



Introduction to the WTO rules on agriculture

**FAO WORKSHOP ON WTO COMMITMENTS
AND SUPPORT TO RUSSIAN AGRICULTURE**

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Kazan – January 30 - 31 2013

General presentation - Outline

- **What is an agricultural product ?**
- **Legal and institutional framework of the Agreement on Agriculture**
- **Key principles of the Agreement on Agriculture**

What is an agricultural product ? ... in the WTO sense

- **Annex 1 of Agreement on Agriculture :**
 - **Chapters 1 to 24 of Harmonized System except fish and fish products**
 - **Plus several other tariff lines : 290543, 290544, 3301, 3501 to 3505...**

What is an agricultural product ? ... in the WTO sense



Legal and institutional framework of the Agreement on Agriculture



WTO OMC

1994 : The Agreement on Agriculture is born



WTO: Trade Rules and Disciplines

Annex 1A

Multilateral agreements on trade in **Goods**

GATT 1994 (General Agreement on Tariffs and Trade)

Understandings

Marrakech Protocol

Agreements on:

Agriculture

Antidumping

Sanitary and phytosanitary measures

Customs valuation

Preshipment inspection

Textiles and clothing

Rules of origin

Technical barriers to trade

Import licensing

Trade-related investment measures (TRIMS)

Subsidies and countervailing measures

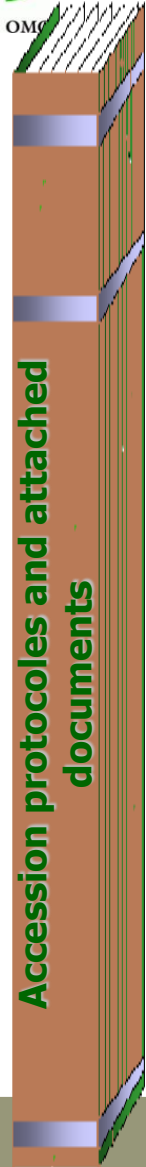
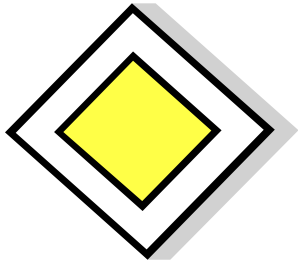
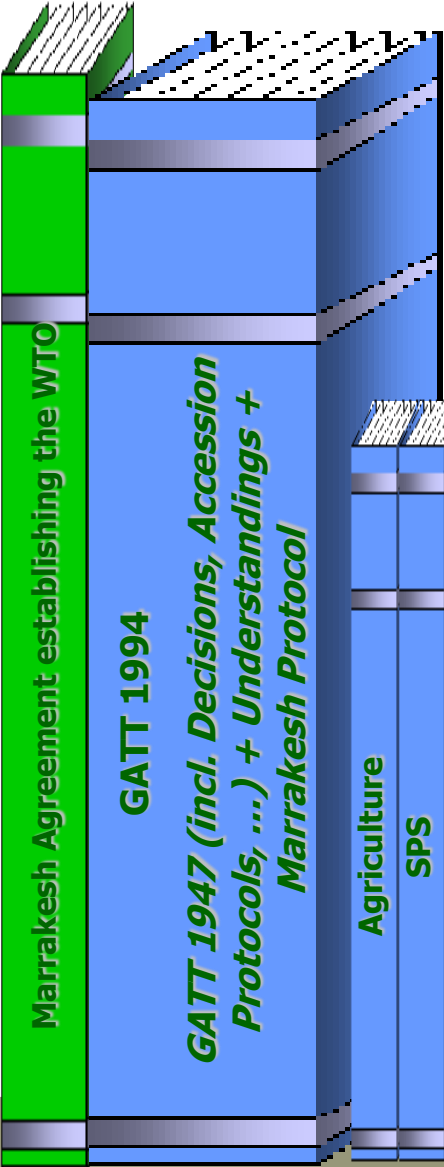
Safeguards

1A

Multilateral trade agreement on trade in goods

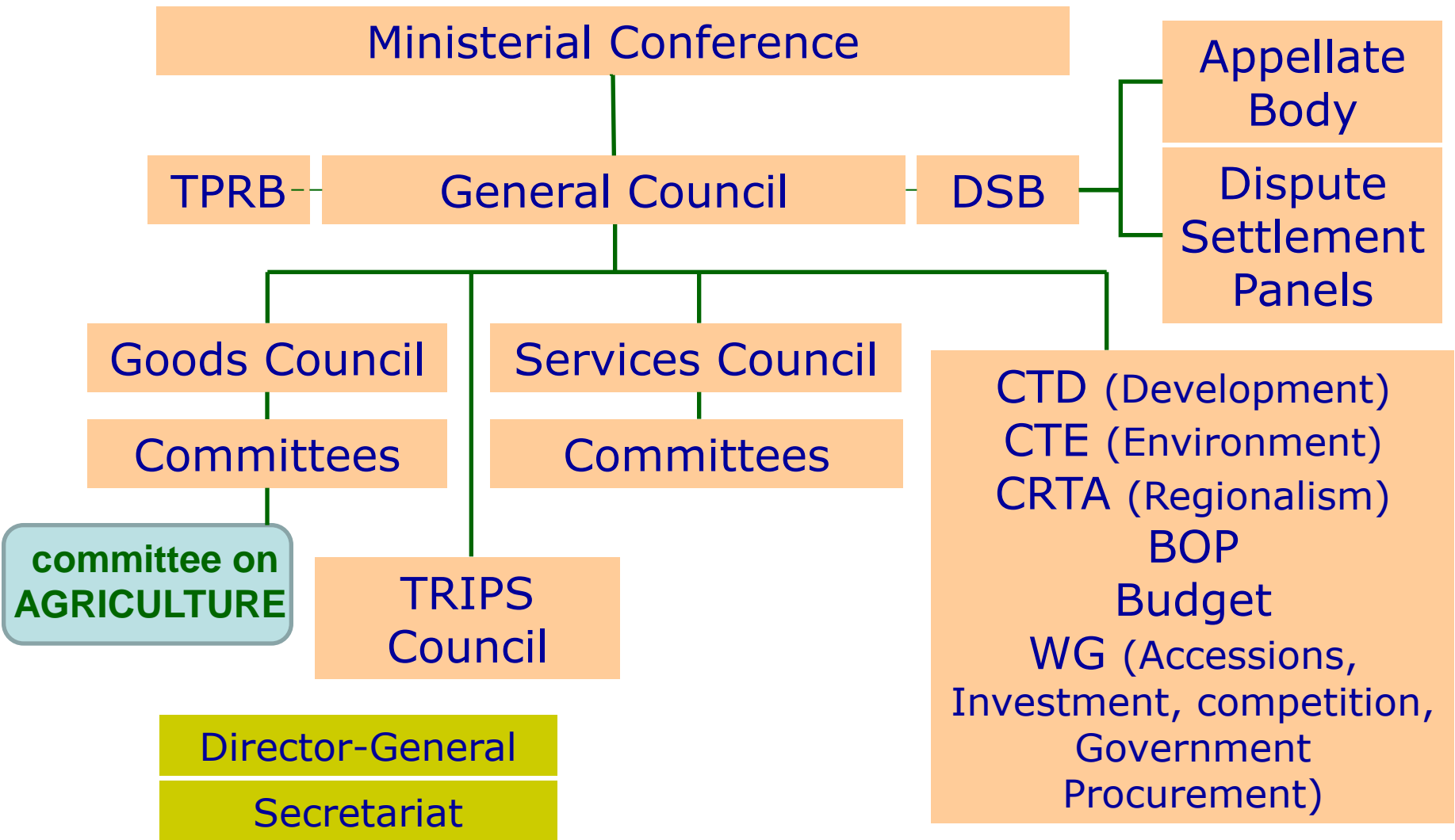
Goods

CUMULATIVE Application with priority rules



Except if provided otherwise !!

WTO: How does it work?



Implementation: Regular Committee on Agriculture

"The Committee shall oversee the implementation of the Agreement on Agriculture. [...] shall afford Members the opportunity of consulting on any matter relating to the implementation of the provisions of the Agreement ."

Mandate (Document WT/L/43)



Implementation: Regular Committee on Agriculture

➤ Regular sessions:

3 (or 4) meetings per year

❖ Part I: Items relating to Review process

❖ Part II: Other matters

➤ Special sessions:

DDA Negotiations



The Three “Pillars” of the AoA



WHY THREE PILLARS ?

Domestic Support

Support provided to agricultural producers (and production) through measures like direct payments, input subsidies, price support with an administered price...

Market Access

Use of market access barriers (e.g. tariffs, import restrictions etc) to protect domestic producers from competition

Export Subsidies

Due to rising production while willing to keep internal price above the international price, export subsidies used to promote export of surplus production

Structure of the Agreement

Market access

Tariffs

Tariff rate quotas

Special safeguards

Domestic support

Green Box

Blue Box

Article 6.2 –
Development
Programmes

Amber Box

Export competition

Export subsidies

Anti-circumvention

Export prohibitions
and restrictions

Other rules: S&D, Peace Clause (now expired)...

Market Access Pre-Uruguay Round



quantitative
restrictions

variable Import
levies

minimum
import prices

discretionary
import licensing



**Non-tariff
measures**

NTB by state
trading enterprises

voluntary import
restraints



Problems: unpredictable / non-transparent / may prohibit Market Access

Market Access

Tariffication : A New Tariff Only Regime



- “Members shall not maintain, resort to, or revert to any measures of the kind which have been required to be converted into ordinary customs duties” (article 4.2)
- Two exceptions : Article 5 Special Safeguard and Annex 5, Special Treatment
- All agricultural tariffs are “bound”
For each tariff line **Applied tariff \leq bound tariff**
- Creation of tariff rate quotas (Minimum and current access)

Domestic Support - The Boxes

Total domestic support

Product specific and non product specific

Market price support

Direct payments

Inputs subsidies

Other measures

Domestic support calculation



Market price support

GAP between

fixed external reference price 1986-1988

and

applied administered price

multiplied by quantity of eligible production

The Boxes

Trade distorting Domestic support

**Green box – non or
minimally trade distorting
(exempt support)**

Green box



Basic criteria (paragraph 1 annexe 2)

No, or at most minimal, trade-distorting effects or effects on production

provided through a publicly-funded government programme (including government revenue foregone) not involving transfers from consumers;

not have the effect of providing price support to producers;



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 purposes

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

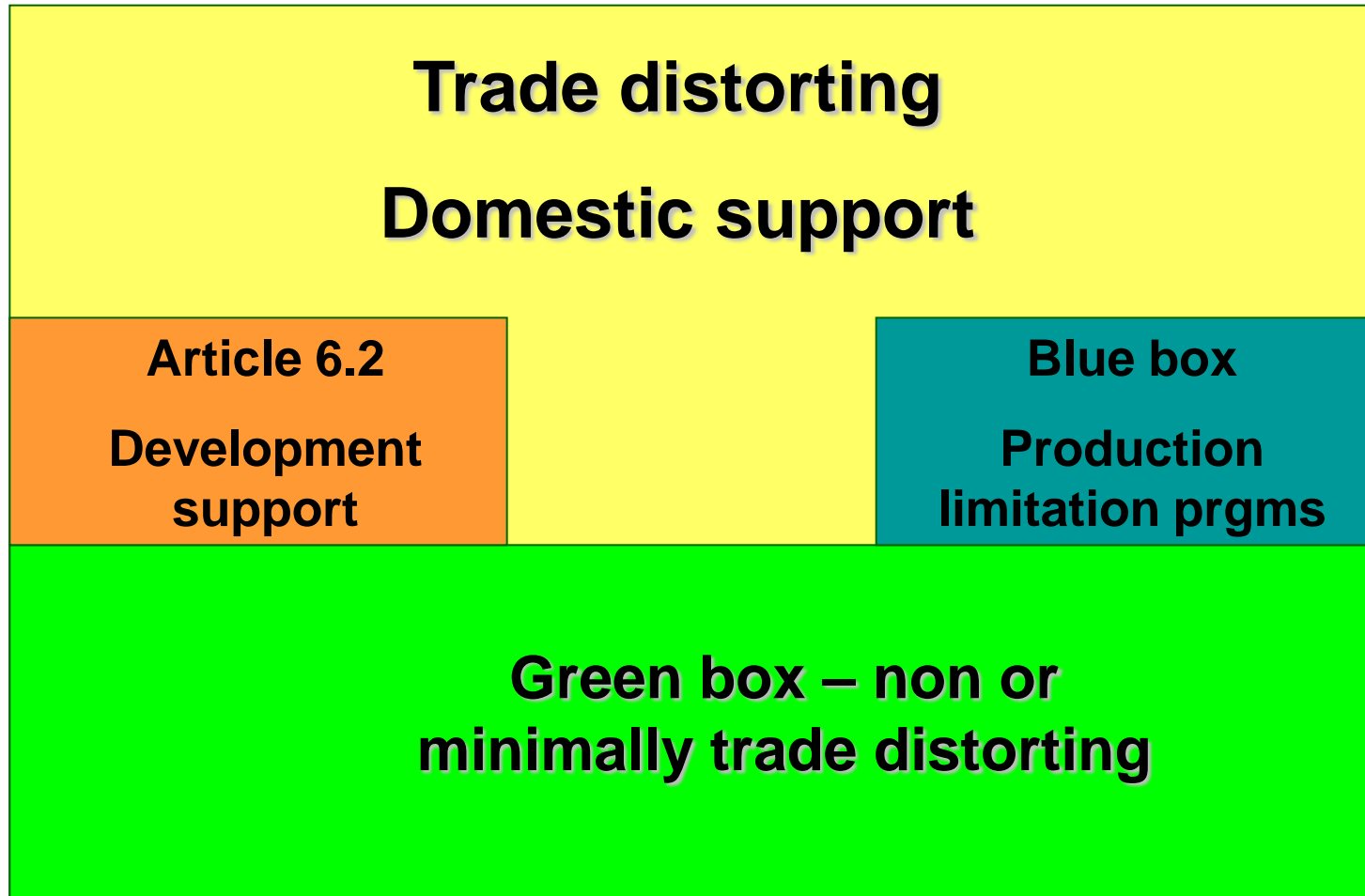
The Boxes

**Trade distorting
Domestic support**

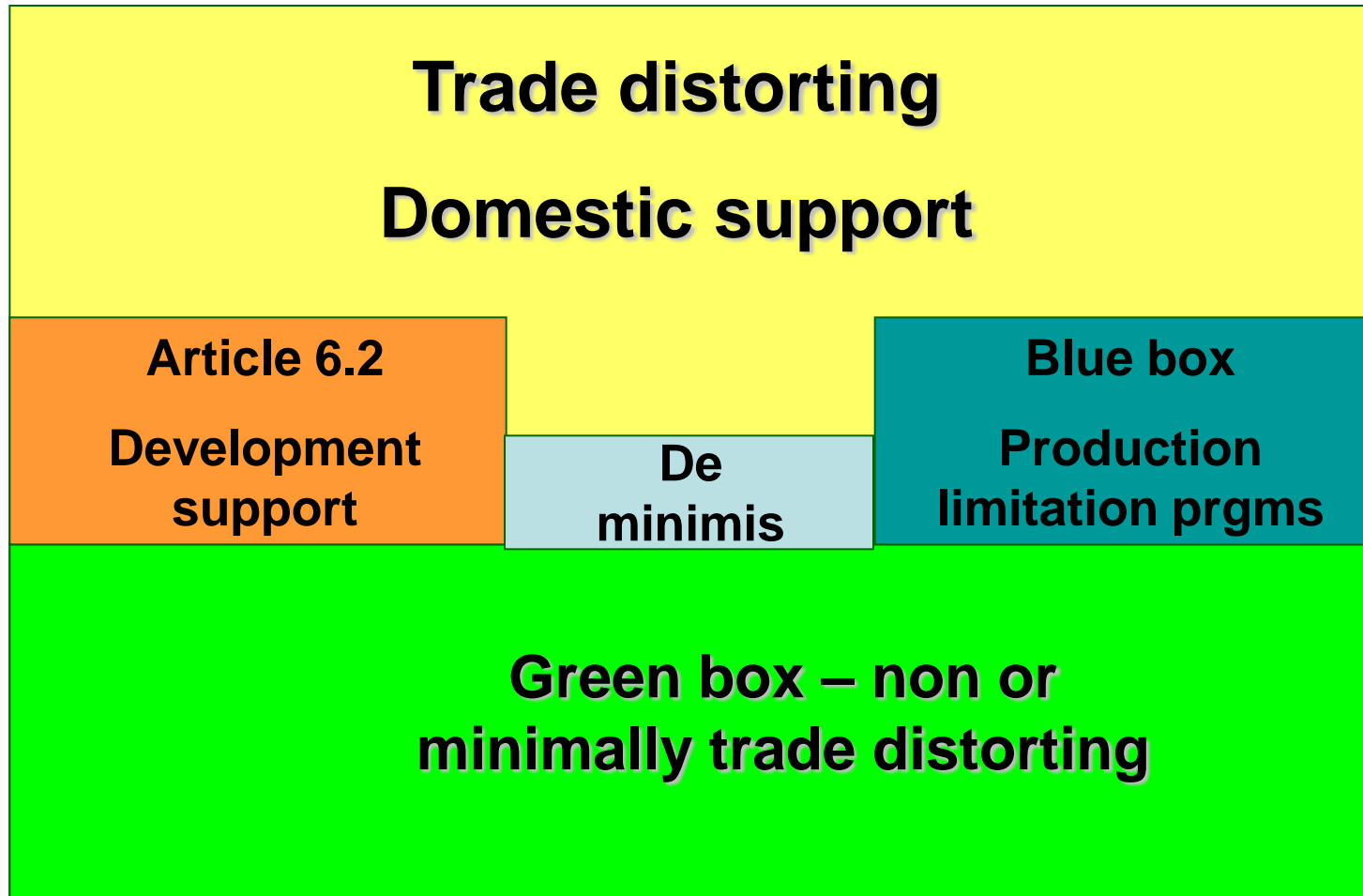
**Article 6.2
Development
support**

**Green box – non or
minimally trade distorting**

The Boxes



The Boxes



The Boxes

**Current total Aggregate
Measurement of Support**

\leq Bound total AMS

**Article 6.2
Development
support**

**De
minimis**

**Blue box
Production
limitation prgms**

**Green box – non or
minimally trade distorting**

Members schedules

Most Favoured Nation Tariffs

Part I

Agricultural products

Section I

tariffs

IA

Tariff quotas

IB

Other products

Section II

Preferential tariffs

Part II

Non tariff measure concessions

Part III

Agriculture: commitments limiting Subsidization

Part IV

Domestic Support : Total AMS commitments

Section I

Export subsidies – budget & volume commitments

Section II

Commitments limiting scope of export subsidies

Section III

Schedules

And the Doha Development Agenda



substantial improvements in market access;

reductions of, with a view to phasing out, all forms of export subsidies;

substantial reductions in trade-distorting domestic support.

special and differential treatment for developing countries integral part of all elements of the negotiations

**Revised draft
modalities
TN/AG/W/4/Rev.4**

6 December 2008

December 2001 - ?

Recap – key elements

- **What is an agricultural product ?**
- **Cumulative application of the legal texts**
- **Three pillars**
 - **Domestic support**
 - **Market Access**
 - **Export competition**
- **Domestic Support : The boxes (Green, Blue, Amber, Development)**
- **Market Access : Tariffs, Tariff rate quotas and Agricultural Special Safeguard**
- **Doha Development Agenda ?**

The hope that the Russian Federation

“will use the opportunity of WTO accession as part of a wider strategy to improve the competitiveness of the Russian economy and to successfully integrate into the global marketplace, in order to increase welfare for the Russian people”



Thank you for your attention

