



Food and Agriculture
Organization of the
United Nations

Policy space for sustainable agriculture in the World Trade Organization agreement on agriculture



Policy space for sustainable agriculture in the World Trade Organization agreement on agriculture

Ahmad Mukhtar

Economist

FAO Liaison Office with the United Nations - Geneva

Required citation:

Mukhtar, A. 2020. Policy space for sustainable agriculture in the World Trade Organization agreement on agriculture. Geneva, FAO.

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of the Food and Agriculture Organization of the United Nations (FAO) concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

The views expressed in this information product are those of the author(s) and do not necessarily reflect the views or policies of FAO.
© FAO, 2020



Some rights reserved. This work is made available under the Creative Commons Attribution-NonCommercial-ShareAlike 3.0 IGO licence (CC BY-NC-SA 3.0 IGO; <https://creativecommons.org/licenses/by-nc-sa/3.0/igo/legalcode>).

Under the terms of this licence, this work may be copied, redistributed and adapted for non-commercial purposes, provided that the work is appropriately cited. In any use of this work, there should be no suggestion that FAO endorses any specific organization, products or services. The use of the FAO logo is not permitted. If the work is adapted, then it must be licensed under the same or equivalent Creative Commons licence. If a translation of this work is created, it must include the following disclaimer along with the required citation: "This translation was not created by the Food and Agriculture Organization of the United Nations (FAO). FAO is not responsible for the content or accuracy of this translation. The original [Language] edition shall be the authoritative edition."

Disputes arising under the licence that cannot be settled amicably will be resolved by mediation and arbitration as described in Article 8 of the licence except as otherwise provided herein. The applicable mediation rules will be the mediation rules of the World Intellectual Property Organization <http://www.wipo.int/amc/en/mediation/rules> and any arbitration will be conducted in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL).

Third-party materials. Users wishing to reuse material from this work that is attributed to a third party, such as tables, figures or images, are responsible for determining whether permission is needed for that reuse and for obtaining permission from the copyright holder. The risk of claims resulting from infringement of any third-party-owned component in the work rests solely with the user.

Sales, rights and licensing. FAO information products are available on the FAO website (www.fao.org/publications) and can be purchased through publications-sales@fao.org. Requests for commercial use should be submitted via: www.fao.org/contact-us/licence-request. Queries regarding rights and licensing should be submitted to: copyright@fao.org.

COVER PHOTOGRAPH:

Dong Son, VIETNAM

A farmer herding cattle through rice field

© FAO/Hoang Dinh Nam

DESIGN AND LAYOUT:

Celso Mendes de Carvalho/FAO

Contents

Acknowledgements	v
Introduction	1
What is sustainable food and agriculture?	5
→ Box 1: To achieve sustainable food and agriculture, FAO outlines 5 principles	6
What do WTO rules provide regarding achieving sustainable food and agriculture?	9
A. Policy Space for Sustainable Agriculture in the WTO Agreement on Agriculture	9
→ Table 1: Domestic support with unlimited use	10
B. WTO Rules and SDG 2.4.1	12
→ Table 2: WTO Rule Box and SDG Indicator 2.4.1	13
Rules in practice	15
→ Chart 1: Domestic support, 2001-2016 (USD million)	16
→ Chart 2: Share of domestic support, 2016	16
→ Chart 3: Top 1-5 Green Box users, 2016 (USD million)	17
→ Chart 4: Top 6-10 Green Box users, 2016 (USD million)	17
→ Chart 5: Top 5 Green Box users in detail, 2016	18
Concluding remarks	23
References	27

A vertical photograph on the left side of the page shows a person from the chest up, wearing a white long-sleeved shirt and a traditional silver necklace. They are holding a long, thin wooden ruler vertically and a rice plant with green leaves and yellowing grain heads. The background is a blurred green field.

ACKNOWLEDGEMENTS

Mu Rieng Hamlet, VIETNAM

Muong ethnic farmers and participants in the IPM-BUCAP

Project measuring and counting rice grains per plant.

©FAO/Hoang Dinh Nam

ACKNOWLEDGEMENTS: This Technical Note is prepared by Ahmad Mukhtar, Economist (Trade and Food Security), under supervision of Ms. Carolyn Rodrigues-Birkett, Director, Office of the Food and Agriculture Organization of the United Nations, at Geneva. Ms. Yanling Jia, intern FAO Geneva, provided valuable support in data collection.

The author is grateful to Ms. Ulla Kask, Counsellor (Agriculture and Commodities Division) World Trade Organization for review of this paper. Contribution of Mr. Celso De Carvalho, Social Policy Office, FAO Geneva, for designing and formatting of this Note, is also duly acknowledged.



INTRODUCTION

Kinshasa, Commune Ngaliema, D.R. CONGO
Worker of the Association Artisan et Artistes de
Mbiza working with rattan and wood.
©FAO/Giulio Napolitano

SUSTAINABLE DEVELOPMENT is enshrined in the multilateral trading system and core principles of the World Trade Organization (WTO). This was recognized at the time of establishment of the WTO in 1995. The Preamble to the Marrakesh Agreement Establishing the World Trade Organization (the “WTO Agreement”) includes direct references to the objective of sustainable development and to the need to protect and preserve the environment. It says, WTO members recognize that “their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, and expanding the production of and trade in goods and services, while allowing for the optimal use of the world’s resources in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development”.

Trade is one of the means of implementation for Sustainable Development Goals (SDGs). As per FAO (2015), the role of trade has also been recognized for achieving food security depending on each country’s individual situation of agricultural production and trade profile. In general, the trade helps ensuring availability of food in global marketplace.

The WTO Agreements and ensuing rules regulate various aspects of agricultural trade policies to facilitate trade development and alleviate distorting impacts on trade. The negotiations, launched as Doha Development Agenda in 2001, have been aimed at further refining the international trading system. Despite many setbacks and stalemate, there have been some areas of convergence and outcome. Take export subsidies for instance, Members adopted several decisions and declarations at Bali Ministerial Conference in 2001, including a declaration on export subsidies. Later on, at Nairobi Ministerial Conference in 2005, the decision was taken to eliminate all export subsidies

according to the agreed timeline. This decision also achieved the SDG 2.B.

At the same time, the WTO allows certain subsidies that do not or minimally distort trade, including for the purpose of food security and rural development. such as green box. In 2013 at the Bali Ministerial Conference, the green box list of general services was expanded to cover more support for the purposes related to development and poverty reduction, an expansion particularly relevant for developing countries.

This paper attempts to map out some measures that Members could utilize to promote sustainable agriculture and food system in their jurisdictions. It also outlines some examples on how such measures are used in practice. This paper serves as information note and may not be quoted as prescriptive or legally binding text. The main aim is to highlight the policy space enshrined in WTO Agreements, particularly in Agreement on Agriculture, so that member countries could use it for promoting sustainable food and agriculture in their jurisdictions.



Msanga Village, TANZANIA
Local food market
©FAO/Simon Maina

WHAT IS SUSTAINABLE FOOD AND AGRICULTURE?



Neves, SAO TOME AND PRINCIPE
Traditional fishing boats
© FAO/Ines Gonsalves

ACCORDING TO THE FAO (2014a), it's vision for **sustainable food and agriculture** is *“a world in which food is nutritious and accessible for everyone and natural resources are managed in a way that maintain ecosystem functions to support current as well as future human needs.”* Through this vision, farmers have the opportunity to engage and benefit from the economic development, have decent work in a level playing field, and be able to obtain and control resources to maintain livelihood.

For **sustainable food system**, FAO (2018a) defines it as “a food system that delivers food security and nutrition for all in such a way that the economic, social and environmental bases to generate food security and nutrition for future generations are not compromised.” The three dimensions of sustainability include economic, social and environmental.



Sustainable food and agriculture is essential to achieve the Sustainable Development Goals

Regarding **economic sustainability**, food system is regarded as sustainable if activities involved in it are profitable throughout, able to add value and bring economic benefit for stakeholders. On **social dimension**, food system is sustainable given the distribution of economic value-added is fair and taking into consideration of the disadvantaged, and more importantly, it has broad-based benefits for society. Concerning the **environmental sustainability**, as per the FAO (2018b) a sustainable food system could ensure the positive or neutral effect of its activities on natural environment with ecosystem and biodiversity being taken into consideration.

The sustainable food and agriculture is essential to achieve **Sustainable Development Goals (SDGs)**. FAO is the custodian UN agency for 21 SDG indicators among which are the indicators under Zero Hunger (SDG 2). According the FAO, SDG indicator 2.4.1 on agricultural sustainability refers to “percentage of agricultural area under productive and sustainable agriculture”. The sub-indicators of SDG 2.4.1 are listed in the following section, to benchmark WTO policy options.

BOX 1:**TO ACHIEVE SUSTAINABLE FOOD AND AGRICULTURE, FAO (2014b) OUTLINES 5 PRINCIPLES:**

- improving efficiency in the use of resources is crucial to sustainable agriculture;
- sustainability requires direct action to conserve, protect and enhance natural resources;
- agriculture that fails to protect and improve rural livelihoods and social well-being is unsustainable;
- sustainable agriculture must enhance the resilience of people, communities and ecosystems, especially to climate change and market volatility;
- good governance is essential for the sustainability of both the natural and human systems*.



Ulaanbaatar, MONGOLIA
Traditional Mongolian totem poles and a
traditional yurt made out of wood.
©FAO/Sean Gallagher



WHAT DO WTO RULES PROVIDE REGARDING ACHIEVING SUSTAINABLE FOOD AND AGRICULTURE?

Santiago, CHILE
Use of protective measures against COVID-19 at Lo Valledor market
©FAO/Max Valencia

A. POLICY SPACE FOR SUSTAINABLE AGRICULTURE IN THE WTO AGREEMENT ON AGRICULTURE

While the WTO agreements primarily deal with trade matters, the WTO's founding agreement recognizes sustainable development as a central principle, and the sustainability concerns are also reflected in many agreements such as Agreement on Agriculture, Agreement on Technical Barriers to Trade and the Agreement on the Application of Sanitary and Phytosanitary Measures.

The **Agreement on Agriculture (AoA)** deals with trade-related disciplines for agriculture goods (excluding forestry and fisheries products) with the objective of establishing a fair and market-oriented agricultural trading system, according to the WTO (2014). At the same time, it gives countries policy space by introducing flexible measures subject to different criteria, so members could take into consideration their country-specific circumstances and non-trade concerns such as food security, environmental protection and rural development.

AoA allows use for certain domestic support that has no, or at most minimal, trade-distorting effects (Green Box) or that falls in the Blue Box or Development Box (Article 6.2 of the AoA) without specific limits but subject to criteria and conditions (Table 1). These measures are available to each and every member (explained later) and are subject to certain criteria, with the exception of Development Box that is available to developing countries only.

See **Table 1** on next page.

Green Box can be used without limit. It can be divided into two broad sub-categories: general services and direct payments to producers. The Annex 2 of AoA lists a number of general services

TABLE 1: DOMESTIC SUPPORT WITH UNLIMITED USE

GREEN BOX	General services	research services
		pest and disease control programme
		training services
		extension and advisory services
		inspection services
		marketing and promotion services
		infrastructural services
	Expanded general services by Bali Package- WTO documents WT/MIN(13)/37, WT/L/912	land rehabilitation
		soil conservation and resource management
		drought management and flood control
		rural employment programmes
		issuance of property titles
	Direct payments to producers	farmer settlement programmes
		decoupled income support measures
		income insurance and safety-net programmes
		natural disaster relief
		structural adjustment assistance programmes
		payments under environmental and regional assistance programmes.
DEVELOPMENT BOX	Investment subsidies	
	Agricultural input subsidies	
	Domestic support to producers to encourage diversification away from illicit narcotic crops	
BLUE BOX	Direct payments under production-limiting programmes that are based on fixed area and yields or a fixed number of livestock; or are made on 85 percent or less of production in a defined base period.	

Source: Compiled by Author.

funded by publicly-funded programmes, such as research, pest and disease control, extension and advisory services, and infrastructural services. The Bali Ministerial Decision, as per WTO (2013) on General Services expanded the list by including services related to land reform and rural livelihood security, among other.

Direct payments to producers refer to support measures that are not linked to production decisions, meaning that the payments shall not influence the type or volume of agricultural production.



The Development Box can be utilized only by developing countries to support their agriculture and rural development.

Different from Green Box which can be used by both developing and developed countries, **Development Box** can be utilized only by developing countries to support their agriculture and rural development. It allows developing countries additional flexibilities in providing domestic support. The type of support that fits into the developmental category are measures of assistance, whether direct or indirect, designed to encourage agricultural and rural development and that are an integral part of the development programmes of developing countries. They include investment subsidies which are generally available to agriculture in developing country members, agricultural input subsidies generally available to low-income or resource-poor producers in developing country members, and domestic support to producers in developing country members to encourage diversification from growing illicit narcotic crops.

Blue Box contains support under production-limiting programmes subject to certain criteria. The idea is that this type of support is less trade distorting than Amber Box (see below) as the purpose of the Blue Box programmes is to limit the overall production limited. Only a handful of member countries are using such support.

AoA also allows limited use of domestic support that distorts trade, called **Amber Box**. Members are allowed to use Amber

support subject to the limitations foreseen in the Agreement on Agriculture and in Members' schedules of commitments. As per WTO website, 32 WTO members took reduction commitments in their schedules. Other countries can use Amber support within their de minimis limits, which for developed countries is 5 percent and for developing countries generally 10 percent.

In addition, Annex 2.3 of AoA takes care of **public stockholding programmes** for the purpose of food security. The Bali Package, as per WTO (2013) adopted an interim solution which allowed developing countries to continue with existing public stockholding programmes for food security without being challenged under AoA rules, even if such programmes might have trade distorting effects. Also, Annex 2.4 regulates that expenditures related to the provision of domestic food aid to population in need are exempted from the reduction commitment.

B. WTO RULES AND SDG 2.4.1

In the context of five principles set out by FAO on achieving sustainable agriculture and food system, this paper selects a non-exhaustive set of policy options from above mentioned WTO rules benchmarked with sub-indicators of SDG Indicator 2.4.1 (Table 2). The column on WTO Rule Box focuses on measures available under the Green Box (Annex 2, AoA) and that could be used to put into effect the actions required under SDG 2.4.1. These policy options are matched with the themes/sub-indicators that would be fulfilled.

TABLE 2: SDG INDICATOR 2.4.1 AND WTO RULE BOX - GREEN BOX

SDG INDICATOR 2.4.1	GREEN BOX (AoA, Annex 2)	
Theme/Sub-indicator	Policy Options	
1. Land productivity 2. Profitability	2 General Services (a) research (c) training services (d) extension and advisory services (f) marketing and promotion services	Direct payment 6. decoupled income support 7. income insurance and income safety-net programmes 8. payments for relief from natural disasters 13. regional assistance programmes
3. Resilience	2 General Services (a) research (b) pest and disease control (c) training services (d) extension and advisory services (g) infrastructural services	Direct payments 7. income insurance and income safety-net programmes 8. payments for relief from natural disasters 12. environmental programmes
4. Soil health 5. Water use 6. Fertilizer pollution risk 7. Pesticide risk 8. Biodiversity	2 General Services Expanded List (Bali Package) i. land rehabilitation ii. soil conservation and resource management iii. drought management and flood control 2 General Services (a) research (b) pest and disease control (c) training services (e) inspection services (g) infrastructural services	Direct Payments 13. regional assistance programmes
9. Decent employment 11. Land tenure	2 General Services Expanded List (Bali Package) iv. rural employment programmes v. issuance of property titles vi. farmer settlement programmes	Direct Payments 6. decoupled income support 7. income insurance and income safety-net programmes 11. investment aids 13. regional assistance programmes
10. Food security	2 General Services (g) infrastructural services 3. public stockholding for food security purposes 4. domestic food aid	Direct Payments 6. decoupled income support 7. income insurance and income safety-net programmes 8. payments for relief from natural disasters 13. regional assistance programmes

Source: Compiled by Author.

RULES IN PRACTICE



Bugat, MONGOLIA
Cow in the grasslands near Dundat-Urguu Forest
© FAO/Sean Gallagher/FAO



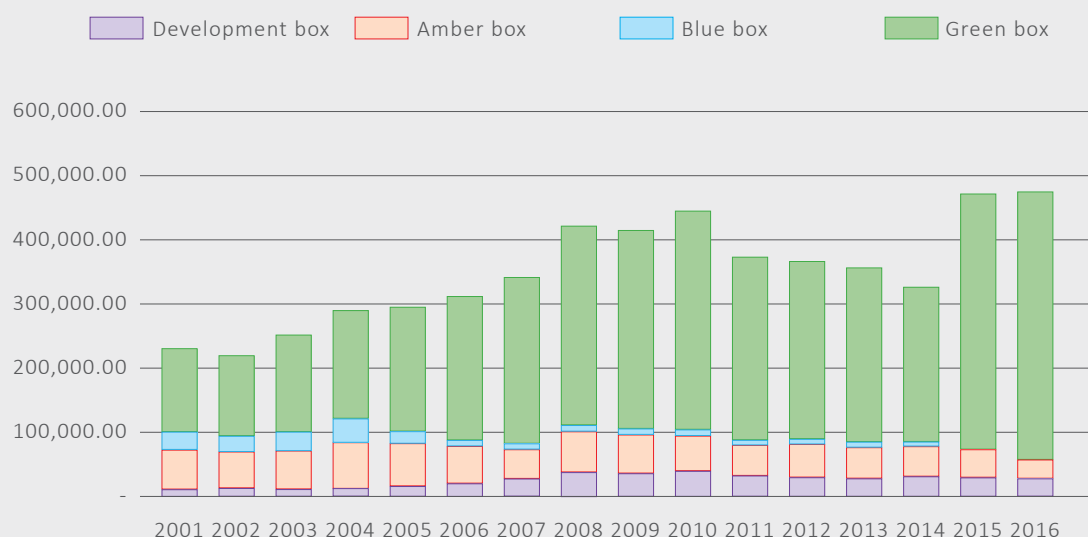
Domestic support expenditures across selected WTO members have increased from \$231 billion in 2001 to \$477 billion in 2016

DOMESTIC SUPPORT EXPENDITURES across selected WTO members have increased from \$231 billion in 2001 to \$477 billion in 2016 (**Chart 1**; charts 1-4 on next pages), according to the WTO (2018). The overall trend of support is increasing with slight decline during 2011-2014 while 2015-2016 witnessed an increase in green box uses. Even though the adding up of the support might be misleading due to variations of notification numbers from one year to another and in some cases differences in the methodologies used, it is obvious that the expenditure on green box has accounted for a large share of domestic support, with its share in total support rising across time span, representing 88 percent of all support in 2016, up from 56.3 percent in 2001, with the expenditure experienced an average growth rate at 9.4 percent. Expenditure on amber box is reduced by 56.5 percent from 2001 to 2016, while development box has seen an 8.8 percent average growth rate over the same period; and blue box uses decreased by 76.6 percent from 2001 to 2014. For year 2015 and 2016, only Japan notified the use of blue box among selected members, thus calculation of the growth rate for blue box only covers 2001-2014.

In 2016, the top 5 green box users (China, USA, EU, India and Japan) in total account for nearly 94 percent of all support among WTO members that notified (**Chart 2**). China represented the highest share of notified expenditure, with green box accounting for 94.2 percent of its total support (**Chart 3**). USA expenditure on domestic support reached \$123 billion with green box representing 97 percent, while EU had a spending of \$73 billion in all support with a slightly smaller share of green box at 90 percent. India expenditure on domestic support was divided into green box and development box, and uniquely in India's case, development box accounted for 54.5 percent of its total support. Among top 5 green box users, only Japan used blue box with expenditure at \$619.3 million, even though it represented a mere 2.7 percent of its total support.

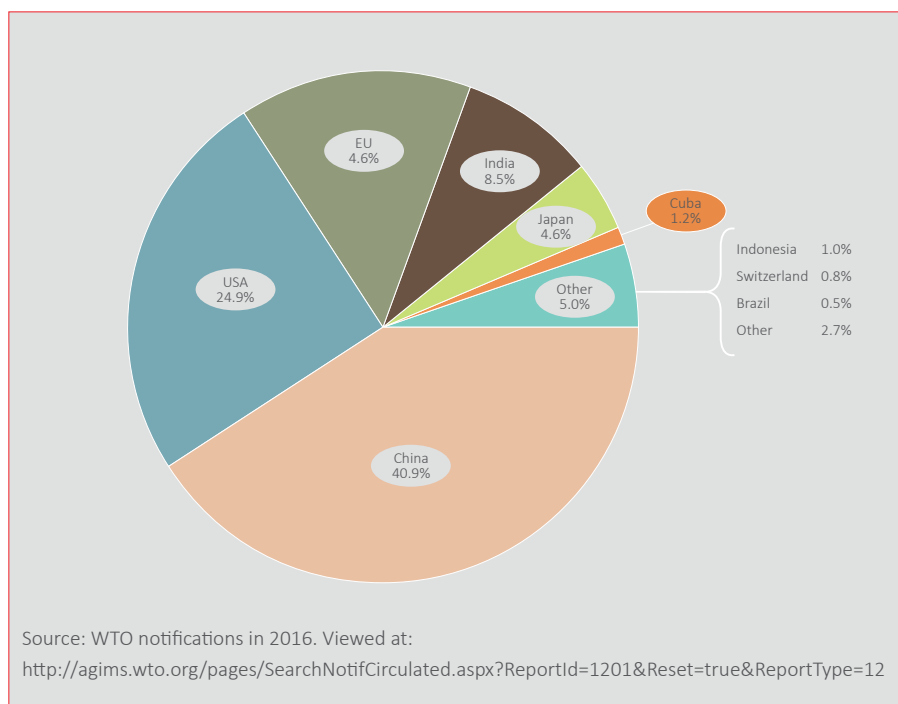
The second tier of green box users (**Chart 4**), namely Cuba, Indonesia, Switzerland, Brazil and Thailand, in total spend

CHART 1: DOMESTIC SUPPORT, 2001-2016 (USD MILLION)



Source: Source: WTO document JOB/AG/138 and WTO notifications. Viewed at:
<http://agims.wto.org/pages/SearchNotifCirculated.aspx?ReportId=1201&Reset=true&ReportType=12>

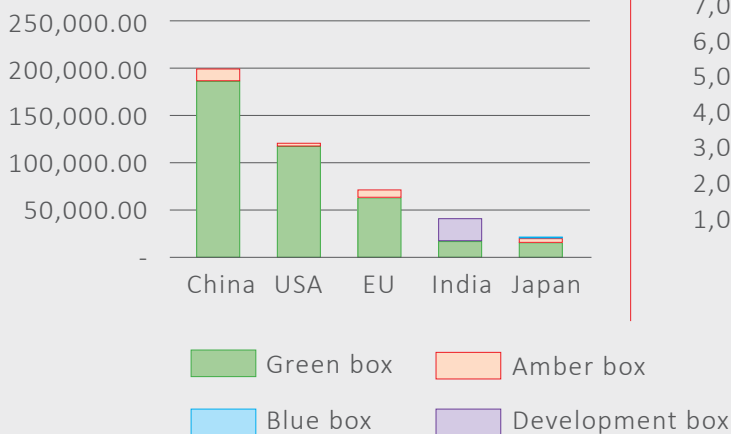
CHART 2: SHARE OF DOMESTIC SUPPORT, 2016



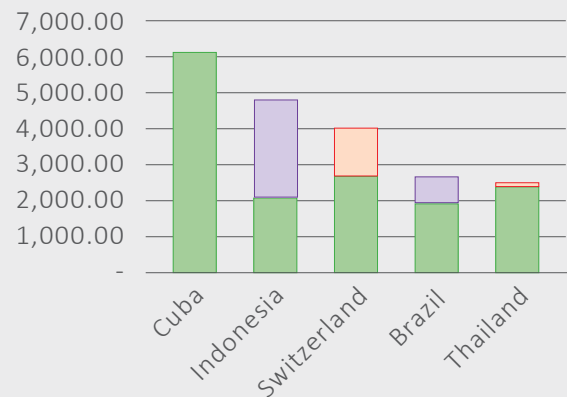
Source: WTO notifications in 2016. Viewed at:
<http://agims.wto.org/pages/SearchNotifCirculated.aspx?ReportId=1201&Reset=true&ReportType=12>

\$20 billion on domestic support in 2016, even less than Japan. Among them, developing countries took most of the places and development box were used more often: 56 percent of Indonesia's spending was on development programmes and 27 percent in Brazil's case. Cuba utilized green box as the only form of its domestic support; Switzerland remained one of the large users of amber box, which accounted for 33 percent of its total support. The amount for Cuba is based on its notification to the WTO, whereby amounts are mentioned in Cuban Peso, and we took conversion rate of CUC to USD (1:1). In case of CUP, this amount will be divided by prevailing rate, which is (1:25) on average

**CHART 3: TOP 1-5 GREEN BOX USERS
2016 (USD MILLION)**



**CHART 4: TOP 6-10 GREEN BOX USERS
2016 (USD MILLION)**

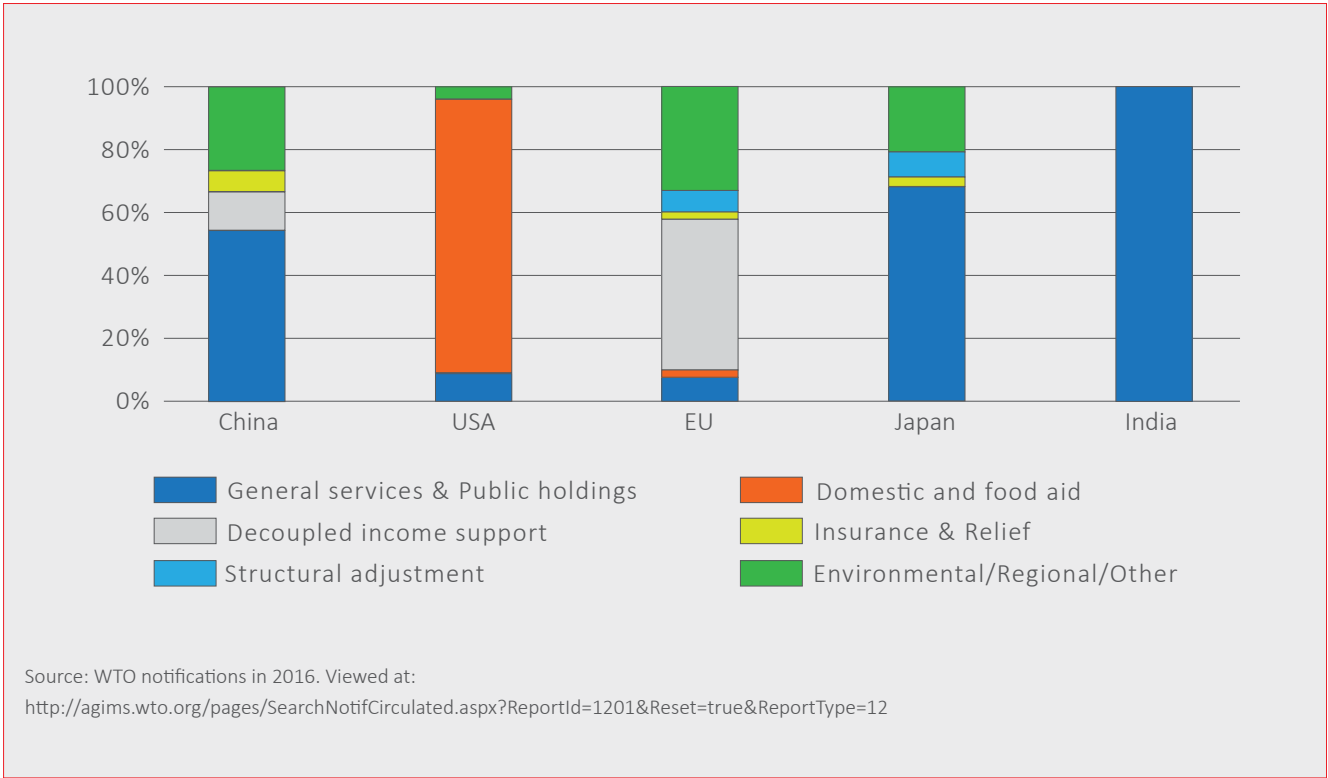


Source: WTO notifications in 2016. Viewed at:
<http://agims.wto.org/pages/SearchNotifCirculated.aspx?ReportId=1201&Reset=true&ReportType=12>

Chart 5 shows sub-boxes of top 5 users’ green box in 2016, to get a deeper view of the use of Green Box. Following Anton’s (2009) practice, this report categorized all 12 sub-boxes into 6 sections, namely, general services and public holdings; domestic food aid; decoupled income support; insurance and relief; structural adjustment; and environmental, regional and other.

In general, members differ in their use of green box sub-groups. China, Japan and India put an emphasis on general services and public stockholdings, which represented 54.9 percent, 69

CHART 5: TOP 5 GREEN BOX USERS IN DETAIL, 2016



percent and 100 percent respectively in their own green box expenditure; while USA’s largest green box spending was on domestic food aid with a value at \$102 billion, accounting for 85.6 percent of its green box. EU spent most on decoupled income support, with a share of 48.2 percent in total.

China's green box spending totaled at \$190.6 billion in 2016. The highest sub-box was general services and public holdings (54.9 percent), followed by environmental, regional and other (26.2 percent), decoupled income support (12.4 percent), insurance and relief (6.1 percent), and structural adjustment (0.3 percent). Within the use of general services, which represented 46.2 percent of total, the top three mostly used were other general services, infrastructural services, and extension and advisory services. China's spending on environmental and regional assistance programme was \$49.9 billion in 2016.

The green box expenditure of **USA** in 2016 was \$119.5 billion. The three green sub-boxes with the highest spending were domestic food aid (85.6 percent), general services and public holdings (10.5 percent), and environmental, regional and other (3.7 percent). Among the food aid programmes, the supplemental nutrition assistance programme, which offered the low-income financial assistance to buy nutritious food, represented 72 percent valuing \$73 billion; and another major layout was child nutrition programmes, accounting for 21.7 percent of FCS. This service provided cash and commodities to help children attain adequate diets.

The **EU's** spending on green box was \$65.6 billion in 2016. EU's use of green sub-box was more diversified: decoupled income support (48.2 percent), environmental, regional and other (33.0 percent), general services and public holdings (8.6 percent), structural adjustment (6.9 percent), domestic food aid (2.0 percent), and insurance and relief (1.3 percent). EU's decoupled payment scheme, valued at \$31.6 billion, consisted of young farmers payment, redistributive payments, payments for areas with natural constraints, greening payment, and Small Farmers Scheme. Its environmental programme accounted for 10.5 percent of total green box with a value of \$6.9 billion, including protection of environment and preservation of the countryside, support and protection of organic production by creating conditions of fair competition, and conservation and improvement of rural heritage.

India spent all of its green box budget on general services and public stockholdings, totaled \$19 billion, among which 85.3 percent went to public stockholding for food security purposes. Within its general services, research had the largest share of 31.1 percent with a value at \$875 million, followed by extension and advisory services (30.4 percent), infrastructure services (23 percent) and marketing and promotion services (13.5 percent).

Japan notified about \$16.6 billion green box uses in 2016. Most of its green box expenditure went to general services and public holdings (69.0 percent) and environmental, regional and other (21.2 percent), followed by structural adjustment (7.9 percent) and insurance and relief (1.9 percent). Among its general services, 61.4 percent of the spending was on infrastructural services, including those for agricultural sector and rural area (43.6 percent), disaster rehabilitation services (9.2 percent), and livestock industry (8.6 percent). Research represented 15 percent of its this sub-box consisting of research and services for technological improvement. The expenditure of environmental programmes accounted for 19.8 percent of its green box budget, mostly including payments for conversion from rice production, reduction of environmental burden due to dairy farming and conservation of land and water.



D. R. CONGO
Researcher inspecting a tree in the Yoko Forest
©FAO/Giulio Napolitano

CONCLUDING REMARKS



Shelfo Village, ETHIOPIA
Pastoralists bring their herds of livestock to water at Lake Hawassa
©FAO/IFAD/WFP/Petterik Wiggers

WTO DISCIPLINES allow certain types of domestic support without any quantitative limitation including for the purpose of food security and poverty reduction. This paper reviews such measures and point towards the types of measures that could be utilized to help achieve sustainable food and agriculture outlined by FAO (2014) as *“a world in which food is nutritious and accessible for everyone and natural resources are managed in a way that maintain ecosystem functions to support current as well as future human needs”*.

As outlined in the member countries’ practice, it is evident that the overall trend of Members’ use of domestic support is on the rise, among which, the expenditure on green box has the strongest upward trend. Development box has been in increase use too, while members have spent increasingly less on amber box and blue box.

In terms of major users, China, USA, EU, India and Japan are the top 5, in total accounting for nearly 94 percent of domestic support among all WTO members that notified in 2016. Green box remains to be the largest spending of the top 10 users, except for India and Indonesia which spent most on development programmes.

Looking into the components of green box, top 5 users varied in their use of green box sub-groups. China, Japan and India spent mainly on general services and public stockholdings; while USA’s largest green box spending was on domestic food aid; EU spent most on decoupled income support. China, EU and Japan also had a considerable share of environmental and regional programmes.

Overall, WTO Members have been increasingly using green box support (i.e. non- or minimally trade distorting support), and development box support. As there are no limits, subject to the respect of certain criteria, for such types of domestic

support, the WTO Agreement on Agriculture provides for ample policy space, in terms of domestic support, for promoting sustainable agriculture. It, however, depends on fiscal space of member countries which is not much in most of the countries, particularly the developing and least-developed countries. It is therefore crucial that countries ensure the most efficient use of their resources to guarantee the food security of their populations today without jeopardizing the food security of the future generations. The only way to achieve this objective is through sustainable agricultural development.



Caracas, VENEZUELA
An urban garden cooperative worker
rinsing harvested chard
© FAO/Giuseppe Bizzarri



REFERENCES

Leshoz Saba, RUSSIAN FEDERATION
Greenhouse from agro-forestry project
©FAO/Vasily Maksimov

Anton, Jesus. 2009. "An analysis of EU, US and Japanese green box spending." Agricultural Subsidies in the WTO Green Box. Ensuring Coherence with Sustainable Development Goals: 137-238. <https://doi.org/10.1017/CBO9780511674587>

Dhar, Biswajit. 2009. "Use of green box measures by developing." Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals: 369. <https://doi.org/10.1017/CBO9780511674587>

FAO. 2014a. Building a common vision for sustainable food and agriculture: Principles and approaches. Rome. (also available at <http://www.fao.org/3/a-i3940e.pdf>)

FAO. 2014b. Sustainable food value chain development – Guiding principles. Rome. (also available at <http://www.fao.org/3/a-i3953e.pdf>)

FAO. 2015. The State of Agriculture Commodity Markets 2015-16: Trade and food security: achieving a better balance between national priorities and the collective good. Rome. <http://www.fao.org/publications/soco/the-state-of-agricultural-commodity-markets-2015-16/en/>

FAO. 2018a. SDG Indicator 2.4.1 Proportion Of Agricultural Area Under Productive And Sustainable Agriculture Methodological Note. Rome. (also available at <http://www.fao.org/3/CA2639EN/ca2639en.pdf>)

FAO. 2018b. Sustainable food systems: Concept and framework. Rome. (also available at <http://www.fao.org/3/ca2079en/CA2079EN.pdf>)

FAO. 2020. Sustainable Development Goals. [www.fao.org. \[http://www.fao.org/sustainable-development-goals/indicators/241/en/\]](http://www.fao.org/sustainable-development-goals/indicators/241/en/)

Stancanelli, Néstor. 2009. “The historical context of the green box.” Agricultural Subsidies in the WTO Green Box: 19-35. (also available at <https://doi.org/10.1017/CBO9780511674587>)

United Nations Environment Programme (UNEP). 2016. Food Systems and Natural Resources. A Report of the Working Group on Food Systems of the International Resource Panel. Nairobi, Kenya. (also available at https://www.resourcepanel.org/sites/default/files/documents/document/media/food_systems_summary_report_english.pdf)

World Trade Organization (WTO). 2013. Documents No. WT/MIN(13)/37, WT/L/912

World Trade Organization (WTO). 2014. The WTO Agreements Series: Agriculture. Geneva. (also available at https://www.wto.org/english/res_e/booksp_e/agric_agreement_series_2.pdf)

World Trade Organization (WTO). 2018. WTO documents JOB/AG/138

World Trade Organization (WTO). 2020. Domestic support in agriculture: The boxes. www.wto.org. [https://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm]



Rumonge, BURUNDI
A woman from Mutambara I "Village de la paix"
during training activities at a Farmer Field School.
© FAO/Giulio Napolitano

Policy space for sustainable agriculture in the World Trade Organization agreement on agriculture

Sustainable growth in Agriculture is not only a national priority in all countries but a global endeavor as well, particularly to achieve the SDG-2. There are, however, some perceptions that rules of the World Trade Organization's (WTO) agreements may hinder policy space in this regard. This information note attempts to outline the relevant rules on domestic support (subsidies) in the WTO Agreement on Agriculture (AoA) and highlights the available policy space with Member Countries to support the sustainable agriculture. It shows that the provisions under Development Box and Green Box provide, essentially, an unlimited allowance for subsidizing agriculture subject to criteria defined therein.

Contact

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

Liaison Office with the United Nations - Geneva

Address: Palais des Nations A583, 8-14 avenue de la Paix, 1211 Geneva 10

Geneva - Switzerland

Email: FAO-LOG@fao.org

Website: <http://www.fao.org/geneva>