Worldwide trends in support to agriculture

Lars Brink

Symposium on Agricultural Policy, Trade and the Environment
University of Lethbridge, Alberta, Canada
25 October 2013
• Measurements of farm support
  – World Bank: economic measurement
  – OECD: economic measurement
  – WTO: domestic support, measured in particular way
    » “Domestic support” is WTO term
    » Budgetary support and administered pricing (AP) support
      • Excludes support through, e.g., tariffs, hence “domestic”
      » But much AP support depends also on border protection

• Eight countries with 68% of world value of agr. production
  – By size of agr.: China, EU, US, India, Indonesia, Japan, Brazil, Russia

<table>
<thead>
<tr>
<th>WTO developed</th>
<th>WTO developing</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU, US, Japan, Russia</td>
<td>China*, India, Indonesia, Brazil</td>
</tr>
</tbody>
</table>

* Special parameters for China
Nominal Rate of Assistance to agriculture: EU, Japan, Russia, US

Nominal Rate of Assistance to agriculture: Brazil, China, India, Indonesia

OECD GSSE as % of Value of production: EU, Japan, Russia, US

GSSE: General Services Support Estimate

Source: calculated from PSE and CSE Database, OECD, 2013
OECD GSSE as % of Value of production: Brazil, China, Indonesia

GSSE: General Services Support Estimate

Source: calculated from PSE and CSE Database, OECD, 2013

No data for India
OECD PSE as % of Value of production: EU, Japan, Russia, US

Source: calculated from PSE and CSE Database, OECD, 2013
OECD PSE as % of Value of production: EU, Japan, Russia, US

Source: calculated from PSE and CSE Database, OECD, 2013
OECD PSE as % of Value of production: EU, Japan, Russia, US

Source: calculated from PSE and CSE Database, OECD, 2013
OECD PSE as % of Value of production: Brazil, China, Indonesia

PSE: Producer Support Estimate

No data for India

Green box support as % of Value of prod’n: EU, Japan, Russia, US

Source: calculated from WTO Transparency Toolkit; Russia from accession data
Green box support as % of Value of prod’n: Braz, China, India, Indo

Source: support calculated from WTO Transparency Toolkit; VOP from TN/AG/S/21/Rev.5, FAOSTAT, and OECD PSE database
Non-Green-box support as % of Value of prod’n: EU, Japan, Russia, US

Source: calculated from WTO Transparency Toolkit; Russia from accession data
Non-Green-box support as % of Value of prod’n: Braz, China, India, Indo

Source: support calculated from WTO Transparency Toolkit; VOP from TN/AG/S/21/Rev.5, FAOSTAT, and OECD PSE database
Rising support in large developing countries

• From very low levels to levels not seen before
  – Support levels now rival or may soon rival those of some large developed countries

• “High-support” and “Low-support” developing countries
  – Need to recognize emerging differentiation
  – Diverging international interests – how to reconcile?
Farm support rises with economic growth?

• Policy choices decide size and nature of support
  – Korea and Taiwan raised farm support as economies grew
  – Chile and South Africa, for example, chose different path
    • Competitive and growing world exporters in agriculture and food
    • No AMS* support; no or very little Article 6.2 support
    • Emphasis on Green Box support

• WTO limit on only one type of support
  • No limit on certain investment and input subsidies (Article 6.2)
  • No limit on price support without administered prices
    – Can be large if tariff bindings are large
  • No limit on Blue Box and Green Box support

* Aggregate Measurement of Support: support through measures not meeting any criteria for exemption from WTO commitment
Emphasize what kind of domestic support?

• Support that remunerates production directly, e.g.,
  • Input subsidies
  • Output subsidies
  • Administered pricing

• Support that meets WTO Green Box criteria, e.g.,
  • Research, marketing and promotion and infrastructural services
  • Providing relief from natural disasters
  • Implementing environmental programs

• Which mix of agricultural policy support is more apt to underpin development that is sustainable?
Selected references

http://econ.worldbank.org/WEBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/0,,contentMDK:21960058~pagePK:64214825~piPK:64214943~theSitePK:469382,00.html Documentation of estimation methods; estimates for Brazil, China, European Union, India, Indonesia, Japan, Russia, United States (also for more than 70 other countries).


Brink, L. 2014 (forthcoming). Farm support in Ukraine and Russia under the rules of the WTO. In Transition to Agricultural Market Economies: The Future of Kazakhstan, Russia, and Ukraine, ed. A. Schmitz and W. Meyers. Cambridge, USA and Wallingford, UK: CABI.


OECD (Organization for Economic Cooperation and Development). 2013. Producer and Consumer Support Estimates database. www.oecd.org/agriculture/agricultural-policies/producerandconsumersupportestimatesdatabase.htm Documentation of estimation methods; estimates for Brazil, China, European Union, Indonesia, Japan, Russia, United States (also other OECD countries and some other non-OECD countries).

WTO (World Trade Organization). 2013. Members’ transparency toolkit. Domestic support: Table DS:1 and the relevant Supporting Tables. www.wto.org/english/tratop_e/agric_e/transparency_toolkit_e.htm Data from notifications of Brazil, China, European Union, India, Indonesia, Japan, United States (also from more than 90 other Members; no notification from 2012 new Member Russia).
Thank you for your attention!

Lars.Brink@hotmail.com