



What Could Domestic Support Trends Mean for Efforts to Update WTO Rules?

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Overview

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2. Data and notifications
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5. Ways forward



1. Introduction



Rectifying past imbalances – and creating a fair basis for future trade

2 ZERO HUNGER



- Agenda 2030
- How to increase support – without unfairly harming other producers?
- New challenges, e.g. climate change, coronavirus
- How can countries update the rulebook?



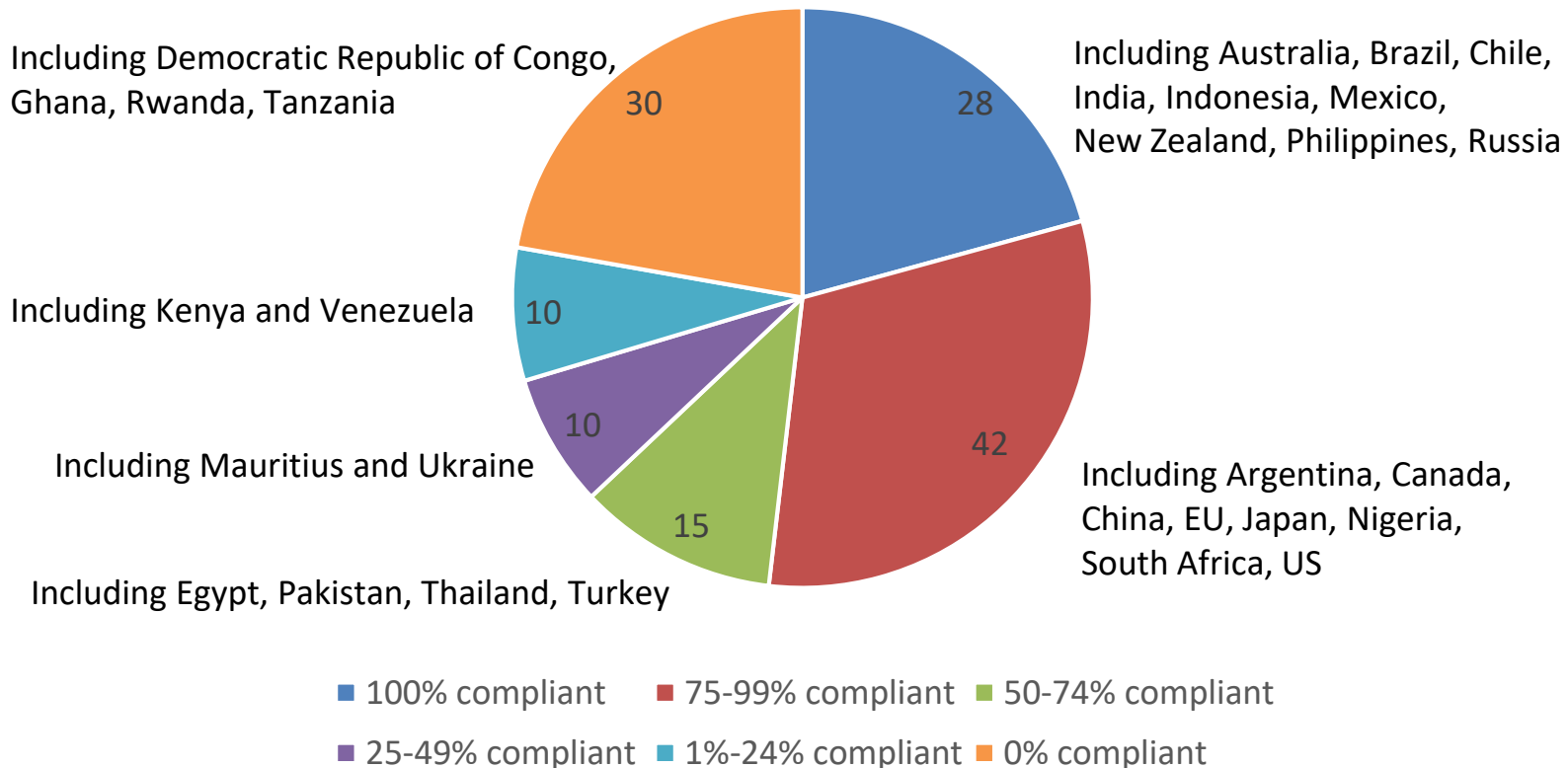


2. Data and notifications



Data on domestic support may vary across WTO Members and over time

Compliance with WTO domestic support notification requirements, 1995-2017



Source: Based on data from WTO, 2019.

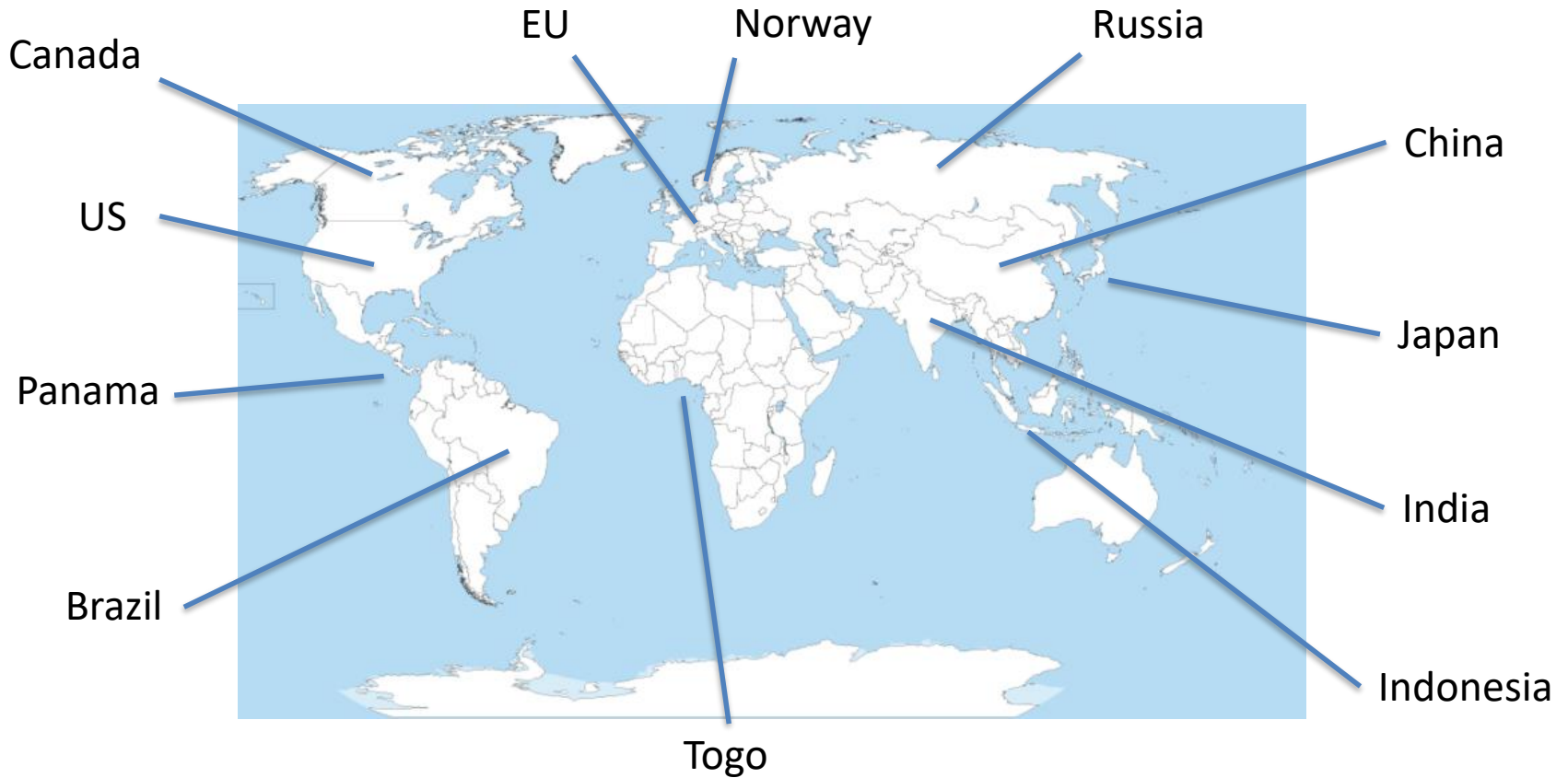
Note: Compliance is defined based on the annual submission of domestic support (Table DS:1) or every other year for LDCs. The quality or completeness of the notifications is not considered above.



3. Comparing support across countries



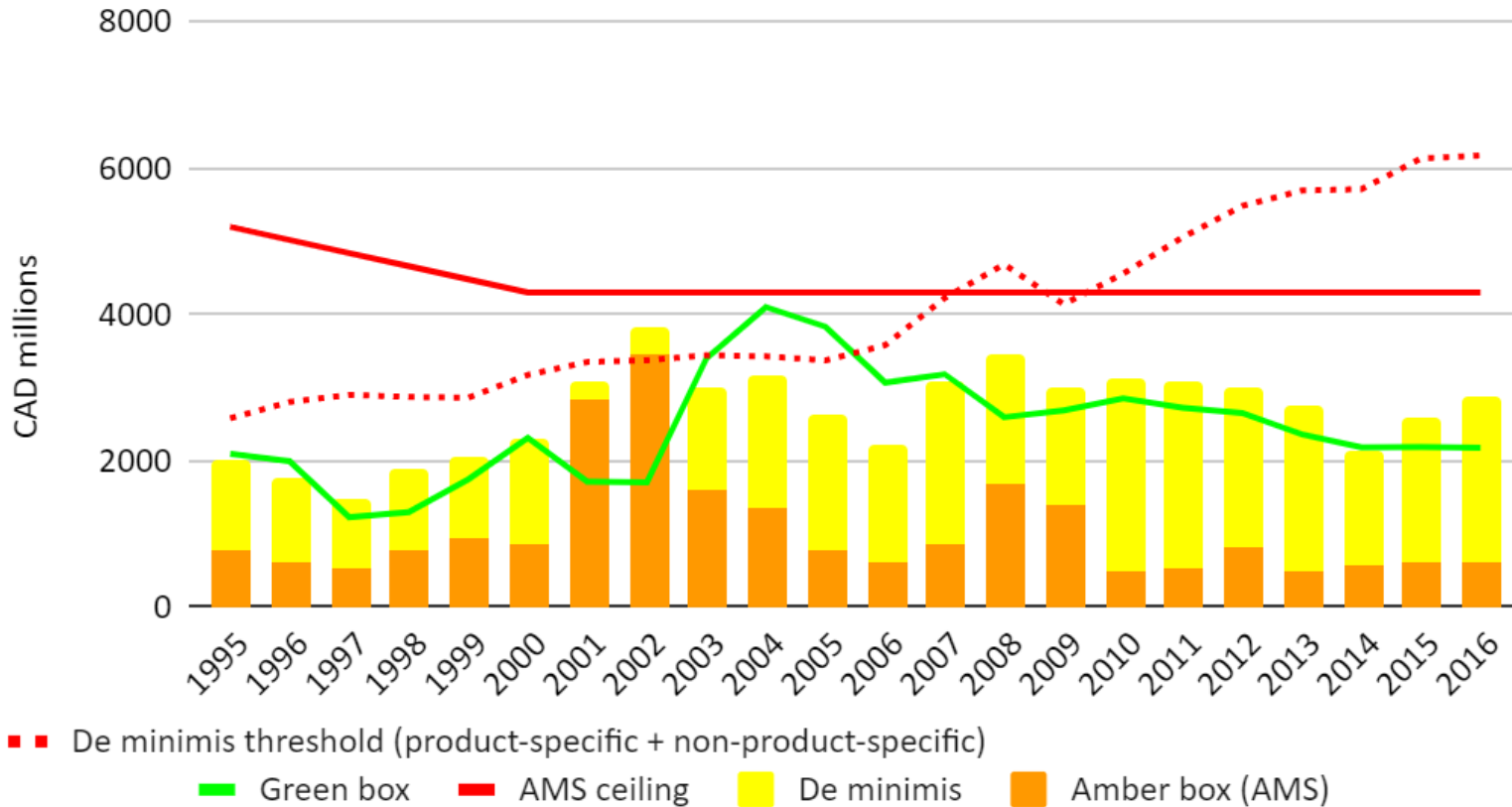
The study looks at a cross-section of the WTO membership:





Why support ag, and how? Each country changes over time.

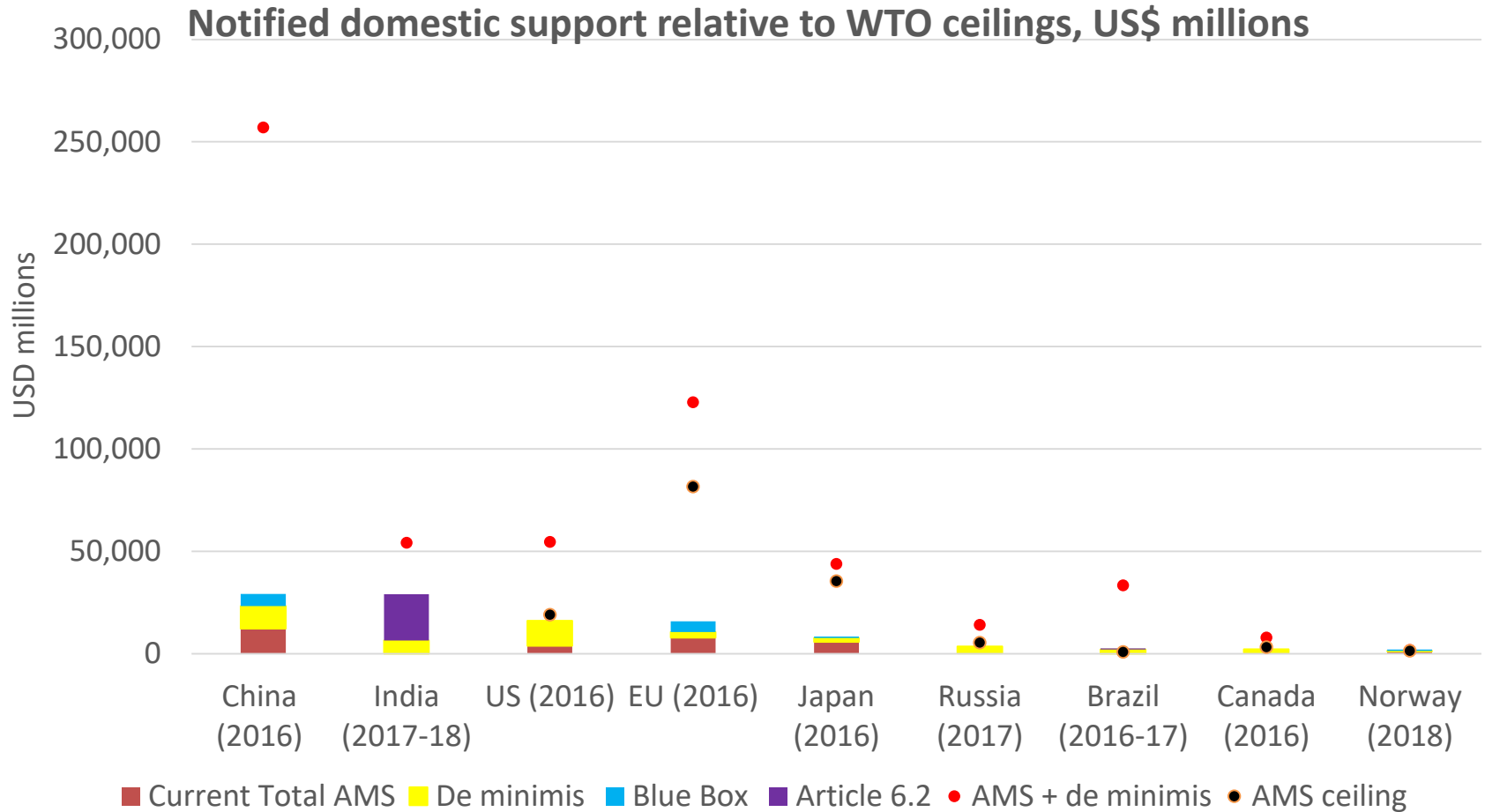
Canada: agricultural domestic support



Source: IISD and IFPRI calculations, based on WTO notifications.



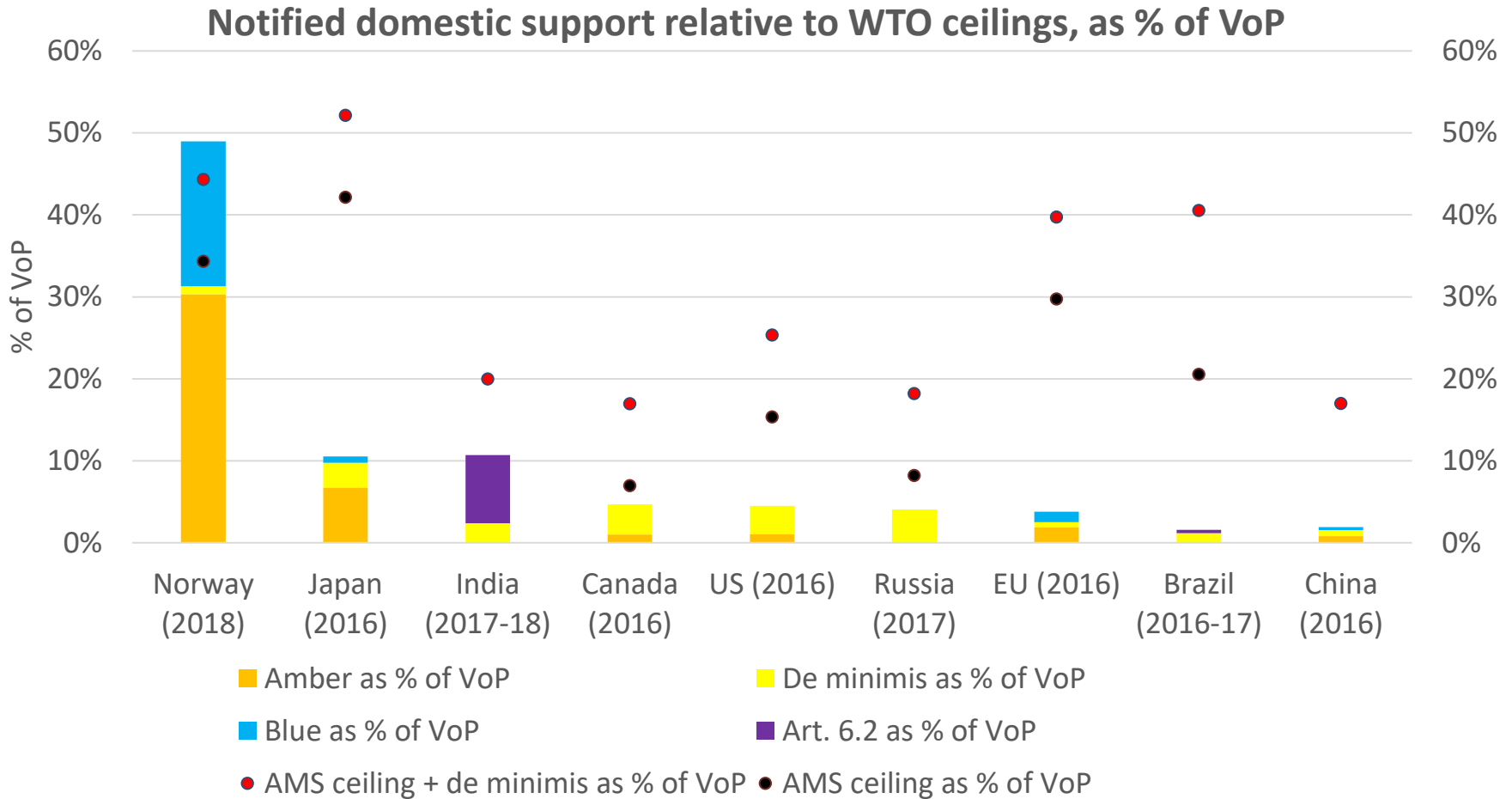
Status quo: widely divergent support levels and WTO ceilings



Source: IISD and IFPRI calculations, based on WTO notifications. VoP data for India is from FAOSTAT data.



In most selected WTO Members, Art. 6 support ranges from 2%-11% of VoP

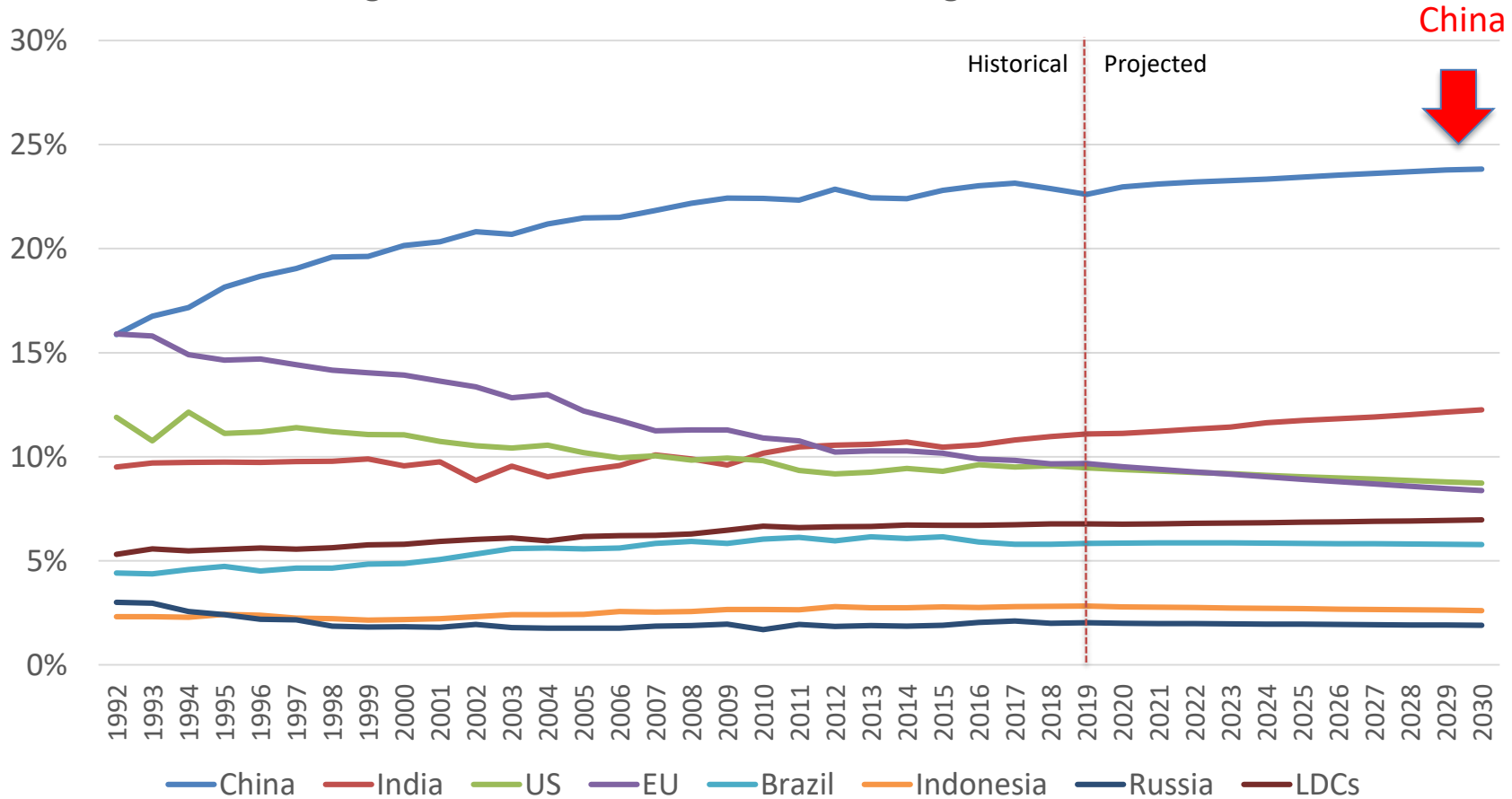


Source: IISD and IFPRI calculations, based on WTO notifications. VoP data for India is from FAOSTAT data.



Projections indicate China's rapid VoP growth will flatten off

Agricultural VoP as % of total world agricultural VoP



Source: IISD and IFPRI calculations, based on FAOSTAT data.

Note: all other countries represented less than 2% of total world agricultural production in 2017.

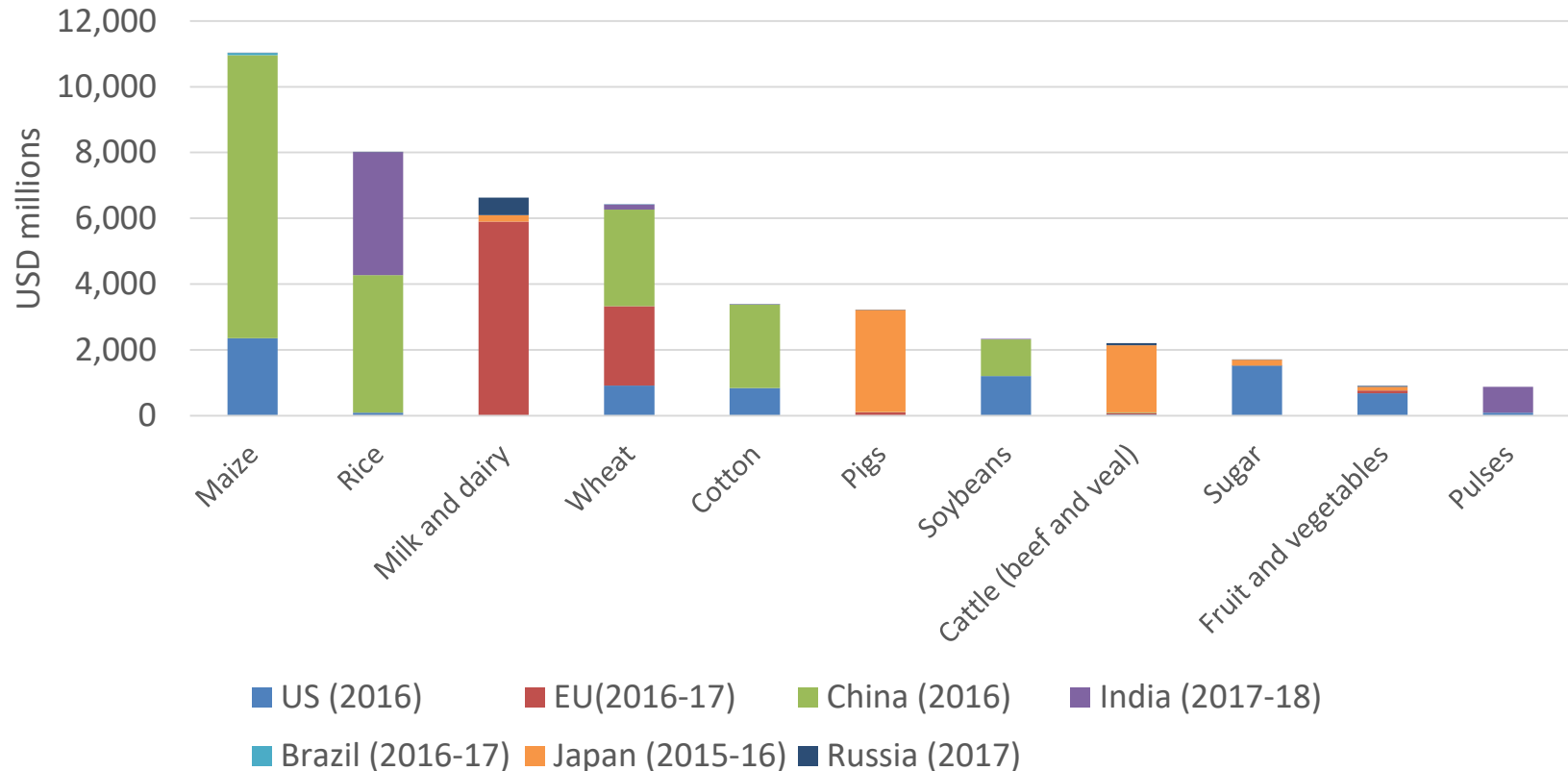


4. Comparing support across products



Support concentration: grains, dairy, cotton, soy, pork + beef

Product-specific support in selected major economies
(amber box and 'de minimis')



Source: IISD and IFPRI calculations, based on WTO notifications.

Notes: As WTO Members use different product classification systems to report product-specific support, similar products have been grouped together for the purposes of this graph. They include amber box and de minimis support, but not product-specific blue box support.



Ways forward:

Our analysis recommends that WTO Members:

1. Seek to harmonise Art. 6 support levels over time by setting an overall cap and reducing this gradually to a target level, defined as a % of VoP;
2. Agree to special and differential treatment for developing country WTO Members in the form of longer implementation periods or higher initial ceilings on support;
3. Tackle the concentration of support on certain products by agreeing to product-specific support limits;
4. Agree that food bought for public stockholding programmes should not count towards support limits when administered prices are set below international market price levels.

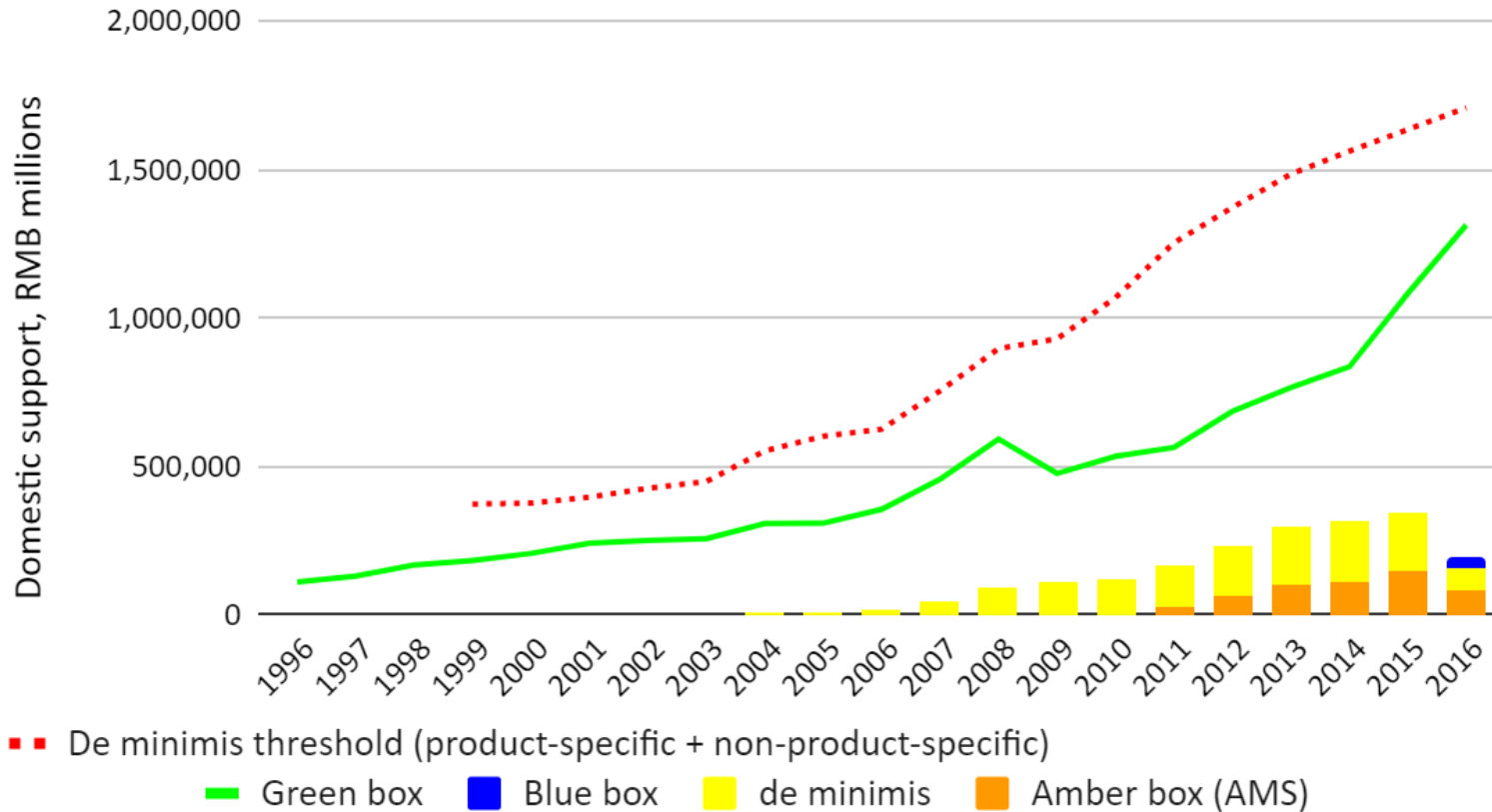


Thank you!

Comments, questions and feedback are welcome:
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China: agricultural domestic support



Source: IISD and IFPRI calculations, based on WTO notifications.

- Movement from taxation to support
- Twin goals of maintaining food supply and addressing rural/urban income inequalities
- Price support schemes: stocks grew when international prices fell, prompting policy reforms



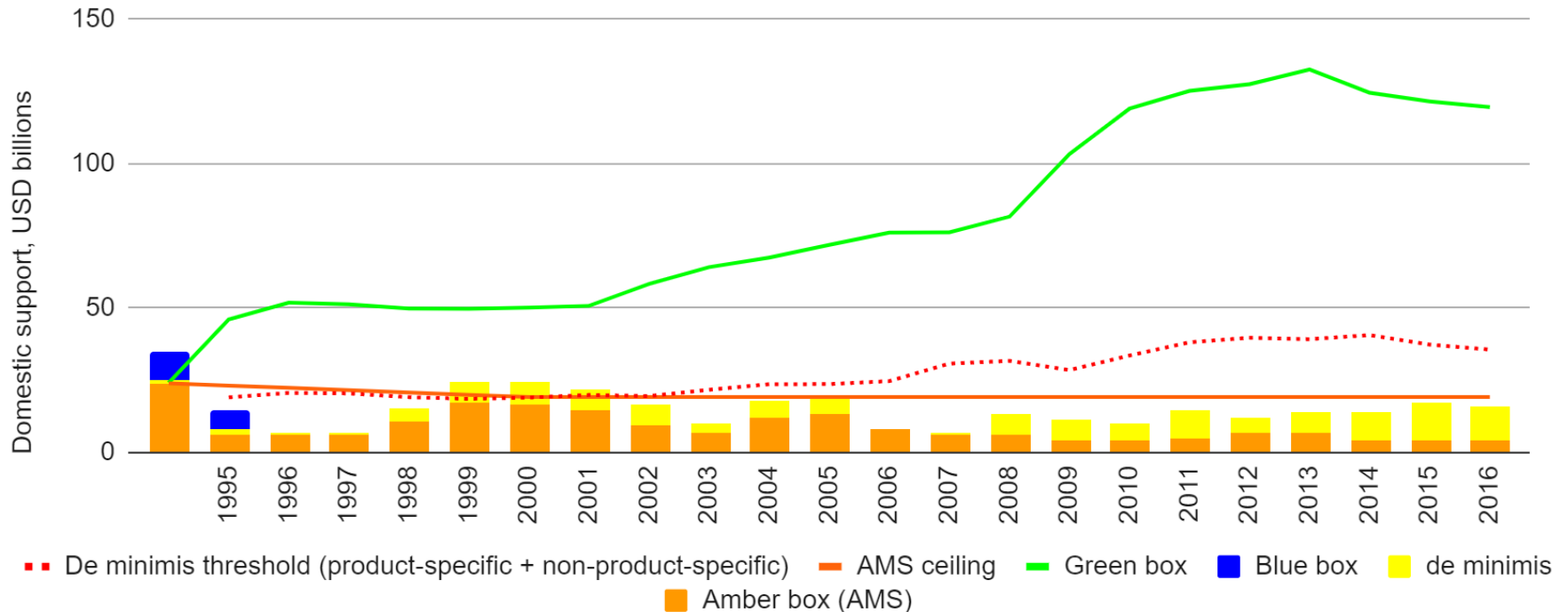
India: agricultural domestic support



- Support to poor consumers (domestic food aid) and poor producers (MPS, Art. 6.2)
- Most support to producers is in the form of input and investment subsidies (Art. 6.2)
- OECD methodology finds net negative support to producers (taxation).



US: agricultural domestic support

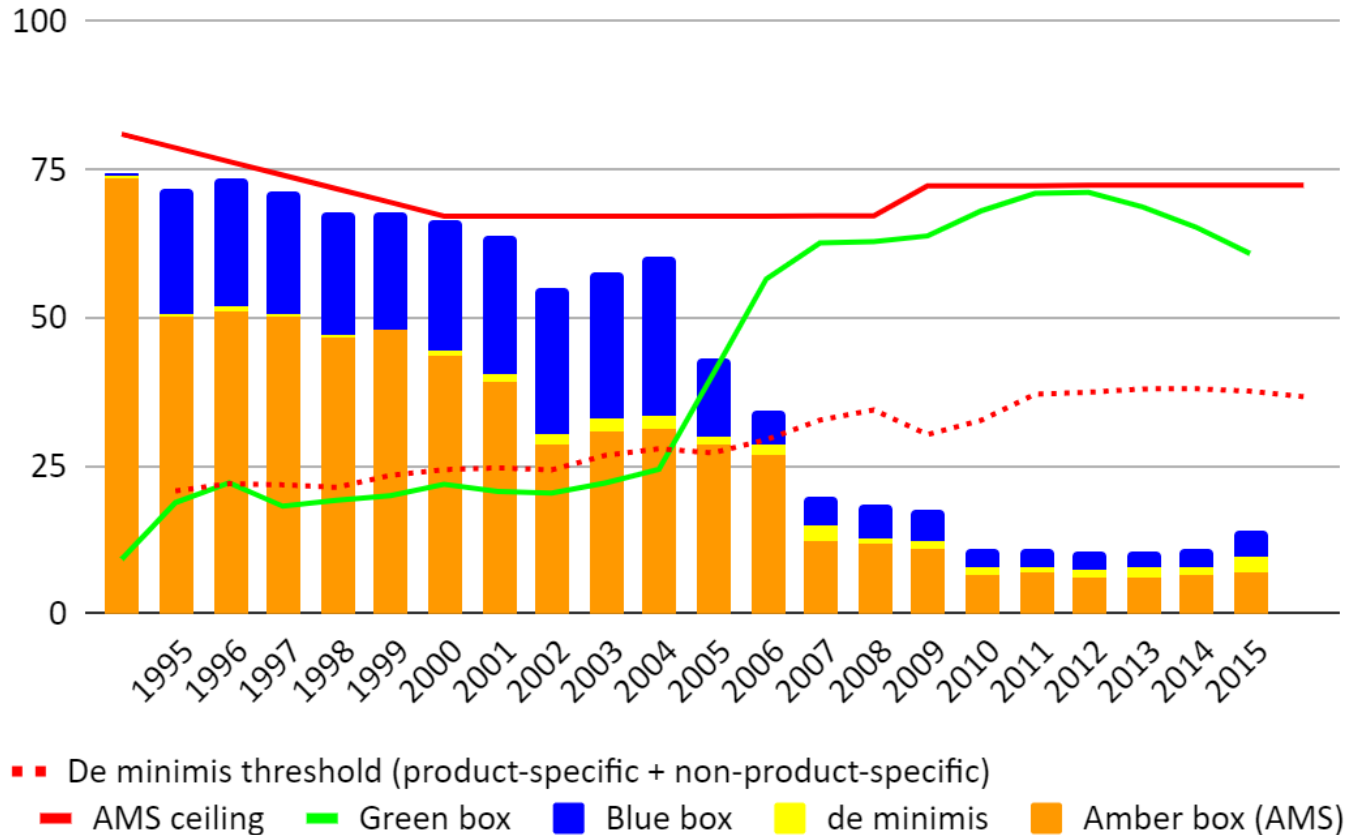


Source: IISD and IFPRI calculations, based on WTO notifications.

- Support to poor consumers (domestic food aid) dominates green box support
- Counter-cyclical nature of many support programmes means no clear policy reform trajectory
- Shift in recent years towards subsidized crop and revenue insurance schemes



EU: agricultural domestic support

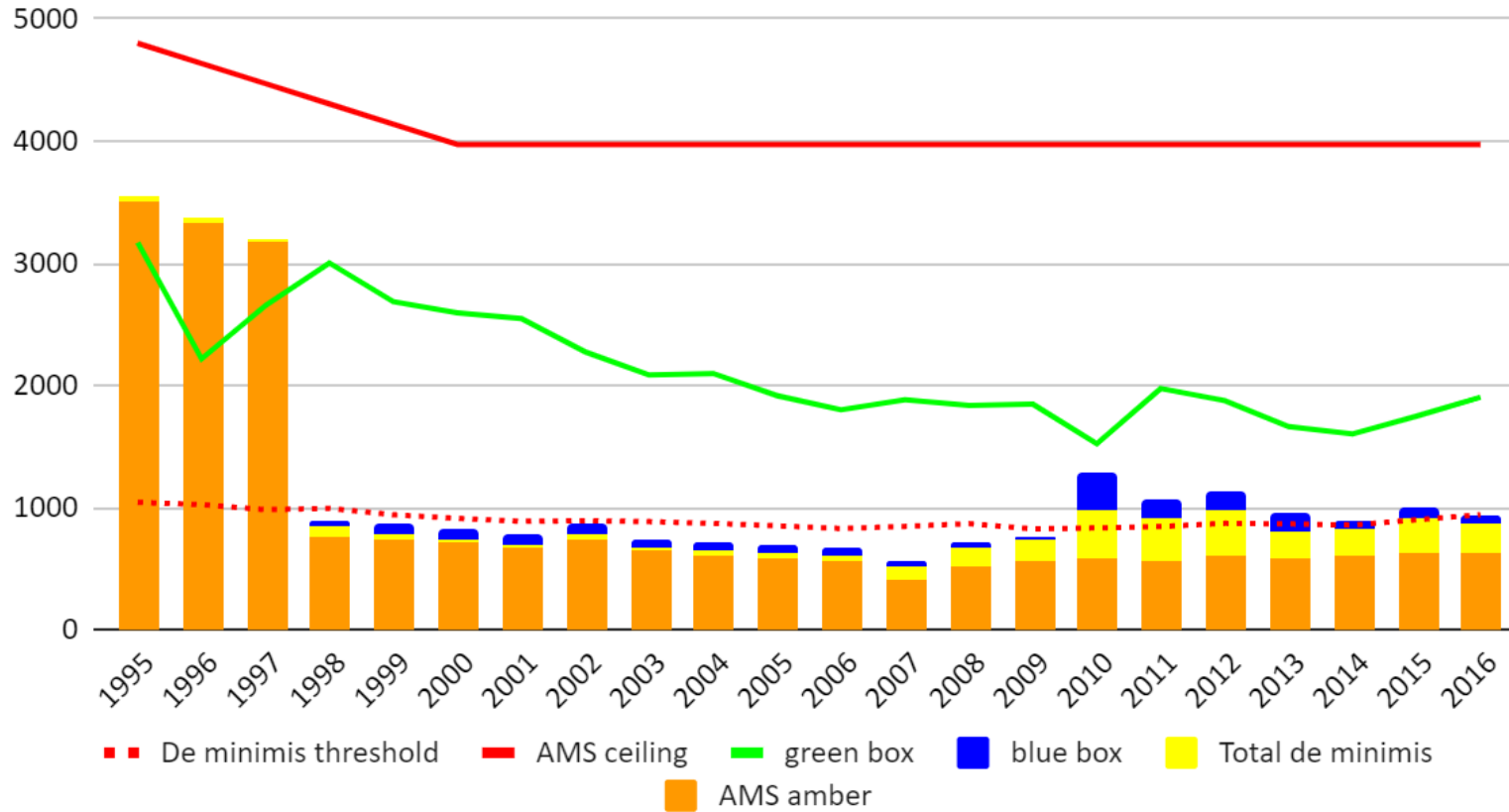


Source: IISD and IFPRI calculations, based on WTO notifications.

- Post-1992, shift from production-related support to direct payments
- Focus on supporting producers' revenues and environmental outcomes
- Some 'recoupling' of support to production in 2014 CAP reform



Japan's agricultural domestic support

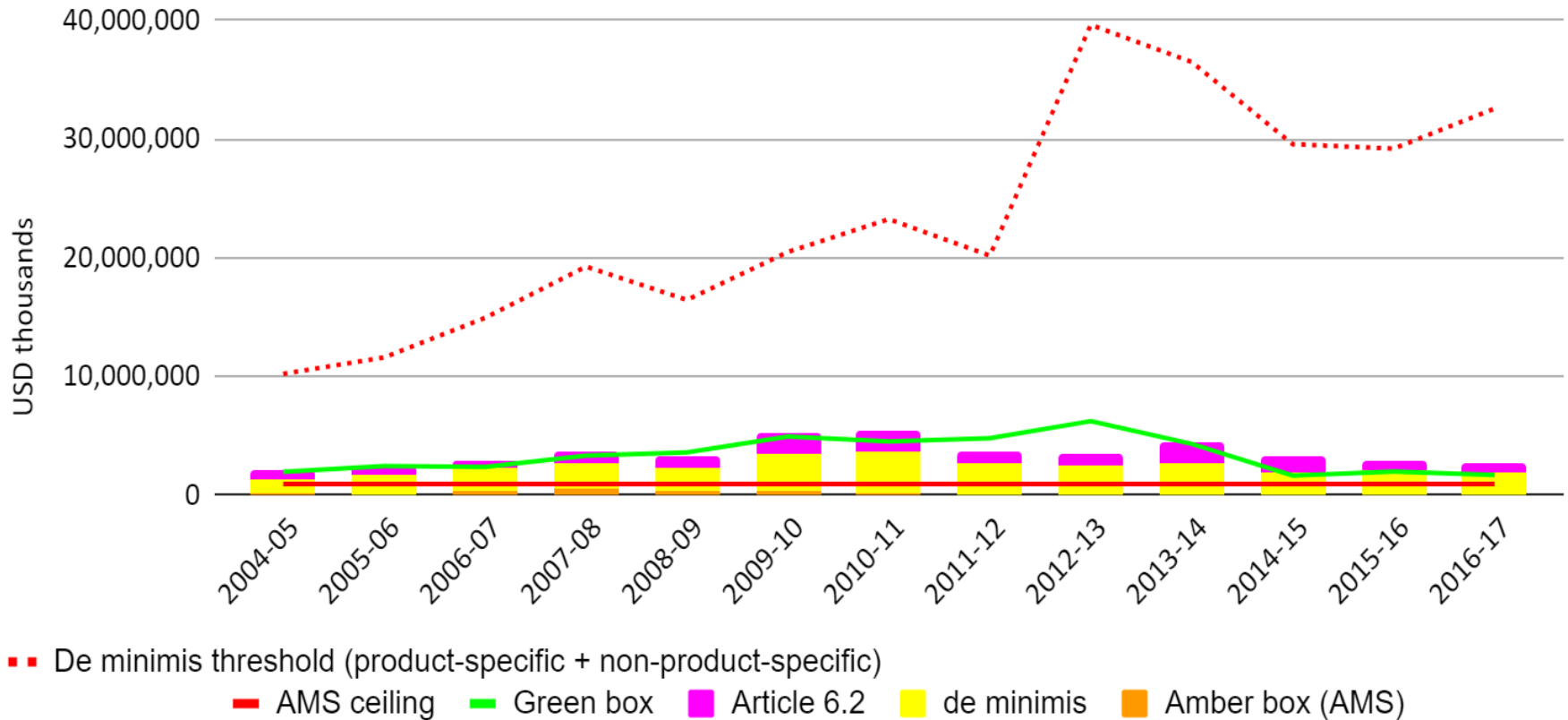


Source: IISD and IFPRI calculations, based on WTO notifications.

- Notified AMS fell sharply in 1999 as price support was abolished, although tariffs remain high
- ‘Multifunctional’ goals for domestic support programmes (aging part-time farmers, biodiversity)
- CPTPP prompted domestic farm policy reforms



Brazil: agricultural domestic support

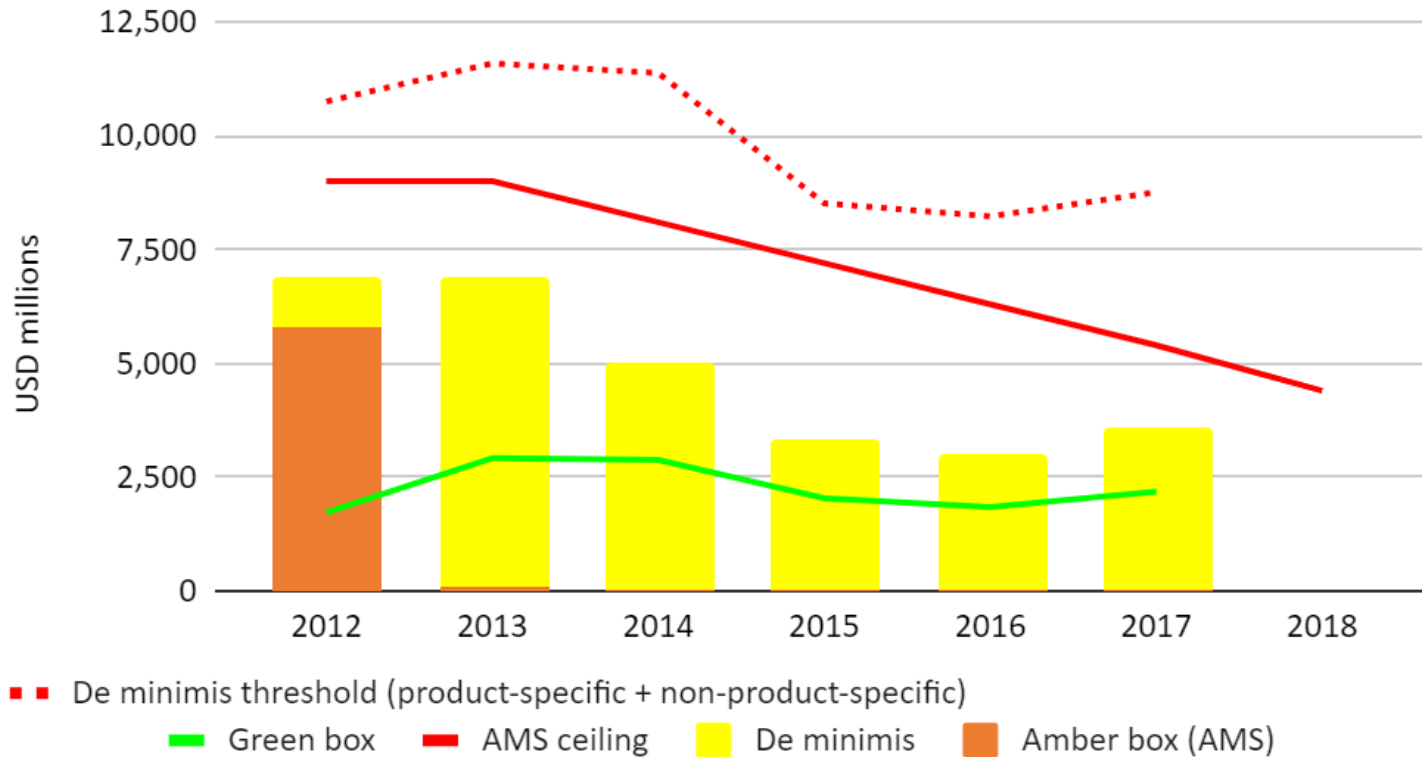


Source: IISD and IFPRI calculations, based on WTO notifications.

- Art. 6 support levels are relatively low as a share of VoP (2%)
- Support has declined post-2014, largely due to fiscal constraints



Russia: agricultural domestic support

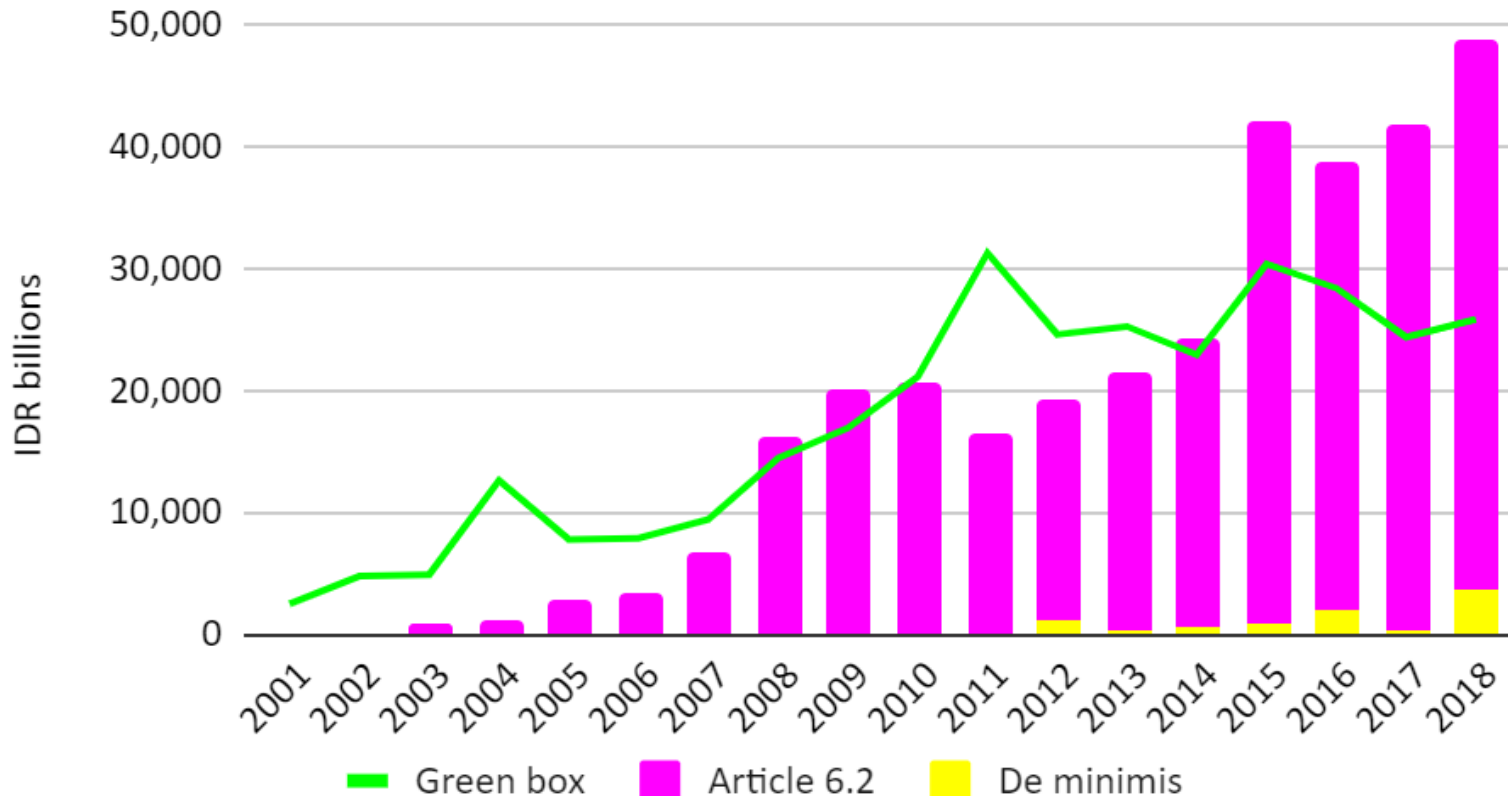


Source: IISD and IFPRI calculations, based on WTO notifications.

- Support levels on downward trend in USD terms, despite increases in rouble support levels
- Grain sector competitive on world markets, although livestock sectors face more difficulties
- Russia committed to cuts in AMS ceiling as part of its accession commitments



Indonesia, agricultural domestic support

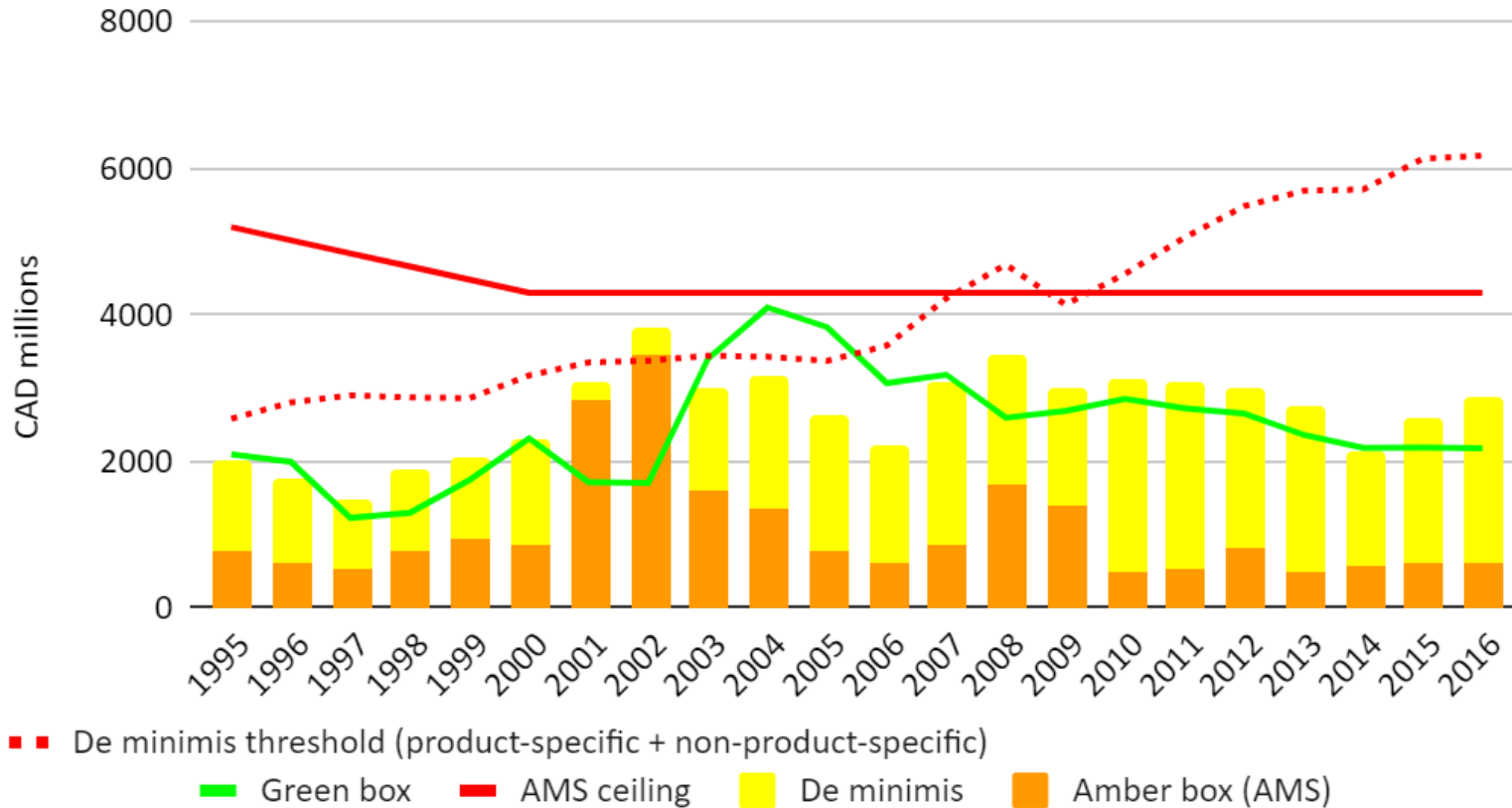


Source: IISD and IFPRI calculations, based on WTO notifications.

- Farm policy has tended to focus on supporting self-sufficiency in production
- Support provided mostly under AoA art. 6.2 (especially input subsidies), which has grown rapidly
- Cash-based and in-kind food aid represents the bulk of green box support



Canada: agricultural domestic support

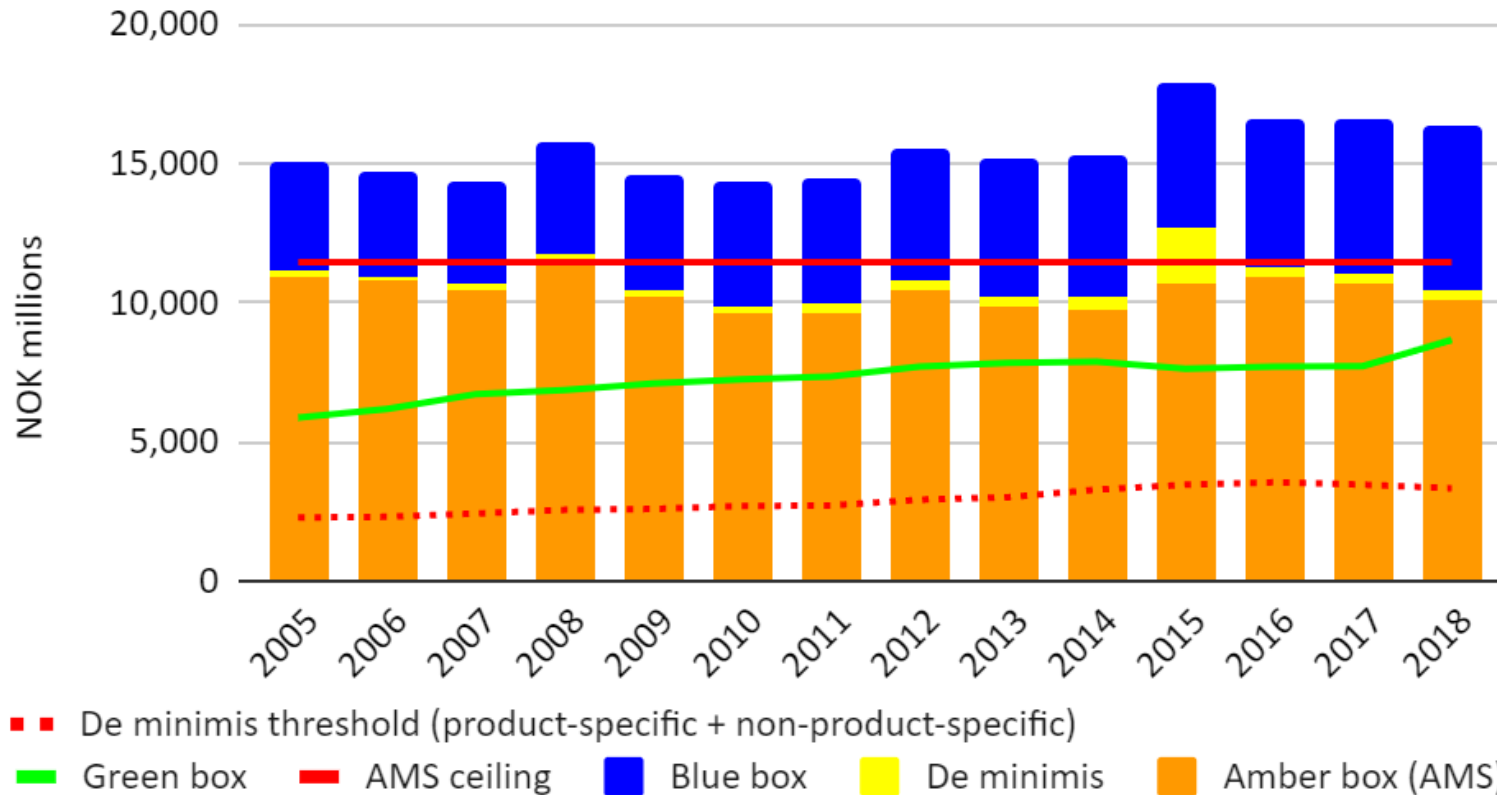


Source: IISD and IFPRI calculations, based on WTO notifications.

- Supply-managed commodities (eggs, poultry, dairy); some other ag products are highly competitive
- Fluctuations in dairy prices affect levels of notified art. 6 support
- Support for general services represents significant % of total green box support



Norway, agricultural domestic support

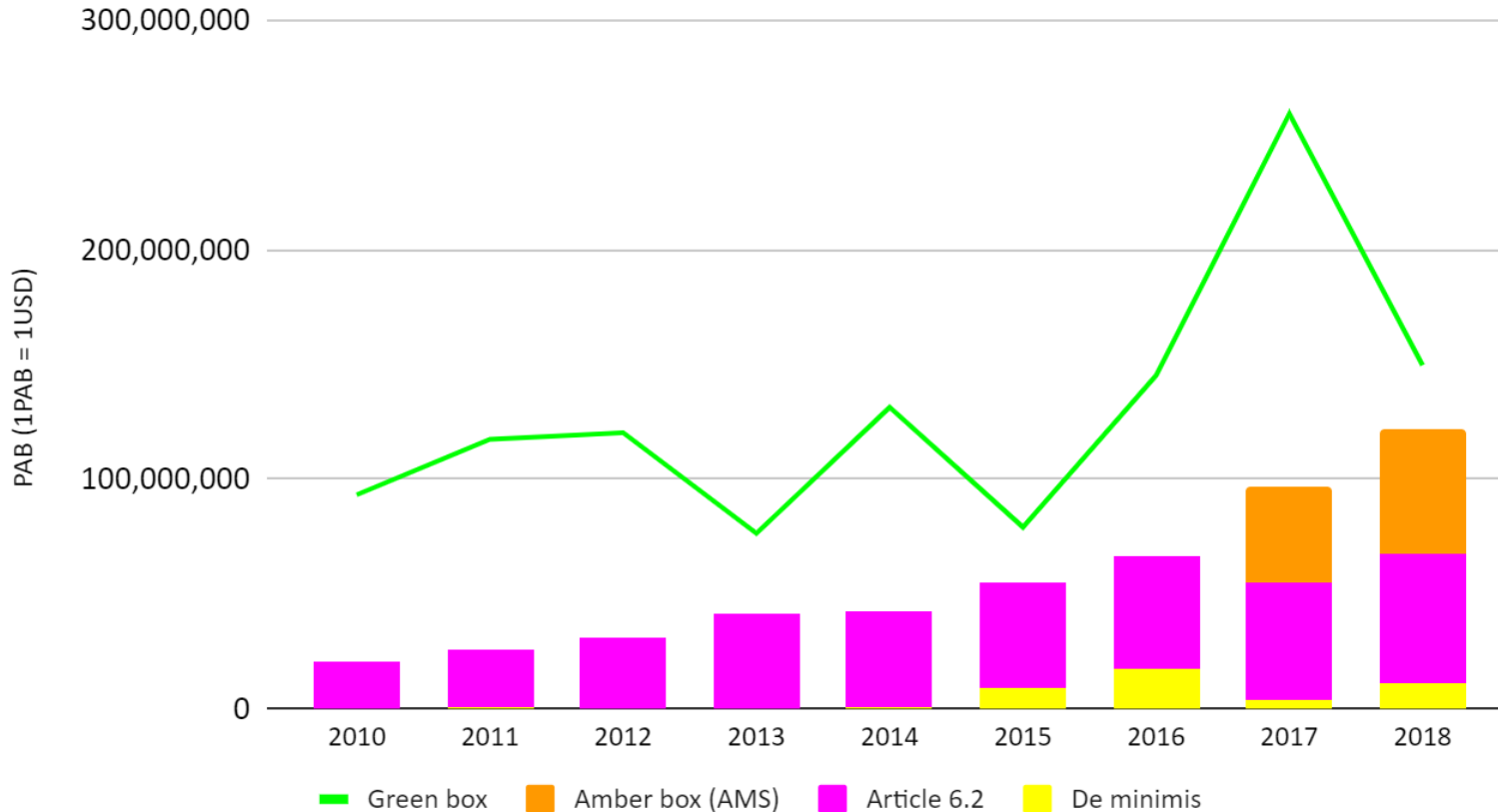


Source: IISD and IFPRI calculations, based on WTO notifications.

- Policies aim to promote food security and production distributed throughout the territory
- Product-specific support for milk important; also barley, beef, sheep, wheat, and oats production
- Notified amber box support has consistently been close to WTO AMS limits



Panama, agricultural domestic support

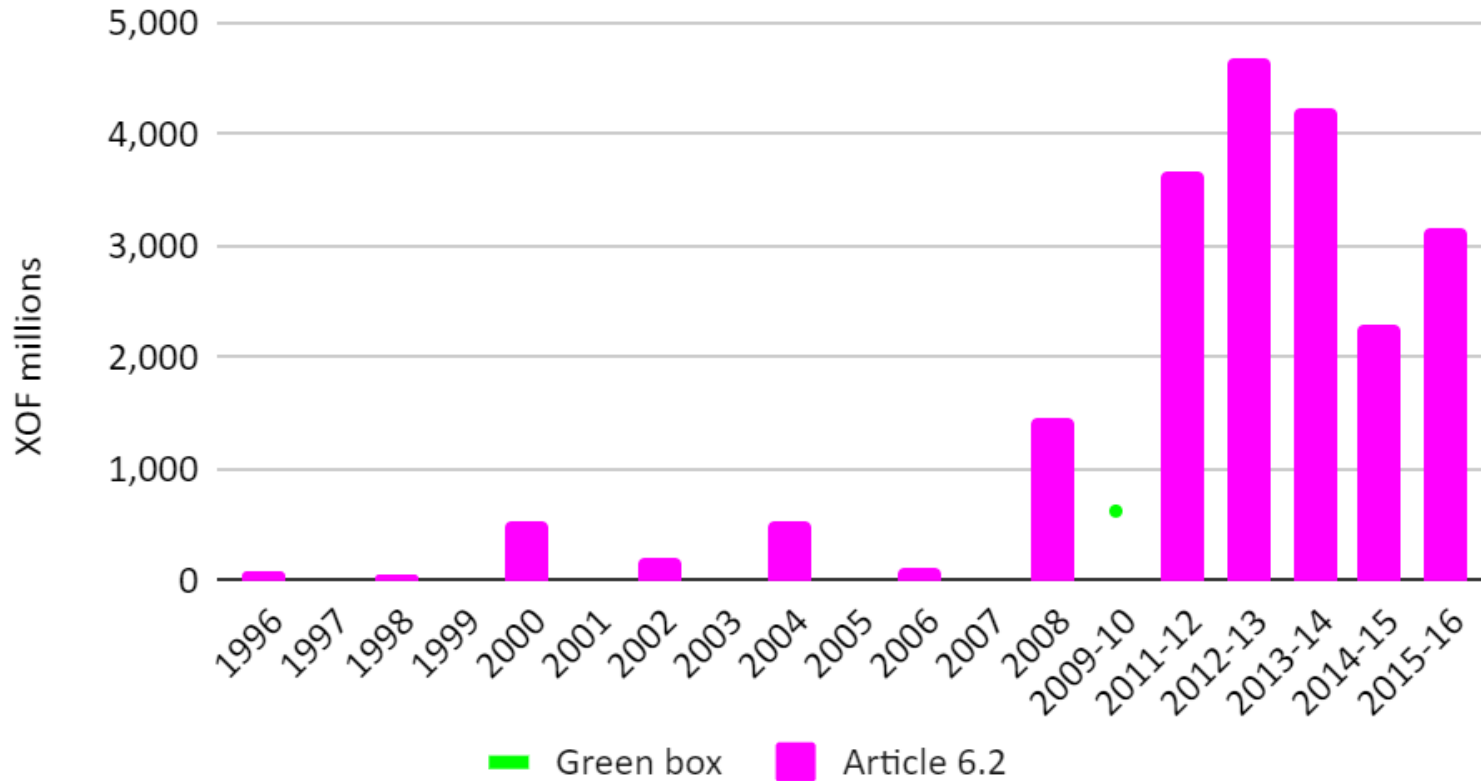


Source: IISD and IFPRI calculations, based on WTO notifications.

- Support is primarily provided in the form of green box and subsidies under art. 6.2
- Although the country has no AMS commitment, rice support exceeded de minimis levels in 2017/18
- Most notified green box support seemingly relates to operating costs for the Ministry of Agriculture



Togo, agricultural domestic support



Source: IISD and IFPRI calculations, based on WTO notifications.

- Support has been provided as Article 6.2 and, briefly, green box (natural disaster relief).
- Input subsidies for vulnerable producers: applicants should have sown area of 0.5-1.0 ha.
- Lack of notified total ag VoP data complicates assessment of WTO ceiling