



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
- Orden, Blandford and Josling (eds). ***WTO Disciplines on Agricultural Support: Seeking a Fair Basis for Trade***, Cambridge University Press, 2011



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

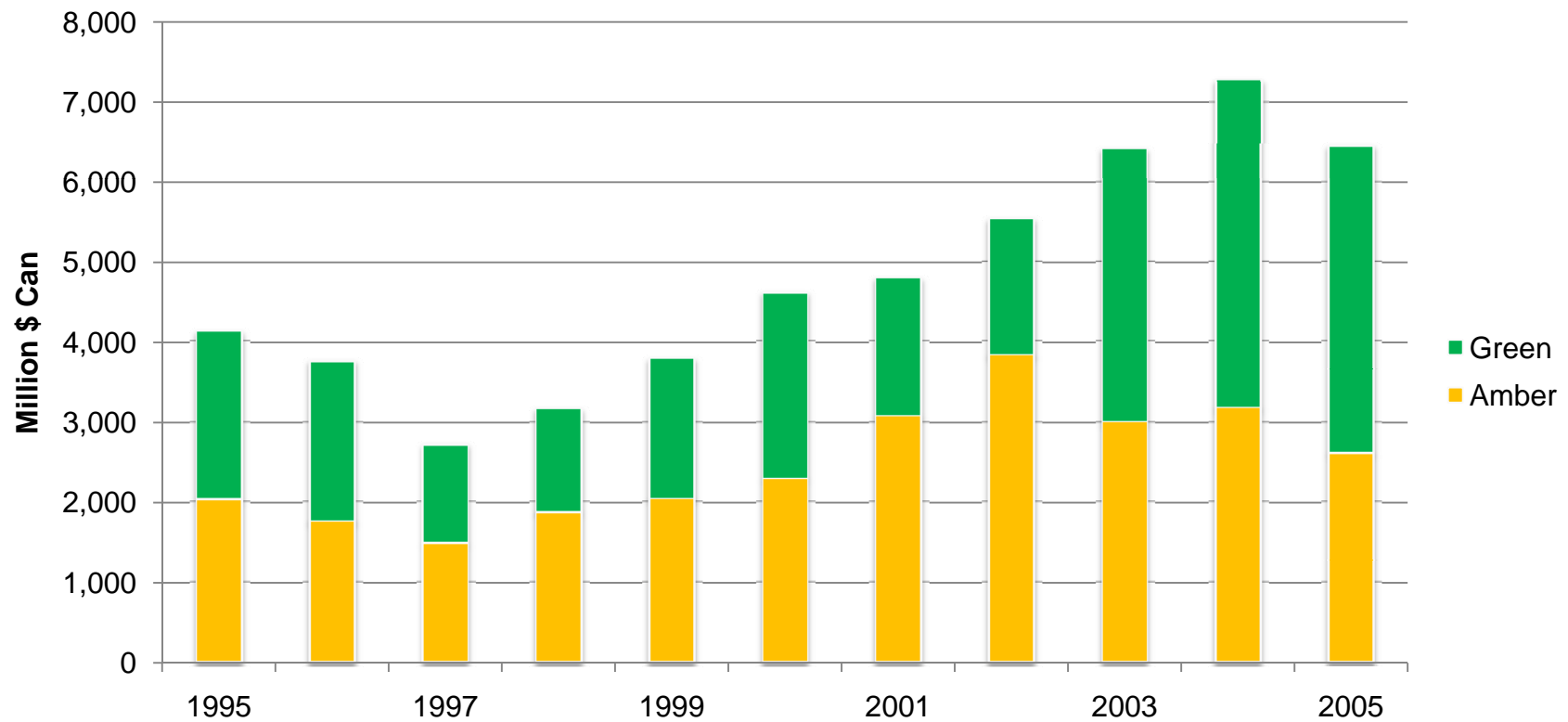


Proposed Doha modalities

- New concept – Overall Trade Distorting Support
OTDS = CTAMS + *de minimis* + blue box
- Tiered reductions in the bound OTDS and the UR FBTAMS
- Reduction in *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?

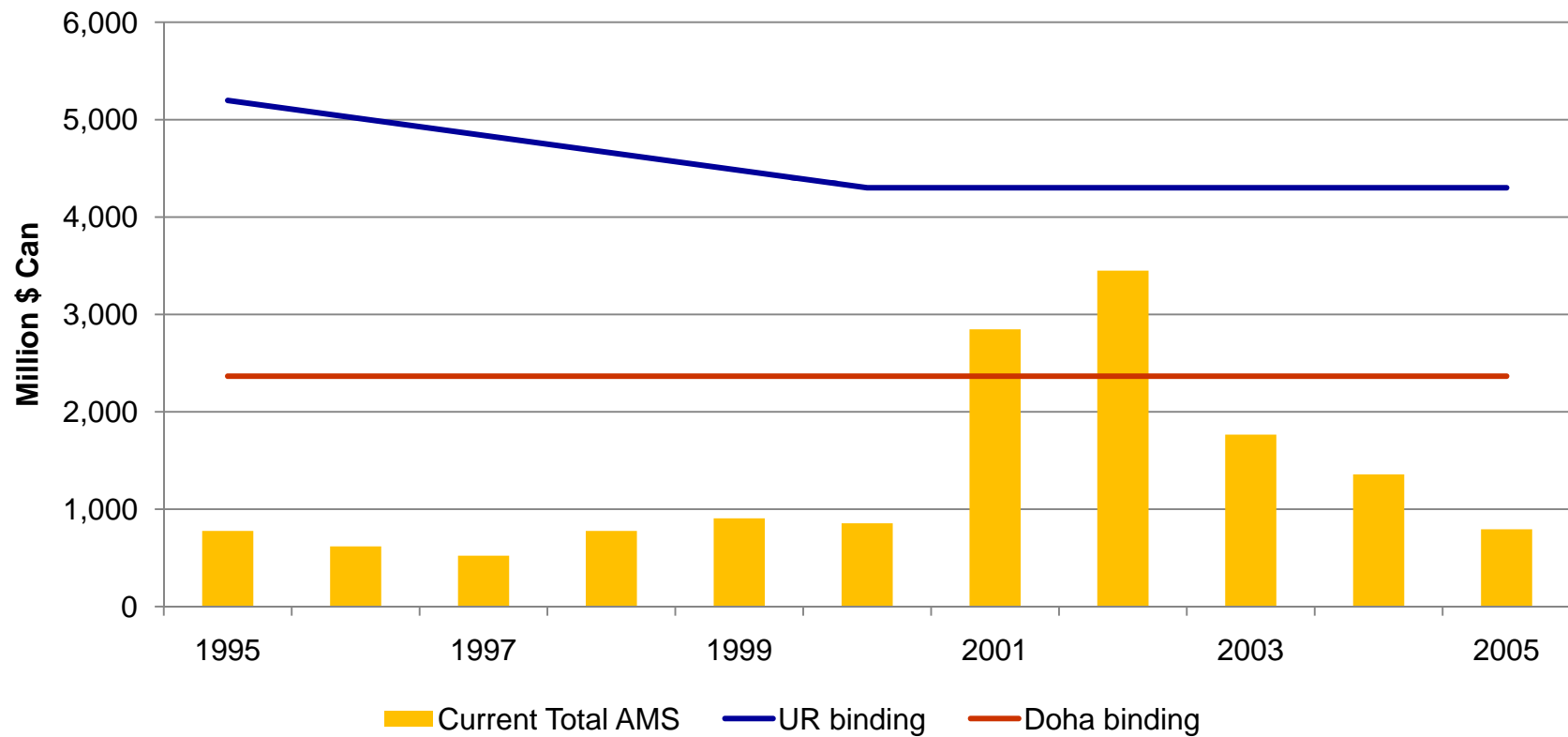


Canada: structure of support



Source: Blandford based on WTO notifications

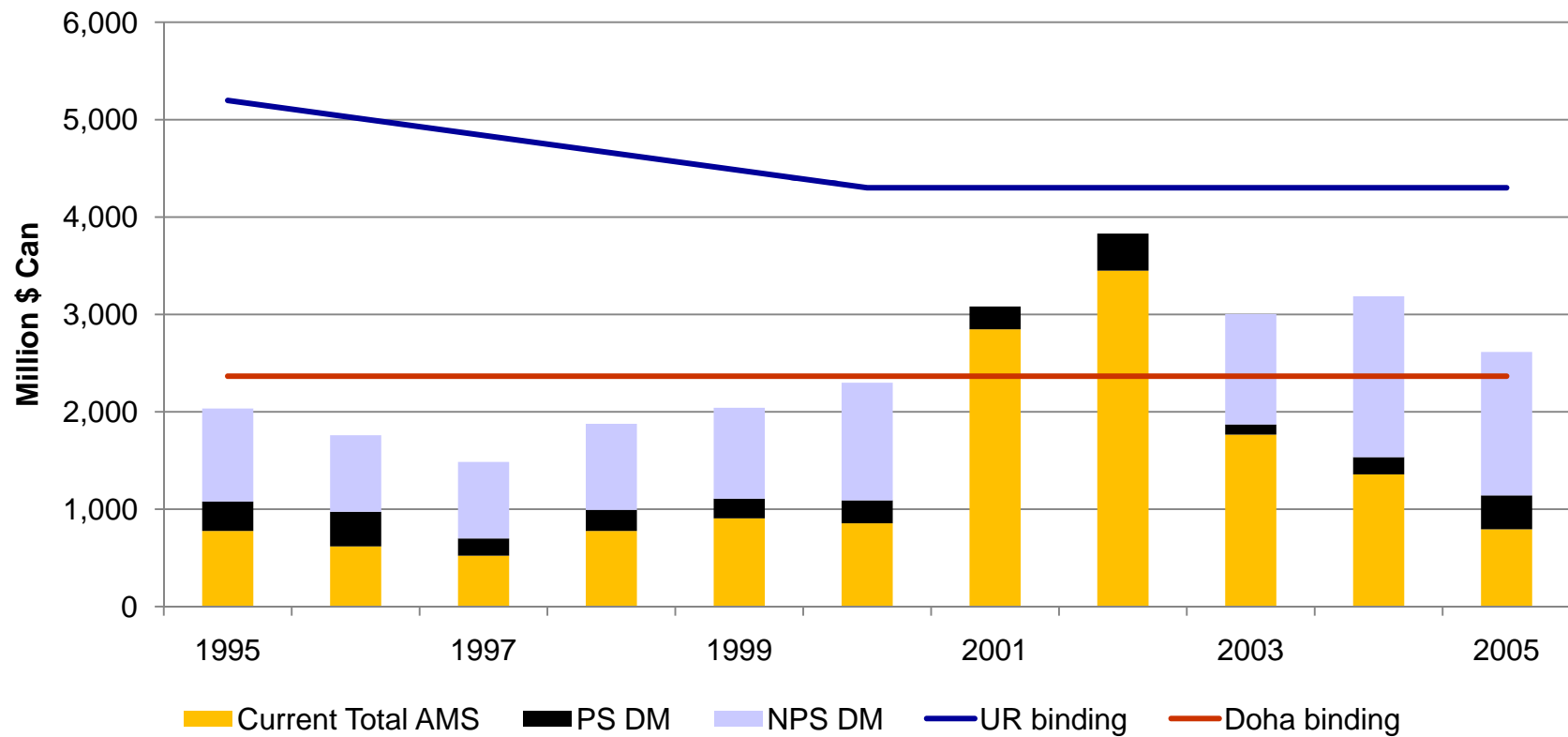
Canada: AMS



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

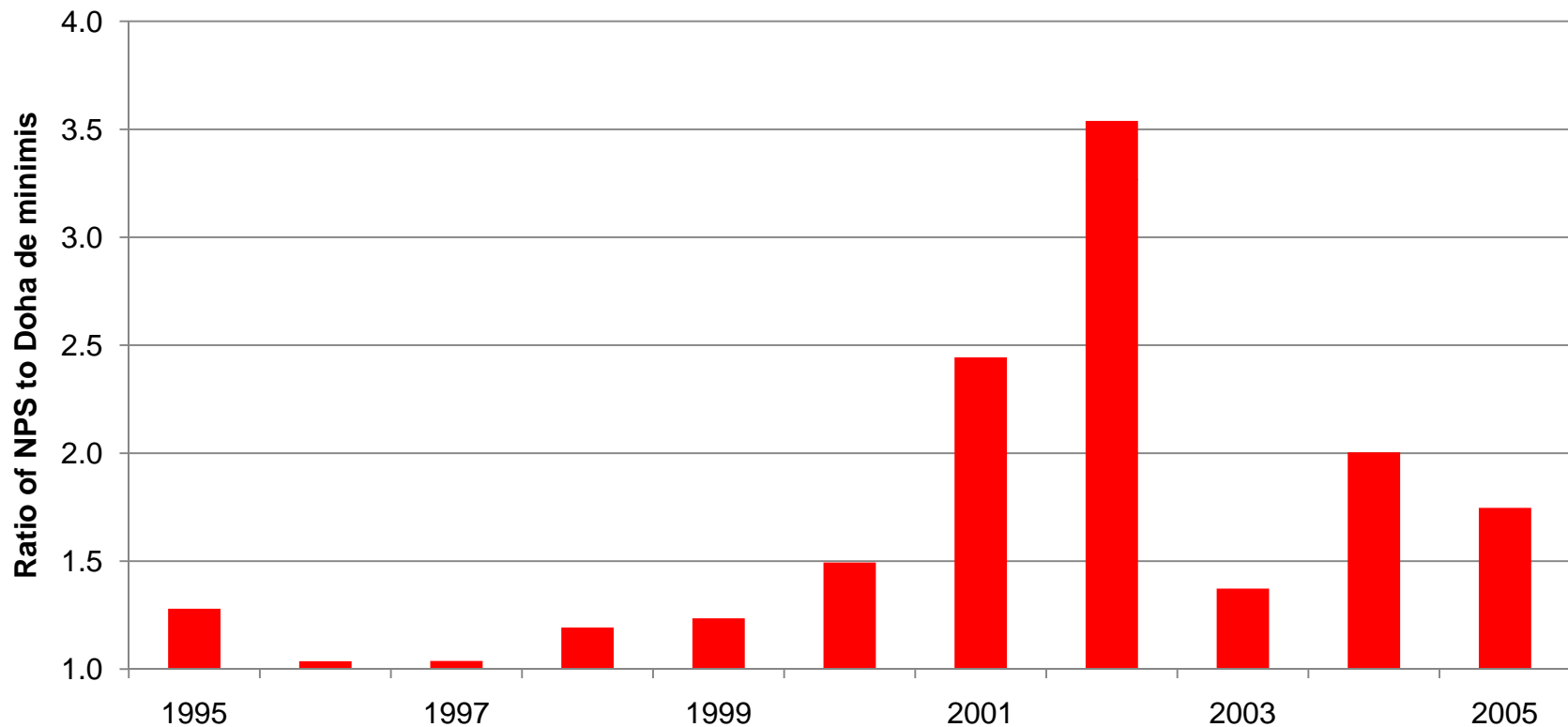


Canada: AMS & UR *de minimis*



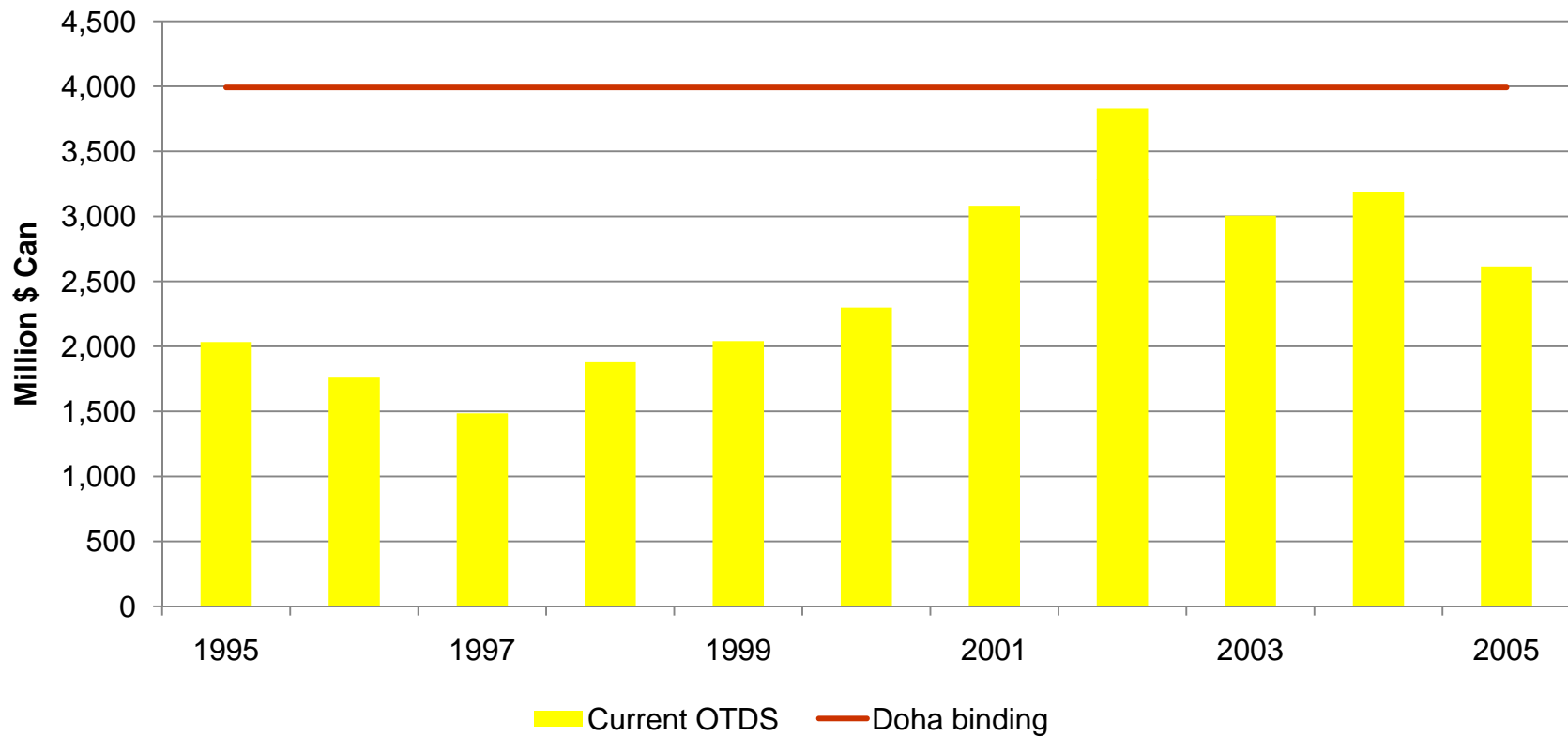
Source: Blandford based on WTO notifications and December 2008 draft modalities

Canada: Excess of NPS over Doha *de minimis*



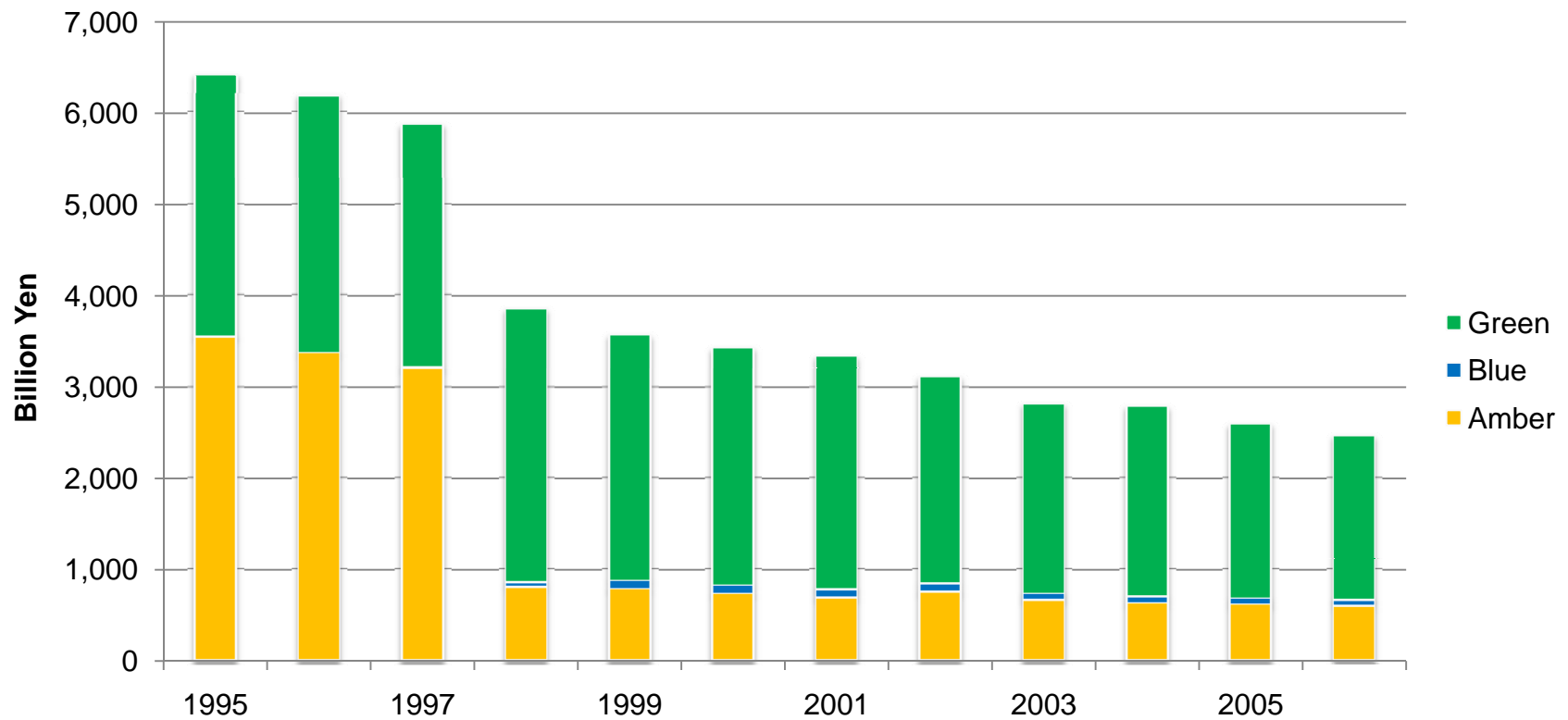
Source: Blandford based on WTO notifications and December 2008 draft modalities

Canada: OTDS



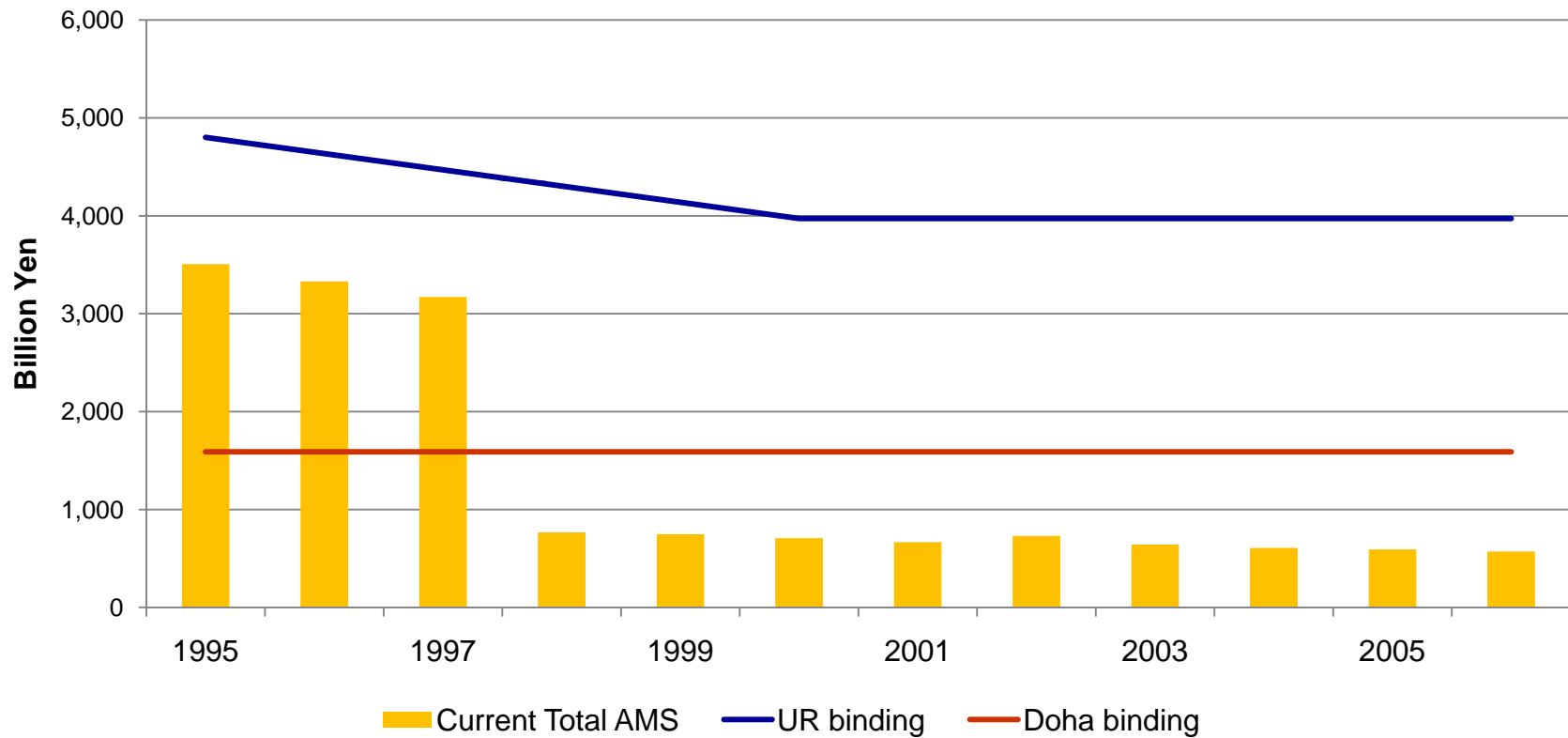
Source: Blandford based on WTO notifications and December 2008 draft modalities.

Japan: structure of support



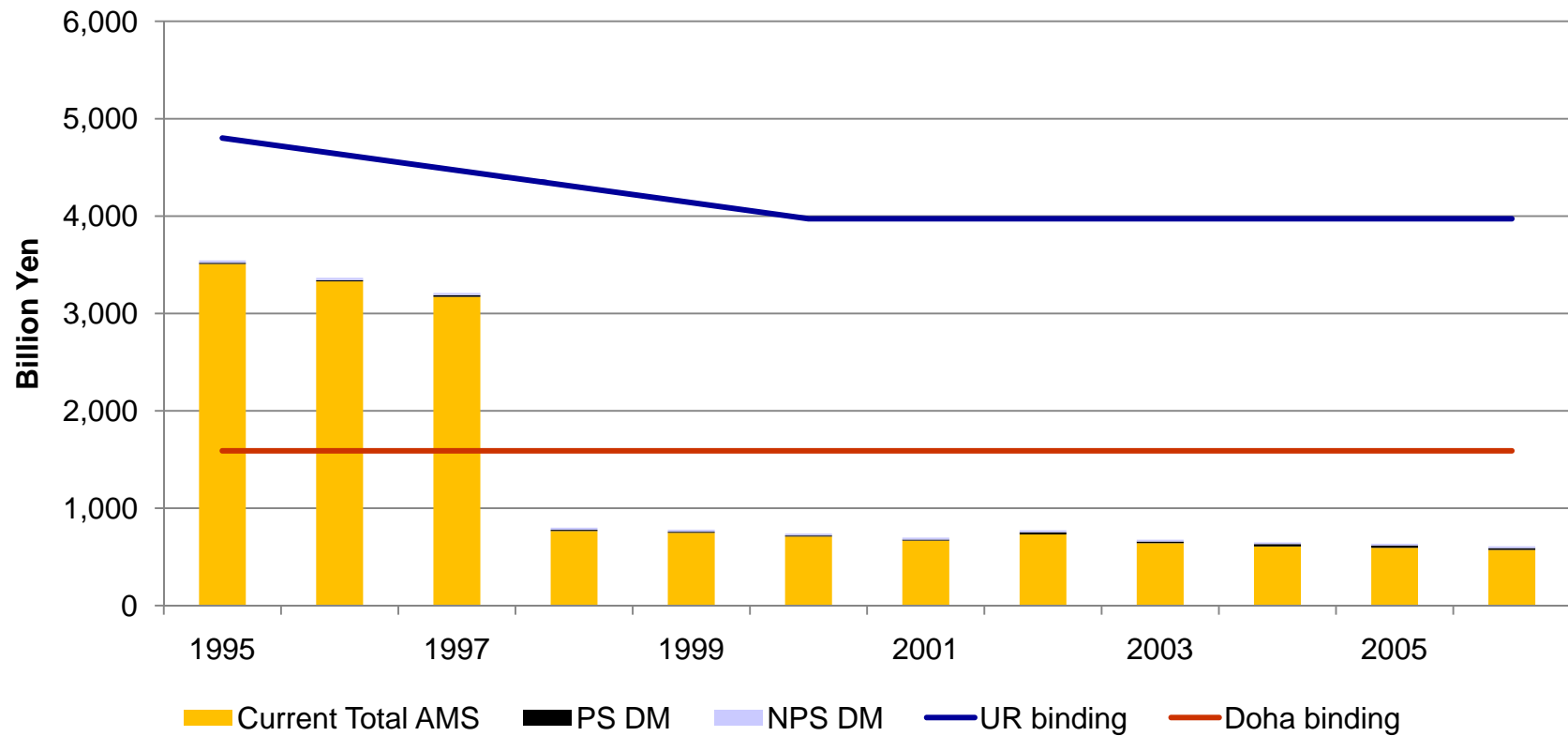
Source: Blandford based on WTO notifications

Japan: AMS



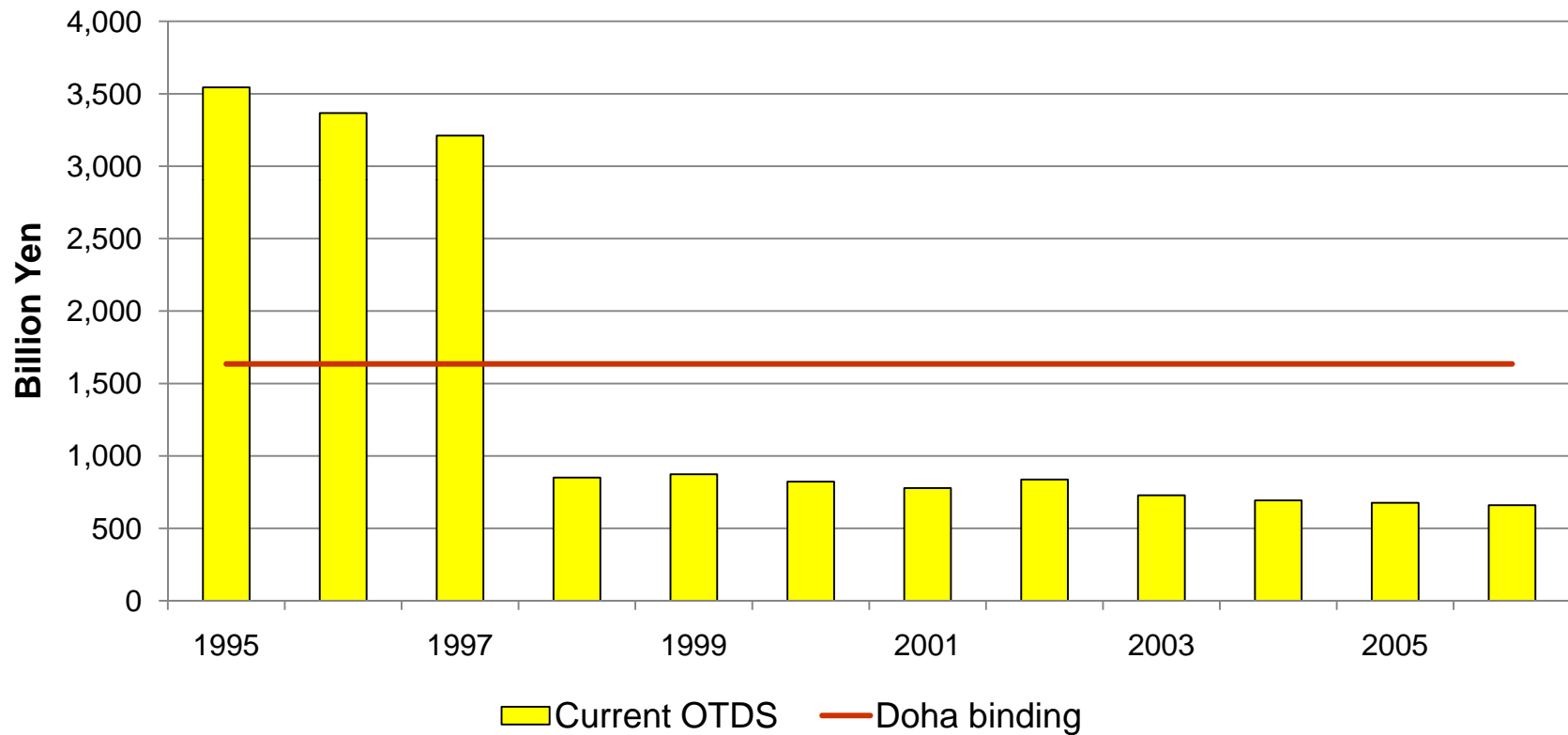
Source: Blandford based on WTO notifications and December 2008 draft modalities

Japan: AMS & UR *de minimis*



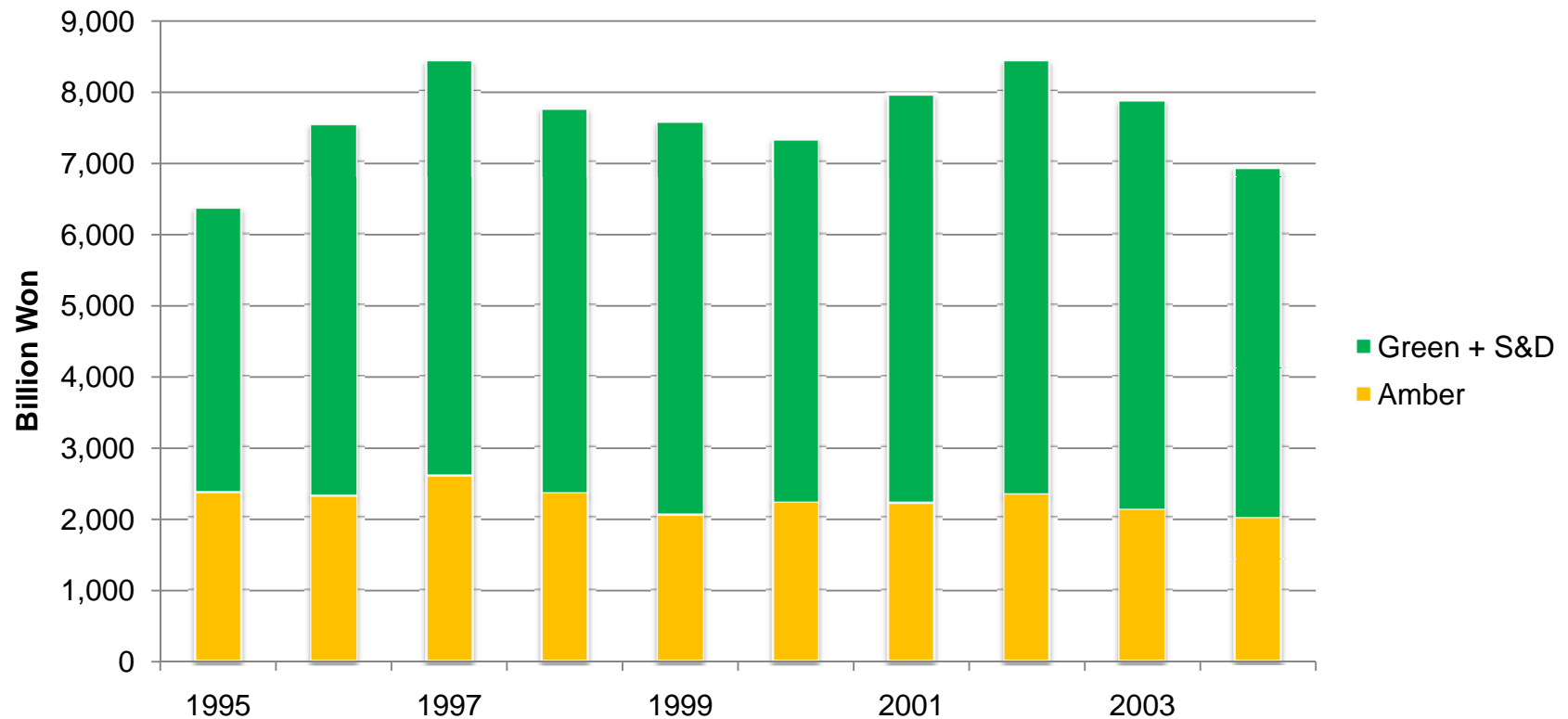
Source: Blandford based on WTO notifications and December 2008 draft modalities

Japan: OTDS



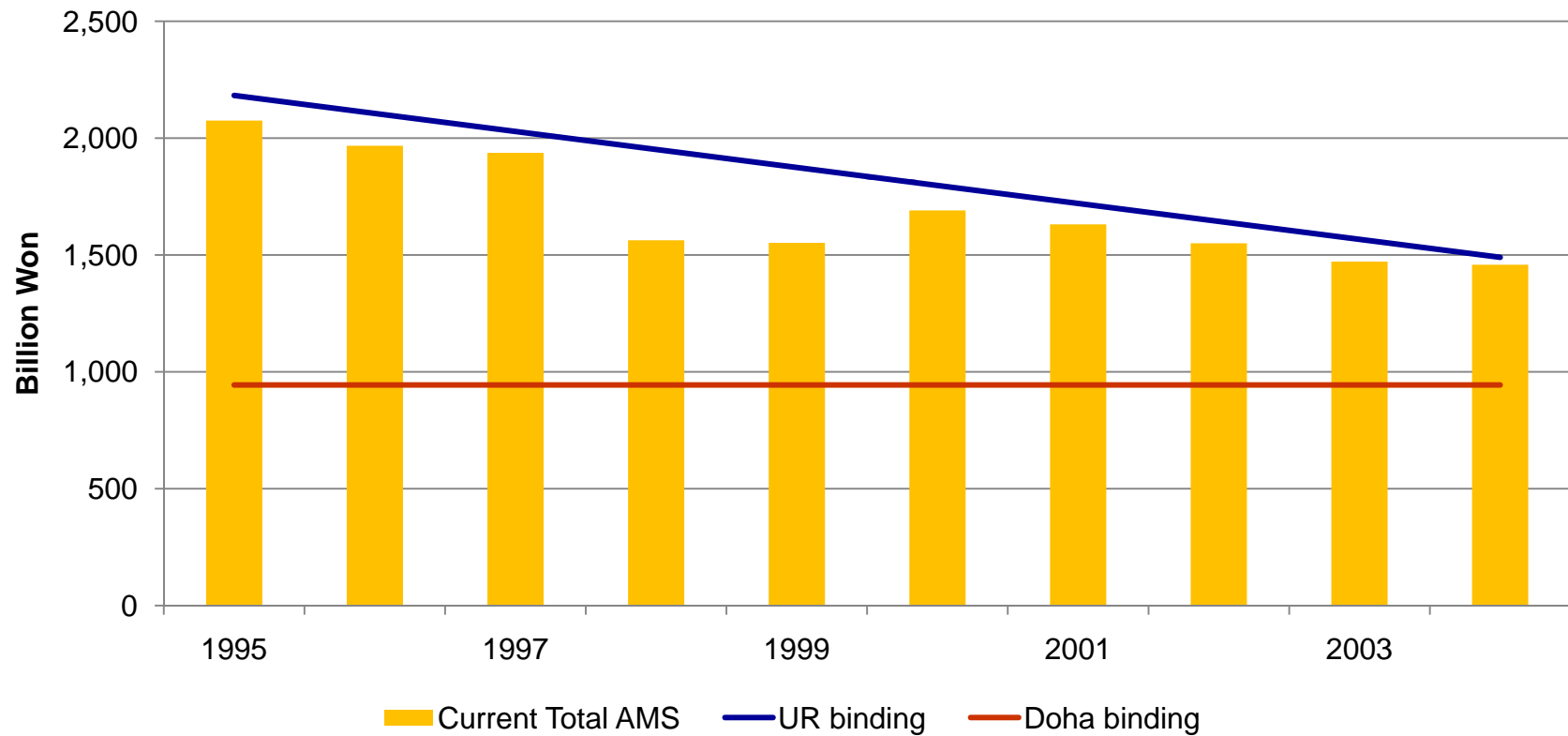
Source: Blandford based on WTO notifications and December 2008 draft modalities

Korea: structure of support



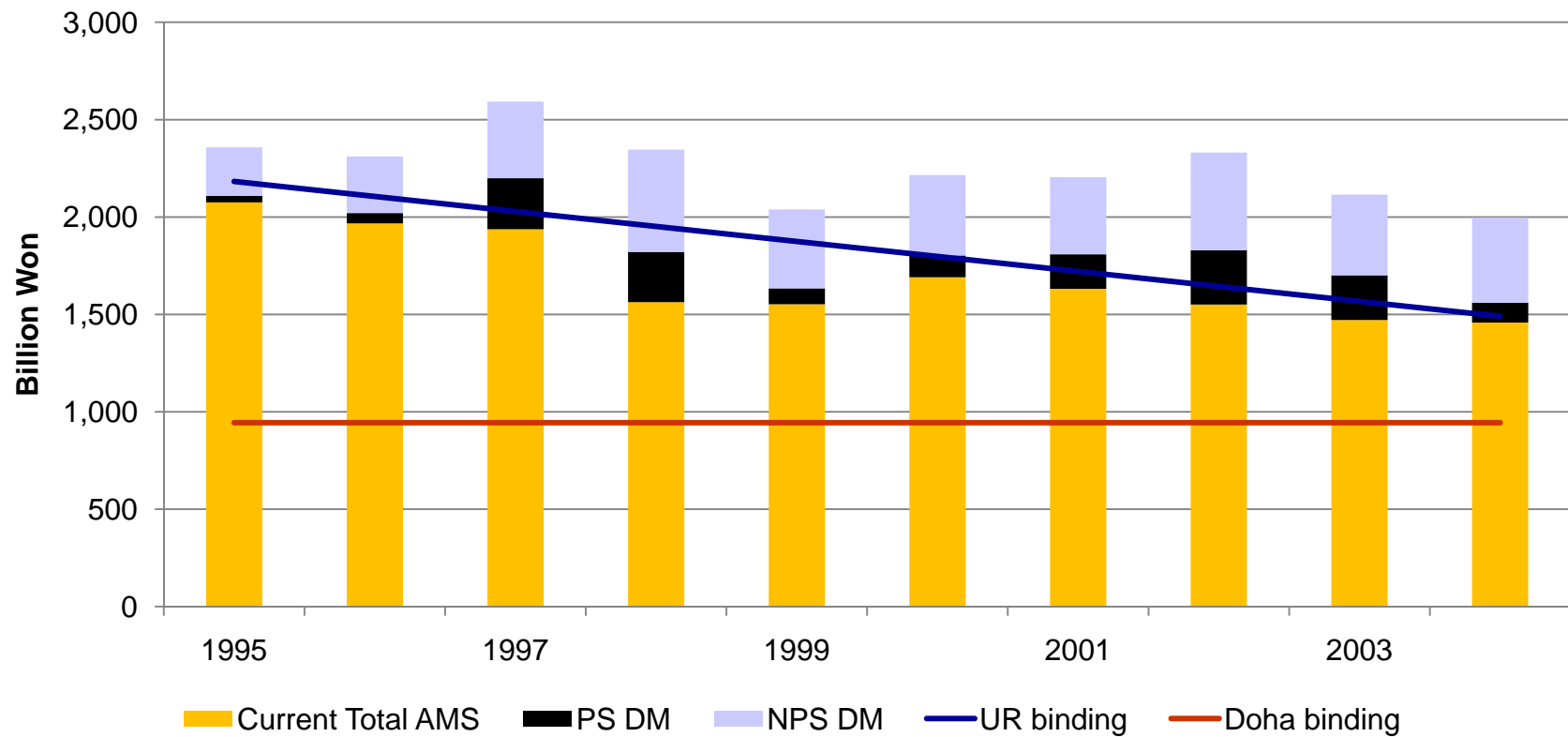
Source: Blandford based on WTO notifications

Korea: AMS



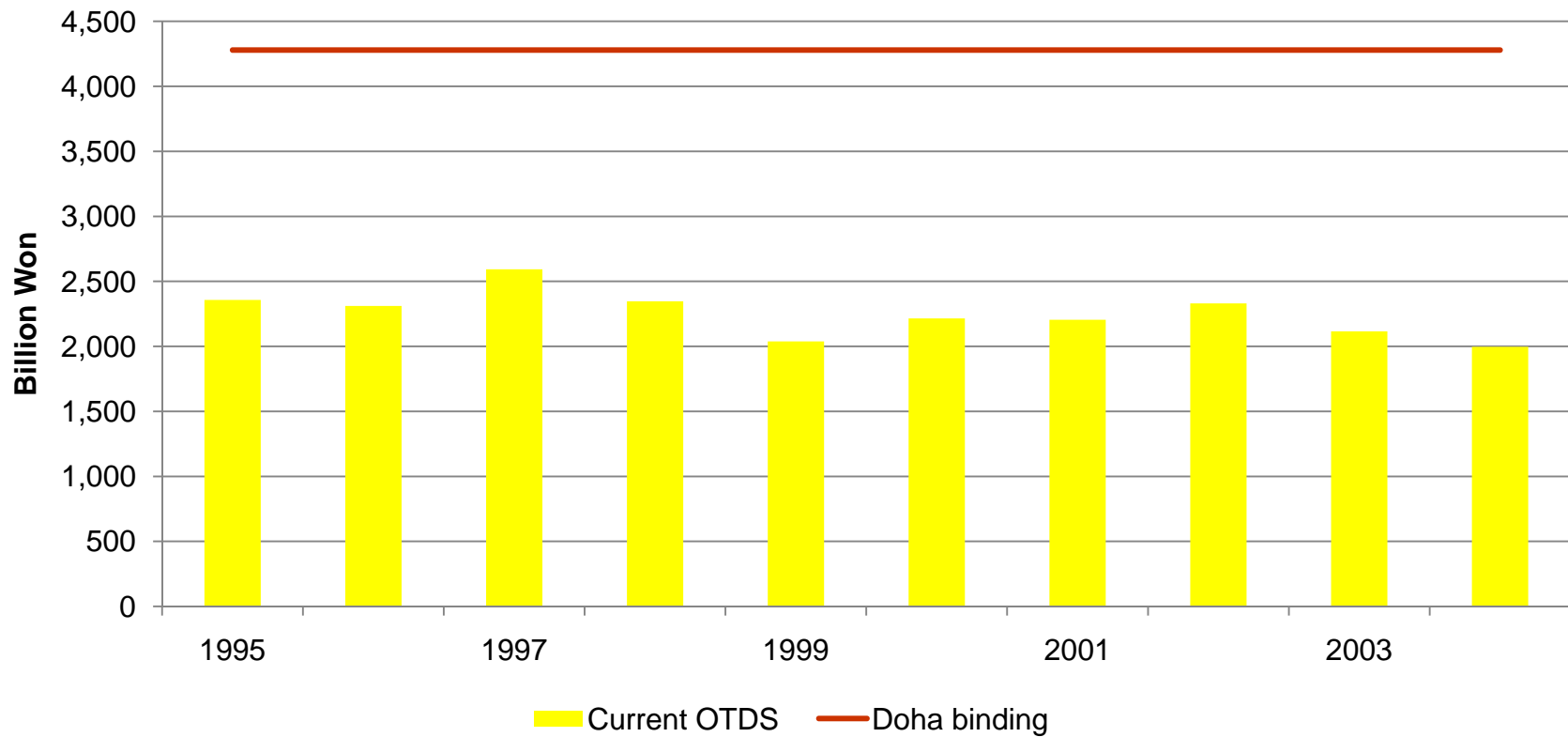
Source: Blandford based on WTO notifications and December 2008 draft modalities

Korea: AMS & UR *de minimis*



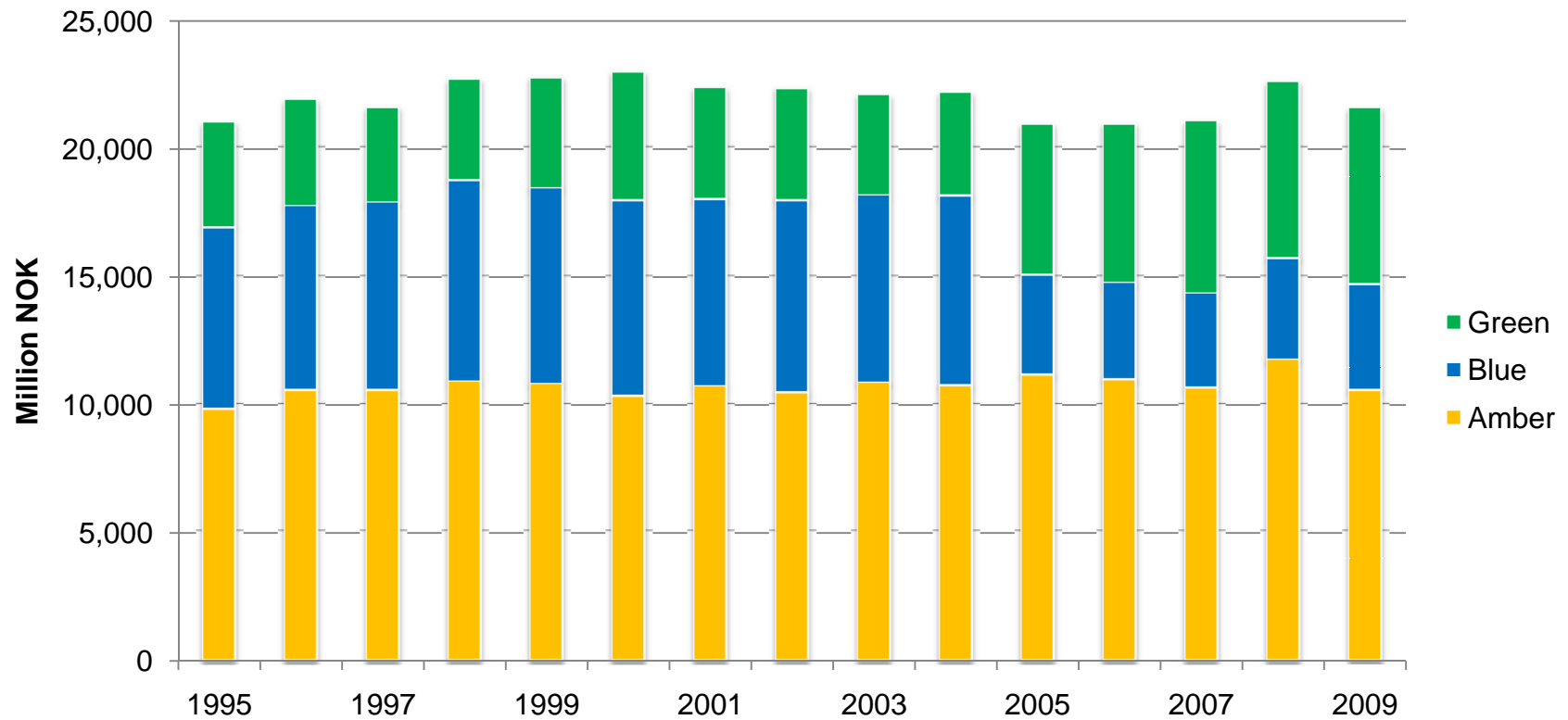
Source: Blandford based on WTO notifications and December 2008 draft modalities

Korea: OTDS



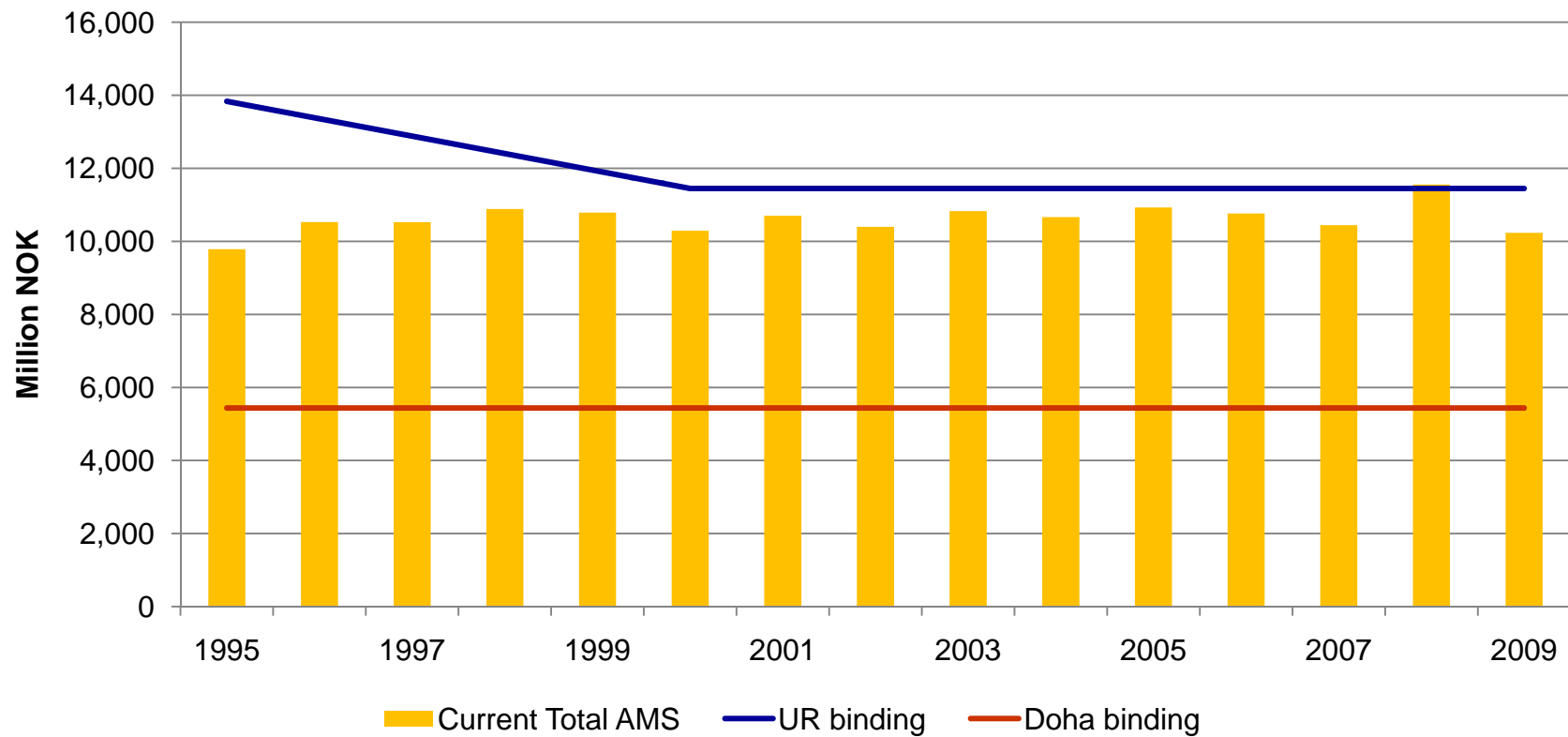
Source: Blandford based on WTO notifications and December 2008 draft modalities

Norway: structure of support



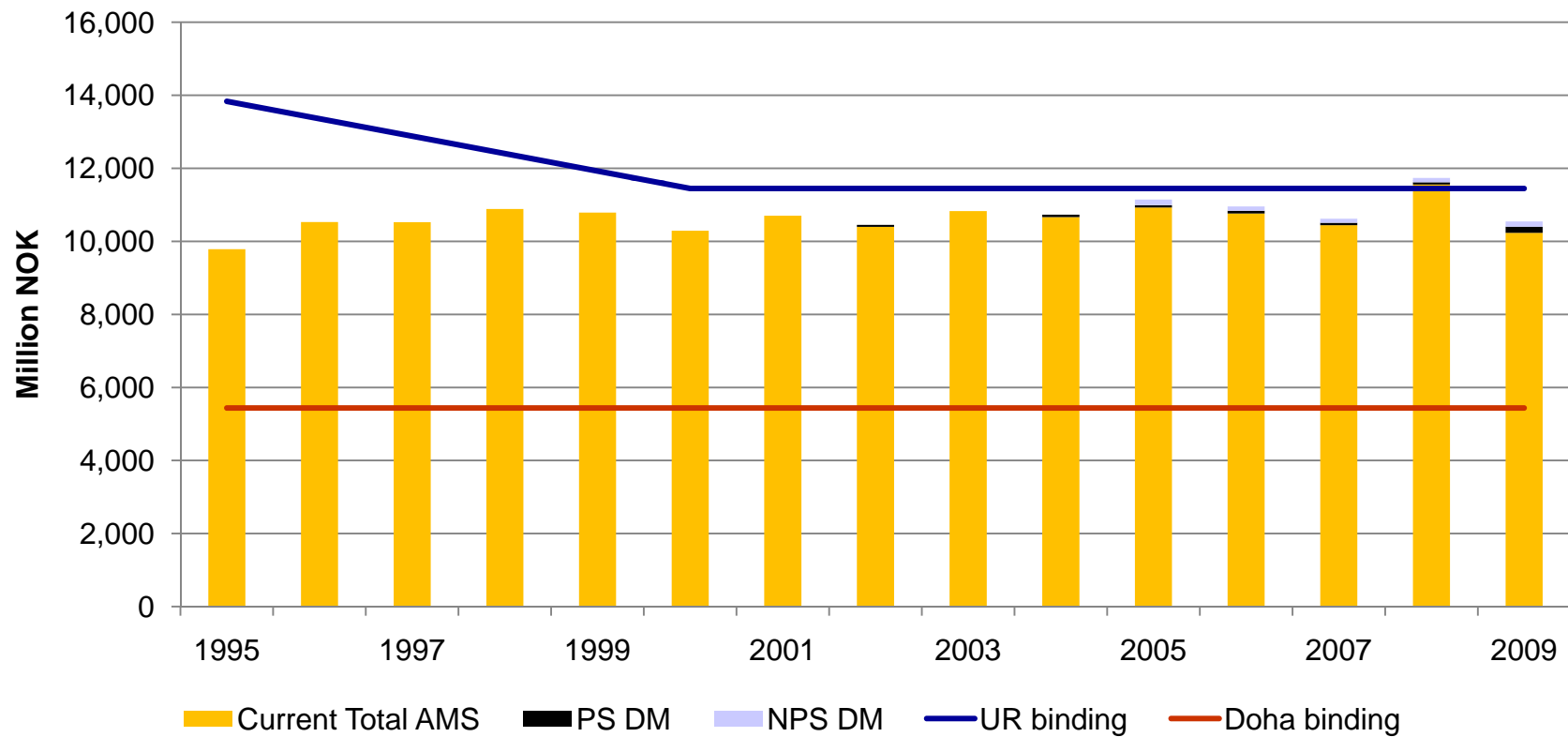
Source: Blandford based on WTO notifications

Norway: AMS



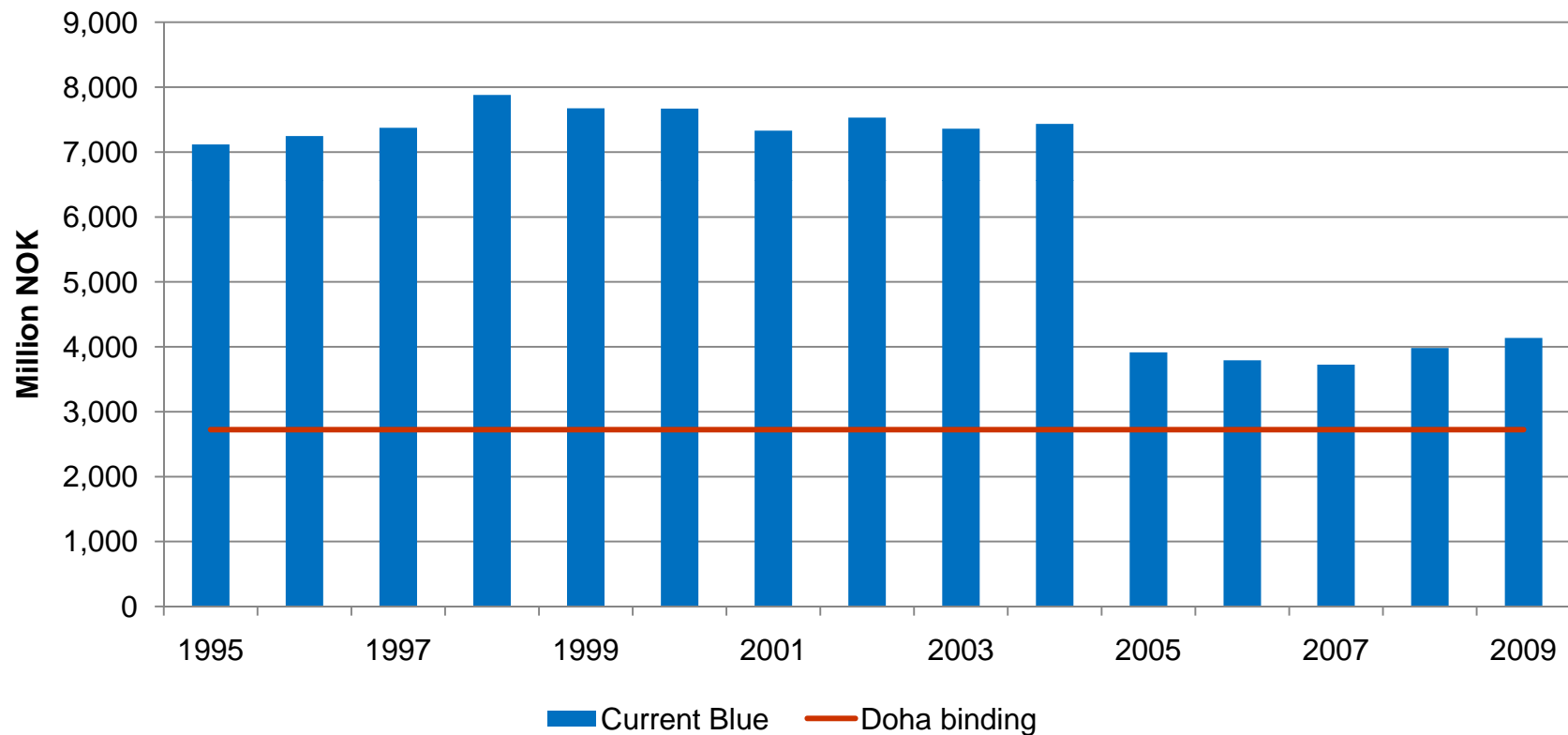
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Norway: AMS & UR *de minimis*



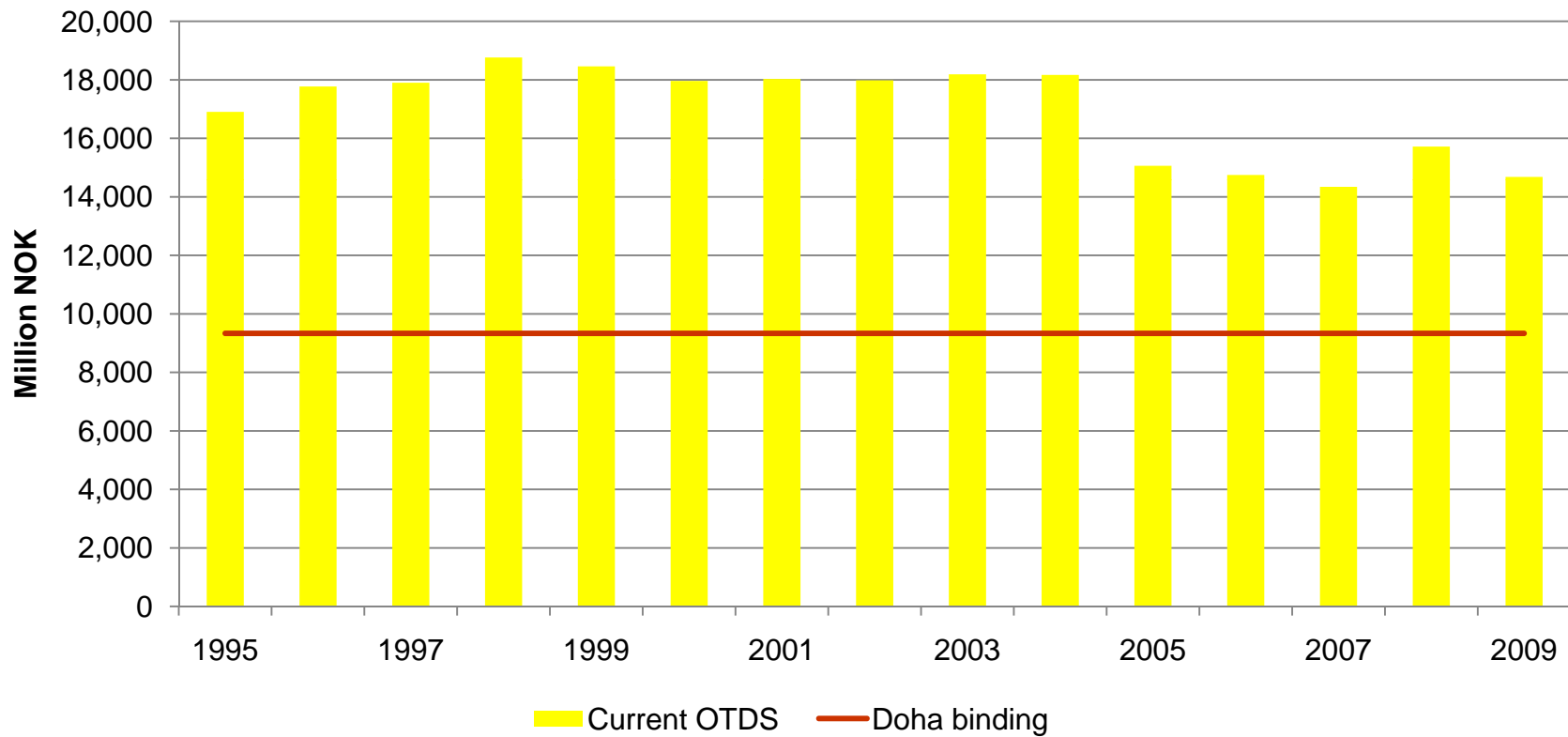
Source: Blandford based on WTO notifications and December 2008 draft modalities

Norway: Blue box



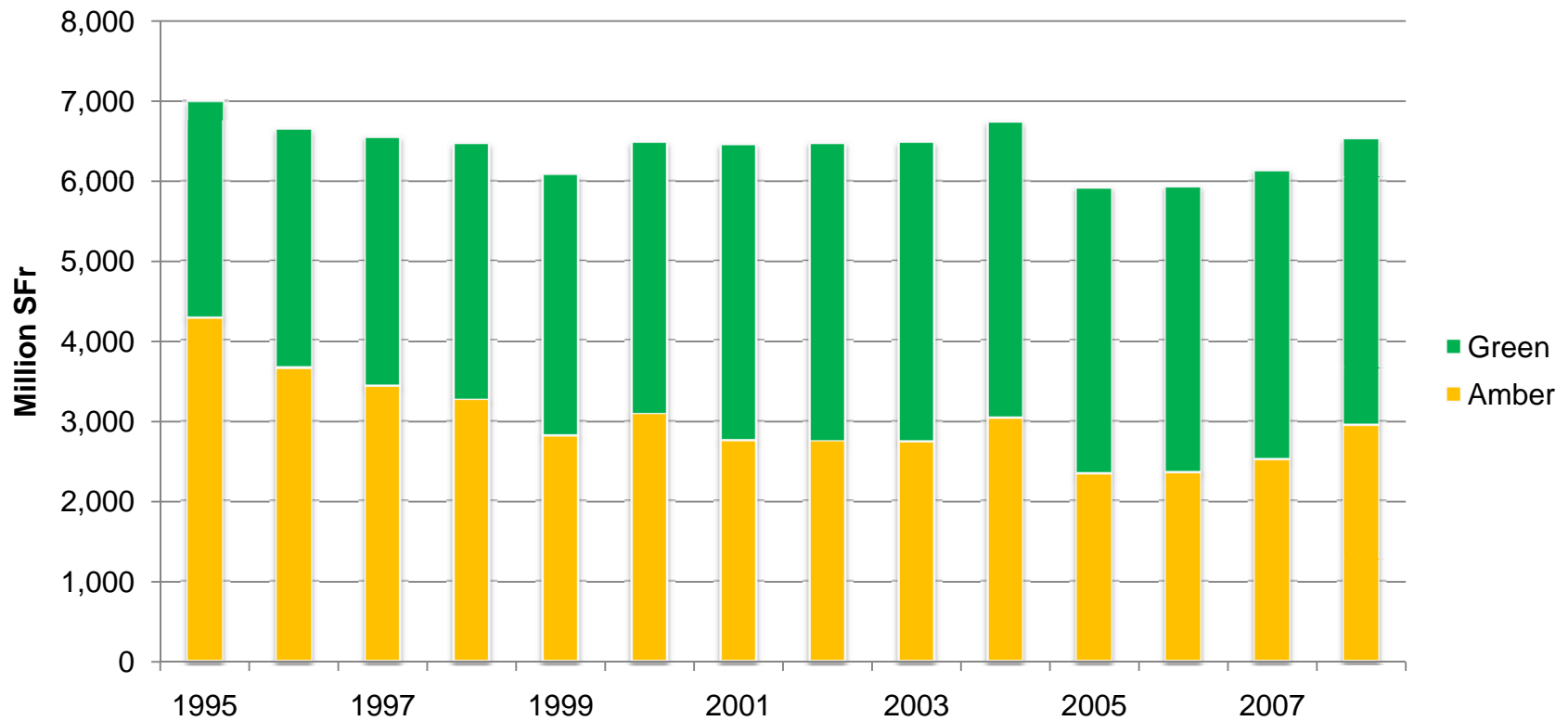
Source: Blandford based on WTO notifications and December 2008 draft modalities

Norway: OTDS



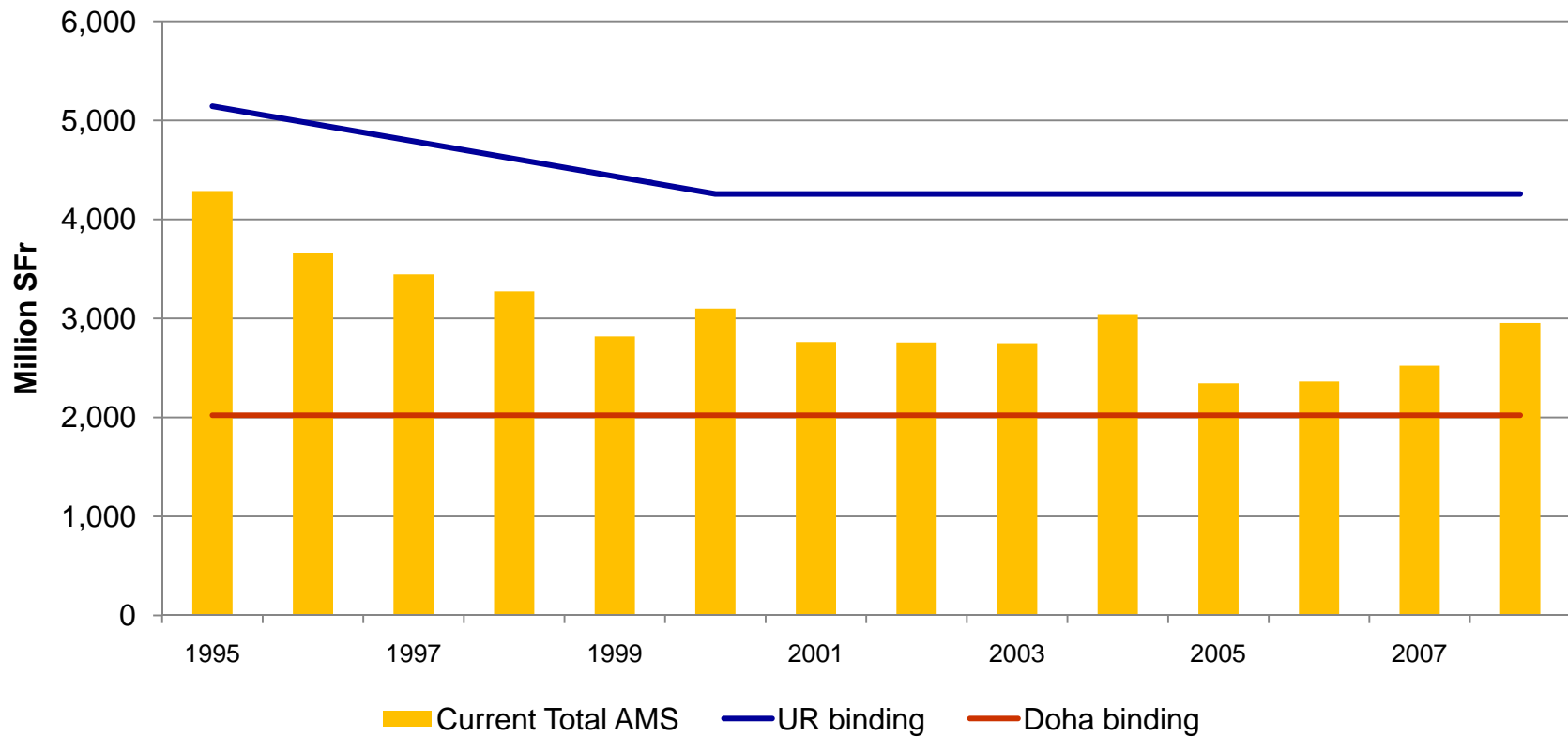
Source: Blandford based on WTO notifications and December 2008 draft modalities

Switzerland: structure of support



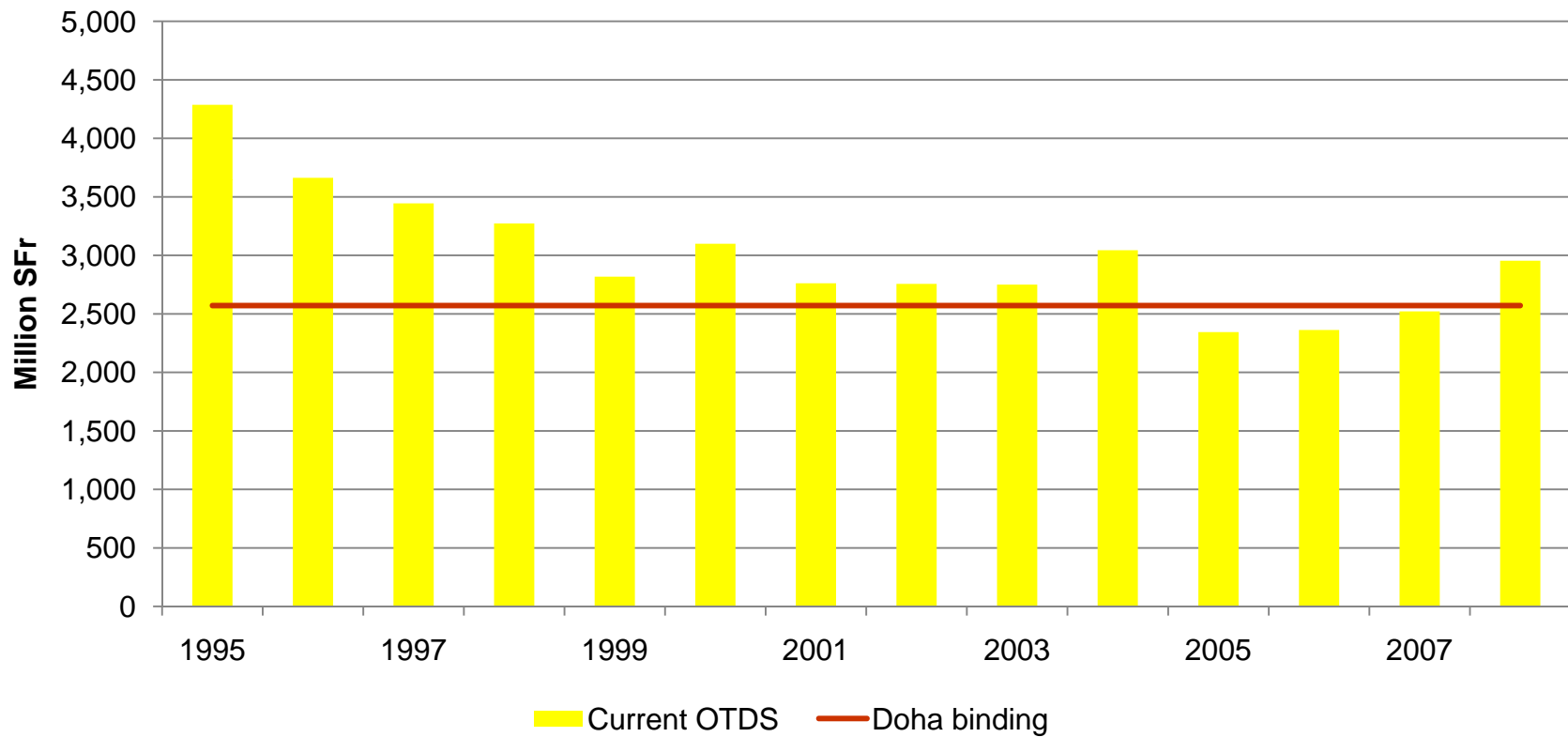
Source: Blandford based on WTO notifications

Switzerland: AMS



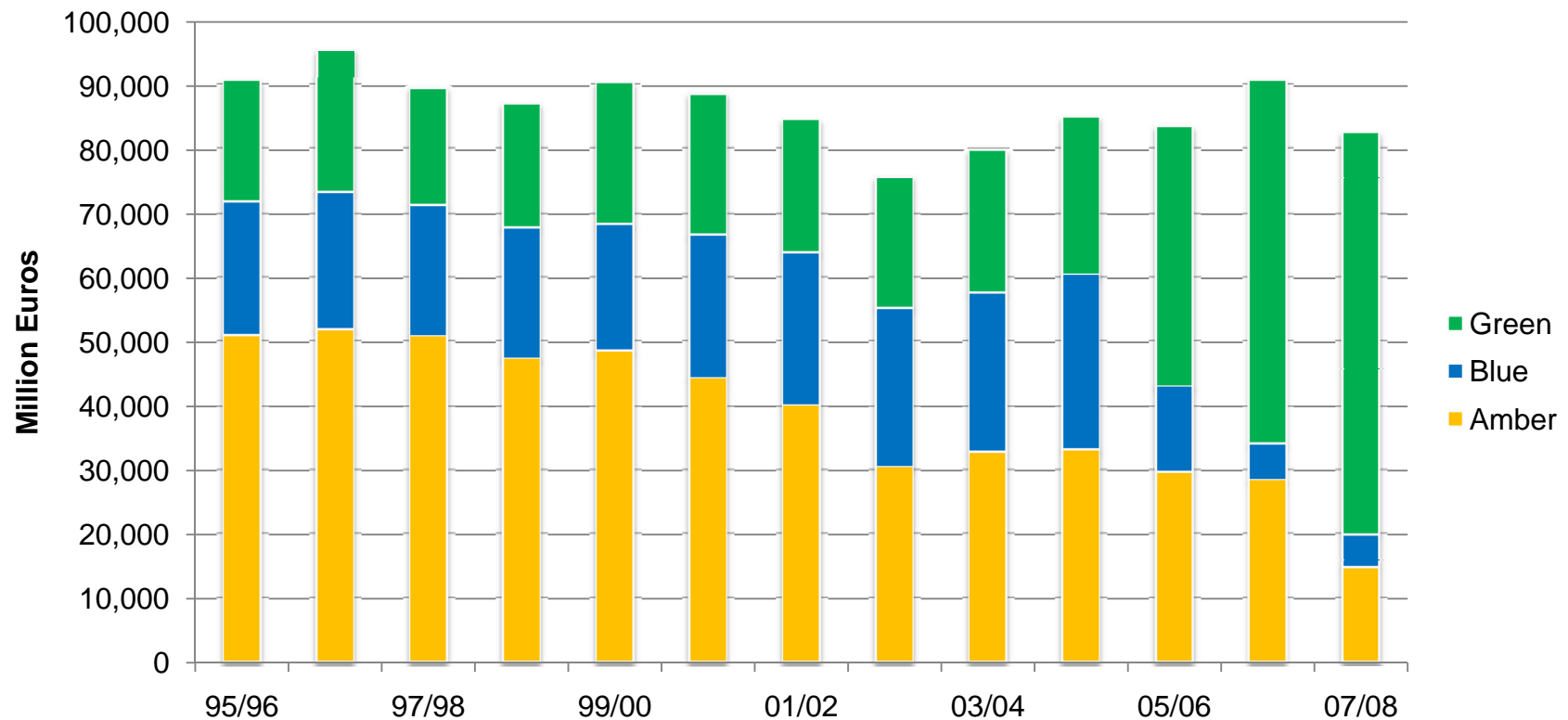
Source: Blandford based on WTO notifications and December 2008 draft modalities

Switzerland: OTDS



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

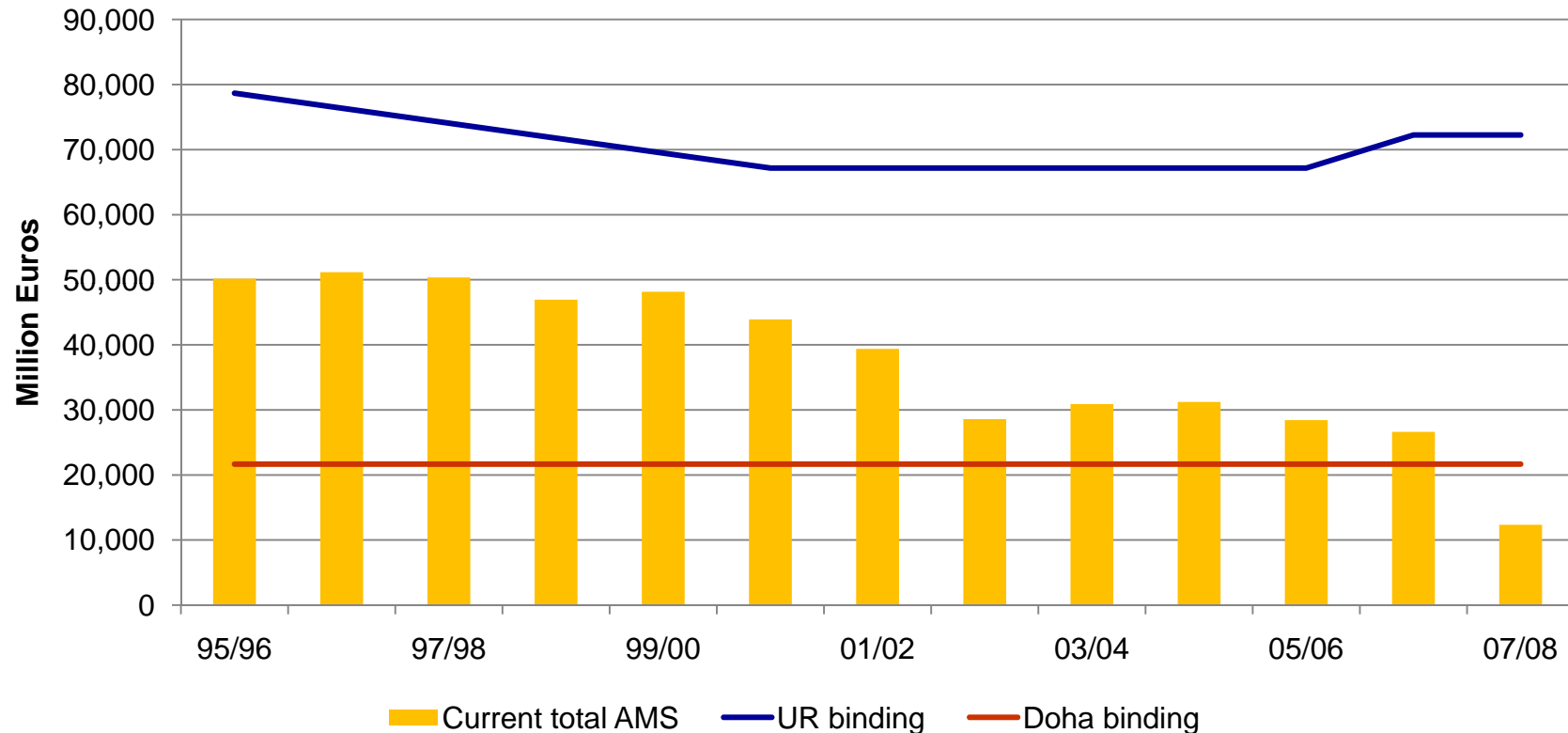
EU: structure of support



Note: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter

Source: Blandford based on WTO notifications

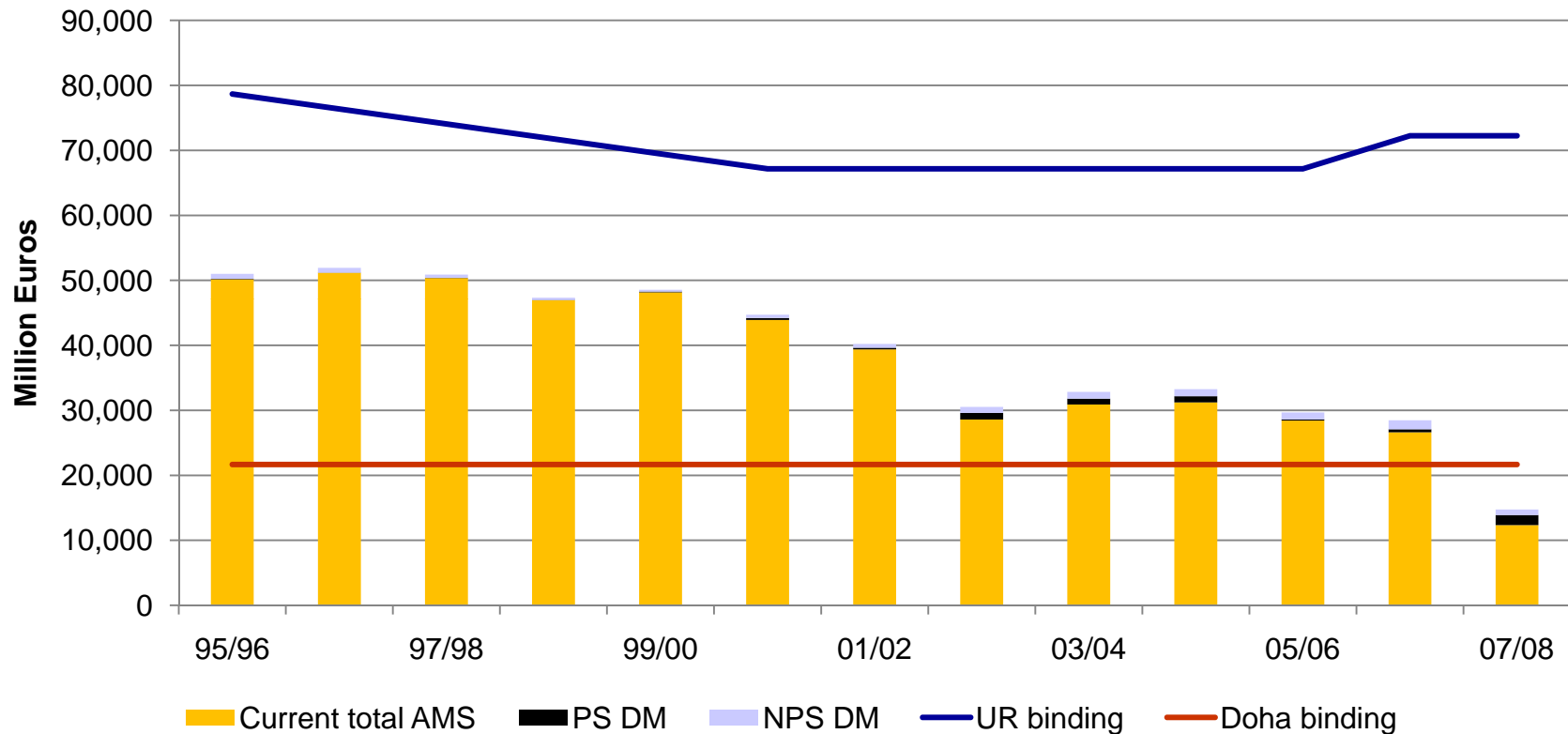
EU: AMS



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

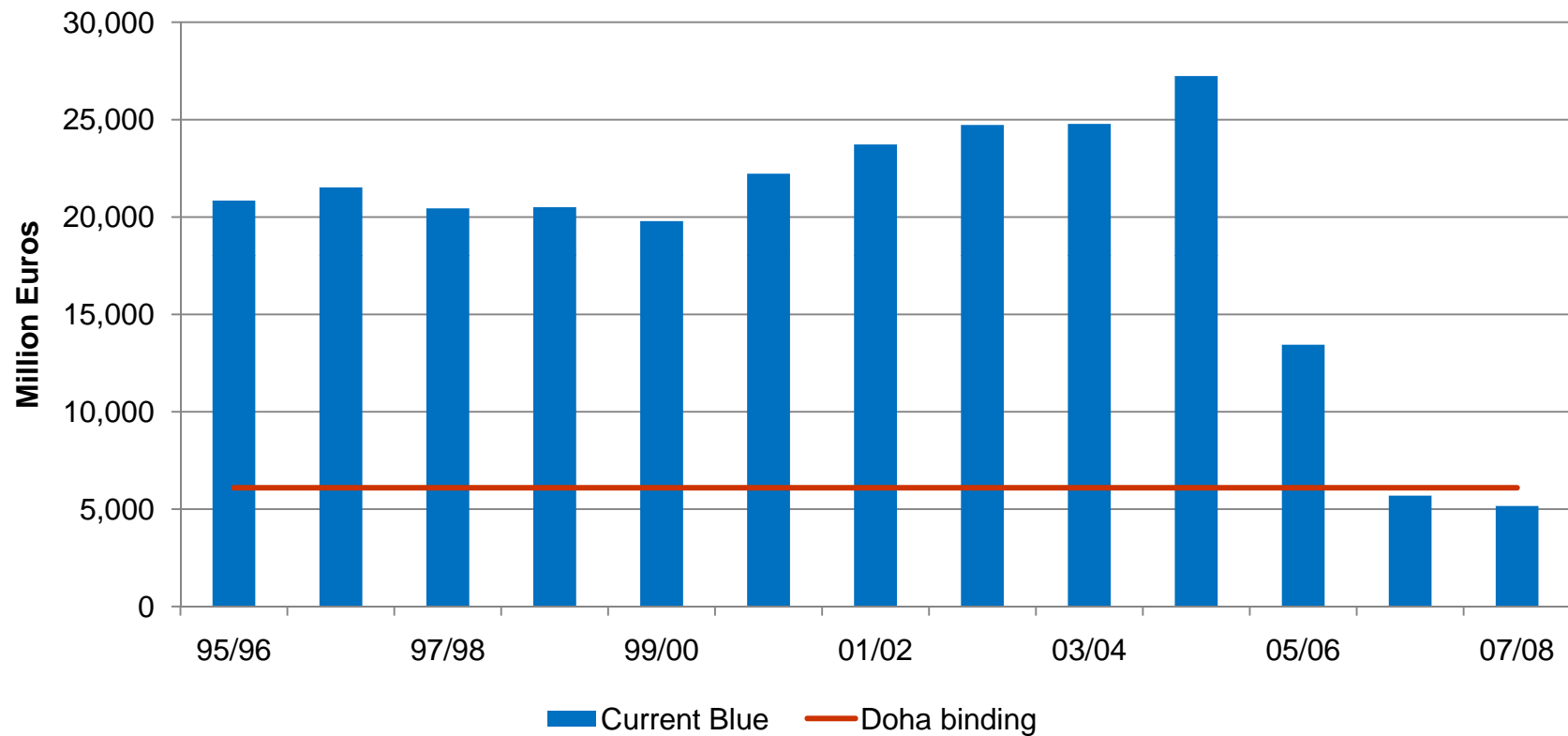
EU: AMS & UR *de minimis*



Note: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter

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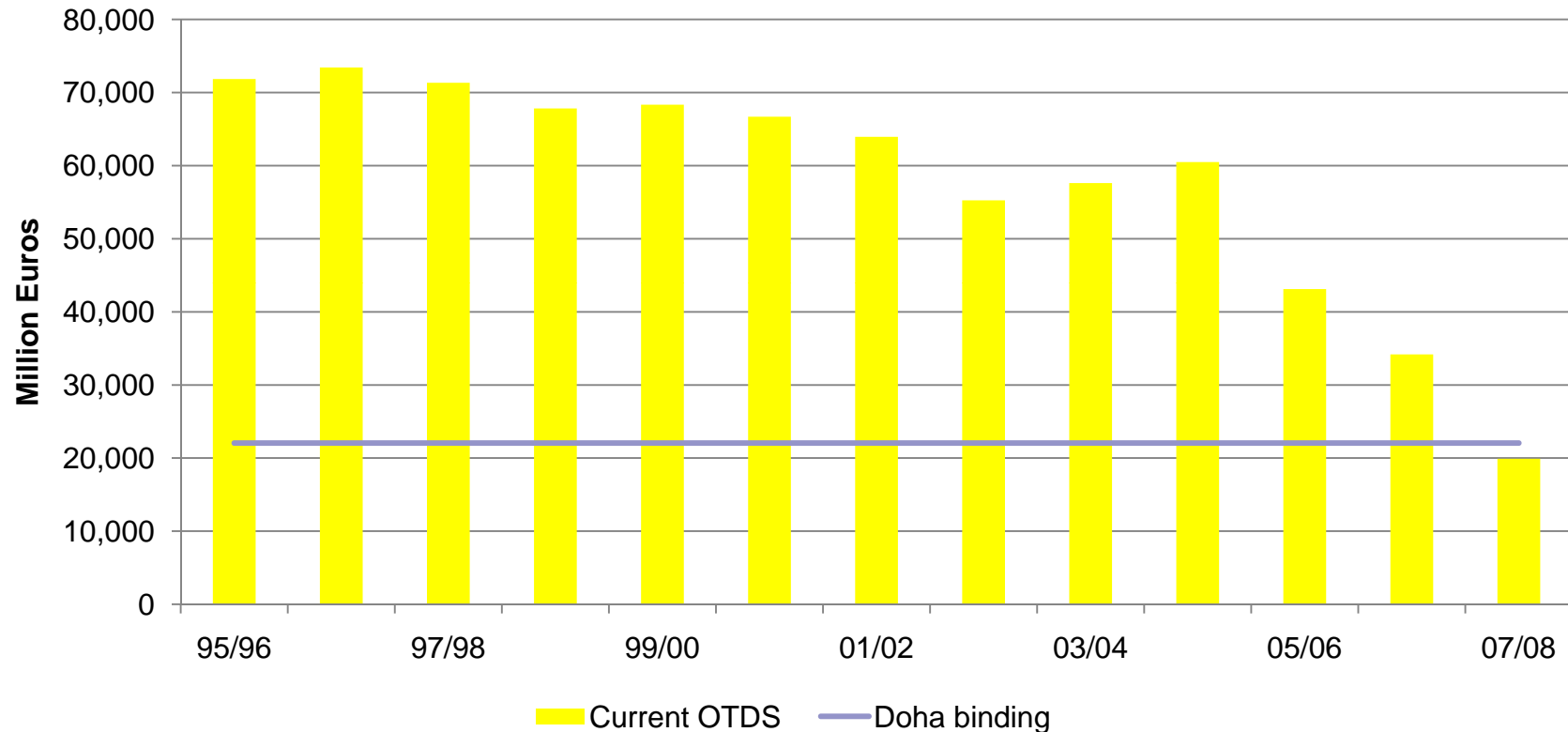
EU15: Blue box



Note: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter

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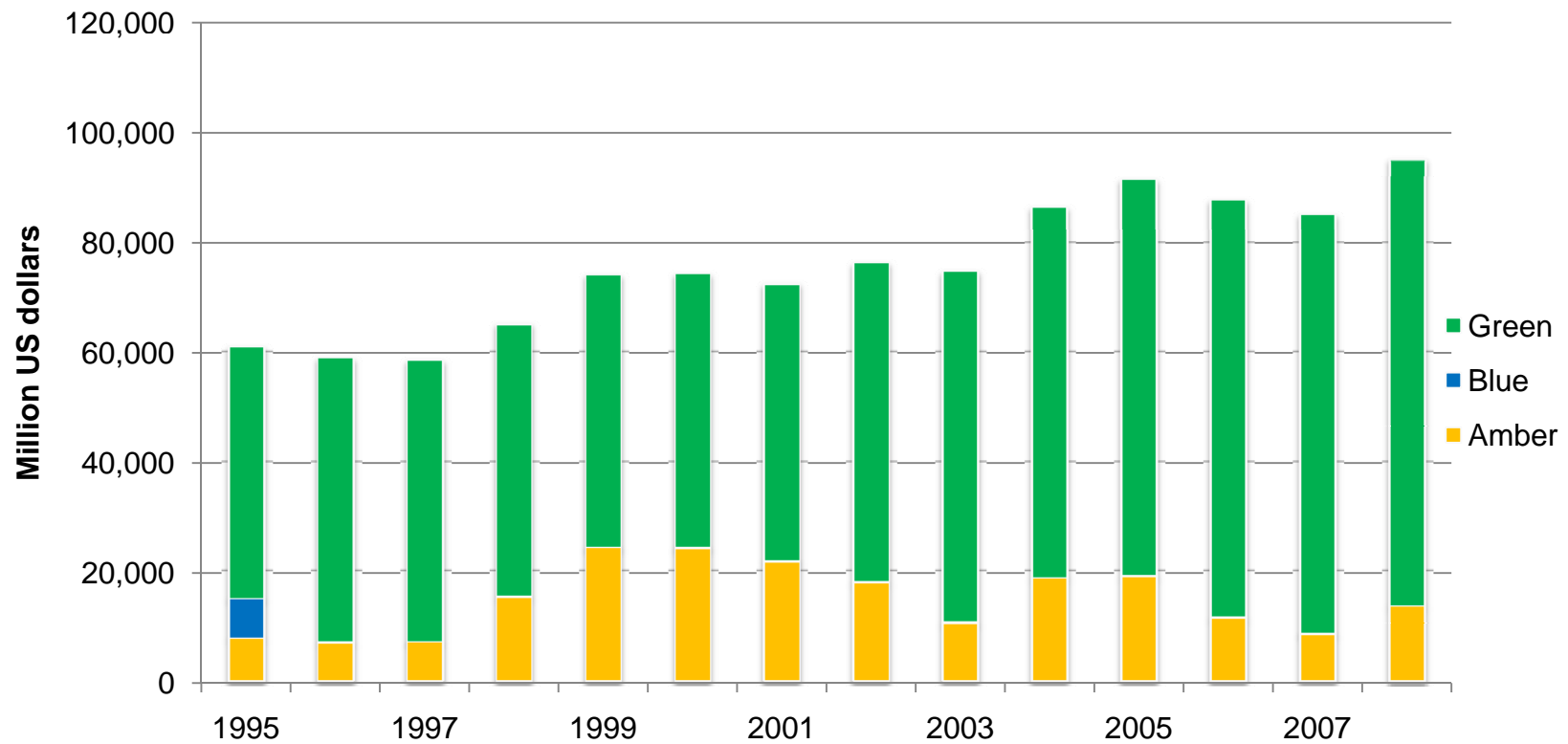
EU: OTDS



Notes: EU15 to 03/04; EU25 for 04/05 and 05/06; EU27 thereafter

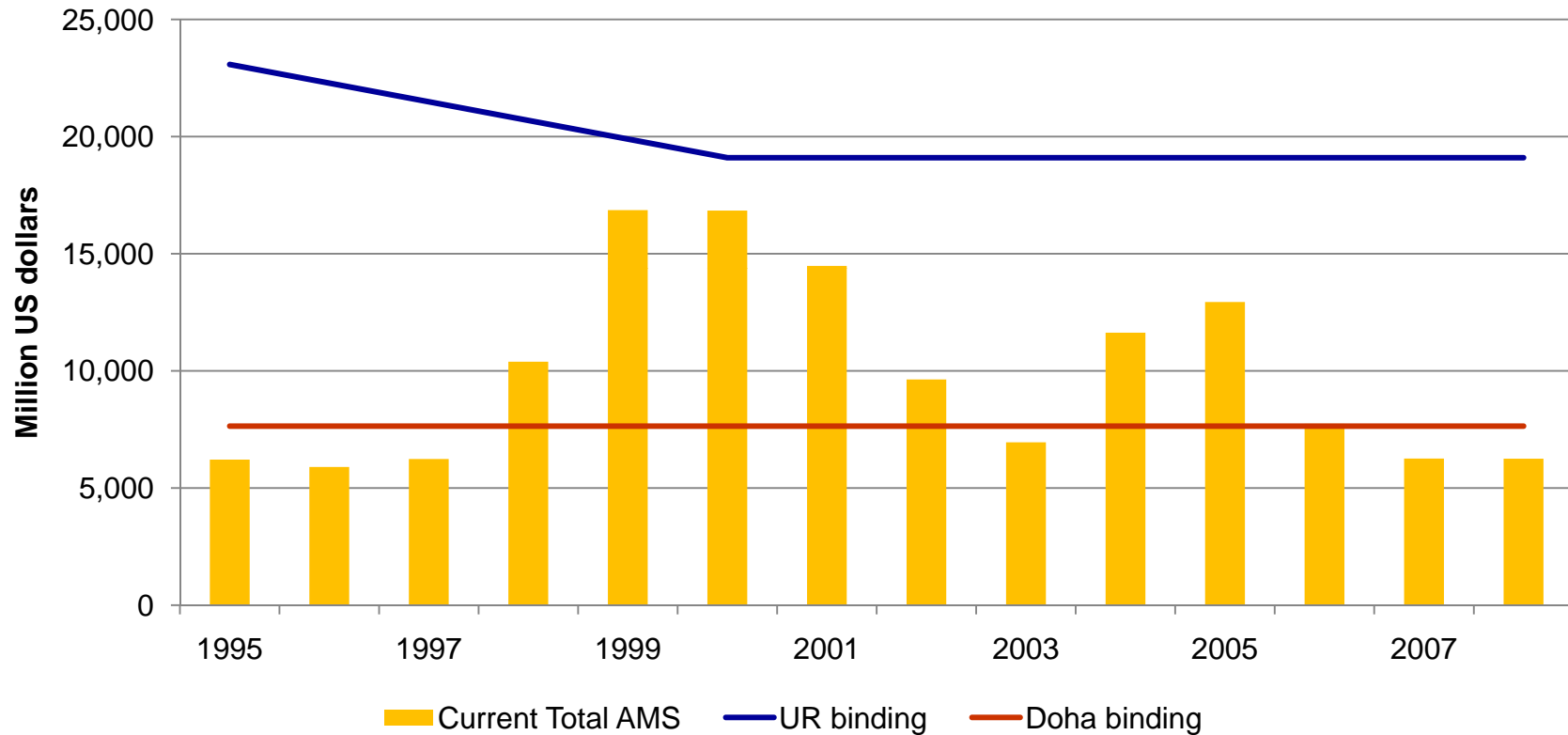
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US: structure of support



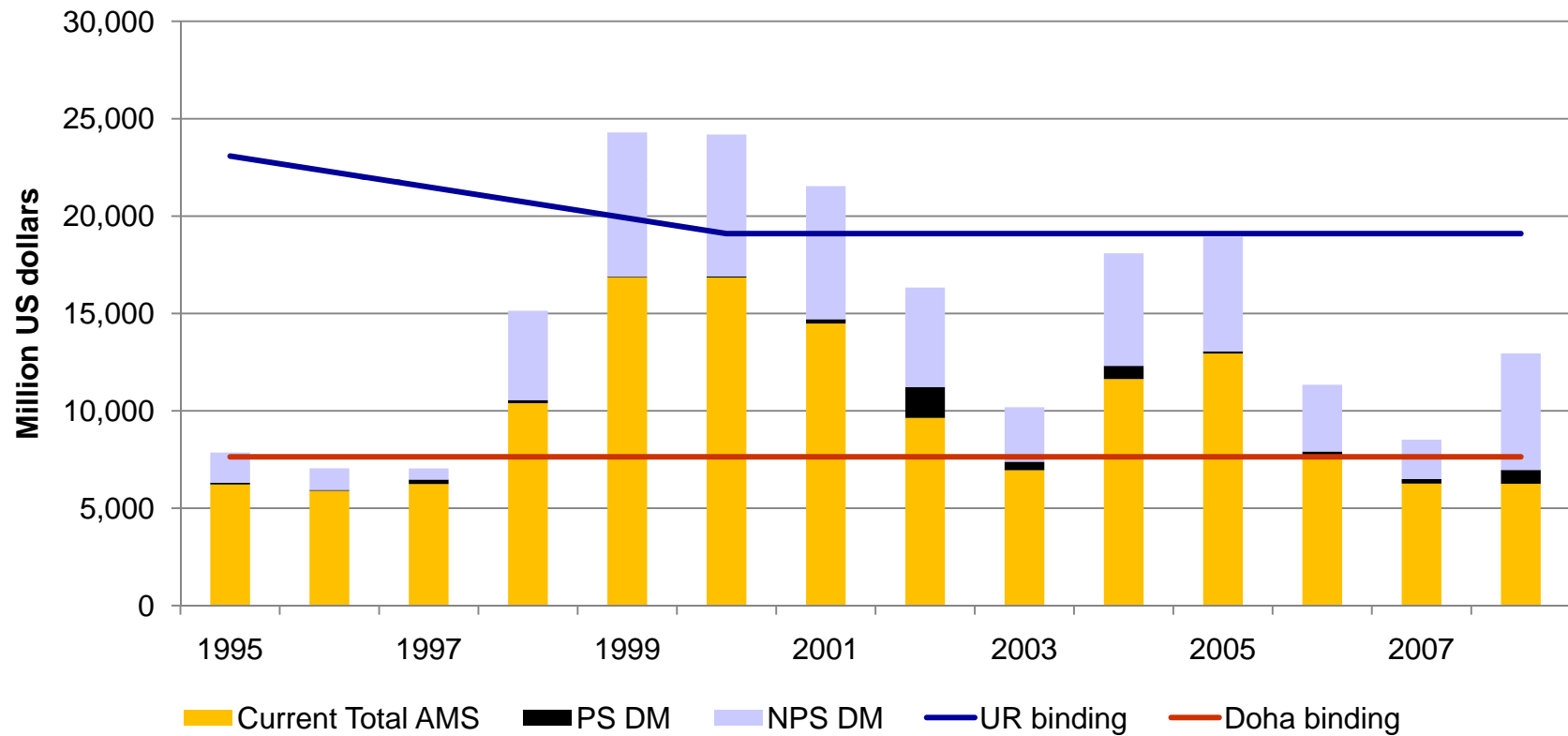
Source: Blandford based on WTO notifications

US: AMS



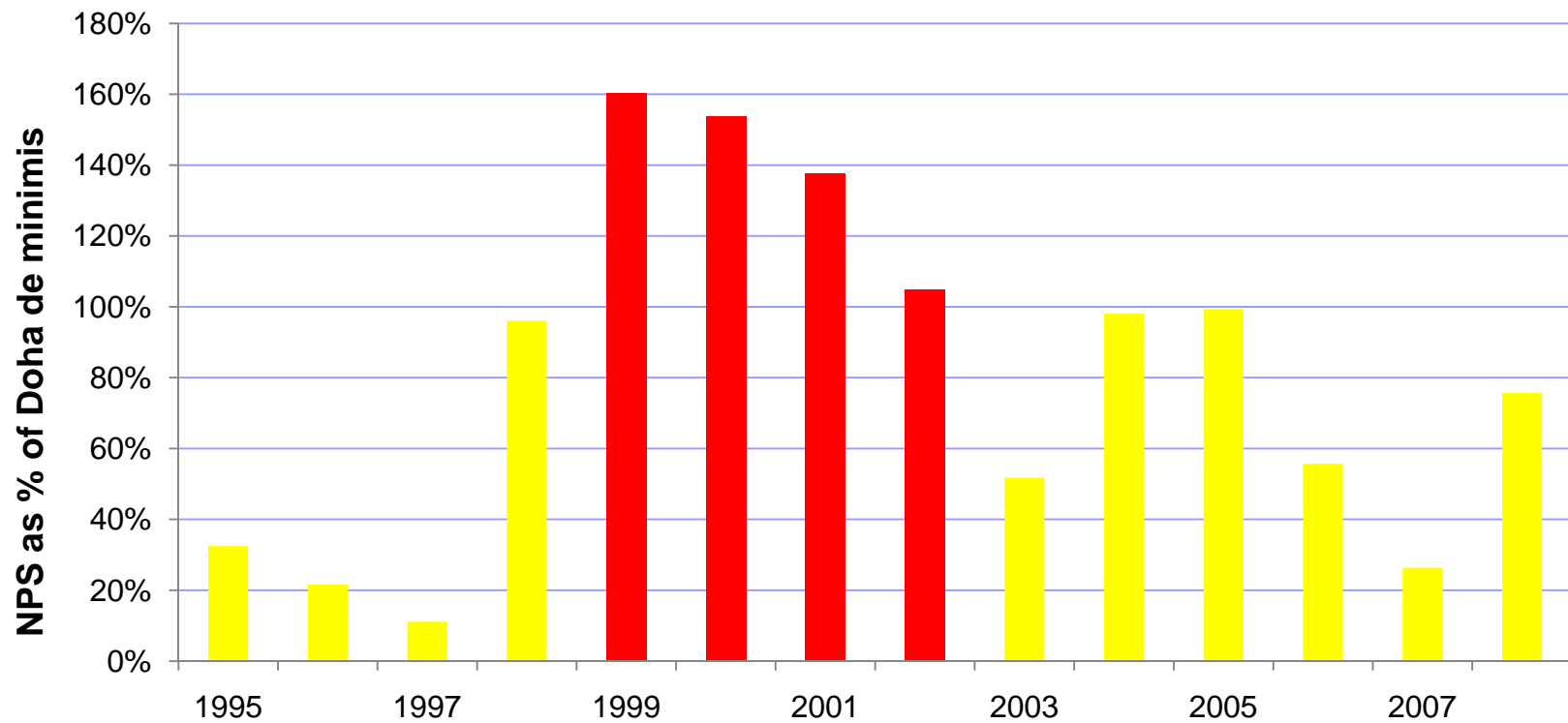
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US: AMS & UR *de minimis*



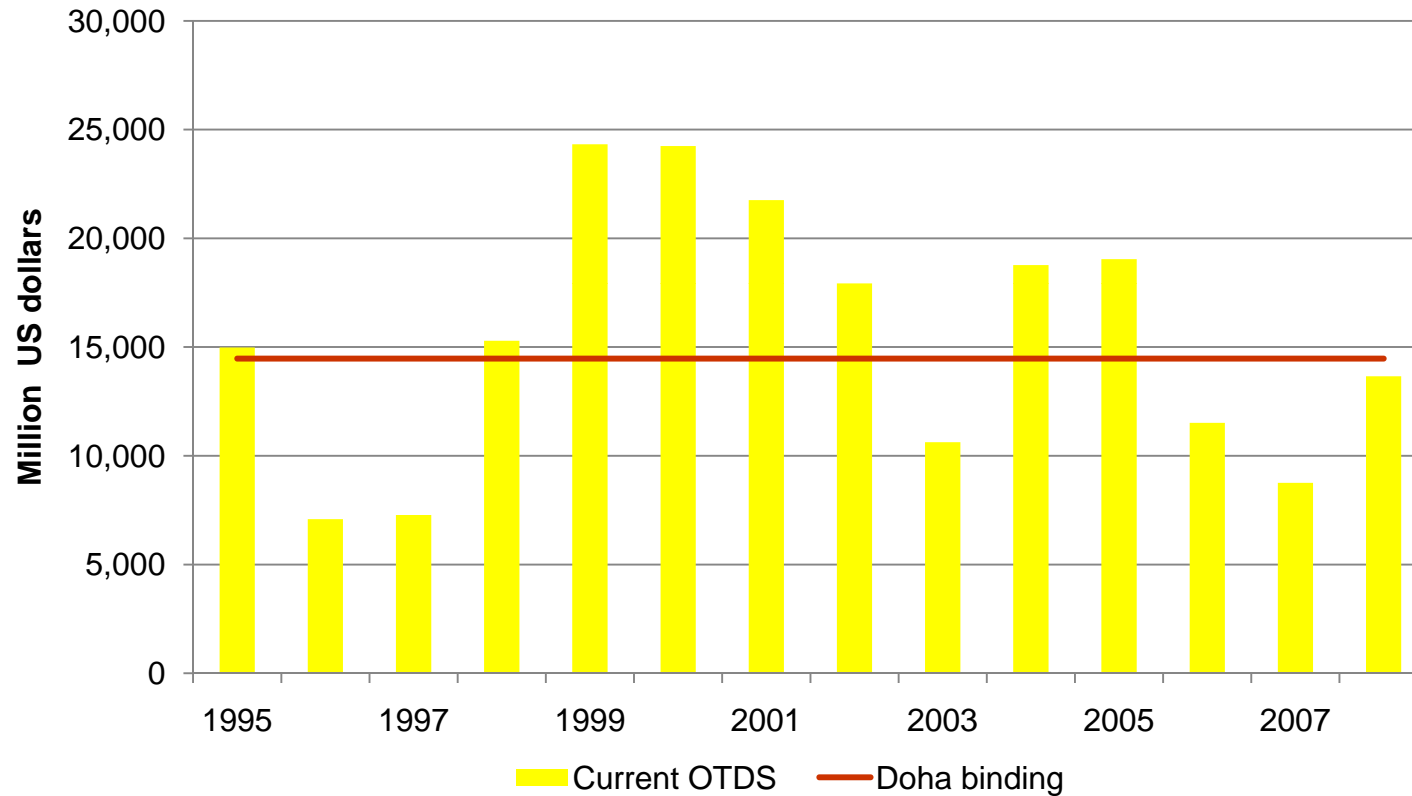
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US: NPS and the Doha *de minimis*



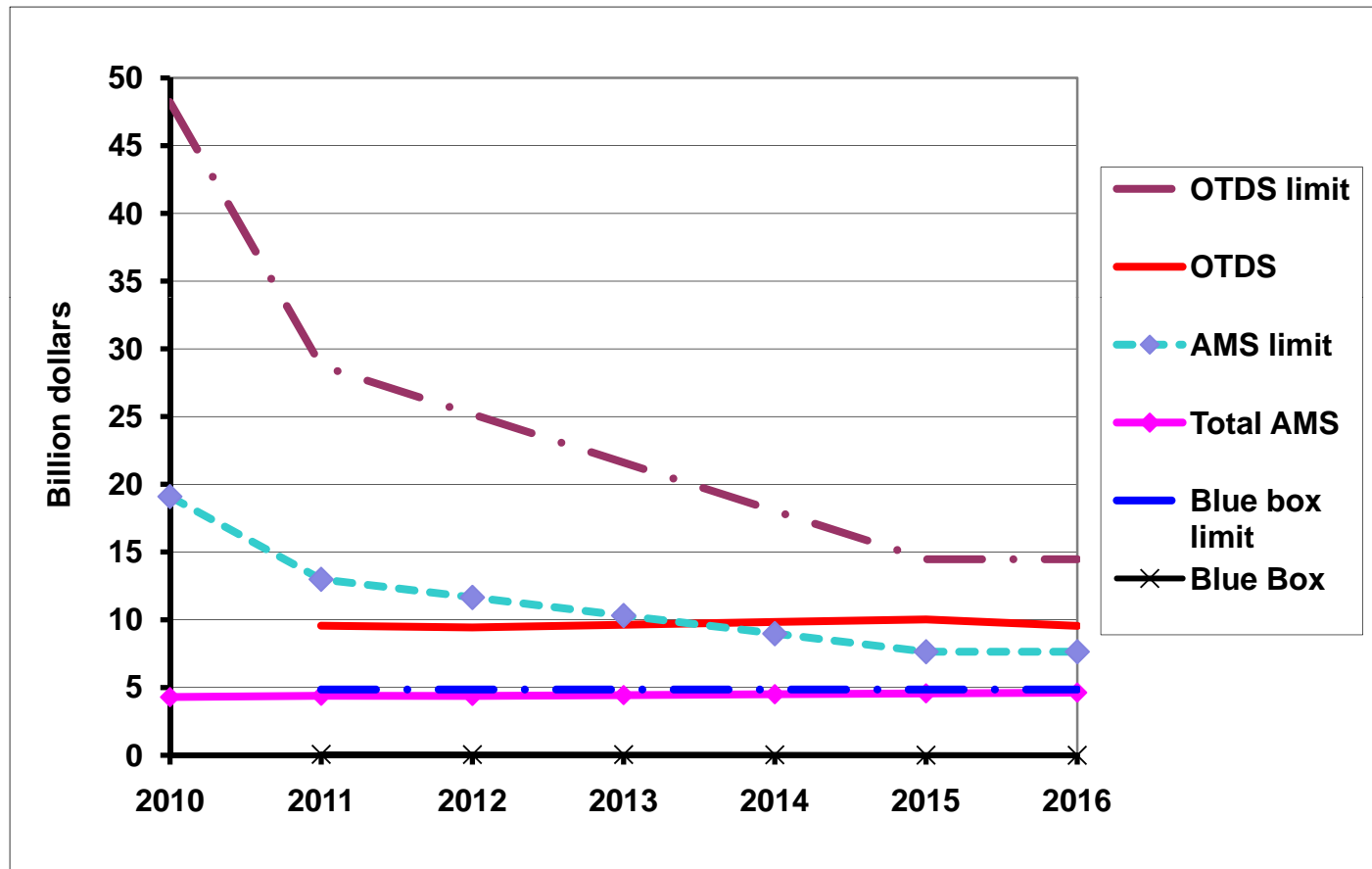
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US: OTDS



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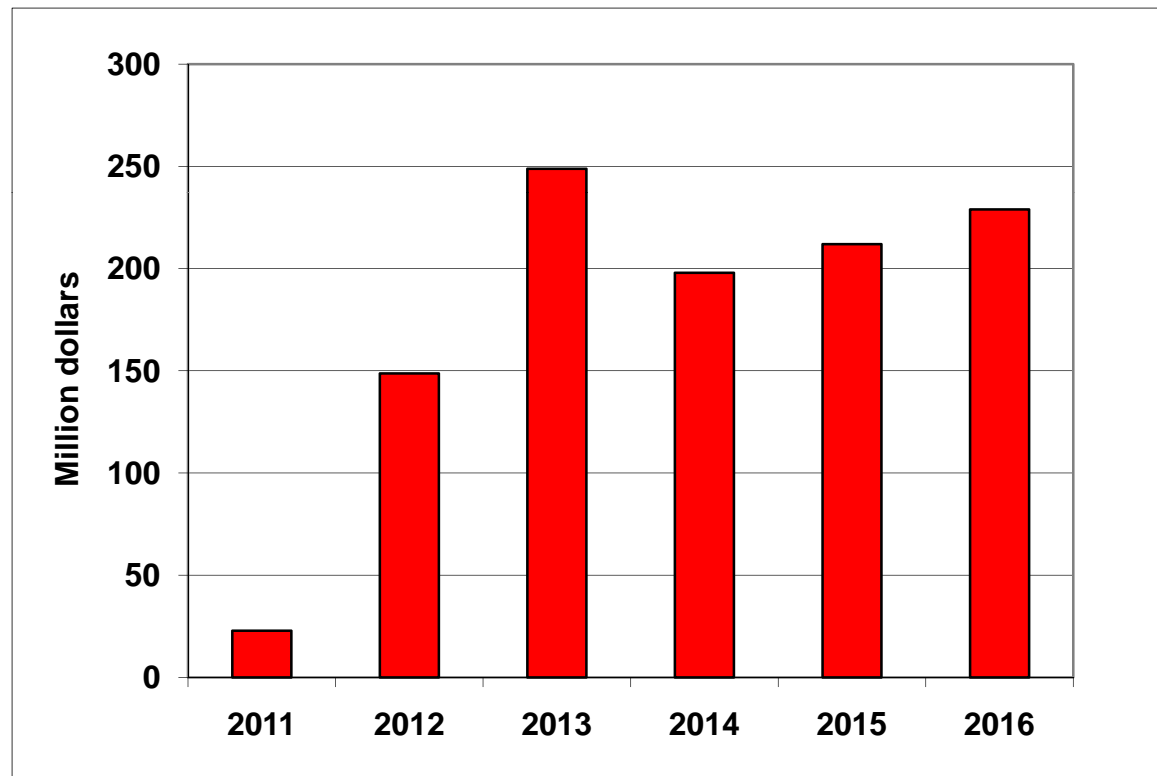
US: projections Doha modalities



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

US: projections Doha modalities

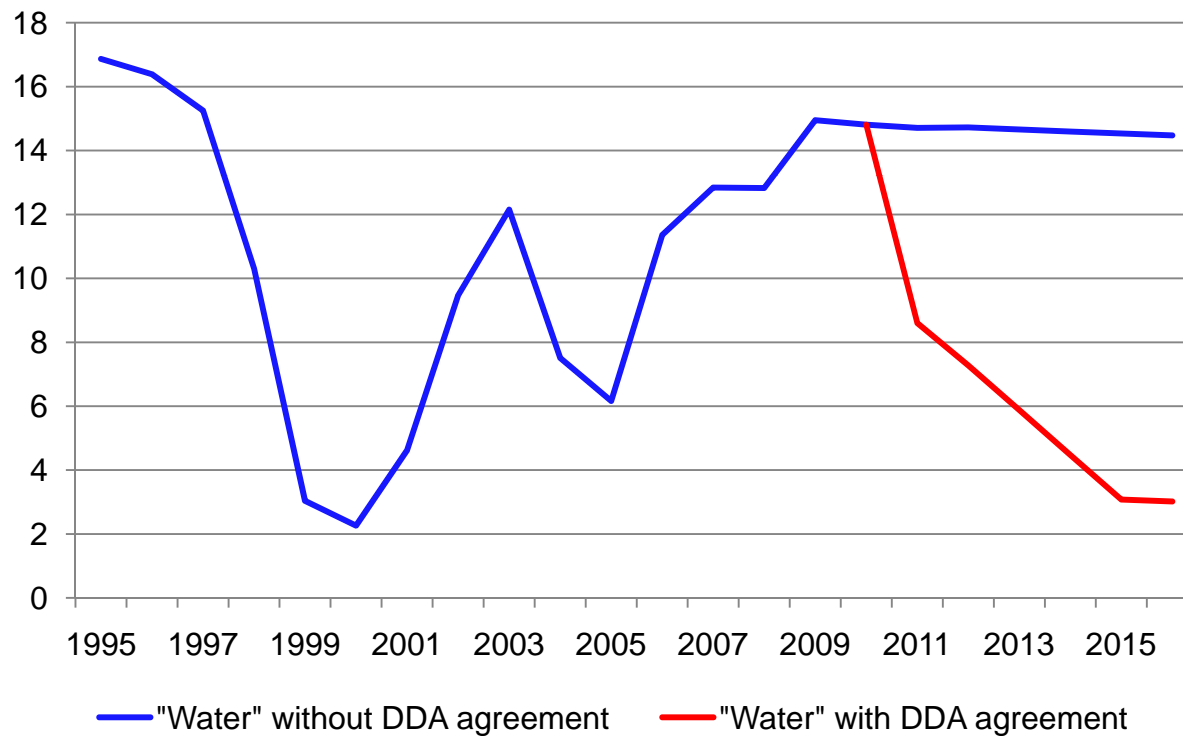
Excess of sugar AMS over product-specific binding



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

US: projections

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



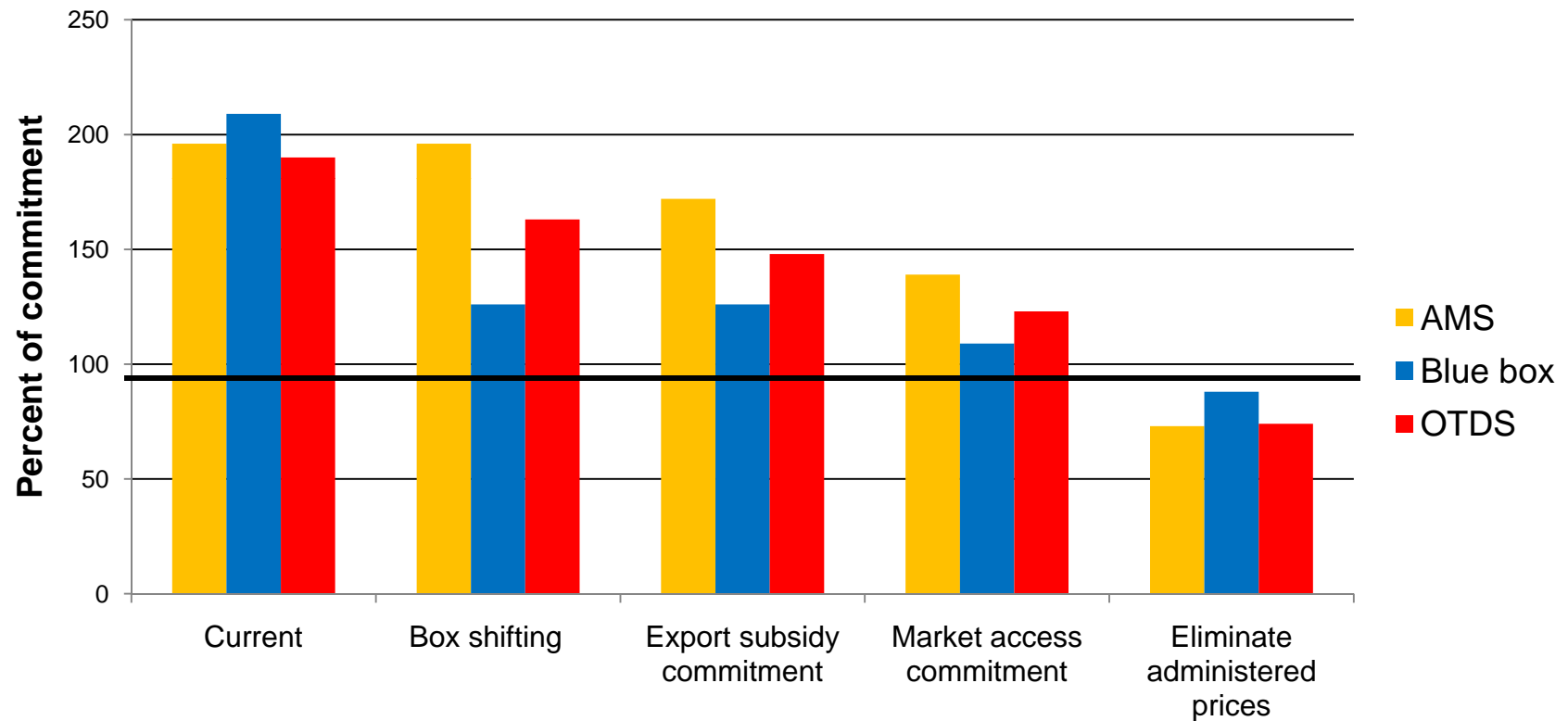
Source: Blandford based on WTO notifications and December 2008 draft modalities



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



Source: Blandford, Gaasland, Garcia and Vårdal, *World Economy*, 2010.



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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