



# WTO Agreement on Agriculture

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Bishkek, 26 May 2015



# Agreement on Agriculture (AoA)



- **Came into effect in 1995**
- **Covers three areas/pillars:**
  - Market access (border measures)
  - Domestic support
  - Export competition
- **Coverage/scope:** definition of agricultural products included in the Agreement (Annex, AoA)
- **Rule-based** commitments plus commitments in the Member-specific **Schedules**
- **Framework for reforms** (unfinished task: continuation clause in Article 20, AoA)

# Market Access



- Commitments on border measures
- Two fundamental aspects:
  - Tariff binding on all agricultural products (to be reflected in **Schedule** of commitments)
  - Prohibition on non-tariff border measures (**tariff-only** regime for offering protection to domestic producers)

# Tariff-only regime (Article 4.2): How was that achieved?



- **Conversion of NTMs to ordinary customs duty:**
  - Calculation of effective protection offered through NTMs (price difference between domestic and international prices)
  - Outcome of calculations (and subsequent reductions) reflected in the Schedules
- **Prohibition to maintain, introduce or revert to such NTMs in future:**
  - Rule to this effect included in the AoA (Article 4.2)
  - Non-exhaustive list of such prohibited NTMs: *Quotas, variable levies, minimum import prices, voluntary export restraints, similar border measures...*
  - Intention has been to eliminate various agriculture-specific exceptions permitted under the GATT era; measures under other multilateral trade agreements like SPS, TBT or under non-agriculture-specific GATT provisions (e.g. balance of payments) are permitted.

# Tariff negotiations during accessions



## ■ **Systemic aspects:**

- Comprehensive binding (i.e. all agricultural products to be bound)
- Tariff-only regime (in very rare cases, prohibited measures were permitted temporarily!)

## ■ **Request-offer bilateral negotiations:**

- To determine levels of tariff bindings
- Outcome of bilateral negotiations 'multilateralized' at the conclusion of negotiations
- Negotiated tariff bindings to be reflected in the Schedule

# Domestic Support



- Fundamental thrust: facilitate a change in the **design** of agricultural policies
- Establishment of disciplines/ criteria for policies:
  - to be deemed as distorting (non-exempt, i.e. subject to **reduction commitment**)
  - To be deemed as non or minimally distorting (exempt i.e. **no monetary ceiling**)
- Detailed criteria for non-exempt or exempt policies?  
Decided to be done for “exempt” policies
- Rules to apply for support/subsidies at the farm gate level: support to “basic products”

# Domestic Support: classification of support policies



Offering scope for governments for policies which are essential and whose potential distorting effect on trade and production is minimal:  
**EXEMPT MEASURES**  
(Detailed Criteria for policy makers)

**Residual category**  
(no criteria):

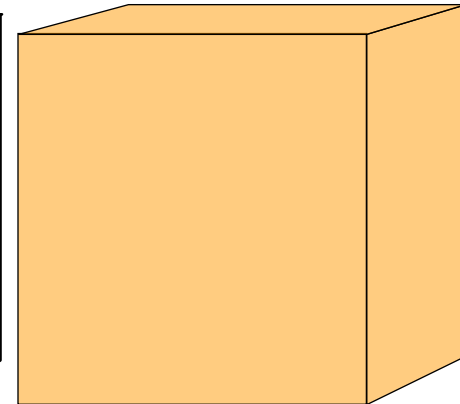
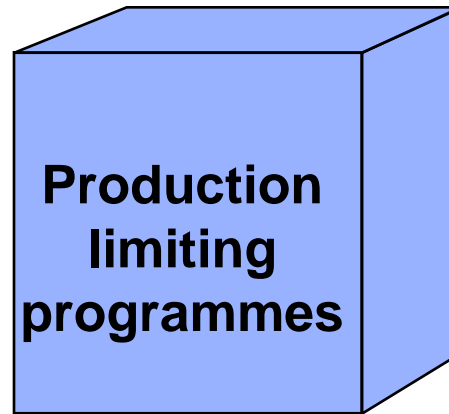
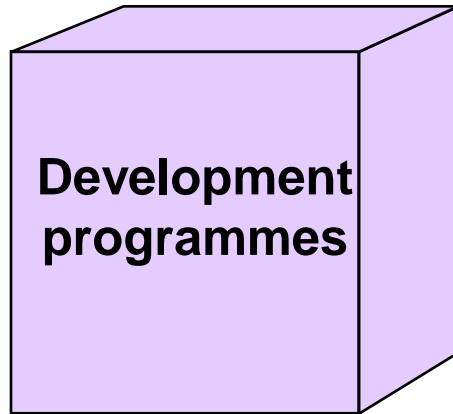
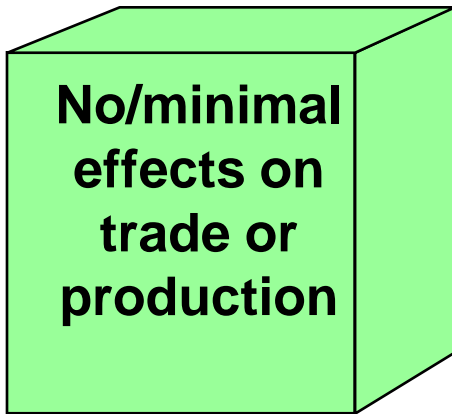
**NON-EXEMPT MEASURES**  
subject to monetary limit  
(i.e. Total AMS commitment or *de minimis* limits)

**Encouraging a reform process towards “exempt” support measures**

# Total domestic support

exempt from reduction

reduction  
commitment



Green Box

Art. 6.2

Blue Box

Amber  
Box





# Green Box – Scope

## General services, including:

- research
- pest and disease control
- training
- extension/advisory services
- inspection
- marketing and promotion
- infrastructural services

- Public stockholding for food security, and
- Domestic food aid

## Direct payments, including:

- decoupled income support
- income insurance and income safety-net
- relief from natural disasters
- structural adjustment assistance
  - producer retirement
  - resource retirement
  - investment aids
- environmental programmes
- regional assistance programmes

# Development Programmes (S&D)



- generally available **investment subsidies**
- **input subsidies** to low-income/resource-poor producers
- **diversification subsidies:** incentives to diversify from growing illicit narcotic crops

# Blue Box

(Direct payments under production-limiting programmes)



## ➤ Production limitation

➤ production quota, set-aside a part of land, etc.

## ➤ Payment based on past/historical parameters

➤ based on fixed area and yields ; or

➤ made on  $\leq 85\%$  of base level of production; or

➤ livestock payments based on a fixed number of heads

## ➤ Recourse by very limited number of Members (EU, Iceland, Japan, Norway)

# Amber Box / AMS



- No policy criteria (*residual category*)
- Subject to **reduction/annual cap** :
  - Small/minimal amount **exempted** from reduction: *de minimis* (based on % of value of agricultural production)
- Commitments are based on historical spending and are inscribed in the Schedule:
  - **Annual Limit (called Bound Total AMS) or**
  - **'NIL' Total AMS limit ( i.e. subject to De minimis)**

# If Total AMS is scheduled



## Schedule CLXII - Ukraine

### *PART IV - AGRICULTURAL PRODUCTS: COMMITMENTS LIMITING SUBSIDIZATION*

*(Article 3 of the Agreement on Agriculture)*

### *SECTION I - Domestic Support: Total AMS Commitments*

<u>BASE TOTAL AMS</u>	<u>Annual and final bound commitment levels</u>	<u>Relevant Support Tables and document reference</u>	<i>UAH million</i>
<u>2004-2006</u>			
3,043.4	3,043.4	WT/ACC/SPEC/UKR/1/Rev.12	

# If no Total AMS in the Schedule



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## Schedule CXLII - Kyrgyz Republic

30 July 1998

### *PART IV - AGRICULTURAL PRODUCTS: COMMITMENTS LIMITING SUBSIDIZATION*

*(Article 3 of the Agreement on Agriculture)*

#### *SECTION I - Domestic Support: Total AMS Commitments*

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<u>BASE TOTAL AMS</u>	<u>Final bound commitment levels</u>	<u>Relevant Support Tables and document reference</u>
0.0	The Kyrgyz Republic undertakes a de minimis commitment under Article 6.4(a) of the Agreement on Agriculture, since the average 1994-1996 product-specific support is less than 5 per cent of the value of production for each product receiving support, and the average 1994-1996 non-product support is also less than 5 per cent of total agricultural production	AGST/KGZ

# If AMS not scheduled



## Article 7.2(b)

*"Where no Total AMS commitment exists [...], the Member shall not provide support to agricultural producers in excess of the relevant de minimis level set out in paragraph 4 of Article 6."*

# Domestic support in accession negotiations



- Multilateral/plurilateral negotiations
- Negotiations in the background of existing domestic support policies ( during recent 3 years generally):
  - **AGST** tables (legal source of calculation methodology)
- Issues subject to negotiations:
  - Access to developing country flexibilities (e.g. Article 6.2)
  - *De minimis* level (5%, 10%, reduction commitment etc.)
  - Negotiating a Total AMS commitment level (reduction %)
  - Any other additional commitment?



# Agricultural subsidies:

## Agriculture Agreement (AoA) vs Subsidies Agreement (ASCM)



- **AOA:** subsidy rules and limits to be respected by subsidizing countries,
- **ASCM:** trade remedies available to affected countries
- Limited applicability of ASCM for the first nine years through **Peace Clause** (now expired)



# Export subsidies

- Not prohibited completely
- No new export subsidies
- Existing export subsidies subject to scheduled “reduction commitments”
- Prohibited unless scheduled
- Scheduling for specific product (not aggregate)
  - Preparation of Supporting Tables (**AGST**)

# Export subsidies and accession negotiations



- Subject to multilateral/plurilateral negotiations (as in the case of domestic support)
- WTO Members have an agreed objective to eliminate all forms of export subsidies
- Accession negotiations very directly informed by the above objective
- Acceded WTO Members almost invariably committed to bind export subsidies at Zero

# Monitoring and surveillance process



- Committee on Agriculture (CoA) monitors the implementation of Members' commitments
- Based on **notifications** from Members
- Detailed notification requirements and common formats (G/AG/2)
- Additional information (Q&As) from Members in the CoA process
- If no satisfactory resolution in the CoA: legal disputes



THANK YOU