low-income or resource-poor producers
 - Diversification from growing illicit narcotic crops
- **Blue box**
 - Direct payments under production-limiting programs
 - Fixed area and yields
 - Paid on 85% or less of base level of production
 - Fixed number of heads for livestock payments

PS AMSs and NPS AMS

- **Several product-specific AMSs: PS AMSs**
 - One PS AMS for each basic agricultural product
 - **AMS = market price support (MPS) + Payments + Revenue forgone**
 - **MPS is calculated from:**
 - **Administered price**
 - **Fixed external reference price (FERP₁₉₈₆₋₈₈)**
 - **Eligible production (“production eligible to receive ...”)**
- **Non-product-specific AMS: NPS AMS**
 - Subsidized credit
 - Fertilizer, irrigation, electricity, fuel, etc.
- **Calculations of MPS and Current Total AMS**
 - Are they correct?

Supporting Table DS:4

DOMESTIC SUPPORT: Country Alfa

REPORTING PERIOD: 2013

Calculation of the Current Total Aggregate Measurement of Support

Description of basic products (including non-product specific AMS)	Product specific AMS (from Supporting Tables DS:5 to DS:7 below) (\$ million)	Current Total AMS (aggregate) (\$ million)	Value of production 2013 (\$ million)	Current AMS as a Percentage of Value of Production	
1	2	3 (=2)	4	6 $3/4 \times 100$	
Oats	9.2	9.2	754.6	1.2%	<i>de minimis</i>
Corn	27.8	27.8	2,655.6	1.0%	<i>de minimis</i>
Milk	14.1	14.1	121.4	11.6%	
Total Product-Specific AMS (sum of all above)		51.1			
Less, <i>de minimis</i> Product-Specific AMS		37.0			
Non Product Specific AMS (from Supporting Table DS:9)		1,993.9	56,916.6	3.5%	<i>de minimis</i>
Equals, Current Total AMS (749.9 - 250.4)		14.1			

Selected resources

- **WTO**

- **Agreement on Agriculture** www.wto.org/english/res_e/booksp_e/agrmtseries3_ag_2008_e.pdf
- **Transparency toolkit** www.wto.org/english/tratop_e/agric_e/transparency_toolkit_e.htm
- **Agriculture Information Management System** agims.wto.org/
- **Notification requirements, Handbook** www.wto.org/english/tratop_e/agric_e/ag_notif_e.pdf
- **Agriculture notifications workshop**
www.wto.org/english/tratop_e/agric_e/wkshop_sep12_e/wkshop_e.htm
- **What to look for in notifications (Cairns Group)**
www.wto.org/english/tratop_e/agric_e/cairns_group_paper.pdf
- **WTO Documents Online** docs.wto.org/dol2fe/Pages/FE_Search/FE_S_S005.aspx
- **Agricultural Market Information System AMIS** www.amis-outlook.org/

- **Other sources for analysis of agricultural policies**

- **Organization for Economic Cooperation and Development (OECD)**
www.oecd-ilibrary.org/agriculture-and-food/agricultural-policy-monitoring-and-evaluation_22217371
- **International Agricultural Trade Research Consortium IATRC** <http://iatrcweb.org/>



Thank you!

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