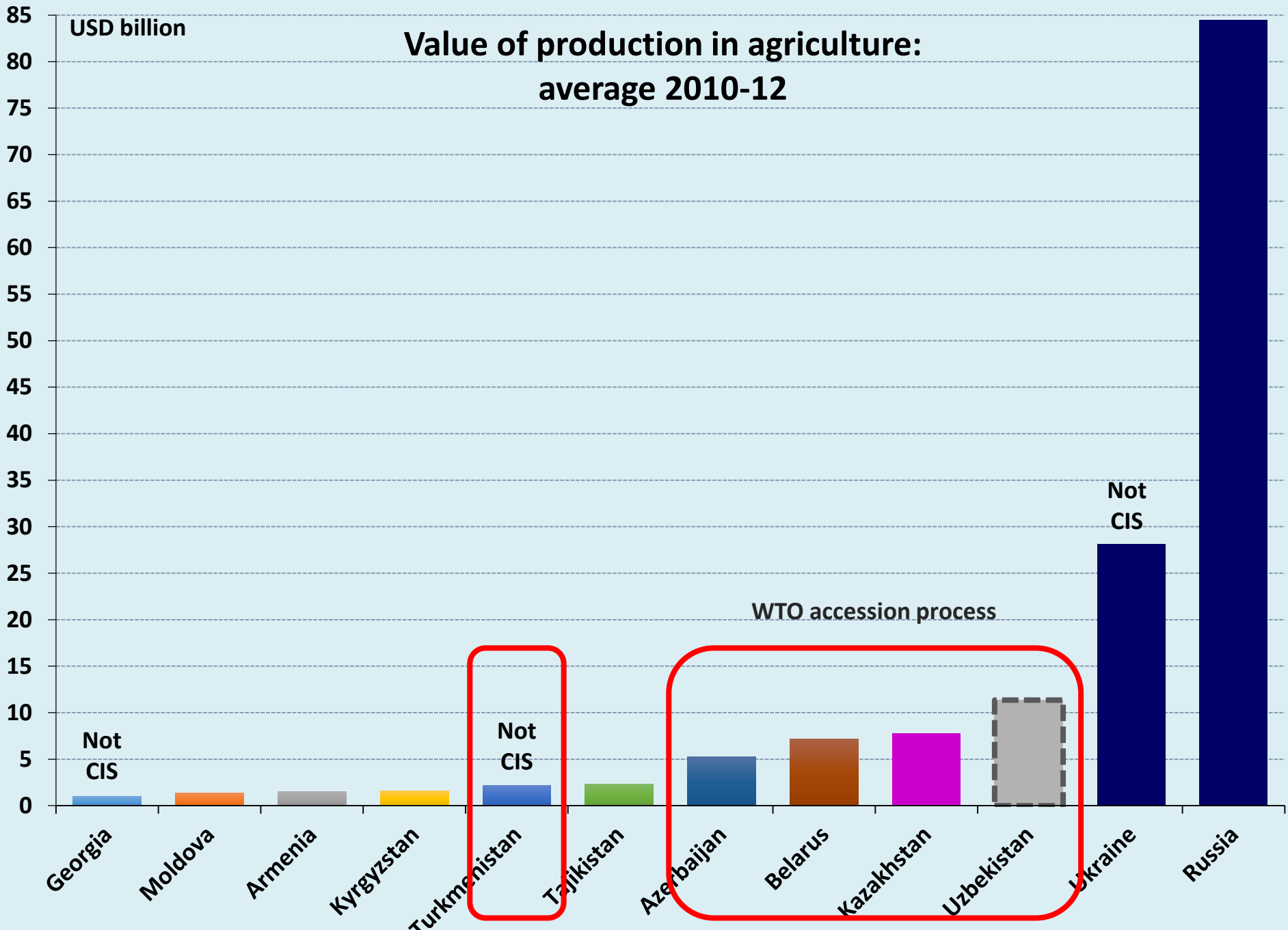


CIS countries: Issues and challenges for agriculture in the WTO context

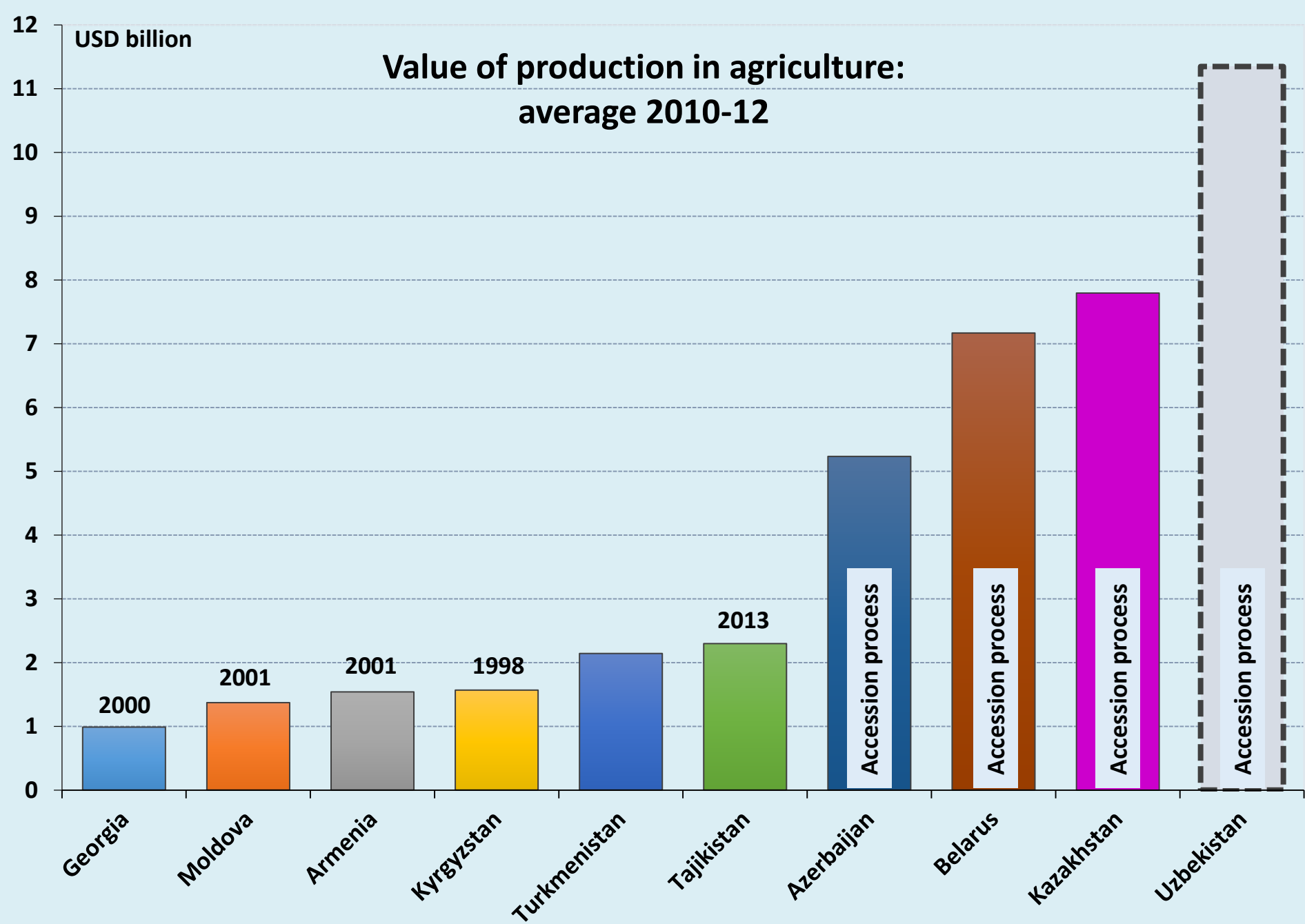
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Conference: Integration processes in the CIS region and their implications for agricultural trade
Kaliningrad State Technical University
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Source: Gross production value, FAOSTAT. Uzbekistan estimated by author.



Source: Gross production value, FAOSTAT. Uzbekistan estimated by author. Year indicated is year of WTO accession.

Accession negotiations in agriculture

– Market access

- **Bilateral negotiations with many countries in parallel**
 - Bound tariffs; also tariff rate quotas for some candidates

– Export subsidies

- **Plurilateral negotiations**
 - No accession with export subsidy entitlements (after 1997)

– Domestic support

- **Plurilateral negotiations**
 - **Bound Total AMS for some, nil for some** AMS = Aggregate Measurement of Support
 - *De minimis* percentage
 - Entitlement to use Article 6.2 exemption?

Agr policy change in accession process

- Privatization
- State-owned or state-trading enterprises
- Agricultural taxation
- SPS and TBT Sanitary and phytosanitary; Technical barriers to trade
- Export subsidies in agriculture
- Sugar

Domestic support issues in accessions

- Do recent policies meet green box criteria?
 - *Georgia*: only green box; all others: both green and AMS
- No WTO definition of developing vs. developed country
 - Makes difference for policy space: *de minimis* and Article 6.2
 - » *Tajikistan* acceded as developing country
 - » *Kyrgyz Rep, Georgia, Armenia, Moldova, Ukraine, Russia*: developed
 - » *Kazakhstan* and *Azerbaijan*: outcome not yet known
- Value of production VOP defines *de minimis* levels
 - *Kyrgyz NPS* at 4.87% of VOP vs. *Russia NPS* at 5.07% of VOP

Base data, commitments, notified support

- *Tajikistan*
 - 2009 writeoff of cotton debt gave Bound Total AMS of \$183 million
- *Armenia*
 - Very little AMS support through 2011 notification
- *Moldova*
 - 1996-98 AMSs for many products; Bound Total AMS only \$20 mill.
- *Georgia*
 - Only country in CIS region to report nil AMS support in all years
 - ★ – Notified up through 2013, much more up to date than most Members
- *Kyrgyz Republic*
 - 1998 (!) latest notification

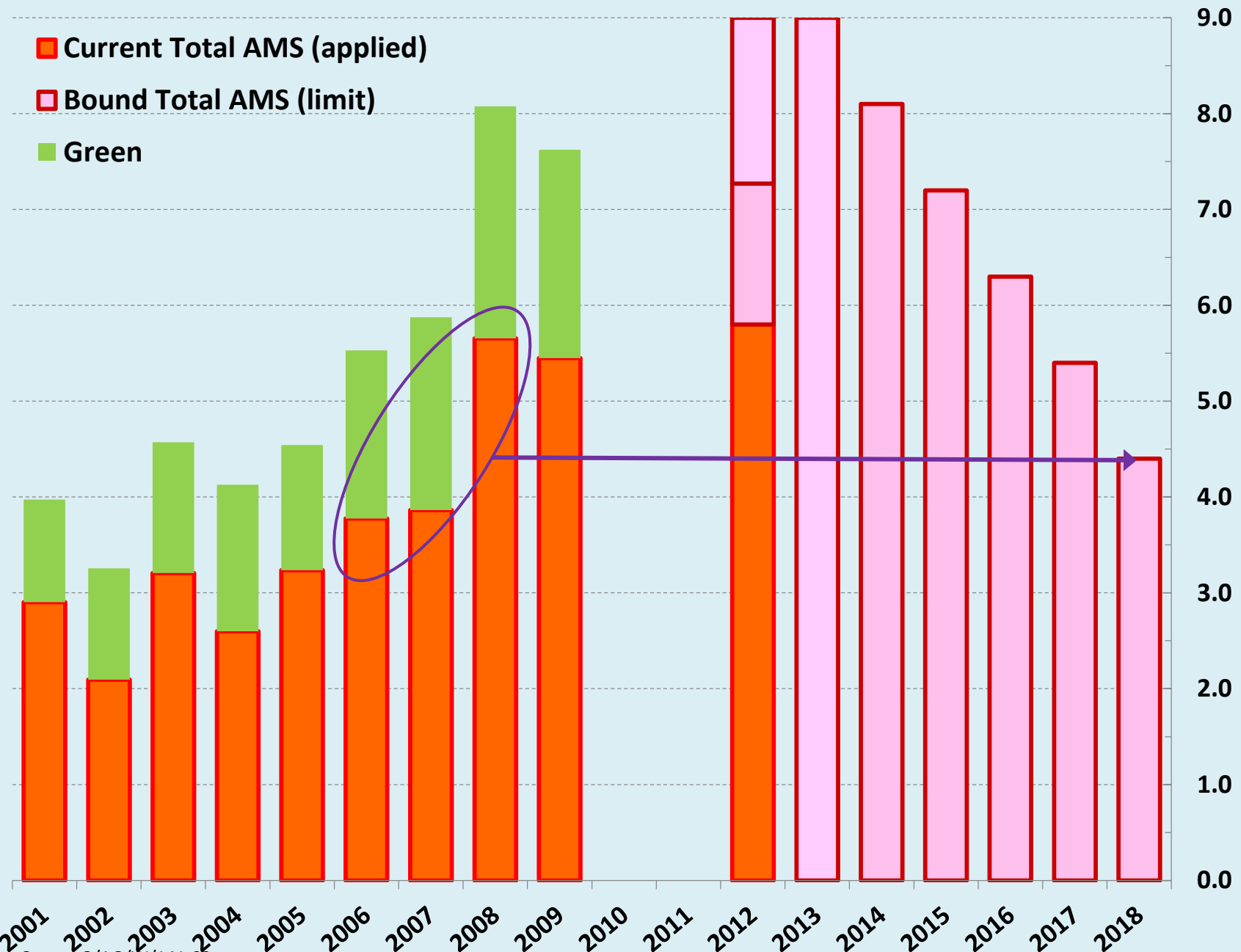
Domestic support parameters: five smaller WTO members

<i>Base years</i>	<i>Base Total AMS</i>	<i>Final Bound Total AMS</i>	<i>De minimis %</i>	<i>Special features</i>
Tajikistan				
2008-10	183 USD mill.	183 USD mill.	10%	Used Article 6.2 exemption in base years
Armenia				
1995-97	0 USD	0 USD	<i>De minimis</i> 10% through 2008, then 5%	
Moldova				
1996-98	16 SDR mill.	13 SDR mill. in 2004	5%	Reduce by 20% in 2001-04 from Base Total AMS
Georgia				
1996-98	0 GEL	0 GEL	5%	-
Kyrgyz Republic				
1994-96	0 KGS	0 KGS	5%	-

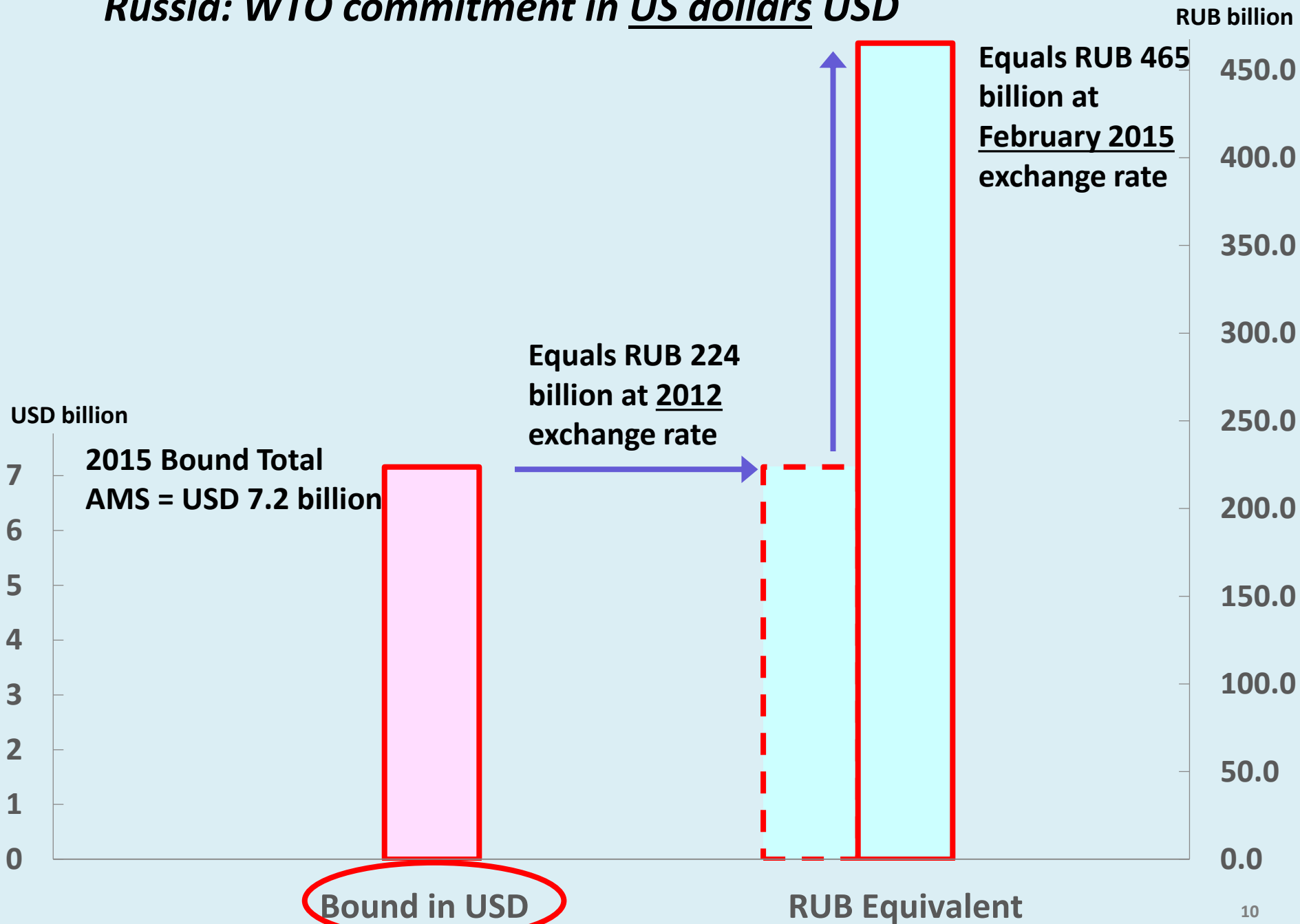
Russia: Applied support and limits on support

billion USD

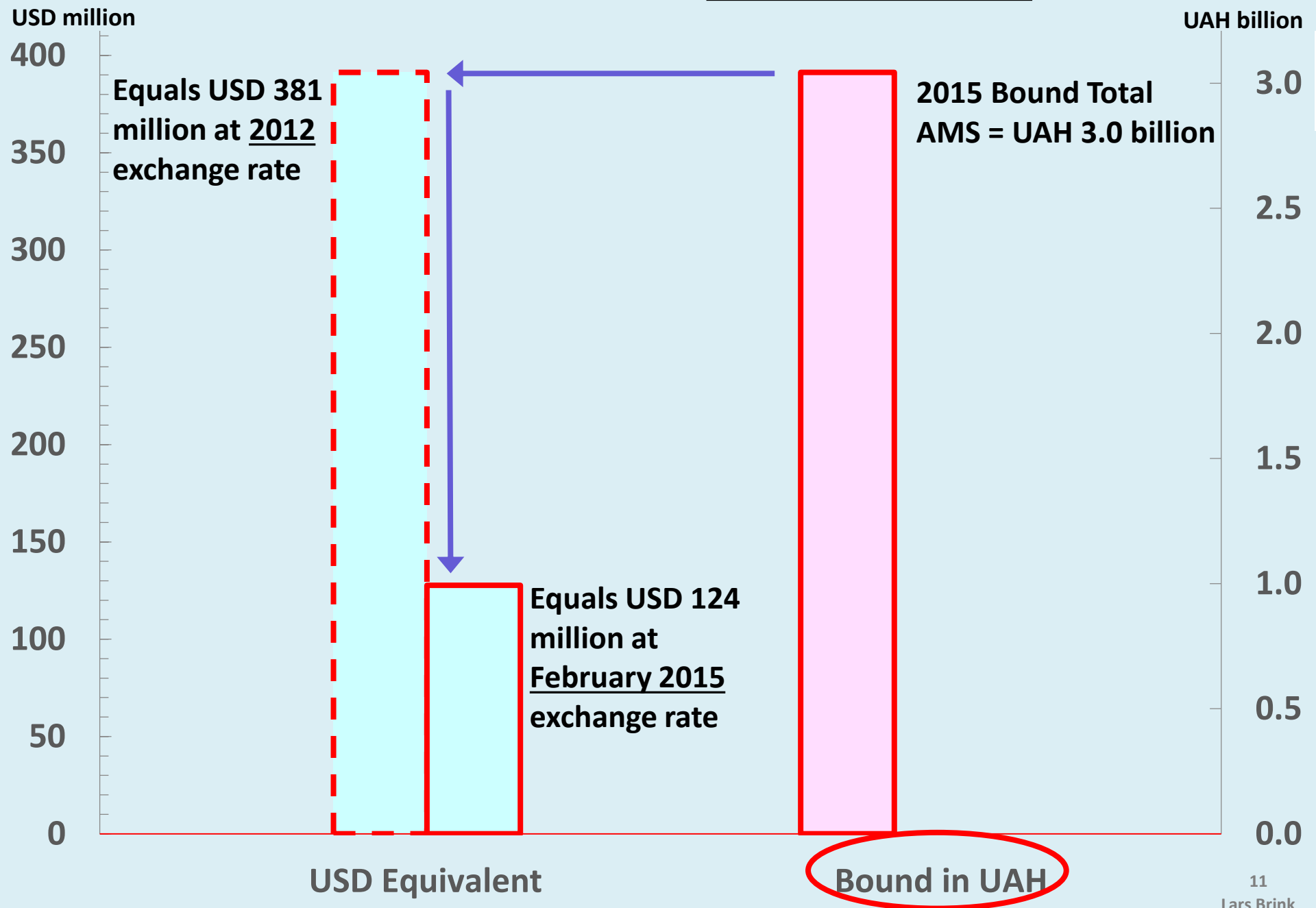
- Current Total AMS (applied)
- Bound Total AMS (limit)
- Green



Russia: WTO commitment in US dollars USD



Ukraine: WTO commitment in Ukrainian hryvnia UAH



WTO Committee on Agriculture

- Meets 3-4 times per year
 - Questions on trade policy and on notifications
- Most questions to *Ukraine, Georgia, Armenia*
 - Green box compatibility of domestic support programs
 - Price support for sugar beets: adjustment of reference price
 - Quota allocation, import licensing, in-quota sugar imports
- *Russia* started to notify in 2013
 - Numerous questions; some lack of transparency
- Export restrictions notified
 - *Ukraine, Russia, Kyrgyz Rep and Moldova*

Countries in process of accession

– *Azerbaijan*

- How large are input subsidies relative to VOP? *De minimis* %?

– *Belarus*

- Input subsidies; also Market Price Support?; budget support declining

– *Kazakhstan*

- Large increasing support: input & output subsidies, price support?
- Base period? *De minimis* 5, 10, or 8.5%? Article 6.2 questionable

– *Uzbekistan*

- Input subsidies, government control of cotton production and trade

• *Turkmenistan*

- Accession process not started, preparations underway, negative support

Customs Union and EaEU integration

- **Many tariff settings at play**
 - Applied tariffs before Customs Union: different in each country
 - Applied external tariffs of Customs Union
 - Bound WTO tariffs: *Russia, Armenia, (Kyrgyz Rep.)*
 - Negotiated tariffs earlier in WTO process: *Kazakhstan, Belarus*

- **Which tariffs are lower or higher than those of Customs Union?**
 - Consequences for accession negotiations? *Kazakhstan, Belarus*
 - How to negotiate bound WTO tariffs in accession? *Kazakhstan, Belarus*
 - Renegotiate bound WTO tariffs? *Russia, Armenia, (Kyrgyz Rep.)*

- **Diverse agricultural trading relations of smaller CIS countries**
 - Considerable trade with neighbours other than *Russia*

Rules on “state support to agriculture”

- **Rules in Single Economic Space** SES agreement
 - Modelled after WTO Agreements
 - Unusual, possibly unique in regional trade agreement
- **Severely distorting measures not allowed**
 - Similar to export subsidies in Subsidies Agreement ASCM
- **Distorting measures and support**
 - Similar to Annex 3 in Agr Agreement, including WTO market price support
 - Ceiling at 10% of VOP, declining to 10% for *Belarus*
 - Upon WTO accession, WTO rules override SES rules
- **Notification requirements: Advance notifications**

Meeting WTO rules and commitments

- **Legal obligations as a WTO member**
 - Defending non-compliance can be costly
 - Correcting non-compliant policy can impose adjustment costs

- **WTO rules help to resist domestic pressure for costly support**
 - Green box criteria are a policy filter to improve transfer efficiency and generate less distortions

- **Agricultural and economic data becomes policy priority**
 - Need data-based analysis for policy design
 - Need to meet requirements for WTO notifications
 - E.g., estimating *de minimis* thresholds

Opportunity to shape WTO processes

- **Contribute to work of Committee on Agriculture**
 - Review countries' implementation of Agreement

- **Participate in negotiations**
 - Doha negotiations; accession of other countries

- **For those in process of WTO accession**
 - Continuity and communications with working party are vitally important

- **How much support and protection in the future?**
 - Competition among neighbouring countries
 - Address in accession negotiations

Thank you!

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