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Agricultural Domestic Support under the WTO: Experience and Prospects

Lars Brink and David Orden

Selected presentation for the International Agricultural Trade Research Consortium's (IATRC's) 2021 Annual Meeting: Trade and Environmental Policies: Synergies and Rivalries, December 12-14, 2021, San Diego, CA.

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**Outline and Themes of Book Manuscript in Preparation for
CAMBRIDGE International Trade and Economic Law
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**Presented at the IATRC Annual Meeting
December 12-14, 2021**

Porous Rules

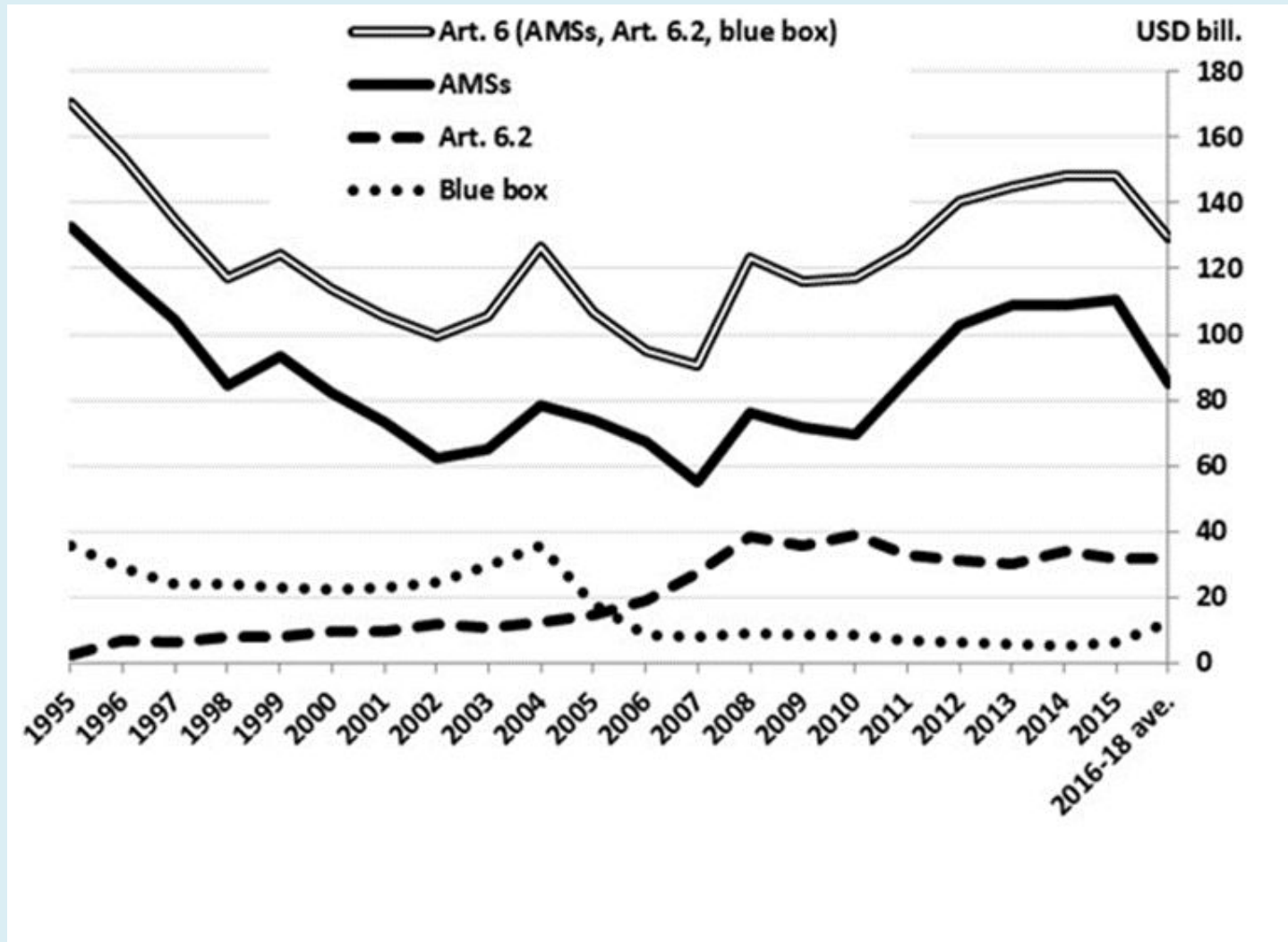
- **Green Box: Exempt from Commitments**
- **Article 6:**
 - Input and investment subsidies (Art. 6.2 exemption for developing countries)
 - Blue box (Art. 6.5 exemption for all members)
 - AMS Support (subject to limit)
 - CTAMS and BTAMS
 - *De minimis* allowances (5%, 8.5% or 10% of value of production; product-specific and non-product specific)
- **Policy Space for Support Subject to Limit**
 - BTAMS about USD 170 billion (33 members)
 - *De minimis* space about USD 581 billion (all members)

Porous BUT....

US Support 2017-2019 (BTAMS = \$19.1 billion)

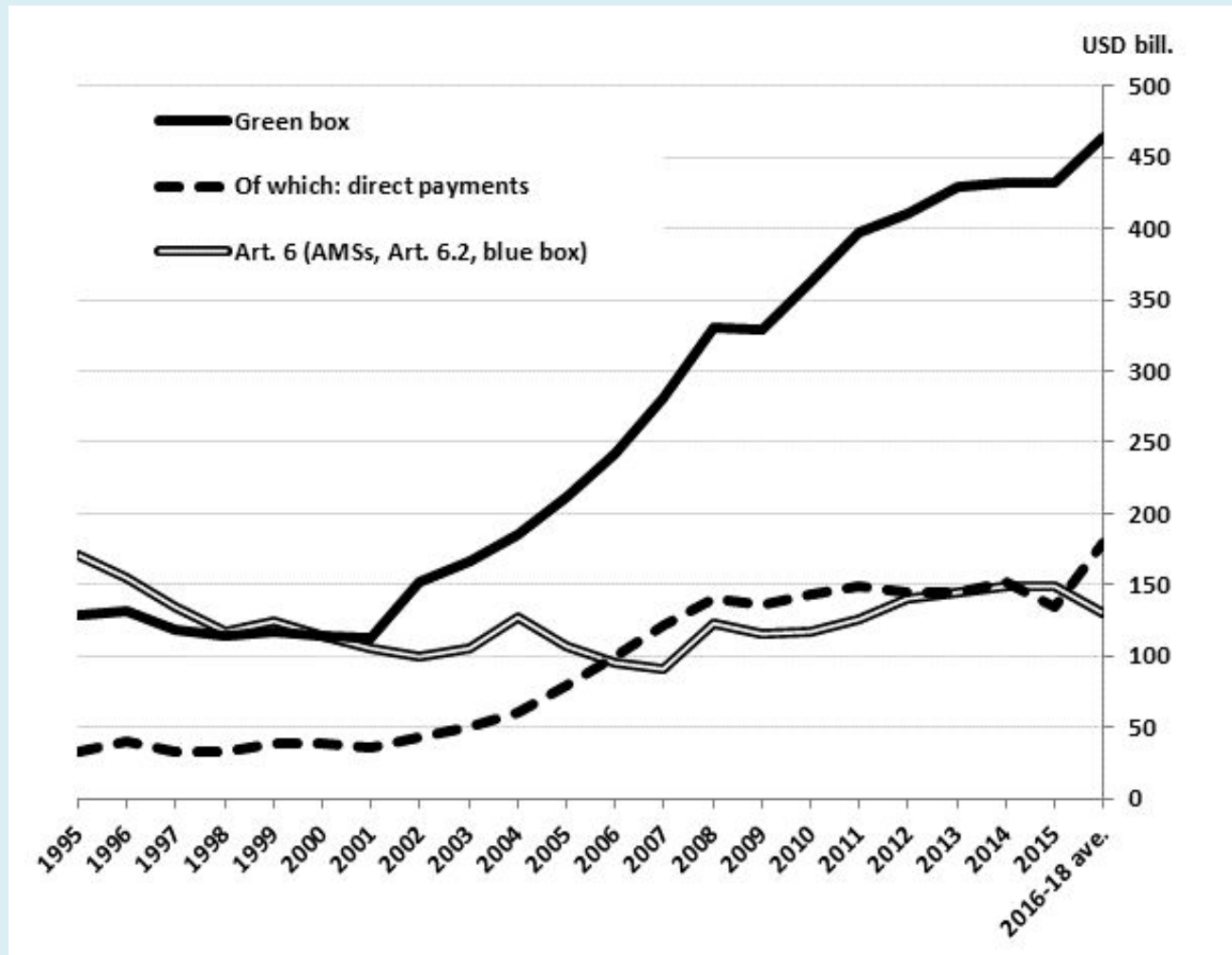
	2017/18	2018/19	2019/20
	billion \$		
All AMS Support	\$16.3	\$26.1	\$34.5
CTAMS	\$4.0	\$13.1	\$18.2
of which, MFP or CFAP	\$0.0	\$8.1	\$10.4
<i>De minimis</i>			
Product-specific	\$5.5	\$4.3	\$3.0
of which, MFP or CFAP	\$0.04	\$0.7	\$1.7
Non-Product-specific	\$6.9	\$8.7	\$13.2
of which, MFP or CFAP	\$0.0	\$5.2	\$8.4

Article 6 Support



– 80% of Art. 6 support provided by China, India, EU, US and Japan

Green Box Support



– Members notify diverse expenditures

Where Discussions Stand

- In context of failure of Doha Round negotiations to reach a comprehensive agreement through recent second postponement of the 12th Ministerial Conference,...
- Monitoring by the Committee on Agriculture continues to receive attention
- Some decisions have been taken at the ministerial level:
 - Expenditures on land reform and rural livelihood security qualify for Green Box exemption
 - Temporary shelter from dispute challenge of excessive market price support (MPS) from acquisition at administered prices of stocks for food security purposes by developing countries
 - Elimination over time of export subsidy entitlements

.....

Where Discussions Stand

- Discussions continue on a range of proposals put forward by members:
 - Transparency (notification requirements)
 - Permanent decision on acquisition of stocks at administered prices
 - AMS Support
 - BTAMS entitlements
 - *De minimis* percentages
 - Bringing Article 6.2 support under commitments
 - Bringing Blue Box support under commitments
 - Cotton
- None of these proposals has to-date garnered widespread endorsement

Disputes Involving Domestic Support

– MPS and AMS

Agreement $MPS_t = [\text{Applied Admin Price}_t - \text{FERP}] \times [\text{Eligible Production}_t]$

Economic $MPS_t = [\text{Domestic Price}_t - \text{Border Price}_t] \times [\text{Total Production}_t]$

- *China – Agricultural Producers* (MPS for wheat, rice and corn) (2016)
- *India – Sugar and Sugarcane* (MPS/AMS and export subsidies) (2019)
- *Korea – Various Measures on Beef* (MPS and import restrictions) (1999)

– Adverse Effects under the SCM Agreement

- *US – Upland Cotton* (2002)

– Export Subsidies Resulting from Domestic Support Regime

- *EC – Export Subsidies on Sugar* (2002)
- *Canada – Dairy* (1997)

Aligning More Closely with Economics

- **Should the Agreement on Agriculture be Retained?**
 - We conclude “Yes” in light of transparency contribution, its guidance toward less-distorting policies, dearth of challenges under SCM Agreement
- **Balancing and Reducing Article 6 Support**
 - The best of proposals for strengthened rules and commitments to achieve objectives of the Agreement could be integrated
- **Improving the measurement of MPS**
 - Could ease tensions over stocks acquisition at administered prices
- **Facilitating Measures to Address Climate Change Mitigation and Sustainability**
 - Are the Green Box criteria adequate

THANKS for YOUR ATTENTION.... COMMENTS WELCOME