SOUTH CENTRE An Intergovernmental Organization of Developing Countries

Agriculture Negotiations
(ACP Refresher Workshop)

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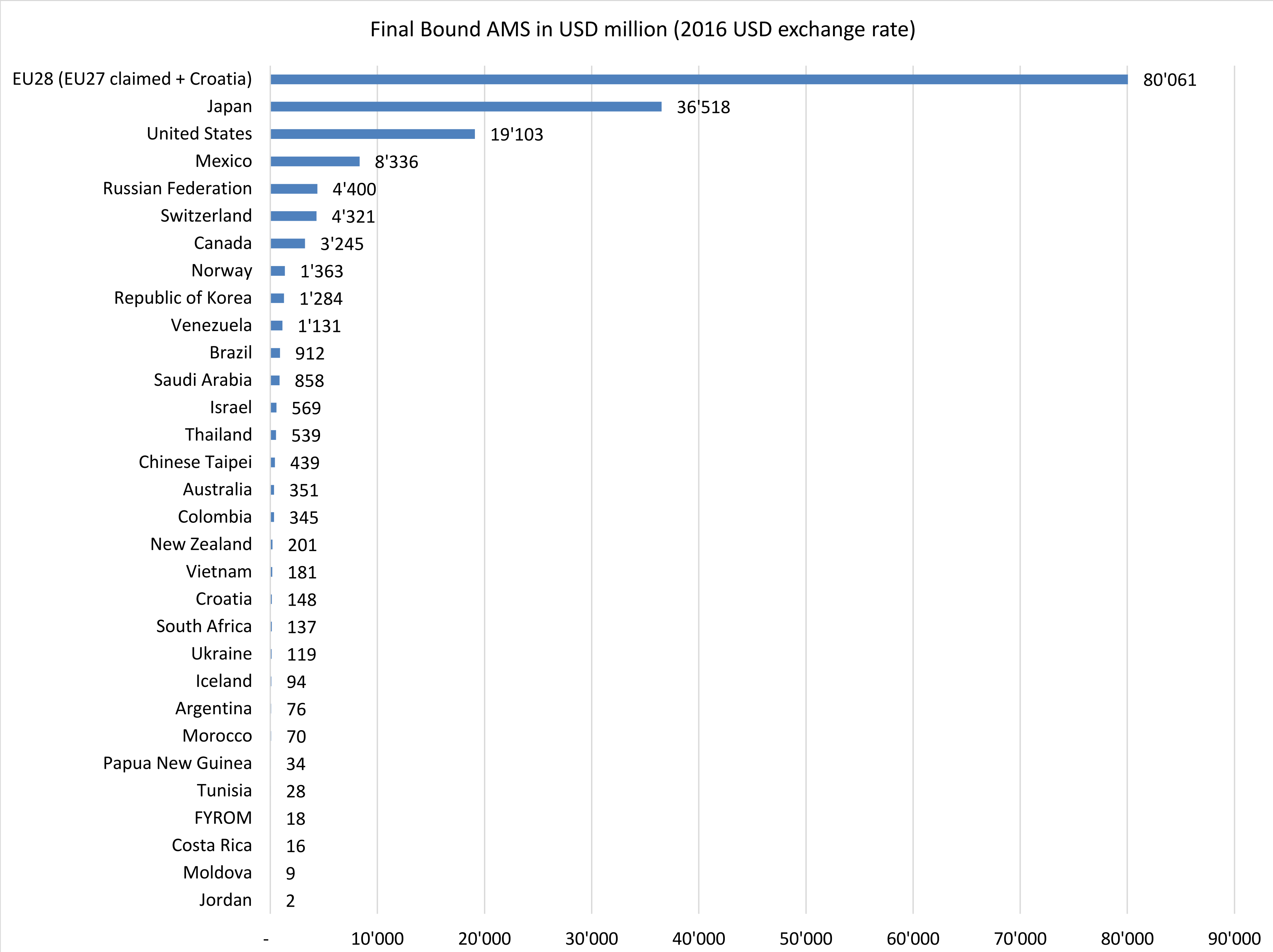
South Centre

17 October 2018


Final Bound AMS in USD million (2016 USD exchange rate)
EU28 (EU27 claimed + Croatia)
80'061
Japan
36'518
United States
19'103
Mexico
8'336
Russian Federation
4'400
Switzerland
4'321
Canada
3'245
Norway
1'363
Republic of Korea
1'284
Venezuela
1'131
Brazil
912
Saudi Arabia
858
Israel
569
Thailand
539
Chinese Taipei
439
Australia
351
Colombia
345
New Zealand
201
Vietnam
181
Croatia
148
South Africa
137
Ukraine
119
Iceland
94
Argentina
76
Morocco
70
Papua New Guinea
34
Tunisia
28
FYROM
18
Costa Rica
16
Moldova
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Jordan
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10'000
20'000
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40'000
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60'000
70'000
80'000
90'000

Major Inequity in AoA Rules:

1) Developed countries can provide unlimited product-specific AMS Supports, Developing countries can only provide 10% product-specific AMS

US's and EU's product specific AMS supports to products as a % of the Value of Production of a crop (VOP)

- **EU 2008-2009 (average):**

sugar beet 55%, tobacco 62% of VOP

- **US 1999-2001 (average) : soybeans 27%. of VOP**
- **US 1995-2001 (average) : peanuts 35% of VOP**
- **US 2001: sunflower seed 66% of VOP**
- **US 2005: maize : 20% of VOP**
- **EU 1995-2000 : cattle meat EUR 16.5 billion**

US product-Specific Supports:

Products where product-specific AMS support exceeded the de minimis threshold
(US 2014 notification)

Product	% Product-specific AMS as % of VOP	Product	% Product-specific AMS as % of VOP
Sugar	58.9%	Sorghum	8.1%
Sesame	57.5%	Wheat	7.7%
Peanuts	15.6%	Sunflower	7.5%
Cotton	15.5%	Flaxseed	5.5%
Millet	13.6%	Dry beans	5.5%
Tangelos	9.5%	Popcorn	5.5%
Canola	8.9%		

EU's Market price support as % of VOP (2012/2013)

Product	AMS	Production value	Product specific support as % of production value
Silkworms	0.4	0.3	133.3%
Skimmed milk powder	1145	2,156.4*	53.1%
Butter	2743.4	6,531.5*	42.0%
Fiber flax	7	20.6*	34.0%

Source: EU notification for the year 2012/2013, WTO document G/AG/N/EU/26 of 2 November 2015 (Supporting Table DS:4 'Calculation of the Current Total Aggregate Measurement of Support') and author's calculations
The EU does not notifies production value for skimmed milk powder (SMP), butter and fiber flax as "not available".:

- Values for SMP and butter inferred from production and price data provided by CLAC.it, a 'Dairy Economic Consulting firm that analyses the Dairy Market, interprets trends and provides data, news and synthesis', http://www.clal.it/en/?section=produzioni_burro and http://www.clal.it/en/?section=produzioni_smp
- Values for Fiber flax and natural honey (bee keeping) from FAOstat (average 2012-2013), converted to EUR using USDA Agricultural Exchange Rates (annual, average of years 2012 and 2013)

EU / US are not constrained by their 5% product-specific de minimis because of their AMS entitlements

In contrast, developing countries in their intervention programmes are capped by their 10% product-specific de minimis because they have 0 AMS.

Major Inequity in AoA Rules:
2) Developed countries can provide unlimited Green Box supports and have used this to shelter the majority of their domestic supports

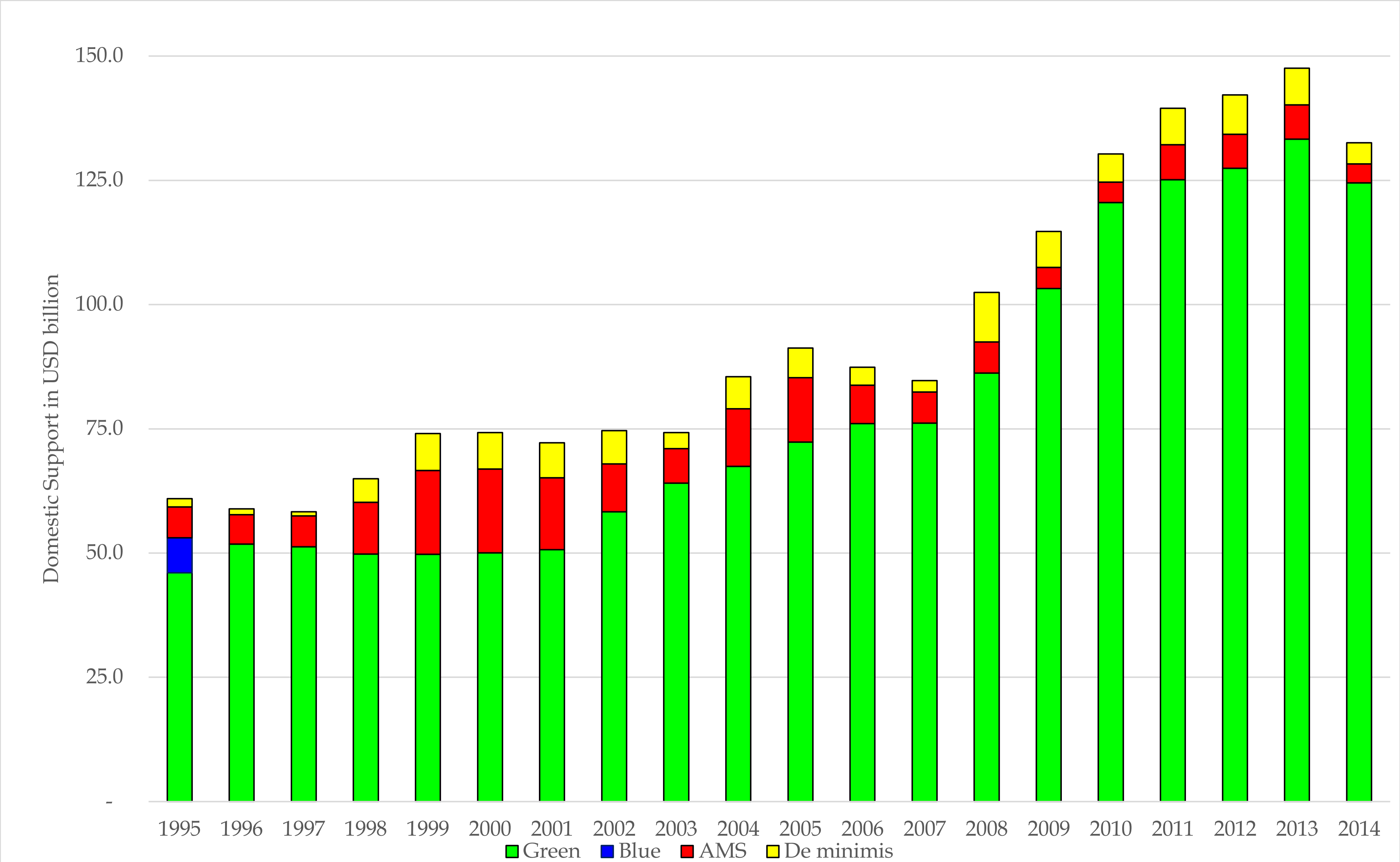
Green Box subsidies make up

- 94% of total US domestic supports
- 87% of total EU domestic supports.

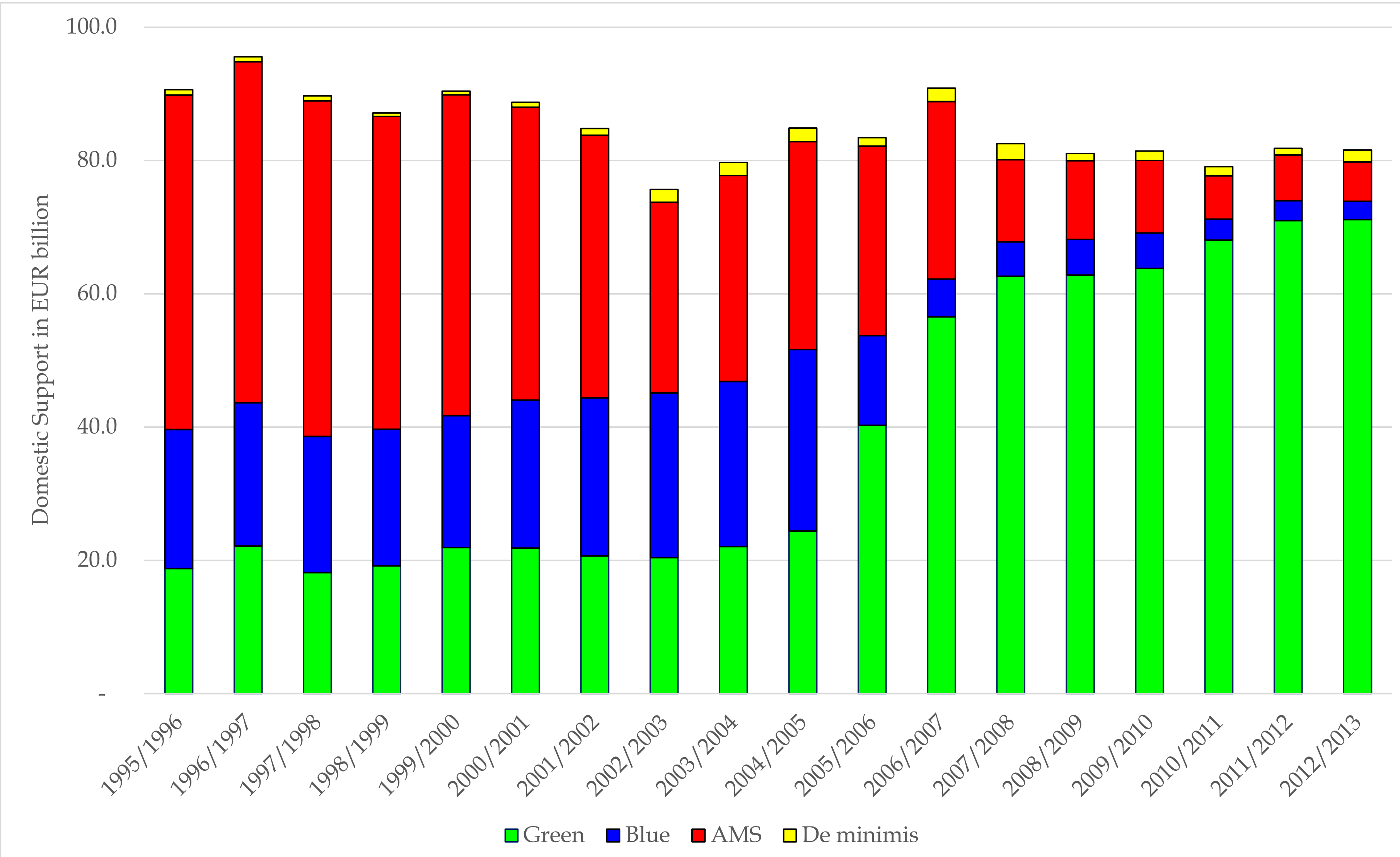
Annex 2 (Green Box, Agreement on Agriculture)

Para 1: 'Domestic support measures for which exemption from the reduction commitments is claimed shall meet the fundamental requirement that they have no, or at most minimal, trade-distorting effects of effects on production.'

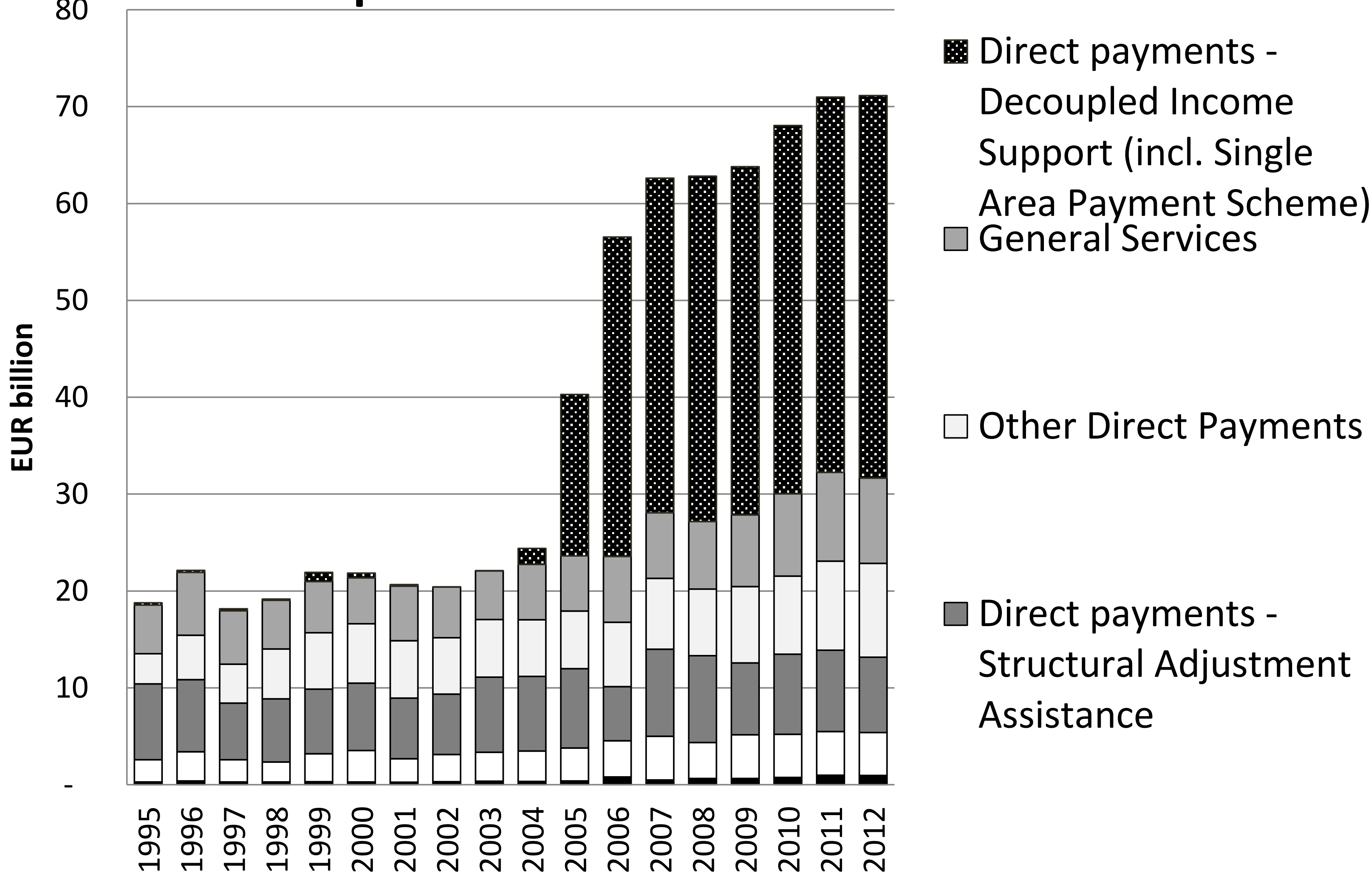
Composition of US Domestic Supports as Notified to the WTO



Composition of EU Domestic Supports as Notified to the WTO



EU's Green Box Increases and Composition of Its Green Box



Studies on Green Box

- Studies by World Bank, ABARE (Australian Bureau of Agricultural and Resource Economics) and UNCTAD illustrate that **decoupled income supports in the Green Box are trade-distorting because the way they have been used by US and EU does not lead to real 'decoupling' from production**.
    1. Size of subsidies and wealth effects
    2. Size of payments to general services, environmental services etc.
    3. Updating and expectations about future policies
    4. Planting restrictions
    5. Co-existence of coupled and decoupled payments enhances incentives to overproduce

Effects of Inequities in Agriculture Rules [+ misguided advice in Structural Adustment Programmes]:

NFIDCs – as recognized in WTO

- 1996:
  - LDCs + 15 countries (Barbados, Côte d'Ivoire, Dominican Republic, Egypt, Honduras, Jamaica, Kenya, Mauritius, Morocco, Peru, Saint Lucia, Sri Lanka, Trinidad and Tobago, Tunisia and Venezuela).
- 2002:
  - LDCs + 23 countries (Botswana, Cuba, Dominica, Jordan, Pakistan, Saint Kitts and Nevis, St Vincent and the Grenadines)
- 2012:
  - LDCs + 31 countries (Antigua and Barbuda, El Salvador, Gabon, Grenada, Maldives, Mongolia, Namibia, Swaziland)

Spending More Money on Food Imports

- Early 1960s: Developing countries, including LDCs, have US$7 billion in food-trade surplus

LDCs' Food Trade Deficit

- 2002: US$9 billion.
- 2006: US$22 billion
- 2007: US$ 26 billion
- 2014: US$ 37 billion (FAO 2014)

Africa's Food Trade Deficit

- 2013: US$45 (FAO 2014)
- CAN WE FIND A MORE RECENT FIG? 35 billion?

FAO on food import surges

Country / Commodity	Imports Increased by:	Local Production Decreased by
Senegal- Tomato Paste	15 times	50%
Burkina Faso – Tomato Paste	4 times	50%
Jamaica – Vegetable Oils	2 times	68%
Chile – Vegetable Oils	3 times	50%
Haiti - Rice	13 times	small
Haiti – Chicken Meat	30 times	small
Kenya – Diary Products	“dramatic”	Cut local milk sales
Benin – Chicken Meat	17 times	Declined

Source: FAO 2003 “Some Trade Policy Issues Relating to Trends in Agricultural Imports in the Context of Food Security”, Committee on Commodity Problems, CCP 03/10, 2003.

FAO Case Studies

Ghana - Tomato Paste: Tomato paste imports from the EU increased by a staggering 650 percent from 3,300 tons in 1998 to 24,740 tons in 2003. Farmers lost 40 percent of the share of the domestic market and prices were extremely depressed.

Ghana – Poultry: Commercial development of the industry started in the late 60s and by the 80s the poultry industry was a vibrant sector. From the 70s to the early 90s, the local industry supplied virtually all of the chicken and eggs consumed in Ghana. Under structural adjustment policy, tariffs were drastically reduced. According to the FAO (2007) poultry imports grew from 4,000 tons in 1998-124,000 tons in 2004. During this time (1998 – 2004) poultry enterprises operated at low capacities, sometimes less than 25% (FAO 2007).

Cameroon - Poultry: Poultry imports increased nearly 300 percent between 1999 and 2004. Some 92 percent of poultry farmers dropped out of the sector. A massive 110,000 rural jobs were lost each year from 1994 to 2003.

- Cote d'Ivoire – poultry: poultry imports increased 650 percent between 2001 and 2003, causing domestic production to fall by 23 percent. As a result, prices dropped, forcing 1,500 producers to cease production and the loss of 15,000 jobs.

- Mozambique – vegetable oils: vegetable oil imports (palm, soy and sunflower) saw a fivefold increase between 2000 and 2004. Domestic production shrank drastically, from 21,000 tonnes in 1981 to 3,500 in 2002. About 108,000 smallholder households growing oilseeds have been affected, not to mention another 1 million families involved in substitute products (soy and copra). Small oil processing operations have closed down, resulting in the termination of thousands of jobs

- Senegal – Poultry: 70 percent of the poultry industry was wiped out because of EU poultry imports.

Small Subset of **List of Import Surges (FAO studies)**

- Kenya – sugar; dairy
- Ghana – rice; tomato paste; poultry
- Cameroon – poultry; rice; vegetable oils
- Tanzania – rice; dairy
- Mozambique – poultry; vegetable oils
- Cote d’Ivoire – rice; poultry
- Honduras- rice
- Indonesia – rice
- Philippines – onions; tobacco
- Nepal – rice
- Sri Lanka – dairy
- Brazil – cotton

The case of rice production in Haïti

- Early 80s: Haïti is self-sufficient in rice production
- 1980s: Introduction of two structural adjustment programmes by World Bank and International Monetary Fund
- In this context: rice tariff reduced from 50% to 3%

Haïti

- Result: subsidised rice imports increased from 15,000 tonnes to 350,000 tonnes between 1980 and 2004
- Local production: decreased from 124,000 tonnes to 73,000 tonnes between 1981 and 2002
- Government spends some 80% of export earnings for food imports
- High rural exodus continues

Haïti

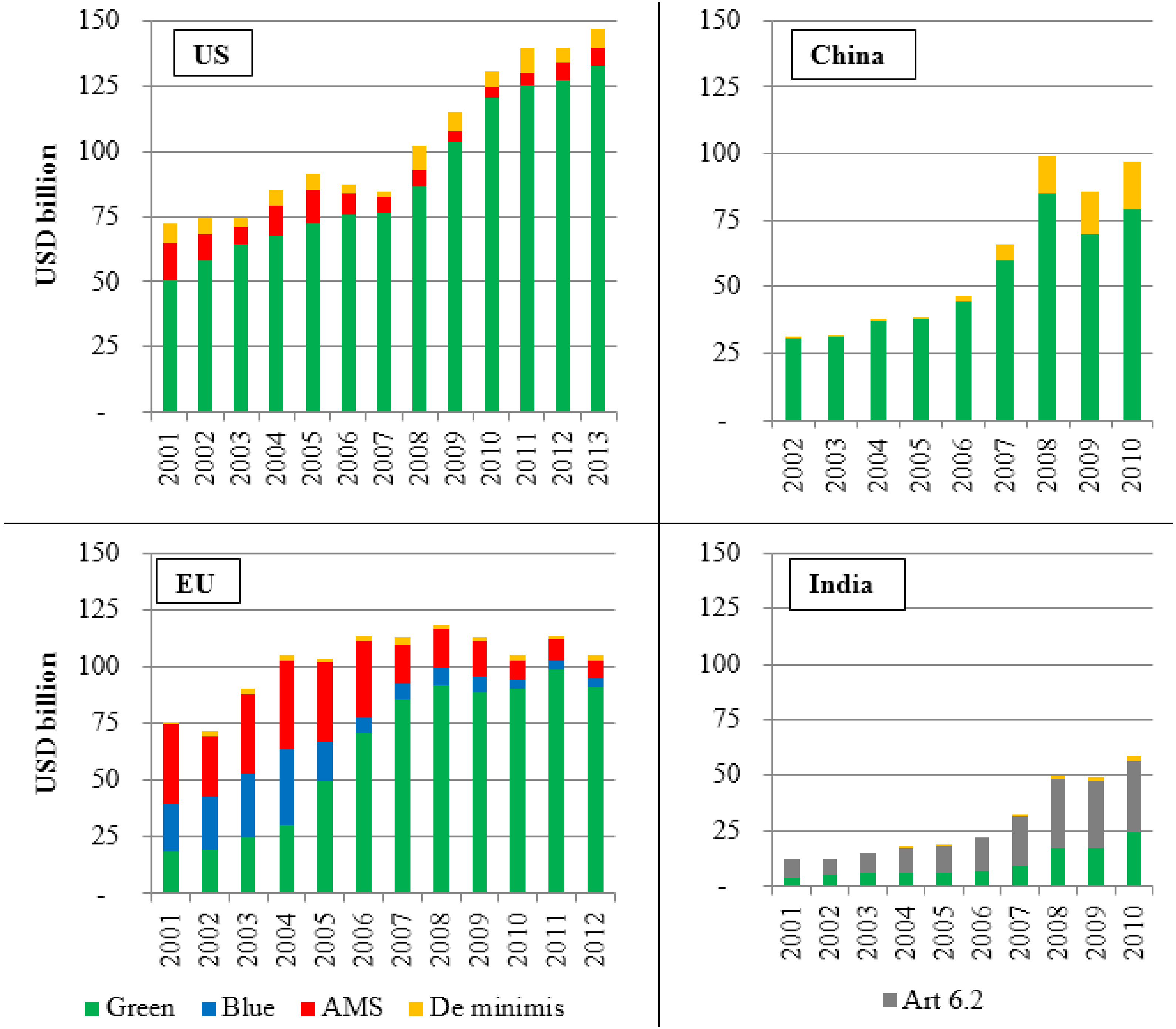
- 2008 food crisis : Increase of rice price by 40%
- result : serious worsening of food situation

  riots, political crisis

Burkina Faso Milk Farmers Appeal to EC, 2016

- <u>EU overproduction leads to distortions in African markets</u>
- ‘If the EU is unable to lower production to an appropriate volume within its own borders, European producers will not be the only ones affected by the resulting rock-bottom prices. When the EU produces too much, the surplus often ends up in markets in developing countries at dumping prices. René Millogo explains the problem by referring to the current milk prices in Burkina Faso: "The average shop price for a litre of locally-produced milk is 600 CFA (about 91 eurocents). In comparison, milk produced from imported milk powder costs only 225 CFA (34 cents). This puts the local production at risk and destroys opportunities for local pastoral communities to earn a living."
- ..."We hope that our European counterparts will consider the information derived from our talks in future decisions about dairy policy. It is important for them to strongly advocate a sustained reduction in overproduction in the EU. African countries that can fulfil their own needs are better for Europe as well. If the local socio-economic situation is not favourable, immigrating to Europe or other continents will be the only option, especially for young people," says Mariam Diallo, explaining their point of view.’

Source : European Milk Board, Press Release, 29 Sept 2016



US
China
EU
India
USD billion
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100
75
50
25
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2002
2003
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2005
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2009
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Green
Blue
AMS
De minimis
Art 6.2

Demands by Developed Countries of Developing Countries in Domestic Support negotiations:

- Reduce the 10% de minimis

- Reduce the Art 6.2 supports – investment and input subsidies for small and resource-poor farmers

<u>Developed Countries REFUSE to</u>

- Eliminate AMS
- Discipline Green Box

Total (notified) Domestic Support and Domestic Support Per Farmer

Country Group	WTO Member (year)	Total Domestic Support (USD bln)	Total Domestic Support per farmer (USD)
Developed countries	Australia 2013/2014	1.8	537
	Canada 2013	5.2	16,562
	EU27 2012/2013	130.4	12,384
	Japan 2012	33.9	14,136
	United States 2013	146.8	68,910
Developing countries	Botswana 2014/2015	0.1	486
	Brazil 2014/2015	2.1	468
	China 2010	97.2	348
	Gambia 2013	0.0	35
	India 2013/14	43.6	228
	Indonesia 2008	3.2	73
	Madagascar 2012	0.1	8
	Morocco 2007	1.0	229
	Namibia 2009/2010	0.0	272
	South Africa 2014	1.7	2,265
	Tunisia 2015	0.1	148
	Zambia 2012	0.2	77

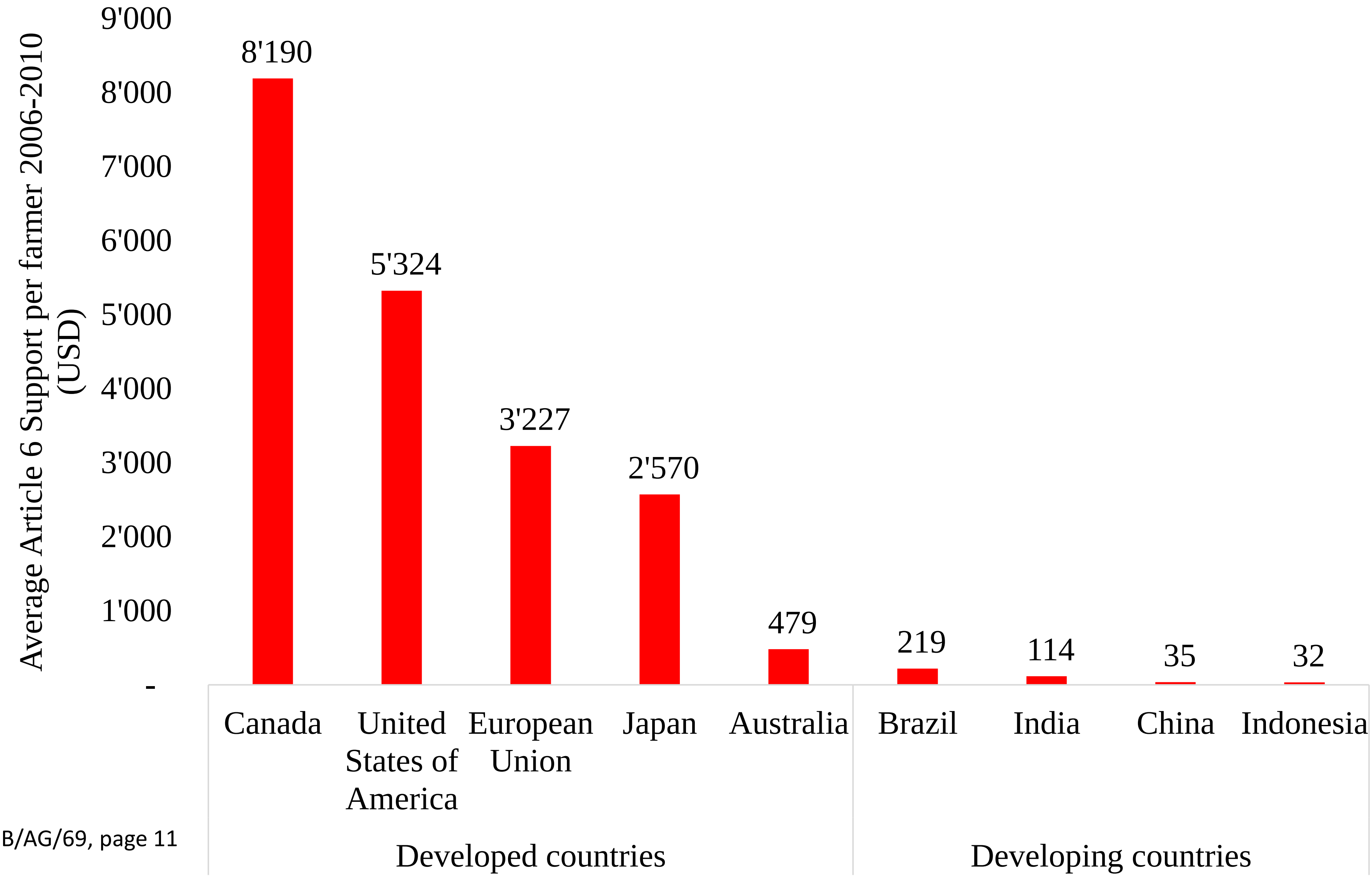
Sources: Members' WTO Notifications, FAOStat (employment in agrulture), World Bank (exchange rates)

Article 6 Support as a percentage of the VoP - Notified Support

	2006 (%)	2007 (%)	2008 (%)	2009 (%)	2010 (%)	Average 2006-2010 (%)
Australia	1	1	1	0	0	1
Brazil	3	3	2	2	3	3
Canada	11	13	10	10	19	13
China	0	1	2	2	2	1
European Union	35	15	7	7	6	14
India	8	8	11	16	14	11
Indonesia	1	1	2	3	2	2
Japan	9	8	9	10	13	10
US	6	3	6	5	4	5

Source: Cairns Group: Article 6 Notified Support as a Percentage of the VoP, 2006-2010, VoP from FAOSTAT.

Article 6 support per farmer



JOB/AG/69, page 11

Fixed % of VOP

	Farmers in 2012 (millions)	Value of Agricultural production (VOP) in 2012 (millions of USD)	5% of VOP	5% of VOP per farmer (USD)
India	271.1	232,300	11,615	42.8
China	504.5	1,263,845	63,192	125.3
EU	10.0	384,419	19,221	1,912.7
US	2.4	317,647	15,882	6,590.2

Public Stockholding Programmes

Inequities in Rules:

- Green Box allows for developed countries farm programmes – unlimited amounts
- Mentions PSH, but puts subsidies provided in AMS
- Developing countries' AMS is limited to 10% (product-specific de minimis)
- Calculation of subsidy needs updating [Reference between 1986-88 prices and today's administered price makes no economic sense]

Rev.4:

PSH programmes counted under Green Box

Quid pro quo in Rev.4:

No disciplines on developed countries' programmes in Green Box

Public Stock Holding Programmes

Many developing countries have public stockholding programmes. A non-exhaustive list of just some African countries: Zambia; Ghana; Zimbabwe; Malawi; Senegal; Kenya; Egypt; Morocco; Tunisia; Botswana; Cameroon; Tanzania, China, India, Sri Lanka, Philippines, Indonesia, Nepal, Bangladesh, Jordan etc etc.

Success story: Senegal – reintroduced state marketing and procurement policy interventions since 2007. Self –sufficiency in rice apparently grew from 20 % in 2007 to 40% in 2011.

The stage of development is a critical: PSH can help farmers especially when countries are at a lower level of development: stable prices; provides market of last resort.

PSH: Who needs it?

Country	Product	Procuring agency	Years in which de minimis/ AMS exceeded
Egypt	Wheat	General Agency for the Supply of Commodities	Domestic support in local currency exceededde minimis in **all** the years from 1995 onwards. In the recent years domestic support for wheat was in the range 28%-44% of the VoP. Domestic support in USD exceeded minimis in **all** the years from 2006 onwards.
Indonesia	Rice	Perum Bulog	Domestic support for rice has so far not exceeded the 10 % de minimis. It was around 7.6 % in 2013. It is likely to be around 9% in 2014. If the trend continues, Indonesia would breach the de minimis within the next 2-3 years.
Jordan	Wheat		In its WTO notifications Tunisia has resorted to Article 18.4. If inflation is not taken into consideration, as the product specific support for wheat was JD 1,779,000, it exceeded the limit (JD 1,333,973) in local currency in 2012.

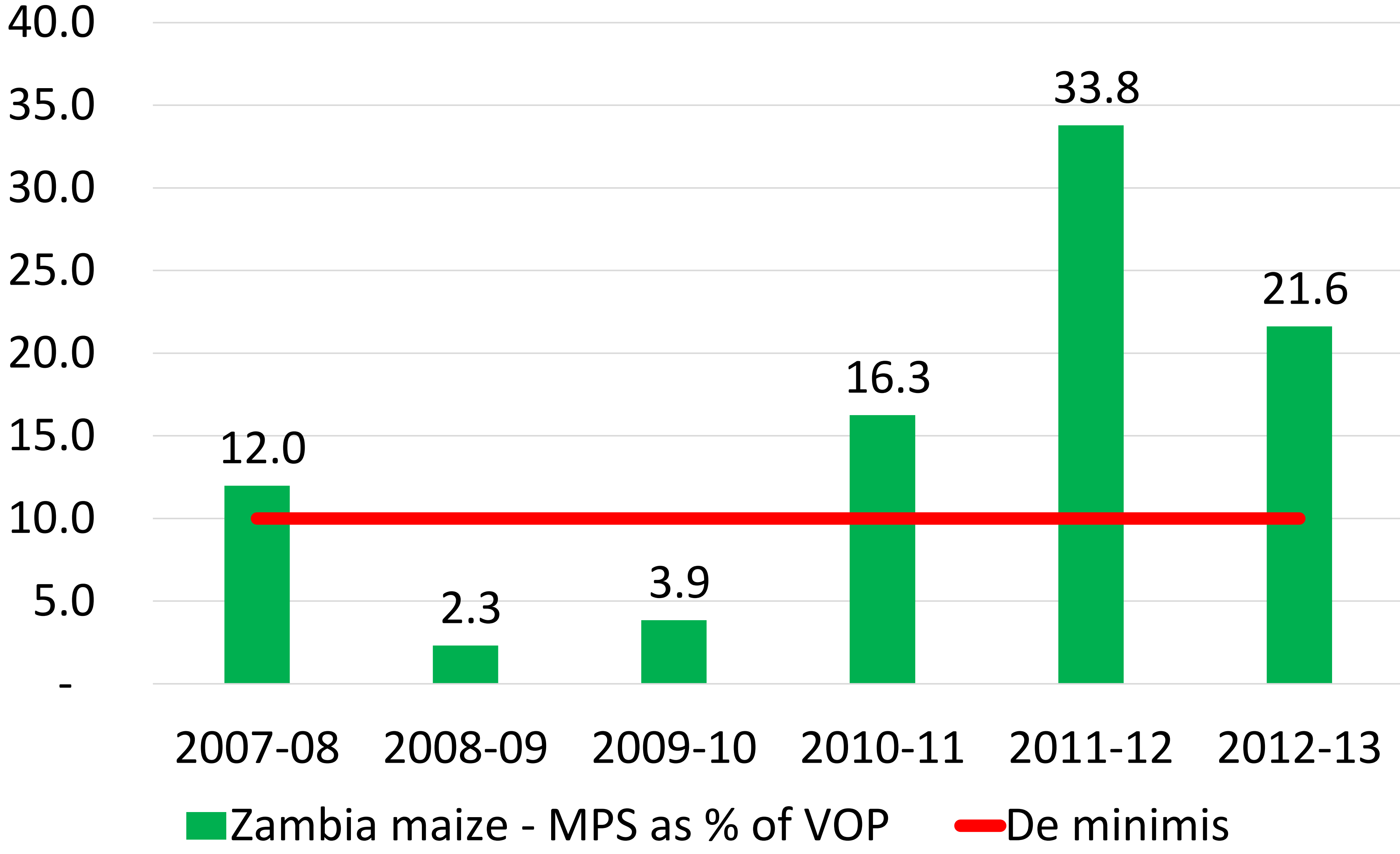
PSH: Who needs it? (ii)

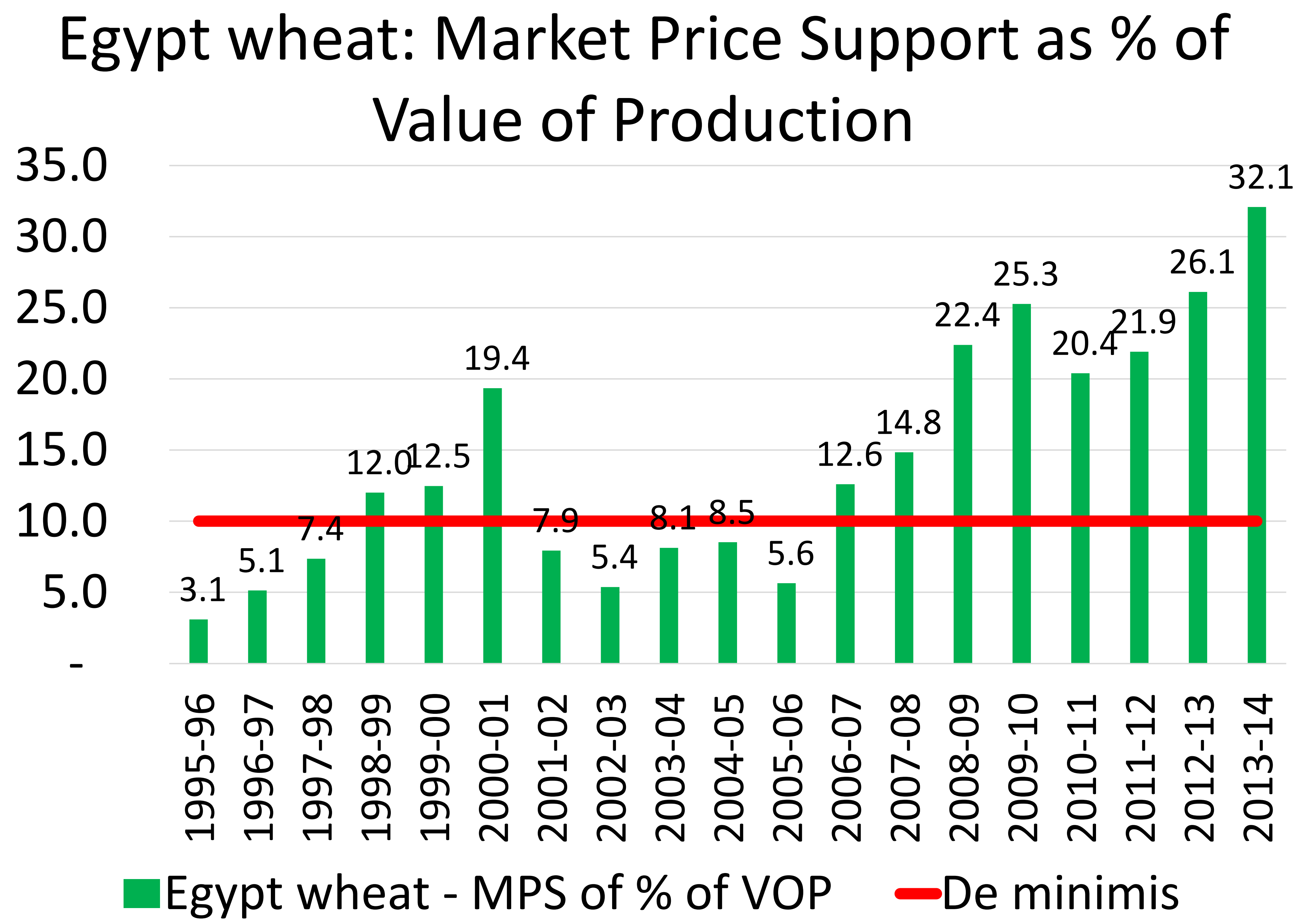
Country	Product	Procuring agency	Years in which de minimis/ exceeded
Kenya	Maize	National Cereals and Produce Board	Calculations in local currency show that Kenya has breached de minimis limit of 10 percent of value of production of maize in 2000, 2004, 2006. As data on procurement is not available for 2009 and onwards, calculations for recent years could not be undertaken.
Morocco	Wheat	Office National Interprofessionnel des Cereales et des Legumineuses	From 1998-99 onwards, product specific supports for soft wheat on account of procurement at support price was above the applicable limit for all years except 2000-recent years domestic support on account of administered price for wheat was **6-7 times the (645 Mn. Dh.)**. However, it is not entirely clear whether the procurement includes procurement through imports.
Pakistan	Wheat		Calculations in **local currency** show that Pakistan has **exceeded** the de minimis in all the years **from 1997-98 onwards**. Calculations in **USD** indicates that Pakistan **breached the de minimis in 2008-09, 2009-10 and 2011-12**. During the period 2008-09 to 2011-12 the product specific support on account of procurement of wheat was 21% – 33% (in Rs terms) and 9% - 16% (in USD) of the VoP of wheat.

PSH: Who needs it? (iii)

Country	**Product**	**Procuring agency**	**Years in which de minimis/ exceeded**
Tunisia	Wheat (Durum and soft)		In its WTO notifications Tunisia has resorted to Article 18.4. Very close to breaching in 2003-05, if inflation not taken into account.
Turkey	Wheat	Turkish Grain Board	Turkey has exceeded de minimis limit for wheat during 2005-06 and 2009-10. It was close to bexceeding the limit during 1998-99 and 1999-00 when product specific support was around 9.95 percent. Although in recent years the product specific support for wheat has remained below de minims, however there is a rising trend. If the trend persist, it is apprehended that Turkey may again breach the de minimis within the next 3-4 years.
Zambia	Maize	Zambia Food Reserve Agency	In some of the notifications to the CoA, Zambia has indicated that it implements measures for public stockholding for food security purposes. Specifically, amounts in the range ZMk 1,204 Tn. (in 2010) to ZmK 80 Tn. (2008) have been mentioned under Green Box in the notifications of recent years. However, Zambia has not separately notified procurement of Maize by the Zambian Food Reserve Agency. Calculations in USD show that Zambia has exceeded the deminimis limit i.e. 10 percent of value of production of maize in 2007-08, 2010-11, 2011-12 and 2012-13
Zimbabwe	Maize	Grain Marketing Board	Domestic support in local currency exceeded de minimis in 2009-10, 2011-12 and 2013-14 as it was 10-15 % of value of production of maize. If calculations done in USD then support within de minimis.

Zambia maize: Market Price Support as % of Value of Production




Egypt wheat: Market Price Support as % of Value of Production
35.0
30.0
25.0
20.0
15.0
10.0
5.0
-
3.1
5.1
7.4
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19.4
7.9
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5.6
12.6
14.8
22.4
25.3
20.4
21.9
26.1
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2002-03
2003-04
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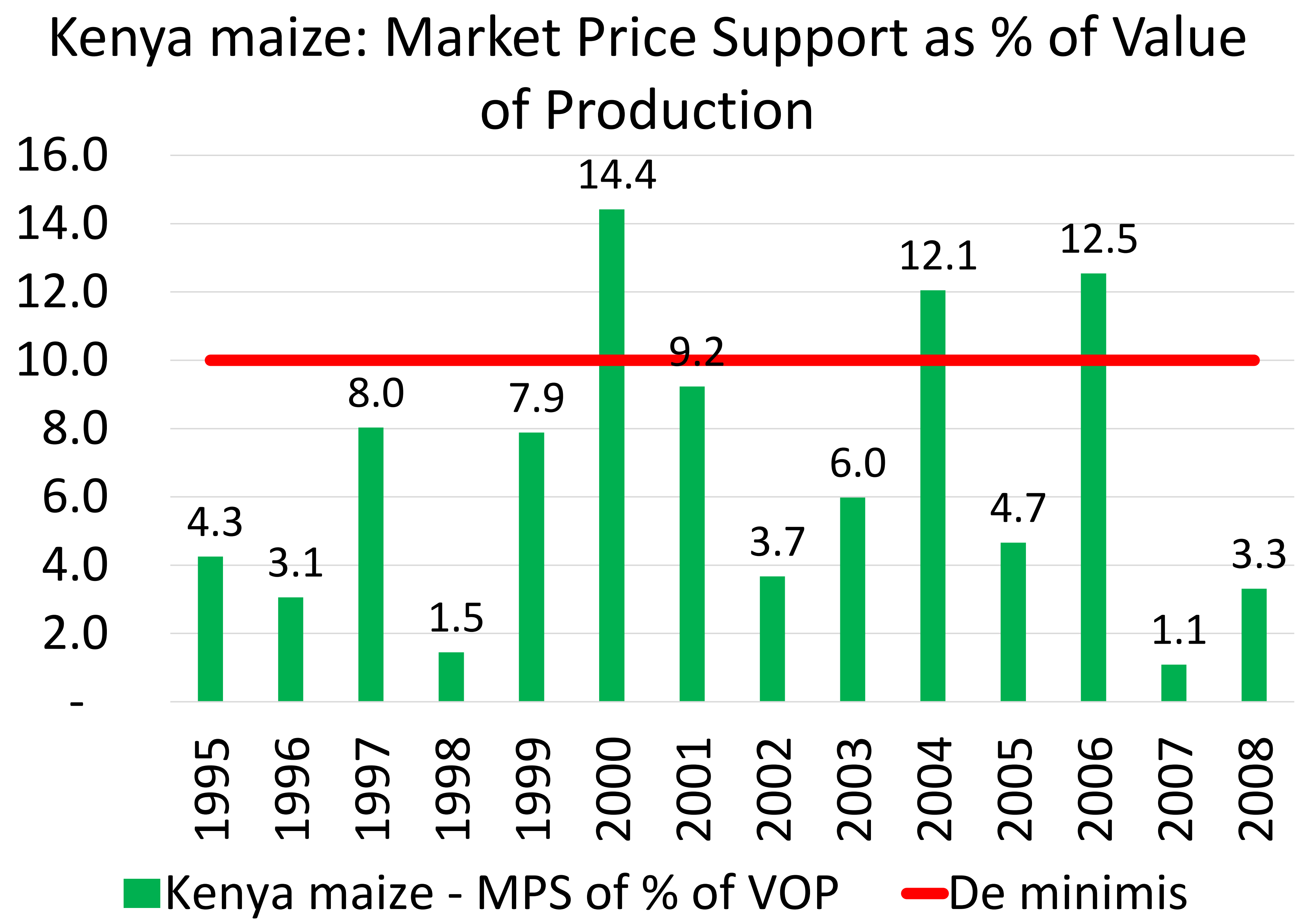
2012-13
2013-14
Egypt wheat - MPS of % of VOP
De minimis



Kenya maize: Market Price Support as % of Value of Production
16.0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
-
4.3
3.1
8.0
1.5
7.9
14.4
9.2
3.7
6.0
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4.7
12.5
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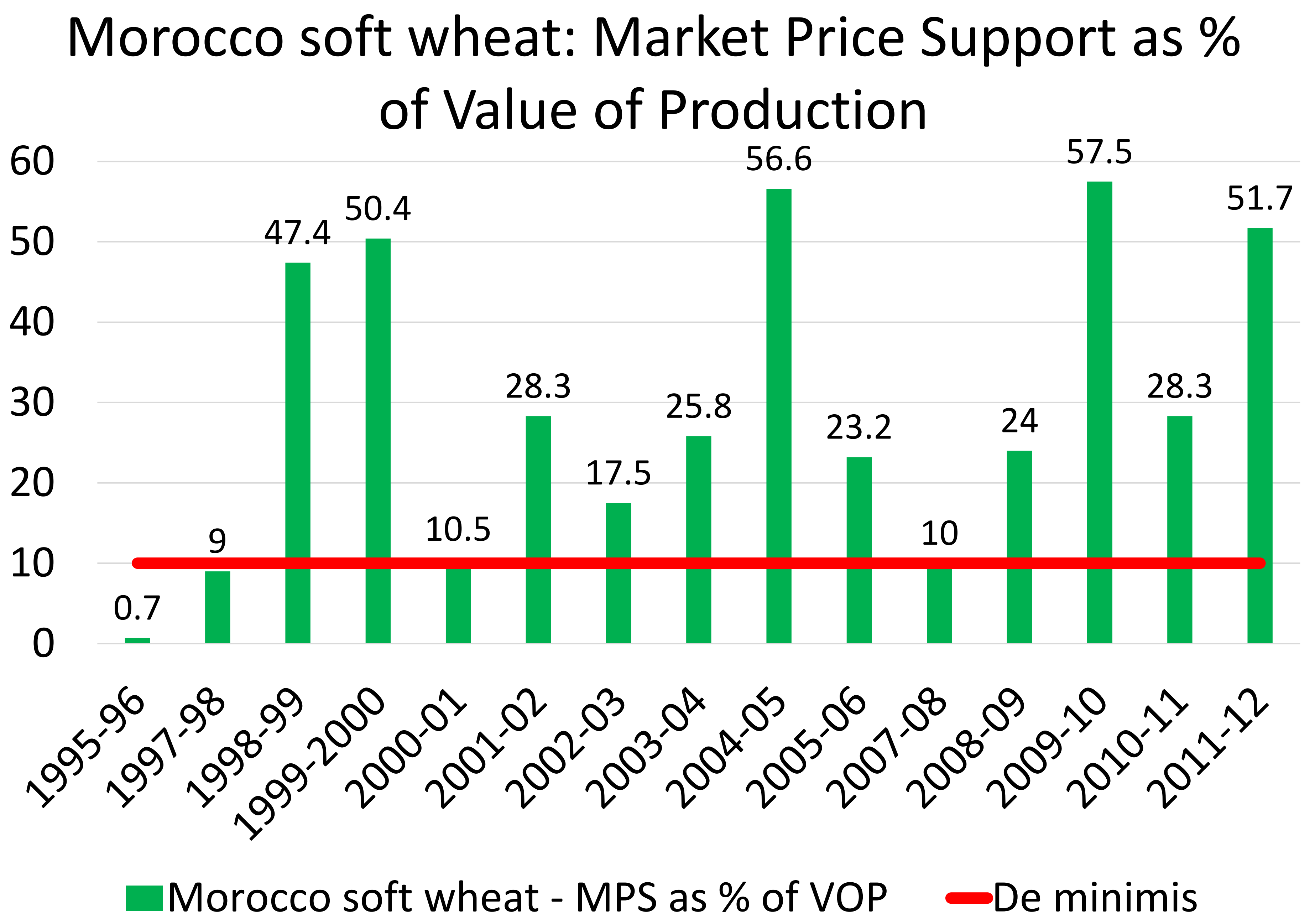
Kenya maize - MPS of % of VOP
De minimis


Morocco soft wheat: Market Price Support as % of Value of Production
60
50
40
30
20
10
0
0.7
9
47.4
50.4
10.5
28.3
17.5
25.8
56.6
23.2
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57.5
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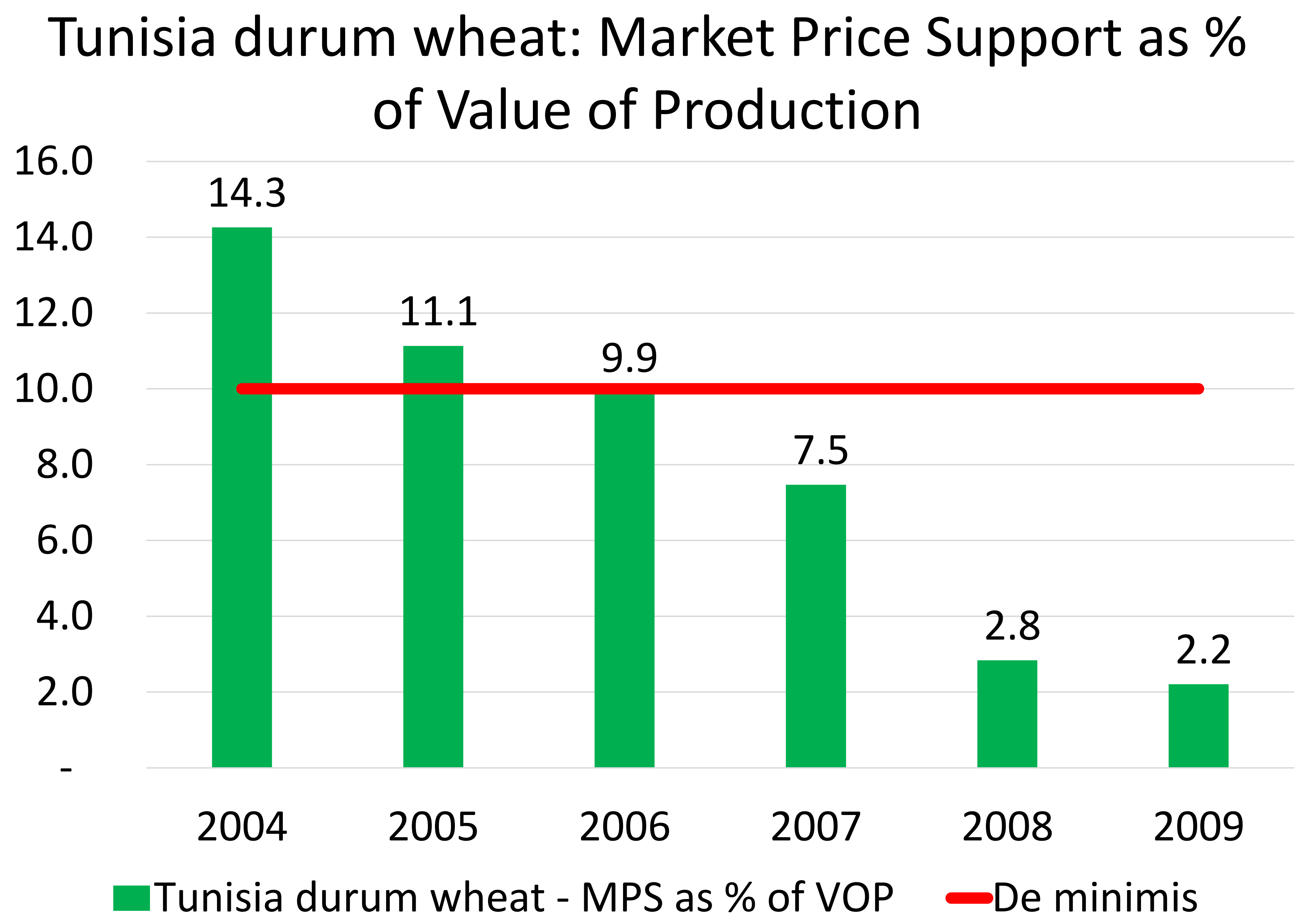
2010-11
2011-12
Morocco soft wheat - MPS as % of VOP
De minimis


Tunisia durum wheat: Market Price Support as % of Value of Production
16.0
14.0
12.0
10.0
8.0
6.0
4.0
2.0
-
14.3
11.1
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2.8
2.2
2004
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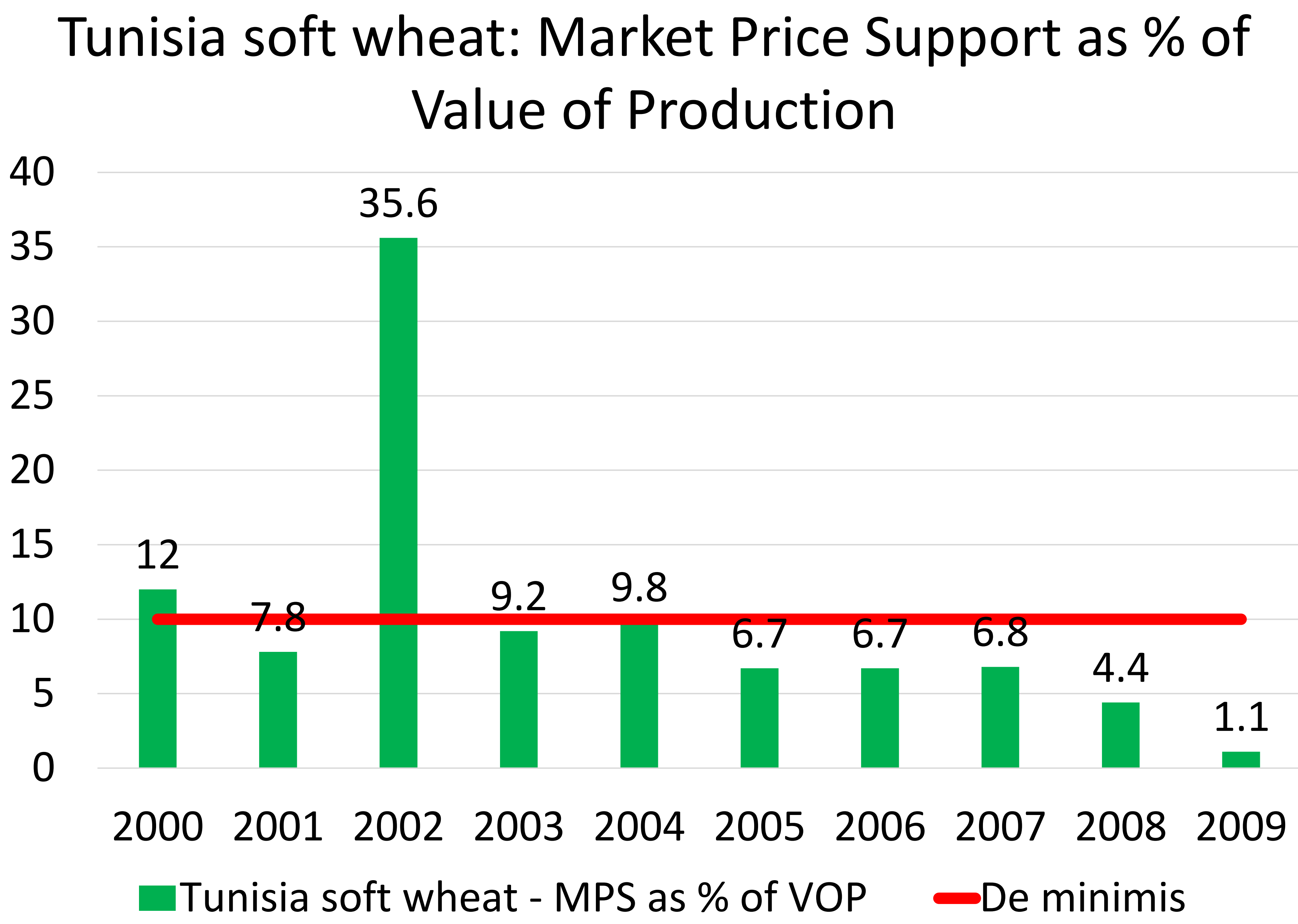
2008
2009
Tunisia durum wheat - MPS as % of VOP
De minimis


Tunisia soft wheat: Market Price Support as % of Value of Production
40
35
30
25
20
15
10
5
0
12
7.8
35.6
9.2
9.8
6.7
6.7
6.8
4.4
1.1
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
Tunisia soft wheat - MPS as % of VOP
De minimis

Intervention programmes by Developed Countries

US: 1930s to 1990s

Farm legislation included price supports and supply control provisions. The primary means to stabilise crop prices and farm incomes were support prices.

US' dairy price support programme was in place from 1949-2014. The Commodity Credit Corp. (CCC) bought Cheddar cheese, butter, nonfat dry milk at pre-announced prices.

UK: 1940s -1970s

State marketing boards bought produce in many sectors – eggs, milk, potatoes. Domestic prices kept low at world prices. Government paid farmers difference through deficiency payments.

EEC: 1960s – 1990s

CAP was based on minimum purchase price. If farmers could not sell their output, there was a guarantee that their output would be purchased. Tariffs used to ensure import levels strictly controlled.

EU Today

The EU continues to use Intervention Programmes to deal with difficult situations.

In 2009 – depressed global demand: EU purchased 273,683 metric tons of Skimmed Milk Powder (SMP)

Last 2 years have been difficult – Russian import ban; elimination of production quotas:

⇒ By end 2016, EU had 353,815 metric tons of SMP in public stocks and 74,778 in private aid storage programmes.

(Source: Horizons, January 6 2017, Vol.14 – Issue 1)

Similar programmes for Butter and Cheese

Market price support as % of VOP (2012/2013)

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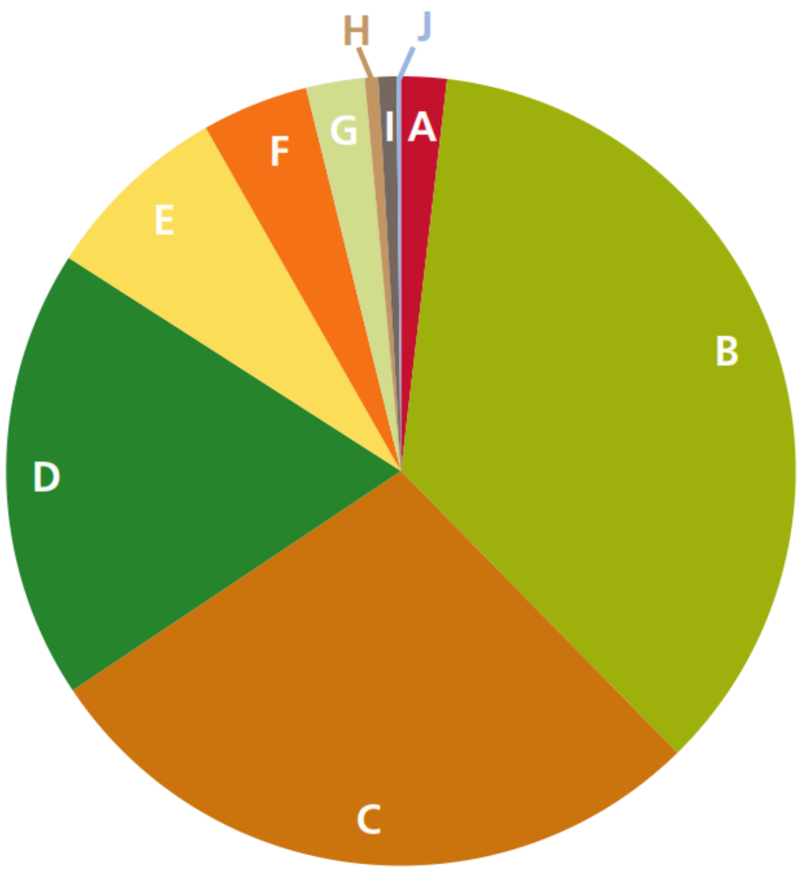
- Values for Fiber flax and natural honey (bee keeping) from FAOstat (average 2012-2013), converted to EUR using USDA Agricultural Exchange Rates (annual, average of years 2012 and 2013)

EU is not constrained by its 5% product-specific de minimis because it has AMS

In contrast, developing countries in their intervention programmes are capped by their 10% product-specific de minimis because they have 0 AMS.

Undernourished people

numbers and shares by region (2014-2016)



Total = 795 million

	Number (millions)	Regional share (%)
A Developed regions	15	1.8
B Southern Asia	281	35.4
C Sub-Saharan Africa	220	27.7
D Eastern Asia	145	18.3
E South-Eastern Asia	61	7.6
F Latin America and the Caribbean	34	4.3
G Western Asia	19	2.4
H Northern Africa	4	0.5
I Caucasus and Central Asia	6	0.7
J Oceania	1	0.2
Total	**795**	**100**

Source: The State of Food Insecurity in the World 2015, FAO

Where do the poor live?

Country	Number of MPI poor people (2017-2018 dataset)	Global share of MPI poor	Population 2014	Share of population that is MPI poor
Developing countries	1'446'812	100%	5'570'506	26%
In LDCs	553'138	38.2%	951'280	58%
In non-LDCs	893'674	61.8%	4'619'226	19%

Source: Global Multidimensional Poverty Index (2017-2018) of the Oxford Poverty and Human Development Initiative

PSH Mandates

Decision 27 November 2014 (WT/L/939)

Para 2: 'If a permanent solution for the issue of PSH is not agreed and adopted by the 11th Ministerial Conference, the mechanism… shall continue to be in place until a permanent solution is agreed and adopted'.

Nairobi Ministerial Decision (WT/L/979, 19 December 2015)

Para 1: 'Members note the Ministerial Decision of 7 December 2013…and reaffirm the GC Decision of 27 November 2014…'.

Para 2: 'Members shall engage constructively to negotiate and make all concerted efforts to agree and adopt a permanent solution on the issue of public stockholding for food security purposes. In order to achieve such permanent solution, the negotiations on this subject shall be held in the COA SS in dedicated sessions and in an accelerated time-frame…'

Para 3: 'The General Council shall regularly review the progress'.

SSM

- There is an instrument called the SSG (Special Safeguard Provision) from the UR provided to almost all developed countries, and only some developing countries

- SSG still being used today by key developed countries to protect agriculture

- SSM was an attempt to ask for a similar instrument for developing countries – seems only fair!

Special safeguards: who has reserved the right?
39 WTO members currently have reserved the right to use a combined total of 6,156 special safeguards on agricultural products. The numbers in brackets show how many products are involved in each case, although the definition of what is a single product varies.

Australia (10)	Indonesia (13)	Poland (144)
Barbados (37)	Israel (41)	Romania (175)
Botswana (161)	Japan (121)	Slovak Republic (114)
Bulgaria (21)	Korea (111)	South Africa (166)
Canada (150)	Malaysia (72)	Swaziland (166)
Colombia (56)	Mexico (293)	Switzerland-Liechtenstein (961 or 53% of tariff lines)
Costa Rica (87)	Morocco (374)	Chinese Taipei (84)
Czech Republic (236)	Namibia (166)	Thailand (52)
Ecuador (7)	New Zealand (4)	Tunisia (32)
El Salvador (84)	Nicaragua (21)	United States (189)
EU (539 or 31% of tariff lines)	Norway (581 or 48% of tariff lines)	Uruguay (2)
Guatemala (107)	Panama (6)	Venezuela (76)
Hungary (117)	Philippines (118)	
Iceland (462)		

Source: https://www.wto.org/english/tratop_e/agric_e/negs_bkgrnd11_ssg_e.htm

Usage of Price-based SSG: Potential vs Actual

Member	Potential	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Barbados	128	23	32	26	26	27	26						
European Union	685	18	16	16	22	22	22	22	21	20	17	8	
Japan	147	28	15	41	31	13	21	16	15	23	16	15	23
Korea, Republic of	123	8	7	4	4	8	9	5	2	1	1		
Philippines	136	2	2	1	1	1	1	1	1	1	1	1	5
Chinese Taipei	107	36	23	33	32	49	4	8	10	0	70	61	65
United States	188	83	66	72	61	53	59	48	58	57	53	44	60

Source: Note by WTO Secretariat TN/AG/S/29; G/AG/N/USA/111

Usage of Volume-based SSG: Potential vs Actual

Member	Potential	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Japan	147	5	4	2	5	9	3	5	14	15	1	3	15
Korea, Republic of	123	4	8	17	6	0	0	0	0	0	0		
Norway	532	0	0	1	0	0	0	0	0	0	0	0	0
Philippines	136	0	0	0	0	0	0	0	0	0	0	0	1
Chinese Taipei	107	34	32	21	20	17	35	54	32	24	22	29	70
United States	188	0	0	0	0	0	0	0	0	0	0	0	3

Source: Note by WTO Secretariat TN/AG/S/29

USA Annual summary of SSG actions, 2015

Tariff item number	Description of product	Whether volume-based action taken during period	Whether price-based action taken during period Affected Quantities (KG)
1	2	3	4
0201308090	Bovine meat cuts, boneless, fresh or chilled., over-quota	None	14
0202308000	Frozen beef, boneless, over-quota	None	72
0401507500	Milk and cream, not concentrated or sweetened, over 45% fat	None	10
0402295000	Sweetened milk powder, over-quota	None	5,324
0402999000	Sweetened evaporated milk, over-quota	None	267
0403105000	Dried yogurt, over-quota	None	2,639
0403906500	Dried sour cream over 35% fat, over-quota	None	49
0404101500	Modified whey, over-quota	None	610
0404109000	Dried whey, over-quota	None	100
0405102000	Butter, Nesoi, over-quota	1,234,358 kg (5Oct -31Dec)	1,815 (1 Jan-4Oct)
0405902020	Anhydrous milk fat, nesoi, over-quota	None	16,800
0405902040	Fats and oils derived from milk, nesoi, over-quota	None	240,009
0406102800	Fresh Cheddar cheese, over-quota	None	4
0406104800	Fresh Edam/Gouda cheese, over-quota	None	1,088
0406105800	Fresh Italian type cheese, over-quota	None	42
0406106800	Fresh Gruyere process cheese, over-quota	None	9,007
0406108800	Fresh cheese, NSPF, over-quota	None	3,051

Conclusions

1.The principles and flexibilities for developing countries enshrined in Rev.4 must be preserved: Developing countries with 0 AMS do not take domestic support cuts; No domestic support cuts for NFIDCs with AMS entitlements (as in Rev.4).

2.Why is it Not viable that all Members undertake cuts? Those with 0 AMS should not take cuts because

Developed Members have: **AMS** + De minimis + GB

Developing Members only have : **De minimis** + Art 6.2 (for low income/reource poor farmers) [China does not have Art 6.2]

The logic that some developing countries have high subsidies does not hold since at a per farmer level, these countries provide very low subsidies. It is not correct to look at the domestic support number in aggregates, comparing a country with 2 million farmers with another with 250 million farmers.

3. Art 6.2 subsidies are for low-income or resource poor farmers and must remain available for developing countries [SDGs 1 and 2!]

4i. Green Box is the escape clause for US and EU in domestic supports. 87% of EU supports and 94% of US supports are in the GB. GB is trade distorting, especially paras 5 – 13. The programmes in paras 5 – 13 are used by developed countries and should be notified under their OTDS. [There will be no proper domestic support disciplines until the GB has been disciplines]

4ii. There must be very strong transparency elements for the use of the Green Box, especially programmes in paras 5 – 13 (The details can be provided). The subsidies under paras 5 – 13 should be transitioned out of the GB into the OTDS. The strong transparency elements must apply during this transition.

5. Developing countries' PSH programmes should be notified under the Green Box, para 3, which is on Public Stockholding for Food Security Purposes. (As captured already in Rev.4)

6. Market Access issues [in terms of tariff cuts] can only move if there is fairness in domestic supports [E.g. the AMS question has been tackled, also Green Box], otherwise developing countries will be open to more imbalanced trade. [Some elements can be dealt with e.g. tariff simplification – however, likely that this will only take place in a comprehensive MA package]

7. Export restrictions – this is more complex than meets the eye. This element should not be singled out for disciplines. All countries should have the policy space to support food security including through export restrictions. This is especially important for countries with big populations – to allow for supply management so that they do not absorb everything from the world market (which will lead to more volatility for NFIDCs).