



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 25 SEPTEMBER 2015¹

The present document compiles responses received in writing by the Secretariat to the questions raised and follow-up comments made during the Review Process.

Written responses to the following questions were not provided before 23 November 2015:

AG-IMS ID	Answer By	Question by	Notification Reference
78087	India	European Union	Article 18.6
78088	India	Chile	Article 18.6
78084	India	European Union	Article 18.6
78085	India	New Zealand	Article 18.6
78086	India	United States of America	Article 18.6
78008	Turkey	United States of America	Article 18.6
78056	China	European Union	G/AG/N/CHN/28
78057	China	European Union	G/AG/N/CHN/28
78065	China	United States of America	G/AG/N/CHN/28
78060	China	European Union	G/AG/N/CHN/28
78069	China	United States of America	G/AG/N/CHN/28
78061	China	European Union	G/AG/N/CHN/28
78013	Oman	United States of America	G/AG/N/OMN/13
78071	Oman	United States of America	G/AG/N/OMN/13
78072	Oman	United States of America	G/AG/N/OMN/13
78011	United Arab Emirates	United States of America	G/AG/N/ARE/7
78012	United Arab Emirates	United States of America	G/AG/N/ARE/7
78010	United Arab Emirates	United States of America	G/AG/N/ARE/8
78009	United Arab Emirates	United States of America	G/AG/N/ARE/8

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.

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1 MATTERS RELEVANT TO THE IMPLEMENTATION OF COMMITMENTS: ARTICLE 18.6

1.1 Brazil's domestic support programmes

1.1.1 Question by the United States of America (AG-IMS ID 78002)

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 has been unable to provide a date upon which it can provide the data requested by the United States.

- a. Have reassessments been carried out in the past for other programmes that provide precedent for how this reassessment is being carried out? If so, please provide information.
- b. Is the data requested by the United States (see AG-IMS ID 76039, AG-IMS ID 75023, AG-IMS ID 74021, AG-IMS ID 66002, AG-IMS ID 77066) 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 time-frame for providing the requested data. With regards to the Prêmio de Equalização pago ao Produtor (PEPRO) programme:

- c. Please provide an update on the progress made in the compilation of the requested data, and an estimated date of completion if available.

Answer by Brazil

- a. No. There is no precedent for this kind of reassessment.
- b. No. The reassessment is not connected with the information requested by the United States.
- c. The primary reason for not being able to establish a timeframe for providing the requested data is the lack of a suited system to collect the kind of information requested. The work is still in progress, and there is no deadline set for its conclusion.

Follow-up: The United States noted that there had been a number of meetings since Brazil had said it would provide the requested data. The United States stated that Brazil had been working on collecting the data for a long time, and requested Brazil to indicate when they would be able to provide it. Brazil explained that it continued to work on this issue as the range of the application of the programme was very broad and noted that there had been issues related to the collection of data in remote parts of the country. Because of this, it was difficult for Brazil to provide a precise date for the conclusion of the data collection.

1.2 China – TRQ underfill

1.2.1 Question by the United States of America (AG-IMS ID 78004)

The United States repeats its questions from the June CoA (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 time-frame 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

The pertinent authority informs that no additional requirement such as purchasing grain stocks was added to the allocation of TRQ for agricultural products.

Follow-up: The United States, supported by the European Union, stated that the TRQ underfill was a concern to them. They noted their interest in understanding the reason for this underfill as it didn't seem to be related to the market situation.

1.3 China's maize subsidies

1.3.1 Question by the European Union (AG-IMS ID 78015)

Since no reply has been received to question AG-IMS ID 77043 the European Union therefore repeats the question.

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

There is such subsidy policy in place in 2015, introduced by Heilongjiang Province. The beneficiaries of the subsidy are grain processing enterprises. The purpose is to help enterprises concerned sustain their operations, since operating costs have been increasing. The quantity of the subsidy is not available yet. A similar policy has also been introduced by Jilin Province. Further clarification may be added based on more detailed information from local authorities.

1.4 China's cotton policies

1.4.1 Question by the United States of America (AG-IMS ID 78070)

The United States repeats its questions from the June CoA (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 USD 5.8 billion and

USD 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

Most cotton farmers in China are living in poverty-stricken areas or are members of the minority ethnic group that inhabits regions close to the border. Cotton production is the main source of income for most of them and for some cotton production is the only source of income. The sharp increase in the cost of labour and production factors has significantly affected farmers' incomes. In order to guarantee the livelihood of farmers and the stability of border areas, the Chinese Government provides some support to cotton farmers. Despite the support to cotton farmers, imports of cotton under TRQ have not been affected.

Follow-up: The United States noted that over the years China had been importing well over its tariff rate quota and that by dropping imports to the tariff rate quota levels it had had an effect on global cotton markets. The United States stated that they would closely follow the supply and demand of cotton to see whether incentives to produce cotton were increasing.

1.5 Costa Rica's compliance with AMS commitments

1.5.1 Question by the United States of America (AG-IMS ID 78005)

The United States thanks Costa Rica for its continued transparency, though it remains 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 in the current year? If not, when?**
- b. **What specific steps is Costa Rica undertaking to bring its AMS into compliance with its commitments? Please describe evidence that the steps are having or will have an effect.**

Answer by Costa Rica

Costa Rica would like once again to thank the delegations that have been following this issue and advises that Executive Decree No. 38.884-MEIC, which replaced the fixed producer price for rice with a reference price, entered into force in March 2015, and the regulations therein have applied to national rice production as from that date. Costa Rica recalls that the mentioned Executive Decree was notified to the Committee on Agriculture in Document G/AG/GEN/126.

In keeping with its practice of notifying all of its obligations in a proper and timely fashion in accordance with its commitments under the Agreement on Agriculture, Costa Rica will be notifying domestic support for 2015 at the end of March 2016, including, of course, the Aggregate Measurement of Support for 2015. At that time this Committee will be able to determine whether Costa Rica has managed to meet the annual monetary limits of its bound AMS, which amounts to 15.9 million.

While Costa Rica hopes to be within its AMS limits, production levels for January and February 2015 (during which a fixed producer price was applied in accordance with Executive Decree 37.699-MEIC, revoked by the above-mentioned Decree No. 38.884-MEIC) will be known during the first months of 2016, when the National Rice Growers Corporation publishes the annual and monthly production data that is needed to calculate the AMS for 2015.

Follow-up: The United States, Canada and Pakistan welcomed Costa Rica's continued transparency on this issue. The United States expressed its interest in studying how Costa Rica's new programme would work. The United States also noted its interest in knowing the role that the Government of Costa Rica had in the group that sets the reference prices.

1.6 European Union's dairy policies

1.6.1 Question by Australia (AG-IMS ID 78078)

Australia supports efforts by the European Union to adopt more market-focussed agriculture policies, including reforms like the termination of the milk-quota system in March 2015, which will position dairy producers in the European Union to be better-placed to respond to market forces. Australia is pleased that the European Union continues to show restraint regarding the use of export subsidies, consistent with the Bali Ministerial Declaration on Export Competition. Australia notes that no export refunds have been paid on dairy products since 2009.

Given the background of weaker global dairy demand and prices across the world, can the European Union:

- a. outline if there are any plans to increase the current public intervention price for butter and skim milk powder;**
- b. reaffirm the commitment made by Ministers at the 9th Ministerial Conference to exercise utmost restraint with regard to any recourse to all forms of export subsidies and all export measures with equivalent effect.**

Answer by the European Union

As outlined by the Commission during the Extraordinary Council on 7 September, and detailed during the informal council on 15 September the European Commission has proposed a EUR 500 million aid package for the dairy sector. The measures proposed are: a one-off payment of EUR 420 million to dairy producers, EUR 30 million to promotion activities for dairy products, EUR 30 million in emergency aid for refuges for dairy products, and finally new Private Storage measures. No change to the public intervention price is included in the Commission proposals.

As Australia can see from other questions the European Union has asked during this meeting of the Committee on Agriculture, the European Union is fully committed to the Bali Declaration on export competition, which further to export refunds also includes export credits and guarantees, food aid and State Trading Enterprises.

Follow-up: New Zealand supported Australia's question and welcomed the European Union's ongoing efforts toward a reform of the common agricultural policy, including the Commissioner Hogan's stated commitment to a market oriented approach, and the European Union's ongoing restraint regarding the use of export subsidies. On the issue of the support package that the European Union described, announced on the 7 September, and then elaborated on 15 September, New Zealand noted that this package left considerable discretion to the member States on the specific nature of the programmes to be funded, New Zealand remained interested in knowing more about the design of this package and its implementation at both the European Union and at the member State-level. New Zealand urged the European Union to avoid approaches to support that distort production in favour of measures to address real financial hardship in its implementation of this package. Argentina stated its interest on the subject and thanked the European Union for the information provided, in particular, the EU's commitment to the Bali declaration.

1.7 India's minimum indicative export quotas for sugar

1.7.1 Question by Australia (AG-IMS ID 78087)

Australia understands that commencing 1 October 2015, a system of minimum indicative export quotas will be introduced for all Indian sugar factories, totalling 4 million tonnes for 2015-16. This figure represents approximately 8% of world trade in raw and refined sugar in 2014.

Can India:

- a. Confirm how the total amount mandated for export over 2015-16 (4 million tonnes) was derived?
- b. Advise the expected break-down of sugar exports in 2015-16 in terms of raw and refined sugar?
- c. Advise the expected export destinations, on an indicative basis?
- d. Confirm, against the current background of low international sugar prices, and the cost to bring this Indian sugar to market, whether these exports will be entitled to either a national or state-level export subsidy payment?

Answer by India

India undertook to provide an answer at a later stage.

1.8 India's importation of apples

1.8.1 Question by Chile (AG-IMS ID 78088), European Union (AG-IMS ID 78084), New Zealand (AG-IMS ID 78085) and the United States of America (AG-IMS ID 78086)

Chile, New Zealand, the European Union and the United States understand that India announced on 14 September 2015 (Notification No. 21 /2015-2020) that the importation of apples will only be allowed through the Nhava Sheva Port of Mumbai, with all other ports consequently closed to apple imports. Can India confirm that this is correct and if so advise the Committee of the date of implementation and the reason for this decision?

Answer by India

India did not consider that this issue fell within the mandate of the Committee. (See Report of the Committee on Agriculture, G/AG/R/79, paragraphs 2.17-2.23)

1.9 India's support price for wheat

1.9.1 Question by the European Union (AG-IMS ID 78018)

Press reports suggest that the region of Punjab has, for the marketing year 2015/16, increased the minimum support price for wheat by 5,000 INR/tonne (72 EUR/tonne) more than the federal support level of 14,500 INR/tonne.

(<http://economictimes.indiatimes.com/news/economy/agriculture/punjab-government-seeks-rs-1950-a-quintal-msp-for-wheat/articleshow/47490036.cms>).

- a. How does India intend to include this increase in its Domestic Support notification?
- b. Have any other Indian states introduced similar increases for the 2015/16 marketing year?

- c. **During the years for which India has already made notifications for Domestic Support (up to and including the year 2010) was there any similar state support applicable in the State of Punjab, and, if yes, how was this included in the DS:1 notification?**

Answer by India

The question is based on a press report dated 31 May 2015 stating that the Chief Minister of Punjab demanded MSP for wheat for Rabi Season 2015-16 to be fixed at INR 1,950 per quintal as against the current MSP of INR 1,450 per quintal. The MSP is fixed by the Government of India based on the report of CACP, which takes various factors into account. The State Governments in India do not decide MSP for wheat as it is fixed uniformly across all States, by the Government of India. There was no State support in terms of MSP for wheat in Punjab during the referred period.

Follow-up: The United States and Canada indicated their interest in India's domestic policies with respect to wheat.

1.10 India's Cotton Policies

1.10.1 Question by the United States of America (AG-IMS ID 78006)

The United States resubmits questions from the June CoA (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?**

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:

- b. **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 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

Minimum Support Prices for various agricultural crops, including raw cotton, are fixed on the recommendations of the Commission for Agricultural Cost and Prices (CACP), views of the State Governments concerned, Central Ministries and other relevant factors. While formulating its recommendations, the CACP considers, inter alia, a number of factors including the cost of production, changes in input prices, trends in market prices, the demand-supply situation, the effect on general price levels, the effect on the cost of living etc.

The Government has fixed the MSP of cotton for the 2015-16 season at INR 3,800 per quintal (medium staple) and INR 4,100 per quintal (long staple). This is an increase of INR 50 over the MSP for these varieties for the year 2014-15. This is in response to an increase in the All India weighted average cost of production for the year 2015-16 by INR 287 over the previous year, in addition to other factors.

All actions of the Government of India are WTO compliant.

Follow-up: India and Pakistan indicated their interest on this issue.

1.11 India's sugar export subsidies

1.11.1 Question by Australia (AG-IMS ID 78016)

Australia notes that India has not yet submitted a written response to the questions raised by Australia (AG-IMS ID 77035) at the 77th Committee on Agriculture in relation to Indian sugar export subsidies, and respectfully asks that it does so. Australia notes that a number of delegations have expressed support for its questions and therefore asks that India formally respond to the questions in writing and orally, as is the practice of this Committee.

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

In February 2015, India officially increased the rate of its export subsidy for raw sugar from Indian Rupees (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 4,000, this level of subsidy currently represents over 25% of the current world benchmark price.

In addition to outstanding questions from the 77th Committee on Agriculture, can India:

- a. Advise how much has been paid under the export subsidy programme to eligible applicants for both the 2013-14 season and the 2014-15 season to date?
- b. Advise the total amount of individual applications received under the export subsidy programme, and the total amount of export subsidy claimed, for both the 2013-14 season and the 2014-15 season to date?
- c. Advise how many tonnes of raw sugar have been produced in India during the 2014-15 season to date?
- d. Advise how many tonnes of raw sugar have been exported in the 2014-15 season to date?
- e. Australia understands that the top export markets for Indian raw sugar with the Indian export subsidy are: Iran, Somalia, the Former Sudan, Tanzania and the UAE. Can India confirm the top five destinations for its raw sugar exports?
- f. Can India please identify how many LDCs are destinations for its raw sugar exports?

At the 73rd Committee on Agriculture, India stated (AG-IMS ID 73036) that the export subsidy programme was "one of the numerous steps contemplated/undertaken by the central government as well as various state governments in the country to tackle arrears payments by sugar mills to Indian sugarcane farmers ..." and further, that "... (t)he interventions by the government aim to infuse additional liquidity in the severely stretched sector and are linked to cane payments to farmers by the sugar mills".

- g. Can India provide an update of the effectiveness of the sugar export subsidy programme with respect of the policy goals identified above?
- h. Can India provide an update on the implementation of the separate sugar export subsidy programme, reportedly proposed by the Indian State of Maharashtra?

Answer by India

The pay-out is not an export subsidy but is part of product diversification programme from white to raw sugar. During the financial year 2014-15, about INR 1,831.6 million has been paid to sugar mills for the marketing and promotion of raw sugar and for clearance of cane dues of farmers. 178 applications from nearly 80 eligible sugar mills for cumulative pay-out of INR 1,970 million were received during 2013-14 sugar season and about 55 applications for pay-out of INR 1,000 million have been received during current sugar season 2014-15. During 2014-15 sugar season, 0.550 million tonnes of raw sugar (up to 31 August 2015) has been produced. About 0.0475 million tonnes of raw sugar has been exported during 2014-15 sugar season so far. Major export destinations of raw sugar have been Sri Lanka, Iraq, United Arab Emirates, etc. With the help of the pay-outs under the programme, the liquidity of the sugar mills has improved enabling the mills to pay the cane dues arrears of the farmers to some extent.

1.11.2 Question by the European Union (AG-IMS ID 78017)

Since no reply has been received to question AG-IMS ID 77044 the European Union therefore repeats the question.

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 to 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

- a. The Maharashtra Government has announced an incentive of INR 1,000 per tonne for payment to sugarcane farmers through the sugar mills. The intervention is not an export subsidy but is purely aimed at compensating the farmers for supply of sugarcane to the sugar mills. This is a step undertaken by the Government to tackle the problem of arrears in payments by sugar mills to Indian sugarcane farmers.
- b. The incentive benefit during the sugar season 2013-14 was given for only 0.715 million tonnes and during the current sugar season (2014-15) the eligible quantity is 0.35 million tonnes.

Follow-up: Australia, supported by Colombia and Brazil, noted that this issue was important to them as they were always concerned about the WTO-consistency of the measures taken by Members. The European Union requested India to explain if the compensation to the farmers for the supply of sugar cane to the sugar mill covered all sugar produced by farmers or was only related to the quantities of sugar exported. India noted that it would answer this question at a later stage. Colombia requested India to honour the commitment of the Bali Ministerial regarding export subsidies.

1.12 India's export assistance programmes

1.12.1 Question by the United States of America (AG-IMS ID 78007)

The United States is concerned about a possible Indian export subsidy programme. Specifically it is the US understanding that from 2004-2014 the Indian Government operated an export assistance programme for a number of

agricultural products called the Vishesh Krishi Gram Upaj Yojana (VKGUY – or "Special Agriculture Produce Scheme"). In 2014 another programme, the Merchandise Export from India Scheme (MEIS), was introduced and appears to have some similar components to the VKGUY programme.

- a. Did India include the VKGUY programme in India's latest export subsidy notification (G/AG/N/IND/9)?
- b. The United States understands that under the VKGUY programme, the Indian Government provides a "duty scrip" equivalent to 5% of FOB value of an exported dairy product. Could India provide an explanation of how the scrip is used?
- c. According to "Foreign Trade Policy, 27th August 2009 - 31st March 2014" published by India's Ministry of Commerce and Industry, under the VKGUY programme duty scrip benefits are granted with an aim to compensate high transport costs, and to offset "other disadvantages". Can India please explain what these "other disadvantages" are?
- d. According to that same document, the subsidies provided under VKGUY are provided based on the FOB value of the product exported. In the light of that, how does India effectively link the subsidies to specific transportation costs?
- e. What is the relationship, if any, between the exported product and the imported product on which the scrip is used to reduce the import duty?
- f. When skim milk product (SMP) was eligible, how was the scrip used for imports?
- g. Could the duty scrip be used as a credit against any other tax charges, or other government arrears, other than import duties?
- h. Was the VKGUY programme replaced by the Merchandise Export from India Scheme (MEIS)?
- i. Scrips provided under both VKGUY and MEIS are described as "fully transferrable". What does "fully transferrable" mean - to whom can they be transferred and for what?
- j. How much revenue was foregone by the Government under the programme?

The United States notes that MEIS, which started in 2014, excludes cereals, milk and milk products, meat and meat products, and sugar. However, the United States is concerned that all other agricultural products could participate in this programme.

- k. Will India notify benefits provided under the MEIS in its export subsidy notifications?
- l. From 2010-2014, which agricultural products received export assistance under the VKGUY programme, and in what amounts?
- m. Since 2014, have any agricultural products received export assistance under the MEIS programme, and in what amounts?
- n. Please confirm that cereals, milk and milk products, meat and meat products, and sugar are excluded from the MEIS programme?
- o. Is VKGUY permanently ended or could it be reintroduced? If it can be reintroduced, what would be the circumstances?
- p. If VKGUY was re-introduced, would it be changed in any way? For example, would it have a different product eligibility list?

Answer by India

The VKGUY scheme stands terminated with effect from 31 March 2015.

For the year 2014-15, VKGUY scrips for INR 3,293 crores were issued.

The MEIS programme is effective from 1 April 2015. A list of products covered is available in appendix 3B of the FTP.

As per paragraph 3.06 of FTP 2015-20 as notified vide Notification No. 8 dated 4 June 2015 amended from time to time, the status/eligibility of the products mentioned above for the benefit under MEIS are as follows:

Product	Status
Cereals of all types	ineligible
Milk and milk-products, unless specifically notified in Appendix 3B	ineligible
Meat and meat products, unless specifically notified in Appendix 3B	ineligible
Sugar of all types and forms, unless specifically notified in Appendix 3B	ineligible

Follow-up: The United States, supported by New Zealand, requested India to indicate whether skimmed-milk powder was eligible or not for support. India stated that it had already specified the eligible products under the MEIS programme in its response, and noted that the VKGUY scheme had already been terminated and was no longer operational. New Zealand noted its interest in this issue, including, but not limited to, the issue of possible application of an export subsidy programme to dairy products.

1.13 Indonesia's restrictions on importation of sugar

1.13.1 Question by Australia (AG-IMS ID 78019)

Australia understands that in December 2014, Indonesia imposed new restrictions on the importation of sugar through circular No 1300/M-DAG/SD/12/2014.

- a. **Can Indonesia please explain how its restrictions on sugar imports are consistent with its obligations under Article 4.2 of the Agreement on Agriculture, in particular:**
 - i. **whether Indonesia issues import permits for sugar on a quarterly basis and in accordance with quotas set by the Government; and**
 - ii. **whether Indonesia imposes a range of other restrictions on the importation of sugar, including:**
 - **limits on the types of businesses that can import sugar;**
 - **rules prohibiting the sale of refined sugar produced from imported raw sugar to the domestic retail market; and**
 - **rules prohibiting the importation of white sugar for consumption except with government approval at certain times of the year and to producers sourcing at least 75% of their cane domestically.**
- b. **Can Indonesia please provide further information about the operation of circular No 1300/M-DAG/SD/12/2014 and its intended purpose?**

Answer by Indonesia

Indonesia thanks Australia for its interest in the issue. Indonesia never issues any policies or introduces any new regulations on sugar imports or quota on sugar. The objective of the Minister of Trade Circular No.1300/M-DAG/SD/12/2014 is to regulate distribution of refined sugar to the users, which are food, beverages and pharmaceutical industries. The circular neither regulates importation nor operates as an effort to restrict sugar imports. The circular was not issued as a

Ministerial Regulation and therefore it does not fall under the category of Indonesian positive law. This means it is not fully binding to the public.

1.14 Republic of Korea's rice imports

1.14.1 Question by Australia (AG-IMS ID 78020)

- a. Could the Republic of Korea please advise of the arrangements for importing rice?
- b. The Republic of Korea advised WTO Members of proposed changes to its rice import measures in G/MA/TAR/RS/396. Those arrangements have not been certified by WTO Members and Australia, China, the United States, and Viet Nam objected to them. Has the Republic of Korea been applying the arrangements that it circulated in (G/MA/TAR/RS/396) for imports of rice?
- c. How much table rice has been imported since 1 January 2015?
- d. How much non-table rice has been imported since 1 January 2015?
- e. How do these figures (for c and d) compare with the previous three year averages for table and non-table rice?

Answer by the Republic of Korea

- a. and b. The Korean Government decided to cease the special treatment on rice and submitted a revised country schedule on rice tariffication, G/MA/TAR/RS/396, in September 2014.

Pursuant to the document L/4962 (procedures for modification and rectification of schedules of tariff concessions), the Republic of Korea has been implementing rice tariffication since 1 January 2015.

- c. to e. As of September, the Republic of Korea has auctioned 285,525 tonnes of brown rice and about 30,000 tonnes of milled rice. This information is on the website: www.at.or.kr.

Follow-up: Australia noted that it would continue to follow up bilaterally on the issue.

1.14.2 Question by Thailand (AG-IMS ID 78024)

With regard to the document entitled "Rectification and Modification of Schedules - Schedule LX - Republic of Korea" submitted by the Republic of Korea and circulated to Members on 30 September 2014, (G/MA/TAR/RS/396), Thailand notes that in the light of objections by Thailand and four other Members namely, Australia, China, the United States, and Viet Nam, Korea's proposal was not formally certified. Thailand has since received information from capital that the Republic of Korea has enforced its proposed, but unapproved Schedule, since 1 January 2015.

Thailand understands that the Republic of Korea has been applying a global quota for rice products of 408,700 tonnes, with an in-quota tariff rate of 5% and an out-quota rate of 513%. Thailand continues to believe that the proposed out-of-quota rate at 513% is unreasonably high, and cannot accept the method of calculation used by the Republic of Korea. Thailand also understands that the country-specific quotas previously given to Australia, China, the United States, and Thailand have all been cancelled. This would unfairly and negatively have adverse impact on Thailand's current trade as a result.

In the light of this information, Thailand would like to pose the following questions to the Republic of Korea:

- a. **Could the Republic of Korea please confirm that it has been enforcing its proposed Schedule since 1 January 2015. If so, does the Republic of Korea have a definite timeframe for the application of the Schedule?**
- b. **Since Korea's proposed schedule has not been approved, and no consultations have been held since the aforementioned Members objected to the Schedule in December 2014, Thailand believes that consultations between the Republic of Korea and the objecting Members should be arranged as soon as possible. These consultations are necessary in order to resolve issues relating to the rectifications and modifications of the Republic of Korea's schedule for rice products and to have a formally certified Schedule come into force as soon as possible so as to minimize the negative trade impacts on Members resulting from Korea's enforcement of the unapproved Schedule.**

In this respect, could the Republic of Korea please indicate when it plans to convene consultations with the relevant Members to resolve issues regarding the rectification and modification of Korea's Schedule for rice products?

Answer by the Republic of Korea

- a. The Korean Government decided to cease the special treatment on rice and submitted a revised country schedule on rice tariffication, G/MA/TAR/RS/396, in September 2014.

Pursuant to the document L/4962 (procedures for modification and rectification of schedules of tariff concessions), the Republic of Korea has been implementing rice tariffication since 1 January 2015.

- b. Bilateral consultations will be arranged with a view to resolving this issue soon.

Follow-up: The European Union and China stated their interest in the subject. The United States noted that it continued to reserve its position with respect to the Republic of Korea's proposed rectification and modification of its tariff schedule.

1.15 Russian Federation's wheat export tax

1.15.1 Question by the European Union (AG-IMS ID 78021)

Press reports state that the Russian Federation has introduced, starting from 1 July 2015, a wheat export tax, set at 50% of the customs price per tonne *minus* 5,500 roubles, but not less than 50 roubles per tonne. Could the Russian Federation confirm this measure and explain how it intends to comply with the related transparency requirements as laid down in Article 12.1(b) of the Agreement on Agriculture?

Answer by the Russian Federation

The Russian Federation confirms that export duties had been imposed on certain grains and, in fact, in conformity with the agreement in the form of an exchange of letters between the European Union and the Russian Federation relating to the introduction of increase of export duties of raw materials, the Russian Federation informed the European Union about their mentioned measures as of 11 June 2015. The Russian Federation stands ready to share information on export prohibitions or restrictions instituted in accordance with paragraph 2a of Article XI of the GATT 1994 on general elimination of quantitative restrictions as laid out in Article 12:1 of the Agreement on Agriculture.

Follow-up: Switzerland underscored its interest in the issue of restrictions to agricultural products, and supported the question posed by the European Union. The United States noted that it continued to have an interest in the increase in transparency on export restrictions and welcomed the EU question.

1.16 Sri Lanka's increase in milk powder tariffs

1.16.1 Question by Australia (AG-IMS ID 78022)

Australia understands that Sri Lanka has increased its tariffs for milk powder to the higher of either 25% *ad valorem*, or a specific duty of Sri Lankan Rupees (Rs) 225 per kilogram.

- a. Can Sri Lanka please identify the specific HS codes, to the eight-digit level- that these tariff increases apply to, and can Sri Lanka also advise the relevant bindings for these tariff lines?
- b. Can Sri Lanka please confirm the current *ad valorem* equivalent of the Rs 225 per kilogram specific duty and also indicate the milk powder reference values that are used in this calculation?

Answer by Sri Lanka

Sri Lanka appreciates the interest shown by some delegations in Sri Lanka's agriculture notifications and the clarifications sought on the tariff structure Sri Lanka applied for milk powder imports.

Despite its small and vulnerable status, Sri Lanka is a country that maintains its bound tariff for agriculture products at a very low level of 50%. This, in fact, is much below the bound rates maintained for agriculture products by even some of the most advanced economies. Moreover, Sri Lanka's bound tariffs for milk powder imports remain even lower, at 20%. The tariff lines, which are subject to this bound rate, include 0402.10.01, 0402.21.01 and 0402.29.01. These extremely low bound rates have posed formidable challenges for Sri Lanka's dairy industry, which is still in its infancy, but closely linked, to the livelihood of our rural population.

It is also pertinent to mention that Sri Lanka imports more than twice what it exports to the world every year, resulting in a huge, unfavourable balance of trade. Sri Lanka's expenditure on dairy imports accounts for as much as one fifth of this trade gap. This situation also warrants serious efforts by the Sri Lankan Government to develop its dairy industry to a much higher level.

However, Sri Lanka has no intention to renegotiate its bound rates at this juncture. What the Government prefers to do instead is to provide a temporary breathing space for our dairy farmers, which support thousands of low-income families at the grassroots level. On the other hand, the Government is also tasked with the responsibility of ensuring affordable prices for milk powder, a commodity which continues to remain an essential and highly sensitive product for Sri Lankan consumers. In view of this dual responsibility, the Government is compelled to maintain certain temporary measures to support the local dairy industry, while controlling the maximum retail price of milk powder to safeguard the consumer.

The currently applied milk powder tariff, which is in the form of a mixed structure plus a duty waiver, aims at striking the delicate balance between the interests of the dairy industry and the consumer. The duty waiver, which is fixed in rupee-term, is adjusted either upward or downward, depending on the behaviour of the milk powder prices in the international market.

In view of the substantial decline witnessed in the milk powder prices over the recent months, the Government of Sri Lanka has decided to revise the duty waiver as a temporary measure that was crucial to minimize any adverse impact the extremely low international prices could have on its infant dairy industry. Sri Lanka would certainly consider readjusting the particular waiver after observing the market trends for a while.

In these circumstances, Sri Lanka looks forward to the support and cooperation of all principle suppliers of milk powder products at this crucial stage. Sri Lanka's delegation has already had bilateral discussions with the Australian and New Zealand delegations in this regard and, Sri Lanka believes that it would be able to reach some understanding of the current situation and work out a mutually acceptable solution to this issue.

1.16.2 Question by New Zealand (AG-IMS ID 78001)

New Zealand understands that Sri Lanka has increased its tariffs for milk powder to Rs 225 per kilogram (HS 0402.10.01 skimmed milk powder, HS 0402.21.01 and HS 0402.29.01 whole milk powder). Sri Lanka's tariff for milk powder is bound at 20% *ad valorem*. This rate is now equivalent to around a 70% *ad valorem* duty (based on GDT price at 1 September 2015). New Zealand is concerned that Sri Lanka is operating outside of its bound tariff rate. What action is Sri Lanka taking to ensure its applied tariff is brought in line with its WTO commitments at the earliest possible opportunity?

Answer by Sri Lanka

See answer provided to question AG-IMS ID 78022, above.

Follow-up: Australia stated that it was mindful of the challenges faced by Sri Lanka and noted its appreciation for the bilateral engagement on this issue. Australia looked forward to the return to the previous applied rates for these products. New Zealand also thanked Sri Lanka for the bilateral discussion and noted their real concern about Sri Lanka's breach of its tariff bindings for milk powder, both at the current levels, apparently at 70% *ad valorem* equivalent as compared to a 20% binding, but also in the context of variable compliance since the year 2000 when a binding was established. New Zealand noted that apparent breaches in milk powder tariff rates were also noted at the 69th and 70th Committee on Agriculture meetings. New Zealand took note of the fact that the changes in duties were temporary and looked forward to further discussions on the nature of that temporary change and when it was likely to be reversed to go back to within bound levels. New Zealand encouraged Sri Lanka to explore a more long term solution to avoid an ongoing reoccurrence of this situation. The European Union supported the concerns that Australia and New Zealand had raised regarding the import level for milk powder and the respect of the bound rate. Sri Lanka noted that when calculating the *ad valorem* equivalent, it appeared that the duty waiver given under the Section 19 of the Custom Act of Sri Lanka had not been taken into account. For example, the duty waiver given for milk powder imports was almost 45% of the duty that is applied. Moreover, when looking at the import figures, Sri Lanka stated that a continuous increase from its principal suppliers could be observed, indicating that there was not a drop in the import levels. Sri Lanka planned to come to a mutually acceptable solution with all of Sri Lanka's principal partners.

1.17 Switzerland's export subsidy budget

1.17.1 Question by Australia (AG-IMS ID 78023)

Australia thanks Switzerland for its response to its question raised at the 77th Committee on Agriculture in relation to the proposed increase to Swiss export subsidy budgetary outlays. In that response, Switzerland stated that the proposal would be subject to parliamentary review in June 2015. Can Switzerland please provide an update to the Committee in relation to the current status of the export subsidy proposal?

Answer by Switzerland

The Swiss Parliament decided in June 2015 to increase the export subsidy budgetary outlays for processed agricultural products with an additional appropriation of CHF 26 million. With this additional appropriation, the total amount of export contributions will reach CHF 96 million for 2015. These increased budgetary outlays remain below Switzerland's WTO commitments.

The Parliament took its decision in a specific context: price developments in the markets and the sharp appreciation of the Swiss franc against the euro helped to fuel an exceptional rise in the price differential to the detriment of Swiss producers.

The Swiss Government intends to respect the export competition commitments that it made in Bali. For 2016, it has submitted to Parliament a reduced budget which allocates CHF 68 million for contributions to exports of processed agricultural products.

1.17.2 Question by New Zealand (AG-IMS ID 78025)

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, however notes its concern 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. Could Switzerland 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 ID 78023, above.

Follow-up: The European Union, the United States, Brazil, Argentina, Colombia, Chile and Costa Rica supported the concerns raised by Australia and New Zealand. Australia urged all Members to recall the undertakings made by Ministers in Bali to show restraint regarding use of export subsidies consistent with the Ministerial Declaration on export competition. New Zealand noted its disappointment regarding Switzerland's increase of its export subsidy budget for 2015 by CHF 20 million, almost a third of the original budget. New Zealand, supported by a number of Members, questioned whether currency appreciation was a valid reason for the use of trade distorting measures like export subsidies. New Zealand appreciated Switzerland's intention to fulfil the commitments made in Bali on export competition and noted the fact that its proposed 2016 budget was in line with its 2014 outlays and its original 2015 budget.

1.18 Turkey's domestic support and export subsidies

1.18.1 Question by the European Union (AG-IMS ID 78044)

The European Union has still not received any substantive answer to questions AG-IMS ID 77047, AG-IMS ID 75069 and AG-IMS ID 73056 asked during the 73rd, 75th and 77th Meeting of Committee on Agriculture, and invites Turkey to present its reply to these questions.

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 or at least for the budget years 2010 to 2014?
- 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

Turkey's domestic support and export subsidies notifications are being prepared by our relevant authorities and they will be submitted to the Secretariat as soon as they are completed and transmitted to our mission in Geneva.

Follow-up: The European Union requested that Turkey provide a time-frame for when the notifications would be forwarded to the WTO. Turkey was not in a position to indicate any time-frame.

1.19 Turkey's destination of wheat flour sale

1.19.1 Question by the United States of America (AG-IMS ID 78008)

The United States has received Turkey's responses to the US questions and is reviewing them. As a follow-up, could Turkey confirm whether any Members of the TMO's Board of Directors are appointed by or employed by the Government of Turkey?

Answer by Turkey

Turkey undertook to provide an answer at a later stage.

Follow-up: The European Union noted its disappointment over the lack of response from Turkey, stating that Turkey provided the same answer the last time the European Union asked the same question. The European Union noted the need for responses to be provided in a decent time-frame.

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 78027: Question by Australia - Allocation of licences to importing entities

Australia thanks Switzerland for its response to its question raised at the 77th Committee on Agriculture, regarding the allocation of import entitlements within the Tariff Rate Quota (TRQ) for "Animals for slaughter; meat mainly produced on the basis of coarse fodder". In that answer, Switzerland explained that quota shares for a number of products within the TRQ are distributed to importers on the basis of a contribution to Swiss production, that is, the number of animals slaughtered of Swiss origin. Can Switzerland clarify how these requirements accord with its obligations under the agreement on Trade-Related Investment Measures, namely Article I of the Annex to that Agreement and Article 4(2) of the Agreement on Agriculture?

Answer by Switzerland

Switzerland refers to its reply to the question by the United States at the 77th Committee on Agriculture. The increase in the quota shares for "Animals for slaughter; meat mainly produced on the basis of coarse fodder" distributed on the basis of a contribution to Swiss production was decided by the Swiss Parliament in March 2013. Only the distribution of quota shares is affected by this change in system. The fill rate for the tariff quota and the subcategories in question has traditionally been high (always exceeded in each notification from 1995 to 2013), and should not be affected by this change. Switzerland therefore considers this system to be consistent with its WTO commitments.

Follow-up: The European Union and the United States noted their interest in this issue.

2.1.2 United States of America (G/AG/N/USA/101/ADD.1)

AG-IMS ID 78074: Question by the Dominican Republic - Country-specific allocation

Under which criteria does the United States establish reallocations among beneficiary countries?

Answer by the United States of America

The United States establishes reallocations on the same basis as the original allocations. Some countries on the original allocation did not receive additional allocation because they indicated that they could not ship additional amounts above the original.

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

2.2.1 European Union (G/AG/N/EU/24)

AG-IMS ID 78075: Question by the Dominican Republic - Transparency issues

The European Union indicated in a footnote that, where the numbers do not carry an asterisk, the amount indicated corresponds to import authorizations. What is the rationale to use import authorizations instead of actual imports?

Answer by the European Union

The tariff quotas in question are monitored on the basis of import licences issued. Data on actual imports are not recorded for the purpose of quota fill.

AG-IMS ID 78043: Question by South Africa - Tariff quota fill

South Africa notes with concern the low fill rates of certain quotas as notified in G/AG/N/EU/24. South Africa would like to know the reasons why the following quotas were not filled and what the administration procedures are for allocating the quotas. Are these quotas allocated to specific countries?

- **080510 – Oranges;**
- **2008 –Preserved fruit;**
- **2009 – Grape juice.**

Answer by the European Union

These three tariff rate quotas are not allocated to any specific country; they are *erga omnes*. They are administered following the "first come - first served" principle. The low fill rates reflect the market conditions for these fruit and juices.

Follow-up: Argentina voiced its concern, both with respect to the low-fill rates and zero-fill rates for products such as bovine meat, poultry, cherries and also orange juice.

2.2.2 United States of America (G/AG/N/USA/102)

AG-IMS ID 78032: Question by the European Union - Transparency issues

The US commitments comprise 54 bound tariff quotas. However, the notification only includes 44 of them. As a matter of transparency, could the United States explain the rationale for omitting ten TRQs?

Answer by the United States of America

Of the 54 tariff-rate quotas (TRQ) the WTO lists for the United States, 10 (USAQ003, USAQ005, USAQ007, USAQ011, USAQ015, USAQ027, USAQ029, USAQ031, USAQ032, USAQ048) represent bilateral TRQs with Mexico as part of the North American Free Trade Agreement. Mexico's agricultural trade with the United States is fully liberalized therefore none of these TRQs are required anymore.

2.3 DOMESTIC SUPPORT COMMITMENTS (TABLE DS:1)

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

AG-IMS ID 78073: Question by the European Union - Transparency issues (including Table DS:2)

The European Union would underline the importance to receive answers to the questions asked at the 77th meeting of the Committee, therefore the European Union repeats its question AG-IMS ID 77051.

- 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 footnote 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

- a. China attaches great importance to the questions of Members, including the European Union. However, regarding the so-called Industrialization Fund and the STE, we don't understand the relation between them. We therefore would like the European Union to clarify this question.
- b. Currently, China does not have the numbers at hand. The data is taken from the Outlay documents of the Ministry of Finance, which already has the aggregated expenditures of both national and sub-national governments. According to China's technical experts, if the national and subnational shares are to be calculated, technically, all the data should be broken down and then added up again, which requires almost the same amount of time as preparing the aggregated number.
- c. China can't identify the payment of CNY 116.9 billion in the national budget for 2009. However, according to China's statistics, the expenditure on agricultural and forestry insurance is CNY 5.96 billion in 2009, which was included in the item of "payments for relief from natural disasters".
- d. The quantity of public stockholding for food security purposes can be affected by various factors, e.g., the need to address pressure on food security caused by increased demand of daily consumption or inventory replenishment. In general, the quantity of food stock is always in dynamic equilibrium. Also, to increase food security stocks at times when production continues to decrease is not helpful for food security.
- e. All farmers with the right to contract land are eligible to receive direct payments.
- f. China calculates the value of production of "agricultural products" falling into the coverage of agricultural products defined by the Agreement on Agriculture of the WTO, by deducting the value of fishery from the value of agriculture, for which coverage is broader than that of the Agreement on Agriculture. The value of agriculture comprises the value of production of four sub-sectors, namely, farming, forestry, husbandry and fishery. The data are from the official statistics by the National Bureau of Statistics of China. This methodology for VoP calculation is chosen because of the special condition in China. Since there are 260 million households in more than 30 provinces engaging in agricultural production, it is infeasible to use the methodology provided for in the Agreement on Agriculture. It is admitted that there may be minor deviations, because certain forestry products beyond the coverage are also included in the value. However, the error is negligible, since the value of production of forestry is not big, compared with the total value of agriculture.
- g. Please refer to the answer to question f.
- h. According to the statistics by the National Bureau of Statistics, the production of wheat in 2009 and 2010 was 115.1 million tonnes and 115.2 million tonnes, while the production of rice was 195.1 million tonnes and 195.8 million tonnes respectively.
- i. The quantities of procurement by State Enterprises in the "Report on grain development in China" include the quantities of procurement carried out by the enterprises themselves, as well as the quantities purchased under the Minimum Procurement Price Scheme. The quantity procured by the enterprises themselves is purchased at market price, based on their own business considerations. While the quantities in the notification are only the quantities purchased under the Minimum Procurement Price Scheme, i.e., the quantity purchased at guaranteed price.

According to the Minimum Procurement Price Scheme, when the market price falls to the level of the MPP, farmers can choose to sell their wheat or rice to the state, and the state will buy in all the products the farmers are willing to sell. Farmers are also free to sell their products to other buyers. Farmers are guaranteed the minimum procurement price when they sell their products to the state, and the price of their sales to other buyers is subject to their negotiations. In addition, other factors also limit the

procurement carried out under the Minimum Procurement Price Scheme. For example, farmers in China often keep some of their production for their own consumption, since hundreds of millions of them are subsistence farmers with very small farm lands. At the same time, Minimum Price Procurement Scheme is only applicable within limited regions instead of the whole country. Therefore, the quantities of actual procurement are used in the calculation of the level of market price support, which are smaller than the quantities in the report.

- j. The procurement of corn is made under the "Temporary Stockholding Scheme", a scheme that is different from Minimum Procurement Price Scheme. The procurement under temporary stockholding is made at a price reflecting market conditions.

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

AG-IMS ID 78062: Question by the United States of America - Transparency issues (including Table DS:2)

Since China has not supplied formal written responses, the United States resubmits its question AG-IMS ID 77080 from the June CoA.

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 1,500 per metric tonne, soybeans at CNY 3,700 per metric tonne, and rapeseed at CNY 3,700 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

The purpose of this scheme of temporary stockholding is to protect farmers' livelihood and to guarantee food security. The purchasing price is a reflection of the market conditions, and there is a limit to the quantity of stockholding. These are different from the Minimum Procurement Price Scheme.

AG-IMS ID 78063: Question by the United States of America - General services: infrastructural services

Since China has not supplied formal written responses, the United States resubmits its question AG-IMS ID 77073 from the June CoA.

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

- a. Programmes covered by infrastructure services include: public welfare tasks in rural areas, comprehensive construction of energy projects in rural areas, drinking water supplying facilities for human and animals, small scale watering facilities on farmland, and soil and water conservation programmes.
- b. The Agricultural Comprehensive Development Programs include mainly programmes of two categories, land management programmes and programmes to facilitate industrialized agricultural production. Land management programmes cover programmes related to improvement of land with low and medium productivity, ecological management programmes including renovation of grassland, and the update programmes for water-saving facilities in medium-sized irrigated area (667-20,000 hectares). Industrialized agricultural production programmes provide support for the construction of infrastructure facilities related to agricultural production, such as the roads, irrigation facilities and facilities for inspection and technical training. The programmes are implemented by Agricultural Comprehensive Development Offices at various levels. The offices of provincial level are in charge of the organization of the application. After the preliminary selection by the offices at county level, review and approval will be carried out by offices of municipal and provincial level, and then the applications will be reported to the office at national level and registered before the programmes are formally implemented.
- c. Support for construction of small-scale watering facilities is provided to farmer cooperatives, local governments of villages or small towns, to fund the construction of

small-scale watering facilities for farmlands. Since most farms in China are very small, it is neither economic nor affordable for the farmers to construct watering facilities just for their own farms. Therefore, the projects are mainly constructed and managed by local governments or farmer cooperatives. The support is not provided through payments to farmers directly, nor does it include the expenditures for facilities on the farms.

AG-IMS ID 78055: Question by the European Union - Public stockholding for food security purposes

The European Union would underline the importance to receive answers to the questions asked at the 77th meeting of the Committee, therefore the European Union repeats its question AG-IMS ID 77052.

- 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

- a. The procurement of agricultural products for public stockholding is made at prices reflecting market conditions.
- b. Relevant authorities are still working on details of the question.
- c. It can be confirmed that the purchases are made at prices reflecting market conditions.
- d. The objectives of China's food security policy are: stabilizing the acreage of crop plantation; guaranteeing the self-sufficiency of important food products, including grains for the large population; maintaining the level of stockholding of food; and, establishing the logistics system for agricultural products concerned. The public stockholding for food security purposes is in conformity with the above-mentioned objectives. The purchase is made at prices reflecting market conditions.

AG-IMS ID 78056: Question by the European Union - Domestic food aid

The European Union would underline the importance to receive answers to the questions asked at the 77th meeting of the Committee, therefore the European Union repeats its question AG-IMS ID 77053.

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

Relevant authorities are still working on details of the question.

AG-IMS ID 78057: Question by the European Union - Direct payments: decoupled income support

The European Union would underline the importance to receive answers to the questions asked at the 77th meeting of the Committee, therefore the European Union repeats its question AG-IMS ID 77054.

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

Relevant authorities are still working on details of the question.

AG-IMS ID 78064: Question by the United States of America - Direct payments: payments for relief from natural disasters

Since China has not supplied formal written responses, the United States resubmits its question AG-IMS ID 77075 from the June CoA.

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 the meaning of "disaster prevention".
- 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

It's technically difficult, if not impossible, to compile the list of "all relevant formal recognitions", since the recognition could be made by governments of various levels. In general, the payments are made by local governments to support various activities related to disaster relief, after the disasters are recognized according to the contingency plan made by governments of various levels. It would be a misunderstanding that the payments for relief of natural disasters comprise the payment for "disaster prevention". This misunderstanding was caused by the inaccurate translation from Chinese into English. The payments cover outlays on relief from natural disasters and the restoration of agricultural production facilities, which in Chinese are generally summarized as "prevention of floods and disaster relief". As for the level of compensation, China confirms that the payments made conform to the relevant provisions in the Agreement on Agriculture.

AG-IMS ID 78065: Question by the United States of America - Direct payments: payments under environmental programmes

Since China has not supplied formal written responses, the United States resubmits its question AG-IMS ID 77074 from the June CoA.

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

Relevant authorities are still working on details of the question.

AG-IMS ID 78058: Question by the European Union - Direct payments: payments under regional assistance programmes

The European Union would underline the importance to receive answers to the questions asked at the 77th meeting of the Committee, therefore the European Union repeats its question AG-IMS ID 77055.

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

The criteria for classifying poverty-stricken areas are the parameters concerning the economic and social development. If these parameters are below the average level of the western region, the area will be classified as a poverty-stricken area. Fourteen geologically neighbouring areas have been identified with such criteria. The support for such areas are universally available, and are not coupled with the type and quantity of production, nor with the market price.

AG-IMS ID 78066: Question by the United States of America - Direct payments: payments under regional assistance programmes

Since China has not supplied formal written responses, the United States resubmits its question AG-IMS ID 77076 from the June CoA.

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

Please refer to the answer to Question AG-IMS ID 78058, above.

AG-IMS ID 78067: Question by the United States of America - Market price support

Since China has not supplied formal written responses, the United States resubmits its question AG-IMS ID 77078 from the June CoA.

- 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

- a. The reason for China to use the price for unmilled paddy rice, instead of the milled rice, is that, the actual object of the procurement concerned was unmilled paddy rice, since milled rice is not suitable for long-term storage. Chinese experts have studied the questions very carefully, and concluded that there are great difficulties in the conversion of both price and quantity, because different varieties of rice are planted in different parts of China, and the conversion rates for different varieties are also different. At the same time, there is no fixed corresponding relationship between the unmilled and milled rice, which makes it impossible to convert the price with the same coefficient.
- b. The purpose of this scheme is to stabilize grain production, to guarantee supply at times of major fluctuations of the market supply and demand relationship, to protect farmers' livelihood and to guarantee food security. Setting geographical limits for the scheme is to reduce to the extent possible interventions or distortions to the market. The fiscal burden is also a factor that has been taken into account. Furthermore, in other provinces grain production is usually much less, resulting in relatively higher prices and less necessity for a minimum purchasing scheme.

AG-IMS ID 78059: Question by the European Union - Market price support: Eligible production

The European Union would underline the importance to receive answers to the questions asked at the 77th meeting of the Committee, therefore the European Union repeats its question AG-IMS ID 77056.

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

Answer by China

Please refer to the answer to question AG-IMS ID 77011. In 2009, the market price of rice in major production region was lower than the minimum procurement price, hence triggering the policy and rice was purchased at the minimum procurement price. In 2010, the market price was higher than the minimum procurement price, so the minimum procurement price scheme was not triggered, and therefore, the amount of eligible production was nil.

AG-IMS ID 78068: Question by the United States of America - Market price support: Eligible production

Since China has not supplied formal written responses, the United States resubmits its question AG-IMS ID 77077 from the June CoA.

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

The minimum procurement price policy is implemented in a defined region (the major production region) and a defined time (the harvest season), which in reality constitutes limitations for the quantity of procurement.

AG-IMS ID 78060: Question by the European Union - Other product-specific AMS/EMS

The European Union would underline the importance to receive answers to the questions asked at the 77th meeting of the Committee, therefore the European Union repeats its question AG-IMS ID 77057.

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 an answer at a later stage.

AG-IMS ID 78069: Question by the United States of America - Other product-specific AMS/EMS

Since China has not supplied formal written responses, the United States resubmits its question AG-IMS ID 77079 from the June CoA.

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 an answer at a later stage.

AG-IMS ID 78061: Question by the European Union - Non-product-specific AMS

The European Union would underline the importance to receive answers to the questions asked at the 77th meeting of the Committee; therefore the European Union repeats its question AG-IMS ID 77058.

- 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 an answer at a later stage.

Follow-up: The United States stated that it agreed with the views of some of the questioners, for example, on market price support and negative AMS support. The United States was also interested in how the Central Government ensured that the support given as a prevention level was in the category that was reported in the notifications.

AG-IMS ID 78014: Question by Canada - China's outstanding responses at the 77th Committee on Agriculture meeting

At the 77th Committee on Agriculture Meeting on 4 June 2015, Canada posed several questions to China on its 2009 and 2010 DS:1 notification G/AG/N/CHN/28, i.e. AG-IMS ID 77007, AG-IMS ID 77008, AG-IMS ID 77009, AG-IMS ID 77010, AG-IMS ID 77011, AG-IMS ID 77012 and AG-IMS ID 77013. Canada recalls that during the June meeting, China indicated that it was not in a position to provide responses but would do so shortly after the meeting. Canada notes that the rules require that Members not in a position to provide a reply at a meeting of the Committee have 30 days to provide a detailed response. Given that China has not yet provided responses to any of Canada's questions, Canada respectfully requests that China provide substantive answers to the questions.

- **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

The Chinese government provided subsidy for improved crop strains and seeds of highland barley, potato and peanut in 2009 and 2010. The payment rate for highland barley seed was CNY 10 per mu, or CNY 150 per hectare; CNY 100 per mu or CNY 1,500 per hectare for potato, CNY 50 per mu or CNY 750 per hectare for peanuts.

- **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 did not purchase sugar and vegetable oil at administered prices in 2009 and 2010.

- **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

In 2009, the market price of rice in major production region was lower than the minimum procurement price, hence triggering the policy and rice was purchased at the minimum procurement price. In 2010, the market price was higher than the minimum procurement price, so the minimum procurement price scheme was not triggered, and therefore, the amount of eligible production was nil.

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

Canada notes that payments to pig producers dropped considerably from RMB 6.30 hundred million in 2009 to RMB 2.13 hundred million in 2010. Could China elaborate on this change in support to pig producers?

Answer by China

Support to pigs in 2009 and 2010 was a subsidy for breeding productive sows. However, in 2010, the policy was actually not implemented. The expenditure in 2010 was the residual amount that should have been paid in 2009, which was much smaller than the payment in 2009.

- **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

Input subsidies comprise mainly the programme of comprehensive subsidies for agricultural inputs and the programme for purchasing agricultural machinery and tools. The programme of comprehensive subsidies for agricultural inputs is to compensate in a comprehensive way farmers' suffering from price surges of agricultural inputs. For this programme there are no further disaggregated expenditures, since the payment rate is calculated based on price indexes of various production factors in a comprehensive manner, and the amount of payment is the result of payment rate times the acreage of contract land of each farmer. The subsidy is paid directly to farmers, who have full discretion regarding the use of the subsidy, regardless of whether they actually purchase the inputs or not. Therefore, the government doesn't have the amount of subsidy for each input. Under the programme for purchasing agricultural machinery and tools, subsidies are provided to farmers or services providers of agricultural machinery and tools that purchase agricultural machinery and tools.

Follow-up: A number of Members welcomed China's answers to questions from a previous Committee on Agriculture meeting.

2.3.3 Costa Rica (G/AG/N/CRI/51)

AG-IMS ID 78033: Question by Canada - Scheduled commitment level

Canada would like to express its appreciation for Costa Rica's transparency and engagement over the past few years regarding its Current Total AMS excess of its WTO commitment. With its most recent DS:1 notification for 2014, Costa Rica is once again over its AMS commitment and does not provide any support details aside from the Market Price Support for rice. Would Costa Rica indicate when it expects to provide a revised notification to the Committee to include the missing information? Canada looks forward to Costa Rica's DS:1 notification for 2015 when the Executive Decree will be operational.

Answer by Costa Rica

Costa Rica would like once again to thank Canada for following this issue and advises that Executive Decree No. 38.884-MEIC, which replaced the fixed producer price for rice with a reference price, entered into force in March 2015. The regulations therein have applied to national rice production as from that date. Costa Rica recalls that the mentioned Executive Decree was notified to the Committee on Agriculture in Document G/AG/GEN/126.

In keeping with its practice of notifying all of its obligations in a proper and timely fashion in accordance with its commitments under the Agreement on Agriculture, Costa Rica will be notifying domestic support for 2015 at the end of March 2016, including, of course, the Aggregate Measurement of Support for 2015. It is then that this Committee will be able to determine whether Costa Rica has managed to meet the annual monetary limits of its bound AMS, which amounts to USD 15.9 million.

While Costa Rica hopes to be within its AMS limits, production levels for January and February 2015 (during which a fixed producer price was applied in accordance with Executive Decree 37.699-MEIC, revoked by the above-mentioned Decree No. 38.884-MEIC) will be known during the first months of 2016, when the National Rice Growers Corporation publishes the annual and monthly production data that is needed to calculate the AMS for 2015.

Follow-up: The United States, Canada and Pakistan welcomed Costa Rica's continued transparency on this issue. The United States expressed its interest to study how Costa Rica's new programme would work. The United States also noted its interest in knowing the role that the Government of Costa Rica had in the group that sets the reference prices.

2.3.4 Honduras (G/AG/N/HND/41)

AG-IMS ID 78034: Question by the United States of America - Classification of measures

Honduras notified the programme "Sustainable rural development programme for the Southern Region (EmprendeSUR)" as a Green Box programme for 2014. In the following Supporting Table DS:2, Honduras notifies "Competitiveness and sustainable rural development project in the Northern Zone of Honduras (Northern Horizons)". The information provided per the notification does not substantially differentiate the two programmes.

Please elaborate on why the EmprendeSUR programme is considered to be Training Services consistent with the Green Box, while the Northern Horizons program is listed as an investment programme under Article 6.2. Are payments being provided in the form of investment subsidies to individual farmers?

Answer by Honduras

- i. The EmprendeSur Programme was classified under paragraph 2(c) (training services) of Annex 2 of the Agreement on Agriculture, as it focuses on both general and specialist training for small-scale producers in the departments of Francisco Morazán, Choluteca, Valle, La Paz and El Paraiso. The programme seeks to build social, technical, productive and managerial capacity with a view to creating value chains that benefit small-scale producers in the above-mentioned rural communities and enhancing job creation and food security in those areas.
- ii. The Northern Horizons Programme involves training and capacity-building for poor rural households in the departments of Atlántida, Cortés and San Bárbara. It promotes production methods that focus on environmental protection, gender equality and rural youth inclusion and comprises the following components: human and social development, value chains, competitiveness and project management.

In view of the above, and on the basis of relevant research and analysis conducted by this State Secretariat and the Ministry of Agriculture and Livestock, the Northern Horizons Programme should be classified under Annex 2, General services, paragraph (c), since it includes general and specialist training services. We emphasize that the Government of Honduras does not grant individual support, but rather general support for these communities.

It should be noted that the Northern Horizons Programme will no longer be implemented as of October 2015, as co-financing from the Central American Bank for Economic Integration (CABEI) and the Global Environment Facility (GEF) has not materialized given that the resources destined for this programme are being redirected to other initiatives prioritized by the Government.

2.3.5 India (G/AG/N/IND/10, G/AG/N/IND/10/CORR.1)

AG-IMS ID 78035: Question by the United States of America - Transparency issues (including Table DS:2)

The United States resubmits its question AG-IMS ID 77083 from the June CoA meeting.

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 H.S. 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

a. to c. The original data source is as indicated in India's AGST document. The calculations can be confirmed using widely available standard sources of trade statistics.

AG-IMS ID 78037: Question by the United States of America - Transparency issues (including Table DS:2)

The United States resubmits its question AG-IMS ID 77110 from the June CoA meeting.

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

The necessary details are provided in the notifications for the relevant period. India requests the United States to share the detailed calculations used by them for arriving at the above figures.

AG-IMS ID 78038: Question by the United States of America - Transparency issues (including Table DS:2)

The United States resubmits its question AG-IMS ID 77111 from the June CoA meeting.

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

The modalities are framed on a programme by programme basis and may specify various components to be included such as research and development, pest management, cold chain

infrastructure, extension services, marketing infrastructure etc. The implementation of these components and the specific role that is assigned to State governments is detailed in the operational guidelines for the programme in question.

AG-IMS ID 78039: Question by the United States of America - Public stockholding for food security purposes

The United States resubmits its question AG-IMS ID 77112 from the June CoA meeting.

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.

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:

- c. 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.
- d. 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.
- e. Please explain any other expenditure notified under this sub-heading and include relevant values for the notified period.

Answer by India

- a. The export quantity reflected in the website of FCI pertaining to the years 2012-13 and 2013-14 is as per off-take data fed in DISFM (FCI's Computer Program) by field offices. The entire quantity issued out from a depot for the purpose of export is shown in the DISFM to have been exported. However, the export during the said period as per bill of lading quantity was 5.47 Million MT. The export figures as per bills of lading and as per DISFM for the two years under reference are provided below:

(Quantity in Million MT)

S. No.	Source of Data	2012-13	2013-14	Total
1.	As per bill of lading	2.899	2.571	5.470
2.	As per DISFM	3.074	2.429	5.503

- b. The average FOB rate in the export undertaken during the three years from 2012-13 to 2014-15 is as follows:

S. No.	Year	Average FOB (USD)
1	2012-13	314.01
2.	2013-14	294.15
3	2014-15	281.22

- c. It is not clear how the United States has arrived at these estimates of State bonuses.
- d. and e. The notifications by India under public stockholding for food security reflect the difference between the MSP and the issue prices.

AG-IMS ID 78040: Question by the United States of America - Direct payments: structural adjustment assistance provided through investment aids

The United States resubmits its question AG-IMS ID 77113 from the June CoA meeting.

The United States thanks India for providing a copy of the legislation in response to AG-IMS ID 76070.

- 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

- a. and b. The Agricultural Debt Waiver and Debt Relief Scheme, 2008 for farmers was implemented through all scheduled commercial banks, besides Regional Rural Banks (RRBs) and co-operative credit institutions.
- c. to f. Section 3.7 of the Agricultural Debt Waiver and Debt Relief Scheme, 2008 did not introduce a new mechanism but prescribed the criteria for determining whether a debt would be waived or relief provided (as the case may be), in the event that more than one farmer (in individual capacities as either single operational holders or joint operational holders) had come to an arrangement to pool their landholdings when they applied for a loan. As stipulated, the size of land of the farmer with the largest landholding becomes the basis for classification of all farmers in that pool. More information about the number and size of operational holdings are available publicly in the All India Report on Number and Area of operational holdings at <http://agcensus.nic.in/document/agcensus2010/completereport.pdf>. A full report including statistics on the amount of debt is available in the Report of the Comptroller and Auditor General of India on the Implementation of the Agricultural Debt Waiver and Debt Relief Scheme 2008.

AG-IMS ID 78041: Question by the United States of America - Market price support

The United States resubmits its question AG-IMS ID 77114 from the June CoA meeting.

- a. 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. 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. Please confirm.
- c. 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.
- d. 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.
- e. 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.
- f. Please update Supporting Table DS:5 to reflect the actual applied administered prices.

Answer by India

- a. It is clarified that farmers have a choice of either selling their produce to the Government Agencies at MSP or to sell it to anyone else at competitive prices. However, this does not mean that there is no limitation on the quantity of products i.e. rice or wheat to be purchased by the Government from the farmers. Before the onset of each marketing season, the Government of India holds a consultation meeting with the officials of Food Corporation of India (FCI), State Governments and others to make an assessment of availability of wheat or rice, as the case may be, for procurement at MSP based on the prospects of production and market situation. Based on this, Government of India fixes targets for procurement of wheat or rice for the ensuing marketing season. There is no question of the Government resorting to unlimited procurement over and above the targets set for the season.

In view of the fact that procurement is made in respect of only a few of the crops under the MSP operations, the support given is limited to these crops. This is the reason why all the crops for which MSP is announced are not notified.

- b. to c. The notification in US dollars simply indicates the conversion of the relevant figures into the US currencies to provide comparable level of support. This is the consistent approach followed by India.
- d. The total production of rice, wheat and cotton from 2004-05 to 2010-11 were provided in response to AG-IMS ID 75073 by the European Union (G/AG/W/138).
- e. For every marketing season, the Government of India announces the MSP for various commodities covered under the price support scheme. Government of India has taken a decision not to procure from States paying bonuses to farmers.
- f. The Applied Actual Prices are as indicated in the notifications.

AG-IMS ID 78036: Question by the United States of America - Market price support: Eligible production

The United States resubmits its question AG-IMS ID 77084 from the June CoA meeting.

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

Market support prices are intended to provide minimum remunerative prices to the farmers so that they do not have to resort to distress sales. For most of the commodities under MSP, generally market prices rule above MSP and, therefore, Government is not required to make any procurement. The Government intervenes only when market prices fall below MSP. Another aspect is that the government does not procure in all the States, hence the entire production is not covered.

Follow-up: The United States sought clarification from India regarding a pending Table DS:2 notification that India had previously stated it would submit. The European Union asked India to confirm that the Indian Government did not buy from States that give bonuses to farmers. This was confirmed by India. The European Union then requested confirmation from India as to whether the Indian federal government was not buying wheat from the Punjab government. India noted that two different things were being confused. India stated that the EU's earlier question regarding Punjab was based on a price report. India explained that the Chief Minister of Punjab

had requested the Government of India to fix the market price support at 1,950 for wheat. It was a request which had been placed by the State of Punjab to the Government of India. This kind of requests were normally made by the States to the Government of India then, after considering all the requests and taking all the factors into account, the Government would fix a minimum support price. That was how the system operated.

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

AG-IMS ID 78013: Question by the United States of America - Transparency issues (including Table DS:2)

In November 2012 (AG-IMS ID 68029), September 2012 (AG-IMS ID 67038) and June 2015 (AG-IMS ID 77090) 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 refers). 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 78071: Question by the United States of America - General services: infrastructural services

The United States resubmits its question AG-IMS ID 77087 on G/AG/N/OMN/13 from the June CoA.

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?

Answer by Oman

Oman undertook to provide a response at a later stage.

AG-IMS ID 78072: Question by the United States of America - Article 6.2 (Special and Differential Treatment/Development Programmes): Other

The United States resubmits its question AG-IMS ID 77088 on G/AG/N/OMN/13.

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.

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

AG-IMS ID 78046: Question by Australia - Transparency issues (including Table DS:2)

Australia thanks Pakistan for the response to its question at the 77th Committee on Agriculture (AG-IMS ID 77038) with respect to Pakistan's domestic support notification (G/AG/N/PAK/16), and the Pakistan's notification of support in US Dollars (USD), rather than Pakistan Rupees.

In its response, Pakistan stated that the use of USD was essentially an extension of previous practice. Could Pakistan please explain what the rationale is for not notifying in local currency, in the first instance?

Answer by Pakistan

Pakistan chose to calculate the AMS in US dollars because it is a currency which remains stable in value terms during the period under reference. A detailed reply was also provided for this, regarding earlier notifications, in our submission dated 19 March 1998 on a similar issue. We can have more discussion on this with Australia bilaterally, if they are interested.

Follow-up: Australia noted that it would take up the offer from Pakistan to pursue this issue bilaterally. As a general comment, Australia stated that it continued to have concerns over countries that choose to make their notifications in currencies other than the domestic currency and that it would continue to monitor this practice. The United States, supported by the European Union and Canada, expressed interest on the subject and requested that information be shared on the outcome of future bilateral discussions between Pakistan and Australia. Pakistan clarified that the objective was not to have any bilateral negotiations. Pakistan stated that it would explain further why Pakistan relies on US dollars as a currency to report data. Pakistan was of the view that bilateral discussions wouldn't lead to any negotiations, and added that US dollars were used for reporting other data to other multilateral institutions as well, and that it was consistent with the practice followed by Pakistan.

2.3.8 Russian Federation (G/AG/N/RUS/9)

AG-IMS ID 78081: Question by Australia - Transparency issues (including Table DS:2)

In Table DS:1, could the Russian Federation please elaborate on the types of programmes and respective expenditure that receive payments under environmental programmes and regional assistance programmes?

Answer by the Russian Federation

In 2013, targeted subsidies were provided by regional budgets:

- for financial support to organizations conducting the collection and recycling of bio-waste – USD 0.19 million;
- for the land protection from flooding and water erosion – USD 0.01 million;
- for the measures on the creation of anti-erosion protective forest plantations – USD 4.71 million;
- for work on reclaiming landfill biowaste – USD 0.04 million;
- for the protection of reindeer pastures from fire – USD 0.24 million.

AG-IMS ID 78048: Question by Canada - Transparency issues (including Table DS:2)

Canada notes that a number of items in the Green Box have received support in Russia's newest DS:1 for 2013, which reported no amounts in the previous notification. These include:

- a. Domestic Food Aid;
- b. Decoupled Income Support;
- c. Government financial participation in income insurance and income safety-net programmes;
- d. Structural adjustment assistance provided through resource retirement programmes;
- e. Payments under Environment Programs;
- f. Other.

Would the Russian Federation please indicate, for each of these items, if the provided support is a result of new initiatives? If so, would the Russian Federation please advise when it expects to provide an associated DS:2 notification providing the necessary details regarding these programmes?

Answer by the Russian Federation

Structural changes in financial agricultural support in the Russian Federation were caused by the introduction of the new state agricultural programme, actual since 2013 till 2020. This programme, as well as regional programmes, is developed in conformity with the WTO principles, taking into account individual commitments to reduce domestic support.

One of the parts of the national agricultural domestic support policy is the progressive replacement of measures that have a distorting effect on trade with the measures that are exempted from financing reduction commitments, in other words with the "green" box measures.

The structure of agricultural state support includes specific non-distorting measures ("Green Box"), including decoupled income support in crop production, support for agricultural income insurance and domestic food aid, which have been developed and notified in strict conformity with the criteria of Annex 2 to the Agreement on Agriculture as of 15 April 1994.

Decoupled income support in crop production, as well as agricultural insurance support programme, is provided in the sub-programme "Development of crop sub-sector, processing and marketing of crop products". Decoupled income support affords to maintain the quality of agricultural crop products by ecologization of agricultural products and conservation of the soil's resource potential. Its financing is fixed and available for agricultural producers that possess crop areas.

The potential recipient must submit the documents supporting the status of agricultural producers and the availability of land with owned area for obtaining the federal support.

The total volume of the financial support in 2013 for decoupled income support in crop production was USD 1,192.15 million (including the federal component - USD 794.46 million, the regional component - USD 397.69 million).

The agricultural insurance support programme is provided within the allowable financial assistance (which compensates for not more than 50% loss of public funds), in conformity with the specified threshold level of insurance case for state support (when the reduction of the gross income

exceeds 30%) and the average value of the loss of gross income, calculated on the basis of the five-year period.

A part of the insurance premium paid to the insurance company fund is co-financed within the provided agricultural insurance income support. Payments being provided in conformity with the insurance contracts are consistent with the above mentioned parameters.

The total volume of financial support for agricultural insurance income support was USD 171.76 million (including the federal component - USD 146.86 million, the regional component - USD 24.90 million).

The state support related to the compensation of a part of costs incurred while registering the ownership of land areas for private farms (compensation of registration costs) in "Fostering for structural changes through the promotion of investments".

The total volume of financial support for the mentioned branch was USD 100.60 million (including the federal component – USD 64.45 million, the regional component – USD 36.15 million).

AG-IMS ID 78077: Question by the Dominican Republic - Transparency issues (including Table DS:2)

What programmes are included under: "(d) Decoupled income support" and "(e) Government financial participation in income insurance and income safety-net programmes"? And what do they consist of?

Answer by the Russian Federation

See answer provided in question AG-IMS ID 78048.

AG-IMS ID 78049: Question by Canada - General services: pest and disease control

Support for pest and disease control under the Green Box decreased significantly in 2013 going from a total of USD 755.36 million in 2012 to USD 80.92 million in 2013. Would the Russian Federation please elaborate on the reasons behind this substantial decrease in support?

Answer by the Russian Federation

Quantitative differences in financial support for pest and disease control identified by comparing the data of 2013 and 2012 are caused by the recalculation of financial support for pest and disease control. Moreover the target localization of financing is not subject to notification, and therefore, the exclusion of expenses (salaries, social insurance contributions, etc.) is provides for the maintenance of the authorized agency (the Federal Service for Veterinary and Phytosanitary Surveillance).

AG-IMS ID 78052: Question by Canada - General services: training services

Federal support under training services increased from USD 19.50 million in 2012 to USD 518.35 million in 2013. Would the Russian Federation please provide details on this substantial increase in support?

Answer by the Russian Federation

The volume of financial support for "Education and training services" in 2012 was USD 469.58 million and had an insignificant deviation from the volume of financial support in 2013 (USD 518.3 million).

The amount of USD 19.50 million is a subject to notification under "Training support and consulting services", included in subsection iv "Extension and advisory services, including the provision of means to facilitate the transfer of information and the results of research to products and consumers".

AG-IMS ID 78079: Question by Australia - General services: infrastructural services

Under General Services in Table DS:1, could the Russian Federation disaggregate the sub-federal expenditure for infrastructural services (paragraph vii) to delineate the expenditure and the specific projects for each type of infrastructure item?

Answer by the Russian Federation

The bulk of the regional (infrastructure) costs in 2013 was associated with the creation (restoration) of:

- the basic infrastructure, including electricity networks, water supply (including the drilling of boreholes), gas and automobile lines (access) roads – USD 39.79 million (57.17%);
- the reclamation infrastructure for irrigation and drainage and erosion control - USD 23.95 million (34.42%); and
- the infrastructure for marketing of agricultural products, including logistical support, as well as facilities for the storage of agricultural products and foodstuffs - USD 5.85 million (8.41%).

AG-IMS ID 78053: Question by Canada - Public stockholding for food security purposes

Canada notes a significant decrease in spending under public stockholding for food security purposes from 2012 to 2013 going from USD 228.80 million to USD 0.16 million respectively. Would the Russian Federation please elaborate on this significant decrease in support?

Answer by the Russian Federation

Reduction in financial support for «Public stockholding for food security purposes» on a reported basis in 2013 is due to the adjustment in the qualification of the notified support measures, which resulted in financial support under "Subsidies to legal entities for intervention fund forming, holding, insuring international fund, loan servicing and relevant measures" in the volume of USD 100.99 million and was considered in "Other". The reduction in financial support under the last article is related to the decrease in expenses (costs) of the federal agent.

AG-IMS ID 78080: Question by Australia - Direct payments: decoupled income support

In Table DS:1, could the Russian Federation explain what the decoupled income support is for, who is eligible, and how is the payment determined?

Answer by the Russian Federation

See answer provided in question AG-IMS ID 78048.

AG-IMS ID 78047: Question by the European Union - Direct payments: decoupled income support

The notification includes for the first time decoupled income support with significant amounts at both federal and sub-federal level. Can the Russian Federation explain more in detail the reasons for this shift in support and the eligibility criteria for farmers for

this support? Does the Russian Federation intend to make a DS:2 notification for this policy change?

Answer by the Russian Federation

See answer provided in question AG-IMS ID 78048.

AG-IMS ID 78082: Question by Australia - Direct payments: other

In Table DS:1, could the Russian Federation please elaborate on what the subsidies for intervention funds are for and how they operate within the agricultural system?

Answer by the Russian Federation

Purchasing (trade) interventions are used to stabilize the market prices for agricultural goods, raw materials and food in conformity with the pre-fixed (administered) minimum (maximum) levels of prices for grain and other agricultural products.

Purchasing (trade) interventions are carried out by the state agent determined on the competitive basis. The total volume of financial support in 2013 for the state agent for conducting purchasing (trade) interventions (for covering operating expenses) was USD 100.99 million. The market situation concerning the turnover of rye was stable in 2013. In this regard, purchasing interventions in relation to this crop were not carried out.

AG-IMS ID 78051: Question by Canada - Market price support

Rye is no longer included in the list of products receiving Market Price Support in Supporting Table DS:5. Would the Russian Federation please elaborate on the reasons why this product is no longer included?

Answer by the Russian Federation

See answer provided in question AG-IMS ID 78048, above.

AG-IMS ID 78054: Question by Canada - Other product-specific AMS/EMS

Canada noticed that wheat, buckwheat, potatoes and soybeans have been added to the list of plant products receiving product-specific support in Russia's Supporting Table DS:4. Since these products were not covered in the previous notification, could the Russian Federation please elaborate on why these products were added to the list? Is this the result of a new initiative? If so, would the Russian Federation please provide details?

Answer by the Russian Federation

The expansion of the products list under the Table DS:4 occurred due to the reason of emergence of regional targeted state support, realized through:

- reimbursement of the costs associated with the production of buckwheat (USD 0.06 million);
- reimbursement of the costs associated with the expenses for purchasing the potatoes (USD 0.07 million);
- payments in connection with the realization of the certified wheat of own production at least three class to the companies of grain processing and to the companies of bread producing (USD 0.86 million); and

- payments per tonne of soybean and sold to processing companies and poultry farms (USD 0.04 million).

AG-IMS ID 78083: Question by Australia - Non-product-specific AMS

In Supporting Table DS:9, a number of farm inputs have been included as non-product specific AMS.

- a. In particular, could the Russian Federation explain the use of subsidies of interest rates on short term credits and investments and the method of calculation please?**
- b. Could the Russian Federation also explain the eligibility requirements for interest rate subsidies on credits taken by personal subsidiary households, peasant farm enterprises and agricultural consumer cooperatives?**
- c. How were the subsidies calculated for the purpose of the current notification?**

Answer by the Russian Federation

Agricultural credits are supported by the state in the form of interest rate compensation for the credits (loans) received by agricultural producers in Russian credit organizations or agricultural credit consumer cooperatives.

For personal subsidiary households (or private auxiliary households) and agricultural consumer cooperatives that sign respective contracts since 01/01/2013 compensation amounts to two-thirds of the refinance rate (discount rate) of the Central Bank of the Russian Federation.

For private auxiliary households compensation was granted for the contracts concluded for the period of:

- 5 years (or less): for agricultural animals purchasing, for purchasing of equipment for livestock farming and agricultural products processing, for cattle-breeding premises repairing, reconstruction and building, for purchasing of gas equipment and connection to gas network on condition that total sum of credit (loan) received by a citizen with a private auxiliary household, does not exceed RUB 700,000 in current year for one household;
- 2 years (or less): for purchasing fuels and lubricants, parts for repairing agricultural machinery and cattle-breeding premises, mineral fertilizers, protection facilities for plant, feed, veterinary preparations and other material resources for seasonal work, including materials for greenhouses, young agricultural animals, and for premium payments at agricultural products insurance on condition that total sum of credit (loan) received by a citizen holding a private auxiliary household, does not exceed RUB 300,000 in current year for one household.

For agricultural consumer cooperatives compensation was granted on the basis of contracts concluded for the period of:

- 8 years (or less): for purchasing the special technological equipment, refrigerating equipment, agricultural animals, breeding materials, including for their delivery to cooperative members for building, reconstruction, and modernization of warehouse and processing premises, storages of potatoes, vegetables and fruits, greenhouse systems for vegetable production in closed soil, cattle-breeding and feed-processing objects and objects for flax and flax fibre processing, building and reconstruction of agricultural markets, trade platforms, centers of acceptance, initial processing and storage of milk, meat, vegetable and other agricultural products, and establishment of perennial plantations and vineyards, including building and reconstruction of perennial plantation vaccination complexes on condition that total sum of credit (loan) taken in current year, does not exceed RUB 40 million for one cooperative.

- 2 years (or less): for purchasing seasonal work material resources, young agricultural animals, national agricultural raw materials for initial and industrial processing (since 2013, agricultural raw material for initial and industrial processing), for procurement of agricultural products produced by cooperative members for further sale, for cooperative organization arrangements and premium payments at agricultural products insurance on condition that total sum of credit (loan) taken in current year, does not exceed RUB 15 million for one cooperative.

This type of state support was granted on the basis of documents submitted by the potential subsidy receiver, which confirms the status of agricultural producer, the fact of raising funds under credit (loan) contract concluded with respective organization, and the fact that the credit (loan) contract corresponds with the above mentioned goals.

The state support notified in G/AG/N/RUS/9 was granted to the agricultural producers in the corresponding financial year (including support granted on the base of contracts concluded prior to 01/01/2013).

In 2013 total amount of such state support was USD 169.41 million (on federal level USD 157.13 million, on sub-federal level – USD 12.28 million).

AG-IMS ID 78050: Question by Canada - Non-product-specific AMS

Canada notes that agricultural crop insurance premium subsidy is no longer listed in Supporting Table DS:9. Would the Russian Federation confirm whether or not this programme has been terminated?

Answer by the Russian Federation

The Russian Federation confirms that the mentioned programme has been terminated.

Follow-up: A number of Members welcomed Russia's submission of answers in advance of the meeting. Australia stated that the reason for raising these questions was its strong support and belief in full transparency within notifications. From Australia's perspective, it was only by getting that level of detail that the Membership was able to make a reasonable assessment of whether particular measures and forms of expenditure met AoA exemptions. The United States indicated its interest in Russia's domestic support policies.

2.3.9 Sri Lanka (G/AG/N/LKA/4)

AG-IMS ID 78045: Question by the European Union - Transparency issues (including Table DS:2)

The European Union welcomes Sri Lanka's continued domestic support notifications.

- Can Sri Lanka elaborate further on the reason for the significant increase in investment aid from 2012 to 2013 and which crops or agricultural sectors have benefitted from this increase?**
- According to the information available, in marketing year 2012/13, the Sri Lanka Paddy Marketing Board acquired 131,000 tonnes of paddy rice. Has there been any support given directly or indirectly for buying-in, storing and distribution for the rice bought-in by the Paddy Marketing Board? Has this support been included in the notification?**

Answer by Sri Lanka

- With regards to the European question on the significant increase in the agriculture investment aid of Sri Lanka from 2012-2013, Sri Lanka wishes to clarify that when the data was calculated, support given to the rubber plantation sector had been included in

the data for 2013 by an oversight. The amount of subsidies given to the rubber sector is LKR 436 million. Accordingly, investment subsidies, generally available to plantation crops and minor agricultural crops, should be read as LKR 999.10 million. A corrigendum to correct this data will be submitted to the WTO in due course. Subsidies given to plantation crops and minor agricultural crops include the following: replanting, new planting, infilling and crop rehabilitation of tea and replanting, new planting, and crop rehabilitation support for coconut.

- b. The Paddy Marketing Board (PMB) purchases paddy rice from the farmers to stabilize the open market price with the aim of enhancing the livelihood of the farmers. PMB purchases approximately account for 7% of the total production of paddy rice. The private sector plays a major role in paddy rice purchases and marketing. PMB is expected to compete with the private sector. Depending on the crop as per the season purchases by PMB may vary. The PMB does not receive or provide any subsidy on these operations. Its funds requirements are channelled from the state banks as a loan to purchase paddy rice.

2.3.10 Switzerland (G/AG/N/CHE/72 and G/AG/N/TUN/45)

AG-IMS ID 78042: Question by Canada - Market price support

Canada notes that the applied administered price for meat of bovine has increased in 2013 going from 3,387 CHF/tonne in 2012 to 4,319 CHF/tonne in 2013. Could Switzerland please provide an explanation for this increase?

Answer by Switzerland

Switzerland understands that this question relates to the applied administered price for meat of swine, which did in fact increase from CHF 3,387/tonne in 2012 to CHF 4,319/tonne in 2013 (in the case of bovine meat, from CHF 8,701/tonne in 2012 to CHF 8,893/tonne in 2013). Our calculation of the total market price support is carried out in accordance with Annex 3 of the Agreement on Agriculture. Switzerland calculates the applied prices "as close as practicable to the point of first sale". Thus, the notified increase reflects market price trends as indicated by the official observations of the Federal Office for Agriculture and the price data provided by different agricultural organizations.

2.3.11 Tunisia (G/AG/N/TUN/40)

AG-IMS ID 78031: Question by Canada - Excessive rates of inflation

In G/AG/N/TUN/40, Tunisia has adjusted the reference prices for durum wheat, soft wheat, barley and milk to take account of inflation and exchange rate movements. As stated in previous Committee on Agriculture meetings, Canada is of the view that paragraph 8 of Annex 3 of the Agreement on Agriculture requires the external reference price to be fixed and thus, does not allow for any type of adjustment, including adjustments based on inflation. One of the main objectives for calculating a Member's Current Total AMS using a fixed external reference price is to ensure that a Member's capacity to provide trade distorting domestic support is effectively capped and cannot expand over time in absolute or relative terms.

Furthermore, Canada is of the view that Article 18.4 does not provide a methodology or a legal basis through which a Member's fixed external reference prices may be adjusted for inflation, and does not give any consideration for a methodology which would account for accumulated inflation after the reference period of the fixed external reference price(s). Rather, under Article 18.4 it is Members (i.e. the Committee) that shall give due consideration to the influence of excessive rates of inflation on the ability of a Member to abide by its domestic support commitments.

Would Tunisia provide a rationale for why it believes inflation adjustments are required for its fixed external reference price?

Answer by Tunisia

Tunisia considers that the inflation and the depreciation of the local currency *vis-à-vis* foreign currencies recorded between 1986-1988, the base period referred to in the Agreement on Agriculture, and the recent period, corresponding to the date of the notifications, were excessive and justify the adjustment made. Indeed, the exchange rate used to determine the reference prices during the above-mentioned base period in local currency varied considerably, in a manner that was particularly excessive.

From USD 0.88 to the Tunisian dinar during the 1986-1988 reference period, it approximated USD 1.6 against the Tunisian dinar in the notification period. These rates are published in the financial statistics report of the Central Bank of Tunisia, which shows the evolution of the exchange rate of the dinar against the US dollar. The inflation rate in Tunisia is also published in the annual report of the Central Bank of Tunisia.

Thus, the inflation and the depreciation of the local currency against foreign currencies recorded between 1986 - 1988 and the period under consideration justify an adjustment of external reference prices.

The basis for the adjustment in question is Article 18.4 of the Agreement on Agriculture, which stipulates that: "In the review process Members shall give due consideration to the influence of excessive rates of inflation on the ability of any Member to abide by its domestic support commitments".

2.3.12 Tunisia (G/AG/N/TUN/45)

AG-IMS ID 78030: Question by the European Union - Excessive rates of inflation

The European Union welcomes Tunisia's domestic support notifications.

In Supporting Table DS:5, Tunisia indicates that the external reference has been adjusted to take account of inflation.

- a. Can Tunisia indicate the inflation rate used for each year covered by the notification?
- b. Can Tunisia explain how this unilateral inflation adjustment of the external reference price is in compliance with the Agreement on Agriculture?

Answer by Tunisia

See answer to question AG-IMS ID 78031.

2.3.13 United Arab Emirates (G/AG/N/ARE/7 and G/AG/N/ARE/8)

AG-IMS ID 78011: Question by the United States of America - Transparency issues (including Table DS:2)

The United States resubmits its question AG-IMS ID 77101 on G/AG/N/ARE/7 form the June CoA.

- 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 an answer at a later stage.

AG-IMS ID 78012: Question by the United States of America - Input subsidies available to low-income or resource-poor producers

The United States resubmits its question AG-IMS ID 77102 on G/AG/N/ARE/7 from the June CoA.

- 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 an answer at a later stage.

AG-IMS ID 78010: Question by the United States of America - Transparency issues (including Table DS:2)

Regarding G/AG/N/ARE/8,

- a. Why is there a significant increase in monetary value for pest/disease control and extension/advisory service support measures from the previous calendar years?**
- b. Why was the inspection support measure not reported for calendar year 2014? Is the United Arab Emirates no longer using this support measure or has it been replaced by another support measure? Why?**

Answer by the United Arab Emirates

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

AG-IMS ID 78009: Question by the United States of America - General services: infrastructural services

Regarding G/AG/N/ARE/8,

- a. How does the new infrastructure support measure meet the policy-specific criteria in Annex 2 of the Agreement on Agriculture, such as the eligibility criteria to receive the payment, the conditions applying to the payments, or the rules governing the amount of the payment?**
- b. When will the Table DS:2 notification for the new infrastructure support measure be submitted?**

Answer by the United Arab Emirates

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

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

2.4.1 Canada (G/AG/N/CAN/108)

AG-IMS ID 78076: Question by the Dominican Republic - Transparency issues

Could Canada explain:

- a. What are the producer-financed subsidies granted to skim milk powder?
- b. Under which criteria are these grants awarded?

Answer by Canada

Canada's dairy export subsidies are provided through the milk class 5(d). Under this class, milk components are made available at internationally competitive prices for the export of dairy products. The quantities of butter, skim milk powder, cheese, and other dairy products that may be exported using the components from class 5(d) are capped by the applicable quantity or budgetary outlay commitment specified in Section II, Part IV, of Canada's WTO Schedule. The Canadian Dairy Commission takes commercial considerations into account to export and issue export permits to interested parties for subsidized dairy products.

AG-IMS ID 78028: Question by the European Union - Transparency issues

The total amount of export subsidies granted by Canada has remained stable and there is no significant downward trend of subsidies granted over the years. Moreover, subsidies granted to dairy products are at or very close to the Canadian commitment levels. In light of this and the Bali Ministerial Declaration on Export Competition which undertakes to ensure to the maximum extent possible that the level of export subsidies will remain significantly below the Members' export subsidy commitments, could Canada indicate whether it intends to undertake reforms in the field of export competition?

Answer by Canada

As Canada stated in its response to a similar question from the European Union at the 75th Committee on Agriculture meeting in November 2014, the elimination of export subsidies remains a high priority for Canada. It remains one of Canada's negotiating objectives in all of Canada's trade negotiations. The use of export subsidies have in fact been eliminated for nearly all of Canada's bilateral trade agreements. No new export subsidies have been introduced in recent years and the total amount of export subsidies that have been reported are within Canada's commitments. Canada fully supports and is committed to the Bali Package and will continue to work to develop the post-Bali work programme to address the export competition pillar with a view to achieving "further concrete progress".

Follow-up: New Zealand welcomed Canada's commitment to the elimination of export subsidies in its bilateral agreements, but noted that this was not substitute for a multilateral outcome on the issue and that it looked forward to Nairobi on that front.

3 OVERDUE NOTIFICATIONS

3.1.1 Argentina

AG-IMS ID 78029: Question by the European Union

The European Union takes note of the reply to the question AG-IMS ID77042. However, despite the stated size of the amounts in question, can Argentina indicate when it intends to notify its domestic support for the years 2008/09 onwards?

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.

3.1.2 Turkey (I. Article 18.6)

AG-IMS ID 78026: Question by Canada

Canada is concerned with Turkey's lack of timely notification of export subsidy and domestic support measures. The last measures notified were in 2000 for export subsidies and 2001 for domestic support. Would Turkey provide a specific timeline as to when it intends to complete and submit these missing notifications to the Committee? More specifically, Canada is interested in receiving information on Turkey's historical domestic support information for subsidies provided to the wheat sector.

Answer by Turkey

Turkey's domestic supports and export subsidies notifications are being prepared by Turkey's relevant authorities and will be submitted in due course to the Secretariat when they are completed.

AG-IMS ID 78003: Question by the United States of America

Turkey remains seriously overdue in notifying its domestic support and export subsidies. Turkey has not made a domestic support notification since 2001 nor an export subsidy notification since 2000. Turkey has been asked repeatedly by Members in this Committee over a number of years about the delay in these notifications. This lack of transparency over such a long period 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. When does Turkey plan to submit its domestic support and export subsidy notifications?

Answer by Turkey

See answer to question AG-IMS ID 78026

Follow-up: The Russian Federation indicated its concern regarding Turkey's overdue notification. The United States noted that Turkey had provided the same response over the last years and urged Turkey to finish its notifications and to notify them. More generally, the United States noted that some Members had already notified for 2014. Many Members, including some of the least developed countries, have notified for 2013. The United States hoped that all Members would be current, at least through 2012. Noting the ability of some least developed countries to remain current, the United States hoped that major emerging country Members (and all other Members) would fulfil their transparency obligations by providing more recent notifications. Canada noted its understanding that there had been some domestic policy developments in Turkey and encouraged Turkey to submit its notifications as soon as possible so that the Committee on Agriculture could have a chance to review those developments.
