Many countries say the WTO limits their policy space

**Analysis**

- WTO Agreement on Agriculture
  - Rules on domestic support in agriculture
  - Classify support policies
  - Measure support in particular ways

- Classify policies how? Use WTO criteria
  - Two kinds of policies
  - One kind is exempt from WTO limits
  - Green, blue and development “boxes”
  - Unlimited space for support!
  - Other kind is subject to limits
  - Must measure support: use AMS
    - Aggregate Measurement of Support

- Many AMSs
  - Several products: one AMS for each
  - One AMS for agriculture sector as a whole
  - Each AMS adds support of different types

- Limits on AMS support can be complex
- Limits on AMS support differ among countries

| Space for AMS support (= sum of limits) |
|-----------------|-----------------|-----------------|-----------------|
| India | 20% of VOP in agriculture |
| China | 17% of VOP in agriculture |
| USA | 10% of VOP + US$ 19.1 billion |
| EU | 10% of VOP + US$ 100 billion |

- This is potential space for AMS support
  - Is theoretical maximum for India and China
  - Assumes support for all products; perfect management of policies and support
  - Overstates practically available space
  - Overstates even theoretical space for USA and EU: some double-counting

Technical explanation – may be skipped

- De minimis percentage is 10%, 8.5%, 5% and 5%
- Count sum of all potential de minimis AMSs as policy space: agriculture US$ VOP from FAOSTAT
- E.g., 10% of VOP of all individual products + 10% of VOP of agriculture sector = 20% of VOP in agr
- USA and EU: add Bound Total AMS in US$ to all de minimis space

**Findings**

- Some kinds of farm support face no limits because of WTO policy criteria
- Other kinds: limits based on value of production have increased since 2001
  - Fastest increase in China’s and India’s limits
  - China now has more space than the EU for farm support subject to limits
  - India now has about same space as USA for farm support subject to limits
- Fixed WTO limits of the EU and USA are shrinking in relative importance
- Theoretical picture of limits: not all support space is or can be used in practice

**EU, US, India, China: 1995-2011**

Combine all four charts into one - same scale in US$ billion

**EU: 1995-2011**

**China: 1995-2011**

**US: 1995-2011**

**India: 1995-2011**

- How has policy space changed over time?
  - One part grows with growth in values of production of each product and agr sector
  - EU and USA also have a second part - it is fixed since year 2000 (in euros for EU)

**Lars.Brink@hotmail.com**

**ph. 819-827-0456**

See fuller presentation at [http://www.slideshare.net/LarsBrink1](http://www.slideshare.net/LarsBrink1)

Or google Slideshare LarsBrink