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A Quantitative Analysis of Proposals on Domestic Support in WTO Agriculture Negotiations: Need for Reaffirming the Development Agenda

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Table of Contents

A QUANTITATIVE ANALYSIS OF PROPOSALS ON DOMESTIC SUPPORT IN WTO AGRICULTURE NEGOTIATIONS: NEED FOR REAFFIRMING THE DEVELOPMENT AGENDA

SACHIN KUMAR SHARMA*

ABSTRACT

Disciplining domestic support to agriculture remains an unfinished agenda in the WTO negotiations due to the different views and positions of members. Developing members have been consistently demanding an effective special and differential treatment (S&DT) for themselves, along with a substantial reduction in the trade-distorting support entitlement of developed members. However, members have failed to reach a consensus on different aspects, especially coverage and approaches to determine an overall trade-distorting support (OTDS) limit. In this context, this study quantifies and critically examines the implications of various proposals on the policy space to provide trade-distorting support based on floating and fixed reference period models. It estimates trade-distorting entitlements of 9 developed and 16 developing members under the Agreement on Agriculture (AoA) as well as the selected proposals for the years 2020 and 2030. These entitlements have been computed in monetary limits, percentage of the value of production, and on per farmer basis. Results show that many proposals have failed to deliver the effective S&DT, as developing members generally have to undertake higher cuts than developed members, highlighting the asymmetries in negotiations. The study will be useful for members to take an informed position in the agriculture negotiations on domestic support.

Keywords: WTO, domestic support, agriculture negotiation, Doha Round, agricultural subsidies, overall trade-distorting support (OTDS)**,** special and differential treatment.

JEL **Classification**: F13, F14, F17, Q17

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SECTION 1: INTRODUCTION

Despite the Covid-19 pandemic, members are continuing to engage in discussion on various agricultural issues, including domestic support. Almost two decades have elapsed since the Doha Ministerial Declaration (DMD) in 2001 which mandated, among others, a substantial reduction in trade-distorting domestic support. Notwithstanding the intense engagement in agriculture negotiations for a long time, members have failed to build a consensus on how to discipline trade-distorting support. Developing members have been consistently demanding to address the inequities and imbalances in the existing provisions of the Agreement on Agriculture (AoA), which provide expansive flexibilities for developed members to give huge support to farmers without breaching their commitments (WTO 2017c). These have resulted in artificial comparative advantage in agricultural trade for developed members along with downward pressure on international prices of agriculture commodities (Sumner 2003; Devadoss 2006; Sharma 2014). Import surges on account of highly subsidized export from developed members have an adverse impact on the income and livelihood of farmers in the global south (Bernhardt 2004; Sharma and Das 2018). It also makes the farmers from developing members uncompetitive compared to extremely subsidized big farms and corporations in developed members (FAO 2004; Banga 2014). Over and above, farmers in developing members are also in a disadvantageous position due to prevailing domestic constraints such as small farm-size, inadequate institutional support, and poor infrastructure facilities, amongst others, which frequently manifests in the form of farmers distress and suicide (IFAD 2015; Merriott 2016; Sharma 2016a; WTO 2020a).

Despite multiple proposals over the years, members failed to reconcile their differences on different aspects of discipling domestic support. The main essence behind many of these proposals is to establish an overall trade-distorting support (OTDS) limit in order to reduce or cap existing policy space on one or more components of domestic support (WTO, 2008; WTO, 2017a). Various proposals have defined the OTDS limit in different manners both in terms of coverage of the domestic support boxes and approaches such as fixed reference period or floating model. It is noteworthy that domestic support under the AoA consists of Amber, Blue, Green and Development boxes. Support for general services, public stockholding for food security purposes, food aid, and direct income are important parts of the Green box (Annex 2 of AoA). The Blue box covers direct support to farmers under the production limiting conditions (Article 6.5). All members can provide unlimited Blue and Green box support to farmers. As a special and differential treatment (S&DT), Development box allows investment subsidies which are generally available to agriculture, and input subsidies generally available to low-income or resource-poor farmers in developing members without any financial limit (Art. 6.2).

All the domestic support measures except exempted measures under Blue, Development and Green boxes are covered by Aggregate Measurement of Support (AMS) or Amber box and are subject to strict financial limits. Product and non-product specific support are the two components of this box. Support measures for a particular product such as price support are classified as product-specific support (PSS), otherwise, it comes under non-product specific support (NPS). A minimum amount of product and non-product specific support is permissible in the form of a *de minimis* limit (Article 6.4). A developed member can provide at least 5 percent of the value of production (VoP) of a concerned product as product-specific, and 5 percent of the VoP of total agriculture as non-product specific during a relevant year. The percentage for China and other developing members is 8.5 and 10 percent respectively.

One of the concerns of developing members is the erosion of their policy space under the Amber box by the applicable *de minimis limit*. For the majority of developing members, the *de minimis* serves as a maximum Amber box support that can be given to each product. However, for the developed members, the *de minimis* limit is not the maximum limit, and they have the flexibility to provide PSS up to their respective AMS entitlement. To understand this issue, members can be divided into two broad categories. First, those members who had given Amber box support beyond the *de minimis* limit during the base period, which was 1986-88 for the founder members of the WTO. These members were allowed to provide Amber box support beyond the *de minimis* limit in future as well, however, subject to a final bound AMS entitlement (Article 6.3). As per the AoA, support below the *de minimis* level is not accounted for in AMS calculation. However, if PSS or NPS exceed the *de minimis* limit, it is not prohibited. Instead, it is accounted for in AMS. Members with the AMS entitlement have the flexibility to provide any amount of PSS as long as the sum of total PSS and NPS does not exceed the Final bound AMS. All the developed members such as the US, European Union (EU), Canada, and few developing members like Brazil and Thailand, come under the first category. Higher the AMS entitlement, higher is the policy space to provide Amber box support beyond the *de minimis* limit. Further, the AoA does not limit a member from concentrating the whole AMS entitlement in one or a few products. The advantage of AMS entitlement can be gauged from the fact that despite giving 177 and 139 percent of VoP as product-specific support to sugar and cotton in some years, the EU was not found to be in breach of its commitments (WTO 2017c). The second category covers the majority of developing members who did not provide Amber box support beyond the *de minimis* limit during the base period. As a result, their final bound AMS entitlement is capped at zero, and thus, they are not allowed to exceed their respective *de minimis* limit.

The AMS entitlement continues to keep developed members in an extremely advantageous position in comparison to the majority of developing members. It provides the reasoning for developing members' demand for the elimination of AMS entitlement of developed members as a prerequisite for a successful negotiation on domestic support, which would curtail the policy space under the Amber box to the *de minimis* level (WTO 2017c; WTO 2018a). Besides this, developing members such as China, India, Jordan, Turkey, among others are frequently highlighting the shrinking policy space to implement Amber box measures including price support without breaching their respective commitments (Sharma 2016b; Thow et. al. 2019).

In contrast, few members like Australia, New Zealand are alleging that policy space to provide Amber box support for developing members is expanding in monetary terms on account of the *de minimis* limit over the years (WTO 2015; WTO 2016; WTO 2017b; WTO 2019a). This claim is made on the premise that the combined *de minimis* limit for all developing members except China is at least 20 percent of VoP of total agriculture comprising aggregated product-specific *de minimis* limit for all individual products and the non-product specific limit. On the other hand, policy space for developed members includes a combined *de minimis* limit of 10 percent of the VoP, and AMS entitlement in fixed monetary value. Due to the high combined *de minimis* limit, policy space in monetary terms expands faster for developing members with an increase in the VoP. Therefore, some developed members are seeking steep reductions in the *de minimis* limit in the negotiations (WTO 2017e; WTO 2019a).

Further, some members also seek to dilute the S&DT provisions for the developing members by limiting the spending under the Development box (WTO 2017e). Besides, attempts have been made to trivialize the demand of developing members for the elimination of the AMS entitlement by arguing that its significance has declined over the years. Given that the AMS entitlement is fixed in monetary terms, as a percentage of VoP, it tends to decline with the upwards movement in the VoP (Brink 2017, Brink and Orden 2020, Sharma *et. al.*, 2020).

Though many proposals seek to discipline Blue box support, members failed to reach a common ground as few members, namely the EU, Norway, Japan, and China, are currently using it to support farmers. Overall, there is no consensus on the coverage of various boxes under the proposed OTDS limit.

Additionally, members submitted different approaches to determine the OTDS limit. There are two broad approaches, namely (1) Floating, and (2) Fixed reference period model. As suggested by the EU-Brazil proposal, the annual limit for a member under floating approach is defined as a percentage of moving VoP of total agriculture. It implies that as the VoP of a member increases, its OTDS limit also increases in monetary terms. On the other hand, Australia-New Zealand, Argentina, and Mexico have suggested the fixed reference period approach, where the limit remains fixed in monetary terms which is based on relevant data during the reference period and is not influenced by the future trends in the VoP. For instance, under the Australia- New Zealand proposal (WTO,2017e), the OTDS limit has been defined in fixed monetary terms which is mainly based on the average VoP of total agriculture during 2011-15. Unlike the floating model, the monetary limit under the fixed reference model does not increase with an upward trend in the VoP.

In this background, the objective of this study is to critically examine various proposals in light of the following contentious issues related to disciplining the trade-distorting support: (1) what will be the implications of new disciplines under the floating and fixed reference model approach as prescribed by various proposals on the members' flexibility to provide trade-distorting support; (2) given the current practices, whether members would be in a position to undertake reductions as suggested by different proposals; (3) whether these proposals would lead to the elimination of existing asymmetries and inequities in the AoA, while addressing the various concerns of developing members in the negotiations; (4) what will be the implications for the per farmer Amber box support in various proposals; (5) are there any fallacies in the developed members' claim that the significance of AMS entitlement has declined for them, whereas flexibility in Amber box for developing members has increased substantially in monetary terms over the years. To address these questions which have a bearing on livelihoods of hundreds of millions of farmers, this study projects the trade-distorting entitlement under the AoA as well as the various proposals for 2020 and 2030. For a comprehensive study, the analysis has been conducted for nine developed, and 16 developing & least developed countries (LDCs) members.

This paper has been organised into six sections. Section 2 deals with the methodology, whereas section 3 highlights the sensitivities of members on domestic support. Issues in various proposals are discussed in section 4, and the cross-member implications of these proposals are covered in section 5. The concluding section sums up the results of the study.

SECTION 2: METHODOLOGY

In order to analyse the likely impact of agriculture negotiations on members' flexibility to provide trade-distorting support, the proposals examined in this paper have been divided into two approaches - floating and fixed reference period model. Various proposals by members namely (1) EU-Brazil, (2) China-India, (3) African, Caribbean and Pacific (ACP) group, (4) the Philippines, and (5) African group, are analysed under the floating model approach. The revised text modality (Rev.4)[†] and three proposals, namely (1) New Zealand-Australia; (2) Argentina; and (3) Mexico are examined under the fixed model approach. Almost all the proposals covered by this study have sought to establish a new limit for all or some components of trade-distorting support as defined by the country, such as AMS entitlement, *de minimis* limit, Blue box, or development box. For the purpose of comparison, the OTDS limit has been estimated under all these proposals by considering the specific proposed disciplines, even though the China-India, ACP, and African group proposals do not mention the OTDS limit.

Table 1: Overview of entitlement for select members under the AoA

	No. of Members (25)	Final Bound AMS	*De minimis* limit (%)	Entitlement without financial limit		
				Blue Box	Development Box	Green Box
A. Developed Members	9	Yes	5.0	Yes	No	Yes
B. Developing Members						
B1. With AMS	4	Yes	10.0	Yes	Yes	Yes
B2. Without AMS	11	No	10.0	Yes	Yes	Yes
B3. China	1	No	8.5	Yes	No	Yes

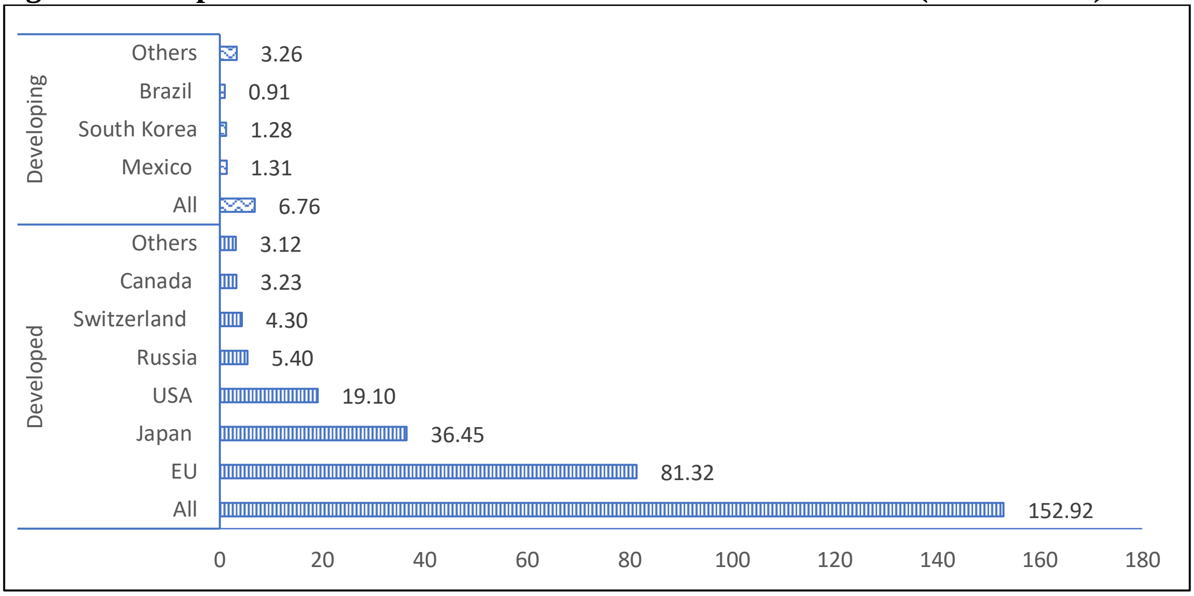
Source: Authors' compilation based on the AoA and members' Schedule of Commitments

For a comprehensive analysis, this study covers 25 members of the WTO, which are divided into four categories, as given in table 1. Though Bangladesh is an LDC member, it is expected to become a developing member in 2024 (UN 2018). Therefore, it is treated as a developing member for the analysis. Though Brazil and South Korea had announced giving up their developing member status in the negotiations, these members have been treated as developing members for the analyses (Hoyama, 2019). As mentioned earlier few members, both developed and developing, can provide Amber box support beyond the *de minimis* limit due to Final

[†] The Revised Draft Modalities text is based on the negotiations and consultations in various formal and informal meetings as well as special sessions of the Committee on Agriculture conducted as per the Doha mandate.

Bound AMS entitlement. However, this entitlement is highly skewed in favour of the developed members, as shown in figure 1. Aggregated AMS entitlement for all the members was US$159.69 billion in 2019, out of which 95.76 percent is shared by developed members. EU, Japan and the US topped in terms of AMS entitlement[‡], which allows these members to provide huge product-specific support beyond their applicable *de minimis* limit.

Figure 1: Comparison of AMS entitlement across members in 2019 (Million US$)



Source: Domestic Support Notifications of respective members

The limit to provide trade-distorting support under the AoA as well as various proposals is projected for all the selected members in 2020 and 2030. Despite the fact that members submit their domestic support notifications in different currencies, the analysis has been done in US$ to make a comprehensible cross-member comparison.

It is noteworthy that existing entitlement of a member under the Amber box comprises final bound AMS, product-specific and non-product specific *de minimis* support. Given that the final bound AMS is zero for most of the developing members, policy space under the Amber box consists only of *de minimis* limit. For them, both product and non-product specific limits are 10 percent of that member's total VoP of an agricultural product and VoP of total agriculture respectively during a relevant year. Theoretically, the sum of total VoP of all individual agricultural products should be equal to the VoP of a member's total agriculture. Therefore,

[‡] It is to be noted that the AMS entitlement of Mexico and Argentina are based on 1991 and 1992 prices respectively. For the analysis, AMS entitlement has been converted to US$ based on the exchange rate of 2019.

the policy space under the Amber box for China and other developing members is minimum 17 and 20 percent of VoP based on their respective combined *de minimis* limit. On the other hand, policy space for developed members includes a combined *de minimis* limit of 10 percent of the VoP as well as AMS entitlement. This premise is one of the crucial factors in determining the OTDS limit under various proposals.

For the OTDS projections, the VoP of total agriculture for a member is extrapolated till 2030 by using compound annual growth rate, which is estimated on the basis of historical VoP data[§]. It is to be noted that many members have not submitted their domestic support notifications for recent years. Even if these are submitted, data on the VoP of total agriculture is missing in their domestic support notifications. Due to this limitation, the VoP data has been extracted from the Food and Agriculture Organization (FAO) for some members. More specifically, the VoP data for all the selected developed members except Russia and Ukraine is sourced from their domestic support notifications. Similarly, notification data is used for Brazil, South Korea and Turkey. The VoP data for India is based on National Account Statistics, Government of India. For the remaining selected members, data is taken from FAO. Besides projecting the OTDS limit in the monetary terms as well as a percentage of the VoP, this paper also calculates per farmer OTDS under various proposals. For this analysis, agriculture employment data for the years 2000 to 2022 has been taken from the International Labour Organisation (ILO) and extrapolated based on compound annual growth rate till 2030. Further, relevant literature, proposals and descriptive statistics have been used to enhance and deepen the analysis on domestic support under the agricultural negotiations.

[§] Australia and New Zealand (WTO document no. JOB/AG/171, dated 22nd November, 2019) also used the annual compound annual growth rate based on historical data for projections of future VoP.

SECTION 3: EXISTING PRACTICES AND SENSITIVITIES OF MEMBERS ON DOMESTIC SUPPORT

The existing permissible policy space, as well as prevalent domestic support measures in the select members, would be helpful to a great extent in understanding the members' position in agriculture negotiations (Table 2). Firstly, all the select developed members have the AMS entitlement. Even though four developing members have the AMS entitlement, it is just a fraction of developed members' entitlement. Secondly, the current AMS support in most of the developed members such as the EU, USA and Japan is well below the bound AMS, which provides ample policy space to increase their Amber box spending in future. Thirdly, for most developing members final bound AMS entitlement is zero, and therefore, the amber box spending is capped by *de minimis* limit. As per notifications, this limit has been exceeded by Turkey, India and China, which highlight the lack of policy space for these members under the Amber box. Fourth, despite the fact that all members are eligible to provide unlimited support under Blue box, only a few developed members have utilised it over the years. Fifth, the majority of the selected developing members are providing support under the Development box. Sixth, almost all the members are providing Green box support which is treated as no or minimal trade-distorting support.

Amber box has remained an extremely contentious issue in the agriculture negotiations. Due to the AMS entitlement, developed members are able to provide a high level of product-specific support well beyond their *de minimis* limit (WTO. 2017c). For example, as a percentage of the VoP in the USA, products such as sugar (66%) rice (82%), cotton (74%), mohair (141%) and wool (215%) received support exceeding the *de minimis* limit (5%) over the years. Another important feature of the pattern of support in the developed members is the concentration of support in a few products. For instance, dairy products accounted for more than 55 percent of total product-specific support in certain years for the USA (74%), EU (55%) and Canada (73%). It led to a fall in farm income along with rising livelihood insecurity among the farmers of developing members (Oxfam 2002; Hawkes and Plahe 2012). Owing to these concerns, developing members are demanding the elimination of AMS entitlement for developed members as a starting point in domestic support negotiations and addressing the existing imbalances in the AoA (WTO 2017c).

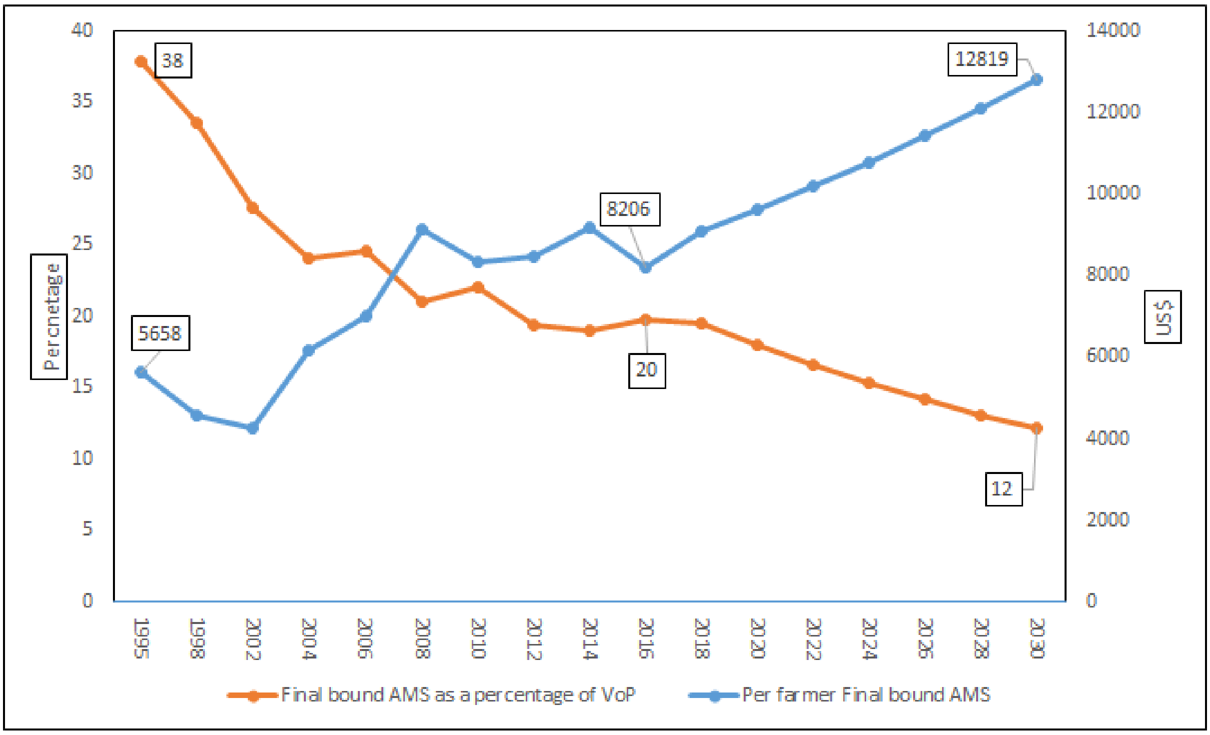
Table 2: Snapshot of domestic support measures in select members (US$ million)

Member	Latest notification	Final Bound AMS	Current AMS	Amber box support^	Blue Box	Article 6.2	Green Box	Total Domestic Support (TDS)*	TDS as a % of VoP
A. Developed members									
Australia	2017-18	362	0	71	0	NA	1633	1704	3.68
Canada	2016	3245	467	2182	0	NA	1647	3828	8.22
EU	2017	81562	7812	10131	5403	NA	74201	89735	20.15
Japan	2016	36518	5842	7946	651	NA	17506	26103	30.13
Norway	2018	1408	1243	1282	725	NA	1166	3173	77.42
Russia	2017	5400	55	3576	0	NA	2184	5760	6.58
Switzerland	2018	4353	1385	1392	0	NA	2749	4141	38.25
Ukraine	2012	381	596	2123	0	NA	657	2780	8.49
USA	2016	19103	3830	16039	0	NA	119492	135531	38.12
B.1 Developing members with AMS entitlement									
Brazil	2018	912	0	1147	0	108	1591	2846	1.93
South Korea	2015	1317	42	739	0	2	6510	7251	16.13
Thailand	2016	539	130	130	0	1833	2426	4389	11.83
Viet Nam	2013	189	0	979	0	205	1592	2776	7.77
B.2 Developing members without AMS entitlement									
Bangladesh	2006	0	0	191	0	3	75	269	3.21
Egypt	2016	0	0	0	0	34	1	35	0.12
India	2018-19	0	5005	9761	0	24184	22482	56427	12.52
Indonesia	2018	0	0	265	0	3152	1813	5230	4.02
Kenya	1996	0	0	0	0	0	66	66	1.88
Malaysia	2014	0	0	0	0	142	220	362	1.38
Nigeria	2016	0	0	0	0	0	0	0	0
Pakistan	2011	0	0	1218	0	0	265	1483	3.26
Philippines	2018			0	0	407	898	1305	4.22
Sri Lanka	2016	0	0	0	0	221	7	228	5.18
Turkey	2013	0	401	2921	0	1080	1256	5257	5.24
B.3 China	2016	0	12244	23292	5875	NA	197630	226797	15.00

Note: NA = Not Applicable; ^ includes product and non-product specific support inclusive of actual *de minimis* support, *Total Domestic support includes Amber box, Blue box, Article 6.2 and Green Box.
Source: Based on the latest domestic support notifications

However, attempts have been made to belittle the demand of developing members by giving the reasoning that the role of AMS entitlement has diminished for the developed members. It is argued that the AMS entitlement is fixed in monetary terms, therefore, as a percentage of VoP of total agriculture, it has declined with an increase in the VoP over the years (Brink, 2017; Sharma et.al. 2020). As shown in figure 2, AMS entitlement as a percentage of the VoP in the EU is projected to have declined from 38 to 12 percent of the VoP of total agriculture between 1995 to 2030, respectively.

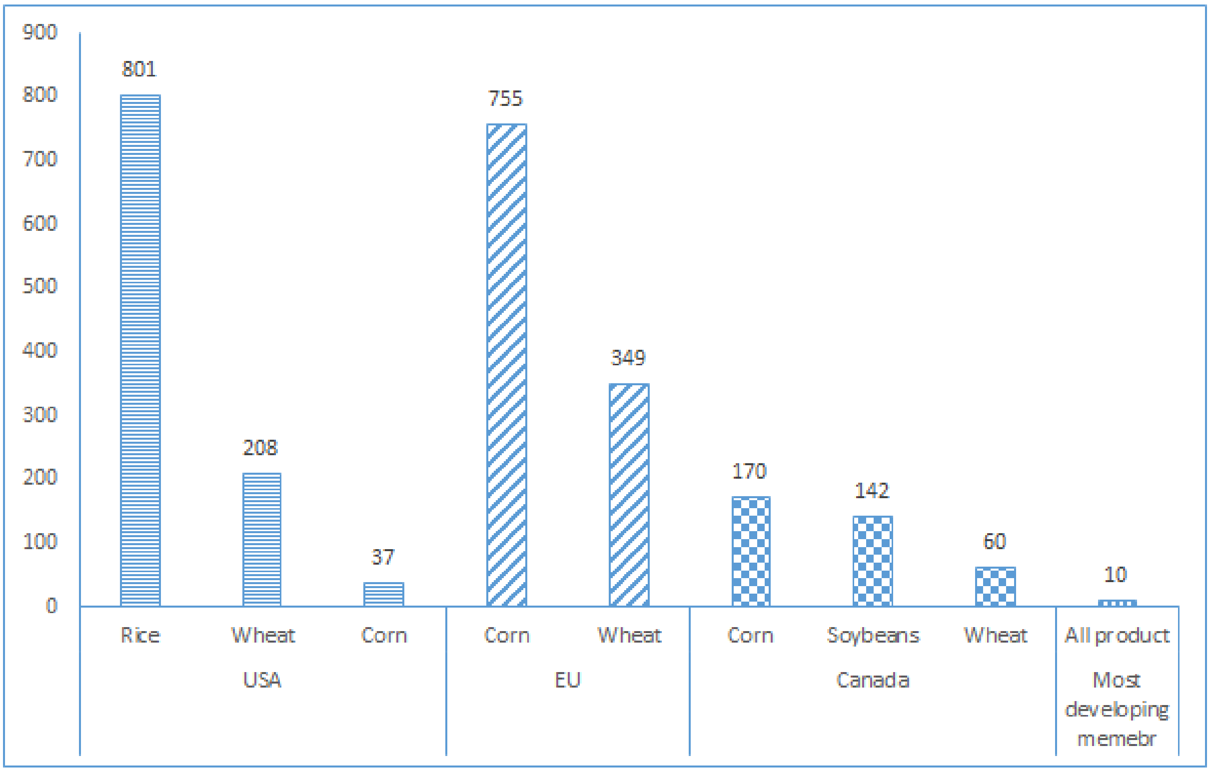
Figure 2: Final bound AMS as a percentage of VoP and per farmer support in EU (marker change)



Source: Authors' calculation based on domestic support notifications and ILOSTAT.

The fallacy of this reasoning comes to the fore in case per farmer AMS entitlement is considered, which will increase from US$ 5658 to US$ 12819 in 2030 as a result of fall in the number of people employed in agriculture during the same period. Further, developing members remain concerned about the expansive policy space available to developed members to provide high product-specific support. Assume that the USA allocated its whole AMS entitlement only for rice in 2016, then the applicable PSS limit would have been 801 percent of the VoP of rice. Based on the same premise, the applicable upper limit for PSS for corn would have been 755 percent in the EU for the same year, whereas most of the developing members are capped by a 10% limit only. Maximum permissible PSS limit is calculated by dividing final bound AMS with the VoP of the concerned product based on the assumption that the whole AMS entitlement is allocated to one product. Over and above, if the role of the AMS entitlement has diminished, then developed members should not resist its elimination as demanded by developing members.

Figure 3: Maximum PSS limit in case whole AMS entitlement is concentrated only one agricultural product in 2016 (percentage of the VoP of a concerned product)



Source: domestic support notifications of selected members for the year 2016

On the other hand, few members like Australia, Canada, and New Zealand have claimed that policy space for developing members has increased exponentially on account of the applicable *de minimis* limit. It is based on the reasoning that China and other developing members are entitled to 17 and 20 percent of the VoP of total agriculture under Amber box respectively, which comprises aggregated product-specific and non-product specific *de minimis* limits as discussed in the methodology. With an increase in the VoP, policy space under the *de minimis* limit in monetary terms increases faster for the developing members due to higher combined *de minimis* limit than the developed members. Based on this reasoning, China, India and Indonesia will have a substantial increase in the monetary value of the Amber box OTDS limit by 2030 (Table 5), and therefore, frequent demands have been raised by few developed members for seeking proportional contribution from developing members in the form of cuts in the *de minimis* limit (WTO 2019a).

The deceptiveness of developed members' claim is clear from the fact that the so-called 20 percent aggregate *de minimis* limit does not mean that the whole policy space can be allocated to one or few products, unlike the AMS entitlement. In other words, members without AMS entitlement still have to abide by the *de minimis* limit. Further, though aggregated policy space increases in monetary terms, it remains constant in percentage terms for most developing members.

By placing facts selectively, developed members are downplaying the developing members' concern about shrinking policy space under the Amber box. In 2018-19, India exceeded its applicable *de minimis* limit for rice due to its public-stockholding programme for food security purposes, and thus, invoked the Peace Clause under the Bali Ministerial Decision to shield its rice policy from being challenged at the WTO (WTO, 2020b). China resorted to Blue box programmes for corn and cotton in 2016 and 2017 respectively to avoid the constraining provisions of Amber Box (WTO, 2018b; WTO, 2019d;). Similarly, product-specific measures in Turkey and Jordan also crossed the *de minimis* limit.

Beside the capping of product-specific support by *de minimis* limit, most of the developing members are facing problems due to market price support (MPS) methodology of the AoA (Sharma, 2016b). These members implement price support programmes by procuring agricultural products from the farmers at the applied administered price (AAP) in order to shield them from price fluctuations and ensuring remunerative prices. However, the market price support is calculated by multiplying the difference between the AAP and external reference price (ERP) with the eligible production under the measure. The ERP is based on the export or import price of a concerned product during the base period 1986-88, which results in highly inflated MPS far beyond the ground realities. The narrative built by few developed members deliberately ignores these hard facts to show developing members in poor light in the negotiations.

On the development box, developing members strongly opposed any proposal that sought to dilute this S&DT provision (WTO 2018a; WTO 2018c). Though only a few members are implementing Blue box measures, concrete modalities to cap this box has not been agreed upon due to concerns of implementing members as well as non-consensus on disciplining other boxes. To this date, members have strong divergent positions on specific modalities to discipline trade-distorting support. The specific concerns and demands by members under various proposals are dealt with in the next section.

SECTION 4: AGRICULTURE NEGOTIATIONS ON DISCIPLINING TRADE-DISTORTING SUPPORT

For simplification, various key proposals on disciplining trade-distorting support have been categorised under two broad approaches - (1) Floating, and (2) Fixed reference period model. Besides the approaches, other relevant issues are related to the components of trade-distorting support on which the proposed ceiling would be applicable, and the exemptions to any group of members from the overall limit. Table 2 provides an overview of approaches, coverage and exemptions under various key proposals. Relevant details and implications of these proposals are summarised in the following subsections:

Table 2: A snapshot of various key proposals on trade-distorting support to agriculture

Proposal	Document No.	Ceiling cap applicable to				Exemptions
		AMS entitlement	*De minimis*	Blue Box	Article 6.2	
FLOATING MODEL APPROACH						
EU-Brazil	JOB/AG/99	Yes	Yes	Yes*	No	LDCs
China-India	JOB/AG/102	Eliminate	No	No	No	All except DDs
China-India	JOB/AG/137	Eliminate	No	No	No	All except DD and DG with AMS
ACP Group	JOB/AG/112	Eliminate	No	Yes	No	LDCs, SVEs, NFIDC
Philippines	JOB/AG/127	Yes	Yes	No	No	LDCs
African Group	JOB/AG/173	Only PSS	No	Yes	No	DG without AMS, NFIDCs, LDCs
FIXED MODEL APPROACH						
Revised Modalities	TN/AG/W/4/Rev.4	Yes	Yes	Yes	No	No^
New Zealand - Australia	JOB/AG/114	Yes	Yes	Yes	Yes	LDCs
Argentina	JOB/AG/120	Yes	Yes	No	No	LDCs
Mexico	JOB/AG/124	Yes	Yes	No	No	LDCs

Note: * Subject to the terms defined in 12th Ministerial conference
(1): PSS = Product-Specific Support; SVEs = Small and Vulnerable Economies; DD = Developed members; DGs: Developing members; NFIDC = Net-food Importing Developing Countries; LDCs = Least Developed Countries.
(2) ^ All members need to schedule the OTDS limit
Source: Authors' compilation based on various proposals submitted to the WTO over the years

4.1 FLOATING MODEL APPROACH

Seven key proposals are categorised under this approach, where the overall limit changes in monetary terms with the change in the VoP of total agriculture of a concerned member. Among these proposals, only EU-Brazil and Philippines proposals have explicit provisions for the OTDS. Other proposals suggest disciplining one or more components without mentioning the

OTDS limit. For a comparable analysis, the OTDS limit has been estimated under other proposals as well.

4.1.1 Eu-Brazil Proposal (Job/Ag/99) And Philippines Proposal (Job/Ag/127)

The EU-Brazil proposal was submitted on behalf of Brazil, EU, Colombia, Peru and Uruguay in 2017 (WTO, 2017a). In addition to general domestic support issues, it also deals specifically with the issues related to cotton and public stockholding for food security purposes. It suggested an OTDS limit for developed members to be set at X percent of the VoP from [2018][**] onwards. However, for developing members, two options were proposed:

1. From [2022] onwards, the OTDS to be limited up to [X+2%] of the VoP; or
2. From [2022] until [XXXX], the limit is to be equal to [X+Y%] of the VoP. However, [XXXX] onwards, the limit would be fixed at X% of the VoP, similar to the developed members.

For this purpose, the VoP is based on the average VoP of agricultural products in a member's three most recent notifications. Further, expenditure under the current AMS and *de minimis* limit would be covered by this limit. It also suggested the coverage of Blue box expenditure under the overall ceiling subject to negotiations. All members except the LDCs would be subjected to the OTDS limit. In addition, members need to comply with existing limits given in the AoA.

In the second option, developing members will have the same OTDS limit applicable to developed members after a few years of the implementation period. In other words, after some years, developing members will have no S&DT provisions in contrast to Doha Round mandate. To understand the implications of the first option, it needs to be recalled that the existing entitlement of a member comprises final bound AMS entitlement and double of applicable *de minimis* percentage. There is a 10-percentage point difference between the developing (20%) and developed members (10%) on account of combined *de minimis* limit, as discussed in the methodology.

However, this proposal reduces the percentage point difference from 10% to 2% in combined *de minimis* limit because developing members' OTDS limit would be X+2. Let assume X=5, then developing members have to undertake substantial cuts in their existing entitlement. For

[**] [ ] Square bracket signifies that content is not fixed and open to negotiate.

instance, India and Indonesia would have to take 13.98 and 14.28 percentage point cuts in 2030 (Table 3). In a scenario, if calculation is based on the VoP of a concerned year, rather than the previous three years, the cut for all the developing members without the AMS entitlement except China would have been 13 percentage points. On the other hand, if there is no AMS entitlement for developed members, reduction for them would have been only 5 percentage points. However, due to the AMS entitlement, reduction for developed members would be more than 5 percent. Higher the AMS entitlement as a percentage of the VoP, higher would be the reductions for a member and vice-versa. For instance, Australia and the USA need to undertake lower cuts in comparison to other members because their final bound AMS as a percentage of the VoP would be much smaller than other developed members. Though the EU and Norway have to undertake high cuts by 2030, it would tend to reduce in coming years with an increase in the VoP. On the other hand, in case X=15, flexibility for Australia and the USA would go up in contrast to other members. However, members like Norway where AMS entitlement as a percentage of the VoP is significantly high, it has to undertake substantial cuts in its existing entitlement and vice-versa by 2030. Based on the same premise that AMS entitlement in percentage terms tends to decline with an upward trend in the VoP, developed members would be in an advantageous position in the long run due to additional 5 percentage point at X=15 in comparison of 10 percentage of the VoP under the combined *de minimis* limit.

Table 3: Impact of EU-Brazil proposal on policy space under Amber Box in 2030 (as a percentage of the VoP)

Year	Combined *de minimis*	Final bound AMS	Total Amber Box entitlement	OTDS limit		Effective Cuts	
				X =5	X = 15	X =5	X = 15
1	2	3	4= 2+3	5	6	7 = 4-5	8 = 4-6
Australia	10	0.4	10.4	4.5	13.5	-5.9	3.1
USA	10	2.98	12.98	4.60	13.80	-8.38	0.82
EU	10	12.14	22.14	4.62	13.87	-17.52	-8.27
Norway	10	26.02	36.02	4.77	14.32	-31.25	-21.70
Brazil	20	0.28	20.28	6.15	14.94	-14.13	-5.34
Indonesia	20	0	20.00	5.72	13.89	-14.28	-6.11
India	20	0	20.00	6.02	14.63	-13.98	-5.37
China	17	0	17.00	5.86	14.23	-11.14	-2.77

Source: Authors' projection based on (1) domestic support notifications; (2) Food and Agriculture Organisation; (3) National Account Statistic, Government of India.

In essence, for any value of X, by 2030, the reduction would be higher for the developing members in comparison to those developed members whose AMS entitlement as a percentage of the VoP is not very high. Rather, at X=15, developed members like Australia and USA would gain policy space and thus, this proposal seeks to provide S&DT to them instead of developing members.

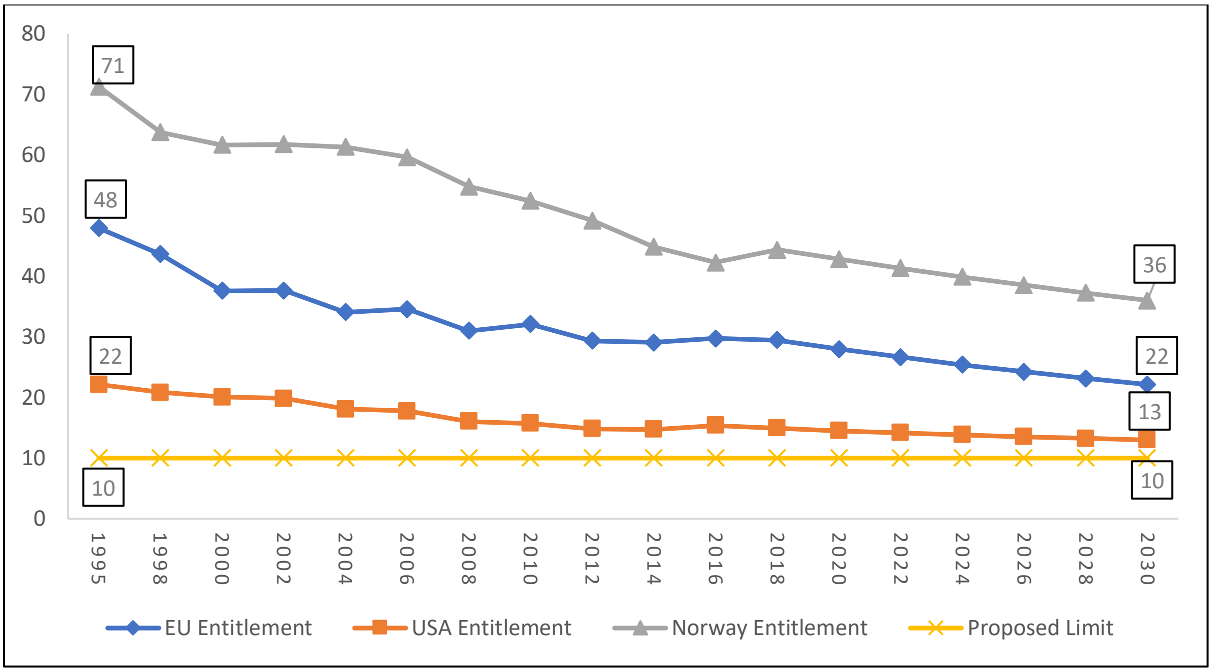
Similar to the EU-Brazil proposal, Philippines suggested an OTDS limit to cap the spending under the Amber box, including AMS entitlement and *de minimis* limit (WTO 2017h). For developed members, from [2018] onwards, the OTDS limit would be determined as X% of the total value of agricultural production. For developing members, on the other hand, the OTDS limit would be based on [X+2/3X] % of the total value of agricultural production from [2022] onwards. Instead of a difference of two percentage points under the EU-Brazil proposal, the difference in the OTDS limit for developed and developing members would be 2/3rd of X. The implications of this proposal on the OTDS limit would be similar to the EU-Brazil proposal.

4.1.2 Other Proposals Similar to Floating OTDS Model

Proposals by (1) China-India, (2) ACP group, and (3) African group have not mentioned any OTDS limit but proposed elimination or reduction in the AMS entitlement. As the limit under the Amber box in monetary terms changes with an increase in the VoP, these proposals have been categorised under the floating model.

As mentioned earlier, some members have the ability to provide huge product-specific Amber Box support owing to their AMS entitlements. In contrast, most developing members are restricted to 10 percent of the VoP of a concerned product. Instead of proposing an OTDS limit, the China-India proposal (**JOB/AG/102)** suggested the elimination of the AMS entitlement of developed members as a prerequisite for consideration of other reforms in disciplining domestic support (WTO 2017c). The implication of this proposal can be examined in the OTDS terms for a comparison with other proposals. Let's assume, the OTDS limit would cover expenditure under the AMS entitlement and *de minimis* limit. As the majority of developing members do not have AMS entitlement, their OTDS limit would be 20 percent of the VoP which comprises product and non-product *de minimis* limit. There will be no impact on the existing entitlement for the developing members, whereas, for developed members, the OTDS limit would be 10 percent of the VoP under this proposal. For instance, under the AoA, the OTDS limit for Norway would be 36 percent of the VoP in 2030 comprising AMS entitlement (26 percent) and combined *de minimis* limit (10 percent). This limit would be reduced to 10 percent of the VoP under this proposal (Figure 3). It is to be noted that the subsequent proposal of China-India (JOB/AG/137) also suggested disciplining the AMS entitlement of developing members (WTO 2018a). The advantage of these proposals is that it caps the product-specific support limit to the applicable *de minimis* limit for the developed members, similar to the majority of developing members.

Figure 3: Projected OTDS limit under the AoA and the China-India proposal for select developed members (as a percentage of VoP of total agriculture)



Source: Authors' estimation based on domestic support notifications of select members

Similarly, the ACP group suggested the elimination of the AMS entitlement for both developed and developing members (WTO, 2017d). Additionally, it demanded the capping of expenditure on product-specific and non-product specific support under both the Amber and Blue boxes at the applicable *de minimis* limits of concerned members. This meant that the sum of actual product-specific Amber and Blue box support shall not exceed 5 and 10 percent of the value of production of a concerned product for developed and developing members respectively. In terms of the OTDS limit, this proposal has implications similar to China-India proposal except for the coverage of Blue box, and the AMS entitlement of both developed and developing members. However, LDCs, SVEs and NFIDCs were exempted from the above-mentioned limit. The African Group also suggested the capping of product-specific support at the *de minimis* limit (WTO, 2019c). Further, it suggested the elimination of Blue Box support and a cap on Green box support as well by stipulating fixed and unchanging base periods. The common demand in these proposals is to limit the product-specific support by the *de minimis* limit.

4.2 FIXED REFERENCE PERIOD MODEL APPROACH

Four proposals have been discussed under this approach where the limit is fixed in monetary terms based on the VoP during a reference period.

4.2.1 Revised text modalities for agriculture (TN/AG/W/4/Rev.4)

Based on many years of negotiations under the Doha Round, the Chairman of the Special Session produced a comprehensive modality text dealing with all the pillars of the AoA in 2008 (WTO 2008). It provides detailed provisions on setting OTDS limits and applicable reductions for the members. As a starting point, members need to calculate the Base OTDS which shall be a sum of

1. their final bound AMS;
2. for developed members, 10 percent of the average total value of agricultural production (VoP) in the 1995-2000 base period. In the case of developing members, it shall be 20 percent of the average total VoP in the 1995-2000 or 1995-2004;
3. the higher of average Blue Box or 5 percent of the average total VoP in 1995-2000. The Base period shall be 1995-2000 or 1995-2004 for developing members.

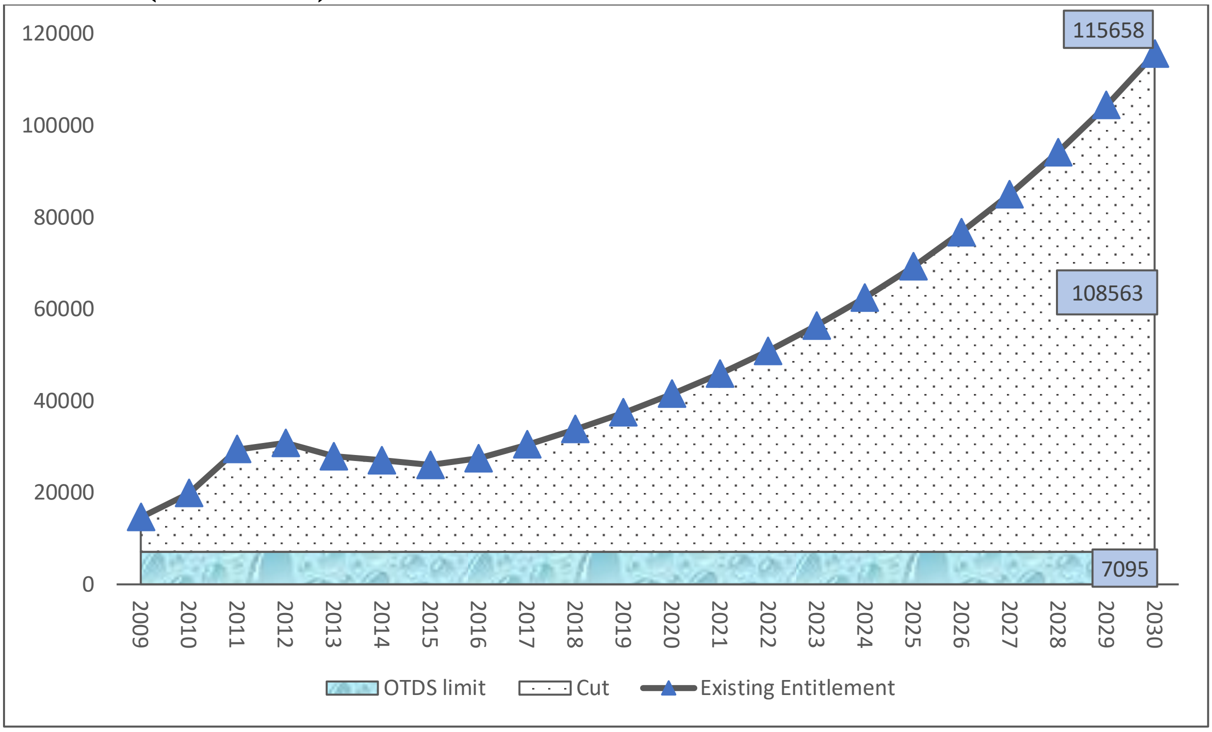
Table 4: Reduction in the OTDS by developed country members

Tier	Base OTDS (US$ billions)	Cuts
1	> 60	80%
2	10-60	70%
3	< 10	55%

Source: WTO (2008) (TN/AG/W/4/Rev.4)

Once the base OTDS limit in the monetary terms is calculated, developed members need to reduce it as per the tiered formula given in Table 4. The applicable reduction in the Base OTDS for developing members with AMS entitlement shall be 36.67 percent. The developing members without AMS, net food-importing developing members as well as few Recently Acceded Members (RAMs) such as Vietnam, Ukraine are not to be subject to reductions in Base OTDS. However, all the members have to schedule their Base OTDS. Scheduling can have two different implications: first, it can be a ceiling for future years; and second, no obligation arises, and it is just factual information.

Figure 4: OTDS limit under Rev. 4 and overall limit of Amber Box under the AoA for Indonesia (million US$)



Source: Authors' estimation based on Rev.4, AoA and FAO

Reductions shall be implemented in five and eight years for developed and developing members, respectively. Further members have to ensure that the sum of the applied level of Blue box, product-specific and non-product specific Amber box does not exceed applicable OTDS. In other words, it imposes a cap on spending under Amber box, including *de minimis* limit and Blue box expenditure. Besides the above provisions, Rev.4 also proposed reductions in Final Bound AMS, *de minimis* limit as well as setting limits on product-specific support under Blue and Amber box.

The implication of Rev.4 on the policy space for members can be assessed from the example of Indonesia. Under the AoA, Indonesia can provide Amber box support up to 20 percent of the VoP under combined *de minimis* limit which would be US$115 billion by 2030 owing to increase in the VoP over the years (figure 4). As Indonesia does not have AMS entitlement, therefore, it need not reduce the OTDS limit arrived as per Rev.4 methodology but needs to schedule its OTDS limit. In case scheduling implies an upper ceiling on the OTDS, then the limit for Indonesia would be only US$ 7 billion for all the future years, and this will cap the spending under Blue and Amber box. As a result, Indonesia would lose US$ 108 billion of policy space under the Amber box only by 2030. In simple words, in case scheduling implies a ceiling on trade-distorting support, Rev. 4 would result in substantial cuts as all members have to at least schedule their OTDS limit.

4.2.2 Other proposals related to the fixed reference model

Three proposals namely (1) New Zealand and Australia (JOB/AG/114); (2) Argentina (JOB/AG/120); and (3) Mexico (JOB/AG/120) have been discussed in this sub-section. All three proposals exempted LDCs from the OTDS limit.

New Zealand and Australia Proposal: This called for an OTDS limit for developed and developing members, which is based on any of the three options:

1. Double the member's applicable *de minimis* percentage of average VoP in 2011-15;
2. [110%] of average article 6 support notified by a member in three recent years;
3. For developing members, [US$ 2.0 billion] or equivalent in local currency.

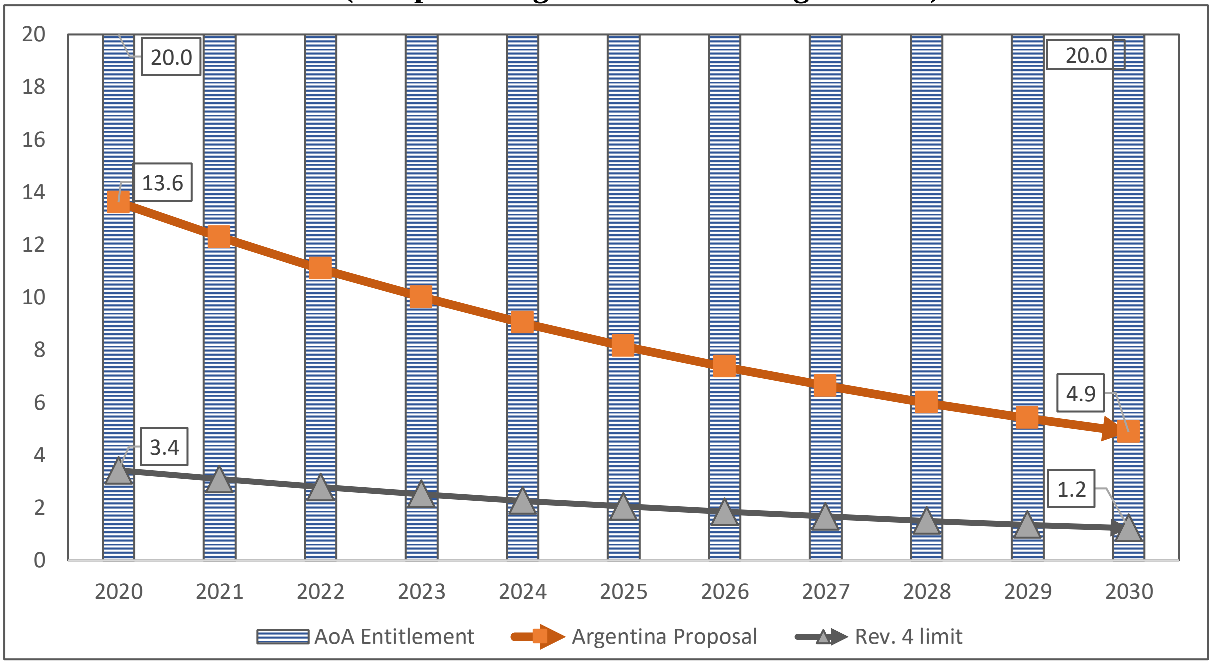
Further, the proposal suggested that expenditure under Article 6, which comprises Amber, Blue and Development box, shall not exceed the OTDS limit. This proposal has serious implications for the developing members as it results in the reduction of policy space under the *de minimis* limit and Development box (WTO, 2017e).

The Argentina proposal is similar to the above proposal with minor modifications. Instead of talking about all support programmes under Art. 6, it suggests disciplining the AMS entitlement (Art. 6.3) and *de minimis* limit (Art. 6.4) (WTO, 2017f). The OTDS limit can be based on any one of three options:

1. Double the member's applicable *de minimis* percentage of average VoP in 2011-15;
2. [110%] of average notified Amber box (Art. 6.3 & 6.4) in three recent years;
3. For developing members, [US$ 2.0 billion] or equivalent in local currency.

The above shall be applicable only to the spending under the current AMS and *de minimis* limit. Further, it has separate reduction provisions in Final Bound Total AMS. The implication of this proposal on Indonesia is given in Figure 5. The OTDS limit for Indonesia under this proposal would be US$ 28 billion for all the years, which is projected to be 4.9 percent of the VoP in 2030. It implies that the policy space to provide Amber box support would be reduced by 15.1 percent of the VoP in 2030. However, in comparison to Rev.4, the OTDS limit is higher under this proposal.

Figure 5: Impact of OTDS limit under Argentina proposal and Rev. 4 on Amber Box entitlement in Indonesia (as a percentage of VoP of total agriculture)



Source: Authors' estimation based on Rev.4, Argentina Proposal, AoA and FAO

Mexico Proposal also suggested an OTDS limit in monetary terms which caps the spending under Article 6.3 and 6.4 (WTO, 2017g). For this purpose, the base OTDS shall be calculated as a sum of (1) Final Bound AMS and (2) twice the applicable *de minimis* percentage of average VoP during 2011-15. After that final OTDS limit would be established by reducing base OTDS by a certain percentage. For the developed members, the percentage reduction shall be X%, whereas for developing members without AMS, the applicable cut shall be Y%, where X% is greater than Y%. For developing members with AMS, the reduction percentage would be [Y+A] %, where A is an additional cut for developing members who have final bound AMS more than US$ 500 million.

All these proposals reflect the divergent opinions of the members on the issue of disciplining trade-distorting domestic support in terms of approach as well as coverage of various components of Article 6 under the limit. For most developing members, capping of Article 6.2 and reduction in the *de minimis* limit is a redline in the negotiations. Similarly, for some members, especially G-10 members like Japan and Norway, capping blue box support remains a sensitive issue. About the approach to disciplining domestic support, some members prefer the elimination of the AMS, and a floating-model approach while others are demanding the OTDS limit in fixed monetary terms for a steep reduction in trade-distorting support.

SECTION 5: IMPLICATIONS OF DOMESTIC SUPPORT NEGOTIATIONS ACROSS MEMBERS

Based on the preceding analysis, this section examines the impact of various proposals on the policy space of 26 members in 2020 and 2030. More specifically, it has been estimated as per EU-Brazil, China-India, Rev.4 and Argentina proposal. These four proposals capture the essence of the majority of proposals. As a starting point, the OTDS limits in these proposals have been compared with the trade-distorting overall limit under the existing provisions of the AoA. Unlike the Amber box, currently, there is no financial ceiling on Blue and Development box. Therefore, to make the analysis comprehensible and quantifiable, the OTDS limits have been compared with the overall limit of Amber box under the AoA.

The projected overall limit of Amber box as per the AoA is based on the sum of Final Bound AMS entitlement and combined *de minimis* limit. For developed and developing members except China, the combined *de minimis* limit is 10 and 20 percent of the VoP of total agriculture respectively. The projected policy space has increased in monetary terms for all the members on account of combined *de minimis* limit, which in turn depends on the trend in the VoP. The projected policy space would be highest for China, India, EU, Indonesia, and the USA in 2030 (Table 5). However, it would remain constant as a percentage of the VoP for all the members without AMS entitlement. For other members, policy space in percentage terms would decline on account of AMS entitlement which is defined in fixed monetary terms. With the increase in the VoP, AMS entitlement as a percentage of the VoP tends to decline and vice-versa. For instance, policy space under the Amber Box for Australia would decline from 10.7 percent in 2020 to 10.4 percent in 2030 (Table 6). This decline will be highest for Japan, Switzerland, Norway, EU and South Korea during 2020-30, as their respective AMS entitlement accounts for a significant percentage of their VoP.

In the case of the EU-Brazil proposal, the policy space has been projected under two scenarios by assuming X=5 and X=15. Based on the analysis in section 4.1.1, developing members need to undertake higher reduction at X=5 in comparison to the developed members except for the EU, Japan, Norway and Switzerland. Further, all the developing members except China need to take a cut from the policy space under the overall limit of Amber box at X=15. In contrast, for some developed members, namely Australia, Ukraine and USA, the policy space will be higher than the entitlement under the AoA in 2030. The policy space for China will remain intact at X=15 due to – (1) combined *de minimis* limit is 17 percent, and (2) being a developing member, the applicable OTDS limit will be X= 17 (15+2) under this proposal. Overall, this proposal seeks to tilt further the rules on domestic support in favour of developed members.

The impact of the China-India proposal (JOB/AG/102) is straightforward on the members. Developing members need not undertake any reduction, on the other hand, the policy space for the developed members would be restricted to their combined *de minimis* limit. Among the developed members, the highest adverse impact will be observed in the case of Japan, Switzerland, Norway and the EU. Capping the product-specific support by *de minimis* limit for the developed members as well as removing the existing asymmetries in terms of AMS entitlement are the main benefits of this proposal.

Among all the proposals/modalities, discipline under the Rev.4 would be extremely constraining for all the members in case the scheduling implies an upper limit on the OTDS, which is determined in monetary terms based on relevant data of 1995-2000 or 1995-2004. The impact can be assessed from the case of China, where the Amber box limit would reduce to US$77 billion in comparison to US$739 billion under the AoA. In percentage terms, this proposal will reduce the policy space for China to 1.8 percent from 17 percent of the VoP under the AoA in 2030. Except for Nigeria, all members will observe reductions in current policy space under this proposal. Despite the reduction in existing policy space, the OTDS limit would still be more than 10 percent of the VoP for the EU, Japan, Switzerland and Nigeria.

Similar to Rev.4, Argentina's proposal also suggested an OTDS limit in fixed monetary value. Unlike Rev.4, the OTDS limit of Argentina proposal is based on relevant data during 2011-15 data. This is one of the main factors for the higher OTDS limit under this proposal. Except for Norway, Nigeria and Sri Lanka, this proposal results in a reduction of policy space in comparison to the overall limit of the existing Amber box. For example, the policy space for India would reduce to 6.5 percent in 2030. It is noteworthy that OTDS limit in percentage terms under Rev.4 and Argentina proposal would decline over the years with an increase in the VoP and vice-versa.

Given the results, questions arise whether members are ready to undertake reductions as prescribed by the various proposals. Based on the current practices of members, it seems extremely challenging for members to agree on steep reductions. Presently, many developed members, including USA, EU, Switzerland, among others, are giving product-specific support above their *de minimis* limit. For instance, as per the latest notification, Switzerland has provided more than 47 percent of the VoP as product-specific support for Tobacco, Soybeans, other grain legumes in 2017. In this context, a consensus on the elimination of the AMS entitlement as per the China-India proposal would be a right step for domestic support reforms. Other proposals have more constraining implications for all the members than the China-India proposal as most of these proposals seek a reduction in the de minimis limit as well as capping of other boxes.

Currently, many developing members are already facing problems under the AoA in implementing their domestic support measures which is evident from disputes and their agriculture notifications (WTO 2019d; WTO 2019e, WTO 2020b). Over and above, surprisingly, none of these proposals suggested rectifying the MPS methodology where the ERP is based on 1986-88 prices. Owing to the outdated ERP, developing members face problems in implementing price support without breaching their commitments. These concerns are ignored in these proposals. Amidst the Covid-19 pandemic, many members are announcing financial packages to support their farmers, which would result in an increase in trade-distorting support across members. Under these circumstances, it would be extremely difficult for developing members to accept the OTDS limit under EU-Brazil, Rev.4 and Argentina proposals.

Another issue is how these proposals fare in terms of providing effective S&DT to developing members. Except for a few developed members with high AMS entitlement as a percentage of VoP, disciplines in EU-Brazil, Rev.4 and Argentina proposals generally result in higher percentage cut in policy space for developing members in comparison to developed members. Reduction in policy space under the *de minimis* limit as well as capping of development box under the New Zealand-Australia-proposal would be highly disadvantageous for the developing members. It is in contrast to the mandate under the Doha Development Round which seeks S&DT for developing members as an integral part of agriculture negotiations. On the other hand, the China-India proposal preserves the policy space under the Amber box for developing members whilst seeking the elimination of AMS entitlement for the developed members.

Another prominent issue is whether these proposals ensure a level playing field for the farmers in developing members, majority of whom are low-income or resource-poor. Therefore, it is interesting to know the impact of these proposals on the per farmer OTDS limit across all the members. Under the AoA, the per farmer overall Amber box limit for Australia, Canada, EU, Japan, Norway, Switzerland and USA would be more than US$23000 support per farmer in 2030 (Table 7). On the other hand, per farmer entitlement in developing members is restricted to very low levels. Except for a few members, per farmer entitlement for developing members is lower than that of developed members under all the proposals. This aspect needs to be considered for providing a level playing field for the poor farmers of developing members in agriculture negotiations.

Overall, the majority of the proposals fail to provide effective S&DT to developing members. Without addressing the concerns of developing members related to outdated ERP, capping of product-specific support by *de minimis* limit, inequities in per farmer entitlement and prevailing socio-economic constraints in the agriculture negotiations, a level playing field would remain elusive for the farmers of developing members.

Table 5: Impact of various proposals on policy space available under the OTDS limit (Million US$)

Member	Overall Amber box limit	EU-Brazil		China - India	Rev. 4	Argentina	Overall Amber box limit	EU-Brazil		China - India	Rev. 4	Argentina
		X=5	X = 15					X=5	X = 15			
	2020						2030					
A. Developed members												
Australia	5772	2444	7333	5420	1476	4787	9468	4111	12334	9116	1476	4787
Canada	9118	2601	7802	5799	2743	5215	13359	4503	13508	10040	2743	5215
EU	132889	21943	65830	47457	28476	48419	155784	32529	97588	70352	28476	48419
Japan	44689	4343	13030	8710	15039	9187	44809	4403	13209	8830	15039	9187
Norway	1837	208	624	429	1190	2250	1949	258	775	541	1190	2250
Russia	14508	4016	12048	9108	3084	9124	22589	7579	22738	17189	3084	9124
Switzerland	5475	539	1616	1122	1688	2000	5691	646	1937	1338	1688	2000
Ukraine	3689	1554	4663	3577	1964	3417	7391	3163	9488	7279	1964	3417
USA	61180	19349	58048	42077	14467	38947	83230	29490	88469	64127	14467	38947
B.1 Developing members with AMS entitlement												
Brazil	34588	10927	26536	34588	8288	29056	65536	19882	48285	65536	8288	29056
South Korea	12903	3828	9297	12903	5410	9060	16529	5030	12216	16529	5410	9060
Thailand	10252	2968	7208	10252	2706	9051	19282	5742	13945	19282	2706	9051
Viet Nam	13072	3712	9015	13072	2564	8239	35086	10047	24399	35086	2564	8239
B.2 Developing members without AMS entitlement												
Bangladesh	5795	1783	4331	5795	1922	3952	11106	3418	8300	11106	1922	3952
Egypt	7103	2218	5387	7103	3259	6446	12635	3945	9582	12635	3259	6446
India	104953	32483	78887	104953	29278	72747	224390	67593	164155	224390	29278	72747
Indonesia	41450	11857	28796	41450	7095	28223	115658	33085	80350	115658	7095	28223
Kenya	3251	992	2410	3251	1059	2309	6487	1981	4810	6487	1059	2309
Malaysia	6272	1910	4638	6272	2215	5544	12692	3865	9385	12692	2215	5544
Nigeria	7004	2307	5603	7004	9546	12098	9504	3130	7603	9504	9546	12098
Pakistan	12421	3901	9474	12421	5003	9530	21450	6737	16361	21450	5003	9530
Philippines	7741	2426	5892	7741	3228	6513	13521	4237	10290	13521	3228	6513
Sri Lanka	1085	342	831	1085	456	2000	1829	577	1402	1829	456	2000
Turkey	16582	5211	12656	16582	10675	21816	28545	8971	21787	28545	10675	21816
B.3 China	299842	103374	251052	299842	77569	207255	738619	254648	618431	738619	77569	207255

Source: Authors' Estimation

Table 6: Impact of various proposals on policy space available under the OTDS limit (percentage of VoP of total agriculture)

Member	Overall Amber box limit	EU-Brazil		China - India	Rev. 4	Argentina	Overall Amber box limit	EU-Brazil		China - India	Rev. 4	Argentina
		X=5	X = 15					X=5	X = 15			
	2020						2030					
A. Developed members												
Australia	10.7	4.5	13.5	10.0	2.7	8.8	10.4	4.5	13.5	10.0	1.6	5.3
Canada	15.7	4.5	13.5	10.0	4.7	9.0	13.3	4.5	13.5	10.0	2.7	5.2
EU	28.0	4.6	13.9	10.0	6.0	10.2	22.1	4.6	13.9	10.0	4.0	6.9
Japan	51.3	5.0	15.0	10.0	17.3	10.5	50.7	5.0	15.0	10.0	17.0	10.4
Norway	42.8	4.8	14.5	10.0	27.7	52.4	36.0	4.8	14.3	10.0	22.0	41.6
Russia	15.9	4.4	13.2	10.0	3.4	10.0	13.1	4.4	13.2	10.0	1.8	5.3
Switzerland	48.8	4.8	14.4	10.0	15.0	17.8	42.5	4.8	14.5	10.0	12.6	14.9
Ukraine	10.3	4.3	13.0	10.0	5.5	9.6	10.2	4.3	13.0	10.0	2.7	4.7
USA	14.5	4.6	13.8	10.0	3.4	9.3	13.0	4.6	13.8	10.0	2.3	6.1
B.1 Developing members with AMS entitlement												
Brazil	20.5	6.5	15.8	20.5	4.9	17.3	20.3	6.2	14.9	20.3	2.6	9.0
South Korea	22.3	6.6	16.1	22.3	9.4	15.7	21.8	6.6	16.1	21.8	7.1	11.9
Thailand	21.2	6.1	14.9	21.2	5.6	18.7	20.6	6.1	14.9	20.6	2.9	9.7
Viet Nam	20.3	5.8	14.0	20.3	4.0	12.8	20.1	5.8	14.0	20.1	1.5	4.7
B.2 Developing members without AMS entitlement												
Bangladesh	20.0	6.2	14.9	20.0	6.6	13.6	20.0	6.2	14.9	20.0	3.5	7.1
Egypt	20.0	6.2	15.2	20.0	9.2	18.1	20.0	6.2	15.2	20.0	5.2	10.2
India	20.0	6.2	15.0	20.0	5.6	13.9	20.0	6.0	14.6	20.0	2.6	6.5
Indonesia	20.0	5.7	13.9	20.0	3.4	13.6	20.0	5.7	13.9	20.0	1.2	4.9
Kenya	20.0	6.1	14.8	20.0	6.5	14.2	20.0	6.1	14.8	20.0	3.3	7.1
Malaysia	20.0	6.1	14.8	20.0	7.1	17.7	20.0	6.1	14.8	20.0	3.5	8.7
Nigeria	20.0	6.6	16.0	20.0	27.3	34.5	20.0	6.6	16.0	20.0	20.1	25.5
Pakistan	20.0	6.3	15.3	20.0	8.1	15.3	20.0	6.3	15.3	20.0	4.7	8.9
Philippines	20.0	6.3	15.2	20.0	8.3	16.8	20.0	6.3	15.2	20.0	4.8	9.6
Sri Lanka	20.0	6.3	15.3	20.0	8.4	36.9	20.0	6.3	15.3	20.0	5.0	21.9
Turkey	20.0	6.3	15.3	20.0	12.9	26.3	20.0	6.3	15.3	20.0	7.5	15.3
B.3 China	17.0	5.9	14.2	17.0	4.4	11.8	17.0	5.9	14.2	17.0	1.8	4.8

Source: Authors' Estimation

Table 7: Impact of various proposals on per farmer entitlement under the Amber box (US$)

Member	Overall Amber box limit	EU-Brazil		China - India	Rev. 4	Argentina	Overall Amber box limit	EU-Brazil		China - India	Rev. 4	Argentina
		X=5	X = 15					X=5	X = 15			
	2020						2030					
A. Developed members												
Australia	18073	7654	22961	16970	4621	14989	33385	14497	43490	32142	5204	16879
Canada	32905	9385	28155	20927	9900	18820	54279	18294	54883	40793	11147	21191
EU	14968	2472	7415	5345	3207	5454	23375	4881	14643	10556	4273	7265
Japan	19984	1942	5827	3895	6725	4108	24222	2380	7140	4773	8130	4966
Norway	33169	3755	11266	7751	2149	40617	45478	6028	18085	12625	27779	52499
Russia	3697	1023	3070	2321	786	2325	8309	2788	8364	6323	1134	3356
Switzerland	40000	3935	11806	8194	1233	14613	46815	5313	15938	11005	13883	16452
Ukraine	1451	611	1834	1407	772	1344	4207	1800	5401	4143	1118	1945
USA	29053	9189	27566	19981	6870	18495	40907	14494	43481	31518	7110	19142
B.1 Developing members with AMS entitlement												
Brazil	4012	1267	3078	4012	961	3370	9119	2766	6719	9119	1153	4043
South	10056	2984	7246	10056	4216	7061	16877	5136	12474	16877	5524	9251
Thailand	849	246	597	849	224	750	1840	548	1330	1840	258	864
Viet Nam	637	181	439	637	125	402	1956	560	1360	1956	143	459
B.2 Developing members without AMS entitlement												
Bangladesh	225	69	168	225	75	153	446	137	334	446	77	159
Egypt	1080	337	819	1080	495	980	1794	560	1361	1794	463	915
India	534	165	401	534	149	370	1245	375	911	1245	162	404
Indonesia	1149	329	798	1149	197	783	3511	1004	2439	3511	215	857
Kenya	251	77	186	251	82	178	356	109	264	356	58	127
Malaysia	4033	1228	2982	4033	1424	3564	8103	2467	5992	8103	1414	3539
Nigeria	358	118	286	358	488	618	478	157	382	478	480	608
Pakistan	477	150	364	477	192	366	712	224	543	712	166	316
Philippines	768	241	585	768	320	646	1420	445	1081	1420	339	684
Sri Lanka	544	172	417	544	228	1003	1131	357	867	1131	282	1236
Turkey	3126	982	2386	3126	2012	4112	5874	1846	4484	5874	2197	4489
B.3 China	1587	547	1329	1587	411	1097	5498	1895	4603	5498	577	1543

Source: Authors' Estimation

SECTION 6: CONCLUSION

Despite the intense negotiations on disciplining the trade-distorting support since the inception of Doha Development Round in 2001, the stalemate continues due to differing positions of members. Developing members are consistently demanding that the existing imbalances and asymmetries in the AoA be addressed in order to ensure a level playing field for poor farmers under the multilateral rules. Given the severe challenges faced by their farmers due to various harsh socio-economic conditions, developing members are also seeking S&DT as an integral part of agriculture negotiations as per the Doha mandate. As a prerequisite for domestic support reforms, developing members have been asking for the elimination of AMS entitlement for developed members in order to cap their product-specific support by *de minimis* limit. However, attempts have been made by some developed members to misrepresent the Amber box provisions to show that developing members have the largest and growing policy space to provide trade-distorting support. This narrative has been pushed to dilute the S&DT provisions of the AoA as well as the Doha round mandate, by seeking a steep reduction in the *de minimis* limit for developing members as well as capping the Development box.

In order to examine the implications of agricultural negotiations on the policy space for nine developed and 16 developing members, this study estimated the OTDS limit under various proposals in monetary value, as a percentage of VoP and per farmer entitlement for 2020 and 2030. Further, all the key proposals have been categorised under the floating and fixed model approach. The result shows that though various proposals have S&DT provisions for developing members, their effectiveness in achieving a level playing field is highly questionable. Under Argentina, and EU-Brazil proposals, as well as the Rev.4 modalities in a scenario where scheduling implies upper ceiling, developing members generally have to undertake higher cuts than the developed members, highlighting the asymmetries in the negotiations. For instance, the reduction under the EU-Brazil proposal would be generally higher for developing members than the developed members. Rather than a reduction in policy space, developed members like Australia and USA would gain 3.1 and 0.82 percent respectively, additional flexibility to provide support by 2030 under this proposal. On the other hand, developing members like India and Indonesia will experience reductions of -5.37 and -6.11 percent respectively from their existing entitlements under the AoA.

Even in terms of per farmer support, entitlements of developing members will be capped at very low levels in comparison to developed members, highlighting the lack of effective S&DT in the negotiations. For instance, for developed members like Australia, Canada and USA, the trade-distorting per farmer entitlement is estimated to be more than US$ 40000 under the same proposal. Contrary to it, developing members like Bangladesh, India, Kenya, Nigeria, Pakistan, and Sri Lanka, per farmer trade-distorting support entitlement is projected to be less than US$ 1000 in 2030.

Developing members already have been facing shrinking policy space to implement domestic support measures, including price support under the existing provisions of the AoA. Given these constraints, it would be extremely difficult for developing members to accept the proposed steep cuts in *de minimis* limit and capping of Development box. Over and above, per farmer OTDS entitlement under various proposals would remain highly skewed in favour of the developed members, thus denying the level playing field to farmers of developing members in the future as well.

Though there are exemptions for the LDCs in many proposals, many of these members will graduate to the status of a developing member in the near future (UN, 2020). It will make these exemptions ineffective for LDC members who are expected to graduate in the near future, making provisions for developing members applicable to them. It would result in a steep reduction in their policy space, as is evident in the case of Bangladesh. Division of developing members as emerging economies, other developing members and LDCs would be highly disadvantageous for the poor farmers in the global south. Further, developing members need to raise their concerns in the negotiations effectively. Surprisingly, it is rare to see any proposal by developing members that seek to modify the outdated ERP under the market price methodology.

The findings of the study show that frequent attempts have been made in the negotiations to dilute the S&DT provisions for the developing members. Unlike the Uruguay Round, developing need to be extremely cautious in the ongoing negotiations by highlighting the fallacies of the narratives by the developed members in the negotiations. Otherwise, future trade rules would fail to deliver inclusiveness and a fair playing field for millions of poor farmers in developing countries.

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