



Possible Areas of Convergence in the Most Recent Proposals on Domestic Support

African Group and Pakistan, Cairns Group and Ukraine, and India

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Making new rules work for LDCs and other vulnerable economies
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Outline

- **Context**
 - Domestic support concerns in agriculture
 - Structure of domestic support among 5 large-support members
- **Summary interpretation of major points in the most recent domestic support proposals**
- **Approaches to common concerns – shared ground**
- **Assessment**

Domestic support concerns in agriculture

- **Final Bound Total AMS (FBTAMS)**
 - Entitlement to FBTAMS of only 33 members; size of some members' FBTAMS
 - Dual roles of FBTAMS
 - Flexibility for individual AMSs to exceed *de minimis* levels; concentration; cotton
 - Room for larger amount of AMS support than if no FBTAMS
- **Large room for AMS support within *de minimis* allowances; some wish more**
- **Absence of effective limit on several categories of distorting support**
 - Input subsidies, some payment types, price support
 - Under Article 6.2, Article 6.5, PSH interim solution
- **Insufficient transparency**
- **Need to ensure green box rules are fit for purpose in a changing world**

Domestic support notified by large-support members (alphabetical order)

	China	EU	India	Japan	United States	
	CHN/65 2020	EU/89 2020/2021	IND/31 2022/2023	JPN/282 2021/2022	USA/169 2021/22	
	USD bill.	USD bill.	USD bill.	USD bill.	USD bill.	
Sum all domestic support	204	92	105	24	238	
Sum Annex 2 (green box)	182	78	45	19	216	
General services	98	9	3	12	18	
Public stockholding ...	14	0	34	0	-	
Domestic food aid	-	1	-	0	194	
Payments paras. 5-13	69	68	8	6	4	
Sum Article 6 support	22	15	60	5	21	
Article 6.2	-	-	48	-	-	
Article 6.5	13	5	-	-	-	
Sum all AMSs	9	9	12	5	21	
Sum Product-specific AMSs	7	8	8	3	12	
Non-product-specific AMS	2	1	5	3	10	
Current Total AMS	-	8	6	2	4	
Final Bound Total AMS	-	76	-	36	19	
CTAMS/FBTAMS	not calculated	11%	not calculated	5%	20%	

Notes: Exchange rates: IMF, period average (for the year identified first in the reporting period). Amounts shown are rounded. Notified as of 15 April 2024.

Summary interpretation of major points in selected proposals

	African Group and Pakistan JOB/AG/242/Rev.1	Cairns Group and Ukraine JOB/AG/243/Rev.2	India JOB/AG/216/Rev.1
LDC-specific mentions		LDCs exempt from any capping, reduction, and duty-free TRQ 10-year grace period after graduating	
Total AMS commitment	Operate as if FBTAMS is equal to nil	Final cap on sum of AMSs, 6.2, 6.5	Operate as if FBTAMS is equal to nil
Product-specific AMSs	Up to [<i>de minimis</i> levels] [50% of recent notified if developing] Developing country in severe food crisis: 10+X% of VoP	Subject to Final cap; LDCs exempt Common definitions of products Limits on PS AMSs related mainly to • shares of imports in consumption • shares of exports in global exports	Up to <i>de minimis</i> levels if Final Bound Total AMS > \$1 bill.; otherwise establish disciplines with S&D treatment
Non-product-specific AMS	Up to [<i>de minimis</i> level] [50% of recent notified if developing]	Subject to Final cap; LDCs exempt	Same as for Product-specific AMSs
Art. 6.2 (developing countries)		Subject to Final cap; LDCs exempt [Diversification: exempt from cap] [≤ [\$5] bill.: exempt from cap if low-income or resource-poor producers]	
Blue box payments Art. 6.5	Up to 2.5% of VoP; 20-year grace period if new user	Subject to Final cap; LDCs exempt	
Green box payments Annex 2, paras. 5-13	Cap sum at 5% of annual VoP or Olympic average if para. 8; no cap on support to some types of farmers in developing country, e.g., low income	Review and update	
Public stockholding ...		Constitutes a permanent solution	
Other concerns	Enhanced notification requirements	DSTM: safeguarding idea Enhanced notification requirements	Enhanced notification requirements

Shared ground in selected proposals

- **S&D treatment is integral part; LDCs exempt from reduction commitments (Agreement on Agriculture)**
 - Use S&D treatment to establish disciplines for members with FBTAMS \leq \$1 bill. (216/R1)
 - Explicit provisions for LDCs
 - No capping or reduction; 10-year grace period after graduating; no TRQ requirement (243/R2)
- **Large FBTAMS affects timing of *de minimis* capping of AMSs or size of Final cap**
 - Large FBTAMS => earlier capping of product-specific AMSs (242/R1) or PS and NPS AMSs (216/R1)
 - Start with FBTAMS above \$10 bill. => EU, Japan, United States, Mexico (216/R1)
 - Large FBTAMS => large individual base cap => larger reduction to new cap (243/R2)
- **Trade-based indicators to govern product-specific AMS caps at 10% or up to [100%] of VoP**
 - More imports in consumption => no or larger cap (243/R2)
 - Larger share of global exports => smaller cap (243/R2) or earlier capping (at AoA *de minimis*) (242/R1)
- **Art. 6.5 blue box payments: subject to own cap (242/R1) or subject to Final cap (243/R2)**
- **Annex 2 green box payments: subject to own cap (242/R1) or to be reviewed and updated (243/R2)**
- **Transparency through enhanced notification (242/R1; 243/R2; 216/R1)**

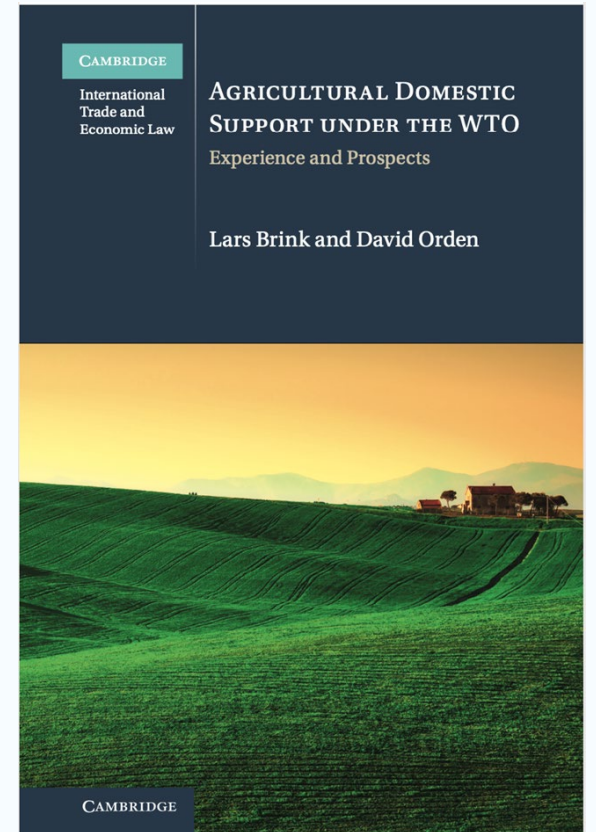
Proposals address some of many particular circumstances

- **No proposal mentions NFIDC or SIDS**
 - Some explicit LDC exemptions from Final cap (243/R2)
- **“Severe food crisis” in LDC, NFIDC, SIDS or any other developing country**
 - *de minimis* AMSs can be 10+X% of value of production (242/R1)
 - For self-assessed duration of crisis, using domestic net availability and expenditure criteria
- **About 20 developing countries are SIDS but not LDC**
 - Low VoPs give low new caps: make Final caps larger – up to \$250, \$500, \$750 mill. or more (243/R2)
- **Import dependency of many LDC, NFIDC and SIDS varies by product**
 - Greater import dependency => larger (or no) cap on product’s product-specific support (243/R2)
 - Combined with product-specific support threshold or duty-free TRQ requirement (not LDC)
- **Developing countries**
 - [Targeted investment and input subsidies below [\$5] bill. not subject to Final cap] (243/R2)

Assessment

- **No proposal mentions calculation of market price support (MPS)**
 - Despite the silence on MPS, one proposal sees a permanent solution on public stockholding (243/R2)
 - AoA Annex 3: very out-of-date reference price => most calculated MPSs don't measure actual support
 - If MPSs are measured soundly – nil, small, large – the caps would apply to actual PS AMS support
- **All three proposals target “trade-distorting” domestic support (TDDS) – but ambitions differ**
 - Eliminate room for above-*de minimis* AMSs of the 11 members with FBTAMS > \$1 bill. (216/R1)
 - Less or more room for AMS support with S&D for the 22 others with FBTAMS ≤ \$1 bill. (216/R1)
 - [Eliminate room for above-*de minimis* AMSs of 33 members with FBTAMS > nil] (242/R1)
 - Developing country flexibility on PS AMSs; limits on blue box and green box payments (242/R1)
 - Cap and reduce global room for non-green box support (LDC exempt); new caps on PS AMSs (243/R2)
- **Need to define TDDS: a role for Annex 2 fundamental requirement's “at most minimal” effects?**
 - First consider any need to modernize Annex 2 fundamental requirement and/or paras. 5-13
 - A policy measure fails to meet the criterion of “at most minimal” effects? – Label it “trade-distorting”
 - TDDS is support under all “trade-distorting” measures – discipline TDDS, with some tolerances

**Thank you for
your attention!**



**Lars Brink and David Orden. *Agricultural Domestic Support under the WTO: Experience and Prospects*.
Cambridge University Press (International Trade and Economic Law). 2023.
<https://t.co/RpZjRmTXXz>**