

Agriculture in the Doha Round and Issues for the Developing World

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The reductions in agricultural subsidies and protection agreed in the Uruguay Round

	<i>Developed countries 6 years: 1995–2000</i>	<i>Developing countries 10 years: 1995–2004</i>
Tariffs		
average cut for all agricultural products	-36%	-24%
minimum cut per product	-15%	-10%
Domestic support		
cuts in total ("AMS") support for the sector	-20%	-13%
Exports		
value of subsidies (outlays)	-36%	-24%
subsidized quantities	-21%	-14%

(NOVEMBER 2001)

- The long-term objective referred to in the Agreement to establish a fair and market-oriented trading system
- substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support.
- Special and differential treatment for developing countries
- Modalities for the further commitments, including provisions for special and differential treatment, shall be established no later than 31 March 2003.

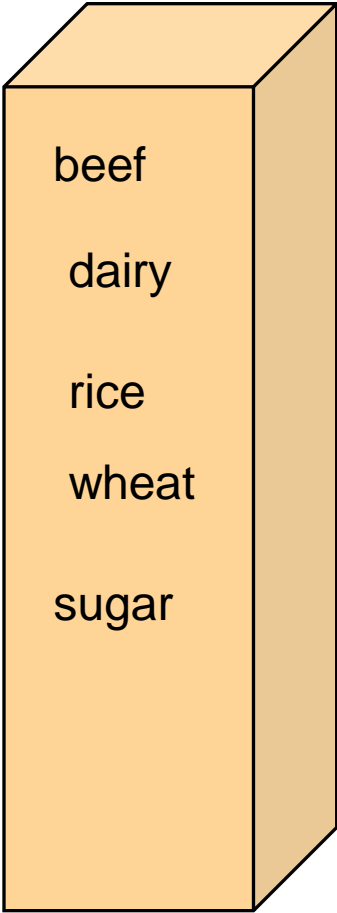
MODALITITES

- **Negotiating groups constituted on each aspect of negotiations.**
- **Chairs of these groups bring out draft modalities containing proposal.**
- **Draft modalities include formulas or other methods to be used to reduce tariff and agriculture subsidies.**
- **Latest draft was issued on 6 December 2008. (also in 2011)**



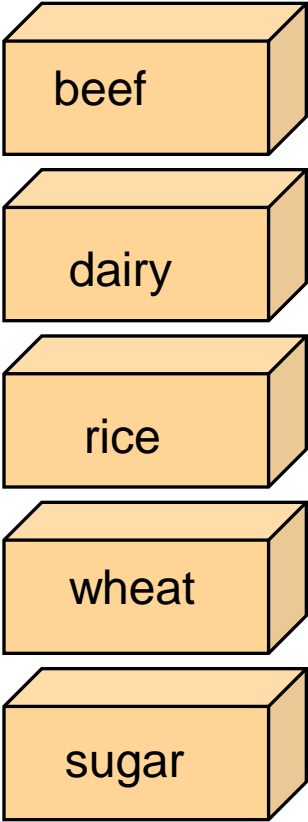
PRODUCT-SPECIFIC AMS LIMITS

Current situation:
Aggregate AMS



Current
aggregate
limit

New product-specific
AMS limits



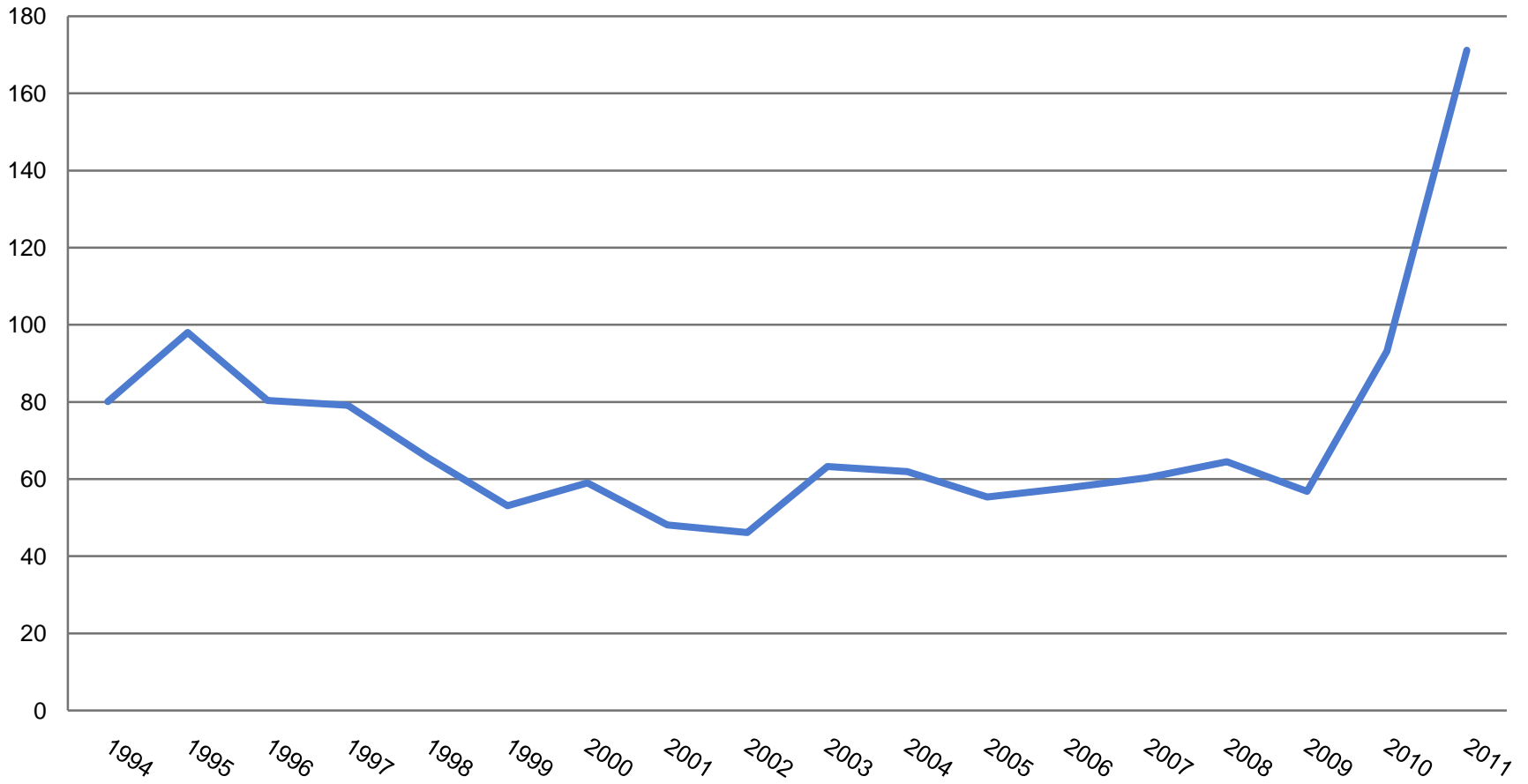
Beef
limit

Rice limit

AMS
limit



Trend in International Cotton Prices: Cotton (COTLOOK, index 'A')
US cents/lb



Source: FAO



DOHA NEGOTIATIONS

Objective

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

By:

- **Setting limits** where they do not exist (except for Green Box and Art.6.2 subsidies)
 - Overall Blue Box, product specific Blue Box, product specific AMS
- **Reducing limits** where they exist
 - AMS, de minimis
- Establishing a **new constraint** – OTDS
- **[Clarifying** the Green Box criteria]

NEW CONSTRAINT – OVERALL TRADE-DISTORTING DOMESTIC SUPPORT (OTDS)

Final Bound Total AMS

Base data

S&D

+

10% [20%] of average value of production in the 1995-2000 [or 1995-2004]

Base data

+

The higher of:
average Blue Box payments as notified to the Committee on Agriculture,
or 5% of the average total value production, in 1995-2000 [or 1995-2004] period

Base data

=

Base level

REDUCTIONS IN OTDS

- **General rule** - tiered reduction formula

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

- DdCs with high relative levels of OTDS in the second tier ($\geq 40\%$ of VoP) to undertake additional 5% effort (Japan)



REDUCTIONS IN OTDS

Special & Differential Treatment

- DgC reduction
 - 2/3^{rds} of DdC cuts in the third tier (37%)

BUT

- DgC exempt from OTDS reductions if:
 - don't have Final Bound Total AMS;



CALCULATION OF FINAL BOUND OTDS OF USA**(MILLION \$)**

Final Bound Total AMS specified in Part IV of a Member's Schedule; plus	19,103.29
10 per cent of the average total value of agricultural production in the 1995-2000 base period; plus	19,413.93
higher of average Blue Box payments as notified to the Committee on Agriculture, or 5 per cent of the average total value of agricultural production, in the 1995-2000 base period.	9,706.96
Final bound OTDS	48,224.19
Applicable cut	70%

Source: Calculation on the basis of USA's notification to WTO

REDUCTIONS IN FINAL BOUND AMS

Base data

➤ General rule - tiered reduction formula

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

➤ DdCs with high relative levels of AMS ($\geq 40\%$ of VOP) to undertake additional effort



REDUCTIONS IN FINAL BOUND AMS

Special & Differential Treatment

- DgC - 2/3^{rds} of DDC cuts in the third tier

BUT

- DgC exempt from AMS reductions:
 - If AMS \leq US\$100 million
 - NFIDCs (as listed in G/AG/5/Rev.8);



PRODUCT-SPECIFIC AMS LIMITS Calculation

○ General rule:

- based on past payments during 1995-2000
 - exceptions: last 2 years / de minimis (§ 24-25)

○ Special and Differential Treatment (§ 27):

- the average product-specific AMS during 1995-2000 or 1995-2004; or
- two times the Member's product-specific *de minimis* level during the base period chosen; or
- 20% of the Annual Bound Total AMS in the relevant year during the Doha Round implementation period

Base data

Base data

Base data

?



DE MINIMIS

General rule

- Reduce by at least 50% but more if necessary to meet OTDS

Special and Differential Treatment

- Reduce by at least 2/3rds of DdC
- RAMs with *de minimis* of 5 percent reduce by at least 1/3rd DdC reduction
- Longer implementation period

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

General rule:

- **Overall cap**
 - 2.5% of average total value of agricultural production, during 1995-2000

- but if Blue Box more than 40% of trade-distorting support, reduce by level of AMS cut

- **Product-specific limits**
 - based on past payments

Base data

Base data



BLUE BOX

Special and Differential Treatment

- **Overall cap** on Blue Box
 - 5% of the average total value of agricultural production, during 1995-2000 or 1995-2004
- **Product-specific limits**
 - based on [past payments] or overall Blue Box limit (§50)
 - exception: § 49

Base data

Base data



SUMMARY: DOMESTIC SUPPORT

- **Overall Trade-Distorting Support (OTDS)** - new constraint
- **Amber Box:** cuts and product-specific limits
- **De minimis:** cuts, but not always...
- **Blue Box:** overall limit and product specific limits
- **Green Box:**
 - More development friendly
 - Make sure that Green Box measures are really green



TARIFF CUTS - PROPOSALS

- **Separate tariff bands for developed & developing countries - as proposed by G-20**
- **Overall 2/3rds proportionality in cuts by developed & developing countries**
 - **54% minimum average cut by developed countries**
 - **36% maximum average cut by developing countries**
- **Cuts in equal annual installments – over 5 years for developed; 8 years for developing countries**

TARIFF CUTS - AGREED

Band-wise cuts by Developed Countries

Band (Bound rates in %)	Proposed Cut (%) (over 5 years)
0-20	50
20-50	57
50-75	64
75+	70

minimum: 54%

Band-wise cuts by Developing Countries (2/3^{rds} of developed country cuts in each band)

Band (Bound rates in %)	Proposed Cut (%) (over 10 years)
0-30	33.33
30-80	38.00
80 -130	42.67
130+	46.67

maximum: 36%

SPECIAL PRODUCTS

- **Criteria: Food Security, Livelihood Security and Rural Development needs**
- **Core Elements: Self-designation of “an appropriate number”.**
- **Proposal in December 2008 text:**
 - **12% of total tariff lines as SPs**
 - **5% of total tariff lines to take zero cuts**
 - **Average tariff cut of 11% (18-19% overall cut on non-zero cut SPs)**
- **G-33 has asked for higher entitlement (15%) & lower average cut (9%)**

SPECIAL SAFEGUARD MECHANISM (SSM)

○ Features

- Available to developing countries only
- Protection against import surges (leading to price dips) for poor & vulnerable farmers of developing countries
- Provision to apply additional duties when volume/price of imports exceeds/falls below a threshold level

○ Requirements

- Ease of use & effectiveness
- Volume & price trigger thresholds
- Duration

SSM CONTD.

- **Contentious issue at July 2008 mini-Ministerial**
- **US (& Australia) sought very high volume trigger for breaching UR bound levels (140%); not acceptable to G-33+ (over a 100 developing countries)**
- **No solution found in subsequent discussions; SSM text unchanged; separate paper by Chair on breaching UR issue.**

SSM CONTD.

- **Key unresolved issues**
 - Parameters of price & volume triggers
 - Duration
 - Breaching of Uruguay Round bindings
- G-33 concerns remain on price SSM & volume (both above & below UR bound situations)

SENSITIVE PRODUCTS (SEPs)

- **Primarily an EC, Japan, Canada issue**
- **A flexibility to take lower cuts; compensated by access through quotas/full cuts over longer periods**
- **Available to both - developed & developing**

SEPs CONTD.

- **Proposals in 6 December 2008 text:**
 - **Developed countries: 4% of tariff lines**
 - **Those with more than 30% of their tariff lines in the top tariff band: 6% of tariff lines**
 - **Developing countries : 5.3% or 8% (1/3rd more)**
- **Exporters – US, Australia, Brazil etc. want lower number/greater compensation**

EXPORT COMPETITION

- **Mandate: reduce & phase out, all forms of export subsidies**
- **Developed countries by end-2013 (halved by end-2010; eliminate by end-2013)**
- **Developing countries by end-2016**
- **Developing countries to continue to have the right to some export subsidies till end-2021**
- **Detailed disciplines prescribed for Export Credits, Food Aid & State Trading Enterprises**
- **One area with almost full agreement**

COTTON SUBSIDIES

- Key element of the Round
- Main proponents: Cotton-4 countries of Africa (Benin, Burkina Faso, Chad, Mali)
- trade-distorting domestic support for cotton to be cut by more than rest of the ag sector)
- formula implies 82.2% cut in AMS support for cotton by the US
- very little progress in multilateral discussions
- India sympathetic to C-4; also own interests as second largest producer & exporter of cotton
- **US has problems**

WHO WANTS WHAT? CARVE-OUT

Para	Description	USA (8)	EU (4)	Canada (1)	Switzerland (3)	Norway (3)	Japan (2)
23	Product Specific AMS Limit Related	√					
24		√	√	√	√		
25		√	√				
26		√	√		√	√	√
35	Blue Box Definition	√					
39	Overall Blue box Limit					√	
40	Product Specific Blue box Limit	√					
41		√	√				√
Annex A	Overall and Product Specific Blue Box Limit	√					
71	Sensitive Product				√	√	

**THANK
YOU**