



Domestic Support: Issues in the negotiations

**New Delhi
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Agriculture and Commodities Division**

DOMESTIC SUPPPORT

Objective

“... substantial reductions in trade-distorting domestic support ...”

The Boxes

Green Box

Annex 2

No more than minimally trade or production distorting

Blue Box

Article 6.5

Production-limiting programmes

Article 6.2 Measures

Development programmes:
investment, input, and
diversification subsidies

Amber Box

Subject to reduction
commitments

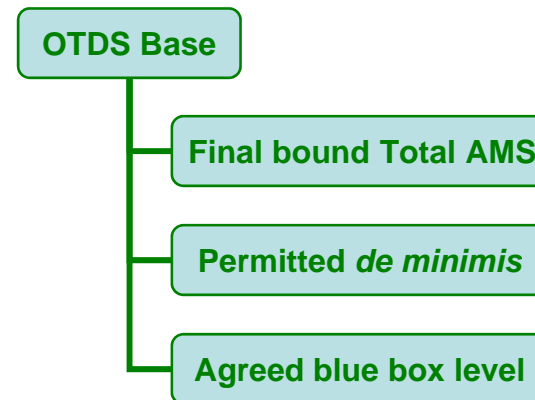
De minimis allowance

DOMESTIC SUPPORT

MAIN ELEMENTS OF THE MANDATE

- Reduction in Overall Trade-Distorting Domestic Support (OTDS)

- Reduction in Final bound AMS
- Reduction in *de minimis*
- Product-specific AMS caps
- Capping of Blue box support
- Review and clarification of Green Box criteria



Reductions in OTDS

- Tiered reduction formula – higher cuts for higher levels of OTDS

Tier	Threshold (US\$ billion)	Cuts
1	> 60 (EC)	80%
2	10-60 (US and Japan)	70%
3	< 10 (all other DDC)	55%

Minimum overall commitment

- additional effort by DdCs in the second tier with high relative levels of Base OTDS

Reductions in OTDS

Special & Differential Treatment

- Developing countries to make lesser reduction with a longer implementation period.
 - 2/3^{rds} of DdC cuts in the third tier (37%)

- Exemption from OTDS reduction commitment for:
 - Dgc without Total AMS commitment;
 - NFIDCs (as listed in G/AG/5/Rev.8);
 - small low-income RAMs with economies in transition
 - very recently acceded Members

Reductions in Final Bound AMS

- Tiered reduction formula – higher cuts for higher levels of AMS

Tier	Threshold (US\$ billion)	Cuts
1	> 40 (EC)	70%
2	15 - 40 (US and Japan)	60%
3	< 15 (all other DDC)	45%

- additional effort by DdCs with high relative levels of AMS

Reductions in Final Bound AMS

Special & Differential Treatment

- Developing countries to make lesser reduction with a longer implementation period.
 - 2/3^{rds} of DdC cuts in the third tier (30%)
- Exemption from Total AMS reduction commitment:
 - DgC with Final Bound Total AMS \leq US\$100 million
 - NFIDCs (as listed in G/AG/5/Rev.8);
 - Very recent RAMs and small low-income RAMs with economies in transition

Continued access to provisions of Article 6.2 (development programmes)

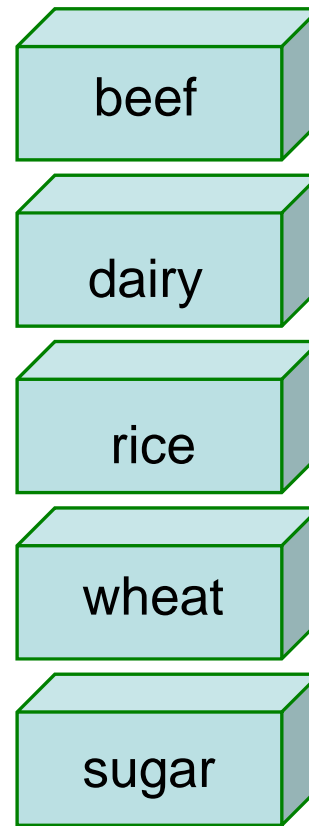
Product-Specific AMS Limits

Current situation:
Aggregate AMS



Current
Aggregate
Limit

New product-specific
AMS limits



Beef
limit

Rice limit

New AMS
limit

De minimis

- Developed Countries to reduce *de minimis* level by 50% to be effective on 1st day of implementation period.
- Developing countries to have lesser reduction (2/3rd of DdC cut) to be implemented in three years.
- Flexibilities for RAMs (reduction by 1/3rd of Ddc cut)

Exempt from reductions

- (i) DgC with no Final Bound Total AMS;
- (ii) DgC with AMS but which allocate almost all that support to subsistence and resource poor producers;
- (iii) NFIDCs as list in G/AG/5/Rev.8;
- (iv) Very recently acceded Members;
- (v) Small low-income RAMs with economies in transition

Blue Box

- **Additional criteria** –direct payments that do not require production
- **Overall cap on Blue Box** – 2.5% of average total value of agricultural production,
- **Product-specific limits**

Special and Differential Treatment

- Blue Box cap at 5% of the average total value of agricultural production,

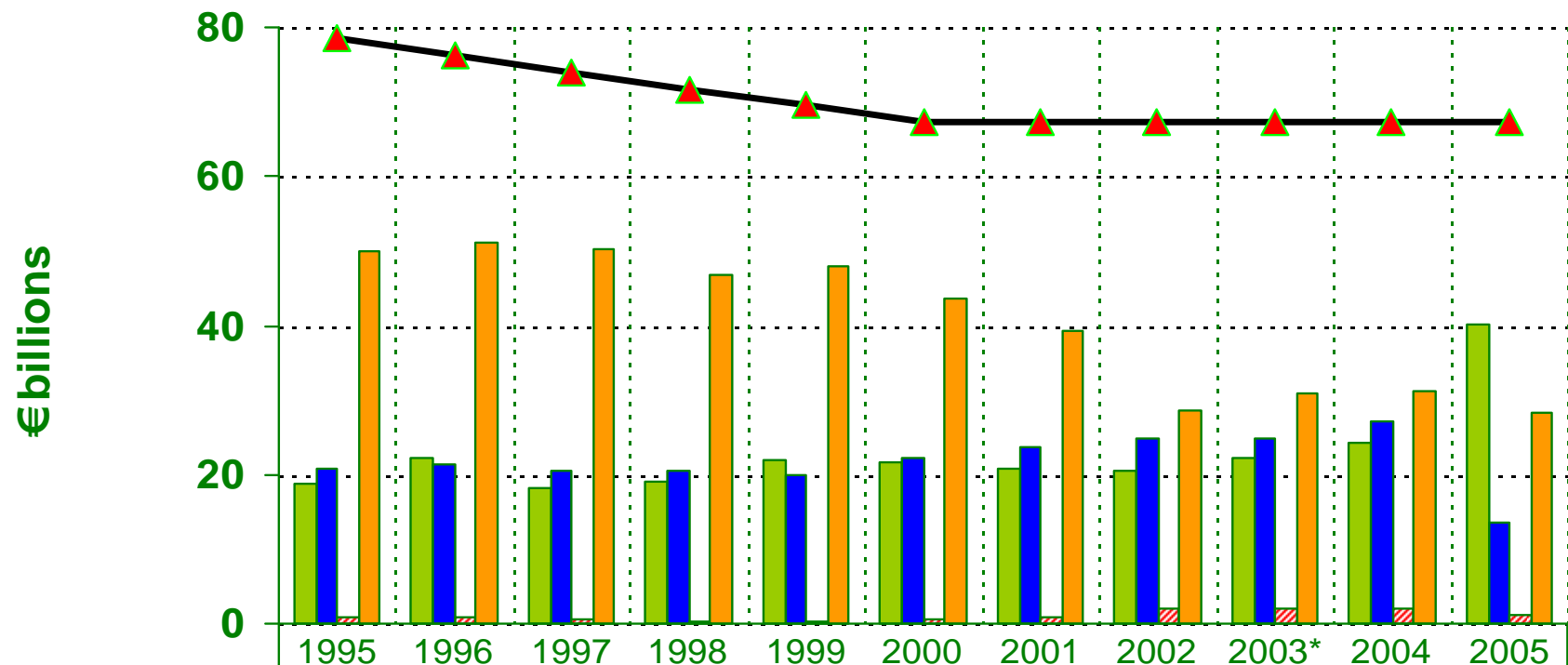
Green Box

- More development-friendly
 - *General Services*: programmes related to agrarian, land and institutional reforms, soil conservation etc.
 - *Direct payments*: resource constraints -compensatory payments to farmers for losses calculated on aggregated bases
- Issue of fixity in base period for Direct Payments
- Enhanced monitoring and surveillance of Green Box measures

Cotton

- Key element of the Round
- Relational mandate:
 - reduction in trade-distorting support:
 - to be more ambitious; and
 - implemented more expeditiously
 - than the general provisions relating to trade-distorting support
- C4 proposal currently in draft modalities

European Communities

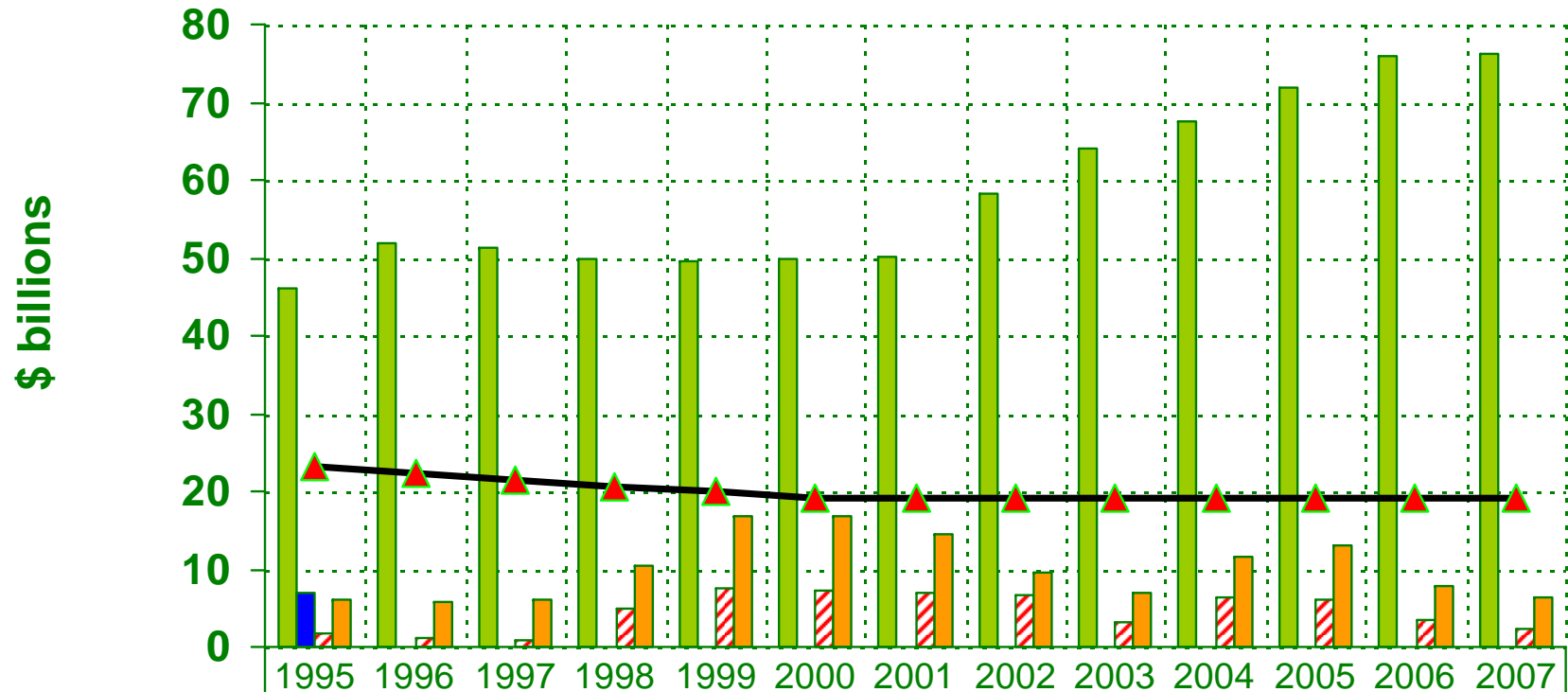


	1995	1996	1997	1998	1999	2000	2001	2002	2003*	2004	2005
Green	18.8	22.1	18.2	19.2	21.9	21.8	20.7	20.4	22.1	24.4	40.3
Blue	20.8	21.5	20.4	20.5	19.8	22.2	23.7	24.7	24.8	27.2	13.4
De minimis	0.8	0.8	0.5	0.4	0.4	0.6	0.8	1.9	2.0	2.0	1.3
Current Total AMS	50.0	51.0	50.2	46.7	47.9	43.7	39.3	28.5	30.9	31.2	28.4
WTO limit	78.7	76.4	74.1	71.8	69.5	67.2	67.2	67.2	67.2	67.2	67.2

* This notification covers support to the European Union after enlargement on 1 May 2004. Price gap calculations are performed on EU25 production levels for a 12 month period and include direct payments to 25 member States. Total AMS commitment level for 2003 (€67,159 million) is without prejudice to the EC25 commitment to be presented in the new EC25 schedule after enlargement.

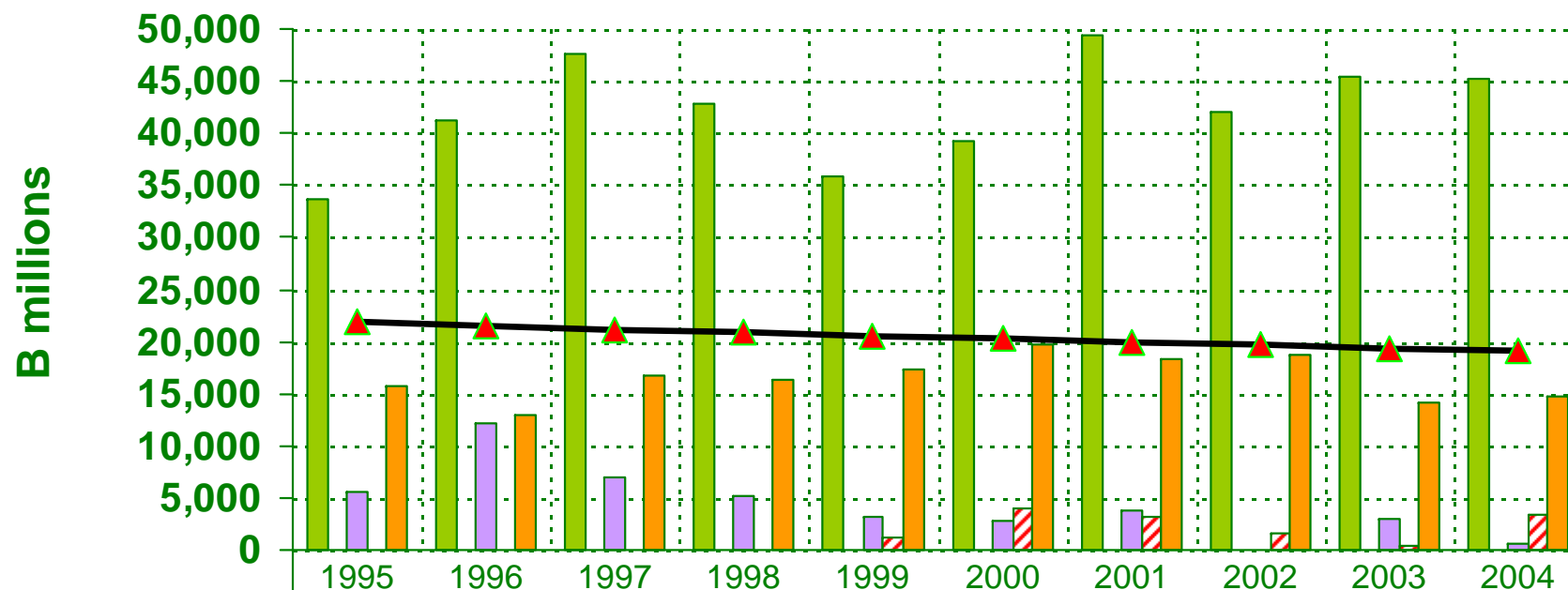


United States

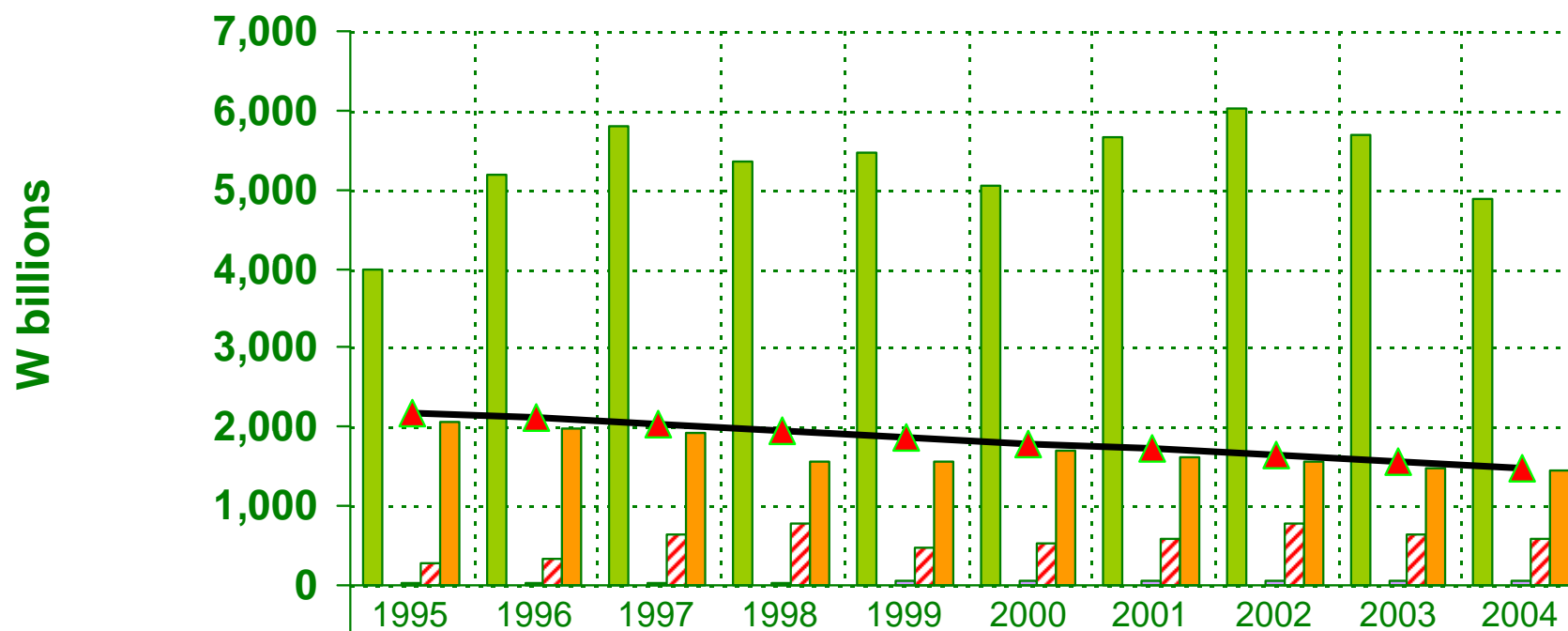


Green	46	51.8	51.3	49.8	49.7	50	50.1	58.3	64.1	67.4	71.8	76	76.2
Blue	7	0	0	0	0	0	0	0	0	0	0	0	0
De minimis	1.6	1.2	0.8	4.8	7.4	7.3	7	6.7	3.2	6.5	6	3.6	2.3
Current Total AMS	6.2	5.9	6.2	10.4	16.9	16.8	14.4	9.6	7	11.6	12.9	7.7	6.3
WTO limit	23.1	22.3	21.5	20.7	19.9	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1

Thailand



Republic of Korea

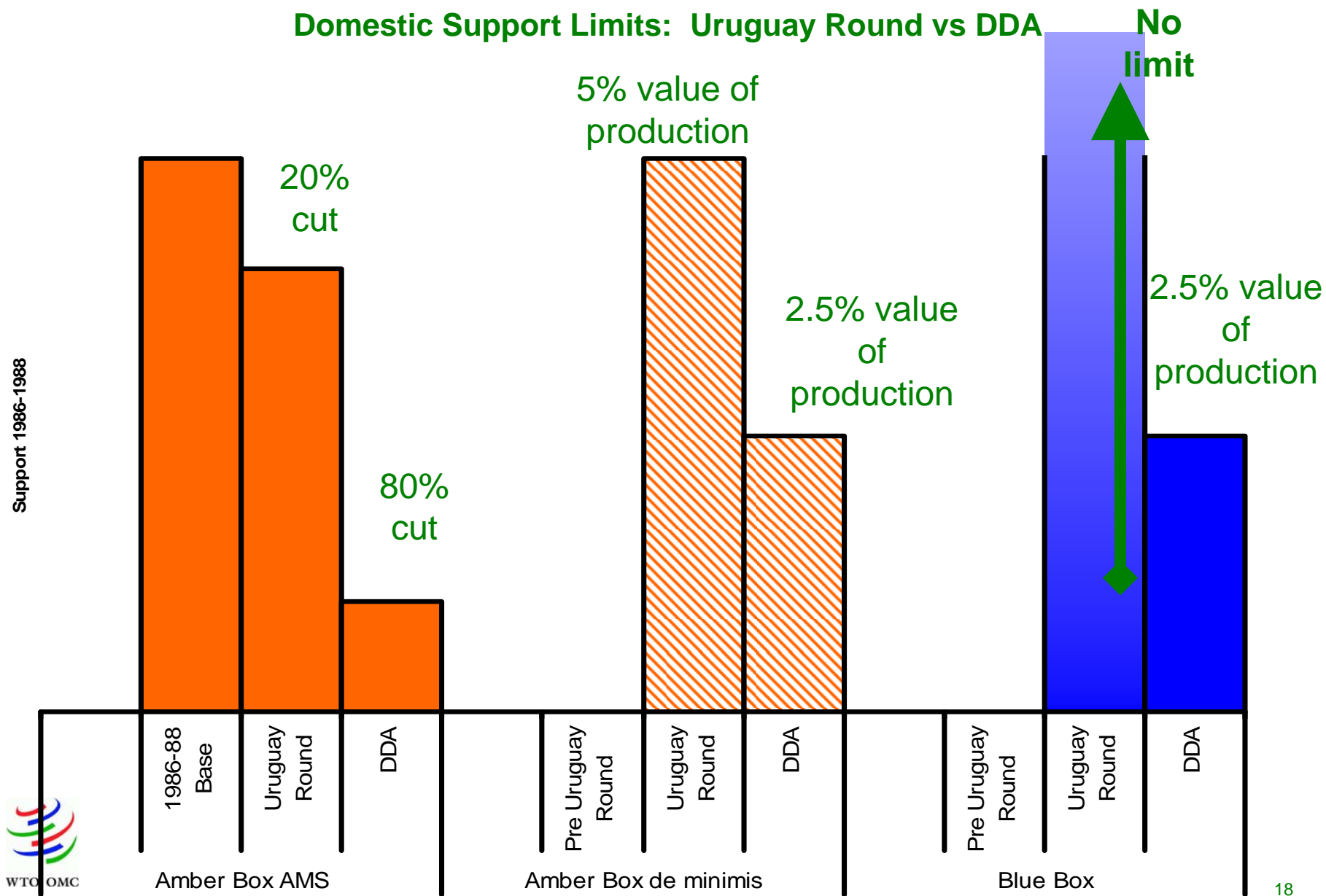


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Green	3,990	5,183	5,796	5,365	5,456	5,054	5,668	6,035	5,689	4,867
Blue	0	0	0	0	0	0	0	0	0	0
Article 6.2	20	31	38	42	62	51	66	58	59	54
De minimis	282	344	655	784	487	525	573	781	644	586
Current Total AMS	2,075	1,967	1,937	1,563	1,552	1,691	1,631	1,550	1,472	1,458
WTO limit	2,183	2,106	2,029	1,952	1,875	1,798	1,721	1,644	1,567	1,490



DDA: an ambitious undertaking!

Domestic Support Limits: Uruguay Round vs DDA



THANK YOU