WTO disciplines on domestic support: pivotal or incidental for agricultural policies in OECD countries?

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Work on domestic support disciplines

- Initiated in 2005 through International Food and Agricultural Trade Policy Council (IPC)
- Subsequent funding from World Bank (EU and US support simulators)
- IFPRI – shadow WTO notifications project
- International Centre for Trade and Sustainable Development (ICTSD) – Geneva Briefings
WTO disciplines and domestic support – key questions

1. How do the disciplines (UR and Doha) relate to support in major subsidizing countries?
2. Are the disciplines actually likely to be binding on support expenditures?
3. Are the disciplines likely to cause changes in domestic support policies?
WTO domestic support disciplines

- DS – one of the three pillars of the UR Agreement on Agriculture (AoA)
- Members obliged to notify domestic support
  - Current Total AMS (CTAMS) includes MPS, non-exempt direct payments and other product-specific support
  - Blue Box
  - Green Box
- CTAMS is supposed to be less than Final Bound Total AMS (FBTAMS) but no explicit sanctions for non-compliance under the AoA
Proposed Doha modalities

- New concept – Overall Trade Distorting Support
  \[ OTDS = CTAMS + \textit{de minimis} + \text{blue box} \]
- Tiered reductions in the bound OTDS and the UR FBTAMS
- Reduction in \textit{de minimis}
- Cap on blue box support
- Product-specific AMS and blue box caps
- How do the existing and proposed modalities relate to notified domestic support?
Canada: structure of support

Source: Blandford based on WTO notifications
Canada: AMS

Source: Blandford based on WTO notifications and December 2008 draft modalities
Canada: AMS & UR de minimis

Source: Blandford based on WTO notifications and December 2008 draft modalities
Canada: Excess of NPS over Doha de minimis

Source: Blandford based on WTO notifications and December 2008 draft modalities
## Canada: OTDS

<table>
<thead>
<tr>
<th>Year</th>
<th>Current OTDS</th>
<th>Doha binding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>Million $ Can 2,000</td>
<td>Million $ Can 4,000</td>
</tr>
<tr>
<td>1997</td>
<td>Million $ Can 1,500</td>
<td>Million $ Can 3,500</td>
</tr>
<tr>
<td>1999</td>
<td>Million $ Can 1,000</td>
<td>Million $ Can 3,000</td>
</tr>
<tr>
<td>2001</td>
<td>Million $ Can 2,500</td>
<td>Million $ Can 4,500</td>
</tr>
<tr>
<td>2003</td>
<td>Million $ Can 2,000</td>
<td>Million $ Can 4,000</td>
</tr>
<tr>
<td>2005</td>
<td>Million $ Can 1,500</td>
<td>Million $ Can 3,500</td>
</tr>
</tbody>
</table>

Source: Blandford based on WTO notifications and December 2008 draft modalities.
Japan: structure of support

Source: Blandford based on WTO notifications
Japan: AMS

Source: Blandford based on WTO notifications and December 2008 draft modalities
Japan: AMS & UR *de minimis*

Source: Blandford based on WTO notifications and December 2008 draft modalities
Japan: OTDS

Source: Blandford based on WTO notifications and December 2008 draft modalities
Korea: structure of support

![Bar chart showing the structure of support from 1995 to 2003, with sources from Blandford based on WTO notifications.](chart.png)

Source: Blandford based on WTO notifications
Korea: AMS

Source: Blandford based on WTO notifications and December 2008 draft modalities
Korea: AMS & UR de minimis

Source: Blandford based on WTO notifications and December 2008 draft modalities
Korea: OTDS

Source: Blandford based on WTO notifications and December 2008 draft modalities
Norway: structure of support

Source: Blandford based on WTO notifications
Norway: AMS

Source: Blandford based on WTO notifications and December 2008 draft modalities
Norway: AMS & UR *de minimis*

Source: Blandford based on WTO notifications and December 2008 draft modalities
Norway: Blue box

Source: Blandford based on WTO notifications and December 2008 draft modalities
Norway: OTDS

Source: Blandford based on WTO notifications and December 2008 draft modalities
Switzerland: structure of support

Source: Blandford based on WTO notifications
Switzerland: AMS

Source: Blandford based on WTO notifications and December 2008 draft modalities
Switzerland: OTDS

Source: Blandford based on WTO notifications and December 2008 draft modalities
EU: structure of support

Note: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter
Source: Blandford based on WTO notifications
EU: AMS

Note: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter
Source: Blandford based on WTO notifications and December 2008 draft modalities
EU: AMS & UR *de minimis*

Note: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter
Source: Blandford based on WTO notifications and December 2008 draft modalities
EU15: Blue box

Note: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter
Source: Blandford based on WTO notifications and December 2008 draft modalities
EU: OTDS

Notes: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter
Source: Blandford based on WTO notifications and December 2008 draft modalities
US: structure of support

Source: Blandford based on WTO notifications
US: AMS

Source: Blandford based on WTO notifications and December 2008 draft modalities
US: AMS & UR *de minimis*

Source: Blandford based on WTO notifications and December 2008 draft modalities
US: NPS and the Doha de minimis

Source: Blandford based on WTO notifications and December 2008 draft modalities
US: OTDS

Source: Blandford based on WTO notifications and December 2008 draft modalities
US: projections Doha modalities

Source: Blandford based on WTO notifications and December 2008 draft modalities
US: projections Doha modalities

Excess of sugar AMS over product-specific binding

Source: Blandford based on WTO notifications and December 2008 draft modalities
US: projections

“Water” in the FBTAMS is reduced under the Doha disciplines

Source: Blandford based on WTO notifications and December 2008 draft modalities
Adapting to the disciplines

- The weakness of the MPS concept
  - Eliminating “administered prices”, e.g., Japan, Korea, Norway
  - Redefining “eligible quantities”, e.g., US dairy
  - MPS rarely corresponds to an economic measure of price support (cf. OECD PSE)

- Box inclusion and box shifting
  - Shifts from amber to blue (e.g., EU, US)
  - Measures that may not be green (e.g., Norway)

- Doha – impact of the total package (three tiers) may be diluted by strategic behavior
Norway: adapting to the new disciplines

The contribution to policy reform – a mixed picture

- Cosmetic changes in policies are possible to stay within the commitments
- Box shifting that reflects real changes in policy (e.g., EU) can be significant
- Doha commitments could induce policy changes by reducing the room for maneuver in trade-distorting support (e.g., US)
- Overall – some international commitments (even if imperfect) are better than none!
- Ultimately the impact of DS commitments will be determined by the strength of overall commitment to multilateral institutions
Work on domestic support disciplines

- Copies of the IFPRI Policy Brief: *WTO Disciplines on Agricultural Support: Experience to Date and Assessment of the Doha Proposals* by Orden, Blandford, Josling and Brink are available
- Live webcast from Washington, DC on June 7, 2011 from 12:15 p.m. – 1:45 p.m. EST (see IFPRI website)
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