



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 JUNE 2015¹

The present document compiles responses received in writing by the Secretariat to the questions raised in document G/AG/W/143 as well as follow-up comments made during the Review Process.

Responses to the following questions were not provided before 31 July 2015:

AG-IMS ID	Answer By	Question by	Notification Reference
77043	China	European Union	Art. 18.6
77109	India	United States of America	Art. 18.6
77035	India	Australia	Art. 18.6
77044	India	European Union	Art. 18.6
77007	China	Canada	G/AG/N/CHN/28
77012	China	Canada	G/AG/N/CHN/28
77051	China	European Union	G/AG/N/CHN/28
77027	China	Japan	G/AG/N/CHN/28
77080	China	United States of America	G/AG/N/CHN/28
77073	China	United States of America	G/AG/N/CHN/28
77052	China	European Union	G/AG/N/CHN/28
77053	China	European Union	G/AG/N/CHN/28
77054	China	European Union	G/AG/N/CHN/28
77023	China	Japan	G/AG/N/CHN/28
77075	China	United States of America	G/AG/N/CHN/28
77074	China	United States of America	G/AG/N/CHN/28
77055	China	European Union	G/AG/N/CHN/28
77076	China	United States of America	G/AG/N/CHN/28
77024	China	Japan	G/AG/N/CHN/28
77026	China	Japan	G/AG/N/CHN/28
77078	China	United States of America	G/AG/N/CHN/28
77011	China	Canada	G/AG/N/CHN/28
77056	China	European Union	G/AG/N/CHN/28
77025	China	Japan	G/AG/N/CHN/28
77077	China	United States of America	G/AG/N/CHN/28
77008	China	Canada	G/AG/N/CHN/28

¹ 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.

AG-IMS ID	Answer By	Question by	Notification Reference
77009	China	Canada	G/AG/N/CHN/28
77010	China	Canada	G/AG/N/CHN/28
77057	China	European Union	G/AG/N/CHN/28
77079	China	United States of America	G/AG/N/CHN/28
77013	China	Canada	G/AG/N/CHN/28
77058	China	European Union	G/AG/N/CHN/28
77107	India	Australia	G/AG/N/IND/10 + Corr.1
77083	India	United States of America	G/AG/N/IND/10 + Corr.1
77110	India	United States of America	G/AG/N/IND/10 + Corr.1
77111	India	United States of America	G/AG/N/IND/10 + Corr.1
77112	India	United States of America	G/AG/N/IND/10 + Corr.1
77113	India	United States of America	G/AG/N/IND/10 + Corr.1
77114	India	United States of America	G/AG/N/IND/10 + Corr.1
77084	India	United States of America	G/AG/N/IND/10 + Corr.1
77090	Oman	United States of America	G/AG/N/OMN/7 + OMN/13
77088	Oman	United States of America	G/AG/N/OMN/7 + OMN/13
77101	United Arab Emirates	United States of America	G/AG/N/ARE/7
77102	United Arab Emirates	United States of America	G/AG/N/ARE/7

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1 MATTERS RELEVANT TO THE IMPLEMENTATION OF COMMITMENTS: ARTICLE 18.6

1.1 Argentina's domestic support notifications

1.1.1 Question by the European Union (AG-IMS ID 77042)

The latest notification on domestic support from Argentina dates back to 2008. Can Argentina indicate when it intends to notify its domestic support for subsequent years?

Answer by Argentina

Firstly, it should be clarified that Argentina's most recent notification on domestic support corresponds to the marketing year 2008/2009, which covers the period December 2008 to November 2009. Secondly, please be advised that the Ministry of Agriculture, Livestock and Fisheries is currently collecting all the information needed to meet the notification requirements from the various areas and decentralized bodies.

Attention should be drawn to the fact that, as stated by the WTO Secretariat in its most recent Trade Policy Review Report on Argentina, domestic support for the Argentine agricultural sector is extremely limited. In accordance with the commitments undertaken, the amber box support granted by Argentina is restricted to approximately USD 75 million and the amounts corresponding to green box support are, proportionally, considerably lower and more marginal than those granted by many other Members.

Follow-up: The European Union looked forward to Argentina's notifications and recognized that Argentina's expenditures were not of the same magnitude as that of other Members in the WTO.

1.2 Brazil's domestic support programmes

1.2.1 Question by the United States of America (AG-IMS ID 77066)

In previous responses by Brazil to questions from the United States, Brazil stated that the Prêmio para Escoamento do Produto (PEP) programme was suspended for a reassessment to address concerns regarding its control mechanism, in order to prevent irregularities. Further, no deadline was set for the completion of this reassessment and as such, Brazil is unable to provide a date upon which it can provide the data requested by the United States.

- a. **Please provide a detailed explanation of: 1) what entity requested the reassessment, 2) what entity is carrying out the reassessment, 3) what the concerns with the control mechanism are, including a description of the cited irregularities, 4) what regulations, laws, or other guidance (official or unofficial) provide for this reassessment process.**
- b. **Have reassessments or other similar measures been carried out in the past for other programmes that provide precedence for how this reassessment is carried out? If so, please provide information.**
- c. **Is the data requested by the United States (see AG-IMS ID 76039, 75023, 74021, 66002) also being requested by the entity carrying out the reassessment?**

The United States notes that in response to AG-IMS ID 76039, Brazil appears to have responded primarily in relation to the PEP programme and that the reassessment is a primary reason for not being able to provide a timeframe for or affirmation that the requested data will be made available. With regards to the Prêmio de Equalização pago ao Produtor (PEPRO) programme:

- d. **Please provide an update on the progress made in the compilation of the requested data.**
- e. **Please provide the deadline provided to CONAB to provide the data and if no deadline was given, please explain why.**

Answer by Brazil

- a. The reassessment of the PEP was requested by the Comptroller General of the Union (Controladoria-Geral da União - CGU), and has been carried out by the Ministry of Agriculture, Livestock and Food Supply, the Ministry of Finance and the Ministry of Planning, Budget and Administration. The concerns underlying the reassessment are related to the enforcement of the Policy of Guaranteed Minimum Prices (Política de Garantia de Preços Mínimos, Decree-Law No. 79/1966) as regards the price paid by the processors/traders to the producers when they received the governmental subsidies (i.e. the "premium").
- b. No.
- c. No.
- d. It is still in progress. The PEP and the PEPRO programs operate differently, therefore the reassessment PEP does not necessarily affect the process of revising CONAB's control mechanism of PEPRO.
- e. There is no deadline set for this due to the monitoring and revising process currently in place.

Follow-up: The United States of America expressed its disappointment that the data promised to be supplied by Brazil was still in the process of being compiled, and hoped that the information would be ready soon.

1.3 Canada's tariff-rate quota for cheese

1.3.1 Question by New Zealand (AG-IMS ID 77001)

New Zealand remains concerned about 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. The proposal is for 800 tonnes of Canada's 20,411,866 kilograms WTO Tariff Rate Quota to be reallocated to the European Union. Canada has stated that the size of the tariff quota for cheese will remain at 20,411,866 kilograms.

- a. **Will this reallocation result in the quantity of market access available to other WTO Members being reduced?**
- b. **If yes, how is this consistent with Canada's WTO obligations, including fundamental MFN obligations?**

Answer by Canada

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

1.3.2 Question by Switzerland (AG-IMS ID 77037)

In the last two Committee meetings several Members raised their concerns regarding the proposed changes to Canada's tariff-rate quota for cheese in the context of the Comprehensive Trade and Economic Agreement (CETA) between Canada and the

European Union. Switzerland shares the concern that the mentioned quota reallocation would result in the unilateral reduction of market access for other WTO members. Could Canada indicate the specific provisions of WTO law which serve as a legal basis for such a unilateral quota reallocation?

Answer by Canada

See answer provided in AG-IMS ID 77001, above.

Follow-up: New Zealand remained concerned about the proposed changes to Canada's WTO TRQ for cheese which would be inconsistent with Canada's commitments under WTO. New Zealand welcomed Canada's assurance that it would continue to administer its TRQ for cheese in conformity with its WTO obligations. New Zealand requested Canada to provide more information on the reallocation of quota access from other countries to the European Union.

Norway noted its interest on this issue, and stated that it was the third meeting with questions to Canada about changes in its WTO TRQ schedule resulting from the CETA negotiations with the European Union. Norway had been in contact with Canada, informally, to understand the systemic issue. Norway stated that Canada's explanation was that the correction of the quota took place to take into account the increase in the number of EU members from 15 to 28 of some years. Norway stated that there was no link between the historic export of cheese to Canada from 13 new EU member states and the increase of 800 tonnes given to the European Union. In fact, Norway stated that figures from Canada's import statistics for 2011-2013 showed an import from the 13 new members of roughly one third of the quantity of 800 tonnes. Norway concluded by noting that multilateral commitments must be respected when negotiating bilateral or regional agreements.

The United States noted its continuing interest on this issue.

Canada noted its intention to have bilateral discussions with Norway regarding differences in the two countries' trade statistics.

1.4 China's cotton policies

1.4.1 Question by the United States of America (AG-IMS ID 77069)

The United States thanks China for its response to AG-IMS ID 76051. The United States notes in China's response that it appears China has made the assertion that the cotton policies in the largest producing, consuming, and importing country of cotton do not affect the international market. However, the International Cotton Advisory Committee (ICAC) indicates that China held stocks of 11.6 million metric tonnes at the end of 2013/14, a quantity equivalent to 149% of Chinese domestic mill use and 57% of global stocks. In 2013/14, China purchased cotton that contributed to those stocks at a price of 151 cents per pound and the 2013/14 market year was the third consecutive year of stock build-ups. The ICAC estimates that amounts to \$5.8 billion and \$5.1 billion in direct assistance in 2012/13 and 2013/14, respectively. As noted by the ICAC, China's position in cotton markets permitted this build-up of stocks to distort not only domestic prices, but also international prices. In particular, China's stockpiling has led to an increase in use of polyester to the detriment of all cotton producing countries. China has announced that it plans not to expand the TRQ for cotton in 2015 beyond its WTO obligation. Imports are likely to fall close to the TRQ in-quota quantity of 0.894 million tonnes (894,000 metric tonnes) in 2015, a decrease from 5.1 million tonnes of imports in 2012.

Please provide a detailed description of why these policies implemented by China are not having a distorting effect on world cotton markets.

Answer by China

China is a large country in terms of cotton production. Cotton farmers are usually concentrated in under-developed and minority areas. Cotton serves as their main source of income.

In recent years, price fluctuations in the international markets have led to increasing imports subsidized cotton which negatively affected China's market. The Government has taken measures to safeguard the livelihood of small-scale farmers.

China is a net importer of cotton. The cotton reserve is for domestic consumption. Since no cotton has been exported, China's reserve programme has not distorted the international market.

In recent years, with the decline of international oil price and the improvement of polyester technologies, the textile industry has increasingly used polyester in place of cotton. We do not think that China's cotton reserve has caused this shift towards use of polyester. At present, the textile processing industry in many countries, including China, is declining and the demand for cotton is decreasing. In the years 2014 and 2015, demand in the textile industry in China are much less than the demand of the last two years.

In China demand and supply are balanced now and the storage is also abandoned. With this background, China still abides by its cotton TRQ commitments made during its accession.

Follow-up: The United States of America stated that it would review China's response, and noted that while China stated that demand for cotton was going down, production of cotton within China was going up. The United States of America stated that China was a big player in the world cotton market, and that its policies on domestic support, stocks and imports did have an impact on the world cotton market.

Benin, on behalf of C-4, invited all stakeholders to provide as much up-to-date information on this matter either in notifications, or in responses to the Secretariat questionnaires as per the transparency mechanism agreed in Bali.

1.5 China – TRQ underfill

1.5.1 Question by the United States of America (AG-IMS ID 77068)

Despite high domestic prices and falling world prices, China continues to significantly under-fill the substantial tariff-rate quotas (TRQs) it established during its WTO accession for wheat, corn and rice. Starting in 2015, the United States understands that China has added a requirement that non-STE end users purchase domestic stocks in order to receive a TRQ allocation.

- a. **Please confirm whether there is a new domestic purchase requirement. If yes, please provide the timeframe and conditions when it applies to purchases, and which products by tariff code line are subject to this requirement.**
- b. **Also, if there is such a requirement, please provide any further information on the implementation of this policy including where a copy of the policy is available to WTO Members and when it was notified to the WTO.**

Answer by China

Our delegation is not aware that domestic purchase requirements are a precondition for receiving allocation of grain TRQs.

Follow-up: Canada noted its interest on the questions from the United States of America on TRQ underfill, particularly as it related to wheat which was an important export product for Canada. Canada requested clarification from the delegation from China on whether domestic purchase requirements existed.

1.6 China's maize subsidies

1.6.1 Question by the European Union (AG-IMS ID 77043)

According to World Perspectives Inc. newsletter, on 20 April 2015, China sold 38,700 tonnes of maize from state stocks. Further, the Heilongjiang Government

supported this sale with a subsidy to grains processors participating in the state grain auction of 200 RMB/t (=32.6 \$/t). This subsidy level would be the double of the subsidy of 100 RMB/t granted in 2013/14.

- a. Can China confirm that the Heilongjiang Government has granted this type of subsidy? Who were the beneficiaries? For what quantity has this subsidy so far been granted in the current marketing year and the previous marketing year?
- b. Can China explain whether other local governments grant similar subsidies and if so what are the quantities concerned in 2013/14 and 2014/15?

Answer by China

As the question relates to the local government's policy, it will take more time to collect the necessary information.

1.7 Costa Rica's compliance with AMS commitments

1.7.1 Question by Canada (AG-IMS ID 77002)

Canada thanks Costa Rica for its transparency and engagement with Members over the past few years regarding its Current Total AMS which since 2007 has been in excess of its WTO commitment. At the March 2015 meeting of the Committee, Costa Rica indicated that after a period of domestic consultations a new Executive Decree came into force on 27 February 2015 and that the Costa Rica Ministry of Agriculture was implementing new measures aimed at rice producers. Could Costa Rica indicate when it expects to provide a notification to the Committee regarding the Executive Decree and details of the measures aimed at supporting its rice producers?

Answer by Costa Rica

Costa Rica advises that, pursuant to Executive Decree No. 38884-MEIC (notified to the WTO Committee on Agriculture on 26 May 2015 in document G/AG/GEN/126), the minimum purchase price payable by processors to domestic producers for rice in the husk was replaced by an indicative reference price for transactions between processors and producers. This reference price will enable both parties (producers and processors) to negotiate a transaction price in accordance with the grade (moisture and impurities levels) and place of delivery of the rice. Costa Rica considers that this change, which took effect on 27 February 2015, will enable it to meet its Aggregate Measurement of Support (AMS) obligations as of this year.

1.7.2 Question by the United States of America (AG-IMS ID 77070)

The United States thanks Costa Rica for its continued transparency; however, the United States is increasingly concerned by Costa Rica's continued lack of compliance with its WTO obligations. In particular, the United States notes that support to the rice sector increased from USD 81.85 million to USD 86.14 million from 2012 to 2013. While the United States has expressed hope in the past with regards to steps Costa Rica has indicated it would be taking to come into compliance, the United States notes the repeated delay of necessary reforms.

- a. Does Costa Rica intend to meet its AMS commitment?
- b. What specific steps is Costa Rica undertaking to bring its AMS into compliance with its commitments?

Answer by Costa Rica

See answer provided to question AG-IMS ID 77002, above.

Follow-up: The United States of America stated that Costa Rica had been notifying that they were out of compliance since 2007. The United States of America hoped that the changes in policy described by Costa Rica would bring Costa Rica back within its commitments levels.

Canada was pleased to hear that Costa Rica was now in compliance with its domestic support commitments and looked forward to Costa Rica's next notification.

1.8 Egypt's domestic support notifications

1.8.1 Question by the European Union (AG-IMS ID 77045)

The latest notification on domestic support from Egypt dates back to 2001. Can Egypt indicate when it intends to notify its domestic support for subsequent years?

Answer by Egypt

During the Committee meeting last November, Egypt shared some information about Egypt's nation-wide plan to restructure the agriculture sector, with an ultimate aim to facilitate data collection. Agriculture is a key sector in the Egyptian economy, for several reasons, including:

- It provides livelihood for 55% of the population,
- It directly employs about 30% of the labour force,
- Most of the farming activities are concentrated in rural areas, where almost all farms are small in size and capacity, and lacking stable means of communication.

Several years ago, the Egyptian Government was about to formulate a new Sustainable Agriculture Development Strategy towards 2020 for the agriculture sector. The strategy identifies the need to strengthen producer associations and make market information more freely available as one of the priorities. Unfortunately, Egypt's concerted efforts to adopt this strategy and continue restructuring the agriculture sector in order to improve its system of notification along with other developmental objectives was greatly hindered since early 2011 due to the internal political situation. Since then Egypt has witnessed several important changes, including a number of cabinet reshuffles and several elections. Parliamentary elections were again postponed until the last quarter of this year. These are only few obstacles facing Egypt's Government in its plan of restructuring given the complex nature of the agriculture sector in Egypt. Administrative and procedural measures also contribute to the delay in submitting Egypt's domestic support notifications to this committee. Finally, Egypt would like to reiterate Egypt's full support and commitment to the objective of transparency under the Agreement on Agriculture. Egypt is aware of its obligations in the framework of the Agreement; in particular those under article 18.2, and acknowledges the importance of domestic support notifications in terms of providing transparency and supporting the general implementation of the Agreement.

1.9 India's Cotton Policies

1.9.1 Question by the United States of America (AG-IMS ID 77109)

In response to AG-IMS ID 76053, India responded to part a) that there are a number of factors involved in the setting of the Minimum Support Price (MSP). However, the US question remains:

- a. Which of these factors were the bases for raising the MSP for cotton, in light of the fact that there was reduced import demand in China, falling world cotton prices, and record or near record Indian production?**
- b. In response to AG-IMS ID 76053, India responded to part b) of the question by stating that India takes its commitments seriously and believes in fair market practices. The United States agrees fully in this response, for itself and all Members. However, India did not address the question asked. The United States repeats the question:**

- c. Is India taking specific steps to ensure that the release of its cotton stocks does not further distort 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.

Answer by India

India undertook to provide a response at a later stage.

Follow-up: The United States of America stated that all of the questions were follow-up questions to responses that India had provided in March 2015. The United States of America appreciated the efforts India had made to respond to the questions verbally in that meeting. The United States had been unable to submit follow-up questions by the deadline set for the June meeting because the responses had not been available through the AG-IMS system in time. The United States of America noted that responses to questions in the Committee were due 30 days after they were submitted. The United States of America stated that it would be useful if India could respond to these questions, by August, so that additional questions, if any, could be submitted in advance for the September meeting.

Pakistan and Mali, on behalf of the C-4, noted their interest on the subject. Mali reiterated the need and importance of transparency noting that information and statistics must be made available through all the existing channels, so that the Membership would have a strong basis for the negotiations.

1.10 India's sugar export subsidies

1.10.1 Question by Australia (AG-IMS ID 77035)

Australia recalls the questions raised by Australia (AG-IMS ID 76016) at the 76th Committee on Agriculture in relation to Indian sugar export subsidies.

Australia has stated its concerns regarding the WTO-inconsistency of these measures on a number of occasions and urges India to end the programme.

Australia understands that in February 2015, India officially increased the rate of its export subsidy for raw sugar from Indian Rupees (INR) INR 3,371 to INR 4,000 per tonne, for a quantity of 1.4 million tonnes over the 2014-15 sugar season. At INR 4000, this level of subsidy represents over 20% of the current world benchmark price. Can India:

- a. Confirm who is eligible to receive subsidy payments?
- b. Advise if the raw sugar export subsidy programme has been allocated funds through the Union budget with respect of either the 2013-14 or 2014-15 sugar seasons?
- c. Identify the budget amounts for 2013-14 and 2014-15 as may apply?
- d. Advise if subsidy payments are now underway?
- e. Provide an update with regard to any applications that have been lodged for subsidy provision, including the amount of applications received and the total amount of subsidy claimed?
- f. Confirm media reporting that the Indian state of Maharashtra has now announced a separate export subsidy programme for raw sugar, and confirm that this export subsidy will be INR 1,000 per tonne?

- g. Advise whether Maharashtra farmers would be eligible for both the subsidy paid by the central government and state of Maharashtra.**

Answer by India

India undertook to provide a response at a later stage.

1.10.2 Question by the European Union (AG-IMS ID 77044)

After the introduction of the export subsidy of INR 4,000 per tonne of raw sugar by the Indian central government in February 2015, the website of "Business Standard" on 13 April reported "The Maharashtra Government on 14 April announced an export subsidy of INR 1,000 (\$1=INR 62.31) per tonne for raw sugar for boost the cash-strapped sugar industry in the state, in addition to the INR 4,000 already unveiled by the central government, according to the state's co-operative minister Chandrakant Patil".

- a. Could India confirm these figures of INR 4000 and INR 1000 and explain how these subsidies granted comply with its WTO commitments on export subsidies?**
- b. Can India indicate the quantity of sugar that has/will be able to benefit from these subsidies?**

Answer by India

India undertook to provide a response at a later stage.

Follow-up: Australia noted that they had seen reports that in March 2015, India paid 1.8 billion dollars in Indian rupee for 710,000 tons of raw sugar that were exported during the 2013/14 marketing year, a period when the international sugar price was already very low. Australia also stated that the subsidy rate in India was above 20% of the world price and that the Australian farmers found it difficult to compete in this environment. Australia noted that a large portion of India's raw sugar was exported to Tanzania, Somalia and Sudan, and noted that all of these Members produced sugar. Australia urged India to remove this trade distorting practice as soon as possible.

The European Union, Thailand and Colombia also indicated concerns. Brazil reminded India that it had also presented questions on previous meetings and that it looked forward to India's responses. Brazil noted its interest to discuss this matter bilaterally with the Indian delegation.

1.11 Indonesia's regulation on importation of meat

1.11.1 Question by Australia (AG-IMS ID 77028)

Australia thanks Indonesia for its responses to its questions in the previous Committee on Agriculture in March regarding restrictions on the import of secondary beef cuts and offal except by state-owned enterprises in limited circumstances (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, as amended by Regulation of the Minister of Agriculture No. 02/Permentan/PD.410/01/2015).

However, Australia remains concerned that the measure effectively restricts the import of secondary beef cuts and offal, and is affecting Australian exports of boxed beef to Indonesia. Australia notes Indonesia's response that the restrictions are intended to lower market prices for meat.

- a. Can Indonesia please explain how restrictions on imports of secondary beef cuts would assist in lowering market prices?**

- b. Can Indonesia please explain how such a measure is consistent with the prohibition on quantitative restrictions in the Agreement on Agriculture?

Australia also notes that the restrictions on imports of secondary beef cuts are in addition to existing trade-restrictive elements of Indonesia's import permit system for agricultural goods. These include Indonesia's system of issuing import permits for cattle and beef on a quarterly basis, which effectively acts as a quarterly quota on imports.

- c. Can Indonesia please explain how such a measure is consistent with the prohibition on quantitative restrictions in the Agreement on Agriculture?

In addition, Australia understands that Indonesia has restricted the volume of horticultural imports in 2015 to each importer's cold storage capacity.

- d. Can Indonesia please provide further information about existing or planned restrictions on the importation of horticultural goods in 2015, and how such restrictions are consistent with Indonesia's obligations under the Agreement on Agriculture?

Answer by Indonesia

Under those regulations, Indonesia does not restrict the imports of meat. Indonesia would like to draw Australia's attention to the fact that the Dispute Settlement Body in the 20 May 2015 meeting has agreed to establish panel for dispute cases number DS477 and DS478 concerning Indonesia's importation regulations (including the importation of meat) in which Australia has joined several other Members as third parties. Indonesia called on all Members to respect the proceedings of this issue under the DSU. In this regard, Indonesia could not provide detailed answers through this system or in the regular meeting of the Committee of Agriculture.

1.12 Pakistan's wheat export subsidies

1.12.1 Question by Australia (AG-IMS ID 77029)

Australia thanks Pakistan for its response to Australia's questions raised at the 76th Committee on Agriculture (AG-IMS ID 76020) in relation to Pakistan's wheat export subsidy programme. Can Pakistan:

- a. Confirm that the programme has now ended, given the termination dates (31 March and 15 April 2015) advised by Pakistan at the 76th Committee on Agriculture meeting?
- b. If applicable, advise the quantity and value of wheat exports that were subsidised under the programme?
- c. If applicable, advise which markets received subsidised wheat exports from Pakistan under the programme?

Answer by Pakistan

- a. Pakistan noted that the programme has ended and it is no longer operational.
- b. The data on quantity and value of wheat exports was not yet available.
- c. Very few traders had utilized it.

Follow-up: Australia, Canada, the Russian Federation and the United States of America welcomed Pakistan's announcement of the abolition of the programme.

1.13 Switzerland's export subsidy budget

1.13.1 Question by Australia (AG-IMS ID 77030)

At the last Committee on Agriculture meeting, Switzerland advised that there was a mooted proposal to increase the budgetary outlay for its export subsidies. Could Switzerland please provide an update on these increasing export subsidies in light of the declaration of restraint on the use of export subsidies made by Ministers at the 9th WTO Ministerial Conference (Bali 2013)?

Answer by Switzerland

Price developments in the markets and the sharp appreciation of the Swiss franc following the decision by the Swiss National Bank on 15 January 2015 to abandon the euro cap on the franc have contributed, in recent months, to a rise in the price differential, to the disadvantage of Swiss producers of processed agricultural products. The Federal Council decided, in April 2015, to request the Parliament to grant an additional appropriation of CHF 20 million in order to boost the budget for export contributions. The Parliament is responsible for the final decision on the budget increase, which will be made in mid-June 2015.

Even with an additional appropriation of CHF 20 million, the total amount of export subsidies allocated by Switzerland will still fall below its WTO commitments.

Since 2005 Switzerland has considerably reduced its export subsidies. In particular, it eliminated export subsidies for agricultural commodities in 2010.

Switzerland remains determined to respect the export competition commitments that it made in Bali. The Swiss Government considers the proposed budget increase submitted to the Parliament as a one-off measure for 2015 that was prompted by special economic circumstances.

1.13.2 Question by New Zealand (AG-IMS ID 77006)

New Zealand thanks Switzerland for its transparency in the Committee on Agriculture on its proposal to increase export subsidies on processed agricultural products by up to CHF 20 million. New Zealand is concerned about these plans given the trade distorting effects of export subsidies and the Bali Declaration on export subsidies in which Ministers committed to exercise utmost restraint with regard to any recourse to all forms of export subsidies. This included Members' export subsidies remaining significantly below their export subsidy commitments. The proposal would be an increase of nearly 30% over Switzerland's current export subsidy outlay of CHF 70 million, with outlays then being close to 80% of its CHF 114.9 million commitment level.

Please provide an update on the proposal to exceptionally increase the export subsidy budget for processed agricultural products for 2015 by a maximum of CHF 20 million.

Answer by Switzerland

See answer provided to question AG-IMS 77030, above.

Follow-up: New Zealand echoed by Australia, Argentina, the European Union, Colombia, Chile, Costa Rica and the United States of America, expressed concerns regarding Switzerland's decision to increase its budget on export subsidies particularly in light of the Bali Ministerial Declaration on export subsidies. Members questioned whether currency appreciation was a valid reason for using trade distorting measures like export subsidies and requested Switzerland to reconsider alternative policy options. Members welcomed Switzerland's transparency on the measure and asked Switzerland to continue to keep the Committee informed on this policy, in particular on any changes to the plan to limit this exceptional measure to a one-off budget increase limited to the year 2015.

1.14 Thailand's sugar policies

1.14.1 Question by Australia (AG-IMS ID 77031)

Australia thanks Thailand for its response to Australia's questions at the 76th Committee on Agriculture in relation to Thai policies that relate to rice and sugar production. Could Thailand provide an update on the draft study referred to in their response to Australia (AG-IMS ID 76021), and provide details of any specific policy initiatives that are currently planned to boost production in the cane and sugar industries?

Answer by Thailand

The draft study is still under review. There are no specific policy initiatives currently planned to boost production in the cane and sugar industries. As Thailand explained in the previous meeting, the purpose of the ongoing study includes an examination of whether agricultural production can be restructured to improve the efficiency of resource management and utilization in accordance with market mechanisms. It is anticipated that any initiatives resulting from the study will merely encourage farmers to grow appropriate crops efficiently in appropriate areas. Decisions of the farmers will be voluntary.

1.14.2 Question by the European Union (AG-IMS ID 77046)

Since no reply has been received to EU question AG-IMS ID 76033, the European Union repeats its questions.

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 affect 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

- a. The ceiling prices for Quota X to be sold in the domestic market are set by the Ministry of Commerce, with a view to preventing shortages of sugar supply by ensuring adequate availability of sugar in the domestic market and preventing the smuggling of sugar out of the country. The minimum farm gate prices of sugarcane are determined by the Cane and Sugar Board, which is comprised of representatives of both sugar cane farmers and sugar producers, facilitated by representatives from the Ministry of Industry.

- b. There are no administrative prices for sugar, only the ceiling prices for sugar sold in the domestic market, which have been fixed since 2008. The actual domestic market prices are determined by domestic market mechanisms, up to the limit of the ceiling price. Export prices are determined by the global market mechanisms and global prices. As such, there is no artificial relation between the domestic prices and export prices as both are determined by the respective market mechanisms.
- c. No, the ceiling prices for domestic sugar do not affect the quantities of sugar exported. Quota Z is the quota used mainly for exportation, and is the amount leftover from Quota X and Quota Y (Quota Z = Quantity produced – (Quota X+ Quota Y)). The domestic price does not have any bearing on the quantity of sugar produced for domestic consumption as the quantity has already been fixed by Quota X. Thus, the quantity exported, mainly from Quota Z, has no relation to domestic price set by the Cane and Sugar Board. There is no stringent requirement to export Quota Z sugar.
- d. The Thai Cane and Sugar Corporation Limited is privately owned by sugar cane farmers and sugar producers, and has the overall responsibility for pricing and selling raw sugar under Quota Y for the purpose of calculating the revenue sharing between the cane farmers and the sugar producers. The company does not receive any special support or privileges from the government.
- e. See the response to question d above.

Follow-up: Brazil recalled that there were pending responses to questions raised by Brazil regarding Thailand's sugar policy raised on 4 March 2015, as reflected on G/AG/W/142. Brazil requested Thailand to provide the answers as soon as possible.

1.15 Turkey's domestic support and export subsidies

1.15.1 Question by the European Union (AG-IMS ID 77047)

Follow up to question AG-IMS ID 75069.

The European Union would like to repeat the question asked at the Committee on Agriculture in March 2014 which has not yet been answered.

Further, the US Department of Agriculture in its Citrus Report for the year 2013 indicates (as in the 2011 report) that "the Turkish Government makes support payments to exporters and the rates vary each year. The Ministry of Finance is providing a subsidy to citrus exporters of 200 YTL/MT in 2013. There is also a minimum price requirement for this specific subsidy. The government makes payments to a special account, which the exporter can only use to make tax and social security payments as well as utilities such as telecommunications, electricity, and natural gas. In order to protect domestic producers, the government kept the customs duty rates at 2007 levels for orange juice and citrus imports, which are 54%".

- a. Could Turkey confirm that since 2001 its budgetary outlays and eligible quantity as regards export subsidies, notably for citrus fruits, have remained below its commitments?
- b. Could Turkey indicate the level of AMS support in absolute amounts since 2002 per budget year?
- c. Does this level respect Turkey's *de minimis* commitment?
- d. When will Turkey make its DS:1 notifications for the years after 2002?

Answer by Turkey

Our relevant institutions are working on this issue. Turkey's notifications will be submitted to the Secretariat as soon as the assessments are completed.

Follow-up: The European Union noted that the same reply had been provided several times, even several years, and they looked forward to Turkey finalizing the work and forwarding the notifications to the Secretariat.

Ukraine indicated its interest on the questions.

1.16 Turkey's destination of wheat flour sale

1.16.1 Question by the United States of America (AG-IMS ID 77071)

Turkey has not yet responded to questions from the March 2015 and November 2014 meetings that were originally posed on the floor during the June 2014 meeting. The United States 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 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 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

- a. State and affiliated institutions are very clearly defined in the Public Financial Management and Control Law No: 5018. Turkish Grain Board (TMO) is not one of the affiliated institutions and is not within the scope of a general or private budget.
- b. As stated in TMO's Founding Statute, TMO is an incorporated company that operates according to commercial principles in the economic field. As an incorporated company, operating in line with the principles of profitability and efficiency, TMO has to act as a prudential trader in its all acts and operations. All contracts and applications have to be

made taking this into consideration. The highest decision making body of the TMO is the board of directors and policies are determined independently in accordance with the principles mentioned above.

- c. TMO is responsible for purchasing and selling grain, and it performs this duty in domestic and international markets. TMO sells grain through bid auctions and any bids not deemed satisfactory by TMO are not accepted. The auctions are open to foreign buyers and Turkish buyers holding an inward processing certificate. Purchases of domestic wheat from TMO were already examined by the US authorities in various CVD proceedings. For example, in its preliminary results of 2004 countervailing duty administrative review for certain pasta from Turkey, Department of Commerce (DoC) found that purchases of domestic wheat from TMO does not provide a countervailable benefit because the prices paid by companies were higher than world market prices, inclusive of delivery charges.^[1] Turkey kindly invites the US authorities to examine DoC's findings in previous CVD proceedings.
- d. As explained in Turkey's response to question above, the US authorities were already informed of TMO's wheat sales to inward processing certificate holders in various CVD proceedings conducted by DoC.
- e. Turkey has a system in place to confirm which inputs, and in what amounts are consumed in production of the exported products under the Inward Processing Regime (IPR). To be more precise, companies should apply to Ministry of Economy (MoE) electronically with their e-signature to register the IPR System. After registration, some documents, such as Inward Processing Project Form, table of raw material, capacity report providing information about the production facilities, trade registration journal, signature circular, should be submitted via the system, correctly.
- f. MoE evaluates the HS code of imported goods and processed products (primary and auxiliary processed products), product definition, its quantity to be determined according to the rate of productivity, the term of certificate/authorization and, either issues an IPR certificate or rejects the application. Decisions (acceptance or rejection) are based on whether a set of possible legal conditions and economic criteria are fulfilled. Companies are subject to heavy sanctions in case of noncompliance with the relevant IPR legislation.

In fact, the United States of America is totally aware of the working mechanism of Turkish IPR and in several countervailing duty investigations and reviews, the competent US authorities identified that IPR does not confer countervailable benefits.^[2] The United States of America recently repeated its findings on Turkish IPR in 2013 administrative review for circular welded carbon steel pipes and tubes from Turkey. In its decision memorandum for the preliminary results of countervailing duty administrative review: circular welded carbon steel pipes and tubes from Turkey, dated March 31, 2015^[3], DoC, similar to earlier findings, clearly found that "the GoT has a system in place to confirm which inputs, and in what amounts, are consumed in the production of the exported product, and that the system is reasonable for the purposes intended". The DoC also decided that "the exemption granted on certain methods of payments used in purchasing imported raw materials under this program does not constitute a subsidy because the tax exempted upon export does not exceed the amount of tax levied on like products when sold for domestic consumption".

The US authorities scrutinized IPR with all its aspects in a certain number of CVD proceedings. In this regard, Turkey again kindly invites the US authorities to look at DoC's previous findings in countervailing duty administrative reviews.^[4]

Having in mind the above-mentioned evaluations, Turkey, once again, would like to stipulate that it has a verification system, which was also examined by the United States of America, in place to confirm which inputs, and in what amounts are consumed in the production of the exported products under IPR.

The vast majority of Turkish wheat imports and wheat flour exports were made under IPR.

Turkish IPR mechanism is already described in our response to the above-mentioned questions. Turkey, once again, invites the US authorities to examine the previous findings of DoC in the pertinent CVD proceedings. Statistics are collected and compiled on the basis of HS codes. No particular statistical data is available for the quality.

No regulation that allows selling of IP certificates exists under Turkish IPR.

- [1] See Federal Register / Vol. 71, No. 111 / Friday, June 9, 2006 and DoC's Preliminary Results of Countervailing Duty Administrative Review for Certain Pasta From Turkey
<http://www.gpo.gov/fdsys/pkg/FR-2006-06-09/html/E6-9007.htm>
- [2] See Issues and Decision Memorandum: Final Results of Administrative Review of the Countervailing Duty Order on Certain Welded Carbon Steel Standard Pipe from Turkey, July 25, 2006.
<http://enforcement.trade.gov/frn/summary/turkey/E6-12227-1.pdf>
- [3] See Decision Memorandum for the Preliminary Results of Countervailing Duty (CVD) Administrative Review: Circular Welded Carbon Steel Pipes and Tubes from Turkey, March 31, 2015.
<http://enforcement.trade.gov/frn/summary/turkey/2015-08123-1.pdf>
- [4] See Federal Register Volume 66, Number 153 / Wednesday, August 8, 2001 and DoC's Preliminary Results of Countervailing Duty Administrative Review for Certain Pasta From Turkey
<http://www.gpo.gov/fdsys/pkg/FR-2001-08-08/html/01-19777.htm>

1.17 Turkey's export subsidy programmes

1.17.1 Question by Australia (AG-IMS ID 77032)

Australia thanks Turkey for its response to Australia's questions at the 75th Committee on Agriculture (AG-IMS ID 75027). Nonetheless, Australia wishes to understand more about Turkey's agricultural export subsidy programme and accordingly, asks Turkey to advise the Committee, for each agricultural product and for the most recent year available:

- a. **The value of export subsidies which have been provided;**
- b. **The volume of subsidised exports; and**
- c. **The destinations of the subsidised exports.**

Answer by Turkey

The questions by Australia are related to the export subsidies provided by Turkey. The notifications of export subsidies are under preparation by Turkey's relevant institutions and they will be submitted to the Secretariat once they are ready.

Follow-up: Australia stated that Turkey's last notification on this matter was 14 years ago, in 2001. Australia requested Turkey to bring its export subsidy notifications up to date as soon as possible, particularly when there were a range of Members who have concerns about export subsidies from Turkey. Ukraine indicated its interest on the questions.

2 POINTS RAISED IN CONNECTION WITH INDIVIDUAL NOTIFICATIONS

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

2.1.1 Switzerland (G/AG/N/CHE/13/Add.17)

AG-IMS ID 77033: Question by Australia - Allocation of licences to importing entities

In the Table MA:1 notification (G/AG/N/CHE/13/Add.17), with regard to the allocation of import entitlements for "Animals for slaughter; meat mainly produced on the basis of coarse fodder", Switzerland has explained at 5 (b) that 50% of TQ shares in bovine and sheep meat and offal are distributed on the basis of a contribution to Swiss production,

and further, 40% of shares in goat and horse meat and offal are also distributed on the basis of a contribution to Swiss production. Can Switzerland explain what does "contribution to Swiss production" mean in this context?

Answer by Switzerland

Forty percent of quota shares of goat and horse meat as well as offal are distributed on the basis of a contribution to Swiss production. Thus allocated quota shares are based on the number of slaughtered animals from Swiss origin. The person entitled to a share of quota in this case is the slaughterhouse which can nevertheless transfer his right to an animal keeper, a livestock dealer firm, a meat processing company or a meat trading company.

Fifty percent of quota shares of bovine and sheep meat as well as offal are distributed on the basis of a contribution to Swiss production. Thus allocated quota shares are 40% based on the number of animals slaughtered as described above. The 10% remaining shares are allocated according to the number of animals bought at auction on monitored public markets.

AG-IMS ID 77072: Question by the United States of America - Allocation of licences to importing entities

Switzerland has increased the share of beef and sheep meat import quotas that are distributed based on the contribution to Swiss production from 10% to 50%. Therefore, with this change, only 50% of import quotas will be distributed by tender compared to 90% previously. Awarding quota allocations based on domestic purchases can be trade restrictive and could be in violation of WTO rules. Can Switzerland explain the reasoning behind this change?

Answer by Switzerland

The increase in the rate of allocation of quotas of beef and sheep meat distributed on the basis of a contribution to Swiss production was decided by the Swiss Parliament in March 2013. In the parliamentary debate, increased predictability for importers and easier access to the quota shares for small companies were identified.

However, the change in the allocation system of quota shares does not represent any restriction on imports within the quota. It is only the distribution of quota shares among importers that is affected by this change. The fill-rate for the tariff quota in question is traditionally high and will not be affected by the change. Consequently, Switzerland considers this system to be in compliance with its WTO commitments.

Follow-up: The European Union shared the concerns expressed by Australia and the United States of America.

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

2.2.1 Canada (G/AG/N/CAN/107)

AG-IMS ID 77036: Question by Switzerland - Tariff quota fill

Switzerland notes that fill rates for several of Canada's tariff rate quotas for dairy products remain low. In particular, the fill rate for milk protein substances (MPS) for the quota year 2012/2013 fell to 56.3% from 68.4% in the previous quota year. Switzerland furthermore notes that the tariff quota administration for milk protein substances as indicated in G/AG/N/CAN/87/Rev.1 from 24 February 2012 is complex. Canada in response to Switzerland's previous inquiry on this issue stated that "Canada is committed to continuing to make its tariff rate quota fully available to Canadian importers of MPS".

- a. **Could Canada explain in more detail in which way it intends to achieve the full availability of the tariff rate quota to importers? Specifically, how does Canada**

ensure that fill rates are not negatively affected by the administration of the tariff quota?

- b. Does Canada envisage implementing changes to the administration of the tariff rate quota for MPS? If so, what changes are envisaged and in which way would they help achieve substantive increases in quota fill rates in the future?

Answer by Canada

It is Canada's assessment that observed fill rates for the "other products of milk constituents" and "milk protein substances" (MPS) TRQs reflect overall market conditions. While imports under the MPS TRQ have decreased, total milk protein imports (under tariff items 0404.90, 3504.00.11, and 3504.00.12) increased by 3.7% from 2012 to 2013, largely due to imports of MPS from the United States of America, which increased from 7,995,945 kg in 2012 to 10,064,898 kg in 2013. The MPS TRQ is fully allocated at the beginning of each TRQ year. Allocation holders are free to use their allocation to import any product covered by the TRQ at any time during the year. In recent years, many have chosen to return portions of their allocation that they did not think they would use during the year. Returned quantities have been made available to interested importers on a first-come first-served basis, but due to market conditions, there has been little uptake. There are no plans to change the allocation policy which includes a number of mechanisms designed to maximize TRQ fill, including the return and reallocation policy and the under-utilization penalty, as well as the practice of opening up the TRQ to first-come-first-served where TRQ fill remains low.

Follow-up: The United States of America registered its continuous interest in the Canadian dairy market and on the policies implemented around that market.

2.2.2 Japan (G/AG/N/JPN/202)

AG-IMS ID 77049: Question by the European Union - Tariff quota fill

For a certain number of tariff lines the quota utilization is relatively satisfactory. However, for several import quotas under-utilization is observed, in particular in cases which can lead to shortages on the Japanese market, for instance butter (with restriction in the retail outlets). In the table below one can observe significant underutilization of the TRQs for several dairy products (despite the high import tariffs for these dairy products) as well as other products. Can Japan indicate the reasons for these under-utilizations of TRQs?

Products	Quota (t)	Quota imports (t)	Fill rate (%)
Skimmed milk powder for school lunch	7,264	1,952	27
Skimmed milk powder for other purposes	74,973	22,988	31
Whey and modified whey for feeding purposes	45,000	30,265	67
Prepared whey for infant formula	25,000	6,975	28
Butter and butter oil	581	119	20
Mineral concentrated whey	14,000	6,653	48
Dried leguminous vegetable	120,000	77,872	65
Ground nuts	75,000	27,124	36

Answer by Japan

Japan operates TRQs appropriately, consistent with WTO Agreements and conducts it in a fair and transparent manner. Under-utilization of some TRQs is related to a decrease in domestic demand of those products. "Butter and butter oil" listed in the table is for consumption in the international airlines, international trade fairs and other specialized purposes, which is described in the Table MA:1 notification. As for butter, most of it is imported through state trading. The Government imports butter is over the WTO commitment level in case of shortage.

Follow-up: The United States of America registered its continuous interest in the Japanese dairy market.

2.3 DOMESTIC SUPPORT COMMITMENTS (TABLE DS:1)

2.3.1 Australia (G/AG/N/AUS/97)

AG-IMS ID 77050: Question by the European Union - Transparency issues (including Table DS:2)

The environmental schemes "Auction for Landscape Recovery in Australia", "Victorian Bush Tender auctions" and "EcoTender" are implemented in Australia (EcoTender in Victoria). Can Australia indicate how this and similar agri-environmental schemes are taken into account in the domestic support notification?

Answer by Australia

Auction for Landscape Recovery was a pilot project that was conducted in Western Australia from 2003-2005. It received funding under the National Action Plan for Salinity and Water Quality – which has previously been notified to the WTO as exempt from reduction commitments (see Table DS:2 G/AG/N/AUS/42). The National Action Plan for Salinity and Water Quality ended in the 2008-2009 financial year.

Bush Tender is focused on improved environmental management on private agricultural land which in turn results in environmental benefits. Bush Tender has been previously notified to the WTO as exempt from reduction commitments (see Table DS:2 G/AG/N/AUS/77).

The EcoTender includes riverine health, salinity, carbon and water quality, through a water system which offers very little private benefit. The programme is not specific to agricultural producers, as it includes other landholders, and its main focus is on conservation outcomes. For this reason it has not been reported as domestic support in favour of agriculture.

AG-IMS ID 77003: Question by Canada - Direct payments: structural adjustment assistance provided through producer retirement programmes

Under the heading "structural adjustment assistance through producer retirement programmes" the description for the programme funded by the Australian Government states that the grant is to assist primary producers to "exit farming, ensuring that there is sufficient financial support available to enable re-establishment outside farming". Could Australia please provide details as to how it determines "sufficient financial support"?

Answer by Australia

The Exceptional Circumstances (EC) Exit Grant was targeted at those who left farming with no, or a low level of, financial resources. The EC Exit Grant Package commenced on 25 September 2007 and closed to new applications on 10 August 2011.

The government of the day made the decision to provide additional financial resources to people with no, or a low level of, financial resources, to help them relocate, find new employment and/or a new residence (not a farm). The EC Exit Grant amount was means tested and capped at AUD 150,000. The value of the EC Exit Grant varied depending on the financial position after settlement of the sale of the farm property.

To receive the maximum amount payable, the applicant's total net assets, after the sale of the farm, could not exceed AUD 350,000. If the value of the applicant's total net assets, after the sale of the farm, was more than AUD 350,000, they may have been eligible for a reduced grant. For every AUD 3 in assets above the relevant threshold limit (AUD 350,000), the exit grant reduced by AUD 2. An applicant could not receive a grant of any amount if their net assets, after the sale of farm, were more than AUD 575,000. To have been eligible for the grant an applicant must have, prior to selling the farm:

- been a farmer;

- had a farm located in an Exceptional Circumstances declared area;
- owned or had a right or interest in the farm for at least 5 years immediately prior to exiting farming;
- contributed a significant part of their labour and capital to the farm enterprise;
- derived a significant part of income from the farm.

AG-IMS ID 77004: Question by Canada - Other product-specific AMS/EMS

Canada notices an inconsistency in the footnote of Supporting Table DS:7 between 2011-12 and 2012-13. In 2011-12, the footnote provides the "total value of production of live animal exports". In 2012-13 however, the footnote refers to the "total value of production of live cattle exports". Could Australia please explain this inconsistency?

Answer by Australia

As Canada notes, there is a minor inconsistency with the terminology in the footnotes, but in this case "live animal exports" means the same as "live cattle exports".

AG-IMS ID 77005: Question by Canada - Other product-specific AMS/EMS

In Supporting Table DS:7 for 2012-13, the figure under column 10 (Total AMS) for Live Cattle Exports is reported as "0.000". Given that the number in column 10 should be the result of adding columns 7 (Total other product-specific support), 8 (Market price support) and 9 (Non-exempt direct payments) should the figure not be 0.733?

Answer by Australia

The sum is 0.733 but the total is in effect zero because the amount is within Australia's *de minimis*. Australia has indicated the amount is *de minimis* by footnoting it as such. Australia would be pleased to take the advice of the WTO Secretariat to ensure a consistent approach to this type of situation in the future across all Members' reports.

2.3.2 Canada (G/AG/N/CAN/104)

AG-IMS ID 77108: Question by the European Union - Transparency issues (including Table DS:2)

The European Union understands that an East-Central Saskatchewan scheme "Assiniboine River Watershed (ARW)" is implemented in Canada, whereby farmers or land-owners get grants based on delivery of environmental services referring to the values of public goods.

- Is this scheme included in Canada's notification under the environmental payments heading of Supporting Table DS:1?**
- How is it ensured that payment levels in this scheme are strictly based on "costs incurred and income forgone"?**

Answer by Canada

As stated on the following website (<http://www.assiniboinewatershed.com/who-we-are/about-us>), the Assiniboine Watershed Stewardship Association (AWSA) is an independent, non-profit organization that is dedicated to protecting and enhancing source water in the Assiniboine River Watershed. The various projects and initiatives provided through this Association are aimed at having healthy source waters throughout the Assiniboine River Watershed. The Assiniboine Watershed Stewardship Association (AWSA), in partnership with Environment Canada, Ducks Unlimited and the Saskatchewan Watershed authority, completed the Reverse Wetland Auction

Restoration pilot program in December 2009. Funding for this program covered the cost to build "ditch plugs" to restore wetlands in that watershed. The prairies have lost an estimated 70% of their wetlands since the early 1800's, with approximately 85% of the total loss coming from agricultural drainage. Saskatchewan's Ministry of Agriculture provides support to Ducks Unlimited, one of the contributors, and this support is included under the environmental payments heading of Supporting Table DS:1.

2.3.3 China (G/AG/N/CHN/28)

AG-IMS ID 77007: Question by Canada - Transparency issues (including Table DS:2)

Historically, China has notified product-specific support for six products: wheat, rice, corn, soybean, cotton, rapeseed and pigs (starting in 2007). Potato was added to the list in 2009 and highland barley and peanuts were added in 2010. Could China please elaborate on the criteria for payments to these newly included products and the duration of these measures?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77012: Question by Canada - Transparency issues (including Table DS:2)

China claims exemption for outlays for public stockholding of vegetable oils and sugar but does not report any market price support for these products. Does this imply that China does not use administered prices to acquire the public stocks of vegetable oils and sugar?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77051: Question by the European Union - Transparency issues (including Table DS:2)

- a. **Can China indicate whether the aid given to State Trading Enterprises either as direct or indirect support in the form of aid from the Industrialisation Funds or similar support instruments (which also includes agricultural and agro-food sectors) has been included in the notification and with which amounts?**

Supporting Table DS:1

- b. **The footnote to the Supporting Table DS:1 states that the data includes both the outlays of the national and subnational governments. Could China explain the national and subnational shares of the Green Box spending notified?**
- c. **Can China indicate in which heading of the current notification the Agricultural Insurance Programme has been included (CNY 116.9 billion in 2009, according to the annual budget for National People's Congress)?**
- d. **Can China elaborate on the reasons for the continued increase of the food security stocks (+33%) while at the same time production continue to increase?**
- e. **What types of farmers receive direct aides and which sectors are eligible, and which criteria must farmers fulfil to be eligible for this type of payments?**

Supporting Table DS:4

- f. Can China give further details to the calculation of the Value of Production, including the sources for this calculation in DS:4?
- g. Can China give more details on the differences in definition of products categories as indicated in the foot note to Table DS:4?

Supporting Table DS:5

- h. Could China provide information on total wheat and rice production in the notified years 2009 and 2010?
- i. Can China give more details on the reasons for the very significant differences in the production numbers in this notification and the figures given by the national administration in "Report on grain development in China – 2013". According to the latter the buying-in of wheat in China by State Enterprises in 2009 reached a total of 69.339 million tonnes, whereas this notification only indicates 39 million tonnes. Can China please explain this difference in detail? The difference for rice is even bigger. How have the quantities for this notification been calculated?
- j. What are the reasons not to include maize in this notification, when to EU knowledge, there exists a system of guaranteed prices for maize (minimum procurement price scheme).

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77027: Question by Japan - Transparency issues (including Table DS:2)

- a. When will China submit the notification of 2011 and the years after?
- b. Please indicate the amount and the price of rice, wheat, and cotton the government purchased in each year from 2011 to 2014.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77080: Question by the United States of America - Transparency issues (including Table DS:2)

The United States notes that the Chinese Government did not include market price support calculations for corn, soybeans, and rapeseed in 2009, despite the fact that an applied administered price was announced for these commodities under the temporary reserve price support programme. The temporary reserve programme operates as a price support programme and in a very similar manner to the Minimum Price Procurement programme that was notified by China. The Government offers to purchase commodities at a specified price if the market price falls below that price. The government holds the commodities in reserve and re-sells them in future years when market prices are higher. During years of falling prices, like 2009, the government buys large volumes to prevent prices from falling. In 2009, for example, China set a target price for corn at CNY 1500 per metric tonne, soybeans at CNY 3700 per metric tonne, and rapeseed at CNY 3700 per metric tonne.

According to the 2010 China Grain Industry Development Report edited by Nie Zhenbang, Director of the National Grain Bureau (p. 14), "to stabilize grain market prices, protect returns to grain-planting farmers, in 2009 the government implemented minimum procurement price programmes for rice and wheat, and temporary reserve

purchases for corn, soybeans and Xinjiang wheat". The report said that the government's grain reserves were at a record-high level as a result of these market stabilization programmes (p. 29).

Further, Xinhua News Service in 2010 (see http://news.xinhuanet.com/fortune/2010-01/11/content_12791971.htm) cited the government's increase in minimum procurement prices for rice and wheat and temporary reserve procurement of rice, wheat, corn, soybeans and central reserves of oils from soybeans and rapeseed as measures that prevented prices from falling during 2009.

The Xinhua article reported that purchases by the State to intervene in markets prompted an increase in market prices and effectively increased the income of farmers by CNY 40 billion (USD 5.9 billion) during 2009, "... effectively protecting the enthusiasm of farmers to plant grain". China clearly implements the "temporary reserve" programme in a manner that is intended to manipulate producer incentives and prevent market forces of supply and demand from determining prices. This was acknowledged by Chinese authorities during 2014 when "temporary reserve" programmes were ended for cotton and soybeans.

- a. Please revise the notification to include all relevant commodities for which an applied administered price was established under this or any other programme. If China does not consider these pre-determined prices to be administered prices for these commodities, please explain the rationale.
- b. If the rationale is that the pre-determined prices are based on market prices, please clarify whether, in cases where the market prices decline after the date the administered price is set, the administered price does not automatically adjust (in other words it remains constant throughout the period for which it is set).
- c. If so, please indicate the reason for fixing the price rather than allowing market prices to move freely throughout the year.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77073: Question by the United States of America - General services: infrastructural services

China notified that outlays for agricultural infrastructure services include a number of programmes.

- a. Please identify all major programmes accounted for in the notified value and the respective value of outlays in 2009 and 2010.
- b. Please provide additional details with regards to what the Agricultural Comprehensive Development Programs are and how they are implemented.
- c. Please provide additional details on how "small scale watering facilities on farmland" are implemented and how they meet the requirements of paragraph 2(g) of Annex 2 of the Agreement on Agriculture, in particular that it excludes expenditures for on-farm facilities.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77052: Question by the European Union - Public stockholding for food security purposes

- a. Can China indicate the products, quantity and the average buying-in price of each product for the years 2009 and 2010? Can China indicate how the buying-in price was fixed and the level for the different products in question?
- b. A continued upward trend in China's spending on public stockholding for food security purposes is seen in Supporting Table DS:1. Could China indicate what type of expenditure is included in the notified amount?
- c. Could China confirm that food purchases by the government under the public stockholding for food security purposes are made at current market prices as required by paragraph 3 of Annex 2 of the Agreement of Agriculture?
- d. Could China indicate the food security related pre-determined targets which guide the volume and accumulation of stocks under the public stockholding for food security purposes as required by paragraph 3 of Annex 2?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77053: Question by the European Union - Domestic food aid

Amounts notified under domestic food aid vary annually during the notified years 2005-2010. There is a substantial variation between 2009 and 2010 in particular in the current notification. Could China explain why the amount notified for 2010 decreased so substantially compared to the previous years? Is this related to a policy change?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77054: Question by the European Union - Direct payments: decoupled income support

The European Union notes a decrease in the amount notified under decoupled income support compared to the previous notification G/AG/N/CHN/21. Could China explain why this spending is decreasing? Is this related to a policy change?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77023: Question by Japan - Direct payments: decoupled income support

In the previous notification, China explained that decoupled payment is made based on the farmland contracted by farmers.

- a. Could China provide the requirements of decoupled payment?
- b. Please make sure the base area in this scheme is fixed in terms of the year, following the requirement of the Agreement on Agriculture.
- c. If so, please indicate the year used to calculate base area.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77075: Question by the United States of America - Direct payments: payments for relief from natural disasters

China's "payments for relief from natural disasters" have increased substantially since 2005, reaching CNY 583.84 hundred million in 2010. Per paragraph 8(a) of Annex 2 of the Agreement on Agriculture "... payments shall arise only following a formal recognition by government authorities that a natural or like disaster has occurred".

- a. Please provide a list of all relevant formal recognitions by either the central government or local governments that provided eligibility for payments in 2010.
- b. In response to AG-IMS ID 66050, China noted that notified payments under this subheading include "disaster prevention". Please clarify how this meets the criteria of paragraph 8. Please provide additional details as to what "disaster prevention" is.
- c. In response to AG-IMS ID 66050, China stated that it was not in a position to provide any specific resources related to other specific policy and implementing guidance regarding the notified programmes. Is China now in a position to do so? If not, what resources are available to help Members better understand programmes notified under this subheading?
- d. In response to AG-IMS ID 66050, China indicated that total payments only compensated for a small part of farmers' losses. Please provide an indication of the level of compensation provided to farmers compared to losses of income.
- e. Please provide a list of the individual programmes included under this subheading.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77074: Question by the United States of America - Direct payments: payments under environmental programmes

The United States notes that China's notification of environment programme expenditures has increased over time. China, in response to AG-IMS ID 59032, stated that it was impossible to determine whether the payments under the various programmes notified under these programmes are dependent on the fulfilment of specific criteria, a requirement outlined in paragraph 12(a) of the Agreement on Agriculture. Further, China stated that all the support at the time was used solely for compensation to the farming households affected by the afforestation and reforestation programme.

- a. Is this notification still accurate in that all support is still for afforestation and reforestation programmes?
- b. Is China now able to provide the details of such criteria? In particular, what exactly are the payments compensating farmers for with regards to afforestation and reforestation?
- c. If China is still unable to provide the specific criteria, on what basis is China able to notify this programme under paragraph 12?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77055: Question by the European Union - Direct payments: payments under regional assistance programmes

Could China provide more details on the aid provided to disadvantaged regions under regional assistance programmes? What are the criteria for disadvantaged regions?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77076: Question by the United States of America - Direct payments: payments under regional assistance programmes

China's regional assistance programme includes "outlays on aid and assistance to disadvantaged regions".

- a. **How does China define "disadvantaged regions" and what are those regions in China?**
- b. **Please provide additional details with regards to how this programme operates.**

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77024: Question by Japan - Market price support

Despite that Chinese Government purchases cotton at administered prices, the notification does not include cotton in Supporting Table DS:5.

- a. **Could China provide the reason for this?**
- b. **Please indicate the prices and the amount of cotton Chinese government purchased in 2009 and 2010, respectively.**
- c. **Please indicate the external reference price of cotton calculated in the same manner of the external reference price for rice and wheat (i.e. the average price of 96-98)**

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77026: Question by Japan - Market price support

Regarding market price support for rice and wheat, Japan is of the view that negative values derived from calculation of the market price support should be regarded as zero since administered price lower than the external reference price does not impose any burden on farmers, unlike associated fees or levies. Could China explain what burden farmers are bearing under the market price support scheme?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77078: Question by the United States of America - Market price support

- a. **The United States notes that China's calculation of market price support for rice is incorrect. The calculation uses a price for unmilled paddy rice as the administered price. However, the fixed external reference price for rice is for**

milled rice. These prices are not comparable. The administered price should be adjusted to make it comparable to the price for milled rice. Please revise your notification.

- b. In AG-IMS ID 65049, China states that the minimum purchasing price policy functions in the main grain producing provinces, not in the overall state. The United States notes that China often cites ensuring the livelihood of its poorest producers as a rationale for its domestic support policies.
- i. Please explain the basis for providing minimum support prices only to the producers in the main grain producing regions where the greatest grain surpluses are located.
- ii. Even if only small surpluses were available to sell in other regions, wouldn't providing a market price support to those smaller producers still provide the same important benefit as it does to producers with larger surpluses as China claims?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77011: Question by Canada - Market price support: Eligible production

Canada notices a significant increase in eligible production for rice in 2009 and a zero amount in eligible production in 2010. Could China please explain these significant changes? In 2010, would the zero amount in eligible production indicate that no rice was procured through the Minimum Procurement Price Scheme?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77056: Question by the European Union - Market price support: Eligible production

Could China explain why the eligible production for rice in 2010 in Supporting Table DS:5 is indicated at 0?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77025: Question by Japan - Market price support: Eligible production

The Agreement on Agriculture defines eligible production as "the quantity of production eligible to receive the applied administered price". Therefore, unless the amount of procurement is determined in advance, total production is regarded as "eligible to receive the applied administered price". Could China explain why the notification does not adopt total production as the eligible production in the calculation of market price support for rice and wheat?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77077: Question by the United States of America - Market price support: Eligible production

With regards to the notified market price support programme for wheat and rice in Supporting Table DS:5, the United States already understands that according to China "only the grains sold to the state at the minimum purchasing price are entitled to the applied administered price" as noted in AG-IMS ID 65049. However, the methodology for market price support in paragraph 8, Annex 3, is clear that the quantity of production eligible to receive the applied administered price must be used. Eligible production is not the same as what was actually purchased, unless a predetermined limit was announced in conjunction to the support price.

- a. Please cite documentation that establishes the level of production eligible to receive the applied administered price.
- b. If pre-determined targets are not set by the government, please indicate whether there are any statutory limits on the quantities of product that are eligible to receive the applied administered price.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77008: Question by Canada - Other product-specific AMS/EMS

Canada notes that payments to rapeseed producers relative to rapeseed value of production has increased significantly since China's previous domestic support notification for years 2005 to 2008 (G/AG/N/CHN/21). Could China elaborate on the reasons for this increase?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77009: Question by Canada - Other product-specific AMS/EMS

Canada notes that payments to pig producers dropped considerably from CNY 630 million in 2009 to CNY 213 million in 2010. Could China elaborate on this change in support to pig producers?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77010: Question by Canada - Other product-specific AMS/EMS

China indicated in a response to a previous question (AG-IMS ID 64056) from Canada that China increased the subsidy to breeding productive sows to Y 100 per animal. Could China indicate if there has been any change in the subsidy rate to breeding productive sows, and if so what is the new subsidy rate?

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77057: Question by the European Union - Other product-specific AMS/EMS

Can China explain in detail the reason for the sizeable variations for cotton between the years 2009 and 2010 in Supporting Table DS:7.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77079: Question by the United States of America - Other product-specific AMS/EMS

As has been previously noted by multiple Members, China's inclusion of negative market price support in the summation of product-specific AMS in Supporting Table DS:7 is a serious concern and should be reported as a zero for purposes of summation. The United States would note that the intent of negative support in the AMS is to account for "specific agricultural levies or fees paid by producers" per Annex 3 of the Agreement on Agriculture.

- a. Please state the intended objective of China's price support programmes. Please clarify how these objectives are in line with providing a negative level of support as purported by China in its notification.
- b. China has previously indicated that it refers to the "rules of the WTO Secretariat" as a basis for notifying in this way. Please provide the relevant Secretariat documentation and specific rules that China believes permits this.

The United States appreciates the transparency provided by China in noting the various programmes notified in Supporting Table DS:7. The United States suggests China notify these programmes on a disaggregated basis.

- c. Please provide a breakdown of the product-specific programmes notified in the footnotes with their respective outlays by commodity.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77013: Question by Canada - Non-product-specific AMS

Canada notes that outlays on input subsidies (Supporting Table DS:9), which rose dramatically in 2007, continued to increase by 10% in 2008 and then by 10% again in 2010, reaching more than Y 95 billion or about USD 14 billion. This single large amount prompts Canada to repeat the unanswered question from the 65th Committee on Agriculture meeting (AG-IMS 65051) about the steps China is taking to be able to provide the information disaggregated by agricultural machines, fertilizers, agricultural diesel oil, and feeds.

Answer by China

China undertook to provide a response at a later stage.

AG-IMS ID 77058: Question by the European Union - Non-product-specific AMS

- a. Input subsidies: Can China elaborate on the functioning of the system aid for mechanisation which is given to the distributors of agricultural machinery for certain types of material which has to be produced for at least half in China? How can non-China based producer participate in this scheme?
- b. Is the aid given as tax rebates (for instance in the horticultural sector) included in this table?

Answer by China

China undertook to provide a response at a later stage.

Follow-up: Canada, the European Union, Japan and the United States of America noted their interest in the responses to the questions posed, and stated that they looked forward to having them in written form.

2.3.4 Costa Rica (G/AG/N/CRI/48/Rev.1)

AG-IMS ID 77082: Question by the United States of America - Transparency issues (including Table DS:2)

In response to AG-IMS ID 76052, Costa Rica indicates that it has set of goal of increasing rice production growth by 40% by 2018.

- a. **Is this an indication that Costa Rica will continue to regulate prices for producers through at least 2018 in order to incentivize producers to increase production, in addition the actions outlined in the National Development Plan 2015-2018?**
- b. **When will the National Development Plan 2015-2018 be implemented? If it has already been implemented:**
 - i. **please specify the specific programmes that have been implemented to achieve the 40% increase in rice production.**
 - ii. **when can WTO Members expect to receive notifications for any programmes exempt from reduction commitments (e.g. when will a DS:2 notification be provided)?**

Answer by Costa Rica

The objective of enhancing the competitiveness of sensitive products, established in the National Development Plan 2015-2018, will not be pursued in the case of rice through the minimum producer price-setting scheme, which, as previously mentioned, was replaced by a reference price mechanism that will enable producers and processors to negotiate a transaction price in accordance with the grade and place of delivery of the product. With regard to the implementation of the National Development Plan 2015-2018 for the agricultural and rural development sector, the respective action plans are still being developed. Their implementation is expected to be funded from the budget for the Ministry of Agriculture and Livestock (MAG) agricultural extension programmes and the National Institute for Agricultural Innovation and Technology Transfer (INTA) research programmes, which have already been notified to the Committee on Agriculture in Costa Rica's regular agricultural domestic support notifications. For reference purposes, the document setting out agriculture and livestock sector policies is available for consultation in Spanish at <http://www.infoagro.go.cr>.

AG-IMS ID 77081: Question by the United States of America - General services: infrastructural services

The United States appreciates Costa Rica's revised submission of its notification on domestic support commitments for 2013. The description for the programme for the development of agricultural production, involving irrigation and drainage works, listed under infrastructural services on page 5, indicates that this programme provides support for the operation and maintenance of hydro-agricultural facilities. In a previous response to the United States concerning this programme, Costa Rica indicated that the rates under this programme cover four types of fees, including an operating and maintenance fee and an investment fee. It is unclear if the beneficiaries of this programme cover the full the cost of these fees or if the programme covers some or all of these fees.

Please clarify the nature of support provided under this programme with respect to the operation and maintenance of hydro-agricultural facilities.

Answer by Costa Rica

With regard to the programme for the development of agricultural production, involving irrigation and drainage works, implemented by the National Groundwater, Irrigation and Drainage Service (SENARA), Costa Rica wishes to clarify that the fees – duly approved by the Public Services Regulatory Authority (ARESEP) – are entirely covered by programme participants. The objective of enhancing the competitiveness of sensitive products, established in the National Development Plan 2015-2018, will not be pursued in the case of rice through the minimum producer price-setting scheme, which, as previously mentioned, was replaced by a reference price mechanism that will enable producers and processors to negotiate a transaction price in accordance with the grade and place of delivery of the product. With regard to the implementation of the National Development Plan 2015-2018 for the agricultural and rural development sector, the respective action plans are still being developed. Their implementation is expected to be funded from the budget for the Ministry of Agriculture and Livestock (MAG) agricultural extension programmes and the National Institute for Agricultural Innovation and Technology Transfer (INTA) research programmes, which have already been notified to the Committee on Agriculture in Costa Rica's regular agricultural domestic support notifications. For reference purposes, the document setting out agriculture and livestock sector policies is available for consultation in Spanish at <http://www.infoagro.go.cr>.

2.3.5 European Union (G/AG/N/EU/20)

AG-IMS ID 77104: Question by India - Transparency issues (including Table DS:2)

In the Supporting Tables Relating to Commitments on Agricultural Products in Part IV of the Schedules (G/AG/AGST/EEC) the External Reference Price for many products - common wheat, durum wheat, barley, maize, oats, etc. - has been calculated on the basis of f.o.b./c.i.f. "reduced by handling costs plus commercial margin". In respect of these agricultural products could the European Union provide details of the f.o.b./c.i.f. price, handling costs and commercial margin? Could the European Union explain how the method of determining ERP for these products is in conformity with paragraph 9 of Annex 3 of the Agreement on Agriculture?

Answer by the European Union

The external reference prices indicated in European Union's AGST Tables (G/AG/AGST/EEC) are the fixed external reference prices in the sense of paragraph 9 of Annex 3 of the Agreement on Agriculture. The source of data for each external reference price is included in AGST Tables in the column 'Comments' of the market price support data. The sources of that data as indicated in the Annex to Supporting Table 6 are: "OECD, as used for PSE calculations or International Dairy Arrangement".

AG-IMS ID 77105: Question by India - Direct payments: decoupled income support

- a. In its Domestic Support Notification G/AG/N/EU/20, the European Union has categorized support under the Single Payment Scheme as Decoupled Income Support. Could the European Union clearly specify the defined and fixed base period for determining eligibility for such payments?**
- b. Article 33 of Council Regulation (EC) No. 73/2009 specifies that support under the Single Payment Scheme shall be available to farmers if they hold entitlements which they obtained in accordance with Regulation (EC) No. 1782/2003. Article 33 of the Council Regulation (EC) No. 1782/2003 specifies 3 separate criteria for farmers to have eligibility to Single Payment Scheme. One of the criteria specified is that "they have received a payment entitlement from the national reserve or by transfer". Article 42.3 of the Regulation (EC) No. 1782/2003 gives flexibility to Member States to use national reserve to grant "reference amount to farmers who commence their agriculture activity after 31 December 2002". How does the European Union**

justify such payment under Annex 2 of the Agreement on Agriculture, as the eligibility criteria for receiving payment appears to be dependent upon agriculture activity after the defined and fixed base period?

- c. **Article 38 of Council Regulation (EC) No. 73/2009 specifies that in respect of "deferred integration" the parcels shall not be eligible if used for production of fruits and vegetables, ware potatoes and nurseries. It appears that the Single Payment Scheme is related to the type of production undertaken by the producer in a year after the base period. It may not meet the criteria of being classified as Decoupled Income Support under paragraph 6 of Annex 2 of the Agreement on Agriculture. In the light of this, could the European Union provide reasons why the Single Payment Scheme should be classified under the Green Box?**

Answer by the European Union

- a. The European Union refers India to EU's Table DS:2 notification on the 2003 CAP reform, which introduced the Single Payment Scheme - see G/AG/N/EEC/58.
- b. Article 42(3) of Council Regulation (EC) No. 1782/2003 does not require farmers to produce in order to receive a payment under the Single Payment Scheme. The Single Payment Scheme complies with the criteria of paragraph 6 of Annex 2 of the Agreement on Agriculture.
- c. Where a Member State decided to make use of the option provided for in the second subparagraph of Article 51 of Regulation (EC) No. 1782/2003 (referred to as 'deferred integration'), the parcels in the regions concerned by the decision were not eligible if used for: the production of fruit and vegetables; the production of ware potatoes; or nurseries. This provision was aimed at ensuring that no double payments would take place. The provision could be applied until 31 December 2010, as specified in Article 38 of Regulation (EC) No. 73/2009.

The European Union's Table DS:2 notification G/AG/N/EEC/69 explains the fruit and vegetables reform and the subsequent integration of the fruit and vegetables sector into the Single Payment Scheme. In line with information in that notification the reform was progressively introduced across products and member States, and by the 2014 budget year at the latest the budgetary provision was to be fully integrated in the ceiling of the Single Payment Scheme. No production is required in order to receive this payment. The Single Payment Scheme complies with the criteria of paragraph 6 of Annex 2 of the Agreement on Agriculture.

2.3.6 India (G/AG/N/IND/10, G/AG/N/IND/10/Corr.1)

AG-IMS ID 77107: Question by Australia - Transparency issues (including Table DS:2)

Australia wishes to repeat its questions posed at the Committee on Agriculture meeting in March 2015:

- a. **AG-IMS ID 76018**

Australia thanks India for its answers to the questions raised by Australia at the 75th Committee of Agriculture, in relation to India's notification (G/AG/IND/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.

- i. **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?**

- ii. 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?

b. AG-IMS ID 76019

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.

- i. 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?
 - ii. 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?
- c. Does India consider these input subsidies and market price support programmes to have been effective despite almost all Indian farmers having insufficient income even in times of accelerated production in staples such as rice and wheat?

Could India please provide answers in writing to the questions that Australia asked at the last Committee on Agriculture meeting as Australia still has not received answers in writing?

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 77083: Question by the United States of America - Transparency issues (including Table DS:2)

The United States notes that India's external reference price for wheat in 1986/87, 1987/88, and 1988/89 in G/AG/AGST/IND is INR 3,540 per metric tonne for each year. India's AGST document states these prices are the c.i.f. average unit price for RITC No. 0413002 (1986-87) and HS No. 1001.9002 (1987-88 and 1988-89) derived from Monthly Statistics of Foreign Trade in India. In G/AG/N/IND/10, India converted this to USD 264 per metric tonne. This price appears to be quite high compared to other WTO Members who scheduled fixed external reference prices (FERP) for wheat in their AGST documents. For example, the EU FERP is approximately USD 97 per metric tonne, the Turkish FERP is approximately USD 98.50 per metric tonne, and the Japanese FERP is approximately USD 160 per metric tonne when each is converted to US dollars. Further, various measures of world prices also show the world price of wheat to be much lower than that notified by India. For example, the US No. 2 Gulf soft red winter is USD 126 per metric tonne and the US Gulf hard red winter was USD 135 per metric tonne. This would appear to indicate that for India's FERP, on a c.i.f. basis, to make sense shipping costs per tonne would have almost equalled the price of the wheat itself. For further comparison, even during the 2006-2008 period, the Russian Federation only scheduled a FERP of USD 211 per metric tonne.

- a. Please provide the source data for establishing India's FERP.

- b. Please provide an explanation for the variance between India's FERP and other relevant prices discussed above.
- c. Please confirm that the external reference price was indeed the same for each year at INR 3,540 per metric tonne.

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 77110: Question by the United States of America - Transparency issues (including Table DS:2)

In response to AG-IMS ID 76018 and other responses to various Members questions, India has repeatedly stated the basis for notifying in US dollars is to provide a comparable estimate since 1995. However, this is not comparable to the commitments India undertook in its AGST document. Further, in response to AG-IMS ID 76066, the United States of America notes that upon the request for India's notification in Indian rupees that India states "support has already been notified and the conversion rates from INR to USD have already been provided".

At India's suggestion, the United States of America has used the information provided in India's notification to calculate the level of support India notifies in Indian rupees for comparison. The United States of America notes India's Market Price Support, using India's current methodology for calculating support at Rs.362.5 million for wheat and Rs. 335.7 million for rice.

Please confirm whether the US calculations are correct.

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 77111: Question by the United States of America - Transparency issues (including Table DS:2)

In response to AG-IMS ID 76067, India responded that State governments do not provide any funding for the support of agriculture and that all funds are provided by the Central government. State governments expend Central government funds "per the modalities defined by the Government of India".

Please explain what these modalities are and how they are implemented.

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 77112: Question by the United States of America - Public stockholding for food security purposes

In response to AG-IMS ID 76068 part b) and c), India provided data on the quantities of wheat exported through competitive global tenders. This data varies from the data noted by the United States on the Food Corporation of India website.

- a. Please provide the source of the data provided by India and what accounts for the discrepancy between the two sources.
- b. Please provide the weighted averages on an annual basis.

- c. In response to AG-IMS ID 76068 part e-g), the United States appreciates India's commitment to the WTO and notifying in a manner it considers consistent with the WTO. However, the United States repeats the questions in hopes of understanding how India notifies:
- d. Please confirm the US 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.
- e. 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.
- f. Please explain any other expenditure notified under this sub-heading and include relevant values for the notified period.

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 77113: Question by the United States of America - Direct payments: structural adjustment assistance provided through investment aids

The United States thanks India for providing a copy of the legislation in response to AG-IMS ID 76070. However, the United States re-asks the unanswered question:

- a. The United States of America would appreciate a better understanding of the basis for implementing this debt program 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.

In response to AG-IMS ID 76070, India states there is no pooling of landholdings by India farmers. However, per the link provided by India https://rbi.org.in/scripts/BS_CircularIndexDisplay.aspx?Id=4190 the law states the following: "In the case of borrowing by more than one farmer by pooling their landholdings, the size of the largest landholding in the pool shall be the basis for the purpose of classification of all farmers in that pool as 'marginal farmer' or 'small farmer' or 'other farmer'."

- c. Please explain.
- d. The United States repeats the previous question noting the pooling described in the legislation provided by India: 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.
- e. In response to AG-IMS ID 75052, India stated it would be providing the appropriate Table DS:2 notification in due course. The notification has still not been provided despite being a program introduced a number of years ago.
- f. When will India submit this overdue notification?

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 77114: Question by the United States of America - Market price support

In response to AG-IMS ID 75062, India notes in part c) that Government is purchasing at MSP only the surplus produce which the farmer wants to sell. Based on India's response, it is in fact the US understanding that it is the choice of farmers not to sell to the Government at the MSP 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.

- a. Please confirm this is correct.
- b. In response to AG-IMS ID 75062, India did not directly answer the question. The United States of America would like to 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.
- c. Please confirm.
- d. The United States of America also notes that India, in response to various questions asked by Members, has based its choice of notifying in US dollars on the fact that it did so in its first notification for comparable levels of support. If no domestic change in policy occurred, as India was asked to confirm, this logic seems to be inconsistent within India's notification.
- e. Please provide the level of total production for all years since 1995/96 for commodities notified under Supporting Table DS:5 so that Members may have a basis of comparing current level of support with that notified in India's commitments and its first notification, with respect to eligible production.
- f. In response to AG-IMS ID 75062 part d) and e), India states its notification is compliant with WTO rules. The United States of America notes that India has notified that all rice and wheat farmers in India received the same applied administered price. However, the United States of America notes that this appears to be inaccurate, and according to official state agencies and media reports state bonuses in addition to the applied administered price were provided in a number of states. For example, the state of Madhya Pradesh procured 3.538 million metric tonnes of wheat in 2010/11. Wheat procured in Madhya Pradesh was not purchased at the applied administered price notified by India, but rather at rate of Rs. 100 per metric quintal higher than the notified administered price. In total, trillions of rupees are expended each year paying state bonuses for the procurement of wheat and rice alone.
- g. Please update Supporting Table DS:5 to reflect the actual applied administered prices.

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 77084: Question by the United States of America - Market price support: Eligible production

In response to AG-IMS ID 75062, the United States understands that India only notified the procured quantity of production as the "eligible production" for purposes of Supporting Table DS:5 because "India procures the marketable surplus which farmers want to sell keeping aside their own consumption requirements and seed requirements for the next crop year." The United States appreciates this response regarding what the amount actually procured is. However, the question remains: "what is the reasoning behind India's decision to adopt a new understanding of eligible production and abandon its previous position of notifying all price supports as reflected in its AGST document".

- a. Please explain.
- b. Further, please explain whether there has been any policy change in how the administered price is operated during the period under review in India's most recent notification as compared to during the period covered by G/AG/AGST/IND. In particular, India notes in its AGST document that the "administered price shown in column 3 pertain to the following marketing years in which production shown under column 5 becomes eligible for the said administer price." In other words, India claimed, and as such made commitments under the WTO, that its administered prices were eligible to be received by all production.

Answer by India

India undertook to provide a response at a later stage.

2.3.7 Jordan (G/AG/N/JOR/17)

AG-IMS ID 77085: Question by the United States of America - Market price support

The United States notes that Jordan provides market price support for wheat and barley, and it appears that Jordan has notified the actual quantities of wheat and barley procured at the administered price.

Please provide additional details regarding the operation of Jordan's market price support programme, including whether there are any legislative or regulatory limits on the quantity of each product that may be purchased by the government at the administered price.

Answer by Jordan

Jordan's market price support is highly affected by world market prices. The external fixed reference price depends on the interval period (97-99), therefore a huge gap exists between actual world market price and external fixed price. The subsidy element is grossly overstated by comparing present day administered prices with fixed reference price period which is unrealistic.

The quantity purchased by government must meet special standard and requirements, such as purity and injury percentage. Not all the quantity produced is purchased by government.

AG-IMS ID 77014: Question by Canada - Other product-specific AMS/EMS

Canada notes that the support provided to "government feed sales" for livestock increased significantly from JD 26,652,598 in 2011 to JD 38,832,064 in 2012. Could Jordan elaborate if this large increase was due to increased feed costs or is it also related to increased number of livestock?

Answer by Jordan

The increase in support provided to government feed sales for livestock in 2012 is related to feed cost and the increase in livestock numbers.

AG-IMS ID 77086: Question by the United States of America - Other product-specific AMS/EMS

The United States notes that Jordan notifies subsidized feed sales for livestock. Please provide details on how this programme is implemented, including what types of feed are sold and if there are any limitations on the types of livestock eligible to receive the subsidized feed.

Answer by Jordan

The government purchased only feed barley and bran from farmer. Administrated prices are influenced by world market prices. There is no limitation on the type of livestock eligible to receive the subsidized feed.

2.3.8 New Zealand (G/AG/N/NZL/88)

AG-IMS ID 77034: Question by Australia - General services: research

New Zealand has reported (G/AG/N/NZL/88) expenditure for a Sustainable Farming Fund (under General Services) in its DS:1. The Sustainable Farming Fund provides funding to "communities of interest".

- a. How is a "community of interest" determined and what criteria are used to determine the allocation of funds to such "communities of interest"?**
- b. Is on-farm infrastructure or on-farm pasture improvement part of this programme?**
- c. Exactly what sort of programme expenditure is involved for "communities of interest"?**

Answer by New Zealand

- a. The immediate "Community of Interest" is a group of stakeholders who come together to tackle a shared problem or develop a new opportunity. The group generally includes a range of expertise and interest groups but must be led by farmers, growers and/or foresters. The Sustainable Farming Fund applications are assessed against the following criteria: contribution to sustainability, significance of problem or opportunity, community of interest commitment, ability to deliver, adoption and extension, value for money, and innovation.
- b. Individual projects must not benefit an individual or single business or include capital expenditure. Projects that are eligible include applied research projects, field trials, demonstration sites; technology transfer and extension projects. Pasture improvement may be funded if it is part of a field trial or demonstration site.
- c. Programme expenditure covered by the fund can range from NZ\$15,000 to NZ\$600,000 per project. The Sustainable Farming Fund has a minimum requirement of 20% co-funding by the Community of Interest. Many projects are co-supported to over 50% of the project's value. Programme expenditure can include:
 - Applied research
 - Communication plans
 - Data collection and analysis
 - Database updates/establishment
 - Demonstration days and field days
 - Field Trial Establishment
 - Financial management
 - Leasing fees
 - Literature reviews
 - Pilot programmes
 - Project management and planning
 - Scientific experiment
 - Surveys
 - Tech Transfer
 - Website development
 - Workshops

2.3.9 Norway (G/AG/N/NOR/78)

AG-IMS ID 77059: Question by the European Union - Market price support

Norway notifies a sharp decrease in market price support for sheep meat in 2013 compared to previous years. Could Norway please provide more detailed information on the reason for this decrease and whether a policy shift influenced this?

Answer by Norway

Norway confirms that the decrease in MPS for sheep meat in 2013 compared to the preceding years is due to reform.

In spring 2013 the Parliament decided unanimously to eliminate the administered target price for sheep meat as of 1 July 2013. As a consequence market prices for sheep meat are no longer supported by a target price. Measures such as export subsidies and storage of surplus sheep meat have been discontinued.

As a consequence of the reform MPS is calculated only for the first half of 2013, while non-exempt budgetary payments are reported for the second half of 2013.

Norway also confirms that the egg sector was subject to reform from the same date, which explains the decrease in MPS for eggs in 2013.

2.3.10 Oman (G/AG/N/OMN/7, G/AG/N/OMN/13)

AG-IMS ID 77090: Question by the United States of America - Transparency issues (including Table DS:2)

In November 2012 (AG-IMS ID 68029) and September 2012 (AG-IMS ID 67038) the United States asked a question regarding Oman's notification G/AG/N/OMN/7 and the notification of new programmes. Oman stated it would respond at a later stage. The United States resubmits its question:

The United States asked questions in 2009 regarding Oman's notification G/AG/N/OMN/7. The United States notes that a number of those programmes appear in the most recent notification (G/AG/N/OMN/11). In 2009, Oman provided helpful responses to the US questions and indicated a Table DS:2 notification regarding those programmes would be submitted. Please confirm if Oman submitted a Table DS:2 notification. If not, when will Oman be making its notification?

Answer by Oman

Oman undertook to provide a response at a later stage.

AG-IMS ID 77087: Question by the United States of America - General services: infrastructural services

In G/AG/N/OMN/13, Oman has notified "Development of natural pastures" under General service – infrastructure in Supporting Table DS:1.

- a. Can Oman provide further details on the programme to develop and maintain natural pastures on government land?
- b. Are the natural pastures used for animal grazing? If so, do individual producers benefit from the improvements made to the pasture land?

In G/AG/N/OMN/13, Oman has notified "Establishment of fodder production company in Najd" and "Establishment and development of agricultural and veterinarian

quarantine" as exempt measures under Supporting Table DS:1. It is noted that these establishment costs have continued for several years.

- c. Please provide more details on the reason for these continuing payments and whether they extend beyond the initial establishment of the designated facilities (e.g. are payments made to defer costs, such as maintenance of facilities, etc. that would otherwise be passed on to customers in the form of higher prices).
- d. Previously in G/AG/N/OMN/12, Oman noted that the "Establishment of fodder production company in Najd" was support for a consultancy study. Is this still the purpose of these payments? What type of entities are the beneficiaries of these payments?

Answer by Oman

The establishment of the fodder production company in the "Najd" project is concerned with the consultation study carried out by the government within the framework of the infrastructure requirements in the farm, which includes security fencing and electricity-powered distribution, internal roads, and the irrigation system needed for the establishment of the farm for the joint stock company and with the shareholders. More clarification of that will be submitted in written form within two weeks.

AG-IMS ID 77088: Question by the United States of America - Article 18.6 (Development Programmes): Other

In G/AG/N/OMN/13, budgetary expenditures under "National project for date palm development" increased substantially in 2013. Please describe how this programme operates and the reason for the large change in expenditures in the most recent notification.

Answer by Oman

Oman undertook to provide a response at a later stage.

2.3.11 Pakistan (G/AG/N/PAK/16)

AG-IMS ID 77038: Question by Australia - Transparency issues (including Table DS:2)

Can Pakistan please explain why its notification (G/AG/N/PAK/16) uses US Dollars instead of the local currency, Pakistan rupees, as currency in Pakistan's DS:1 and Supporting Tables for the marketing years 2007-2008 to 2011-2012?

Answer by Pakistan

It is consistent with past notifications.

AG-IMS ID 77015: Question by Canada - Transparency issues (including Table DS:2)

Pakistan's underlying AGST document G/AG/AGST/PAK uses Rs (Rupees) as its currency but its most recent and historical notifications are provided in US dollars. This practice deviates from the requirement in Article 1(h)(ii) of the Agreement on Agriculture to calculate the level of support actually provided during any year "with the constituent data and methodology used in the tables of supporting material incorporated by reference in Part IV" of Pakistan's Schedule, i.e. G/AG/AGST/PAK. Could Pakistan please explain why its notifications do not use Pakistani rupees as per its constituent data and methodology?

Answer by Pakistan

It is consistent with past notifications.

AG-IMS ID 77020: Question by Canada - Transparency issues (including Table DS:2)

In the interest of increasing transparency, it would be helpful if Pakistan could include the value of production for each product for which support is provided as this data is already included as a footnote in Supporting Table DS:5. In addition, it would be useful to include the total agriculture value of production in Supporting Table DS:4 in future domestic support notifications.

Answer by Pakistan

Wheat is the only product that is procured from poor farmers through a targeted program as part of food security policy. There is no other crop that is part of the procurement program. We have taken note of Canada's advice regarding VoP.

AG-IMS ID 77064: Question by the European Union - Transparency issues (including Table DS:2)

Can Pakistan explain the exchange rate used to calculate the annual total value of production (in the footnote to Supporting Table DS:9). Is this the same as in Column 3 of Supporting Table DS:5?

Answer by Pakistan

Yes, the exchange rate used to calculate the total value of agriculture production (in footnote to Supporting Table DS:9) and to calculate procurement price in US\$/tonne in Column 3 & 4 of Supporting Table DS:5 (mentioned in Column 4 to the footnote of Supporting Table DS:5) is the same.

AG-IMS ID 77094: Question by the United States of America - Transparency issues (including Table DS:2)

The United States appreciates Pakistan's efforts to bring its domestic support notifications up to date and encourages Pakistan to continue to notify in a timely manner going forward.

The United States notes that Pakistan notifies in US dollars despite the constituent data and methodology provisions of Article 1(a)(ii), which require Pakistan to calculate Current Total AMS in rupees.

- a. On what basis has Pakistan decided to notify in a currency other than that it made commitments in?**
- b. Please provide a revised DS:1 notification in the same currency as its commitments were made.**

Answer by Pakistan

This practice is consistent with past notifications and with reporting practices to other international organisations. The exchange rates of each year fluctuate and indicate appreciation and depreciation determined by market reality. The US dollar is a more stable currency therefore it is used for reporting.

AG-IMS ID 77016: Question by Canada - General services: research

Canada notes a substantive increase under "General services on research" from 2006-07 to 2007-08 which went from USD 8.6 million to USD 154.97 million. Could Pakistan please provide details on this significant increase? Is this the result of a new initiative?

Answer by Pakistan

Pakistan as an NFIDC encourages expenditure on research to increase productivity and disease control. The nature of these programmes remains the same.

AG-IMS ID 77017: Question by Canada - General services: infrastructural services

There seems to be a new addition under infrastructure services starting in 2007-08 entitled "Electricity Reticulation" which averaged USD 18.24 million in the 2007-08 to 2011-12 period.

- a. Could Pakistan provide details on this new measure, specifically, how does this initiative benefit the agriculture sector?
- b. When does Pakistan intend to submit a DS:2 notification for this programme?

Answer by Pakistan

Electricity reticulation includes expenditure made either on repair or replacement of public transformers and other equipment due to natural calamities.

AG-IMS ID 77091: Question by the United States of America - General services: infrastructural services

"Irrigation system rehabilitation" expenditures notified varied significantly from year to year in Pakistan's most recent notification.

- a. Please explain the reason for the large changes from year to year.

"Electricity reticulation" appears to be a newly notified measure by Pakistan.

- b. Does Pakistan plan on submitting a DS:2 notification for this programme?

Answer by Pakistan

The irrigation system is maintained by the provincial governments. At the federal level all data is reconciled and tabulated in the notification format. Provincial governments set their priority and needs according to their requirements. Some of the rehabilitation programs are intended to address the damage caused by the unprecedented floods.

AG-IMS ID 77018: Question by Canada - Domestic food aid

Canada noticed that significant amounts have been reported under Government Storage and Food Aid from 2007-08 to 2011-12 (average spending of USD 93.9 million) where no amounts were reported in the previous 5 years. Also, under the name and description of the measure, the programme now claims to satisfy the policy specific criteria of Annex 2, paragraphs 3 and 4.

- a. Could Pakistan advise if this is a new programme? If so, how long will this programme be in place?
- b. Could Pakistan provide details on this measure including how it meets the policy specific criteria of both paragraphs 3 and 4 under Annex 2?

c. Does Pakistan intend to submit a DS:2 notification for this measure?

Answer by Pakistan

Pakistan takes this opportunity to clarify that storage expenditure is related to procurement under paragraph 3. Domestic food aid expenditure is under paragraph 4. The objective of the programme is to provide food to the most vulnerable and malnourished as well as the low income families of food deficit areas. These programmes were started due to high food prices and increasing poverty.

AG-IMS ID 77019: Question by Canada - Market price support

Over the reporting period Canada notices that the product-specific AMS support for wheat has been creeping closer to the 10% *de minimis* threshold, starting at 4.8% of wheat value of production in 2007-2008 to 9.2% of wheat value of production in 2011-2012. Canada understands from Pakistan's recent Trade Policy Review that many responsibilities in agricultural policy making have shifted to the provinces. Could Pakistan elaborate as to what mechanisms are in place to ensure that Pakistan's future spending remain within its WTO commitments?

Answer by Pakistan

Pakistan takes its WTO commitments very seriously. Data is collected at the federal level and notified through Pakistan's Mission to the WTO. Wheat is procured from poor farmers through a targeted procurement program after verification of land record as part of poverty alleviation program.

AG-IMS ID 77021: Question by Canada - Market price support

In Supporting Table DS:5, Canada notes that the applied administered price for wheat has increased starting in 2007-08 from its historical amounts. Could Pakistan please explain this increase?

Answer by Pakistan

Price increases reflect market reality and high production costs.

AG-IMS ID 77093: Question by the United States of America - Market price support

The United States thanks Pakistan for the additional transparency provided with regards to the footnotes provided in relation to its market price support notification. The United States does not agree with Pakistan's statement that "strictly speaking, support prices are not the administered prices".

The United States notes that Pakistan lists seed cotton, basmati rice, coarse rice, and sugar cane in Supporting Table DS:5, but does not list an administered price.

- a. Please confirm whether no administered price was announced or if the administered price was not announced because no procurement occurred.

The United States notes that Pakistan states "Actual procurement by public sector agencies on pre-determined targets from resource poor farmers defined in article 6.2".

- b. How does Pakistan define resource poor farmers?
- c. Does Pakistan set a pre-determined target quantity limit on the amount of product it will purchase at the administered price? If so, what were the announced quantities for each year covered by this notification?

Answer by Pakistan

- a. Administered prices were not announced. These products are not removed from the notification as it indicates the reforms already undertaken by Pakistan.
- b. Farmers having less than ten hectares of land.
- c. Procurement price is calculated on the basis of market price and production cost for that year. These are announced according to the procurement cycle to ensure good governance in the procurement process. Farmers are free to sell in the market or to the government procurement agency. Procurement is always made on the basis of predetermined target and these are indicated in each year's notification.

AG-IMS ID 77022: Question by Canada - Market price support: Eligible production

In Pakistan's most recent DS:1 notification, eligible production for wheat has decreased substantially going from 23,294.7 thousand tonnes in 2006-07 to 3,525 thousand tonnes in 2007-08. Could Pakistan please explain this significant drop in eligible production?

Answer by Pakistan

Pakistan has a very targeted procurement policy. The farmers are selected and after verification of land record, bags are distributed for purchase. No other farmer is eligible to sell except those who have received the bags. The objective of the policy is to address market failures caused by lack of infrastructure.

AG-IMS ID 77063: Question by the European Union - Market price support: Eligible production

- a. **Can Pakistan confirm that all wheat produced in Pakistan is eligible to be sold to the procurement agency during the post-harvest season?**
- b. **Can Pakistan indicate the total production of wheat produced per marketing year in all the years covered by this notification, i.e. 2007/08, 2008/09, 2009/10, 2010/11 and 2011/12.**

Answer by Pakistan

- a. All wheat produced in Pakistan is not eligible for procurement because the procurement policy is based on pre-determined targets. Bags are distributed for procurement to poor farmers after verification of land record and only those farmers who have received bags are eligible to sell.
- b. Total production is given below

2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
20.9 MT	24.0 MT	23.3 MT	25.2 MT	23.4 MT

AG-IMS ID 77092: Question by the United States of America - Classification of measures

Pakistan notifies "On-farm-water management" under paragraph 2(c) of Annex 2 of the Agreement on Agriculture. As Pakistan has previously noted in AG-IMS ID 51012, the programme, in the past, was categorized under paragraph 2(c) because more than 50% of spending is on training rather than infrastructure related support.

- a. **Is this still accurate?**

If so, the United States would suggest the two parts of the measure be separated for improved transparency.

- b. What percent of expenditures were determined to be categorized under 2(g) for each year of this notification?
- c. If support is still provided for measures categorized under 2(g), as in past notifications, please provide the basis for providing "on-farm-water management" despite the requirement that such measures "shall exclude the subsidized provision of on-farm facilities other than for reticulation of generally available public facilities".

Answer by Pakistan

- a. That is correct. A substantial amount was spent on training.
- b. This programme "on-farm water management" has now finished and is no longer operational therefore it is not possible to access data now.
- c. The programme is no longer implemented.

2.3.12 Panama (G/AG/N/PAN/31, G/AG/N/PAN/36)

AG-IMS ID 77095: Question by the United States of America - Transparency issues (including Table DS:2)

Panama indicated in response to AG-IMS ID 75065 that "In 2014 support will be paid to producers per quintal of damp and dirty rice sold. Panama will reflect these programmes in the respective notification for the corresponding year". The United States also notes that press releases (http://www.mida.gob.pa/noticias_id_2793.html) indicate that in 2014 corn producers began receiving government payments "corresponding to compensation incentives to production, as a commitment to increase crop and totalling more than \$200,000. Similarly, 60 industrial tomato producers received more than \$136,000 ...". Has Panama notified the stated support in its notification for 2014? If so, please indicate where.

Answer by Panama

Panama did not notify the stated support in its notification for 2014 (G/AG/N/PAN/36), with the exception of support for industrial tomatoes, which is detailed in Supporting Tables DS:4 and DS:6 on pages 7 and 8 of that document.

AG-IMS ID 77096: Question by the United States of America - General services: training services

The United States thanks Panama for its responses to AG-IMS ID 69076 and 72039. The United States notes that Panama states no legislative change to its programme occurred between 2011 and 2012, but the manner in which the programme was implemented was modified resulting in both the modification of how the programme is notified and the level of expenditures provided under the programme.

- a. For purposes of transparency and the intent of the Article 18.3 of the Agreement on Agriculture, the United States believes it is appropriate for Panama to submit a Table DS:2 notification that explains these changes.

Panama's previous response (AG-IMS ID 69076) states that the change in budgetary expenditures and notification are indicative of the government intent to strengthen and expand the programme.

- b. The level of expenditures were substantially reduced from 2012 to 2013 and then increased again in 2014. Please explain the cause of this fluctuation in budgetary expenditures from year to year.

Answer by Panama

- a. Panama is considering the suggestion made by the United States of America. If it decides to accept this suggestion, it will submit the corresponding Table DS:2 notification.
- b. The fluctuation (increase) in budgetary expenditure for the item "Subsistence farming and sustainable agriculture programmes, including crop promotion, use of accessible technology and environmental protection" is due to the inclusion in 2014 of the rural productivity programme.

Subsistence farming and sustainable agriculture programmes, including crop promotion, use of accessible technology and environmental protection	2013	2014
Transfer of opportunities in rural areas	2,006,078.00	965,098.00
United Families - agro-ecological orchards	450,400.00	450,376.00
Rural productivity		3,678,635.00
Cultivation for the development of rural indigenous communities	248,584.00	191,547.00
Development of rural communities through agro-tourism	375,881.00	257,154.00
Participatory development and rural modernization	914,880.00	609,234.00
	3,995,823.00	6,152,044.00

Follow-up:

AG-IMS ID 77039: Question by Australia - Investment subsidies generally available to agriculture

Panama has notified investment subsidies generally available to agriculture in Supporting Table DS:2 (G/AG/N/PAN/36).

- a. **Can Panama explain how the system of subsidies and loans under the Agricultural credit and loan programme works in practice and how the investment subsidies are calculated?**
- b. **What are the eligibility criteria for these investment loans?**
- c. **Can Panama also explain the system by which the government provides funds to the banking system for concessional loans to agriculture and how the banks use these funds?**

Answer by Panama

- a. The agriculture and livestock sector support programme was set up pursuant to Law No. 4 of 17 May 1994 "establishing the preferential interest rate scheme for the agriculture and livestock sector and adopting other measures", regulated by Executive Decree No. 29 of 8 August 1996. The management of the scheme established under Law No. 4 of 1994 is overseen by the Special Interest Compensation Fund (FECI).

The FECI, which is under the management of the Banking Supervisory Authority, has the necessary technical and administrative staff to ensure that its functions are performed efficiently. The implementation of Law No. 4 of 1994 is mandated to a commission made up of the Minister of the Economy and Finance, the Minister of Agricultural Development and the Head of the Banking Supervisory Authority or his or her designated representative.

Local loans to the agriculture and livestock sector and the agro-industrial sector exporting non-traditional products are eligible for a discount on the interest rate agreed with the bank or financial lending institution. This discount is reimbursed subject to any withholding requirements to be met by banks and finance companies under the Law.

The discount stands at 4.00% for loans relating to production of the following: rice; maize (corn); sorghum; beans; industrial tomatoes; meat (poultry, swine and bovine);

plantains; fresh milk; coffee; pineapples; cucurbits; radishes; cabbages; spring onions; lettuce; celery; table tomatoes; peppers; potatoes; onions; other vegetables and tubers; sugar cane; melons; watermelons; pumpkins; bananas; citrus fruit; and sheep, goats and small livestock. Loans to the agriculture and livestock sector and the agro-industrial sector exporting non-traditional products for the production of goods not listed above are eligible for a 3.50% discount on the interest rate agreed with the bank.

- b. In order to be eligible for such discounts, loans must fulfil the following conditions:
1. Maximum amount per production cycle per line of business: five hundred thousand balboas (PAB 500,000.00), with the exception of loans to agricultural production associations. If the nature of an eligible agriculture and livestock sector activity means that it does not have a defined production cycle, the cycle is understood to be a calendar year.
 2. Beneficiaries: natural and legal persons with agricultural producer status.
 3. Eligible activities: Agriculture; Livestock breeding (cattle farming – raising, fattening and milk production - and pig, sheep and goat farming); Poultry farming; Fish farming; Forestry; Apiculture; Salt production; Agro-industry exporting non-traditional products; and Small-scale fishing.
 4. Objectives: Purchase of inputs (capital goods, labour, raw materials, etc.); Sowing and farm work; Farm improvements; Purchase of animals; and Acquisition of land intended solely for the above-mentioned activities and management of land used for such activities.
 5. Number of operations: one loan per production cycle per line of business per natural or legal person.
- c. Pursuant to Law No. 4 of 1994, a one percent annual (1%) surcharge on the total loan amount will be added to the interest rates on local personal and commercial loans greater than five thousand balboas (PAB 5,000.00) granted by banks and finance companies and will be withheld by the said banks and finance companies. The same surcharge applies to recourse factoring contracts, under which the one percent (1%) withheld applies to the total amount of the invoice transferred by the assignor to the financial institution.

Twenty percent (20%) of the amount collected is remitted to the FECI to reimburse the banks for the interest rate discount applied to loans to the agriculture and livestock sector and the agro-industrial sector exporting non-traditional products.

2.3.13 Paraguay (G/AG/N/PRY/21, G/AG/N/PRY/23)

AG-IMS ID 77099: Question by the United States of America - Transparency issues (including Table DS:2)

In response to AG-IMS ID 70049, Paraguay informed the United States that it was addressing the matter of the submission of a DS:2 notification for new measures notified in G/AG/N/PRY/21. Paraguay still has not made any DS:2 notifications. When can it be expected that Paraguay will notify its new programmes exempt under Annex 2 of the Agreement on Agriculture?

Answer by Paraguay

Paraguay has been improving its notification exercise. In that sense, in the notification G/AG/N/PRY/21, Paraguay included already existing programmes that are financed by external loans. Paraguay has previously notified mainly programmes financed by the national treasury. Since they are not new programmes, Paraguay understood that it was not required to submit a notification for new measures.

AG-IMS ID 77098: Question by the United States of America - General services: extension and advisory services

In G/AG/N/PRY/23, under General Services—Agricultural extension services, Paraguay notifies a number of programmes. Please provide further details on the content of each of the following programmes and whether they are limited to providing technical assistance to producers:

- **"National Livestock Development Programme";**
- **"Promotion of food production through family farming";**
- **"Agricultural diversification";**
- **"Sustainable development of the western region";**
- **"Agricultural development of the eastern region – 2KR";**
- **"National Biofuels Programme";**
- **"Sustainable rural development project (PRODERS)".**

Answer by Paraguay

- **National Livestock Development Programme**

Contributes to food security and the generation of income for small and medium-sized producers and increases production and productivity in the farming of cattle (milk, meat, buffalo) and small livestock (pigs, poultry, sheep, goats, rabbits) and in fish farming and apiculture.

Provides technical assistance and training for livestock producers, and livestock products for the implementation of production projects.

Legal basis: Decree No. 2385 of 3 June 2009 establishing the National Livestock Development Programme (PRONAFPOE).

- **Agricultural development of the eastern region - 2KR**

Supports resource-poor family farmers in implementing territorially focused economic development projects with a view to the introduction of environmentally-friendly innovative technology suitable for family farming.

Legal basis: Law No. 3953/2005 of 22 May supporting the agreement reached through an exchange of correspondence between the Government of the Republic of Paraguay and the Government of Japan relating to the establishment of the new Japan International Cooperation Agency (JICA).

- **Sustainable rural development project (PRODERS)**

Improves quality of life for small producers and indigenous communities in a sustainable manner through support measures to strengthen community organization, self-management, and market and value chain integration.

Legal basis: Decree No. 12292 approving the terms and conditions of Loan Agreement No. 7503-PA PRODERS, and International Bank for Reconstruction and Development (IBRD) Loan Agreement No. 8316 approved by the World Bank on 8 December 2013.

- **National Biofuels Programme**

Contributes to the diversification of the energy matrix, offers cost-effective production alternatives for small and medium-sized producers and reduces the polluting effects of petroleum-based fuels and their impact and influence on the national economy.

Legal basis: Law No. 2.748/05, "Law promoting the use of biofuels".

- **National Programme in Support of Family Farming (PRONAF)**

Enhances the market competitiveness of agricultural and forestry production with a view to satisfying domestic and external consumption, and promotes other forms of non-agricultural rural production that generate revenue and create employment at local level.

Legal basis: Decree No. 1558 of 23 February 2009.

- **Agricultural diversification**

Increases income level and stability for participants in the fruit and vegetable chain by strengthening private marketing service centres for fruit and vegetable producers and promoting fruit and vegetable production that meets the requirements of the various markets.

- **Sustainable development of the western region (no information)**

AG-IMS ID 77100: Question by the United States of America - Input subsidies available to low-income or resource-poor producers

How does Paraguay define "low-income or resource-poor producers"?

Answer by Paraguay

Different types of family farming are identified based on income:

SUBSISTENCE: Income equal to or below the extreme poverty line value for rural areas, as received by the average rural household determined by the Permanent Household Survey.

IN TRANSITION: Income above the extreme poverty line value for rural areas, as received by the average rural household determined by the Permanent Household Survey.

CONSOLIDATED: Income above the extreme poverty line value for rural areas, as received by the average rural household determined by the Permanent Household Survey, the estimated value of which is 50% higher than the average monthly income of families in the "in transition" category.

Definition of family farming: "Rural productive activity using mainly family labour for farm production, which involves the hiring of no more than 20 salaried temporary workers per year, during specific periods of the production process, who live on the farm and/or in nearby communities, and which does not involve the use of, under any circumstances, whether through ownership, rental or any other arrangement, more than 50 hectares of land in the eastern region or 500 hectares in the western region, regardless of the production sector".

2.3.14 Russian Federation (G/AG/N/RUS/5, G/AG/N/RUS/5/Corr.1)

AG-IMS ID 77065: Question by the European Union - Other product-specific AMS/EMS

- Can the Russian Federation please explain what kinds of meat are included in the product-specific AMS for "meat"?**
- Can the Russian Federation please inform whether the notification of each product specific AMS for reindeer, horse, pig, poultry, sheep and goat, refers to live animals or to meat of these animals?**

Answer by the Russian Federation

- In Supporting Table DS:4 the item "meat" reflects the level of state agriculture support in the production of meat and meat products of cattle, sheep, goats, horse, swine, poultry of the agricultural home-made raw materials.

- b. With regards to the second question we'd like to inform the Committee Members that in the above mentioned notification cattle, sheep and goats, deer, horses, swine, poultry refer to live animals.

2.3.15 South Africa (G/AG/N/ZAF/83)

AG-IMS ID 77106: Question by the European Union - Transparency issues (including Table DS:2)

- a. It seems that some programmes under the Department of Rural Development and Land Reform (DRDLR), such as the programme for restitution of land property as well as the programme for redistribution of land property are not included in this notification. The table below shows the budget outlay according to DRDLR. Can South Africa inform on how these instruments have been included in the notification?

Million ZAR	2011/2012	2012/2013	2013/2014
Restitution	2,376.3	2,865.7	2,836.7
Land Reform	3,317.8	3,326.5	2,863.2
Total Rural Development and Land Reform	5,694.10	6,192.20	5,699.90

- b. Can South Africa indicate how the support for the *Recapitalisation and Development Programme* has been taken into account in this notification? The table below shows the budget Outlay according to *Agricultural Land Holding Account*.

Million ZAR	2011/2012	2012/2013	2013/2014
Budget Agricultural Land Holding Account	2,435,784	2,298,335	1,697,119
Number of farms recapitalised	257	200	442
Number of Hectares concerned	392,850	157,556	153,586

- c. Through the heading of food security and land reform South Africa is granting support for fertiliser, seeds and equipment through Food Security and Agrarian Reform, Comprehensive Agricultural Support Programme (CASP) or Fetsa Tlala (zero hunger). How have these programmes been included in this notification?

Million ZAR	2011/2012	2012/2013	2013/2014
Budget Food Security and Agrarian Reform	1,251.6	1,405.2	1,590.1

Answer by South Africa

- a. The funds under the Restitution and Land Reform Programmes are for land purchases to redistribute it to landless individuals who do not own it due to policies of the previous government. Some of the money is used to compensate communities that have been dispossessed of their land in the past and it is now impossible for them to return to that land. The funds are mainly for resettlement of communities to the land and are not linked to agricultural production activities hence they have been omitted notifications.
- b. The Agricultural Land Holding Account was established in terms of the Provision of Land and Assistance Act, No. 126 of 1993 Section 10(1)(a), and gives legal effect to the proactive acquisition of land, where the Minister may, from money appropriated by Parliament for this purpose, acquire land for the purposes of this Act. Therefore the State will proactively target land and match this with the demand or need for land. These funds are not regarded as agricultural support and are not included in South Africa's domestic support notifications.
- c. CASP and Fetsa Tlala are programmes of the Department of Agriculture, Forestry and Fisheries and have been included in South Africa's domestic support notifications under the title Development Aid. These programmes are in essence poverty alleviation programmes to encourage agricultural and rural development. These programmes are not linked to product prices or production quantities.

AG-IMS ID 77040: Question by Australia - Direct payments: payments under regional assistance programmes

South Africa has notified (G/AG/N/ZAF/83) in its DS:1 regional assistance programmes for development aid. How are underdeveloped and disadvantaged areas determined for the purpose of funding under the regional assistance programmes?

Answer by South Africa

Areas referred to as underdeveloped and disadvantaged are farms that are operated by farmers from previously disadvantaged communities. Disadvantaged areas include communal farming areas, subsistence farming areas and areas with degraded agricultural land. Poverty, unemployment and the lack of food security are prevalent in these areas. Only limited commercial production takes place in these areas and these programmes are essentially development programmes for food security and poverty alleviation. Support is not linked to production quantities or prices.

2.3.16 United Arab Emirates (G/AG/N/ARE/7)

AG-IMS ID 77101: Question by the United States of America - Transparency issues (including Table DS:2)

- a. **Under sub-headings "pest and disease control" and "extension advisory services" the United Arab Emirates notified the values of support for each year; however, it is unclear from the notification what the difference between the two values is. Please explain what each value represents.**
- b. **It is noted that compared to G/AG/N/ARE/5 for the years 2000 and 2001, the United Arab Emirates introduced in 2002 a number of new programmes that are considered exempt under Annex 2 of the Agreement on Agriculture. In addition, the United Arab Emirates introduced one new programme in 2003 under subheading "Inspection". When does the United Arab Emirates plan on submitting its DS:2 notifications for these new programmes?**

Answer by the United Arab Emirates

The United Arab Emirates undertook to provide a response at a later stage.

AG-IMS ID 77102: Question by the United States of America - Input subsidies available to low-income or resource-poor producers

- a. **It is noted that all measures notified under the criteria of Article 6.2 were eliminated in 2006. What was the basis for the elimination of these measures and did the United Arab Emirates introduce any other measures as part of this reform? If so, what?**
- b. **How did the United Arab Emirates define low-income or resource-poor producers at the time these measures were operational?**

Answer by the United Arab Emirates

The United Arab Emirates undertook to provide a response at a later stage.

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

2.4.1 Australia (G/AG/N/AUS/96)

AG-IMS ID 77103: Question by the United States of America - Classification of measures

Concerning the DS:2 notification for the Great Artesian Basin Sustainability Initiative Phase 3 (p. 12), Australia indicates that the measure is exempt from reduction commitments consistent with Annex 2, paragraph 2(g) in relation to "off-farm" infrastructure and also exempt from reduction commitments consistent with Annex 2, paragraph 12 in relation to "on-farm" infrastructure that meets paragraph 12 criteria for direct payments under environmental programmes.

- a. Could Australia explain how this programme meets both Annex 2, paragraph 2(g) and Annex 2, paragraph 12 criteria?
- b. What is the distinction between "off-farm" infrastructure and "on-farm" infrastructure under this programme? Can Australia provide specific examples and how this relates to the Annex 2 criteria?
- c. The United States notes that Australia has notified this programme under Annex 2, paragraph 2(g) in its DS:1 notification (G/AG/N/AUS/97) and not as a payment under environmental programmes (paragraph 12). So it is unclear why the DS:2 notification for this measure references both provisions.

Answer by Australia

The Great Artesian Basin Sustainability Initiative provides for capping of uncontrolled bores and piping open bore drains to reduce system water loss and recover groundwater pressure, maintenance of critical infrastructure and other activities to support the sustainable management and use of the Great Artesian Basin, Australia's biggest aquifer. Existing infrastructure was not sufficient to prevent the uncontrolled flow and waste of water. Capping and piping prevents this, improving the overall sustainable management of water for basin communities, the environment and enterprises (not just agricultural).

The objectives of the programme are environmental and are not designed to deliver price support nor productivity enhancements to agricultural producers. The intention and effect of the programme is not to increase the amount of water available to agricultural producers (the initiative in fact removes surface water from the environment) nor is it specifically to assist farmers. In practice, its impact is not to enhance water volume to landholders and livestock but to control it. The capping and piping infrastructure ensures proper environmental flows and protection of water resources from the Basin.

The initiative was previously reported in its entirety as exempt from reduction commitments consistent with Annex 2, paragraph 2 (g) (General Services - infrastructural services. However, Australia also considers it to be exempt from reduction commitments pursuant to Annex 2, paragraph 12 (environmental programmes). It is not practical to disaggregate the total value of this measure to specific projects. G/AG/N/AUS/97 only referred to the first of these exemption criteria in order to avoid double counting. But in future notifications Australia will seek to draw attention to programmes exempt under more than one criteria by referencing this in footnotes.

2.4.2 Norway (G/AG/N/NOR/80)

AG-IMS ID 77041: Question by Australia - Payments based on 85 percent or less of the base level of production

Norway has notified a DS:2 (G/AG/N/NOR/80) for the "Quality incentive support programme for beef".

- a. Can Norway inform Members whether payment under this programme has any conditions attached in terms of how the recipient may spend the payment?

- b. Do beef producers have to use the payment received under this scheme solely for the purpose of improving the quality of the beef herd to enhance beef quality specification?**
- c. Alternatively, can recipients use payments received under this programme for any type of farm expenditure?**

Answer by Norway

The programme is in accordance with the criteria for Blue Box payments. Furthermore, the farmers will only receive the payments when the quality requirements are met. It is left to the discretion of the individual farmer to decide the type of measures that are the most effective in order to achieve the aim of improved quality.

AG-IMS ID 77062: Question by the European Union - Payments based on 85 percent or less of the base level of production

Could Norway please explain how the level of payments in the new Blue Box support measure for beef (quality incentive support programme for beef) was determined?

Answer by Norway

The level of payments is based on the estimated level of support required to improve the quality in line with the objective for this programme.

2.4.3 Panama (G/AG/N/PAN/33)

AG-IMS ID 77097: Question by the United States of America - Direct payments: payments for relief from natural disasters

The United States thanks Panama for its notification G/AG/N/PAN/33 in response to AG-IMS ID 69075. In Panama's response, it noted that funds were allocated "to compensate for losses suffered by producers and others as a result of the floods" that occurred on 7 and 8 December 2010. Panama notified in the description of the programme that payments for this natural disaster are being paid out over seven years terminating in 2017.

- a. Please provide additional detail on how compensation levels were determined for each producer or other entity.**
- b. Please explain the reasoning that compensation is dispersed over the seven years.**

Answer by Panama

The compensation levels for each producer were determined as follows:

Agricultural sector: The Ministry of Agricultural Development prepared the damage assessment report on the basis of:

- a. production costs by line of business;
- b. the report on losses by affected area and by producer; and
- c. percentage (%) losses in affected areas.

The amount of economic support granted to producers is calculated on the basis of the above-mentioned three elements. Added to this economic support are amounts corresponding to the assessment of lost equipment, valued at 75%, and infrastructure, valued at 50%.

Livestock sector: Cattle losses are recognized at only PAB 300.00 per unit lost (equivalent to the price of a calf on the local market).

Poultry sector: 100% of costs, as established in the producer loss assessment report, are recognized.

2.5 EXPORT SUBSIDY NOTIFICATIONS (TABLES ES:1, ES:2 AND ES:3)

2.5.1 Argentina (G/AG/N/ARG/33)

AG-IMS ID 77061: Question by the European Union - Quantity of total exports

According to the report of the chairperson on the issue of reviewing the list of significant exporters (G/AG/W/123), Argentina has been listed in Annex 1 among Members having a share exceeding 5% in total world exports for a number of product categories. The same document states in point 3.1 that "the designated significant exporters would include in annual Table ES:2 notifications the total quantity of exports of the relevant products or product groups".

Could Argentina explain why it decided not to submit this data in its ES:2 notification?

Answer by Argentina

With regard to the most recent notifications on export subsidies, please be advised that Argentina submitted the data corresponding to Table ES:2 in accordance with the current notification requirements adopted by the Committee on Agriculture (documents G/AG/2 and G/AG/2/Add.1).

As the European Union states, the report by the CoA Chair dated March 2014 (document G/AG/W/123) includes in Annex 1 - with a view to facilitating consultations among Members without prejudice to their positions in relation to the discussions on the list of significant exporters - a list of all Members which, on the basis of FAO statistics, have a share exceeding 5% in total world exports of the products or product groups agreed in 1995. On the basis of this new list, Argentina has been considered a significant exporter in four new categories, namely wheat and wheat flour, other milk products, bovine meat, and wine. It is, however, important to point out that, as the Chair's document states, while important progress has been made on certain aspects of the review of the list of significant exporters, the Committee has unfortunately failed to achieve the necessary consensus to conclude work on this issue and, as a result, to update the notification requirements. Accordingly, Argentina submitted its Table ES:2 data in accordance with the current requirements set out in document G/AG/2/Add.1.

Furthermore, as stated in the CoA Chair report circulated in March 2014, in the context of the discussions held by Members on the list of significant exporters, approaches to the disaggregation of the originally agreed product categories were also considered. Annex 3 to the Chair's report provides guidance on the proposed product definitions and disaggregation. As in the above-mentioned case, in its Table ES:2 notification Argentina has submitted export volume data by category, without disaggregation, given that discussions on this issue are ongoing and have not been concluded to date and the adoption of new notification requirements has yet to be agreed.

Without prejudice to the above and for information purposes only, Argentina hereby provides the following data (see Annex I to this document):

Quantity of total exports (corresponding to the marketing years 2012/2013 and 2013/2014) for the new product categories in respect of which, pursuant to the list in Annex 1 to document G/AG/W/123, Argentina would be considered a significant exporter.

Disaggregation of export data (corresponding to the marketing years 2012/2013 and 2013/2014), in accordance with the guidance in Annex 3 to document G/AG/W/123, both for the categories in which Argentina was originally included and for the categories in which Argentina has recently been considered to be a significant exporter.

Follow-up: The United States of America noted that Argentina's decision not to go by the Chair's suggestions for enhance transparency was disappointing. Argentina noted that it had a different opinion with regards to the rules in force, and to the chair's report on this matter. Pakistan stated that the work done to enhance transparency for Members exceeding 5% share in total world exports was useful, and urged Members to provide their data even though it was not mandated since it was important to maintain transparency in the review process. India noted that in previous exercises there had been no consensus on this issue, and thus no decision was adopted by the Committee. India stated that this issue would continue to remain as a best endeavour effort and left to the Member to decide whether it wanted to provide the information.

2.5.2 Russian Federation (G/AG/N/RUS/6)

AG-IMS ID 77048: Question by the European Union - Quantity of total exports

According to the report of the chairperson on the issue of reviewing the list of significant exporters (G/AG/W/123), the Russian Federation has been listed in Annex 1 among Members having a share exceeding 5% in total world exports for wheat and wheat flour. Does the Russian Federation intend to separately submit ES:2 notification for 2014 concerning the total quantity of exports of wheat and wheat flour?

Answer by the Russian Federation

The Russian Federation takes note of the European Union question and of the fact that there was no agreement reached on the issue of reviewing the list of significant exporters as stated in the mentioned above report of the chairperson. Data on export volumes of wheat and wheat flour in the Russian Federation in 2014:

Wheat and wheat flour, export volume (thousand tonnes)

Russian Federation	2014
Wheat	22,139.263
Wheat flour	125.373
Total	22,264.636

Follow-up: The European Union, the United States, Pakistan and Canada welcomed Russia's information and praised its willingness to provide extra transparency.

2.5.3 United States of America (G/AG/N/USA/99)

AG-IMS ID 77060: Question by the European Union - International food aid

The European Union notices that the United States continues to notify significant amounts of in-kind food aid in Table ES:1 for 2011 and 2012. Have the United States undertaken any reforms regarding its food aid policy in recent years in order to reduce the amount of food aid provided in physical form and replace it with assistance in the form of cash contributions to international agencies? If not, are there any plans to do so in the future?

Answer by the United States of America

The United States of America has significantly increased the amount of emergency food provided as vouchers, cash transfers, and in-kind through local and regional procurement over the past five years. Prior to 2010, all US food assistance was tied to US in-kind commodities. However, new funding streams and changes in the Agricultural Act of 2014 diversified the modalities available for the provision of emergency food assistance. Additionally, the Administration has sought food aid reform since 2013 to further expand the United States' flexibility with respect to the provision of food assistance. The changes proposed by the Administration require Congressional approval.

3 OVERDUE NOTIFICATIONS

3.1.1 Turkey

AG-IMS ID 77089: Question by the United States of America

Turkey has not yet responded to the question AG-IMS ID 76013 by the United States. The United States re-asks the question and notes that Turkey has not made a domestic support notification since 2001. This lack of transparency for 14 years is of particular concern because Turkey ranks as the 7th largest agricultural producer in the world and has undergone a number of changes in domestic agricultural policy over that time.

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

Our relevant institutions are working on this issue. Turkey's notifications will be submitted to the Secretariat as soon as the assessments are completed.

Follow-up: The United States of America, New Zealand, Australia, the European Union and Canada expressed their concern regarding Turkey's outstanding notifications, and highlighted that Turkey was among the Members with the most number of pending notifications, a fact that resulted in lack of transparency. Members noted the importance of transparency for the work of the Committee and for meaningful discussions in the negotiations, and called for those Members with outstanding notifications to bring them up to date.

ANNEX 1

Table 1 Total Argentine exports, disaggregated in accordance with Annex 3 to document G/AG/W/123 – Marketing year 2012-2013

Description of products		Quantity of total exports (tonnes)
Wheat and wheat flour		1,010,427
1001	Wheat	929,263
1101	Wheat flour	81,163
Coarse grains		26,954,652
1003	Barley	3,597,070
1005	Maize (corn)	20,883,698
1002	Rye	676
1004	Oats	1,500
1008	Millet	6,580
1007	Sorghum	2,465,127
Oil-seeds		8,040,150
1201	Soya beans	7,743,030
1202	Groundnuts	193,828
1206	Sunflower seeds	78,765
1205	Rape or colza seeds	2,504
1207	Other oil-seeds	12,025
1204	Linseed	3,902
1208	Flours and meals of oil-seeds	6,096
Vegetable oils		4,813,414
1515	Other vegetable oils	20,753
1507	Soya bean oil	4,254,902
1508	Groundnut oil	44,091
1511	Palm oil	0.4
1509	Olive oil	21,752
1512	Sunflower seed, safflower seed or cotton seed oil	464,284
1514	Colza oil	7,632
Oil-cake		22,495,388
2304	Soya bean cake	21,986,509
2305	Groundnut cake	13,916
2306	Other oil-cake	494,964
Other milk products		947,017
0401	Milk and cream, fresh	3,011
0402.21	Whole milk powder	785,752
0403		6,280
0404		151,975
Bovine meat		1,011,600
0201		664,647
0202		346,952
Wine		885,099
2204		884,218
2205		881

Source: Ministry of Agriculture, Livestock and Fisheries (MAGyP), based on data provided by the National Statistics and Census Institute (INDEC).

(*) Year ending 30 November 2013.

Table 2 Total Argentine exports, disaggregated in accordance with Annex 3 to document G/AG/W/123 – Marketing year 2013-2014

Description of products		Quantity of total exports (tonnes)
Wheat and wheat flour		639,810
1001	Wheat	519,419
1101	Wheat flour	120,391
Coarse grains		19,261,262
1003	Barley	2,890,072
1005	Maize (corn)	15,213,794
1002	Rye	320
1004	Oats	1,880
1008	Millet	667
1007	Sorghum	1,154,530
Oil-seeds		7,689,621
1201	Soya beans	7,404,497
1202	Groundnuts	160,548.1
1206	Sunflower seeds	71,057
1205	Rape or colza seeds	1,833
1207	Other oil-seeds	19,308.3
1204	Linseed	5,730
1208	Flours and meals of oil-seeds	26,647
Vegetable oils		4,502,901
1507	Soya bean oil	4,036,735
1508	Groundnut oil	74,788
1513	Copra oil	0.004
1509	Olive oil	13,423
1512	Sunflower seed, safflower seed or cotton seed oil	342,511
1514	Colza oil	7,001.1
1515	Other vegetable oils	28,443.2
Oil-cake		24,646,396
2304	Soya bean cake	24,299,463
2305	Groundnut cake	19,626
2306	Other oil-cake	327,307
Other milk products		937,223
0401	Milk and cream, fresh	3,088
0402.21	Whole milk powder	784,813
0403		4,618
0404		144,704
Bovine meat		1,013,742
0201		658,114
0202		355,628
Wine		849,155
2204		848,568
2205		588

Source: Ministry of Agriculture, Livestock and Fisheries (MAGyP), based on data provided by the National Statistics and Census Institute (INDEC).

(*) Year ending 30 November 2014.