CIS countries: Issues and challenges for agriculture in the WTO context

Lars Brink

CIS Agricultural Trade Policy Network, Food and Agriculture Organization of the United Nations
Conference: Integration processes in the CIS region and their implications for agricultural trade
Kaliningrad State Technical University
26-27 March 2015, Kaliningrad, Russia

Lars.Brink@hotmail.com
Value of production in agriculture: average 2010-12

Source: Gross production value, FAOSTAT. Uzbekistan estimated by author.
Value of production in agriculture: average 2010-12

Source: Gross production value, FAOSTAT. Uzbekistan estimated by author. Year indicated is year of WTO accession.
Accession negotiations in agriculture

– Market access
  • Bilateral negotiations with many countries in parallel
    – Bound tariffs; also tariff rate quotas for some candidates

– Export subsidies
  • Plurilateral negotiations
    – No accession with export subsidy entitlements (after 1997)

– Domestic support
  • Plurilateral negotiations
    – Bound Total AMS for some, nil for some  AMS = Aggregate Measurement of Support
    – De minimis percentage
    – Entitlement to use Article 6.2 exemption?
Agr policy change in accession process

- Privatization
- State-owned or state-trading enterprises
- Agricultural taxation
- SPS and TBT Sanitary and phytosanitary; Technical barriers to trade
- Export subsidies in agriculture
- Sugar
Domestic support issues in accessions

• Do recent policies meet green box criteria?
  – Georgia: only green box; all others: both green and AMS

• No WTO definition of developing vs. developed country
  – Makes difference for policy space: de minimis and Article 6.2
    » Tajikistan acceded as developing country
    » Kyrgyz Rep, Georgia, Armenia, Moldova, Ukraine, Russia: developed
    » Kazakhstan and Azerbaijan: outcome not yet known

• Value of production VOP defines de minimis levels
  – Kyrgyz NPS at 4.87% of VOP vs. Russia NPS at 5.07% of VOP
Base data, commitments, notified support

- **Tajikistan**
  - 2009 writeoff of cotton debt gave Bound Total AMS of $183 million

- **Armenia**
  - Very little AMS support through 2011 notification

- **Moldova**
  - 1996-98 AMSs for many products; Bound Total AMS only $20 mill.

- **Georgia**
  - Only country in CIS region to report nil AMS support in all years
  - Notified up through 2013, much more up to date than most Members

- **Kyrgyz Republic**
  - 1998 (!) latest notification
## Domestic support parameters: five smaller WTO members

<table>
<thead>
<tr>
<th>Base years</th>
<th>Base Total AMS</th>
<th>Final Bound Total AMS</th>
<th>De minimis %</th>
<th>Special features</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tajikistan</strong></td>
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<tr>
<td>2008-10</td>
<td>183 USD mill.</td>
<td>183 USD mill.</td>
<td>10%</td>
<td>Used Article 6.2 exemption in base years</td>
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<td><strong>Armenia</strong></td>
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<tr>
<td>1995-97</td>
<td>0 USD</td>
<td>0 USD</td>
<td><em>De minimis</em> 10% through 2008, then 5%</td>
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<tr>
<td><strong>Moldova</strong></td>
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<tr>
<td>1996-98</td>
<td>16 SDR mill.</td>
<td>13 SDR mill. in 2004</td>
<td>5%</td>
<td>Reduce by 20% in 2001-04 from Base Total AMS</td>
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<td><strong>Georgia</strong></td>
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</tr>
<tr>
<td>1996-98</td>
<td>0 GEL</td>
<td>0 GEL</td>
<td>5%</td>
<td></td>
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<td><strong>Kyrgyz Republic</strong></td>
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<tr>
<td>1994-96</td>
<td>0 KGS</td>
<td>0 KGS</td>
<td>5%</td>
<td></td>
</tr>
</tbody>
</table>
Russia: Applied support and limits on support

- Current Total AMS (applied)
- Bound Total AMS (limit)
- Green

Source: G/AG/W/141-02
Russia: WTO commitment in **US dollars USD**

- **2015 Bound Total AMS = USD 7.2 billion**
- **Equals RUB 224 billion at 2012 exchange rate**
- **Equals RUB 465 billion at February 2015 exchange rate**
Ukraine: WTO commitment in Ukrainian hryvnia UAH

Equals USD 381 million at 2012 exchange rate

Equals USD 124 million at February 2015 exchange rate

2015 Bound Total AMS = UAH 3.0 billion
WTO Committee on Agriculture

• Meets 3-4 times per year
  – Questions on trade policy and on notifications

• Most questions to **Ukraine, Georgia, Armenia**
  – Green box compatibility of domestic support programs
  – Price support for sugar beets: adjustment of reference price
  – Quota allocation, import licensing, in-quota sugar imports

• **Russia** started to notify in 2013
  – Numerous questions; some lack of transparency

• Export restrictions notified
  – **Ukraine, Russia, Kyrgyz Rep and Moldova**
Countries in process of accession

– **Azerbaijan**
  – How large are input subsidies relative to VOP? *De minimis* %?

– **Belarus**
  – Input subsidies; also Market Price Support?; budget support declining

– **Kazakhstan**
  – Large increasing support: input & output subsidies, price support?
  – Base period? *De minimis* 5, 10, or 8.5%? Article 6.2 questionable

– **Uzbekistan**
  – Input subsidies, government control of cotton production and trade

• **Turkmenistan**
  – Accession process not started, preparations underway, negative support
Customs Union and EaEU integration

- Many tariff settings at play
  - Applied tariffs before Customs Union: different in each country
  - Applied external tariffs of Customs Union
  - Bound WTO tariffs: Russia, Armenia, (Kyrgyz Rep.)
  - Negotiated tariffs earlier in WTO process: Kazakhstan, Belarus

- Which tariffs are lower or higher than those of Customs Union?
  - Consequences for accession negotiations? Kazakhstan, Belarus
  - How to negotiate bound WTO tariffs in accession? Kazakhstan, Belarus
  - Renegotiate bound WTO tariffs? Russia, Armenia, (Kyrgyz Rep.)

- Diverse agricultural trading relations of smaller CIS countries
  - Considerable trade with neighbours other than Russia
Rules on “state support to agriculture”

– Rules in Single Economic Space (SES) agreement
  • Modelled after WTO Agreements
  • Unusual, possibly unique in regional trade agreement

– Severely distorting measures not allowed
  • Similar to export subsidies in Subsidies Agreement (ASCM)

– Distorting measures and support
  • Similar to Annex 3 in Agr Agreement, including WTO market price support
  • Ceiling at 10% of VOP, declining to 10% for Belarus
  • Upon WTO accession, WTO rules override SES rules

– Notification requirements: Advance notifications
Meeting WTO rules and commitments

– Legal obligations as a WTO member
  • Defending non-compliance can be costly
  • Correcting non-compliant policy can impose adjustment costs

– WTO rules help to resist domestic pressure for costly support
  • Green box criteria are a policy filter to improve transfer efficiency and generate less distortions

– Agricultural and economic data becomes policy priority
  • Need data-based analysis for policy design
  • Need to meet requirements for WTO notifications
    – E.g., estimating de minimis thresholds
Opportunity to shape WTO processes

– Contribute to work of Committee on Agriculture
  • Review countries’ implementation of Agreement

– Participate in negotiations
  • Doha negotiations; accession of other countries

– For those in process of WTO accession
  • Continuity and communications with working party are vitally important

– How much support and protection in the future?
  • Competition among neighbouring countries
  • Address in accession negotiations
Thank you!

Lars.Brink@hotmail.com

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Brink, L. 2015 (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.
