

Domestic support for EAEU agricultural producers and the rules of the WTO

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Food and Agriculture Organization of the United Nations FAO
Eurasian Economic Commission EEC
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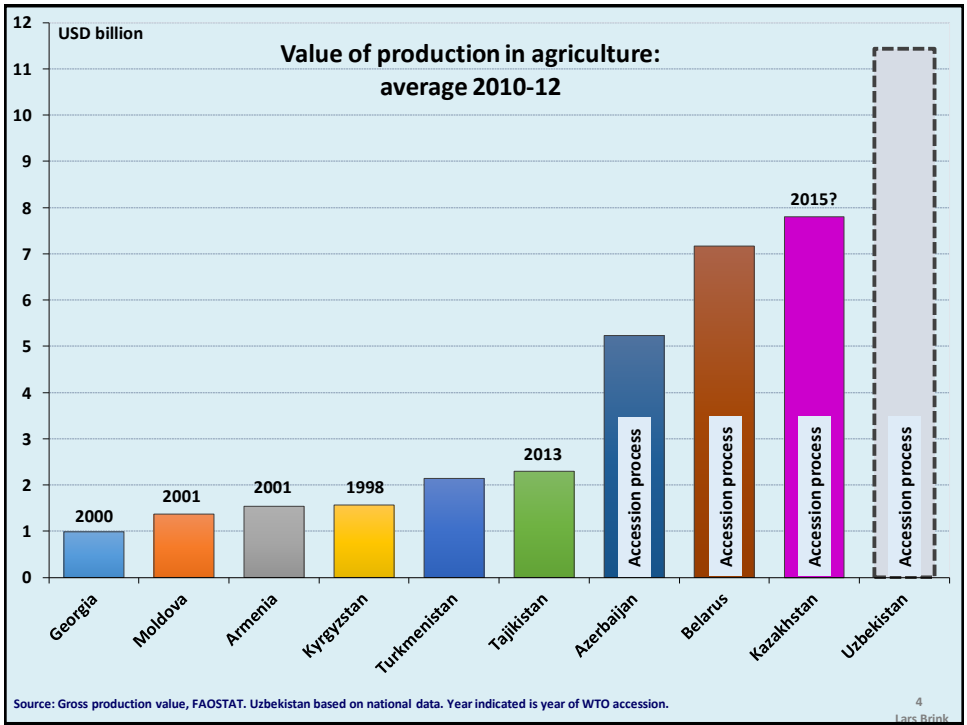
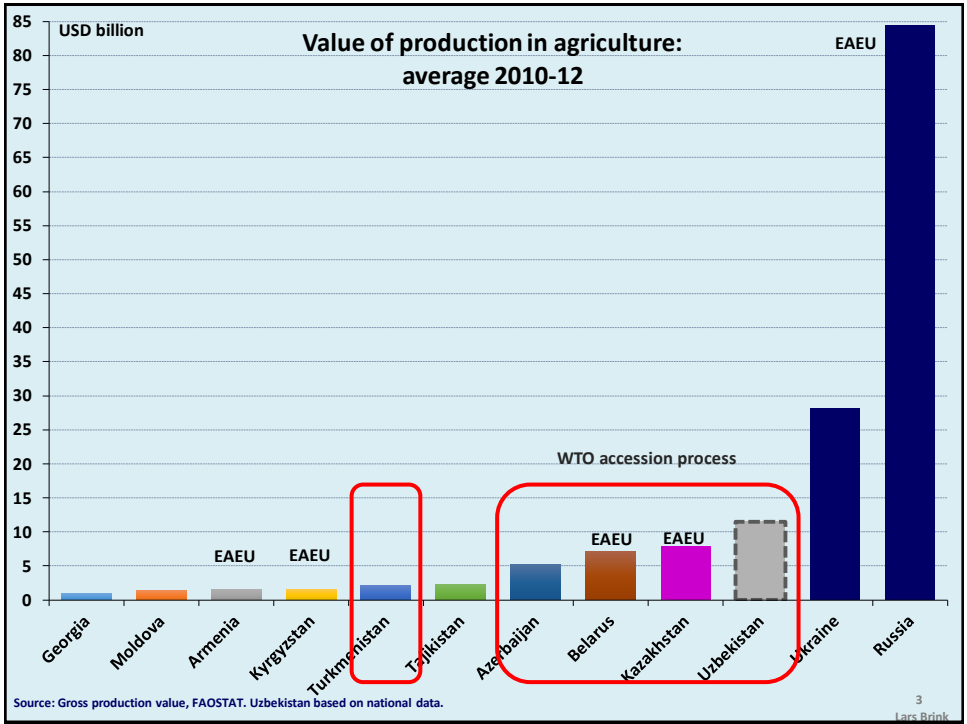
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Accession to the WTO of Eurasian Economic Union members

EAEU member	Accession to the WTO
Kyrgyz Republic	Acceded 1998
Armenia	Acceded 2001
Russian Federation	Acceded 2012
Kazakhstan	May accede late 2015
Belarus	Negotiations in process

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WTO 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?

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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

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Domestic support: AMSs and exemptions

- **Measure support through an AMS for each product**
 - Aggregate Measurement of Support
 - **Also an AMS for agriculture as a whole**
 - Non-product-specific AMS
- **Some support is exempt from AMS**
 - **Exempt if policies meet WTO criteria**
 - » **Green box criteria**
 - Minimally distorting policies
 - » **Criteria for some investment & input subsidies**
 - Developing countries only
 - Can be very distorting
 - » **Blue box criteria**
 - Certain payments

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Domestic support: limits on AMSs

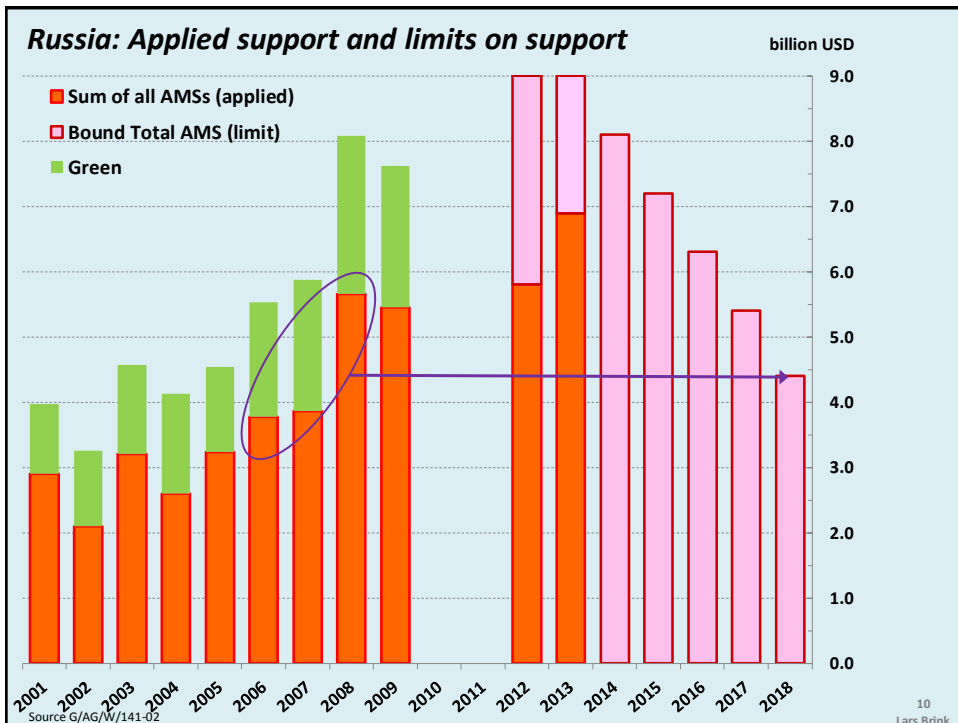
- **100 countries**
 - **No single AMS can exceed 5% of the product's value of production**
 - » **Kyrgyz Republic, Armenia**
 - 8.5% for China and **Kazakhstan**
 - 10% for developing countries, e.g., Tajikistan
- **32 countries**
 - **Sum of AMSs for all products and agriculture must not exceed fixed amount**
 - » **Bound Total AMS**
 - USD 4.4 billion for **Russia**
 - » **But: relatively small AMSs do not count when summing AMSs**
 - *de minimis* levels
 - 5% of current value of production
 - 10% for developing countries

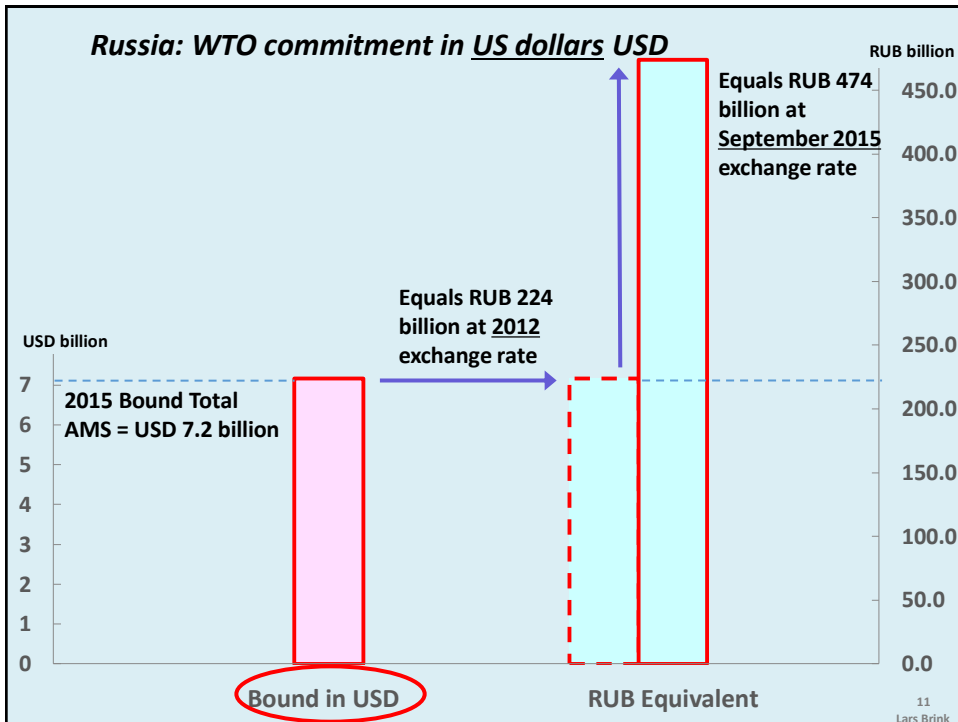
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WTO domestic support parameters: EAEU members				
Base years	Base Total AMS	Final Bound Total AMS	De minimis %	Special features
Kyrgyz Republic				
1994-96	0 KGS	0 KGS	5%	-
Armenia				
1995-97	0 USD	0 USD	De minimis 10% through 2008, then 5%	
Russian Federation				
2006-08	(4.4 bill. USD)	4.4 bill. USD in 2018	5%	9 bill. USD in 2012; product-specific limit for a few years
Kazakhstan				
2010-12?	0 KZT	0 KZT	8.5%	Article 6.2 exemption?
Belarus				
?	?	?	?	?

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WTO Committee on Agriculture

- Meets 3-4 times per year
 - Reviews “notifications”
 - Questions on trade policy and on notifications
 - » Classification of policies
 - » Measurement of support
- Many recent questions to *USA, EU, China, India, Russia*
 - Do policies really meet green box criteria?
 - » *Notifications need to show how policies meet green box criteria*
 - How is price support measured?
 - » *Need to show measurement follows Agreement on Agriculture*
 - AMS payments product-specific or non-product-specific?
 - » *Need to explain how payment policies work*

Overview of notified support

- **Kyrgyz Republic 1998 (!)**
- **Armenia 2013**
 - Green box: AMD 2.1 billion (USD 4.4 million)
 - » Largest: vaccination of animals
 - Non-product-specific AMS: AMD 4.8 billion (USD 10 million)
 - » Largest: fertilizer and diesel subsidies
- **Russia 2013**
 - Green box: USD 2.9 billion
 - » Largest: decoupled income support USD 1.2 billion
 - Sum of all AMSs: USD 6.9 billion; mostly *de minimis* AMSs
 - » Of which: Non-product-specific (NPS) AMS: USD 5.5 billion
 - NPS AMS *de minimis* at 4.7% of value of production
 - » Largest: interest rate subsidies

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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**
 - OECD: sizeable support: input & output subsidies, price support
 - WTO: No Bound Total AMS; *de minimis* 8.5%, Article 6.2 ?
- **Uzbekistan**
 - Input subsidies, government control of cotton production and trade
- **Turkmenistan**
 - Accession process not started, preparations underway, negative support

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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., Kazakhstan (expected)*
 - Negotiating tariffs in WTO accession process: *Belarus*
- Which tariffs are lower or higher than those of Customs Union?
 - How to negotiate bound WTO tariffs in accession? *Belarus*
 - Renegotiate bound WTO tariffs? *Russia, Armenia, Kyrgyz Rep., Kazakhstan (expected)*
- Diverse agricultural trading relations of smaller countries
 - Considerable trade with neighbours other than *Russia*

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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 value of production, declining to 10% for *Belarus*
 - Upon WTO accession, WTO rules override SES rules
- Notification requirements: Advance notifications

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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 for good policy
 - 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 each year's *de minimis* limits on AMSs

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Opportunity for members to shape WTO processes

- **Contribute to work of Committee on Agriculture**
 - Review other members' implementation of Agreement on Agriculture
- **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

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Thank you!

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