

WTO Rules on Domestic Support and Agricultural Policies in Russia

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Workshop on

Support to Russian Agriculture in the Context of WTO Membership: Issues and Possible Solutions

Food and Agriculture Organization of the United Nations (FAO)

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Support to agriculture in the WTO

- **WTO Agreement on Agriculture**
 - Legally binding rules and commitments
 - Rules are in the Agreement itself
 - Commitments in Schedule of concessions and commitments
 - Each member has a schedule
 - » Market access
 - » Export subsidies
 - » Domestic support
 - What is “domestic” about domestic support?
 - Support from instruments not applied at the border
 - Not tariffs, not export subsidies
 - Payments, administered prices, government services, etc.

Important distinctions

- Economic “support” vs. “Support” in Agreement
 - Different meanings
- Measures vs. Support
 - Government policies vs. the amount of benefit
- Ceiling on support vs. Level of applied support
 - Allowed amount of support vs. actual benefit
- WTO accession vs. Yearly notification to WTO
 - Support in accession base period is the base for the ceiling that applies to support after accession

Colored boxes – do they exist?

- **Green box, blue box, development box**
 - Shorthand for exempting support from WTO ceiling
- **Criteria are the key for exemption**
- **Classify policies according to criteria in the Agreement**
 - **Green box criteria in Annex 2**
 - Used by almost all members
 - **Blue box criteria in Article 6.5**
 - Not used very much
 - **Development box criteria in Article 6.2**
 - Used by many developing countries, including China, India, Brazil

Green box criteria in Annex 2

- No ceiling on support under green box policies
- Policy must meet requirements and basic criteria
 - No or little effect on production or trade; no price support
- Each policy type must also meet several other criteria
 - General services (para. 2)
 - No payments to producers or processors; specially worded criteria
 - Payments of many types to producers (paras. 5 - 13)
 - Each type must meet its own set of specially worded criteria
 - » E.g. “decoupled income support” must meet five criteria (para. 6)
 - » E.g. “investment aids” must meet six other criteria (para. 11)

Calculate applied support

- **Classify all domestic support policies**
 - Use criteria of green box, blue box, development box
- **Support from all policies that don't meet criteria**
 - Calculate AMSs: Aggregate Measurements of Support
 - Product-specific AMSs
 - » One AMS for support to producers of each product
 - Non-product-specific AMS
 - » One single AMS for support to producers in general
- **Add all AMSs together into Current Total AMS**

But ... some AMSs do not count

- When adding AMSs together
 - Leave out relatively small AMSs: *de minimis*
- *De minimis* threshold
 - 5% of product's value of production VOP
 - 5% of VOP in agriculture for non-product-specific AMS
 - 10% for developing countries
- When an AMS is greater than 5% of VOP ...
 - ... the whole AMS goes into Current Total AMS
 - Not just the excess above 5% of VOP

WTO Agreement is a legal construct

– Rules of Agreement

- Prescribe how to classify policies and measure support
 - Different from economic analysis

– Member's Schedule

- Bound Total AMS
 - Maximum allowed Current Total AMS

– Current Total AMS \leq Bound Total AMS ?

- Every year

Review in WTO Committee on Agriculture

– Notifications

- Report Current Total AMS calculation to CoAg

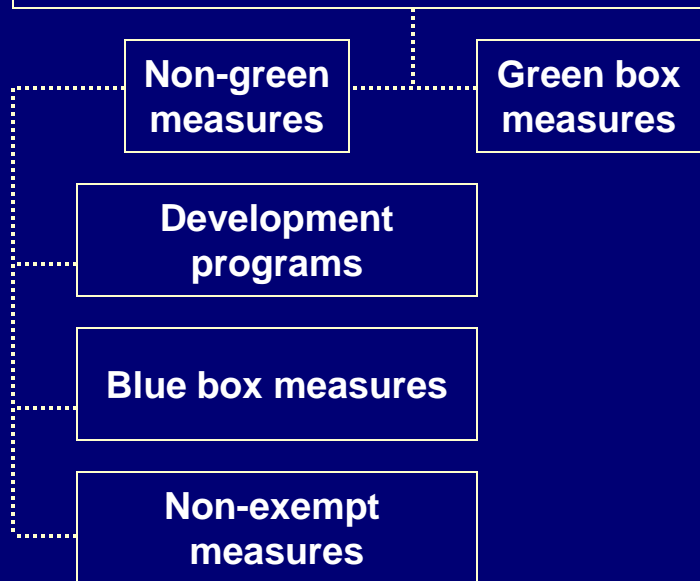
– Review in CoAg

- How did country classify its measures and policies?
- How did country measure its support?

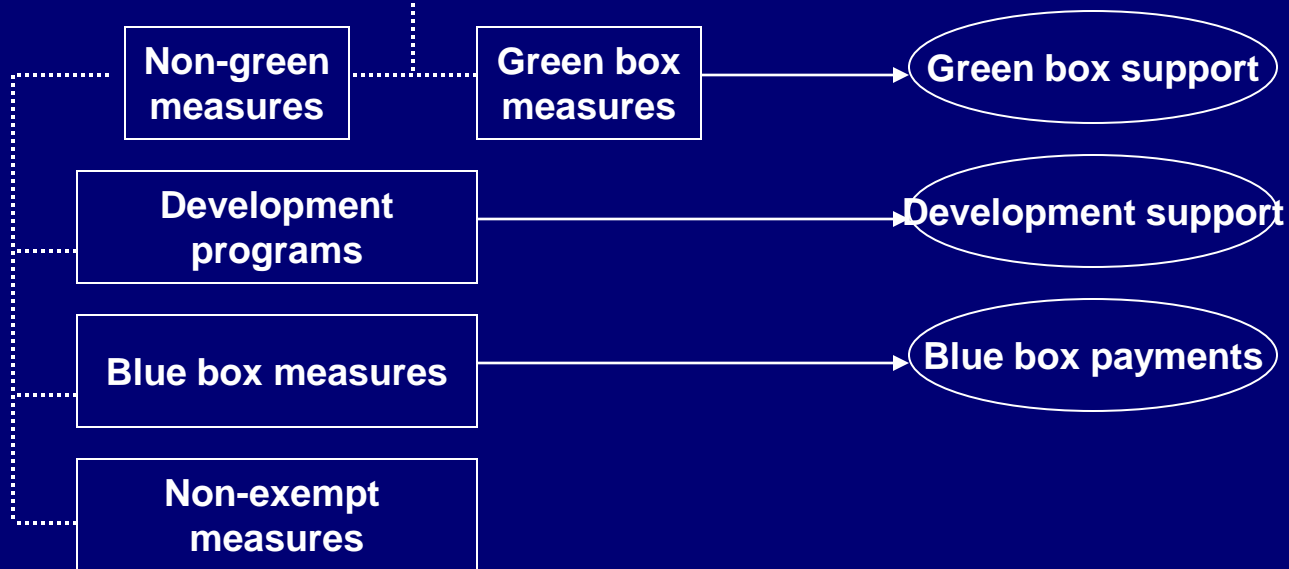
– Outcomes of CoAg review

- Give more info, submit more data, revise notifications
- Take action if Current Total AMS \geq Bound Total AMS

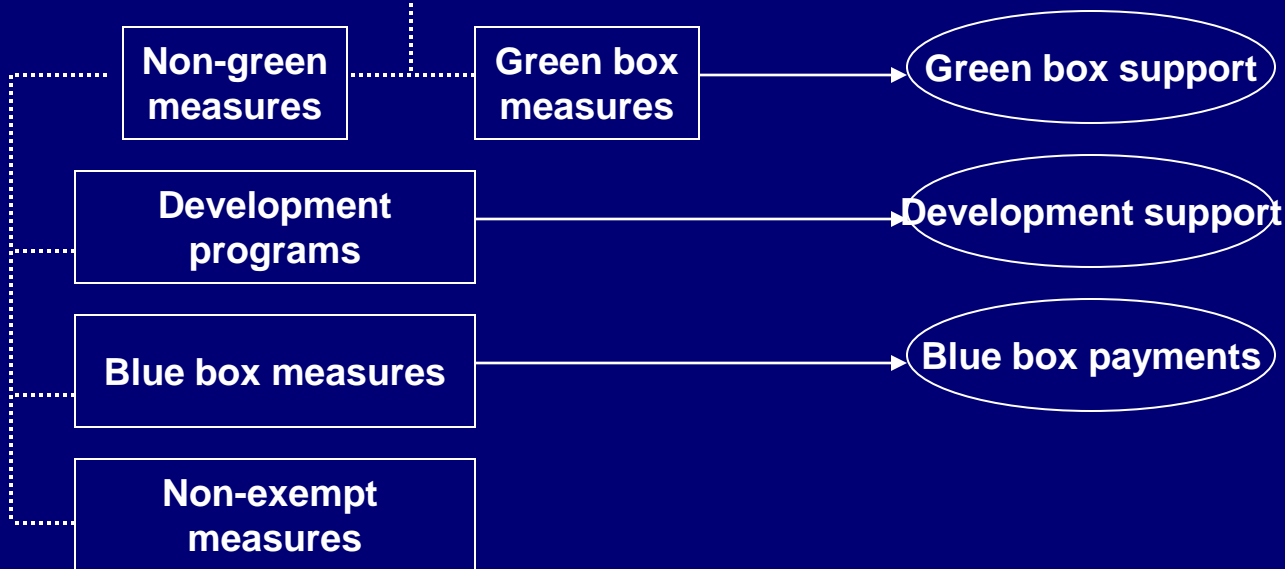
... measures in favor of agricultural producers



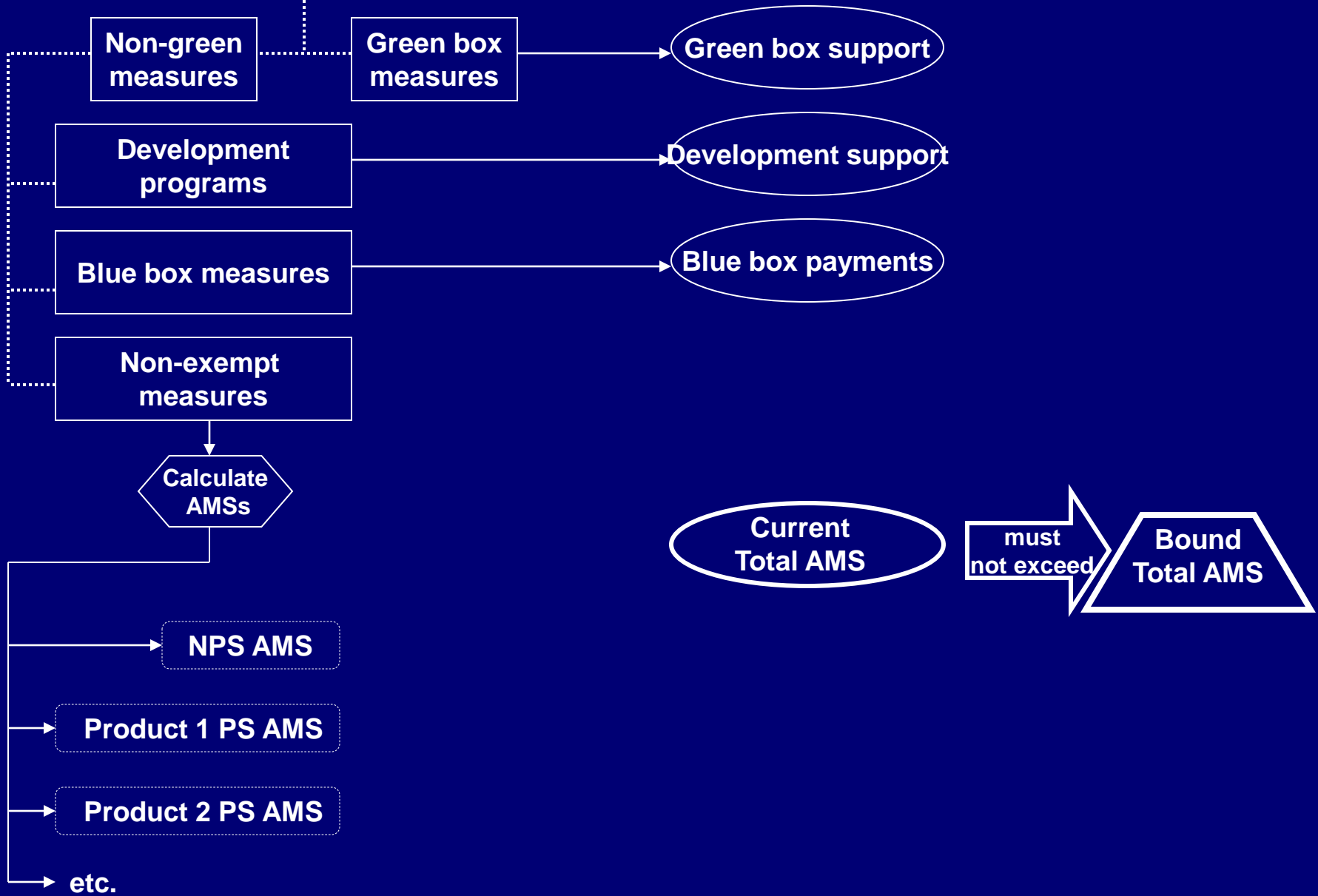
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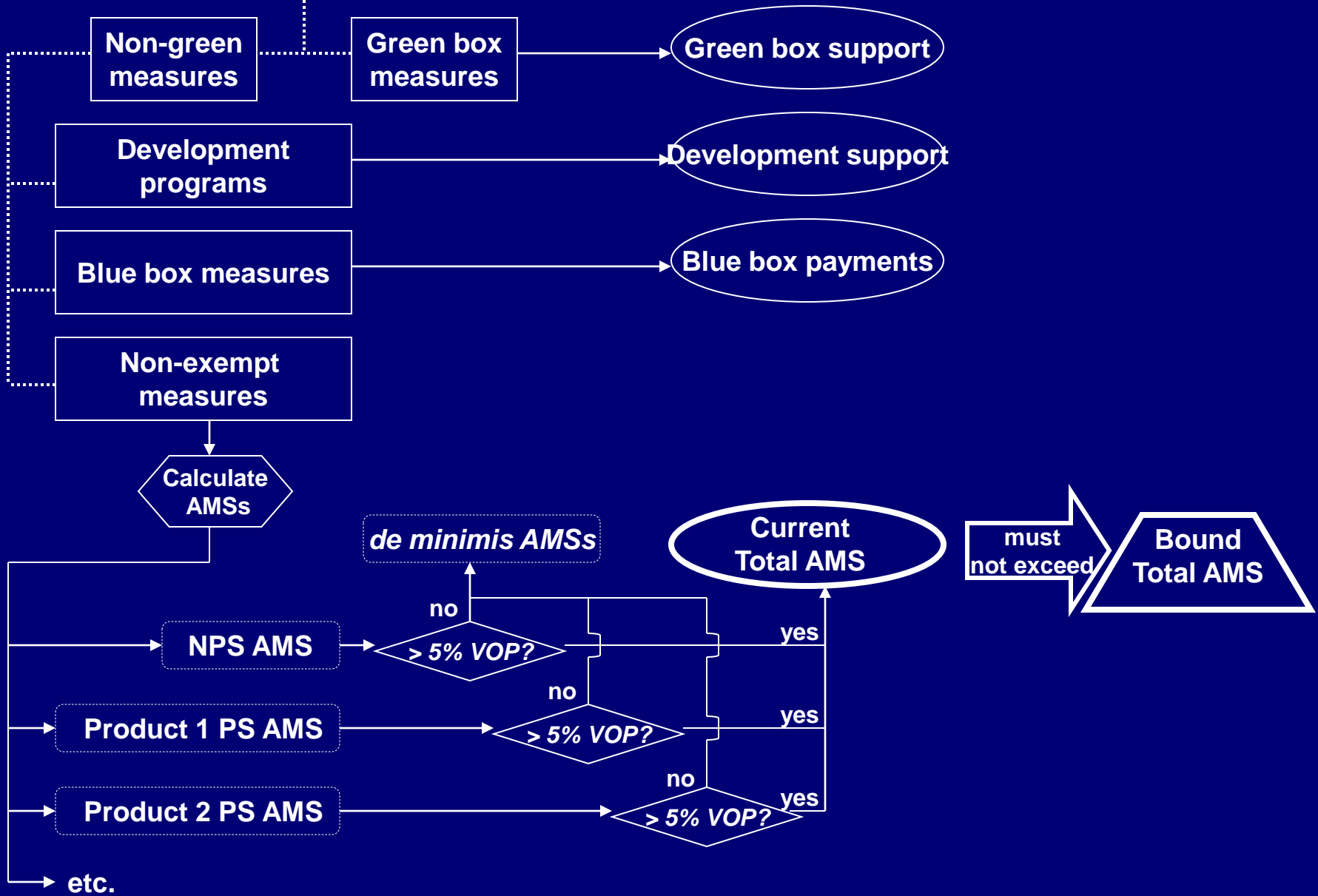
... measures in favor of agricultural producers



... measures in favor of agricultural producers



... measures in favor of agricultural producers



Schedule CLXV - THE RUSSIAN FEDERATION

PART IV - AGRICULTURAL PRODUCTS: COMMITMENTS LIMITING SUBSIDIZATION

(Article 3 of the Agreement on Agriculture)

SECTION I - Domestic Support: Total AMS Commitments

BASE TOTAL AMS	Annual and final bound commitment levels (Billion USD)							Relevant Supporting Tables and document reference
	2012	2013	2014	2015	2016	2017	2018	
1	2							3
	9.0	9.0	8.1	7.2	6.3	5.4	4.4	JOB/ACC/5/Rev.3

Source: WT/ACC/RUS/70/Add.1 page 806

– Russia's commitments and rules

- Bound Total AMS goes from \$9 billion to \$4.4 billion in 2018
 - \$8.1 billion in 2014
- 5% *de minimis* percentage
- Sum of all product-specific AMSs must not exceed 30% of the non-product-specific AMS

Example of reporting domestic support

– Russia in 2008

– One of three years in base period for WTO accession

– Green box support \$2.4 billion, mainly federal

– AMS support

- Dominated by non-product-specific AMS

- \$5.60 billion; slightly above *de minimis* threshold of \$4.96 billion

- Was not *de minimis*

- Sum of product-specific AMSs was only \$0.5 billion

- All were *de minimis* except \$0.058 billion

– 2008 Current Total AMS was \$5.7 billion

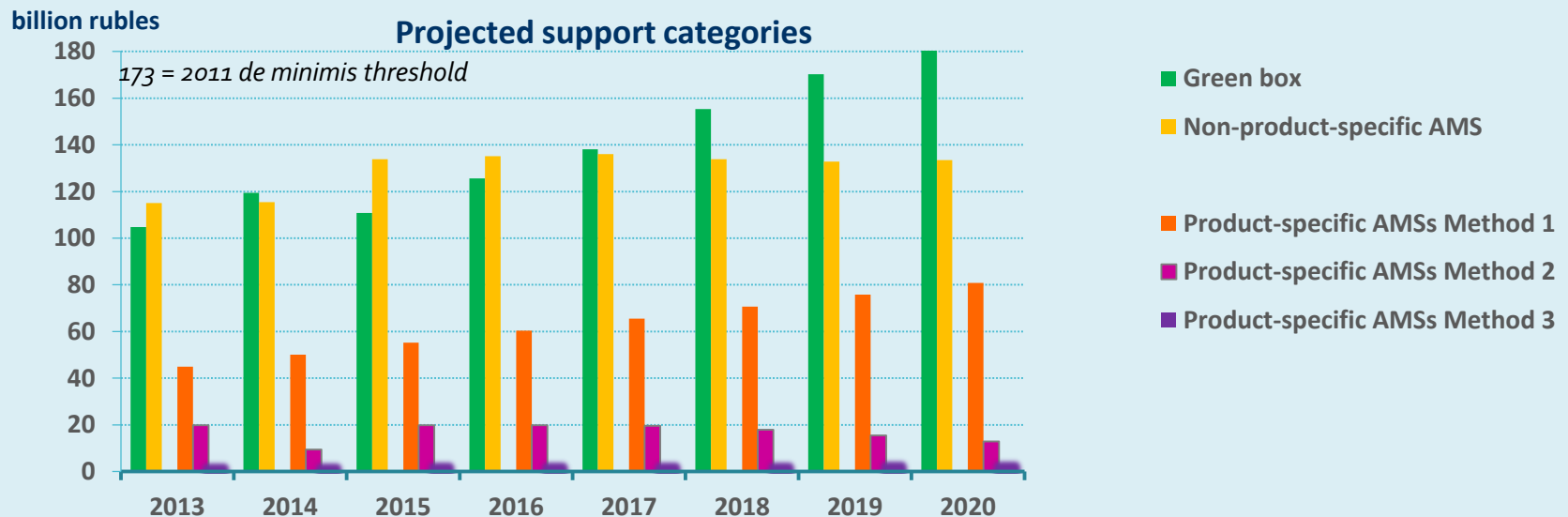
- Consisted almost entirely of non-product-specific AMS

2009 to 2012: large increases in support

- Some non-product-specific support saw large increases
 - Subsidized credit, fuel, chemicals, machinery
- Most other budgetary policies also increased support
 - Many kinds of ongoing budgetary support policies
 - Large new regional subsidies for costs in crops and livestock
- Adds to non-product-specific or product-specific AMSs?
- 2012 non-product-specific AMS possibly not *de minimis*
 - Value of production also increased from 2008 to 2012
 - But “only” 40% increase from 2008 to 2011 (FSSS; no data for 2012)

2013 to 2020: State Program

- Increasing federal budgetary support every year
- Also more regional support and regional co-financing
- Green box support to increase more than AMS support
- Larger *de minimis* thresholds for non-product-specific AMS



2013 to 2020 scenarios

- **Less emphasis on credit and input subsidies?**
 - **Non-product-specific AMS grows slowly or declines**

- **More producer payments?**
 - **Product-specific AMSs grow**
 - **Payment per hectare of sown area**
 - **Payment per liter of milk**

- **Sum of all product-specific AMSs: limit until 2018**
 - **Must not exceed 30% of non-product-specific AMS**
 - » **No *de minimis* exemption from this limit**
 - **May come into play if large increases in product-specific AMSs**

Managing 2013 to 2020 support

- **Green box allows many kinds of support policies**
 - No limit
 - General services and many kinds of payments
 - Must comply with policy-specific green box criteria
- **Non-product-specific AMS declines from policy shifts?**
 - May go below *de minimis* threshold, which was RUB 173 billion in 2011
 - If so, Bound Total AMS allows very large product-specific AMSs
- **Crucial roles of *de minimis* and values of production**
 - Often overlooked when assessing WTO Total AMS compliance

Thank you for your attention!

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