Agriculture and the WTO: An Indian Perspective

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In recent years, agriculture has emerged as one of the key areas under the World Trade Organization (WTO) discipline, especially for the developing countries. Two major factors have contributed to this development. First, the nature of benefits that developing countries expected from the introduction of the WTO discipline through the Agreement on Agriculture (AoA) have largely remained unmet. Second, a few key areas of the AoA that were to be reviewed in a comprehensive manner as a part of the built-in agenda of the WTO, have brought to light the conflicting interests of the members that have appeared during the past seven years.

The AoA was made an integral part of the WTO to get rid of domestic support mechanisms that distorted agricultural trade and promoted inefficient producers while discriminating against the more efficient ones. The agreement was thus meant to encourage traditional low cost producers of agricultural commodities against the financially powerful ones. The AoA sought binding commitments in three areas, viz. domestic support, export subsidies and market access. Besides, the AoA also had guidelines that were meant to ensure that the more vulnerable least developed and the net food importing countries get access to foodgrains in the form of grants or other concessions.

Several studies conducted in the past indicated that the results of the Uruguay Round negotiations of the General Agreement on Tariffs and Trade (GATT) in the agricultural sector would bring significant welfare gains for a number of developing countries. In various scenarios worked out by the analysts, developing countries as a whole were expected to witness major welfare gains[1]. It was argued that the reduction of subsidies coupled with lowering of market access barriers, would benefit the low cost producers in the developing countries to make major gains in the AoA-determined policy regime. However, in the decade since the AoA has been implemented, not only have developing country expectations remained largely unmet, there have also been several instances where developing country agriculture has suffered as international prices of major agricultural commodities have faced a downward pressure because of the burden of subsidies imposed by the countries belonging to the European Union[2] (henceforth, EU) and the US, in particular.

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[1]See for instance, A Brandao, W Marlin, "Implications of Agricultural Trade Liberalisation for Developing Countries", World Bank Working Paper, No. WPS 11/6, 1993.

[2] The WTO refers to the EU Member States as the European Communities, or the EC.

These emergent market conditions have assumed considerable importance in the negotiations for the review of the AoA that are being conducted as a part of the Doha Round. These negotiations were mandated to complete by the end of 2004, but differences between the major countries from both developed and the developing world, particularly in the area of agriculture, have made the outcome of these negotiations uncertain.

This paper tries to highlight the issues arising from the AoA from an Indian perspective. At the outset, the paper elaborates on the commitments that India had taken during the Uruguay Round negotiations in each of the three areas that constitute the discipline that the AoA imposes on the WTO Member countries, viz. domestic support, export subsidies and market access. The following section analyses the implementation of the AoA by the United States (US) and the EU and implications for the global agricultural markets. Section 3 gives an account of the on-going negotiations that are being conducted as a part of the Doha Round. The negotiating positions of the key countries are presented with a view to assessing the extent to which further reform of the markets for agricultural commodities would come about at the end of the current round of negotiations. The final section provides an account of the attempts that are being by the Chairman of the WTO Committee on Agriculture to break the impasse in the negotiations.

I. India's WTO Commitments in Agriculture

The WTO Agreement on Agriculture (AoA) marks the first attempt by the global community to address policy induced distortions that had afflicted agriculture sector. Towards this end, disciplines were introduced covering two areas: (i) subsidies and (ii) border protection measures. In case of the former, "domestic support" (production-related subsidies), which were seen as "market distorting", and export subsidies, were sought be reined in. The domestic support discipline introduced by the AoA had made the distinction between the so-called "trade distorting" and "non-trade distorting" subsides by introducing three sets of "Boxes". While the former set of subsidies, included in the "Amber Box", was subjected to various disciplines, the latter, identified as "Green" and the "Blue" Box measures, were not subjected to any discipline (see Appendix for a technical rendering of the subsidies discipline).

The border protection measures that the AoA focuses on are tariffs and quotas. While tariffs were expected to be bound, i.e. upper-limits were to be set; WTO Members were also allowed to introduce tariff-rate quotas by using which they could manage imports of agricultural commodities.

At the end of the Uruguay Round negotiations, India had agreed bound all its agricultural commodities, besides accepting the disciplines on domestic support and export subsidies. The details of the commitments taken by India are discussed below.

Market Access Commitments

India's tariff commitments in the agricultural sector involved binding of all commodities. The tariff bindings ranged from 100 per cent for the primary products to 300 per cent for edible oils. The tariff bindings offered by India have resulted in average bound tariffs of 117.2 per cent in 2006-07[3]. In fact, India's average bound tariffs on agricultural commodities went up from 94 per cent as in 1997[4] after India renegotiated tariffs on some products under Article XXVIII of GATT 1994. The rectifications and modifications of India's Schedule have resulted in changes in tariffs of a number of products[5]. These changes are, however, are not yet certified because of reservations raised. India has, nevertheless, pursuant to Article XXVIII:3 of GATT 1947 applied these higher rates[6].

The negotiations under Article XXVIII entered into by India resulted in the establishment of tariff rate quotas in four tariff lines, viz. maize (other than seed), milk powder, refined rape/mustard oil and sunflower or safflower seed oil. The details of the TRQs are given in Annex Table 1. The imports under the TRQs can be carried out by designation state-owned enterprises[7]. However, these enterprises would be undertaking the imports only on behalf of the actual users[8].

A feature of India's tariff commitments under the AoA is that in a large number of cases the final bound tariffs are considerably higher than their corresponding current applied tariffs. Annex Table 2 gives an indication of the distance between the applied and the bound tariffs for a set of major commodities.

The gap between the applied and bound tariffs is the highest for edible oils, the bound duties for which are as high as 300 per cent. Applied tariffs, on the other hand, are between 65 per cent for crude palm oil and 85 per cent for refined palm oil. However, for some of the major cereals, including wheat and rice, applied tariffs have been pegged close to the bound levels in order to protect Indian agriculture from cheap imports. Prices of these cereals in the international markets witnessed a slump in the late 1990s ostensibly because of high levels of subsidies granted by the US and the members of the EU. We shall indicate in a later section that the Agreement on Agriculture was unable to rein in the subsidies granted by the two major players in the markets for agricultural commodities, and this has become the focus of the on-going Doha Round negotiations.

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[3] WT/TPR/S/182/Rev.1, p. 38

[4] WT/TPR/S/33, p. 55

[5] Prominent among the products on which tariff bindings were increased are maize (2 tariff lines), rice (4 tariff lines), rape/mustard oil (2 tariff lines) and milk powder (2 tariff lines). Among the products whose tariff bindings were lowered are a range of fruits and olive oil.

[6] WT/TPR/S/100, p. 28.

[7] The quotas are placed at the disposal of the Agricultural and Processed Food Products Export Development Authority (APEDA) and are currently allocated to state trading companies, including the National Agricultural Cooperative Marketing Federation (NAFED), Minerals and Metals Trading Corporation (MMTC), State Trading Corporation (STC), the Project and Equipment Corporation (PEC) and State Cooperative Marketing Federations.

[8] Govt. of India, Ministry of Commerce and Industry, Public Notice No. 38/2002-2007, 4th October, 2002.

Domestic Support Commitments

India was not required to reduce its spending on farm subsidies since its current levels of spending are far below the limits set by the AoA (see Annex for a technical rendering of the domestic support discipline under the AoA). According to the AoA subsidies discipline, developing countries were expected to reduce their production-linked subsidies only if the annual outlay of the government (or revenue forgone) on subsidies exceeded 10 per cent of the value of agricultural production[9]. Annex table 10 gives the figures for total subsidies for India, calculated using the methodology provided by the AoA[10], during the years 1995-96 to 1997-98 are provided in the Annex Table 3.

India's total subsidies, or Aggregate Measure of Support (AMS), which was a large negative amount in 1995-96, subsequently reached positive territory. This was primarily because the product specific support, which took the form of market price support, was reported to have increased by more than US $ 26 billion between 1995-96 and 1996-97. In its first notification, India had indicated that its product specific support was extended to 11 commodities, while in the two subsequent years it was reported that only three commodities were receiving market price support. Besides rice and wheat, cotton was the only other commodity for which product specific support was reported. Furthermore, production eligible for support has sharply decreased from nearly 387.0 million tonnes in 1995-96 to nearly 23.0 million tonnes in 1996-97. In the following year, eligible production was reported to have increased to 28.5 million tonnes. Annex Table 4 gives the details.

The sharp reduction was on account of a change in the reporting system adopted by the Government under which the amount of grains procured by the state agencies was considered for reporting the extent of market price support that was provided. While in 1995-96, the entire production of the commodities for which product specific support was reported was included for the purposes of calculating the AMS, in the two subsequent years the quantity procured from the farmers was included in the AMS calculation. For instance, in case of rice the eligible quantity was decreased from about 81 million tonnes for 1995-96 to 13 million tonnes for 1996-97 and for wheat the corresponding figures were 64 and 9 respectively.

India provided non-product specific subsidy in the form of fertilizer subsidy, credit subsidy, subsidy on electricity, irrigation subsidy and subsidy on average supply of seeds. Subsidies on electricity declined by 42 per cent and that on irrigation subsidy fell by more than 86 per cent during the same period. Subsidy on average supply of seeds was only $ 0.62 million in 1997/8, a steep drop from $ 23.9 million in 1995/6. On the other hand, subsidies in case of fertilisers, the largest component of non-product specific subsidies, increased by about 28 per cent between 1995-96 and 1997-98. As a result of this increase in fertiliser subsidy, total non-product specific subsidy declined by only 15 per cent (Annex Table 5).

[9] The implementation period for developing countries was 10 years beginning from 1995.

[10] The AoA uses the concept of Aggregate Measure of Support (AMS) for disciplining the use of agricultural subsidies. See Annex for the details on AMS.

But while the non-product specific subsidies had decreased, the "Green Box" support provided by India increased by nearly a third during the period for which the data was provided (Annex Table 6). Subsides that can be provided to low income and resource poor farmers were also increased in this period (Annex Table 7). Quite clearly, thus, India was targeting its subsidies in a manner that would have taken care of the relatively neglected areas of its agricultural sector[11].

India's Exports Subsidies

India has not been a traditional user of export subsidies. The country did not extend any export subsidy during the period 1986-1990 that have been considered as the base years for the export subsidy discipline. Hence as per the provisions of the AoA, India cannot resort to export subsidisation in future though developed countries especially the US and the EU who had been providing extremely large export subsidies could continue with the same after meeting the reduction commitments. India, however, benefits from the S&D measure which allows developing countries to provide subsidies for internal transport, freight charges on export shipments, handling, upgrading and other processing costs relating to exports[12]. Export subsidies for costs of marketing exports of agricultural products and internal transport and freight charges are exempt from reduction commitments as per Articles 9.1(d) and 9.4. Hence export subsidies provided by India in the form of internal transport subsidies are exempt from reduction commitments. The internal transport subsidy extended by India was only in terms of international airfreight assistance.

India has notified to the WTO on export subsidies for the years 1996/97-2000/01. Internal transport subsidy was provided to five commodities/groups of commodities, viz. fresh fruits, fresh vegetables, plants and flowers, poultry products and cardamom. The first three commodity groups received subsidies in all the years for which data were presented, while cardamom received subsidies for only one year (see Annex Table 8 for details).

Total internal transport subsidies granted since 1996-97 increased to nearly US $ 4 million in 1996-97. In the subsequent years, however, subsides have declined and in 2000-01 the lowest level was reached at US $ 1.1 million.

While the budgetary outlays on this form of export subsidies decreased over time, the quantity of subsidised exports increased substantially in all products. In case of fresh fruits, quantity of subsidised exports increased from about 23,000 tonnes in 1996-97 to more than 110,000 tonnes in 2000-01. Fresh fruits and plants and flowers were the biggest beneficiaries, with subsidised exports increasing more than 4 times in case of the former and nearly 9 times in the latter.

It is quite evident from the above discussion that India did not take onerous obligations in the agricultural sector while assuming membership of the WTO. While the country retains the policy flexibility to provide farm subsidies, the tariff liberalisation commitments seem adequate to protect the major cereals. The latter aspect is particularly

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[11] The "Green Box" subsidies, particularly those that have been directed towards strengthening the rural infrastructure could not have come at a better time since the share of agriculture in the country's gross capital formation had reached the historically low level of 7 per cent in the late 1990s.

[12] These subsidies form a part of Articles 9.1(d) and (e).

significant for this policy instrument would allow the country to ensure that the objectives of food security and livelihood concerns are met. The fact that developing countries need appropriate instruments to address the twin issues of food security and livelihoods concerns has been highlighted by India along with several other countries in the on-going WTO negotiations on agriculture. This issue has assumed importance in view of the fact that the AoA has proved ineffective in the efforts to rein in the subsidies granted by the developed countries, as is evident from the manner in which the US and the EU have implemented their Uruguay Round commitments. The market distorting subsidies used by the two major players in the markets for agricultural commodities even after the implementation of their AoA commitments have put downward pressures on the prices of several commodities.

II. Implementation of the Commitments

The implementation of the commitments made by the WTO members, which is attempted in the sections below, would focus on the disciplines introduced in the three areas of the agricultural sector by the AoA, viz. domestic support, export subsidies and market access. As would be clear from the discussion below, making the disciplines introduced by the AoA effective remains a major challenge for the multilateral trading system.

Domestic Support Commitments

The implementation of the discipline on domestic support has to be seen largely from the perspective of the US and the EU, two of the larger players in the market for agricultural commodities. The analysis presented below is based on data obtained from the notifications on domestic support to the WTO Committee on Agriculture (Annex Tables 9-11).

The data provided by the US and the EU in their notifications to the Committee on Agriculture shows that domestic support extended by these two members of the WTO to their agricultural sector remained the highest among all WTO members in the period between 1995 and 2000-2001. In 2000/2001, for instance, the EU provided domestic support, which was close to US $ 79 billion, and in case of the US the figure was more than US $ 72 billion in 2001. But while the former had decreased their domestic support by more than 30 per cent in dollar terms in five years[13], the latter had increased this form of subsidies by almost 20 per cent.

Besides the difference in the overall trends as stated above, the allocation of subsidies of the US and the EU was also at variance. The US had increased its spending on the subsidies exempt from reduction commitments viz., "Green Box" measures, quite considerably during the first two years of implementation, and as a result, "Green Box" spending accounted for around 88 per cent of its domestic support. In the subsequent years, however, the share of "Green Box" spending came down to about 70 per cent of the total domestic support. In case of the EU, the share of "exempt" subsidies, i.e. "Green" and "Blue" Boxes put together, went up from nearly 44 per cent in 1995 to more than 50 per cent 2001. This, in other words, implies that both the US and the EU had

[13] The decrease was steeper in dollar terms because of depreciation of the Euro. In terms of the Euro, the EU reduced its domestic support by a mere 3 per cent between 1995 and 1999.

considerable flexibility in their use of production related subsidies in the WTO because of the high proportion of the subsidies that are not subjected to reduction commitments.

The large volumes of domestic support granted by the US and the EU have two interesting dimensions. The first is the extremely high levels of subsidies that farmers in these countries enjoy vis-à-vis as compared to their counterparts in the developing countries. The second is the fact that these countries have exercised considerable flexibility in the granting of subsidies, with a view to enhancing their market dominance.

The flexibility that the countries doling out large volumes of subsidies have under the AoA appears in the most striking manner in case of product specific support. These countries benefited in two ways. One, they were could declare allowed to include product specific support in the Aggregate Measure of Support (AMS) in aggregate terms, and two, they could exclude product specific support that was below the *de minimis* level of spending[14] from the AMS. The implications of these flexibilities are elucidated below.

The flexibility provided by the AoA that product specific support was to be declared in aggregate terms was used to good effect by the US to target the use of subsidises on products in which they had substantial export interests. Producers of four commodities in which the country has the largest share in the total exports, viz. corn, cotton, soybeans and wheat, benefited from very large increases in domestic support after 1997. This was particularly evident in corn and soybeans, commodities in which the share of US in the total global exports exceeded 50 per cent in the late-1990s; the increases in domestic support between 1995 and 2000 were nearly 8500 per cent and 22000 per cent respectively[15]. Support for soybeans continued to increase in the following year, while that for corn declined by over 50 per cent.

The largest proportionate increase in domestic support during the second half of the 1990s was witnessed in case of wheat, a commodity in which the US is the second largest producer having a 25 per cent share of global trade. Support for wheat increased from just less than US$ 5 million in 1995 to nearly US$ 974 million in 1999. Subsequently, however, support for wheat was reduced to below US $ 200 million.

In case of cotton, product specific support increased from just over US $32 million to 2.8 billion in 2001. Besides, the commodities mentioned above, product specific support granted to rice, a commodity in which US has started to emerge as a leading exporter, went up from US $11.6 million in 1995 to US $763 million in 2001.

In case of the EU, the product specific support was at high levels for a range of products, which included beef, sugar, butter and wheat, ever since the AoA discipline was introduced. In all these products, however, product specific support declined in terms of US dollar between 1995 and 1999[16]. Beef received product specific support of US $ 10 billion in 2000/2001, and this high level of support was recorded after the level of support

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[14]See Annex for details.

[15]In terms of US dollars, the increase in product specific support for corn was from US $ 32 million in 1995 to US $ 2.8 billion in 2000, while in case of soybeans the corresponding figures were US $ 16 million and US $ 3.6 billion in 2001.

[16] In two of these products, viz. wheat and butter, the product specific support went up in terms of the Euros.

extended in 1995 was reduced by almost 44 per cent. However, in terms of Euros support for beef declined by less than 20 per cent. Sugar, which was the largest recipient of product specific support after beef, also saw a decline in the level of support, although the level of reduction was much less in proportionate terms as compared to beef. Support for dairy products showed mixed tendencies, with butter registering an increase of more than 5 per cent in terms of Euros, while for skimmed milk powder a decrease of almost 17 per cent was registered.

The EU increased domestic support for common wheat by EUR 500 million, the largest increase for any single crop in absolute terms, between 1995/96 and 1998/99. This works out to an increase of 20 per cent since this WTO member started meeting its commitments under the AoA. Domestic support extended to maize increased by nearly 28 per cent during 1995/96 to 1999/2000 in terms of Euros. In both the commodities referred to above, prominent members of the Community, including France and Germany, have large trading interests. However, during 2000/2001, the levels of support for both these commodities were reduced.

It may be worth dwelling on the consequences of the increases in subsidies. Data available from the US show that the producers of the subsidised crops have been able to sell their produce well below the economic costs of production as well as the international prices. The subsidies have thus provided the US producers two sets of benefits. First, with US domestic prices staying below the international prices for the subsidised crops, the US producers have been provided protection from the competitors who would be selling only at the international prices. Secondly, US producers could dispose off their produce at prices lower than the international prices, thus gaining unfair advantage over their competitors. This phenomenon has been captured in Charts 1 and 2 where wheat and rice have been used as examples.

The second flexibility, one that allowed exclusion of subsidies below the *de minimis* levels from being included in the AMS, allowed the US to exclude more than US $ 7 billion of trade distorting support from its total AMS between 1999 and 2001 (the corresponding figure for the EU was between EUR 1-2 billion). In the year 2001, the *de minimis* spending was as much as 32 per cent of the Amber Box subsides that the US had provided (Annex Table 12).

The above discussion indicates that the two dominant players in the global market for agricultural commodities were targeting subsidies in a manner that provided them with additional advantage during a phase when markets have been opening in many developing countries. Several countries in India's neighbourhood have found it difficult to protect their markets from being penetrated by cheap imports, particularly from the US[17]. Developing countries have quite justifiably argued in the on-going negotiations in the Doha Round that the developed country subsidies must undergo drastic reduction before developing country tariffs are reduced. This dimension would be discussed in detail in a later section.

[17] Two of the most prominent cases are Indonesia and the Philippines. While the former's strong paddy economy has virtually collapsed since the domestic producers were unable to compete with the cheap imports, the corn producers in the Philippines have faced similar problems.

Analysis of the Implementation of Commitments relating to Export Competition

Disciplines in the area of export competition were intended to ensure that WTO Members are prevented from taking recourse to mechanisms for disposing off their surpluses in the international market. Accordingly, the AoA principally looks at three issues under the rubric of export competition. These are: (i) export subsidies, (ii) international food aid and (iii) export credit and guarantees. The AoA, at present, provides clear disciplines in respect of export subsidies, while the disciplines in respect of the other two dimensions of export competition are not covered by an effective discipline. This has resulted in several problems, which are enumerated below.

Data on export subsidies presented in Annex Tables 14 and 15 for the two largest players in the global agricultural trade show that the EU has used export subsidies relatively more extensively to gain additional market access in agricultural commodities as compared to the US. However, while the EU has decreased the use of its export subsidies by more than 60 per cent during 1995-96 and 2000-01, the US has increased this form of subsidies. The latter targeted the use of export subsidies in respect of three products, viz. poultry meat, skim milk powder and cheese, which went up from US $ 28,000 in 1995 to US $ 15 million in 2000. The wide fluctuations in the use of export subsidies for each of the products were the common feature. Thus, the subsidies on skimmed milk powder varied between nearly US $ 17,000 and US $ 133 million, granted for poultry meat was between zero and US $ 6 million. This implies that the use of export subsidies by the US had the potential to cause very large uncertainties in the international markets since the surplus that it was disposing varied quite considerably across years.

Surplus disposal had become an easy option for the WTO Members in the absence of an effective discipline on food aid. Data presented in Annex Table 16 shows the extent to which the US and the EU were using food aid. The US used food aid as an instrument for disposing off its farm output most extensively. Food aid in the form of wheat, rice and vegetable oils increased substantially during the period 1995 to 1999. Although wheat was the largest component of food aid throughout the period, rice and vegetable oils given out as food aid registered the sharpest increases over the period. However, it is the wide fluctuations in the grant of food aid that the US displays which is the major source of problem for the markets. Food aid granted in the form of wheat fluctuated between 1.5 million tonnes to 5.3 million tonnes. This trend in rising food aid has been maintained in the subsequent years as well given that the USDA had continued to increase allocations for these activities (Annex Table 17).

A number of developing countries have challenged the position held by some of the industrialized countries that subsidized exports of food grains are beneficial to the net food-importing developing countries (NFIDCs), since the beneficiaries have access to cheap imports[18]. These countries have argued that trade promotion through export subsidies causes increasing food insecurity in developing countries. This argument, according to the countries presenting this viewpoint, is fallacious, as heavy dependence on imports of subsidized food can cause serious financial difficulties due to a more vulnerable balance-of-payments situation, regardless of the price of food. These

[18] See for instance WTO. 2000a.

countries have argued that effective solutions to the food security problem of NFIDCs can be achieved only if the domestic production capacities are strengthened in the import-dependent countries. For this to happen, paragraph 3(iii) of the 'Ministerial Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and the Net Food Importing Developing Countries' have to be put into effect. The paragraph in question instructs WTO member countries to facilitate technical and financial assistance to the least developed countries (LDCs) and NFIDCs so as to 'improve their agricultural productivity and infrastructure'.

It has been pointed out that the food aid mechanism mainly protects the immediate objectives of the donor countries while ignoring the longer term interests of the recipient countries. Thus, food aid may adversely affect the incentive to carry out the policies that would foster agricultural development in the recipient countries. The inability of countries to reduce their food insecurity could in fact be attributed to the international food aid mechanisms[19].

Apart from food aid there is another interesting aspect of US foreign trade policy which is aimed at promoting exports. As per the AoA only the funding and scope of direct subsidy programs are subjected to the limits and therefore the export credit and credit guarantee program which is an important area need to be given more attention seems to be neglected or underestimated.

The Export Credit and Export Credit Guarantee Program provide support for agricultural exports to other countries though the provisions of credit guarantees to importers who seek defer payments for the goods received. The credit provided by the exporter or the third party thus boosts exports by creating more incentive for the importing country to import. Available data show that close to $34 billion in agricultural exports have taken place from the US during 1993-2002 which have been covered under export credit guarantee program[20].

Two issues need to be pointed out in the context of the discussions in the foregoing. The first is that the major players have taken recourse to domestic support for providing their producers favourable conditions for exploiting the global agricultural markets. Export subsidies have become a less favoured option for even the EU, the largest user of export subsidies. The second issue that should be mentioned is that the lack of an effective discipline in respect of international food aid and export credit and guarantees have been used by the US in particular for disposing off their surpluses. This has drawn the attention of several countries that have asked for a re-look at the food aid programmes and as also those relating to export credit and guarantees during the on-going review of the AoA.

Market Access Commitments

As in the case of the subsidies discipline, the market access commitments taken by countries in the agricultural sector represent a considerable degree of variation across countries. Although the Uruguay Round negotiations took a major step to rein in the tariffs, it remains only as small first step as shall be explained below.

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[19] See Huff and Jimenez. 2003 and Barrett and Maxwell. 2004.
[20] Oxfam. 2003.

There are two reasons for this situation. The first is that tariffs in agricultural sector have remained at relatively high levels in many WTO Members, even after the enforcement of the AoA discipline. The second factor relates to the implementation of the tariff rate quotas, which has been a problem area as far as the AoA discipline is concerned.

Tariffs

At least three concerns regarding the tariff structures that have emerged after the Uruguay Round negotiations need to be flagged. These are: (i) existence of tariff peaks, (ii) tariff escalation and (iii) the use of non-ad valorem tariffs. The last mentioned has a particular influence on market access prospects due to its inherent non-transparent nature. The following discussion provides the details.

In respect of the bound tariffs, the problem of peaks seems a bigger problem in case of the advanced developing countries. South Africa's tariff peak of 597 per cent and India's 300 per cent resulted in an average of the peaks of more than 210 per cent for these countries, which was much above the 177 per cent observed for the OECD countries. This is notwithstanding the fact that Korea had a bound tariff of 887 per cent, while the US and Canada had maximum bound tariffs of 350 per cent and 238 per cent respectively (Annex Tables 18-21). It is interesting to note in this context that in most OECD countries average agricultural tariffs are higher than non-agricultural tariffs, with rates on some agricultural products exceeding 500 per cent[21].

However in case of applied tariffs, the average of the peaks for the OECD countries was considerably higher. Peak tariffs retained by Korea, Poland and Norway, besides the US and Canada influenced the high average peak for this set of countries as compared to the advanced developing countries.

Tariff escalation seems to be problem that exists across WTO members, irrespective of their stage of development[22]. This observation can be made by looking at the levels of tariff protection that countries provide to products as they go up the processing chain. Thus, while for the North American countries tariff escalation was observed in animal and animal products, vegetable and vegetable products, sugar and sweeteners and tobacco and tobacco products, for the South Asian countries, grains and grain products and oil seeds and products thereof are the two most affected groups in terms of tariff escalation. As regards the product groups that were most affected because of tariff escalations, meat and meat products and grains and grain products were among the more prominent.

It has been observed that the structure of agricultural tariffs has become more complex, especially in the case of the developed countries, because of an increase in the number of tariff lines to accommodate different tariffs applicable to the same product, such as seasonal, in-quota and above-quota tariffs, and the more frequent use of non-ad valorem tariffs[23]. Non-ad valorem tariffs were used to conceal the high tariffs maintained by countries using them. Thus, for the US, the ad valorem equivalent of non-ad valorem tariffs was found to be bound at a level as high as 440 per cent, while the maximum tariff

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[21] OECD 2001.

[22] Tariff bindings were taken for the exercise. For details see USDA, Profiles of Tariffs in Global Agricultural Markets, AER-796.

[23] UNCTAD 1999.

binding in ad valorem terms was 193 per cent. In case of the EU, the corresponding figures were 408 per cent and 117 per cent respectively. Annex Tables 22 and 23 compare the tariff bindings in respect of the ad valorem and non-ad valorem tariffs for the US and the EU.

Annex Table 24 shows the use of non-ad valorem tariffs in respect of agricultural products for a select set of WTO Member countries. It is interesting to note that most of the countries having very large reliance on non-ad valorem tariffs are from the developed world. In fact, the US and the EU use non-ad valorem tariffs in just less than half of the total agricultural tariff lines, while in case of Switzerland 89 per cent of the agricultural tariff lines have non-ad valorem tariffs. There are a number of reasons for the use of non ad-valorem tariffs. These include the increased protection that a non-ad valorem tax can provide against large drops in import prices and the lack of transparency associated with these rates, which helps conceal the level of protection being provided[24]. The use of non-ad valorem tariffs has been pointed by several developing countries as one of the key problems in securing additional market access in the major markets[25].

Tariff Rate Quotas

The implementation of the TRQs during 1995-2000 revealed that countries resorted to two types of TRQ allocations: a global TRQ or a country-specific TRQ. Under the global TRQ, all members of the WTO are free to compete for access to the quantity offered by the importing country. Since there is no pre-determination of where the commodity to be imported will be originating from, the importing country administers the quota. The country-specific quotas, on the other hand, provide a degree of predictability to both the importing and the exporting countries involved in the transactions. In this case, however, either of the countries can administer the quotas in order to obtain the quota rents. This form of administration of TRQs was used by most of the major industrialised countries. However, only 10 of the 37 countries that opened TRQs for 1995 opted to offer the quotas to specific countries.

The more controversial among the methods of implementation of import licensing provisions is the one that is based on auctioning. One of the major disadvantages of the auctioning system stems from the ease with which it can be manipulated. Producer groups can conceivably purchase all or part of the available licences with the intention of ensuring that imports do not take place.

The implementation of the TRQs was beset with two sets of problems. The first arises from the fact that countries were been transparent in establishing the basis for their quota commitments. The second, and possibly the more significant, is the fact that a sizeable proportion of the quotas remained unfilled. For all commodities taken together, the average fill rate was 64 per cent in 1995 and in 2000; it had fallen to 44 per cent (Annex Table 25). Among the major countries that had shown tardy implementation of the quota commitments was the US from the industrialised world and Malaysia and Thailand from the developing world.

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[24] Gibson et. al. 2001.

[25] See for instance Indonesia's statement to the Committee on Agriculture, WTO. 2000b.

One of the features of the implementation of the TRQs is that unfilled quotas were the largest in case of commodities in which the importing country had a strong domestic interest. In 1997, for instance, the EU filled only about 8 per cent of its quota commitment in wheat, while Thailand met 0.07 per cent its quota commitment in rice[26]. Considering that in several developing countries, including the Philippines, domestic farmers faced unfair competition arising from the TRQ imports, the non-fulfilment of its quota commitment by Thailand may well have been beneficial to the domestic rice producers.

The foregoing clearly points to the fact that the AoA is beset with two sets of problems. In the first instance, the Agreement has an inherent imbalance, reflection of can be seen from the fact that the countries using large volumes of subsidies (largely belonging to the industrialised world) can maintain subsidies at much higher levels compared to those that do not use subsidies much. Most of the developing countries find themselves in the latter category. The second and perhaps the more important dimension is the tardy implementation of their commitments by the larger players like the US and the EU. As a result, the primary objective of the AoA, viz. getting rid of the market distorting policies has not been met. Developing countries, many of which were anticipating significant gains for their farming communities at the end of the Uruguay Round negotiations now find that not only have they not been able to reap any benefits, domestic agriculture in these countries faces threat from cheap imports as international prices for major commodities have been sticky at low levels since the mid-1990s. In several countries in the Asia Pacific region, threat to food security and livelihoods has emerged as areas of concern following the lowering of tariff protection. The following section discusses this aspect of the problem.

III. Negotiations for the Review of the AoA

This section has two parts. At the outset, a brief account of the mandate, which spells out the guideposts for the on-going negotiations for the review of the AoA, is provided. In the second part, an attempt is made to capture the negotiating dynamics, as it has been unfolding since the post-Doha negotiations have been initiated.

The negotiating mandate

The negotiations for the review of AoA are part of the built-in agenda, the mandate for which has been provided in Article 20 of the Agreement. The negotiating mandate provided in Article 20 of the AoA was further elaborated in the Doha Ministerial Declaration (DMD) of November 2001. In the first instance, the mandate was set in the backdrop of the "long-term objective" of the AoA, which, as stated in the preamble of the Agreement "is to provide for *substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets*" (emphasis added). The DMD reflected the commitment of the WTO Members to engage in "comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-

[26] In 2002, Thailand's fill rate in case of rice was 0.2 per cent.

distorting domestic support". It was further agreed "that *special and differential treatment for developing countries shall be an integral part of all elements of the negotiations* and shall be embodied in the Schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, *so as to be operationally effective* and to *enable developing countries to effectively take account of their development needs, including food security and rural development*"[27]. Members had thus clearly expressed their intent to rid agricultural markets of the distortions, while at the same time recognising the need to respond to the imperatives of food security and livelihoods, the two key concerns for the developing countries.

The Negotiating Dynamics

The negotiations on agriculture have witnessed two clearly identifiable phases since the post-Doha confabulations began. The first phase was the period till the end of July 2003, which saw negotiations taking place between two groups of countries whose alignment was based on clearly defined positions. In the subsequent period, four groups of countries have figured prominently in the negotiations[28]. With the groups being equally divided between the developed and the developing country members, this development represents the differentiations in the interests that exist in respect of both sets of countries.

In the first phase of the post-Doha negotiations, countries with defensive interests were aligned with the European Union. This group of countries, the prominent among which were Japan, Korea and Switzerland, were supported by a number of significant developing countries led by India. These countries were primarily interested in keeping their agricultural markets protected using reasonably high levels of border protection. Some among this group were also keen to maintain their relatively high levels of subsidies in place. In other words, the countries having defensive interests were not looking for significant changes in the prevailing policy regime governing the agricultural sector, particularly in relation to tariffs. These countries favoured the Uruguay Round approach of average cut and a minimum cut per tariff line. That a number of developing countries were willing to be in this group appeared to have struck a discordant note with many observers. This was on account of two compelling reasons. The first arose from the fact that most of the developing countries had submitted to the Committee on Agriculture that the high subsidies granted by the developed countries, in particular the US and the European Union, had prevented them from realising the projected gains from the agriculture sector since the AoA discipline was introduced. The second point that developing countries had made during the negotiations was that they had little access to developed country markets on account of the market access impediments. Existence of high tariffs and tariff escalations in areas of export interest to developing countries, coupled with the discriminatory implementation of tariff rate quotas were among the evidence that these countries were able to produce in support of their views. But eventually the fact that they were getting the comfort of lower levels of tariff cuts themselves seems to have kept the group together.

[27] WTO 2001a, paragraph 13.
[28] See Annex I for details.

The second group of countries represented those that were primarily interested in obtaining additional market access through a rapid decline in the levels of tariffs. As has been witnessed in the past, this group was informally led by the US, with the Cairns Group countries providing active support. These countries argued that the tariff reductions should follow the tariff harmonisation approach (better known as the "Swiss formula") with the US proposing that a coefficient of 25 should be adopted. Interestingly, although a number of the Cairns Group countries had argued that the Article 20 review on AoA should be aimed at reduction and an eventual elimination of trade distorting forms of subsidies, in most of the post-Doha confabulations, these countries showed considerable reluctance to address the issue of distortions caused in the market for agricultural commodities by the large volumes of subsidies granted by the two largest players as negotiations progressed.

Market access was thus the only issue on which the negotiations on the review of AoA focused. Comprehensive reforms in the agricultural policies world-wide remained nothing more than a reference point for the conduct of the negotiations. This focus was in fact reinforced by the then Chairman of the Committee on Agriculture, Stuart Harbinson, in the draft modalities paper that he had prepared under his own responsibility. The Harbinson modalities made considerable efforts at ensuring that more than the minimal changes are effected in the tariff regime. The developing countries were provided an additional dispensation, which would have allowed them to provide higher levels of protection to commodities that are critical from the point of view of food security, livelihoods and rural development. But at the same time, the subsidies regime was left largely unaffected. While on the one hand, developed countries were allowed to maintain the existing levels of agricultural subsidies, the developing countries were also allowed the space to provide assistance to the resource-poor farmers.

With the extreme positions taken by the US and the European Union becoming the sticking point not only for the agricultural negotiations but also for the Doha Development Agenda, the membership of the WTO urged the two members to find a common ground in order that an efficacious solution was found before the Cancun Ministerial Conference was held[29]. A common ground was worked out by the US and the European Union on the market access issue and on the issue of subsidies[30]. While in case of market access, the US and the EU argued for steep reduction in subsides, preferred a combination of the Uruguay Round approach of average tariff cuts and the tariff harmonisation approach, in case of the domestic support, both these members of the WTO found comfort while proposing that the existing discipline would not undergo major changes.

This compromise between US and the European Union signalled coalition-building efforts among the developing countries resulting in the formation of the G-20. The base paper, which marked the emergence of this group of developing countries, had one important feature – it looked at the agriculture negotiations in the WTO for bringing

[29] This mandate was given at the conclusion of the Montreal WTO mini-ministerial meeting in late July, 2003, to the two trading partners to work out a joint paper on agriculture. For details see, European Commission 2003.
[30] WTO 2003d.

about comprehensive reform in the agriculture sector world-wide[31]. The focus of the interventions made by the prominent members of this group, including China, Brazil, South Africa and India, was that the major distortions created by the subsidies' regime in some of the more prominent members of the WTO have to be significantly reduced in keeping with the Doha negotiating mandate. Besides the trade distorting forms of support, the G-20 countries also argued that several forms of "green box", including those involving direct payments should be, as appropriate, capped and/or reduced. This proposal was quite significant given the tendency shown by the US, in particular, to shift the subsidies away from the categories that were under the WTO scrutiny to those that were included in the "green box".

On the issue of market access, the G-20 proposed that higher tariffs should be subjected to deeper cuts. Developing countries would be required to cut their tariffs at levels lower than their developed country counterparts, which was in keeping with the principle of special and differential treatment.

One of the key elements of the G-20 proposal was that the special needs of the developing countries should be addressed in the revised AoA. Taking a cue from the Harbinson modalities, the G-20 countries argued that products that are critical from the viewpoint of rural development and food security needs should be identified as Special Products (SPs), and that these products would be subjected to lower tariff cuts. Besides, the group also proposed that a Special Safeguard Mechanism (SSM) should be introduced which would allow developing countries to counter anticipated or actual import surges. The SPs and the SSM were seen by the developing countries as measures that would help them in protecting the vulnerable sections amongst their farm population from the uncertainties of the global marketplace, which were compounded by the high subsidies granted by the US and the EU, in particular.

The operational basis for the SPs has been provided by the G-33 countries. Coordinated by Indonesia, the G-33 has argued that developing countries must have the flexibility to "self-designate" at least 20 per cent of the tariff lines notified in their schedule of commitments as SPs. The SPs would be Furthermore, there would be no tariff cuts on 50 per cent of the identified SPs, and that the maximum tariff reduction in case of SPs would be 10 per cent[32]. At the same time, the G-33 has put on the table a set of indicators which can be used for identifying SPs.

It may be argued that the proposal of the G-20 countries on the modalities of the agriculture negotiations stands to reason on account of the fact that the tariff reductions of the kind that the US and the EU have been expecting can be possible only after distortions caused by the subsidies are substantially reduced in the markets for agricultural commodities. The large doses of subsidies provided by the US and the EU in particular, which was discussed at length in an earlier part of the paper, have given rise to uncertainties in the markets in respect of the movement of the prices. At the same time, the proposal insisted that concrete measures such as lower tariff cuts SPs and SSM had to be provided for in the revised AoA so that some of the key concerns of the developing

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[31] WTO 2003e.
[32] WTO. 2006c.

countries, in particular those related to food security and livelihoods, are addressed effectively.

IV. The Current State of Play

The Sixth WTO Ministerial Conference held in Hong Kong in 2005 was held in the backdrop of almost irreconcilable differences between the developed countries (read, the US and the Members of the EU) on the one hand, and the developing countries, now organised in as the G-20 and the G-33. However, the Ministerial Declaration adopted at the end of the Hong Kong Conference saw a broad agreement emerging among the WTO Member States on framework for reforming agricultural policies.

The proposed framework included several key proposals of made by the G-20 and the G-33 countries. For instance, WTO Members agreed that developing countries would "have the flexibility to self-designate an appropriate number of tariff lines as SPs guided by indicators based on the criteria of food security, livelihood security and rural development". Furthermore, WTO Members were in agreement that "developing country Members will also have the right to have recourse to a Special Safeguard Mechanism …"

As regards domestic support, there was unanimity of views that all forms of trade distorting support, including the "blue box" payments should be disciplined. This was reflected in the decision to introduce discipline on the Overall Trade-Distorting Domestic Support (OTDS), and this discipline was to be applied for individual commodities as well. The decision to target product-specific subsidies was important given the fact that the US and the EU were targeting the use of domestic support on products of export interest to them - a point that was made in an earlier section.

In case of export competition, the only indication of any definite movement was seen in case of export subsidies. There was an agreement to eliminate export subsidies, but the end date for the elimination of export subsidies was pushed back to 2013, largely at the insistence of the EU.

The post-Hong Kong negotiations were expected to bring greater clarity on the nature of disciplines that would be introduced at the end of the current round of negotiations. But wide differences between the major players involved in the negotiations, viz. the US and the EU on the one hand, and the G-20 and G-33 groups of developing countries on the other, have stymied the progress of the negotiations.

In recent months, the Chairman of the WTO Committee on Agriculture, Crawford Falconer, has made several attempts to resolve the differences by putting before the Members compromise proposals on the critical issues of domestic support and market access[33].

The dynamics of the negotiations would suggest that the credibility of the Falconer proposals depend essentially on the extent to which they can to address three critical issues, viz. (i) the extent to which domestic support granted by the US is reined in, (ii) the coverage of SPs, and (iii) the average reduction of tariffs.

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[33] See, WTO. 2007a and WTO. 2007b.

The first test for the Falconer proposals would be their ability to force the US to effect sharp reduction in its OTDS at the end of the current round of negotiations. In fact, most countries in the developing world would like to see US reduce OTDS from US $ 22 billion in 2001 to below US $ 15 billion. This ambition, according to Falconer, "is not inconceivable, but it would be a real stretch in negotiating terms". In other words, Falconer seems to be suggesting that the US would be willing to reduce its trade distorting support only if it was offered market access opportunities through deep cuts in tariffs. But the real benefits for the US, and to a lesser extent the EU, would arise from the ambivalence shown by the Chairman of the Committee on Agriculture in addressing the issue of review of the "green box" measures. As indicated in an earlier discussion, both the US and the EU have been re-orienting their farm support programmes by relying increasingly on the "green box" measures, This phenomena has rendered the domestic support disciplines introduced by the AoA largely ineffective in curbing the subsidy granting ability of the two major players in global agricultural markets.

From the viewpoint of most developing countries the market access proposals of Falconer would be of particular interest. In this context, the issue of SPs assumes particular significance. The Falconer proposals have not dwelled on the coverage of SPs, which is a reflection of the deep divide between the US and the G-30/G-33 groups of countries. It was mentioned earlier that G-33 has argued that developing countries should be able to declare at least 20 per cent of their tariff lines as SPs. If this proposal were to be accepted, India would have been able to designate at least 140 tariff lines as SPs. In sharp contrast, the US has proposed that "SP designation" should be "limited to no more than 5 tariff lines at the detailed duty level"[34]. This viewpoint has found support with some of the agricultural exporting countries in the developing world, including Thailand[35].

It is clear from the above discussion that agriculture negotiations in the WTO are far from reaching a phase when the modalities for further commitments can be given a final shape. While the G-20 has been arguing strongly in support of a parallelism between subsidies and tariffs, indicating thereby that progress on tariff reduction can only be made if there is a substantial commitment from the large subsidy-granting countries to rein in their subsidies, the latter have not been quite as keen to accept additional disciplines on subsidies. The experience of implementation of the AoA, described in an earlier section, does support the view that the developing countries have taken in the negotiations.

V. A Way Forward

This paper tried to provide an Indian perspective on the WTO and the agricultural sector. Agricultural trade liberalisation has been a contentious issue ever since the WTO embarked on the task of establishing a binding set of rules that the member countries of the organisation had negotiated during the Uruguay Round negotiations of the GATT. Most of the critical comments on the Agreement on Agriculture (AoA), which had set the ground rules for the WTO Members in agriculture, came from the developing countries. India was among the more vocal developing countries that pointed out that the developed countries had not implemented the AoA in the spirit in which it was negotiated. While the

[34] WTO. 2006b.
[35] WTO. 2006a.

agreement among the then GATT Contracting Parties was that the policy distortions in agriculture caused by the subsidy regimes and other border protection measures that they had put in place, the AoA had too many loopholes that the larger trading countries had taken advantage of. Our endeavour in this paper was to indicate the nature of implementation of the AoA by the developed countries, in particular the US and the EU Member states.

Since 2002, the WTO Members have been engaged in re-working the principles on which the AoA has been established. While the long term objective that the WTO Members has been to ensure that the markets for agricultural commodities are cleansed of the market distorting policies, the developing country Members of the organisations have argued for the introduction of appropriate instruments in the AoA that would address their critical concerns of food security and protection of livelihoods of the disadvantaged sections of the peasantry.

The paper tried to highlight the point that there are significant differences between the various groups of countries that have been actively participating in the agriculture negotiations. The participation of a very large number of developing countries has added a dimension that was not witnessed in multilateral trading system before the post Uruguay Round confabulations began. And, it is this dimension that raises immense possibilities for the developing countries to negotiate in a coordinated manner as they try to make the AoA work better to meet their interests.

It may be argued that the confabulations amongst developing countries that have taken place during much of the past two years, particularly in G-20 and G-33 forums, can be the basis for a much wider consensus on issues affecting the developing countries. The developing and the least-developed countries need to adopt a twin strategy to meet the challenges that they face in a global regime that is focusing on opening of markets for agricultural commodities.

In the first instance, they would have to insist that the large players in the agricultural markets reduce and eventually eliminate the subsidies that they are granting to their farm sectors. As was indicated earlier, such a measure would get the "prices right" and this would in turn enable developing country producers to secure a larger share in the global markets. In fact, many developing countries like the Philippines and Indonesia, whose agriculture has suffered because the farmers could not compete with the low-priced imports and had become net food importers, can reverse their fortunes in the market which would be free from the distortionary policies[36].

While many developing countries are likely to benefit from the distortion-free agricultural markets which would take shape if "effective" trade liberalisation is ensured, there are several other countries whose farm sector may need a degree of protection to address concerns relating to food security and protection of livelihoods. Countries that would otherwise gain from the distortion-free markets as indicated above may also have to adopt similar measures before the subsidies are eventually eliminated. In other words, in the short-term developing countries would have to ensure that the revised AoA addresses their core concerns of food and livelihood security.

[36] Dhar. 2006.

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Appendix

The Agreement on Agriculture identifies three categories of domestic support measures[37], each subjected to a specific discipline. Spending in respect of only one among these categories was reined-in, i.e., limits were imposed on the use of these subsidies. In respect of the two other categories, there were no limits on the spending by the WTO Members. The reason for not imposing spending limits on the latter two categories was that they caused little or at most, a minimal impact on trade.

Farm support measures whose spending was put under specific limits were included in the "Amber Box". Among the categories of subsidies exempted from reductions, the first includes so-called "Blue Box" measures. These are the support measures which, though exempt from the reduction commitments, are conditionally actionable. The deficiency payments made, at present, most prominently by the European Union and to a lesser extent by the US, fall into the second category. This form of support, the provisions of which are given in Article 6.5, involves payments to producers under production-limiting programmes based on fixed area, fixed crop yields and fixed heads of livestock.

The second category of exempt support measures includes the so-called "green-box" measures, measures that are not subjected to any reduction commitments. The "green box" measures include several categories of government spending on agriculture. The first of these include programmes that provide services or benefits to agriculture or the rural community and can include spending on: (i) research, including those in connection with the environment or development of particular products, (ii) pest and disease control, (iii) training services, (iv) extension and advisory services, (v) inspection services, (vi) marketing and promotion services, and (vii) infrastructural services. The second category of "green box" measures is public stockholding for production security purposes. Such measures could include "expenditures (or revenue foregone) in relation to the accumulation and holding stocks of products which form an integral part of a food security programme identified in the national legislation". This can include government assistance to private storage of products as a part of a food security programme. However, all such operations have to be conducted subject to three conditions: (i) the volume and accumulation of such stocks will have to correspond to predetermined targets in relation solely to food security, (ii) the process of stock accumulation and disposal has to be financially transparent, and (iii) food purchases by the government will have to be made at current market prices and sales from food security stocks will have to be made at no less than the prevailing domestic market price for the product and quality in question.

An additional condition that accompanies the administration of public stockholding for food security purposes is that if the stocks of foodstuffs for food security purposes are acquired and released at administered prices, the difference between the acquisition price and the external reference price will have to be accounted for in the AMS. External reference price for the purposes of AoA is the average f.o.b. unit value for basic

[37] The Agreement further provides that the AMS will have to include not only budgetary outlays, but also revenue foregone by the Government and its agents. Additionally, the subsidy-discipline stipulates that support provided to agriculture both at national and sub-national levels is to be taken into account. This last mentioned proviso is ostensibly aimed at including price support granted by federal governments in some countries.

agricultural product in case of a net food exporting country and the average c.i.f. unit value for the basic agricultural product concerned in a net food importing country. This, in other words, implies that part of the spending on food subsidy could find itself into the AMS if the administrative price moves to higher levels than the external reference price in case of the foodstuffs that are covered by the food security measures.

A third component of the "green box" measures is the discipline pertaining to domestic food aid. The relevant provision in this respect provides for targeting of domestic food aid based on clearly defined criteria related to nutritional objectives. Food aid can be provided either directly to the eligible cross-section of the population or in the form of means to allow those eligible to buy food at market or subsidised prices.

Among the most contentious of the "green box" payments is "decoupled income support". This form of payment is included in the "green box" for it is not linked to the current levels of prices or output. Eligibility for payments should "be determined by clearly-defined criteria, such as income, status as a producer or landowner, factor use or production level in a defined and fixed base period". The use of a "defined and fixed" base period, as well as additional requirements that payments cannot be related to production, domestic or international prices, or factors of production in any year following the base period and that payments cannot be contingent on production, are being considered as important mechanisms for weakening the linkages between income support and production. The logic behind inclusion of the decoupled income support in the exempt categories of subsidies has been that since direct payments are based on a past, fixed base period, the producers cannot influence the size of the payment through current behaviour and their current production decisions will only be based on market considerations.

Also included in the "green box" are: (i) government spending on income insurance and income safety-net programmes and relief from natural disasters; (ii) structural adjustment assistance provided through (a) producer retirement programmes, (b) resource retirement programmes and (c) investment aids; and (iii) Payments under (a) environmental programmes and (b) regional assistance programmes.

Under the AoA, domestic support discipline is enforced on the based on the Aggregate Measurement of Support (AMS) provided by each of the WTO Members. The AMS is defined as a sum total of all forms of "amber box" measures, and includes both product specific and non-product specific support. Product specific support for a commodity is calculated by taking into consideration its administered price in the reporting year and the international price during 1986-88, or the "base period".

Developed countries could exclude the following categories of payments from the AMS: (i) subsidies granted to a particular product is less than 5 per cent of its value of production (the *de minimis* level) and (ii) non-product specific subsidies are less than 5 per cent of the value of agricultural production.

Developing countries could exclude the following categories of payments from the AMS: (i) subsidies granted to a particular product is less than 10 per cent of its value of production (the *de minimis* level), (ii) non-product specific subsidies are less than 10 per cent of the value of agricultural production, and (iii) subsidies granted to the low income and resource poor farmers.

Based on the above methodology, AoA imposes the following discipline on the WTO Members in respect of the "amber box" spending. Developed countries were expected to reduce their AMS by 20 per cent over six years beginning with 1995, the corresponding figure for the developing countries was 13.3 per cent.

Annex Table 1: Tariff Rate Quotas established by India since 2000

Milk and cream in powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5 %	A global tariff rate quota of 10000 MT at an in-quota tariff rate of 15 % applicable cumulatively to both the tariff lines
Milk and cream in powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5 % - not containing added sugar or other sweetening matter	
Maize (other than seed)	A global tariff rate quota of 10000 MT at an in-quota tariff rate of 15 % for the following quantities: Year 1: 350,000 tonnes Year 2: 400, 000 tonnes Year 3: 450,000 tonnes Year 4 and beyond: 500,000 tonnes per year
Rape, Colza or Mustard oil and fractions thereof	A global tariff rate quota of 150,000 MT at in-quota tariff rate of 45%
Sunflower-seed oil or safflower oil and fractions thereof, crude oil	A global tariff rate quota of 150,000 MT at an in-quota tariff rate of 50 %

Source: Government of India, Ministry of Commerce and Industry, Director General of Foreign Trade.

Annex Table 2: Applied and Bound Tariffs on Major Agricultural Commodities/ Groups

Product groups	Bound tariffs				MFN applied tariffs		
	Average	Duty free in %	Max duty	Binding in %	Average	Duty free in %	Max duty
Animal products	105.0	0.0	150.0	100.0	33.0	0.0	100.0
Dairy products	65.0	0.0	150.0	100.0	35.0	0.0	60.0
Fruit, vegetables, plants	100.9	0.0	150.0	100.0	31.5	0.0	105.0
Coffee, tea	133.1	0.0	150.0	100.0	56.3	0.0	100.0
Cereals & preparations	119.4	0.0	150.0	100.0	37.3	7.6	160.0
Oilseeds, fats & oils	168.9	0.0	300.0	100.0	52.5	0.0	100.0
Sugars and confectionery	124.7	0.0	150.0	100.0	48.4	0.0	100.0
Beverages & tobacco	127.5	0.0	150.0	100.0	68.9	0.0	182.0
Cotton	110.0	0.0	150.0	100.0	17.0	0.0	30.0
Other agricultural products	104.1	0.0	150.0	100.0	27.1	7.7	70.0

Annex Table 3: Total Aggregate Measure of Support (in US $ million)

Nature of Support	1995-96	1996-97	1997-98
Non-product Specific Support	5,772.06	4,652.24	5,017.41
Product Specific Support	-29619	-3155.93	-2817.01
Total AMS	-23,846.94	1,496.31	2,200.40

WTO, Notification concerning domestic support commitments submitted by India.

Annex Table 4: Product-Specific Aggregate Measurements of Support: Market Price Support

Commodities	**1995/96**	**1996/97**	**1997/98**
Pulses (gram, urad, moong and tur)	-7577.0	0.0	0.0
Groundnut	-9625.0	0.0	0.0
Rapeseed and mustard toria	-4530.0	0.0	0.0
Cotton	-1706.0	0.0	0.0
Soya bean	-1809.0	0.0	0.0
Tobacco	-1689.0	0.0	0.0
Jute	-2106.0	0.0	0.0
Sugar cane	-192.0	0.0	0.0
Rice	-181.0	-1321.3	-1479.9
Wheat	-388.0	-1280.8	-1266.4
Coarse cereals	184.0	-1.5	-2.9
Total Product Specific Support	**-29619.0**	**-2603.6**	**-2749.2**

WTO, Notification concerning domestic support commitments submitted by India.

Annex Table 5: Non-Product-Specific AMS

Measure type(s)	**Total non-product-specific support (US $ million)**		
	1995/96	1996/97	1997/98
Fertilizer subsidy	1,864.14	2,067.85	2,579.50
Credit subsidy	101.95		
Subsidy on electricity	2,436.64	1,867.77	1,712.59
Irrigation subsidy	1,345.41	716.10	724.70
Subsidy on average supply of seeds	23.92	0.52	0.62
Total	5,772.06*	4,652.24*	5,017.41*

* Notified as *de minimis*

WTO, Notification concerning domestic support commitments submitted by India.

Annex Table 6: Measures exempt from reduction commitments - "Green Box"

Measure type	Name and description of measure with reference to criteria in Annex 2	Monetary value of measures in year in question (US$ million)		
		1995/96	1996/97	1997/98
General services	Research	163.0	160.1	185.8
	Pest and disease control	8.2	6.6	9.9
	Training services	4.7	11.7	6.7
	Extension and advisory services	-	8.2	14.9
	Command area development programme	12.1	39.5	35.2
	Marketing and promotion services	104.8	5.2	7.3
	Inspection services	n.a.	n.a.	n.a.
	Provision for livestock health facilities	104.8	5.7	1.4
	Infrastructural services	0.0	2.3	3.4
Public stockholding for food security purposes	Buffer stock operations	1569.7	1708.7	2018.2
Domestic food aid		n.a.	n.a.	n.a.
Income insurance	Crop insurance scheme	10.9		
Relief from natural disasters	Crop insurance scheme		31.1	29.6
	Scarcity relief and natural calamities	125.0	413.2	414.2
Structural adjustment assistance provided through investment aids	Dry land farming	56.2	31.4	41.6
	Scheme for reclamation of alkaline soils	3.0	3.5	5.8
	Drought-prone area programme	n.a.	1.4	28.7
Payment under environmental programmes	Soil conservation in catchment areas of river valley projects	19.5	13.1	13.8
	Integrated watershed management in the catchment areas of flood prone rivers in the Indo-Gangetic basin	9.0	0.3	0.2
	Fodder grassland/pasture development	n.a.		
	Desert development programmes	n.a.	30.2	31.6
	Control of shifting cultivation	4.8	4.6	4.6
	National Waste Land Dev. Programme		3.2	1.4
	Forest conservation aforestation & Economic Development		22.4	18.6
	Total	2195.6	2502.3	2872.9

Annex Table 7: Measures exempt from the reduction commitments - Special and Differential Treatment - "Development Programmes"

Measure type	Name and description of measure with reference to criteria in Article 6:2	Monetary value of measure in year in question (US$ million)		
		1995/96	1996/97	1997/98
Investment subsidies generally available to agriculture	On farm development work (field channels, land levelling, shallow wells, etc.)	104.8	1115.3	1138.6
	Small Sector Development Scheme for Coffee			1.6
	Expansion and consolidation coffee			0.3
	Interest DRI other subsidies coffee			0.6
	Loan under coffee development plan		0.4	
	Subsidies for asset formation (provision of milch animals, farm implements to resource poor farmers, etc. under certain schemes)		1.6	1.4
Agricultural input subsidies to low income or resource poor producers	Small farmer development assistance	149.5	15.6	15.0
	Other input subsidies*		3721.8	4013.9
	Grant-in-aid given for production of planting material of cardamoms both small and large		0.1	0.0
	Subsidy given for replanting of senile and uneconomic cardamom gardens		0.3	0.2
	Grant-in-aid given for post-harvest development of spices		0.1	0.1
	Assistance to smallholders for easy access to inputs	-		
	Subsidy for vanilla development			0.0
	Total	254.3	4855.1	5171.8

* Includes support for fertilisers, irrigation, electricity, seeds, etc.

Annex Table 8: Export Subsidies granted by India

Description of products	Internal transport subsidies* (US$ million)					Quantity of subsidized exports (tonnes)				
	1996-97	1997-98	1998-99	1999-00	2000-01	1996-97	1997-98	1998-99	1999-00	2000-01
Fresh fruits	1.4	3.7	1.9	1.6	0.5	20112	5162	9826	67554	88052
Fresh vegetables	0	0	0.1	0.2	0.1	244	27	32	190	366
Plants and flowers	0.6	0.2	0.3	0.4	0.3	2168	748	273	77892	18172
Poultry Products (day old chicks and hatching hens)	0.0	0.0	0.2	0.2	0.2	0.0	0.0	2633	2725	4059
Cardamom (small)	0.1	0.0	0.0	0.0	0	226	0.0	0	0.0	0.0
Total	2	3.9	2.5	2.3	1.1	22750	5937	12764	148361	110649

* Data is only in respect of international airfreight assistance in terms of Articles 9.1(d) and 9.4.

Annex Table 9: Domestic Support granted by the United States (1995-01)

(US $ billion)

Subsidies/Products	1995	1996	1997	1998	1999	2000	2001
Green Box	46.03	51.83	51.25	49.82	49.75	50.06	50.67
Blue Box	7.03	0.00	0.00	0.00	0.00	0.00	0.00
Product Specific	6.31	5.98	6.49	10.57	16.89	16.70	14.63
of which							
Corn	0.03	0.03	0.15	1.53	2.55	2.76	1.27
Cotton	0.03	0.00	0.47	0.93	2.35	1.05	2.81
Dairy	4.66	4.69	4.46	4.56	4.66	5.07	4.48
Peanuts	0.41	0.30	0.31	0.34	0.35	0.44	0.30
Rice	0.01	0.01	0.01	0.02	0.43	0.62	0.76
Soybeans	0.02	0.01	0.05	1.28	2.86	3.61	3.61
Sugar	1.09	0.91	1.01	1.06	1.21	1.18	1.06
Tobacco	0.00	0.02	0.01	0.01	0.92	0.52	0.00
Wheat	0.00	0.01	0.04	0.52	0.97	0.85	0.19
Non-Product Specific	1.39	1.11	0.57	4.58	7.41	7.28	6.83
AMS (notified)	6.21	5.90	6.24	10.39	16.86	16.80	14.41
Total Subsidies	60.76	58.92	58.31	64.97	74.05	74.04	72.13

Source: Centre for WTO Studies' database

Annex Table 10: Domestic Support granted by the European Union (1995-2001)

(US $ billion)

Subsidies	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/02
Green Box	23.84	25.08	20.32	20.42	18.37	19.56	19.47
Blue Box	26.46	24.39	22.86	21.85	18.24	19.90	22.36
Total Product Specific	63.54	58.01	56.20	49.75	44.11	39.10	37.23
Of which							
Common wheat	3.29	3.36	3.20	3.29	2.69	2.03	1.17
Barley	2.85	3.04	3.02	2.86	2.34	1.97	1.55
Maize	1.00	1.06	1.17	1.01	0.92	0.63	0.36
Rye	0.40	0.34	0.35	0.35	0.27	0.21	0.20
Triticale	0.19	0.22	0.26	0.27	0.21	0.19	0.17
Rice	0.64	0.61	0.57	0.47	0.36	0.35	0.37
Dried fodder	0.38	0.34	0.34	0.33	0.29	0.27	0.30
Sugar	7.58	6.68	6.56	6.19	5.31	5.20	5.40
Olive oil	1.75	2.12	2.54	1.92	1.91	1.85	2.52
Bananas	0.26	0.23	0.23	0.19	0.22	0.29	0.20
Skimmed milk powder	2.29	1.88	1.70	1.61	1.26	1.35	1.29
Milk	0.00	0.00	0.00	0.00	0.00	0.00	0.20
Butter	5.34	4.77	4.71	4.49	4.09	3.98	4.19
Beef	17.72	15.62	15.13	14.25	12.06	10.02	9.15
Citrus fruit for processing	0.00	0.00	0.17	0.12	0.16	0.12	0.20
Tobacco	1.32	1.14	0.97	0.97	0.91	0.86	0.90
Potatoes for processing to starch	0.00	0.19	0.23	0.16	0.14	0.17	0.20
Apples	3.20	2.38	2.18	2.04	2.02	2.01	1.94
Pears	0.94	0.67	0.68	0.59	0.56	0.56	0.51
Peaches/nectarines	0.57	0.53	0.26	0.43	0.54	0.45	0.45
Table grapes	0.48	0.25	0.26	0.24	0.20	0.19	0.20
Lemons	0.29	0.44	0.46	0.31	0.39	0.38	0.26
Clementines	0.21	0.18	0.20	0.20	0.21	0.18	0.16
Oranges	0.42	0.51	0.47	0.30	0.40	0.38	0.30
Cucumbers	0.83	0.49	0.68	0.63	0.53	0.48	0.50
Courgettes	0.00	0.28	0.18	0.19	0.15	0.14	0.16
Artichokes	0.29	0.24	0.25	0.24	0.10	0.10	0.18
Tomatoes	5.95	5.53	5.07	2.24	2.32	2.38	1.83
Wine	2.17	2.20	2.17	1.95	1.89	0.72	0.84
Seed for sowing	0.12	0.10	0.10	0.12	0.10	0.09	0.09
Cotton	0.99	0.88	0.91	0.76	0.57	0.71	0.54
Non-Product Specific	0.99	0.83	0.54	0.37	0.27	0.50	0.54
Total Subsidies	114.82	108.30	99.93	92.39	80.99	79.07	79.60

Source: Centre for WTO Studies' database

Annex Table 11: Domestic Support granted by the European Union (1995-2001)

(EUR $ billion)

Subsidies	1995/96	1996/97	1997/98	1998/99	1999/2000	2000/2001	2001/02
Green Box	18.78	22.13	18.17	19.17	19.93	21.84	20.66
Blue Box	20.85	21.52	20.44	20.50	19.79	22.22	23.73
Total Product Specific	50.06	51.19	50.25	46.69	47.87	43.66	39.50
Of which							
Common wheat	2.59	2.96	2.86	3.09	2.92	2.27	1.24
Barley	2.25	2.68	2.70	2.69	2.54	2.19	1.64
Maize	0.79	0.94	1.05	0.95	1.00	0.71	0.38
Rye	0.32	0.30	0.31	0.33	0.29	0.24	0.21
Triticale	0.15	0.20	0.23	0.25	0.23	0.21	0.18
Rice	0.51	0.54	0.51	0.44	0.39	0.39	0.40
Dried fodder	0.30	0.30	0.31	0.31	0.31	0.31	0.32
Chick-peas, lentils and vetches	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Sugar	5.97	5.90	5.87	5.81	5.76	5.81	5.73
Olive oil	1.38	1.87	2.27	1.80	2.07	2.07	2.68
Bananas	0.20	0.21	0.21	0.18	0.23	0.33	0.21
Skimmed milk powder	1.81	1.66	1.52	1.51	1.37	1.51	1.37
Milk	0.00	0.00	0.00	0.00	0.00	0.00	0.21
Butter	4.21	4.21	4.21	4.21	4.44	4.44	4.44
Beef	13.96	13.79	13.53	13.38	13.09	11.19	9.71
Citrus fruit for processing	0.00	0.00	0.15	0.11	0.18	0.13	0.21
Tobacco	1.04	1.01	0.87	0.91	0.98	0.96	0.95
Potatoes for processing to starch	0.00	0.17	0.20	0.15	0.15	0.18	0.21
Apples	2.52	2.10	1.95	1.92	2.19	2.25	2.06
Pears	0.74	0.60	0.61	0.55	0.60	0.63	0.54
Peaches/nectarines	0.45	0.47	0.23	0.40	0.59	0.50	0.47
Table grapes	0.38	0.22	0.23	0.22	0.22	0.21	0.22
Lemons	0.23	0.38	0.41	0.29	0.42	0.43	0.28
Clementines	0.17	0.16	0.18	0.18	0.23	0.21	0.17
Oranges	0.33	0.45	0.42	0.28	0.43	0.42	0.32
Cucumbers	0.66	0.44	0.61	0.59	0.58	0.54	0.54
Courgettes	0.00	0.25	0.16	0.17	0.17	0.16	0.17
Artichokes	0.23	0.21	0.22	0.22	0.11	0.11	0.20
Tomatoes	4.69	4.88	4.53	2.10	2.52	2.66	1.94
Wine	1.71	1.94	1.94	1.83	2.05	0.81	0.89
Seed for sowing	0.09	0.09	0.09	0.11	0.11	0.10	0.10
Cotton	0.78	0.77	0.81	0.72	0.62	0.80	0.58
Non-Product Specific	0.78	0.73	0.49	0.35	0.29	0.56	0.57
Total Subsidies	90.46	95.57	89.35	86.71	87.88	88.29	84.46

Source: Centre for WTO Studies' database

Annex Table 12: De minimis spending by the US

Years	**De minimis spending** (US $ billion)	**De minimis spending as % of trade distorting domestic support**
1995	1.5	19.3
1996	1.2	16.4
1997	0.8	11.4
1998	4.7	31.3
1999	7.4	30.6
2000	7.3	30.4
2001	7.0	32.8

Source: Centre for WTO Studies' database

Annex Table 13: De minimis spending by the EU

Years	**De minimis spending** (EUR billion)	**De minimis spending as % of trade distorting domestic support**
1995	0.8	1.6
1996	0.9	1.7
1997	0.5	1.1
1998	0.4	0.8
1999	0.3	0.6
2000	0.6	1.3
2001	0.8	2.0

Source: Centre for WTO Studies' database

Annex Table 14: European Union: Outlays on Export Subsidies

(in US $ million)

Major Products	Years					
	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-2001
Incorporated products	623.7	639.5	613.9	607.8	661.9	368.5
Other milk products	924.1	827.2	839.6	804.4	833.0	365.0
Beef Meat	1913.3	1725.2	933.2	681.5	668.0	341.1
Sugar (5)	481.3	593.3	864.7	842.5	432.5	331.7
Butter and butter oil	325.4	623.5	344.7	302.8	306.7	300.7
Cheese	555.8	306.6	195.4	158.0	216.9	211.8
Coarse grains	385.3	439.6	303.3	809.9	671.8	170.4
Wheat and wheat flour	150.7	358.8	197.2	530.3	468.6	96.4
Alcohol	65.0	133.9	117.1	128.5	201.1	85.1
Poultry meat	147.2	82.5	84.5	95.1	69.1	50.6
Pig meat	127.6	80.3	82.6	377.5	223.6	30.1
Rice	38.5	81.6	36.2	27.1	24.3	28.7
Fruit and vegetables, fresh	89.4	69.8	28.9	33.5	34.2	24.0
Skim milk powder	178.9	192.2	129.2	203.2	310.8	23.3
Total	6203.8	6288.5	4841.0	5656.4	5164.6	2459.2

Source: Centre for WTO Studies' database

Annex Table 15: United States: Outlays on Export Subsidies (in US$ '000)

Major Products	Years					
	1995	1996	1997	1998	1999	2000
Poultry meat	5.2	0.0	862.5	1399.8	1643.5	6823.3
Skim milk powder	16.8	93.8	88798.4	133284.3	45333.0	6727.5
Cheese	2.1	2.5	3905.2	4164.2	5564.4	1760.7
Total	27.6	123.5	112229.2	146709.9	80165.6	15313.5

Source: Centre for WTO Studies' database

Annex Table 16: Food Aid provided by the United States and the European Union

(in tonnes)

United States						
Description of products	**Year**					
	1995	**1996**	**1997**	**1998**	**1999**	**2000**
Wheat	1531.3	1449.1	1075.2	3202.2	5315.1	2364.7
Coarse grains	73.6	129.5	116.2	111.7	78.2	45.3
Rice	149.7	188.5	111.3	382.7	935.6	303.3
Vegetable oils	173.6	175.1	157.3	0.0	1440.4	365.3
Skim milk	3.4	0.0	0.0	0.0	260.6	24.2

European Union						
Description of products	**Years**					
	1995-96	**1996-97**	**1997-98**	**1998-99**	**1999-2000**	**2000-2001**
Wheat and wheat	1536.9 (wheat eq.)	775.6	711.1	630.8	1186.1	436.4
Coarse grains	285.3	205.0	215.5	136.5	119.3	44.8
Rice	91.8 (July 95 - June 96)	42.5	110.2	63.5	125.5	21.2

Source: Centre for WTO Studies' database

Annex Table 17: Agricultural Export and Food Aid Programmes of the United States (1995-2002)

(US $million)

Programmes	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001 (Est.)**	**2002 (Budget)**
Export Enhancement Program	339	5	0	2	1	2	478	478
Dairy Export Incentive	140	20	121	110	145	77	34	42
Market Access Program	110	90	90	90	90	90	90	90
Foreign Market Devt. Program	-	-	-	-	28	28	28	28
CCC Export Credit Guarantees	2921	3230	3876	4037	3045	3082	3792	3904
P.L.480 Food Aid	1286	1207	1054	1154	1796	1076	1107	995
Section 416(b)	4	84	2	0.5	428	504	565	-
Food for Progress	146	84	91	111	101	121	94	94
Foreign Agricultural Service	159	167	191	181	178	200	183	207
Total	5105	4887	4425	5790	6271	5310	6390	5838

Source: Hanrahan Charles E. (2001), Agricultural Export and Food Aid Programs, Congressional Research Service Issue Brief, The National Council for Science and Environment, Washington.

Annex Table 18: MFN bound Tariffs for Agricultural Products for OECD Countries

(figs in %)

Countries	Binding Coverage	Simple Average	Maximum ad valorem	Duty Free	Non ad valorem
Australia	100.0	3.2	29	32.2	2.1
Canada	100.0	3.5	238.3	41.8	26
Czech Rep.	100.0	10	125	38.7	0
European Union	100.0	5.8	74.9	26.7	40.8
Hungary	100.0	27	127.5	7.7	0
Iceland	100.0	43.4	229	18.6	24.5
Japan	100.0	6.9	61.9	28.7	22.7
Korea, Rep.	99.1	52.9	887.4	2.2	4.7
Mexico	100.0	35.1	72	0.3	7.5
New Zealand	100.0	5.7	35.2	51.3	0.7
Norway	100.0	1.2	25.5	21.4	75.2
Poland	99.9	32.9	230	2.3	36.5
Slovak Rep.	100.0	10	125	38.7	0
Switzerland	100.0	0	0	17.4	82.6
Turkey	100.0	60.2	225	0.0	0.0
United States	100.0	6.9	350	28.7	49.6
Average	99.9	19.0	177.2	22.3	23.3

Annex Table 19: MFN applied tariffs for agricultural products for OECD Countries

(figs in %)

Countries	Year	Simple average	Maximum ad valorem	Duty-free lines (%)	Non Ad valorem
Australia	2001	1.1	5.0	76.5	0.7
Canada	2001	3.0	238.0	49.8	19.9
Czech Rep.	2001	10.0	125.0	38.8	0.0
European Union	2002	5.9	74.9	25.8	39.9
Hungary	2001	25.8	127.5	8.6	0.0
Iceland	2000	7.0	78.0	57.8	21.1
Japan	2001	7.1	50.0	29.2	23.2
Korea, Rep.	2001	45.5	917.0	1.9	3.1
Mexico	2001	23.4	260.0	2.1	5.6
New Zealand	1999	1.7	7.0	66.9	0.3
Norway	2002	8.4	555.0	26.9	70.3
Poland	2001	41.9	676.7	3.0	26.0
Slovak Rep.	2001	9.9	125.0	38.8	0.0
Switzerland	2001	0.0	0.0	18.9	81.1
Turkey	2001	42.2	232.5	14.3	8.1
United States	2001	4.7	350.0	28.5	1.8
Average		14.9	238.9	30.5	18.8

Annex Table 20: MFN bound Tariffs for Agricultural Products

(figs in %)

Countries	Binding Coverage (%)	Simple Average	Maximum ad valorem	Duty-free tariff lines	Non ad valorem
Argentina	100.0	32.6	35.0	0.1	0.0
Brazil	100.0	35.5	55.0	2.2	0.0
China	100.0	15.8	65.0	2.8	0.0
India	100.0	114.5	300.0	0.0	0.3
Mexico	100.0	35.1	72.0	0.3	7.5
South Africa	99.7	39.8	597.0	22.4	0.0
Average	100.0	45.6	187.3	4.6	1.3

Annex Table 21: MFN applied tariffs for agricultural products

(figs in %)

Countries	Year	Simple average	Maximum ad valorem	Duty-free tariff lines	Non Ad valorem
Argentina	2001	12.3	22.5	3.0	0.0
Brazil	2001	12.5	55.0	3.0	0.0
China	2002	19.2	71.0	2.5	0.6
India	2001	37.0	210.o	2.6	0.3
Mexico	2001	23.4	260.0	2.1	5.6
South Africa	2001	8.7	55.0	42.4	13.3
Average		18.9	112.3	9.3	3.3

Source (for tables 21 to 23): WTO (2003), World Trade Report, p. 196-217.

Annex Table 22: Comparison of high bound tariffs expressed in ad valorem and non ad valorem rates for the US

High bound tariffs in terms of ad valorem rates	
Products	**Ad Valorem Rates**
Peanuts in shell	192.7
Processed peanuts	155.0
Processed apricot	35.0
Onion Powder	35.0
Garlic	35.0
Packed dates	35.0
Melons	35.0
Papayas	35.0
High quality beef cuts	31.0
Beef: Boneless	31.0
Ad valorem equivalents of high bound tariffs expressed in non-ad valorem terms	
Products	**Ad Valorem Rates**
Tobacco refuse	439.9
Sour cream	128.8/139.1
Butter substitute dairy spreads	121.8
Modified whey (except protein conc.)	111.7
Fats and oils derived from milk	109.4
Whey (except modified whey)	107.6
Cocoa powder	104.4
Dairy products of nat. milk constituents (except protein conc.)	98.9
Butter substitutes	97.9
Butter	91.8

Annex Table 23: Comparison of high bound tariffs expressed in ad valorem and non ad valorem rates for the EU

High bound tariffs in terms of ad valorem rates	
Products	**Ad Valorem Rates**
Smoking tobacco	117.0
Pineapple juice	42.0
Pear juice	42.0
Orange juice	42.0
Juice of any other single citrus fruit	42.0
Grape Juice	50.0
Cigars, cheroots and cigarillos containing tobacco	52.0
Cigarettes tobacco	90.0
Chewing tobacco and snuff	65.0
Apple juice	42.0
Ad valorem equivalents of high bound tariffs expressed in non-ad valorem terms	
Products	**Ad Valorem Rates**
Fresh or chilled edible offal of bovine animals	407.8
Buttermilk	264.3
Buttermilk	219.8
Mushrooms prepared or preserved otherwise than by vinegar or acetic acid	217.4
Meat and edible offal	212.2
Frozen edible bovine offal (excl. tongues and livers)	210.0
Whey and modified whey	203.3
Whey and modified whey	202.2
Grape juice	199.2
Milk and cream	185.2

Annex Table 24: Use of Non-Ad Valorem Tariffs by select WTO Members

WTO Member	Total no. of tariff lines in agriculture	No. of non-ad valorem tariff lines	% of non-ad valorem tariff lines
Australia	725	14	1.9
Canada	1,341	404	30.1
Egypt	823	14	1.7
EU(15)	2,205	1,010	45.8
Iceland	1,604	363	22.6
India	697	2	0.3
Japan	1,344	247	18.4
Korea, Republic of	1,500	68	4.5
Malaysia	1,320	346	26.2
Mexico	1,083	83	7.7
New Zealand	1,004	10	1.0
Norway	1,060	722	68.1
Switzerland	2,179	1,940	89.0
Thailand	774	339	43.8
United States	1,777	755	42.5

Source: WTO. 2004b

Annex Table 25: Simple average fill rates of Tariff Quotas (1995-2000)

Principal administration method	Simple average fill rates (%)					
	1995	**1996**	**1997**	**1998**	**1999**	**2000**
Applied tariffs	71	65	65	71	70	67
First-come, first-served	56	61	47	51	63	N.A.
Licences on demand	59	57	55	54	52	40
Auctioning	30	38	60	39	24	N.A.
Historical importers	91	81	76	71	65	44
Imports by state trading enterprises	81	83	90	91	100	N.A.
Producer groups/associations	74	53	85	78	N.A.	N.A.
Other	37	38	39	45	44	94
Mixed allocation methods	75	84	85	84	74	100
Non-specified	100	44	57	44	41	N.A.
Overall	**66**	**63**	**62**	**63**	**62**	**44**

Note: Fill rates are calculated for 1033, 1081, 1166, 1134, 827 and 136 tariff quotas in the respective years 1995-2000
Source: WTO, Tariff Quota Administration Methods And Tariff Quota Fill, Background Paper by the Secretariat, May 2001.

Chart 1: Costs and Prices of Wheat in the US

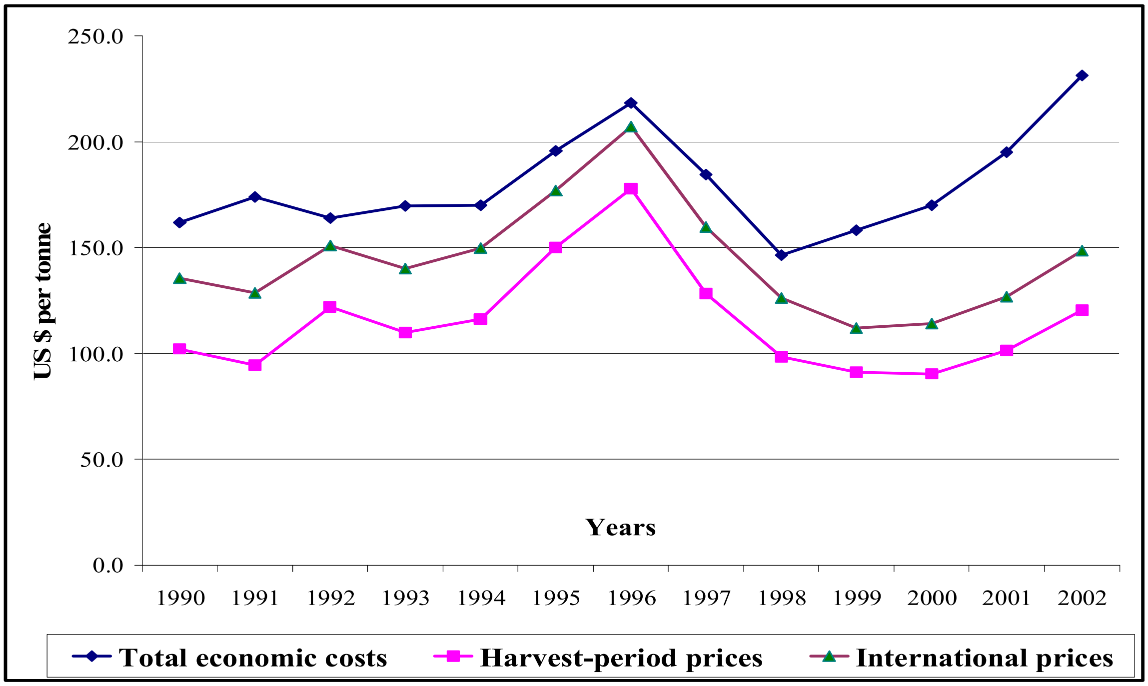
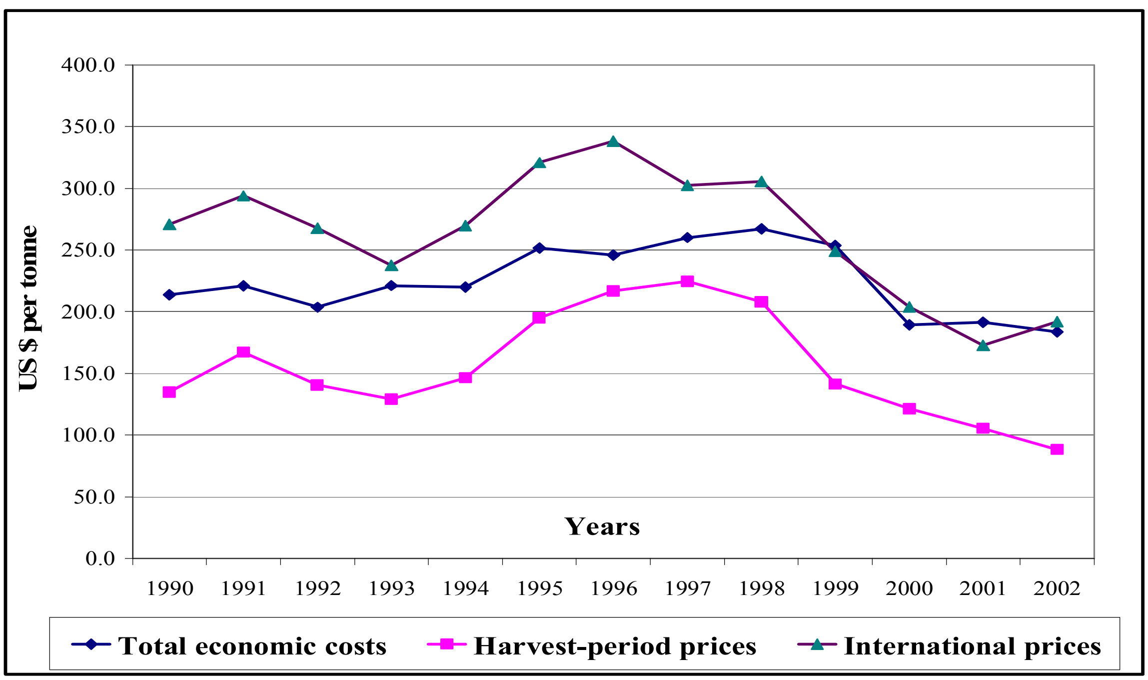


Chart 2: Costs and Prices of Rice in the US



Data sources for Charts 1 and 2: USDA for US costs and prices; IMF for international prices