



**Committee on Agriculture**

**RESPONSES TO POINTS RAISED BY MEMBERS UNDER THE REVIEW PROCESS**

COMPILATION OF RESPONSES TO QUESTIONS RAISED DURING THE COMMITTEE  
ON AGRICULTURE MEETING ON 4 MARCH 2015<sup>1</sup>

The present document compiles responses received in writing by the Secretariat to the questions raised in document G/AG/W/139 as well as follow-up comments made during the Review Process.

Responses to the following questions were not provided before 15 May 2015:

AG-IMS ID	Answer By	Question by	Notification Reference
<b>Questions under Article 18.6</b>			
76076	Angola	European Union	-
76001	Thailand	Brazil	-
76033	Thailand	European Union	-
76059	Turkey	United States of America	-

<sup>1</sup> This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

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## 1 MATTERS RELEVANT TO THE IMPLEMENTATION OF COMMITMENTS: ARTICLE 18.6

### 1.1 Angola's Joint Executive Decree on import regulation

#### 1.1.1 Question by European Union (AG-IMS ID 76076)

Angolan Joint Executive Decree 2215 of 23/01/2015 regulates the importation and distribution and sale of food/non-food products where domestic supply covers 60% of national consumption. This decree establishes import quotas for 2015 for grocery products (cooking oil, corn flour, wheat flour, salt, rice and sugar), drinks (waters, soft drinks, beers, juices and nectars), eggs and vegetables (potatoes, onions and garlic) and plans to establish seasonal quotas for fruits and vegetables. Furthermore, the decree sets up detailed requirement with respect to the management of the quotas. The decree bans the importation of the above mentioned products outside of quota. The decree also bans the importation of the above mentioned products if pre-packed. The decree puts in place entry restrictions, for instance for entry to be by sea or at certain ports. The decree sets up a restrictive quality control of imports and puts severe limits on the possibilities to marketing the imported products to consumers. In view of the European Union, the measures introduced appear to be in breach of Angola's WTO commitments, notably with respect to Article 4.2 of the Agreement on Agriculture as well as Article XI:1 of GATT. Since several EU exporters already have been affected by the decree, the European Union is very concerned about the effects that this decree may have on trade to Angola. The European Union would therefore like to ask Angola whether they have the intention to ensure its import arrangement is in conformity with the WTO/GATT rules.

Answer by Angola

Angola noted that the questions from the European Union were submitted after the deadline for questions and undertook to respond at a later stage.

*Follow-up:* The United States of America shared the concerns raised by the European Union.

### 1.2 Brazil's domestic support programmes

#### 1.2.1 Question by the United States of America (AG-IMS ID 76039)

It has been nearly three years since the United States of America first requested information on the quantities of specific products shipped to specific destinations, including both domestic and export destinations under the Prêmio para Escoamento do Produto (PEP) and Prêmio de Equalização pago ao Produtor (PEPRO) programmes. In response to U.S. question AG-IMS ID 74021, Brazil indicated that CONAB is working on improving its control mechanism so as to be able to provide data covering more recent periods and has repeatedly noted that the requested data would be available soon. In response to U.S. question AG-IMS ID 75023, the United States of America notes that Brazil has no deadline to conclude the process of collecting the relevant information.

- a. Has Brazil concluded the process of collecting the relevant information in order to provide the data requested?
- b. If not, please provide an update on this process, including the specific limitations that remain in being able to provide the requested information as noted in AG-IMS ID 66002 and AG-IMS ID 74021.
- c. Does Brazil have a deadline for CONAB to provide the central government with this information? If not, why?
- d. By what date can the United States of America expect this data? In response to U.S. questions AG-IMS ID 74021 and AG-IMS ID 75023, Brazil stated that the PEP reassessment is still in progress.

- e. **Please provide any updates on the reassessment and whether any deadlines are set for this process.**
- f. **Please confirm that the programme remains suspended.**
- g. **Given the similarity in the manner in which the PEP and PEPRO programmes operate, is there any plan to conduct a reassessment of the PEPRO programme?**

Answer by Brazil

- a. This task has not been concluded yet.
- b. The provision of the requested information still depends on Brazil completing the ongoing monitoring and reviewing process of its policies.
- c. No, this is due to the abovementioned policy monitoring and revising process.
- d. Please refer to the reply above. In response to US questions AG-IMS ID 74021 and AG-IMS ID 75023, Brazil stated that the PEP reassessment is still in progress.
- e. The reassessment has not yet been concluded, and it is not possible to set a deadline.
- f. Yes, the programme remains suspended.
- g. The PEP and the PEPRO programmes operate differently; therefore an eventual reassessment of the PEPRO could not be justified by the same reasons. As mentioned before, the Ministry of Agriculture, Livestock and Food Supply is currently monitoring and reviewing its overall policies.

### **1.3 Canada's Tariff-Rate Quota for Cheese**

#### **1.3.1 Question by New Zealand (AG-IMS ID 76023)**

**At the last Committee meeting a number of Members sought further information around proposed changes to Canada's WTO tariff quota for cheese as part of the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union. New Zealand's concern was, and remains, that the proposed change would unilaterally reduce the quantity of market access available to WTO members, and would be inconsistent with Canadian commitments under the WTO, including fundamental MFN obligations.**

**What steps is Canada taking to ensure that any changes are consistent with Canada's WTO commitments and do not unilaterally disadvantage other WTO Members?**

Answer by Canada

Canada will continue to administer its WTO TRQ for cheese under Canada's Export and Import Permits Act in conformity with its WTO obligations. The size of the WTO cheese TRQ will remain at 20,411,866 kg.

*Follow-up: New Zealand restated its concerns that the proposed changes to Canada's WTO TRQ for cheese would be inconsistent with Canada's commitments under the WTO, including fundamental MFN obligations. New Zealand invited Canada to provide more information around the reallocation of quota access from other countries to the European Union. New Zealand noted that the concern was not around the total size of the quota but rather about Canada's intention to unilaterally reduce the share of the quota available to non EU-members of the WTO.*

## 1.4 Canada's dairy policies

### 1.4.1 Question by United States of America (AG-IMS ID 76049)

The United States of America continues to be concerned at the proliferation of Canada's special milk pricing classes, now reaching 39 different classes. Domestic food and industry processors appear to receive a special milk class permit to purchase dairy inputs at a subsidized price, predicated on a declaration that a competitive like-product has been imported into Canada. These special milk prices range from whey used in animal feed to cheese used in the manufacturing of further processed products, such as frozen pizzas. These products are produced using the heavily discounted dairy inputs and are then sold in domestic and foreign markets.

- a. Please provide the Committee with the amount of direct subsidy assumed by consumers through the price supports determined by the Canadian Dairy Commission (CDC) and used by the provincial milk marketing boards to determine costs of dairy ingredients?
- b. Please explain what the CDC's responsibilities and duties are with regards to the pools. The United States of America notes the increased investment in recent years to expand Canada's domestic manufacturing of frozen processed products containing cheese, in particular frozen pizza manufacturing, eligible for Special Milk Class (SMC) prices which displaces and substitutes imports from trading partners with duty-free access. The United States of America also notes the increase in Canadian exports of frozen processed products containing cheese, in particular frozen pizzas, to other markets.
- c. Please explain what assumptions are used when the CDC estimates the amount of milk that will go into special classes (class 5) when it sets the target for industrial milk?

Answer by Canada

- a. The CDC only has the authority to establish the applied administered prices for butter and skim milk powder. Prices in special milk classes 5(a), (b) and (c) reflect prices in the United States of America and/or world markets and are not linked to the CDC administered prices.
- b. The CDC chairs the Western Milk Pool (WMP) Coordinating Committee as well as the Supervisory Body of the Eastern Milk Pool (P5), administers these federal/provincial agreements, does the pooling calculations and provides technical expertise and secretariat services to these pools.
- c. The Commission monitors trends in Canadian requirements (demand) and production (supply) on a monthly basis. Canadian requirements are defined as total domestic demand plus planned exports for industrial dairy products measured in terms of butterfat. Production includes all production of industrial milk within supply management. On behalf of the Canadian Milk Supply Management Committee (CMSMC), the Canadian Dairy Commission calculates the MSQ (national milk production target for industrial milk in Canada). This target is adjusted at least every two months to reflect changes in Canadian requirement.

*Follow-up:* The European Union shared the concerns raised by the United States of America.

## 1.5 China's cotton domestic support

### 1.5.1 Question by United States of America (AG-IMS ID 76051)

According to the International Cotton Advisory Committee, China has been the largest cotton subsidizer since 2009/2010. The amount of support provided peaked at nearly USD 6 billion in direct assistance in 2012/2013 and was only slightly lower

in 2013/2014. The level of support far exceeds the support provided by other Members. While it is true that China's minimum support price did not immediately have a large negative impact on world markets, given that China continued to import and stockpile cotton, it appears the long-term impacts may differ. China is the world's largest producer, consumer, and importer of cotton. A change in any of these variables can have significant impacts on world markets.

The United States of America notes that China recently announced its plans not to expand the TRQ for cotton in 2015. While there is no obligation for China to expand its TRQ, please provide an update to China's response to AG-IMS ID 73035 following the March 2014 question, noting the changing market conditions and that cotton imports to China declined from 5.1 million tonnes in 2012 to 4.1 million tonnes in 2013 to 2.4 million tonnes in 2014, and will likely fall close to the TRQ in-quota quantity of 0.894 million tonnes in 2015.

Answer by China

China is the world's largest producer, consumer and importer. China's market is quite open and, according to China's accession commitments, cotton is a TRQ product. The TRQ quantity is 894,000 tonnes, the in-quota rate is 1%, and the out-of-quota rate is 40%. In practice, China also takes some measures to encourage cotton trade. In 2014, China ended the cotton reserve programme. In the meantime, in order to stabilize the small-scale farmers' income, China adopted a cotton target price programme, which is a support to income.

China is the world's largest net importer of cotton, large amount of cotton is imported from the world's major producers. In recent years, imports of cotton have been large and growing rapidly. To weaken the negative impact of imported cotton which is supported by large subsidy and to secure the small-scale farmers' livelihood, China has to provide some support to cotton producers while the support per capita is still very low. Therefore, China's domestic support of cotton is intended to support farmers' livelihoods and is non-trade-distorting.

China's reserve programme has little impact on world markets. China is a net importer of cotton. Almost no cotton has been exported. Therefore, China's reserve programme did not cause large quantities of exports and did not distort the international market.

*Follow-up: The United States of America noted that China had been a large importer of cotton and that its policies affected the world market.*

## **1.6 Costa Rica's compliance with AMS commitments**

### **1.6.1 Question by United States of America (AG-IMS ID 76052)**

The United States of America thanks Costa Rica for its transparency through the years on its domestic support, which Costa Rica has notified since 2007 as being in excess of its WTO commitment level.

- a. The United States of America requests an update as well as responses to the following unanswered questions about Costa Rica's price support programme for rice (AG-IMS ID 74023, AG-IMS ID 73037, AG-IMS ID 71030, AG-IMS ID 72050, and AG-IMS ID 75031).
- b. Will producers be able to sell outside of the new system? If not, on what basis does CONARROZ have the authority to compel producers to participate in the new system?
- c. What is Costa Rica's timeline for publishing these new policies and for notifying them to the WTO? Please provide an update to Members on these policies.

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## Answer by Costa Rica

Costa Rica thanks the delegations that have been following this issue and reiterates its full commitment to transparency concerning the information available to it when delegations raise queries.

As notified to this Committee, 1 March 2015 was the date fixed by Executive Decree No. 38.093-MEIC for the elimination of the price-setting mechanism for rice purchased by processors from producers. On 13 January this year, the Ministry of the Economy, Industry and Trade (MEIC) opened consultations for a new Executive Decree, which establishes the consumer price for different grades of rice, and replaces the minimum producer price with a reference price payable by processors to producers for rice in the husk. This reference price, based on the grade of the rice, is indicative for transactions between producers and processors.

This new decree (No. 38.884-MEIC) was published in the Official Journal on 27 February. In accordance with the principle of transparency that has always governed the actions of Costa Rica, Costa Rica shall be notifying this decree in a timely manner through the established channels.

In addition, the Ministry of Agriculture will implement a series of actions for increasing productivity in national rice production, with the goal of achieving 40% growth by the year 2018. These actions are detailed in the National Development Plan 2015-2018 for the agricultural and rural sector and are aimed at small rice producers in particular. They include training, improving technology, increasing the land under irrigation and using more productive seeds.

*Follow-up:* New Zealand, echoed by Canada, Pakistan and the United States of America, welcomed the transparency provided by Costa Rica on this subject, and restated concerns that Costa Rica's domestic support levels exceeded its WTO commitments. The United States of America requested further information regarding the entry into force of the new decree. Costa Rica noted that the answers would be provided in the future.

## 1.7 India's cotton policies

### 1.7.1 Question by United States of America (AG-IMS ID 76053)

According to the Chairman of the Cotton Corporation of India (CCI), the CCI is set to lose about INR 20-25 billion (USD 322-403 million) this year because India's minimum support price exceeds market prices. The CCI is expected to be reimbursed by the Indian Government for any losses incurred. The CCI Chairman noted China's recent shift in demand as a contributing factor to the decrease in global cotton prices and expressed hope for market stability. India's production of cotton has far outpaced its domestic consumption. The United States of America notes that India increased the minimum support price for cotton again in 2015 and is, after more than a decade of growth, estimated to become the world's largest cotton producer and remains the second largest global exporter. The Chairman of CCI has stated that CCI is expecting to procure a record quantity of cotton, estimated at approximately 10 million bales.

- a. What was the basis for increasing the minimum support price for cotton, particularly given the reduced import demand in China, falling world cotton prices, and record or near record Indian production?
- b. Is India taking specific steps to ensure that the release of its cotton stocks does not further exacerbate international cotton markets, either due to direct export sales or market leakage? If yes, please specify and explain the steps India is undertaking in this regard. The United States of America notes that similar market conditions occurred in 2008/2009 when India also procured significant quantities of cotton, estimated at approximately 40% of production. According to the International Cotton Advisory Committee, India then provided USD 26 million in export subsidies to reduce its stocks.
- c. Please affirm India's commitment to not use export subsidies or export at below the cost of procurement to dispose of cotton stocks.

Answer by India

- a. The Minimum Support Price (MSP) is fixed to protect farmers from distress sale of their produce and to protect them from exploitation. Minimum Support Prices (MSPs) are announced by the Government following the recommendations of the Commission for Agricultural Costs and Prices (CACP). The CACP takes into account various factors including the cost of cultivation/production, changes in input prices, input/output price parity, inter-crop price parity, effects on the cost of living, effects on general price level, parity between prices paid and prices received by farmers etc.
- b. and c. India takes its international commitments seriously and believes in fair market practices. No export subsidies have been provided for cotton exports.

*Follow-up:* The United States of America noted that it would review India's response and noted that India's policies on cotton had big effects in the world market.

## 1.8 India's sugar export subsidies

### 1.8.1 Question by Australia (AG-IMS ID 76016)

Australia acknowledges India's response to Australia's questions at the 75<sup>th</sup> Committee on Agriculture (AG-IMS ID 75028) in relation to its sugar export subsidies. Australia has stated its concerns regarding the WTO-inconsistency of these measures on a number of occasions.

- a. Australia understands from media reports that the Indian Government is considering an increase to the rate of subsidy from INR 3,371 to INR 4,000 per tonne for the current sugar season. This is close to 20% of the current world price per tonne. Can India please provide a further update to the Committee on Agriculture on the Sugar Development Fund (Amendment) Rules 2014, especially in relation to published information about the value of export subsidy ("incentive") paid per tonne?
- b. In the response to AG-IMS ID 75028, India stated that there is currently no budget provision or outlay with respect of payment of incentives under the sugar export subsidy programme:

If the programme is unfunded, and no incentives are being paid, what has been the rationale for the cycle of bi-monthly review, which has seen the rate of subsidy adjusted three times (INR 2,277, INR 3,300 and INR 3,371) since the programme was established in February 2014?

- c. If subsidy payments have been made since the 75<sup>th</sup> Committee on Agriculture, can India provide the total value of export subsidy budgetary outlays (INR), as well as the volume and value (INR) of raw sugar exports that have been subject to incentive payments?

Can India also provide the number of applications received for payment of the export subsidy, including the number of applications received but yet to be paid?

- d. If no export subsidy has been paid, why does not India move to abolish the programme?

Answer by India

- a. The Government of India notified incentives on marketing and promotion services for raw sugar production in order to promote product diversification in the Indian sugar industry since the industry traditionally produces white sugar.

The Government decided to provide incentives at INR 3300, INR 2277, INR 3300 and INR 3371 per MT on bi-monthly period from February 2014 up to September 2014 during last sugar season 2013-2014. The incentives were further reviewed by the Government and in view of the increased cane costs and mounting arrears to the farmers the Government has decided to provide incentives at INR 4000 per MT to be passed on to the cane farmer through the sugar mills.

- b. c. and d. No payments have been made to date.

### 1.8.2 Question by Colombia (AG-IMS ID 76050)

According to the media, the Indian Government is considering approving an increase in the export subsidy for raw sugar granted to sugar mills from INR 3,300 per tonne to INR 4,000 per tonne for the 2015 season. Colombia is concerned about the impact that these statements are having on the world sugar market, which is exacerbated by the fact that India is the world's third largest exporter of sugar, according to the information provided by the WTO Secretariat in document G/AG/W/32/Rev.14. In order to provide Colombia's producers and exporters with more detailed information, Colombia would welcome replies from India to the following questions:

- a. Would India confirm that it did not grant export subsidies for raw sugar in 2014? If it did, how much were these subsidies in terms of quantities and budgetary outlays?
- b. What are the Indian Government's grounds for contemplating an increase of this subsidy to INR 4,000 per tonne for 2015?
- c. How has India considered fulfilling the commitment undertaken at the 9<sup>th</sup> Ministerial Conference to exercise utmost restraint in using export subsidies and any measures having equivalent effect?

Answer by India

- a. and c. India takes its WTO commitments seriously. No payments have been made for sugar export incentives to date.
- b. The increase is based on the continued need for product diversification which is explained in response to AG-IMS ID 76016.

### 1.8.3 Question by European Union (AG-IMS ID 76025)

Press articles from the end of January indicate that Indian Food Ministry has approved a proposal to increase the export subsidy on raw sugar to INR 4,000 per tonne for the export of up to 1.4 million tonnes of sugar.

Could India confirm that such export subsidies have indeed been approved and explain how this measure, which was re-activated after its first introduction in February last year, complies with the Indian export subsidy commitments?

Answer by India

The incentive on marketing and promotion services for raw sugar production has been announced in order to promote product diversification in the Indian sugar industry since the industry traditionally produces white sugar.

However no payments have been made to date.

*Follow-up: Thailand and Paraguay registered their continued interest and concern on this policy. Paraguay further noted its interest to understand the reasons why these incentives were applied when they had not been used in actual harvests. Australia noted that India was one of the world largest sugar exporters and that any export subsidies applied by India could have an impact on the*

world market. Australia understood that no payments had been made so far, and requested to know how many applications for payments had been received, in light of the Indian press reports that had noted that the subsidy would be paid within the next couple of weeks. Irrespective of whether a subsidy had been paid or not, Australia reiterated its call for India to remove this WTO inconsistent export subsidy. Colombia noted its concern on India's measures on sugar exports as it affected Colombian agricultural exports. Colombia invited India to meet the Bali recommendations to use subsidies in moderation with a view to reach the objectives of the Hong Kong declaration. The European Union asked India whether payments could be expected in the future. India, in response to Australia's question, noted that since no payments had been made, no information had been compiled regarding the number of applications received. In response to the EU question, India noted that no payments had been made.

## 1.9 India's exports of cereals and rice

### 1.9.1 Question by European Union (AG-IMS ID 76027)

In reply to the question from the European Union at the meeting of the Committee on Agriculture in November 2014 (AG-IMS ID 75020), India stated there have been no exports from government stocks. However, the web page of Food Corporation of India (<http://fciweb.nic.in//upload/Import/export%20web1.pdf>) publishes data on the exports of food grains (wheat and rice) on government account since 1980-1981, according to which India has exported food grains in most of the years during the period in question. In addition, the report of the High Level Committee on Reorienting the Role and Restructuring of Food Corporation of India not only confirms the Indian exports of food grain from the stocks (42 million metric tonnes of cereals were exported during 2012-2013 and 2013-2014) but also suggests establishing a system whereby exports of stocks would automatically kick in whenever the level of buffer stocks exceed the target quantity.

- a. In the light of this, the European Union remains concerned about the potential adverse spill-over effects of the stockholding operations aimed at maintaining stocks of food grains and asks India to explain how it intends to address them in line with its WTO commitments.
- b. The European Union would also appreciate detailed information from India about exports of food grains upon releasing from the stocks, including destinations and prices. The European Union would also ask India to provide data on how the export of grain stocks complies with the Indian WTO commitments on export subsidies given Article 9.1(b) of the Agreement on Agriculture.

Answer by India

- a. and b. Reference to the recommendations of the High Level Committee is unnecessary as the report has not yet been accepted by the Government.

India takes its WTO commitments seriously and all its actions are fully compliant with the WTO rules.

*Follow-up:* Canada and the United States of America shared the EU concerns on this subject. Canada noted that there were some specific details requested by the European Union regarding exports of food grains released from stocks, including destinations and prices, and asked India if it was in a position to provide that information. The United States of America pointed out that the high level committee report had approved 4.5 million tonnes of wheat exports from stocks and nearly 5.8 million tonnes were actually exported. India stated that it would provide the website containing details of the high level committee, why it was formed and its purposes. India stated that the two issues being discussed were not related. Regarding Canada's request for additional information, India noted that such details would be available in the written response.

## 1.10 Indonesia's regulation on importation of meat

### 1.10.1 Question by Australia (AG-IMS ID 76075)

In December 2014, the Indonesian Government issued Regulation of the Minister of Agriculture No. 139/Permentan/PD.410/12/2014 concerning Importation of Carcass, Meat and/or Processed Meat Products into the Territory of the Republic of Indonesia. The regulation limits imports of beef to primal cuts and some manufacturing meat. While the regulation was subsequently amended by Regulation of the Minister of Agriculture No. 02/Permentan/PD.410/01/2015 concerning the Amendment of Regulation of Minister of Agriculture No. 139/Permentan/PD.410/12/2014, allowing imports of secondary beef cuts by state-owned enterprises in limited circumstances, Australia is concerned that the measure effectively restricts the import of secondary beef cuts and offal.

Australia is concerned that this new measure will affect Australian exports of boxed beef to Indonesia. Australian industry is already feeling the effects of the regulation, which was introduced without notice or consultation with trading partners. This measure further restricts imports following a range of trade-restrictive measures previously implemented by Indonesia.

- a. Can Indonesia please explain the objectives of the regulation?
- b. What will be the effect of the regulation on boxed beef imports to Indonesia?
- c. How is the regulation consistent with Indonesia's obligations under the WTO Agreement on Agriculture, including the obligation under Article 4.2 that Members shall not implement quantitative restrictions with respect to agriculture products?
- d. Can Indonesia please explain if these restrictions on certain cuts of meat and offal will be implemented and applied to domestic products?

Australia understands the complexities being faced by the Indonesian Government as it seeks to meet its food security goals. Australia is working with Indonesia to help support food security, including through our cooperation to increase capability in Indonesia's beef industry. However, Australia encourages Indonesia to look to alternative policies that are WTO consistent and that do not restrict high-quality Australian products that are a safe and reliable contribution to Indonesia's food supply.

Answer by Indonesia

The regulations are issued to regulate imports of beef to primal cuts and some manufacturing meat (as well as some varieties of meat).

- a. The objectives of Regulation No. 02/Permentan/PD.410/01/2015 are to improve the distribution chain of meat with a view to ensure that price in the market reflects actual demand and supply of meat. Indonesia identified some situations in which there were abundant meat available (either domestically produced or imported) but they were not consequently followed by price adjustment due to flawed distribution chain. The provisions stipulated in the regulations are aimed at ensuring a fair market mechanism and preventing unnecessary disruption in meat supply which may cause anomalous price increase.
- b. Indonesian market remains open to imported meats since they are needed to fulfil nutritional needs at affordable prices. However, meats entering Indonesian market still have to comply with necessary food safety and halal requirements.
- c. The regulation is consistent with Indonesia's commitment under Article 4.2 of the Agreement on Agriculture for Indonesia still opens its market to imported meat products.

- d. The regulation only regulates imports of secondary beef cuts and is not related to health requirements which apply to all products.

*Follow-up: The United States of America and New Zealand registered their interest on this issue.*

## **1.11 Pakistan's wheat export subsidies**

### **1.11.1 Question by Australia (AG-IMS ID 76020)**

**Australia understands that the Pakistan Government has recently decided to provide export subsidy payments for wheat exports. If this is the case, can Pakistan:**

- a. **Advise when the export subsidy payments will commence and how long the export subsidy programme is scheduled to run?**
- b. **Advise how much export subsidy has been paid to date and how much volume has been exported under the export subsidy programme?**
- c. **Advise the product or products (by HS code) that the subsidy applies to, and the subsidy rate per tonne?**
- d. **Advise how much in total has been budgeted for the export subsidy programme?**
- e. **Advise which markets are expected to receive subsidized wheat exports from Pakistan?**
- f. **Advise when the export subsidy programme will be notified to the Committee on Agriculture?**
- g. **Reaffirm its recognition that all forms of export subsidies are highly trade distorting forms of support, in accordance with the Bali 2013 Ministerial Declaration on Export Competition?**

Answer by Pakistan

- a. The expiry date of inland transport cost for Sindh Province is 31 March 2015 and for Punjab Province is 15 April 2015.
- b. Nothing has been paid till to date.
- c. Wheat is the only product.
- d. It is inland transport cost, no one has submitted any claim, and finance has not yet allocated or sanctioned or released any amount.
- e. Exports will be done by the private sector therefore the destination is not known until declared by the exporter. Since no exports have taken place under this program therefore cannot provide any further information.
- f. If any export would take place under this program, it will be notified to the Committee as soon as the data is available.
- g. Pakistan is deeply concerned with the fact that WTO Members failed to meet the deadline of 2013 for elimination of all forms of export subsidies and fully supports the Bali declaration on Export Competition.

### 1.11.2 Question by European Union (AG-IMS ID 76028)

According to an article in "The Express Tribune" on the 23 January 2015, the Pakistani Economic Coordination Committee approved a subsidy of about PKR 5 billion for the export of 1.2 million tonnes of wheat and imposed a ban on the import of wheat by-products.

**Could Pakistan indicate how these measures comply with Pakistan's WTO commitments, in particular Article 8 of the Agreement for Agriculture for the subsidy and Article 4.2 of the Agreement on Agriculture for the import ban?**

Answer by Pakistan

Currently there is no import ban on wheat. Pakistan is fully cognizant of its commitments and temporary measures regarding inland transport cost were designed to integrate the poor farmers in the market operations. No amount has been paid yet.

*Follow-up:* Canada, echoed by the United States of America, noted its interest in the questions posed by Australia and the European Union. Australia noted the proliferation of export subsidies that were not actually being paid and stated that if these subsidies were not in fact being paid, this provided an opportunity to remove these policies. Australia encouraged Pakistan to remove these subsidies as quickly as possible. The European Union noted that it would review Pakistan's response and took note that no payments had yet been made.

### 1.12 Russian Federation's agricultural support for 2015

#### 1.12.1 Question by United States of America (AG-IMS ID 76054)

On 28 January 2015, the Russian Government issued its "Plan of Priority Measures to Ensure Sustainable Economic Development and Social Stability in 2015" (Plan). The Plan outlines a number of steps to be taken by the Russian Government to "ensur[e] sustainable economic development and social stability" during the current economic difficulties. Of relevance to this Committee, the Plan sets forth numerous steps to support the agriculture sector, including the provision of up to 50 billion roubles (approximately USD 760 million) from the federal budget in 2015 to support the agricultural sector.

- a. Please provide a detailed overview of the specific programmes that will be funded through this Plan and targeted at the agriculture sector.
- b. If there are non- or minimally trade distorting support policies, when does the Russian Federation plan to submit Table DS:2 notifications?

Answer by the Russian Federation

Information about the amounts provided under the "plan of priority measures to ensure the sustainable economic development of the economy and social stability for 2015 year" (Plan), is currently provisional and will be adjusted in accordance with the established schedule for the financial year. The implementation of the Plan does not presume the use of additional or new measures in domestic support. In addition, to make an assessment of the level of Government support, information on actually used funds is needed which will be available at the end of the financial year after the formal implementation of the budget. Accordingly, the Russian Federation will present information about domestic support measures in its notification.

*Follow-up:* The United States of America noted that it would study Russia's responses.

### 1.13 Russian Federation's grain exports

#### 1.13.1 Question by the European Union (AG-IMS ID 76029)

The European Union has learned from the media reports that the Russian Federation has stopped issuing phytosanitary certificates for grain exports to most destination countries thus imposing a de facto export restriction. It was further reported that, pursuant to an act of Government adopted on 26 December, the Russian Federation imposed an export duty on wheat of 15% plus EUR 7.5, or at least EUR 35 per tonne starting 1 February 2015.

- a. Could the Russian Federation confirm that such measures have been applied and give further detailed information about the measures, including the destinations concerned and justifications?
- b. Does the Russian Federation intend to notify the measures to the WTO as required by Article 12.1(b) of the WTO Agreement on Agriculture?
- c. Were the export restrictions in question applied on an MFN basis?

Answer by the Russian Federation

The Russian Federation has no information regarding the media reports that the Russian Federation has stopped issuing phytosanitary certificates for grain exports. At the same time the Russian Federation would like to state that there is no decision to stop issuing phytosanitary certificates for grain exports to any destination countries. Respectively any allegations regarding export restrictions are incorrect. Referring to the export duty issue the Russian Federation confirms that export duties had been imposed on certain grains. This measure is in conformity with WTO obligations, including transparency obligations.

### 1.14 Thailand's sugar policies

#### 1.14.1 Question by Australia (AG-IMS ID 76021)

According to the press article, "government to slash rice crop, sell stockpiles to cut glut", in the Bangkok Post 2 February 2015 (see <http://www.bangkokpost.com/business/news/464229/thailand-to-slash-rice-crop-sell-stockpiles-to-cut-glut>), the Thai Government is to provide incentives to cut rice production by up to 34 million tonnes for the 2016-2017 cropping year. These incentives are said to include shifting production away from rice and into sugar cane, and are in response to over-production of rice caused by the government's former market price support for rice producers. The market price support has reportedly led to very large stockpiles of rice.

- a. Can Thailand comment on the veracity of this report and confirm if the intention of the Government is to reduce rice production and end market price support programmes for rice?
- b. Can Thailand explain what policy tools will be utilized to try and achieve this outcome, and indicate what incentives, if any, will be provided to move rice growers into sugar cane production?

Answer by Thailand

Thailand reiterates that the Paddy Pledging Scheme, to which Australia referred, has been terminated. The information appeared in the news report is currently a draft study, which has not been approved or implemented by the authority. It is only an initiative which has so far been consulted among stakeholders. The concept is to restructure agricultural production by encouraging farmers to efficiently grow other crops in appropriate areas. The restructuring decision is voluntary for farmers.

**1.14.2 Question by Brazil (AG-IMS ID 76001)**

- a. According to the Three-Month Progress Report of the National Council for Peace and Order (NCPO), dated September 2014, "As for the low sugar cane prices, the NCPO has approved the increase of sugar cane prices for production year 2013/2014, to THB 160 per tonne, that will be directly paid to farmers that have sent their goods to the sugar factories totalling 103.67 million tonnes. This has resulted in over 300,000 sugar cane producers receiving higher dividends from their produce, which will serve as an ongoing basis to develop both the sugar cane industry and sugar manufacturing industry systematically". Would the Thai Government be able to provide information on how long this payment has been provided to farmers? Could the Thai Government confirm if this payment is applicable to all sugar cane production of the corresponding crop season for which it was announced? Could the legislation that provided the basis for these payments be made available?
- b. Thailand provided its last notification on domestic support in April 2014 (G/AG/N/THA/75), regarding the 2008 calendar year. Does the Thai Government intend to present updated notifications? Will the payments for sugar cane price support be included in the coming Thai domestic support notifications?
- c. According to the aforementioned NCPO Progress Report, the 160 bath per tonne price will be applied to 103.67 million tonnes of sugar cane delivered to sugar factories, totalling THB 16.59 billion to be paid through the Cane and Sugar Fund (CSF). Sugar factories have to contribute to the CSF with a levy of THB 5 per tonne of sugar sold in the domestic market (2.6 million tonnes of sugar), amounting to THB 13 billion. It is therefore possible to conclude that the total amount spent with sugar cane price support is considerably higher than the contributions of the factories to the CSF. Could the Thai Government provide information on how the CSF is funded in order to bear the cost of payments for sugar cane price support? Given that the amount collected through the CSF levy is lower than the amount necessary for the payments, please explain how this difference is financed.
- d. According to different statistical sources, sugar cane planted area in Thailand has been growing in recent years. US Department of Agriculture reports indicate that the cane planted area has grown from 1.28 million hectares in crop season 2011/2012 to 1.51 million in the current season (2014/2015). Could Thailand provide statistics on its planted area and total production from 2011/2012 until now?
- e. According to the Department of Internal Trade, Ministry of Commerce of Thailand, minimum prices for sugar for domestic market are required by the Price of Good and Service Act (1999). How are minimum prices for domestic market related to export prices? Are domestic minimum prices higher than export prices?
- f. Could the Thai Government provide information on farm gate sugar cane production and transportation costs to the factories?
- g. According to market sources, Thailand has accumulated a large amount of sugar stocks. Could the Thai Government please inform whether these sugar stocks belong to the private or the public sector? Given that Quota A determines the quantity of sugar to be delivered to the domestic market, is it correct to assume that the exceeding stocks will be necessarily exported?
- h. The Thai Government intends to induce producers to switch from rice to sugar cane in determined regions, according to market sources. Could Thailand confirm that this is the case? If so, what policy instruments will be used to achieve this crop switch? What are the main economic reasons that would

**justify it? Would sugar cane be more profitable for Thai farmers than rice? Why?**

Answer by Thailand

Thailand undertook to provide a response at a later stage.

### **1.14.3 Question by European Union (AG-IMS ID 76033)**

The European Union thanks Thailand for their reply to its questions of November 2014 (AG-IMS ID 75105). The European Union would seek further information on the operation and administration of Thailand's sugar policy. Thailand states that the operation and administration of Thailand's sugar industry are not controlled by the Government. It is also stated that there is a ceiling price for Quota X for retail sale and that Quota Y is the quantity for export by Thai Cane and Sugar Corporation Limited. In the light of this, could Thailand explain:

- a. Whether ceiling prices for Quota X and minimum farm gate prices of sugarcane are set by the Government?
- b. What are the administrative prices for domestic sugar in comparison to export prices during the most recent five years for which the data is available?
- c. Whether administrative prices for domestic sugar are affecting the quantities of sugar exported?
- d. Whether Thai Cane and Sugar Corporation Limited, which exports Quota Y sugar, has received any support from the Government, including government financing, preferential access to capital, underwriting of losses or write-offs of debts; and whether any special legislative privileges have been granted to this company)?
- e. If so, whether Thailand intends to notify it to the WTO pursuant to Article XVII:4(a) of the GATT?

Answer by Thailand

Thailand undertook to provide a response at a later stage.

*Follow-up: Pakistan noted its concern on this issue.*

### **1.15 Thailand's paddy pledging scheme**

#### **1.15.1 Question by United States of America (AG-IMS ID 76058)**

In June 2014 and November 2014, Thailand was unable to provide answers to some of the U.S. questions in AG-IMS ID 74050 and AG-IMS ID 75036 regarding Thailand's Paddy Pledging Scheme, which was terminated as of 28 February 2014. The United States of America repeats the questions.

The United States of America notes that the administered price under the Paddy Pledging Scheme was THB 14,400 per tonne for the main crop, but since the programme was discontinued, market prices in Thailand have fallen dramatically to approximately THB 7,000 per tonne. The United States of America understands that Thailand procured 11.6 million metric tonnes at a cost of THB 190 billion (USD 5.8 billion) in 2013/2014.

- a. Please confirm the quantity of paddy rice Thailand procured under the Paddy Pledging Scheme for the main crop of MY 2013/2014. If reported figures are incorrect, please provide the correct figures.

- b. Please confirm whether the cost of the Main-Crop Rice Paddy Pledging Program is THB 190 billion (USD 5.8 billion) for MY 2013/2014. If this is incorrect, please provide the correct cost.

Further, the United States of America notes that Thailand conducted a tender of 203,000 metric tonnes on 28 October 2014 and a tender of 400,000 metric tonnes on 22 December 2014. The United States of America notes that market prices are far less than the administered prices at which stocks were procured. In addition, the United States of America notes the dramatic decline in market prices in 2014.

- c. Please confirm whether any tenders were exported and provide any publically available information with regard to the sales price of these tenders.

**New questions:**

On 25 November 2014, the Thai Government approved an on-farm pledging programme (the "Farmer Loans to Delay the sales of Rice Paddy for MY 2014/2015"). The programme appears to operate in the same manner as the former Paddy Pledging Scheme did, but with several limitations, such as lower intervention prices, and limits on procurement areas and on eligibility, which is limited to the main-crop production.

- d. Given that Thailand has introduced several other rice programmes, what was the reason for adopting this pledging programme?
- e. Is there any limitation on the overall quantity of rice that may be purchased under the programme?

On 2 October 2014, the Thai Government approved THB 40 billion (USD 1.3 billion) for direct payments to rice producers with payments up to USD 195 per hectare. The United States of America understands the payments will be based on farm size.

- f. Are the direct payments a one-time offering or does Thailand expect to provide similar payments in the future?
- g. Please explain how farm size is determined and on what period of time the payments are based.

Thailand has also adopted an input subsidy programme under the Rice Farmer Assistance Program. The subsidy will be available for fertilizers, pesticides/insecticides, seeds, machinery, and land, totalling up to THB 582 per rai (USD 111 per hectare).

- h. Please provide additional details with regard to how this programme operates.
- i. Please indicate whether this programme will continue to operate along with the new on-farm pledging programme.

In the response to question AG-IMS ID 75036, Thailand said it "would like to confirm that under the rule and policy of the Ministry of Commerce, the Department of Foreign Trade is to conduct tenders to release the rice from the stock without any negative effect to the rice market. Any tenders with unreasonably lower than market prices will not be accepted by the Government".

- j. Please explain how "unreasonably lower than market prices" are determined.

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Answer by Thailand

- a. and b. Currently, Thailand is unable to provide the figures for the marketing year 2013/2014 as the relevant authority is finalizing the account. The information is also subject to the ongoing investigations and upcoming court proceedings relating to the past pledging programme.
- c. Thailand would like to clarify that government tenders are not specific for exports. The procedure is open for all legal persons who register as rice traders with the Ministry of Commerce. According to statistics, in January 2015, Thailand's rice export decreased tremendously compared to the same period last year. Last month, Thailand's rice exports accounted only for 600,000 metric tonnes, ranking third after India and Viet Nam. The price of Thai rice is USD 40-50, higher than other sources.
- d. Thailand confirms that the Paddy Pledging Scheme has been terminated. The programme mentioned by the United States of America is not operated in the same manner as the former pledging scheme. It is a loan programme available for farmers in order to delay the sales of rice paddy during the harvest season so that the market prices do not plummet due to a large supply in the market. To be eligible for the loan, farmers are required to keep their paddy in their own barn or granary; therefore, this will not result in any stockholding by the Government. The programme is available for low-income resource-poor jasmine rice farmers in the northern and north-eastern parts of Thailand.
- e. The Government targeted that the overall quantity of rice under the programme would be approximately 2 million tonnes of paddy. Thailand reiterates that the Government does not purchase rice under this programme.
- f. and g. This programme aims at relieving the expense burden related to seeds, fertilizers, and pesticides/insecticides for low-income resource-poor rice farmers which account for more than 90% of the farmer population in Thailand. Under the programme, the Government will provide eligible farmers with a fixed amount of THB 1,000 per Rai (1 hectare = 6.25 Rai; USD 1 = THB 32.85), or approximately the figure given by the United States of America. Each household, with an average of four members, receives the payment not exceeding THB 15,000 or around USD 450 per year. At this time, the Government does not have any future plan for this type of payment programme. The farm size for each household is determined according to the registration of farmers with the authority in the previous year.
- h. and i. Under the programme the United States of America referred to, the Government does not provide any subsidy to farmers. The Government encourages voluntary cooperation from the private-sector suppliers of fertilizers, pesticides/insecticides, and machinery to reduce the prices of those supplies.
- j. Thailand would like to clarify that at present, when conducting tenders, the Department of Foreign Trade will announce the market price of rice, below which the Government will not sell. Therefore, the bidders will not be allowed to offer any price below the market price determined by the Government.

*Follow-up: The Philippines and India registered their interest and concern on the subject. The Philippines noted that rice and sugar were very important commodities for the Philippines. The Philippines expressed its hope that this plan would not translate to further subsidization in other sectors like sugar. The Philippines stated that there was a new initiative in congress to look at Thailand's subsidization policy. With respect to rice auctioning by the Government, the Philippines requested clarification from Thailand, as to whether the set price was below the paddy pledging scheme price. Thailand clarified that the price set by the Government was from the current market price. The United States of America stated that it would study Thailand's responses and might come back with questions in the future.*

## 1.16 Turkey's destination of wheat flour sale

### 1.16.1 Question by United States of America (AG-IMS ID 76059)

Turkey has not yet responded to questions from the November meeting that were originally posed on the floor during the June 2014 meeting. The United States of America repeats them.

- a. Please explain the TMO Sales Regulation (Code of Practice for Grain Sales after Export to Product Manufacturer-Exporters) that allows TMO to make sales to inward processing certificate holders at world prices. Please provide details on any other measures that operationalize the TMO.
- b. Public records indicate annual sales of TMO wheat sales to inward processing certificate holders over the past several years. Does Turkey confirm that TMO sells domestic wheat to Turkey flour millers that export flour and hold inward processing certificates? If so, please provide wheat purchase and wheat sales prices for these transactions for the last three years.
- c. Please describe any government control or verification requirements for inward processing of wheat flour.
- d. The United States of America appreciates Turkey's response on exported flour and imported wheat as shown in the table (Annex 2 in G/AG/W/106; AG-IMS ID 73042). Are all of the quantities listed imported and exported through the inward processing system? If not, please elaborate on this table by stating how much of the imports and exports were through the inward processing system.
- e. In AG-IMS ID 73042, the United States of America requested data concerning both the quantity and quality of wheat imports and flour exports under Turkey's inward processing system. In response, Turkey provided data concerning only the quantity of such imports and exports. Please provide data for the last three years listing the quality of wheat imported and the quality of wheat flour exported under Turkey's inward processing system.
- f. Please confirm that the sale and trading of inward processing certificates received for exporting products occurs and is allowed under Turkey's regulations. Please also provide any measures that regulate this process.

Answer by Turkey

Turkey undertook to provide a response at a later stage.

*Follow-up:* The European Union and Ukraine registered their concern on this subject.

## 1.17 U.S. Export Credit Guarantee Program

### 1.17.1 Question by Australia (AG-IMS ID 76017)

Australia understands that the FY2015 US Export Credit Guarantee Program (GSM-102) country/region allocations provide an allocation for export credit guarantees to the Republic of Korea (ROK) to the value of USD 400 million. The allocation for the ROK is the single largest Commodity Line 1 allocation, being larger than the export credit for Africa/Middle East and larger than South America. See <http://www.fas.usda.gov/programs/export-credit-guarantee-program-gsm-102/gsm-102-allocations>.

- a. Could the United States of America please advise what products does GSM-102 finance to the ROK and in what volumes, for years 2012-2013 and 2013-2014?

- b. What particular disadvantage do United States of America exporters face in obtaining commercial export credit for exports of agricultural products to the ROK?**
- c. What proportion of total U.S. agricultural exports to the ROK are assisted by the GSM 102 programme?**
- d. What percentage of U.S. agricultural exports to the ROK , by product category, are assisted by the GSM 102 programme?**

Answer by United States of America

The United States of America provides a transparent account of historical and current summary data on the countries or regions of destination, commodities, and dollar value of exports registered under its Export Credit Guarantee Program. Those data are readily available for viewing on the U.S. website by the public and are updated annually.

- a. The information requested is available at the following link which provides GSM-102 annual programme activity reports and includes activity to the Republic of Korea, by commodity: <http://www.fas.usda.gov/programs/export-credit-guarantee-program-gsm-102/yearly-activity-reports>.
- b. The GSM-102 programme provides credit guarantees to encourage financing of commercial exports of U.S. agricultural products. By reducing financial risk to lenders, credit guarantees encourage exports to buyers in countries — mainly developing countries — that have sufficient financial strength to have foreign exchange available for scheduled payments.

and d. The information needed to derive the percentages requested by Australia is readily available at the following link, which provides US export data: <http://apps.fas.usda.gov/gats/default.aspx>.

*Follow-up: Argentina, Canada and the European Union registered their interest on the subject. Canada noted that it would take a look at the links provided by the United States of America. Australia noted that it was not clear whether volumes for commodities were available in the links provided. Australia requested confirmation as to whether the information requested in question c) and d) would be available in the link provided. The United States of America noted that the link provided contained a database with all trade by tariff line and commodities, both in dollar value and volume, for any country, or combination of countries, and products.*

## **2 POINTS RAISED IN CONNECTION WITH INDIVIDUAL NOTIFICATIONS**

### **2.1 ADMINISTRATION OF TARIFF AND OTHER QUOTA COMMITMENTS (TABLE MA:1)**

#### **2.1.1 Republic of Korea (G/AG/N/KOR/51)**

##### **AG-IMS ID 76055: Question by Peru - Transparency issues**

- a. Could Korea please explain in detail how tariff quotas for quinoa are allocated?**
- b. Peru would like to know whether Korea has an official website in English on which the tariff quota fill rate can be consulted in real time.**

Answer by Republic of Korea

- a. The TRQ for quinoa is allocated through public auction of importing rights. The import rights are sold to the highest bidder. The TRQ for quinoa is filled at once in the bidding. A Korean state trading company, Korea Agro-fisheries & Food Trade Corporation, is responsible for the public auction of quinoa. The bidding schedule is published on the web site of that company.

- b. Although information on tariff quota fill rates is not available in real time, Members may get the result of the bidding as well as the required procedures through the internet.

## 2.2 IMPORTS UNDER TARIFF AND OTHER QUOTA COMMITMENTS (TABLE MA:2)

### 2.2.1 Canada (G/AG/N/CAN/103)

#### AG-IMS ID 76056: Question by Peru - Transparency issues

- a. Could Canada please provide details on how General Import Permit #1 operates?
- b. Why is the tariff quota fill rate over 100% for certain products, such as wheat, barley, eggs and chicken?

Answer by Canada

- a. Dairy products are controlled under Canada's Export and Import Permits Act (EIPA) (website: <http://laws-lois.justice.gc.ca/eng/acts/E-19/page-1.html>) and are on the Import Control list (website: <http://laws-lois.justice.gc.ca/eng/regulations/C.R.C., c. 604/page-1.html>), an EIPA regulation. Accordingly, an import permit is required for shipments of dairy products to enter Canada, regardless of whether the import is for commercial or personal use. These import permits can be shipment-specific permits issued to individual importers on the basis of established rules and policies (e.g., in the context of Tariff Rate Quotas), or they can be General Import Permits (GIPs) that authorize all Canadian residents to import the goods in question, subject to the conditions of the GIP. GIP No. 1 allows the personal importation by any Canadian resident of most controlled dairy products, up to a value of USD 20 CAD. The GIP is applied when an importing resident makes their import declaration at the border. GIP No. 1's USD 20 CAD limit does not apply to milk (tariff item 0401.10.10 or 0401.20.10). The full list of qualifying dairy products can be found in General Import Permit No. 1 — Dairy Products for Personal Use regulation (SOR/95-40) (website: <http://laws-lois.justice.gc.ca/eng/regulations/SOR-95-40/FullText.html>).
- b. The main reason for the over fill of the barley products TRQ is the growing demand for specialty malts used in beer production (mainly micro-breweries and craft breweries). Many of the specialty malts required by breweries are not widely available in Canada and additional permits beyond the WTO volume commitment are provided to meet demand in Canada. Since 1999/2000 the wheat products TRQ has tended to be overfilled. The imports of wheat products enter under a first-come, first-served TRQ administration method and are closely monitored. When imports are near 100% of the quota volume the quota is closed. This method for monitoring wheat product imports often results in the tariff rate quota being slightly overfilled (since it is difficult to exactly cut the quota off at the WTO commitment level). For broiler hatching eggs and chicks, the TRQ fill is higher than 100% since 1995 because the North American Free Trade Agreement (NAFTA) commitment is larger than the WTO commitment. The NAFTA commitment is calculated based on 21.1% of estimated domestic production of broiler hatching eggs. The broiler hatching eggs and chicks tariff quota is broken down into broiler hatching chicks (3.7% of anticipated domestic production) and hatching eggs (17.4% of anticipated domestic production). In the case of chicken, the NAFTA commitment of 7.5% of the previous year's production which is administered on a global basis has been larger than Canada's WTO chicken commitment since 1995.

### 2.2.2 Republic of Korea (G/AG/N/KOR/50)

#### AG-IMS ID 76022: Question by Australia - Tariff quota fill

**Can Korea please provide the tariff quota fill rates for each tariff line in line with the Bali Decision on Tariff Rate Quota Administration?**

Answer by Republic of Korea

Korea would like to underline its full commitment to all WTO regulations, including the Bali decision on TRQ Administration. Considering the Bali decision on TRQ Administration was adopted at the end of 2013, Korea will use the modified notification form for the 2014 TRQ notification.

## **2.3 DOMESTIC SUPPORT COMMITMENTS (TABLE DS:1)**

### **2.3.1 Australia (G/AG/N/AUS/89)**

#### **AG-IMS ID 76040: Question by India - Direct payments: income insurance and income safety-net programmes**

**In response to India's question (AG-IMS ID 75043), Australia has provided details of the Farm Management Deposit Scheme (FMDs). However, Australia has not provided the relevant information on how this scheme complies with the requirements of paragraph 7 of Annex 2 of the Agreement on Agriculture. Australia is again requested to provide this information. In particular, could Australia indicate how the scheme ensures that the eligibility for the scheme is determined by an income loss exceeding 30%?**

Answer by Australia

The purpose of Farm Management Deposits (FMDs) is to allow farmers to prepare financially for loss of income as a consequence of low income events like drought. It is designed to increase the self-reliance of Australian primary producers by helping them manage their financial risk and meet their needs in low-income years, for example due to drought, fire or flood, by building up cash reserves as a precautionary balance. Tax is still paid on the funds withdrawn from FMDs in any particular year in accordance with Australian taxation policy. The FMD policy is aimed at minimising government payments to farmers during drought and other disasters by encouraging farmers to be both prepared and self-reliant during such low income years. This approach is intended to increase farm financial preparedness over time.

Exceptional circumstances are defined as events that are rare, severe, and which have a prolonged impact on income and which are outside those that a farmer could normally be expected to manage using responsible farm management strategies. In the Australian context, the most common circumstances of this kind involve serious drought. There is a significant lag in farming conditions returning to pre-drought levels as water availability and reserves, soil moisture, and pasture cover return to normal, and livestock restocking takes place. Historically in Australia, such droughts have resulted in production losses consistent with all of the criteria in Annex 2 of the WTO Agreement on Agriculture.

#### **AG-IMS ID 76041: Question by India - Direct payments: payments for relief from natural disasters**

**In response to India's question (AG-IMS ID 75046), Australia has stated that "due to the nature of the severity of drought required for EC to be declared, production losses are likely to be greater than those described in Annex 2, paragraph 8". Could Australia confirm that if production losses are less than those described in Annex 2, paragraph 8, such payments will not be classified under Annex 2 of the Agreement on Agriculture?**

Answer by Australia

See answer to question above (AG-IMS ID 76040).

### **2.3.2 Botswana (G/AG/N/BWA/20)**

#### **AG-IMS ID 76060: Question by United States of America - Input subsidies available to low-income or resource-poor producers**

**What is the definition or criteria that Botswana uses to classify low income or poor resource farmers?**

Answer by Botswana

In Botswana, a low-income or resource-poor farmer is defined as a subsistence or smallholder farmer who does not produce for commercial purposes, but produces mainly for home consumption. Resource-poor farmers mainly practice traditional food systems. They use neither farm machinery nor modern/new technology.

With respect to crop farming, a resource-poor farmer owns a small farm of less than 5 hectares. Crop yield is low, approximately 150 kg/hectare. They mainly use draught power to plough their fields. They apply neither fertilizers nor pesticides. They do not practice row planting and use hand broad casting. Cultivation, weeding, harvesting and threshing are done by hand and/or hand-held implements like hoes.

Regarding livestock farming, resource-poor farmers own a small herd of less than 20 cattle in communal/rural areas. The calving rate is low and mortality rate is high. They do not keep records and do not provide supplementary feeding and survival is by scavenging. No vaccination is undertaken except for the ones carried-out by Government to prevent diseases of economic importance like Foot and Mouth Disease (FMD), Rabies, Anthrax and Black Quarter, in accordance with Annex 2 paragraph 2 (b) on pest and disease control of the Agreement on Agriculture.

### 2.3.3 Brazil (G/AG/N/BRA/37)

#### AG-IMS ID 76062: Question by United States of America - Transparency issues (including Table DS:2)

The United States of America appreciates the inclusion of the note to Supporting Table DS:7 indicating all of the products that are part of Brazil's various product-specific support programmes, including Market Price Support. The United States of America believes that notes, such as these, in Members' notifications provide greatly improved transparency with regard to the general state of agricultural support in a country compared to notifications that simply state only those items with a budgetary outlay or other calculated measure of support. For example, Brazil's notification makes clear that government funding targeted at market price support programmes is, in part, dependent on forecast prices.

- a. Noting that Brazil may provide funding to support programmes, including market price support, of these various products in any given year, please describe whether the Government will re-evaluate funding for a given product if market prices fall significantly below the expected levels when the initial funding is determined.
- b. The note to Supporting Table DS:7 states that some products have the right to be supported only in specific states or regions. Does this indicate that state or regional funding exists or does it mean that federal funding is limited to certain areas?
- c. The United States of America notes that the PEP programme was used for both grapes and oranges in 2012 and PEPRO was used for oranges. Can Brazil provide any information on the quantities of product purchased under both these programmes that were sold domestically and were exported?

Answer by Brazil

- a. When market prices fall significantly below expected levels, the Government can ask the National Congress for additional funding.
- b. It means that the funding for some products is limited to certain areas.
- c. The supported (not purchased) quantities were 11,634 tonnes of oranges and 78,027 tonnes of grapes under PEP, and 25,785 tonnes of oranges under PEPRO. Specific information on quantities sold domestically and/or exported is not available.

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**AG-IMS ID 76030: Question by Canada - General services: extension and advisory services**

Canada notes that "Support for projects of agricultural development" notified under extension and advisory services has increased substantially in 2012/2013 from USD 278.7 million in 2011/2012 to USD 998.6 million in 2012/2013. Could Brazil please provide details on this significant increase in spending including the types of projects that benefit this funding? What sort of agricultural development is targeted?

Answer by Brazil

The increase in spending was justified by the need to support public investment by local authorities in side roads in all Brazilian towns outside metropolitan areas (before 2013, such spending was restricted to towns with less than 50,000 inhabitants). The notified values also reflect expenditures aimed at supporting actions by local authorities in reaction to severe droughts in 2012.

**AG-IMS ID 76031: Question by Canada - General services: marketing and promotion services**

Canada notes that under marketing and promotions services, "support for marketing projects" has increased significantly in 2012/2013 from USD 2.4 million in 2011/2012 to USD 21 million in 2012/2013. Could Brazil please elaborate on the reasons for this change in expenditure?

Answer by Brazil

The increase in spending on marketing and promotion services is explained by the fact that the current Brazilian projects have been consolidating year by year, benefiting from available funds in the national budget law.

**AG-IMS ID 76061: Question by United States of America - Input subsidies available to low-income or resource-poor producers**

The United States of America notes that Brazil provides "Funds for variable input acquisitions". The United States of America also notes that Brazil stated in response to AG-IMS ID 66025 that the definition of low-income or resource-poor producers is identical to that of "family farming" in Brazil, which is the three criteria to define family farming (low-income or resource-poor producers):

- i. limitation in the size of the land (four module size);
  - ii. most part of the family revenue must come from the agricultural activity;
  - iii. the business is operated by the family with predominance of its own labour force. The definition was established by Law 11326/2006 and its amendments.
- a. Please provide more detail with regard to the land limitations ("four module size"). The United States of America understands these vary by location, and would appreciate several examples in states such as Mato Grosso, Tocantins, Parana, Mato Grosso do Sul, Goias, and Minas Gerais.
  - b. Do size limitations vary by commodity?
  - c. Are there any limits on total income?
  - d. What is the median income of these farmers in Brazil? Please also provide examples for median income in the states noted in question a.

Answer by Brazil

- a. The module size was defined by the Special Instruction INCRA Nr. 20, 28 May 1980, and varies by municipality. Brazil will provide the United States of America an updated file with the module size of all municipalities in Brazil.
- b. No, size limitations do not vary by commodity.
- c. Yes, the current limit is BRL 360,000.00 of total revenue, per family/rural property, per year.
- d. That information is not relevant to the implementation of public policies related to family farming in Brazil. There is no official data on that issue. Please refer to the reply above for an example for median income in the states noted in question a).

#### **AG-IMS ID 76034: Question by Canada - *De minimis***

**Canada notes that the total Value of Production (VOP) figure used to calculate the *de minimis* threshold is on a provisional basis. Could Brazil please advise when they intend to provide the actual total VOP figure? Will the other product-specific figures need to be revised as well?**

Answer by Brazil

No, these figures do not need to be revised.

#### **AG-IMS ID 76036: Question by Canada - Classification of measures**

**Canada notes that "Funds for input subsidies" is no longer included in Brazil's Supporting Table DS:2 (special and differential treatment). However, a new item has been added to Brazil's Supporting Table DS:9 (Non-product specific support) also entitled "Funds for input subsidies". Could Brazil please indicate whether the programme under supporting table DS:2 has been terminated or has it been re-classified under supporting table DS:9 as non-product specific? If the latter is true, could Brazil elaborate on the reasons for this change in classification?**

Answer by Brazil

The programme used to benefit only family farmers (low-income or resource-poor producers), but it has been modified and now can benefit other kinds of producers.

#### **2.3.4 European Union (G/AG/N/EU/20)**

##### **AG-IMS ID 76032: Question by Canada - Public stockholding for food security purposes**

**Canada notes an important decrease in support for "Public Stockholding for Food Security Purposes" in 2011/2012. Could the European Union provide details on this substantial drop in payments?**

Answer by European Union

As is indicated in the notification, this expenditure relates only to individual member State expenditure. Member States only spent EUR 1.2 million in the 2012 budget year due to changes in policies, which is indeed a significantly lower amount than in 2011.

##### **AG-IMS ID 76037: Question by Canada - Payments based on fixed areas or yields**

**Could the European Union provide details on the significant drop in payments for transitional fruit and vegetables which went from EUR 210.5 million in 2010/2011 to EUR 70.9 million in 2011/2012?**

Answer by European Union

This aid was paid under a temporary and degressive scheme introduced during the reform of the CAP provisions for the fruit and vegetable sector introduced by Council Regulation (EC) 1182/2007 with effect from 1 January 2008. The aid should show further reductions in subsequent years.

#### **AG-IMS ID 76038: Question by Canada - Non-product-specific AMS**

**Canada notes the inclusion of a new measure called "Mutual funds in case of animal or vegetal diseases" and the associated payment of EUR 26.9 million. Could the European Union describe the circumstances requiring this support?**

Answer by European Union

The possibility to support the setting up of mutual funds has been provided for in Articles 68(1)(e) and 71 of Council Regulation (EC) No 73/2009, with effect from 1 January 2009. However, the 2012 budget year was the first in which this possibility was taken up by a member State.

*Follow-up:* Canada noted its interest in the circumstances that would require this type of funding (mutual funds).

#### **2.3.5 India (G/AG/N/IND/10, G/AG/N/IND/10/Corr.1)**

#### **AG-IMS ID 76018: Question by Australia - Transparency issues (including Table DS:2)**

Australia thanks India for its answers to the questions raised by Australia at the 75<sup>th</sup> Committee of Agriculture, in relation to India's notification (G/AG/IN/10). Australia acknowledges India's answer to Australia's question (AG-IMS ID 75017) on the use of United States Dollars (USD) instead of Indian Rupees (INR) in India's recent notifications. Australia notes, however, that India's AGST requires that INR be used, and indeed INR was used by India prior to its last notification.

- a. Can India explain why it is no longer using INR in its notifications, and why it considers it more important "to provide comparable estimates" than to follow India's AGST?
- b. Can India also explain why it considers USD as being more reflective of the real impact of Indian domestic support when domestic support is actually delivered in INR and not USD?

Answer by India

India has followed a consistent approach with respect to currency used when notifying its domestic support notifications. Notification of domestic support in US dollars since 1995-1996 has been done in order to provide comparable estimates of the support.

#### **AG-IMS ID 76019: Question by Australia - Transparency issues (including Table DS:2)**

With respect to the question from Australia (AG-IMS ID 75021) on input subsidies, India states that "about 99% of farm holdings have less than ten hectares of land which is not considered to be adequate to generate enough income to maintain a minimum standard of living". India states that the situation has deteriorated further over the period 2001-2002 to 2010-2011. This is despite the fact that Indian input subsidies to these farms have increased by almost 300% in the notification period and that market price support has also been available for a range of agricultural commodities.

- a. Can India explain why concessional farm inputs and market price support have not made any significant change to the economic circumstances of the recipient farmers?

- b. Can India also explain why rice production and wheat production have accelerated significantly in the period under notification, along with the value of agricultural output, yet according to India's response, the number of farmers deemed to be living without a sufficient income has increased over the same period?**

Answer by India

- a. India's agriculture is subjected to structural disadvantages arising out of small and fragmented landholdings, depletion in soil fertility, lack of access to markets and technology, and low levels of productivity and income. Since agriculture in India is not remunerative and input costs are rising over time due to upward price movement in the country, concessional farm inputs and market price support have not been able to keep pace with the rate of inflation.
- b. There is a marginal increase (3%) in the quantity of production of rice during 2001-2002 and 2010-2011 and an increase (19%) in the quantity of wheat production from 2001-2002 to 2010-2011. This increase in the production of rice and wheat has, however, had very limited impact on the livelihood of the Indian poor farmers since the number of small or resource poor farmers has increased during the decade 2000-2010.

**AG-IMS ID 76066: Question by United States of America - Transparency issues (including Table DS:2)**

**In response to AG-IMS ID 75045 regarding the significant levels of state-level funding that are distinct from central government funding noted by the United States, India states that "Agriculture is a state subject in India, and all support provided by the Government is implemented at the state level".**

- a. **The United States of America appreciates India's response that all agricultural support in India is implemented at the state level, but repeats its questions regarding whether India's notification includes both central government funded support and state-level funded support.**

**In response to AG-IMS ID 75045, the United States of America notes that in India's response and explanation of the manner in which it notifies its domestic support programmes, India stated that it notifies consistently in U.S. dollars so as to provide comparable estimates from one year to the next.**

- b. **Please provide India's notified levels of support for its most recent notified year (2010) in Indian rupees for comparison purposes with its commitments reflected in its AGST (G/AG/AGST/IND).**

Answer by India

- a. In India agriculture is a state subject. The funds for assistance for the agriculture programmes are budgeted by the Government of India (GoI) and expended through the State governments as per the modalities defined by the GoI.
- b. The support has already been notified and the conversion rates from INR to USD have already been provided in India's notifications.

**AG-IMS ID 76067: Question by United States of America - Transparency issues (including Table DS:2)**

**In response to AG-IMS ID 75047, regarding general services support, India simply stated that agriculture is a state subject and that all support is implemented at the state level.**

**The United States of America repeats its questions seeking clarification as to whether support notified as general services is funded completely by the central government**

(and implemented by states) or if some level of notified support also includes state-level funding. If the notified support does not include state-level support, please indicate the instances in which states do provide funding.

Answer by India

The funds for assistance for the agriculture programmes are budgeted by the Government of India (GoI) and expended through the State governments as per the modalities defined by the GoI.

**AG-IMS ID 76068: Question by United States of America - Public stockholding for food security purposes**

In response to part a) of AG-IMS ID 75048, India indicated that it had not exported grains from government stocks since 2006/2007.

- a. Please confirm whether this response was in relation to only the notified period or whether it also includes dates beyond the notified period?

The United States of America notes that, according to publicly available official government data, India's food subsidy has continued to rise since 2010/2011. Based on the Food Corporation of India website, India has also exported significant quantities from public stocks since that time. For example, in 2012/2013 and 2013/2014, India exported 3.07 million metric tonnes and 2.43 million metric tonnes of wheat from the Food Corporation of India.

- b. Please confirm these export volumes.
- c. Please provide detailed information, including tender notices and prices, regarding these exported quantities.

The United States of America notes that India notified USD 12.28 billion in public stockholding for food security purposes in 2009/2010. At the official exchange rate notified by India, this is equivalent to INR 582 billion. As noted by the United States of America in part c) of AG-IMS ID 75048, the Food Corporation of India reported INR 428 billion in "subsidies" or the fiscal losses associated with procuring rice and wheat at the minimum support price and the selling at heavily discounted prices in 2009/2010. This figure more than doubled by 2013/2014. Several states also provided bonuses in addition to the minimum support price. In 2009/2010, the United States of America estimates that these bonuses were equivalent to INR 11,463.9 million.

- d. Please confirm if the expenditures noted by the Food Corporation of India are included in the notification by India under public stockholding for food security purposes.
- e. Please confirm the U.S. estimates of state bonuses and provide total state-level funding expenditures for the notified period, including, but not limited to, state-bonuses per part e) of question AG-IMS ID 75048.
- f. Please confirm whether the state bonus or other state-level funding is included in the notification by India under public stockholding for food security per part d) of question AG-IMS ID 75048.
- g. Please explain any other expenditure notified under this sub-heading and include relevant values for the notified period.

Answer by India

- a. The response is only for the notified period.

- b. and c. The quantities of wheat exported through competitive global tenders during 2012 to 2014 are as follows:

(In million tonnes)

2012-2013	2013-2014
2.92	2.54

The weighted average price of USD 303.35 per tonne has been realized from these exports.

- d. India's notification is consistent with the WTO rules and includes expenditure incurred in its public distribution programme.
- e. f. and g. India's notification is consistent with the WTO rules and India's commitment to the WTO.

**AG-IMS ID 76069: Question by United States of America - Direct payments: payments for relief from natural disasters**

The United States of America thanks India for its response to AG-IMS ID 75049 and the clarifications provided. The United States of America would like to confirm its understanding of India's response that:

- a. under the sub-heading, "payments for relief from natural disasters", the payments include no state-level funding and simply indicate the level of central government expenditures implemented by states;
- b. no state-level expenditures are used to fund the National Crop Insurance Scheme (which is funded completely by the central government).

Answer by India

Payments to farmers for relief from natural disasters are covered under the National Crop Insurance scheme. The funds for the assistance are provided by the Government of India and spent through the States as implementing agencies.

**AG-IMS ID 76070: Question by United States of America - Direct payments: structural adjustment assistance provided through investment aids**

The United States of America thanks India for this response to AG-IMS ID 75052 and looks forward to reviewing the Table DS:2 when it is notified. The United States of America notes that the Agricultural Debt Waiver and Debt Relief Scheme classifies farmers as "marginal, small, and other". Marginal and small farmers are collectively considered those with no more than two hectares of land, while "other" consists of all other farmers. The Scheme provides debt waivers to marginal and small farmers and debt relief to other farmers.

- a. The United States of America would appreciate a better understanding of the basis for implementing this debt programme as described.
- b. Other than landholding size, what factors contributed to India's assessment that two hectares was an appropriate basis for determining which farmers received debt waivers versus debt relief.

The United States of America notes that the Agricultural Debt Waiver and Debt Relief Scheme takes into account farmers that pool their landholdings per details linked in response to AG-IMS 75052.

- c. **Can India provide relevant data on the pooling of landholdings by Indian farmers? For example, the percentage of landholdings that are pooled; the average size of the combined pooled landholdings; the number of farmers involved in a single landholding "pool" on average, etc.**

Answer by India

- a. and b. Agricultural Debt Waiver and Debt Relief scheme is publically available at [http://rbi.org.in/scripts/BS\\_CircularIndexDisplay.aspx?Id=4190](http://rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=4190).
- c. There is no pooling of landholdings by Indian farmers as 99.15% of Indian farmers are small or resource poor and cultivating their own land for subsistence.

**AG-IMS ID 76035: Question by European Union - Input subsidies available to low-income or resource-poor producers**

**Follow-up on question AG-IMS ID 75078:**

- a. **Can India indicate the percentage of total agricultural area that is farmed by those farmers possessing less than 10 hectares?**
- b. **Can India indicate the percentage of total Indian production of wheat, rice, maize and cotton respectively that are produced by farmers possessing less than 10 hectares?**

Answer by India

- a. As per Agriculture Census of India (2005-06) about 99.15% of farm holdings are of low income or resource poor farmers. Other relevant details are available in the Agriculture Census document.
- b. No such data is maintained.

**AG-IMS ID 76071: Question by United States of America - Input subsidies available to low-income or resource-poor producers**

**As noted in AG-IMS ID 75057, the average landholding size in India is declining. The decline is due to a combination of an increase in the number of landholdings, an increase in population, and the operation of Indian hereditary laws, which indicate that the average size of Indian landholdings will continue to decline. As a consequence, an increasing number of Indian farmers may be marginalized due to a reduced ability to earn income off their land. What steps is India taking, or considering, to address the trends that are resulting in lower incomes for producers?**

Answer by India

The Government is committed to address the issue by upgrading technology, adopting better farm techniques, developing markets, using high yielding seeds and making available other necessary inputs which affect the productivity.

**AG-IMS ID 76072: Question by United States of America - Market price support**

**In its responses to question AG-IMS ID 75062, India states that it only procures very few crops under the various announced minimum support prices and that those are the only administered prices notified in Supporting Table DS:5.**

- a. **What is India's objective in establishing minimum support prices for other commodities?**

- b. Please address the fact that these prices provide an inherent support to producers in the sense that the producers will receive the support price in the event of a decline in market prices.

In response to part b) of question AG-IM ID 75062, India stated that the Government procures the marketable surplus of minimum support price (MSP) commodities less only what farmers want to keep for their own consumption and seed requirements. As the United States of America noted in part c) of AG-IMS 75062, the Government, through the MSP and compounded by additional bonuses provided by states, can be a virtual monopsonist in certain markets, such as the market for wheat. The Government of India itself has stated this is "not healthy for the long term efficiency in procurement operations as well as for farmers".

- c. Please confirm that the choice of farmers not to sell to the Government at the MSP is a matter of their own decision and that there is no limitation on the quantity of products, including rice or wheat that the Government is willing to purchase from Indian farmers.
- d. With regard to India's response to part b), please confirm that India's decision to abandon its notification methodology reflected in the AGST document and India's first notification for 1995/1996 is because of the reason provided and not due to any policy change between 1995/1996 and 1996/1997.

In response to part c) of question AG-IMS ID 75062, India noted that the notification covers support by the Government. It remains unclear however, how all the support, such as state bonuses, are in fact covered by this notification. This is particularly concerning given the Government of India report which described the impact a state bonus can have on overall government procurement.

- e. Please provide an updated Supporting Table DS:5 including relevant MSP bonuses.

Answer by India

- a. and b. In India since the majority of the farmers are low income or resource poor, MSP is fixed to protect the farmers from distress sales of their crops and to prevent them from exploitation.
- c. The Government is purchasing at MSP only the surplus produce which the farmer wants to sell.
- d. India's notification is consistent with the WTO rules. The eligible production is the quantity which has been actually procured.
- e. In India agriculture is a State subject and all support provided by the Government of India is implemented at the State level.

*Follow-up:* Australia, Canada, and Paraguay expressed support for the questions raised by other Members and noted continued interest in the issue given India's large volumes of wheat and rice exports. Canada and New Zealand noted that many of the questions posed to India dealt with methodological issues in the notification, particularly with respect to the calculation of market price support and the relevant exchange rates, and these were important systemic questions. The European Union and Canada requested clarification with respect to the definition of low income and resource poor farmer, specifically for India to provide the percentage of the area cultivated by the low income/resource-poor farmers. India noted that they would share this information in their written response. The United States of America planned to follow-up in the next meeting with questions regarding whether India had taken steps to ensure that those producers who do not sell to government agencies at the MSP did not benefit from the direct or indirect effects of the

*government's guarantee to purchase any, and all, production that producers wished to sell at the MSP, and to elaborate on it, if that was the case.*

### 2.3.6 Indonesia (G/AG/N/IDN/34)

#### **AG-IMS ID 76063: Question by United States of America - Transparency issues (including Table DS:2)**

**The United States of America notes that Indonesia has not provided a Supporting Table DS:4 or Supporting Table DS:5 to account for the use of administered prices per footnote 5 of paragraph 3 of Annex 2 of the Agreement on Agriculture. Indonesia previously indicated (AG-IMS ID 75063, AG-IMS ID 73052, and AG-IMS ID 74043) that it would be notifying Supporting Table DS:4 and DS:5 shortly. When can Members expect the notification of the relevant Supporting Table DS:4 and Supporting Table DS:5?**

Answer by Indonesia

In November 2014 Indonesia nearly finalized its notification of the Supporting Table DS:5. However, it was later identified that some aspects of the methodology used in the calculation needed to be reevaluated. Indonesia is currently working to improve the calculation of the data and it will provide notification of the Supporting Table DS:5 in the near future.

### 2.3.7 Republic of Korea (G/AG/N/KOR/53)

#### **AG-IMS ID 76042: Question by Canada - Transparency issues (including Table DS:2)**

**Canada notices that rice is not listed as receiving product-specific support in Korea's Supporting Table DS:4 in 2009. Support has been reported in previous years and for the two consecutive years (i.e. 2010 and 2011). Could Korea please explain this anomaly?**

Answer by Republic of Korea

The Deficiency Payment Scheme for Rice Farmers is designed to be triggered when the market price of rice falls to a certain level during the harvest season. As Canada has correctly pointed out, in the 2009 harvest season the market price was not low enough to trigger the deficiency payment scheme.

#### **AG-IMS ID 76073: Question by Thailand - Other product-specific AMS/EMS**

**Korea indicates the "deficiency payment" measure for rice under Supporting Table DS:6 for 2010 and 2011. Please provide more details for this measure. Is the payment paid according to the deficiency between the base price(s) and current market price(s)? How does Korea determine the base price(s) and market price(s)? Is the payment available for all domestic production?**

Answer by Republic of Korea

The Republic of Korea has reformed its rice policy since 2005. Korea abolished the traditional Rice Purchasing Program and introduced a deficiency payment scheme for rice farmers. In other words, Korea has moved from producer price policy to producer income policy. The Korean Government supports rice farmers' income through two different schemes: the fixed direct payment scheme under the Supporting Table DS:1 and the Deficiency Payment Scheme under the Supporting Table DS:6. For the latter scheme, with respect to Thailand's question, the Korean Government provides 85% of the gap between the target price and the market price in harvest season combined with the first direct payment scheme. It means that if the market price exceeds a certain level, no additional deficiency payment will be triggered. The target price is reset every five years, taking into account among other things, the rice price fluctuation as well as farmers' income. As for the market price, the average producer price is published from the survey covering the period from October to January each year. To be eligible for the "deficiency payment", paddy fields had to be registered in the historical production during the period 1998-2000. According to the paragraph 10 of Annex 3 of the Agreement on Agriculture, the amount of the subsidy was calculated and notified as budgetary outlays.

**AG-IMS ID 76074: Question by Thailand - Non-product-specific AMS**

**Korea's Supporting Table DS:9 indicates the amount spent under the crop insurance programme. Does the programme provide insurance to all crops? If not, please specify which crops are eligible for the programme. What are the conditions to be eligible for the assistance under the programme? Could Korea explain the reason why the amount spent under the programme increased from 2010 to 2011?**

Answer by Republic of Korea

The insurance is developed and managed by insurance companies on a commercial basis. Farmers choose different types of insurance policies voluntarily and the Government covers 50% of the premium when farmers or agricultural corporations buy crop insurance. In 2011, there were 43 eligible crops, including fruits, paddy rice and horticultural crops grown in facilities. The insurance holders receive the insurance coverage based on their contracts. The reason for the increase in the amount of budgetary outlay under the programme was that the number of eligible crops as well as the participating farmers increased during that period.

**2.3.8 Russian Federation (G/AG/N/RUS/5)****AG-IMS ID 76064: Question by United States of America - Transparency issues (including Table DS:2)**

**The United States of America notes that the Russian Federation did not notify a market price support for corn; however, corn was notified in WT/ACC/SPEC/RUS/39.**

- a. Please verify that no price support was announced for corn in 2012.**
- b. If price support was announced for corn in 2012, please explain when the Russian Federation decided to permanently eliminate price supports for corn.**

Answer by the Russian Federation

During the period of accession to the WTO, the Russian Federation assumed no obligation in using price support measures with regard to products and, in particular, to corn. Therefore, there was no formal renunciation of the use of this measure. At the same time in 2012, measures aimed at price support for corn were not used.

**2.3.9 United States of America (G/AG/N/USA/93)****AG-IMS ID 76048: Question by India - Transparency issues (including Table DS:2)**

**In its domestic support notifications, in some years the United States of America has calculated market price support for dairy, while in other years it has calculated this support for butter, non-fat dry milk and cheddar cheese.**

- a. Could the United States of America provide reasons for this change?**
- b. Could the United States of America confirm that it had notified the Fixed External Reference Price for butter, non-fat dry milk and cheddar cheese in its AGST?**
- c. What was the total applied AMS for these three categories separately in 1986-1988?**

Answer by United States of America

- a. As noted in the US response to AG-IMS ID 60052, the 2008 Farm Act eliminated the dairy price support, which had been established at USD 9.90 per hundredweight (cwt), or USD 218.258 per tonne, since 1999 for all milk. The 2008 Farm Act authorized the "Dairy Product Price Support Program," which established minimum purchase prices, as**

follows: non-fat dry milk at USD 0.80 per pound (USD 1,763.698 per tonne); butter at USD 1.05 per pound (USD 2,314.853 per tonne); and cheddar cheese at USD 1.13 per pound for blocks (USD 2,491.223 per tonne) and USD 1.10 per pound for barrels (not used in the notification).

- b. As noted in the US response to AG-IMS ID 60052, the United States of America notified a Fixed External Reference Price for all dairy in its AGST. Given the change in dairy policy, a new market price support calculation was required, one for each of the three supported products (butter, non-fat dry milk, and cheddar cheese). In accordance with Annex 3, paragraph 8 of the Agreement on Agriculture, market price support was calculated by calculating the gap between the fixed external reference price and the applied administered price (the statutory support price) for each product, and by multiplying that figure by the quantity of production eligible to receive the applied administered price (the statutory support price). According to Annex 3, paragraph 9 of the Agreement on Agriculture, a fixed external reference price shall be based on the years 1986-1988, and shall be the average f.o.b. price for the agricultural product in a net-exporting country. The United States of America was a net-exporter of all three products during the 1986-1988 period, so an f.o.b. price was selected; the United States of America notified the fixed external reference price of USD 159.826/tonne.
- c. Prior to 2008, the United States of America did not maintain a support price for these individual commodities and therefore, there is no basis for determining the level of AMS support.

#### **AG-IMS ID 76044: Question by India - Direct payments: income insurance and income safety-net programmes**

##### **Follow-up question to AG-IMS ID 75107:**

**In response to India's question, the United States of America has claimed that on account of administrative and operating reimbursements to insurers "there are no trade distorting effects or effects on production". Could the United States of America elaborate this claim further, particularly as payment of administrative and operating reimbursements by the Federal Government relieves the farmers of the burden to make these payments to the private insurance companies?**

Answer by United States of America

Outlays for administrative and operating (A&O) reimbursements are made by the Federal Crop Insurance Corporation (FCIC) to private crop insurers in exchange for delivery of services under the authority of the FCIC. Instead of providing a fully government operated delivery infrastructure for crop insurance, the FCIC has developed a public-private partnership in which private insurance companies work jointly with the FCIC to administer and service a programme of crop insurance for producers. A&O reimbursements, along with underwriting gains and losses, are the means by which the FCIC reimburses private insurers for their services in delivering this programme. A&O reimbursements are provided in exchange for delivery of services and therefore, the FCIC can withhold the reimbursement or require repayment if the insurer fails to provide the delivery services as outlined in the Standard Reinsurance Agreement. The A&O reimbursements are not a part of the crop insurance premium.

#### **AG-IMS ID 76045: Question by India - Non-product-specific AMS**

##### **Follow-up question to AG-IMS ID 75108:**

**India had pointed out that while the GRP Scheme in 7 CFR §407.9 outlines a Common Policy for insurance, there are product specific parts to this policy for crops like barley, corn, cotton, forage, peanuts, sorghum, soybean, wheat as contained in 7 CFR §407.10 – 7 CFR §407.17. India had sought to know how such crop specific provisions with a tailor-made criterion for different "crop insured", catering only to certain crops, does not make the GRP Scheme product specific in nature. In response, the United States of America has stated that it has "in the past notified its crop insurance programme as non-product specific in light of the programme's parameters". However, a Congressional**

**Research Service report of April 2007 states that "Most crop insurance subsidies (with the exception of adjusted gross revenue insurance) can be linked directly to a specific insured crop". In light of these facts, the United States of America is requested to elaborate its answer, as it does not address the core issue raised by India.**

Answer by United States of America

Prior to 2008, the United States of America notified net indemnities as non-product specific producer support. In part, the United States of America notified crop insurance support as non-product specific because basic provisions of the crop insurance programme are generic and broadly available to a wide and growing range of commodities. Although insurance plans are written on a commodity specific basis, the rates for premium support are not commodity-specific and apply equally to all commodities insured under a particular insurance policy. In other words, as a general matter, the same support is available at the same percentage across crops. However, the United States of America notes the questions raised by various Members, including prior questions by India, regarding the classification of crop insurance by the United States of America as non-product specific. In preparing its 2012 notification the United States of America undertook a review of its notification of its crop insurance programme. As a result of that review, the United States of America decided that because crop insurance premiums are based on production histories and expected prices of specific commodities, and because crop insurance policies are priced according to the actual crop planted and contain crop specific terms and features, and thus the associated premium support has similar crop-specific associations, the US crop insurance programme is more appropriately classified as product-specific support. Also, with the transition to separate reporting of crop insurance delivery support and producer premium support as a result of the 2008 Farm Bill, it has become technically feasible to accurately report crop insurance support by individual commodities. The United States of America has implemented product specific reporting of crop insurance premium support beginning with the 2012 notification. Corrected notifications reflecting the new reporting method for 2008-2011 will be submitted as soon as they can be completed.

#### **AG-IMS ID 76046: Question by India - Non-product-specific AMS**

**Follow-up question to AG-IMS ID 75112:**

**India had sought to know the per unit rate charged for electricity used to transport irrigation water and the power rates charged for industrial, agricultural and residential users of electricity. However, the response from the United States of America does not provide the information sought by India. United States of America is again requested to provide the specific information sought by India.**

Answer by United States of America

Because of the number of institutional participants in the distribution of water from federal irrigation projects, compiling the relevant data is complex and will require additional time. The United States of America is currently compiling the relevant information and will provide a more complete response once the information is compiled.

#### **2.3.10 United States of America (G/AG/N/USA/100)**

**AG-IMS ID 76043: Question by Canada - General services: other**

**In the United States of America most recent Table DS:1 notification for 2012, no amounts are reported for the following programmes notified under the Green Box: a) underwriting gains to insurers, b) resource conservations and development, c) conservation loans, d) voluntary public access and wildlife habitat incentives (VPA-WHIP). Could the United States of America please confirm whether or not these programmes have been terminated?**

Answer by United States of America

The programmes were not terminated and no amounts were notified for the following reasons:  
a) Insurers sustained underwriting losses in 2012 and thus underwriting gains to insurers were

reported as 0. b) There were no funds appropriated for the Resource Conservation and Development programme in 2012. c) Conservation loans are guaranteed loans made by private lenders with a government repayment guarantee should borrowers fail to meet their repayment obligations. No interest rate subsidy is provided. An annual credit subsidy rate is calculated based on the default rate for loans in the programme and fees paid by participants. That rate for 2012 was negative, and therefore, the credit subsidy was 0 for that year. d) There were no expenditures on VPA-HIP in 2012.

#### **AG-IMS ID 76010: Question by European Union - General services: other**

**The European Union notes the "underwriting gains to insurers" measure previously included under the General Services in Supporting Table DS:1 is no longer notified in the current notification covering the marketing year 2012.**

- a. **Has this measure been included in a different way in the current notification?**
- b. **Could the United States of America explain what changes to the operation of the measure led to this notification change?**

Answer by United States of America

- a. and b. The underwriting gains were not notified because insurers sustained underwriting losses in 2012, and thus underwriting gains to insurers were reported as 0. There has been no change in the way underwriting gains to insurers is reported.

#### **AG-IMS ID 76015: Question by Australia - Other product-specific AMS/EMS**

**The United States of America reported in its notification for the marketing year 2012 on 8 December 2014 (G/AG/N/USA/100) a number of product specific commodity loan interest subsidies (e.g. barley, canola, corn, cotton, dry peas, flaxseed, honey, oats, peanuts, rice, sorghum, soybeans, sugar and sunflowers).**

- a. **Can the United States of America inform Members how the interest subsidy used in each of the relevant commodities was calculated and how the amount notified as product-specific AMS was determined?**
- b. **Could the United States of America please explain the rationale behind reporting crop insurance as product specific support when previously it has been notified as non-product specific support?**

Answer by United States of America

- a. The interest subsidy on Commodity Credit Corporation (CCC) commodity loans, calculated on a crop year basis, is the difference between the market and the CCC interest rates multiplied by monthly loans outstanding for each crop placed under the loan, net of loan fees paid by producers. The interest subsidy also includes the value of interest waived when commodities are forfeited to settle the loan, or when the loan is paid back under a marketing loan arrangement.
- b. See response to question AG-IMS ID 76045.

#### **AG-IMS ID 76024: Question by Canada - Other product-specific AMS/EMS**

**Could the United States of America please explain why chickpeas, lentils and wool are no longer included in the list of products receiving product-specific support in Supporting Table DS:4?**

Answer by United States of America

Chickpeas, lentils, and wool did not receive product specific support in 2012; thus, these commodities are not included in Supporting Table DS:4 for 2012. Chickpeas, lentils, and wool

remain covered commodities under the Marketing Assistance Loan Program, as noted in footnote 1 to Supporting Table DS:6 and footnote 2 to Supporting Table DS:7, but no benefits were paid with respect to these products under this programme in 2012.

#### **AG-IMS ID 76047: Question by Canada - Classification of measures**

The United States of America has reported the Crop and Revenue Insurance programme as non-product specific (Supporting Table DS:9) from 1995 to 2011. Canada notices that in its most recent Table DS:1 notification for 2012, the programme is now notified as product-specific (Supporting Table DS:4). Could the United States of America please explain the policy change to warrant a change in the classification from Non-product specific to Product-specific support? If there is no policy change to justify the change in the notification of crop insurance to product-specific AMS could the United States of America indicate when it will submit revised notifications for previous years?

Answer by United States of America

See response to question AG-IMS ID 76045.

#### **AG-IMS ID 76011: Question by European Union - Classification of measures**

The European Union notes that in the latest notification subsidies to premiums under crop insurance are no longer notified as non-product-specific AMS but instead are notified on a product-specific basis.

- a. Could the United States of America explain this notification change?
- b. Were there changes to the operation of the measure which led to this notification change?

Answer by United States of America

See response to question AG-IMS ID 76045.

## **2.4 NEW OR MODIFIED DOMESTIC SUPPORT MEASURES (DS:2)**

### **2.4.1 Brazil (G/AG/N/BRA/34)**

#### **AG-IMS ID 76009: Question by Canada - General services: pest and disease control**

In its most recent Table DS:2 notification (G/AG/N/BRA/34), Brazil introduces a new measure entitled "Agricultural Protection Program" which came into effect on 1 January 2013. Canada is seeking further details on the provided description, namely:

- a. How long will this measure be in effect?
- b. What portion of the annual budget does Brazil expect to be attributed to this new programme?
- c. Could Brazil provide examples of public or private companies eligible to receive this funding? What is their connection to the agricultural industry?
- d. Could Brazil please elaborate further on the types of "activities" related to pest and disease control that will benefit from this support?

Answer by Brazil

- a. The current programme replaced two programmes: "Classification and inspection of agricultural inputs", and "Food safety program". It will be in effect at least until 2015 (the end of the Long-term Plan 2012-2015).

- b. The budget allocated to this programme is defined annually by the budget law. The outlay in 2014 was BRL 49,407,577.67. The budget for 2015 has not yet been defined.
- c. Public agencies at both national and state levels are responsible for inspection of agricultural activities. Part of the inspection services is performed on a permanent basis in a number of slaughterhouses. Accordingly, the direct beneficiaries of the programme are state agencies as well as branches of the Ministry of Agriculture, Livestock and Food Supply in the states.
- d. Examples of activities are reimbursements of travel costs, supplies for laboratories, laboratory analysis run by public or private companies, etc.

#### **AG-IMS ID 76008: Question by Canada - General services: inspection services**

**Brazil introduced a new programme in G/AG/N/BRA/34 entitled "Inspection of Agricultural Activities". Support for this programme will be notified in paragraph 2 of Annex 2 of the Agreement on Agriculture. Canada is seeking further details on the provided description, namely:**

- a. **How long will this measure be in effect?**
- b. **What portion of the annual budget does Brazil expect to be attributed to this new programme?**
- c. **Could Brazil provide examples of public or private companies eligible to receive this funding? What is their connection to the agricultural industry?**
- d. **Could Brazil please elaborate further on the types of "activities" related to pest and disease control that will benefit from this support?**

Answer by Brazil

- a. The current programme replaced three programmes: "Foot-and-Mouth Disease eradication program", "Pest and disease control in animals", and "Pest and disease control in plants". It will be in effect at least until 2015 (the end of the Long-term Plan 2012-2015).
- b. The budget allocated to this programme is defined annually by the annual budget law. The outlay in 2014 was BRL 116,631,286.05. The budget for 2015 has not yet been defined.
- c. Public agencies at both national and state levels are responsible for pest and disease control measures. Accordingly, the direct beneficiaries of the programme are state agencies as well as branches of the Ministry of Agriculture, Livestock and Food Supply in the states.
- d. Examples of activities are reimbursements of travel costs, supplies for laboratories, pest risk assessments run by other public agencies, etc.

#### **2.4.2 Canada (G/AG/N/CAN/99)**

##### **AG-IMS ID 76007: Question by Australia - Direct payments: payments under regional assistance programmes**

**Regarding Canada's notification (G/AG/N/CAN/99) and its subsequent response to Australia's question (AG-IMS ID 74017) on the "Pilot Programme to Support Multifunctionality of Agriculture" at the 74th Committee on Agriculture,**

- a. **Could Canada please define "multifunctionality" in the context of the Agreement on Agriculture?**

**In Canada's response to AG-IMS ID 74017, Canada stated that eligibility for projects under this scheme requires that "a successful applicant (farm) must demonstrate that its proposed project will carry out beneficial farming practices and will generate benefits for the community".**

- b. Can Canada detail these beneficial farming practices and benefits accruing to local communities?**
- c. If projects under the scheme have been started, can Canada list them along with their relevant beneficial farming practices, what financial support was provided for what activity, and what community benefits were accrued?**

Answer by Canada

- a. For the purposes of the "Pilot Programme to Support Multifunctionality", "multifunctionality" looks beyond the primary function of agriculture's production. It can, for example play a role in preserving the environment through actions to protect biodiversity, promote pollination or support regional identities. Under the programme, financial assistance is capped at \$30,000 per farm. Funding for a collaborative project is limited to \$300,000. As mentioned in Canada's previous answers, this funding is not related to type or volume of production, prices or production factors.

One specific project introduced forage crops containing different plant species to blueberry fields. The beneficial farming practices include promoting the nesting of native pollinating insects, helping protect sensitive areas from erosion and increasing the biodiversity of blueberry fields.

- b. In terms of benefits to the community, cyclists on the track located near these plots will benefit from attractive rural landscapes.

More information on individual programmes, select "Bilan de mi-parcours 2011-2013" at the following link: <http://www.mapaq.gouv.qc.ca/fr/Productions/md/programmesliste/developpementregional/Pages/multifonctionnalite.aspx>.

## **2.5 EXPORT SUBSIDY COMMITMENTS (TABLES ES:1, ES:2 AND ES:3)**

### **2.5.1 European Union (G/AG/N/EU/22)**

#### **AG-IMS ID 76057: Question by Peru - Transparency issues**

**Could the European Union please elaborate on the legal framework and operation of the subsidies granted for poultry meat?**

Answer by European Union

Until 2013, the legal basis for export refunds in the European Union, including for poultry, was Regulation (EC) No 1234/2007[1], which established a common organisation of agricultural markets. That Regulation sets out the scope and principles of the export refund mechanism on specific provisions for certain agricultural products (Single CMO Regulation) Article 162. The legal framework for export refunds changed from 1 January 2014. The legal basis for EU export refunds is now set out in Regulation (EU) No 1308/2013[2]. Rules on export refunds are laid down in Part III, Chapter VI (from Article 196 onwards). Export refunds under the reformed Common Agricultural Policy are an instrument which may only be used exceptionally in the case of necessity to address market disturbances (see recital 160 and Article 219). Exports refunds for poultry were fixed at zero on 18 July 2013 by Commission Implementing Regulation (EU) No 689/2013[3] and the zero refund rate has remained applicable ever since, as for all other products.

[1] <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32007R1234&qid=1424291656333&from=EN>

[2] <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1308&amp;qid=1424335702265&amp;from=EN>

[3] <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0689&amp;qid=1424292053626&amp;from=EN>

#### **AG-IMS ID 76006: Question by Australia - Quantity of total exports**

**Can the European Union advise the total quantity of sugar exported for the marketing year 2012/2013?**

Answer by European Union

The total quantity of sugar (as defined in the Section II of Part IV of the EU schedule of concessions) physically exported during the marketing year 2012/13 can be found in Table ES:2, under Part I. It equals 1,441.7 million tonnes.

#### **AG-IMS ID 76065: Question by United States of America - Quantity of total exports**

The United States of America appreciates the European Union's voluntarily reporting on total exports in connection with being a Significant Exporter as suggested by the Chair (G/AG/W/123). The United States of America notes differences in the total exports notified under the "Quantity of Total Exports" in Part I and the total exports voluntarily notified under Part II. The differences appear significant with respect to some of the commodities, such as other milk products, pig meat, poultry, eggs, wine, and tobacco. The Chair also suggested voluntarily providing more detailed tariff line data as per his table when the quantity of exports of the specific tariff category was more than 10% of the total for that product group.

- a. **Is the European Union willing to consider providing more detailed tariff grouping export data when the detailed tariff grouping exceeds 10% of the product group being voluntarily notified in Part II as a Significant Exporter as described in G/AG/W/123?**
- b. **Please provide an explanation as to the nature of the discrepancies between the column "Quantity of total exports" under Part I and the column "Quantity of total exports (of products as per the list of Significant Exporters)" under Part II.**
- c. **Please describe the differences in product coverage between both the fruits and vegetables lines in Part I (fresh and processed) and the fruit and vegetable lines in Part II. If the total of each sets of lines are the same, similar to question b, please describe the nature of the discrepancy between the totals.**

Answer by European Union

- a. Trade statistics are being constantly updated. The European Union considered that a reference to EU trade data extraction tool in footnote (\*\*) of Table ES:2 served the purpose of transparency better than a single figure which only represents the situation in a particular point of time. The European Union is of course ready to provide more detailed data at disaggregated level for the detailed tariff groupings with imports exceeding 10% of the total product group and intends to do so in the future.
- b. The difference between Part I and Part II is due to the fact that the product coverage in these datasets does not match.
- c. Product coverage for fruits and vegetables in Part I is defined in Section II of Part IV of the EU schedule of concessions. Product coverage for fruits and vegetables in Part II is defined in Annex 3 of document G/AG/W/123. The product coverage for each is as in Annex 1 (see end of document).

## 2.5.2 Mauritius (G/AG/N/MUS/4)

### AG-IMS ID 76005: Question by Australia - Special and differential treatment (Article 9.4)

**Australia thanks Mauritius for its recent export subsidy notification (G/AG/N/MUS/4). Australia notes that in 2013, Mauritius provided export subsidies to a range of fruits, vegetables and flowers. Can Mauritius:**

- a. **advise if the notified export subsidy programme continued into 2014 and if so, please indicate the budgetary outlay and the total quantity exported under the subsidy in 2014?**
- b. **advise if the programme is still underway and if so, when is the programme scheduled to end?**
- c. **advise which markets have received subsidized fruit, vegetables and flowers from Mauritius?**
- d. **reaffirm its recognition that all forms of export subsidies are a highly trade distorting form of support, in accordance with the Bali 2013 Ministerial Declaration on Export Competition?**

Answer by Mauritius

- a. Yes, the programme continued in 2014. The budgetary outlay was USD 100,000 and the quantity exported was 2,445 tonnes, representing 0.6% of the total exports.
- b. The programme is scheduled to end in year 2015.
- c. It is not market specific but applicable to specific fruits, vegetables and flowers to any market worldwide.
- d. Mauritius recognizes the trade distorting nature of exports subsidies. But some modest forms of subsidies may also be crucial for the sustainability of some of the most vulnerable segments of society. The Freight Rebate Scheme was introduced with a view to assisting small planters to sustain their activities. The scheme is applicable to a selected group of fruits and vegetables which are seasonal. In addition to the environmental benefits and contribution to rural development associated with such activities, this is a livelihood concern for hundreds of planters.

### AG-IMS ID 76004: Question by European Union - Special and differential treatment (Article 9.4)

**Can Mauritius explain how the subsidies notified comply with its WTO obligations, notably given that Article 9.4 of the Agreement on Agriculture expired on the 31 December 2004?**

Answer by Mauritius

It is a matter of fact that Article 9.4 of the Agreement on Agriculture expired in December 2004. Mauritius is a highly vulnerable Small Island Developing State, geographically isolated from its main markets whose exports of highly perishable goods can only be air freighted. Cultivation of fruits, vegetables and flowers is the domain of small farmers in Mauritius who mostly reside in rural and disadvantaged areas. Given that freight cost is a huge barrier to exports and taking into account the conditions of rural farmers, the Freight Rebate Scheme, which is minimal compared to overall exports of products from Mauritius, was maintained.

**AG-IMS ID 76014: Question by United States of America - Special and differential treatment (Article 9.4)**

**Why is Mauritius using export subsidies under Article 9.1(d) when the implementation period for such use under Article 9.4 has elapsed?**

Answer by Mauritius

Mauritius is a Small Island Developing State (SIDS) with inherent natural constraints related to agriculture. The country has been pursuing an export-oriented strategy and undergone tremendous trade liberalization. Given its limited agricultural land and its isolation from its major markets, a freight rebate scheme was introduced. The scheme caters for small poor farmers whose livelihood depends on growing exotic tropical fruits and vegetables on marginal land which would otherwise be abandoned. The Freight Rebate Scheme was therefore introduced with a view to assisting small planters sustain their activities. The scheme is applicable to a selected group of fruits and vegetables which are seasonal. In addition to the environmental benefits and contribution to rural development associated with such activity, this is a livelihood concern for hundreds of planters. The support extended to the planters under this scheme was around USD 100,000, which corresponded to 2,445 tonnes in the year 2014, representing 0.6% of the total volume exported. This is very minimal. There is serious socio-economic impact which would be associated with the planters that are depending on such support if they go out of business.

*Follow-up: Australia, echoed by the European Union and the United States of America, noted that it had a different view of Article 9.4, and that it hoped the programme would come to an end in 2015. Australia welcomed Mauritius's early response in advance of the meeting.*

**2.5.3 Switzerland (G/AG/N/CHE/71)****AG-IMS ID 76002: Question by European Union - Transparency issues**

**The European Union notes that levels of export subsidies for processed products in Switzerland remain stable, if not increasing over the last few years and relatively close to the Swiss commitment level.**

**In the light of this, could Switzerland indicate whether it plans to undertake reforms in the field of export competition with a view to abolishing all export subsidies, in particular for processed products, in line with the Bali declaration on export competition?**

Answer by Switzerland

Since 2005, Switzerland has substantially reduced export subsidies. Export subsidies on basic agricultural products were completely abolished in 2010. Export subsidies granted on processed agricultural products remained relatively stable over recent years and amounted to CHF 70 million in 2013 and 2014. This sum is far below the annual commitment level of CHF 114.9 million.

For the purposes of transparency, Switzerland would like to inform the Committee about the recent decision taken by the Swiss Federal Council on 25 February 2015 to submit to Parliament a proposal to exceptionally increase the export subsidy budget for processed agricultural products for 2015 by a maximum of CHF 20 million. A final decision on this issue will be taken by Parliament in June this year.

The budget increase is proposed in the context of the unexpected appreciation of the Swiss currency and the corresponding impairment of competitiveness of Swiss exporters following the discontinuation of the minimum exchange rate of the Euro against the Swiss Franc by the Swiss National Bank in January this year.

Switzerland remains fully committed to the Bali declaration on export competition. The Swiss Government explicitly understands its proposal as a one-off budget increase limited to the year 2015 in order to respond to the exceptional economic circumstances.

*Follow-up:* Argentina and New Zealand reminded Members of the Bali Declaration on export competition. New Zealand registered its concerns regarding Switzerland's plan to increase its export subsidies by almost 30%, and requested Switzerland to reconsider this and to explore alternative policy options.

#### **2.5.4 United States of America (G/AG/N/USA/99)**

##### **AG-IMS ID 76003: Question by European Union - Transparency issues**

**In footnote 2 of Table ES:1 notification the United States of America clarifies that amounts of export credit guarantees registered under its GSM-102 programme do not constitute budgetary outlays for purposes of annual commitment levels.**

**Without prejudice to that position, could the United States of America nevertheless explain why it does not give the volumes of subsidised exports in Table ES:1 which have benefitted from the GSM-102 programme as these subsidised exports should constitute quantities for the purposes of complying with the commitment levels?**

Answer by United States of America

The United States of America provides a transparent account of historical and current summary data on the countries or regions of destination, commodities, and dollar value of exports registered under its Export Credit Guarantee Program. This data is readily available for viewing on the US website by the public and is updated annually.

### **3 OVERDUE NOTIFICATIONS**

#### **3.1 China**

##### **AG-IMS ID 76012: Question by United States of America**

**In response to AG-IMS ID 73035, China stated its notification for 2009 and 2010 were being reviewed to guarantee accuracy before submission. China has not yet submitted its notification after more than one year of review. The United States of America notes that the objective of this Committee is to provide Members with timely updates on agricultural policies carried out by Members. In furtherance of this objective, the United States of America now notifies its domestic support on an annual basis before all information is finalized and regularly submits corrigenda as needed. We believe this process provides Members with a timely sharing of information, despite the inability to provide 100% accurate information at the initial date of notification. The United States of America would recommend all WTO Members work to better meet the transparency objectives of this Committee so that discussions may be robust and informative. As an example of the problem with delayed notifications, the United States of America notes that it has asked a number of questions regarding China's cotton policy over the past several years, and specifically asked about a policy that was implemented and terminated without any notification to the WTO.**

- a. When can the United States of America expect China to provide its notifications for 2009 and 2010?**
- b. When can the United States of America expect China to provide more recent notifications to bring its WTO notifications up to date?**

Answer by China

The preparation work for China's domestic support for the years 2009 and 2010 is completed. China is undergoing the final check and will submit the notifications to the committee very soon. As for the subsequent notification, China is still preparing it. When the notification is ready, China will submit it without further delay.

### 3.2 Turkey

#### AG-IMS ID 76013: Question by United States of America

**Turkey remains seriously overdue in notifying its domestic support and export subsidies. When does Turkey plan to submit its domestic support and export subsidy notifications?**

Answer by Turkey

Turkey continues to work on the notifications which will be submitted as soon as they are completed.

**ANNEX 1****Product coverage of fruits and vegetables notified in the European Union's  
Table ES:2 (G/AG/N/EU/22)****Part I**Fruit and vegetables, fresh*HS code Product description*

070200	Tomatoes, fresh or chilled
080212	Shelled almonds
080221)	Hazelnuts or filberts
080222)	
080231	Walnuts, in shell
080510	Oranges
080520	Mandarins, (including tangerines and satsumas); clementines, wilkings and similar citrus hybrids
080530	Lemons and limes
080610	Grapes, fresh
080810	Apples
080930	Peaches, including nectarines, fresh

Fruit and vegetables, processed*HS code Product description*

080620	Dried grapes
081210	Cherries, provisionally preserved, but unsuitable in that state for immediate consumption
200210	Tomatoes, whole or in pieces, prepared or preserved otherwise than by vinegar or acetic acid
200600	Fruit, nuts, fruit-peel and other parts of plants, preserved by sugar (drained, glacé or crystallized)
200819	Nuts and other seeds, including mixtures
200911	Frozen orange juice
200919	Other orange juice

**Part II**Fruits*HS code Product description*

0803	Bananas
0804	Dates, Figs, Pineapples, Avocados, Guavas, Mangoes and Mangosteens
0805	Citrus fruits
0806	Grapes
0807	Melons and papayas
0808	Apples, Pears and Quinces
0809	Apricots, Cherries, Plums, Sloes and Peaches
0810	Other fruits (e.g., Strawberries, raspberries, courants and gooseberries, cranberries and other fruits of genus vaccinium, kiwifruit, durians, persimmons)

Vegetables*HS code Product description*

0701	Potatoes
0702	Tomatoes
0703	Onions, shallots, garlic and leeks

- 0704 Cabbages and cauliflowers
  - 0705 Lettuce and chicory
  - 0706 Carrots and turnips and other similar edible roots
  - 0707 Cucumbers and gherkins
  - 0708 Leguminous vegetables
  - 0709 Other vegetables (e.g., Asparagus, aubergines, celery other than celeriac, mushrooms and truffles, fruits of the genus capsicum or of the genus pimenta, spinach, globe artichokes, olives, pumpkins, squash and gourds)
-