WORLD TRADE ORGANIZATION

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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 20 FEBRUARY 2018[1]

The present document compiles responses received in writing by the Secretariat to the questions raised in document G/AG/W/172 as well as follow-up comments made during the Review Process.

Written responses to the following questions were not provided before 28 March 2018:

ID	Answer by	Question by	Reference	Repeat question
86060	Egypt	Canada	I. Article 18.6	
86005	India	Australia	I. Article 18.6	
86006	India	Australia	I. Article 18.6	
86037	India	United States of America	I. Article 18.6	
86065[2]	India	Canada	I. Article 18.6	
86066	India	European Union	I. Article 18.6	
86074	India	Canada	I. Article 18.6	
86048	Indonesia	United States of America	I. Article 18.6	
86001	Mongolia	Russian Federation	I. Article 18.6	
86049	Suriname	United States of America	I. Article 18.6	
86106	Thailand	European Union	I. Article 18.6	85039
86029	Turkey	Russian Federation	I. Article 18.6	
86084[3]	United States of America	Canada	I. Article 18.6	
86017	Egypt	Australia	G/AG/N/EGY/3	
86087	Egypt	Canada	G/AG/N/EGY/3	
86088	Egypt	Canada	G/AG/N/EGY/3	
86089	Egypt	Canada	G/AG/N/EGY/3	
86090	Egypt	Canada	G/AG/N/EGY/3	
86075	Egypt	European Union	G/AG/N/EGY/3	
86041	Egypt	Ukraine	G/AG/N/EGY/3	
86012	Egypt	Australia	G/AG/N/EGY/3	
86053	Egypt	United States of America	G/AG/N/EGY/3	
86011	Egypt	Australia	G/AG/N/EGY/3	
86091	Egypt	Canada	G/AG/N/EGY/3	
86092	Egypt	Canada	G/AG/N/EGY/3	
86076	Egypt	European Union	G/AG/N/EGY/3	
86054	Egypt	United States of America	G/AG/N/EGY/3	
86055	Iceland	United States of America	G/AG/N/ISL/41	
86093	Iceland	Canada	G/AG/N/ISL/41	
86044	Iceland	Thailand	G/AG/N/ISL/41	
86013	Iceland	Australia	G/AG/N/ISL/41	
86019	India	Australia	G/AG/N/IND/11	
86095	India	Canada	G/AG/N/IND/11	
86014	India	Australia	G/AG/N/IND/11	

[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.
[2] India answered part of the question and will provide a full response at a later stage.
[3] United States answered part of the question and will provide a full response at a later stage.

ID	Answer by	Question by	Reference	Repeat question
86108	India	United States of America	G/AG/N/IND/11	
86096	Jordan	Canada	G/AG/N/JOR/19/REV.1, G/AG/N/JOR/20/REV.1	
86022	Jordan	Australia	G/AG/N/JOR/19/REV.1, G/AG/N/JOR/20/REV.1	
86097	Jordan	Canada	G/AG/N/JOR/20/REV.1, G/AG/N/JOR/19/REV.1	
86056	Moldova, Republic of	United States of America	G/AG/N/MDA/11	
86057	Moldova, Republic of	United States of America	G/AG/N/MDA/11	
86058	Thailand	United States of America	G/AG/N/THA/85	
86059	Thailand	United States of America	G/AG/N/THA/85	
86109	India	United States of America	III. Deferred replies to questions on notifications	85021
86110	India	United States of America	II. Deferred replies to questions on notifications	84071, 85029
86078	Mali	European Union	II. Deferred replies to questions on notifications	85001
86105	Thailand	United States of America	IV. Overdue notification	

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1 MATTERS RELEVANT TO THE IMPLEMENTATION OF COMMITMENTS: ARTICLE 18.6

1.1 Argentina's export subsidies to pork meat

1.1.1 Question by the European Union (AG-IMS ID 86064)

Media reports state that Argentina aims at achieving an annual US$7billion meat exports and to that end Argentina has increased export refunds for pig meat by 0.5 – 2.3 percentage points, depending on the product. For shoulders and legs (with bones) this represents a subsidy rate of around 5.8% of the market value. Could Argentina confirm the above information and if affirmative, explain how these measures comply with the Nairobi commitments on export subsidies.

Answer by Argentina

To answer the EU's question on export refunds for pig meat products, with Decree 853/2017 published on 23 October 2017, Argentina modified the rates in force under the export refund system for the sector. This update took account of the indirect internal taxes in the value of the product cumulated through the different phases of the production process. Argentina recalls that for each product, Argentina calculated the value of indirect taxes levied during its production and distribution. However, it is important to bear in mind that a number of tax limitations have meant that in many cases, the rates have had to be established below the value that would have resulted from the calculations made, and hence, for certain products amounts refunded had to be less than the amounts paid as indirect taxes. As Argentina pointed out at the 85th session of the Committee on Agriculture last October, Decree 853/2017 is entirely consistent with both the Decision on Export Competition adopted at the Nairobi Ministerial Conference as well as the Agreement on Subsidies and Countervailing Measures and the Agreement on Agriculture. In no event does the value of the indirect taxes refunded exceed the amount of the taxes levied in respect of the production and distribution of like products when sold for domestic consumption.

<u>Follow-up</u>: Argentina, New Zealand and Ukraine indicated interest in this topic. As a major pork exporter, Canada wanted to understand how Argentina would define indirect taxation and export refund. New Zealand underlined the importance of implementing the Nairobi outcome and also noted interest in the concept of export refunds.

1.2 Egypt's domestic support for wheat

1.2.1 Question by Canada (AG-IMS ID 86060)

Wheat Egypt – Wheat Sector Review, a 2015 report by the FAO provides information on Egypt's domestic support for wheat. In that report, it is mentioned that "the main instrument used by the government to encourage domestic wheat production is setting high domestic procurement prices." Furthermore the report mentions that "the total volume of domestically produced wheat purchased by the government in 2014 was estimated to be around 4.25 million tonnes. This means that the government has spent about USD 357 million on subsidizing the price of domestic wheat this year. Along this chain, intermediaries who, according to government sources, buy wheat from producers at a price 14% lower than the government one, make a profit of about USD 55 per tonne."

Could Egypt indicate why it hasn't included any product specific support for wheat in 2014 or any other year in it last domestic support notification (G/AG/N/EGY/3)?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

1.3 Indonesia's soybean imports

1.3.1 Question by the United States of America (AG-IMS ID 86048)

a. **The United States understands that the Indonesian Ministry of Agriculture is actively considering a draft regulation that would favor domestically produced soybeans and restrict imported product. The draft regulation would require an import recommendation from the Ministry of Agriculture, restrict imports to when domestic supply is deemed insufficient, require that all imports be conducted by a state-owned enterprise, and prohibit imports one month prior to and after the domestic harvest period. Please provide an update on the implementation status of this draft regulation.**

b. **The United States also understands that Indonesia is considering raising tariffs on soybeans from its current applied rate and instituting a genetically engineered (GE) labelling requirement on bulk soybeans. Please provide an update on these potential changes as well.**

c. **What steps is Indonesia taking to ensure that any regulation impacting imports of soybeans is consistent with its WTO commitments?**

Answer by Indonesia

Indonesia would like to inform the Committee that this issue is still in a very preliminary discussion in Jakarta and will not mean to restrict trade. At this juncture Indonesia was not in a position to give complete responses to the questions posed by the US delegation.

Follow-up: The United States sought further information regarding Indonesia's soybean import policies. The European Union flagged concern regarding the compatibility of the measure with WTO agreements. Argentina as a soybean exporter noted interest in the subject and flagged systematic concern on all non-tariff barriers that would have an impact on trade.

1.4 Mongolia's quota regime for importation

1.4.1 Question by the Russian Federation (AG-IMS ID 86001)

In 2013 Mongolia established a quota regime for importation of certain agricultural products, including wheat flour and milk. According to Government Resolution No. 77 as of 2 March 2013 the responsible authority determines the volumes of corresponding quotas on an annual basis. The importation outside these quotas is prohibited. Moreover, in late 2016 the Ministry of Food, Agriculture and Light Industry of Mongolia established an import prohibition on wheat flour which is still in force. The Russian Federation raised these issues through our bilateral contacts, but unfortunately has not received a comprehensive response. Please explain how Mongolia's import restrictions, both quotas and import prohibitions, are consistent with Article XI of the GATT 1994 and Article 4.2 of the Agreement on Agriculture.

Answer by Mongolia

Mongolia undertook to provide a response at a later stage.

1.5 Suriname's poultry tariffs

1.5.1 Question by the United States of America (AG-IMS ID 86049)

The United States notes that Suriname began applying a 40% tariff on imports of poultry products in September 2017. This duty is twice of the rate of Suriname's 20% bound rate for poultry products.

Please provide a reason for increasing tariffs on poultry imports from 20% to 40%.

a. **Please explain how a 40% tariff for poultry imports is in compliance with Suriname's final bound rate of 20%.**

b. **Please explain if and when Suriname will initiate Article XXVIII negotiations to adjust its bound rate.**

c. **Will Suriname consider refraining from applying the above-bound 40% duty rate until the Article XXVIII process has concluded?**

Answer by Suriname

Suriname undertook to provide a response at a later stage.

1.6 U.S. support to cotton sector

1.6.1 Question by the European Union (AG-IMS ID 86069)

The US Disaster Bill amounting to $81 billion, proposed by the House in December 2017, includes a provision to amend the 2014 Farm Bill and designate seed cotton as a covered commodity. In relation to that, could the US clarify:

a. **How does the United States sees this initiative complying with the Panel's finding on dispute DS267 - US–Upland Cotton, that the effect of the U.S. subsidy programmes, including marketing loan programme payments, market loss assistance payments and counter-cyclical payments, is significant price suppression within the meaning of Art. 6.3(c) of the ASCM?**

b. **How would this initiative affect product-specific Amber Box support to U.S. cotton?**

Answer by the United States of America

a. There is no longer an issue of compliance with the DSB recommendations and rulings in WT/DS267 since the parties to that dispute notified the DSB of a mutually agreed solution to the dispute.

b. Expenditures, if any, will be included in the 2018 DS:1 notification. As with other covered commodities, ARC and PLC payments are made on historical base acres and yields and do not require production of the covered commodity in order to receive a payment.

<u>Follow-up</u>: *Brazil expressed concern on the U.S. initiative. Brazil noted its intention to closely monitor the initiative's impact on the international cotton market and to assess whether the United States had fulfilled their commitments in the mutually agreed solution to the cotton dispute (DS 267).*

1.7 Brazil's domestic support programmes

1.7.1 Question by the United States of America (AG-IMS ID 86031)

a. **The United States, along with several other Members, has expressed concern at previous meetings of the COA over the effects of PEP and PEPRO programmes as a potential export subsidy.**

   In its response to AG-IMS ID 84073, Brazil indicated regarding PEP and PEPRO that "both programmes allow exports, but they are not contingent on exports." As noted in the question by the United States, 9.6.5 of the PEPRO regulations (http://www.conab.gov.br/conteudos.php?a=1173&t=2) requires: "Quando o produto não se destinar ao mercado interno, a Nota Fiscal de Escoamento deverá ser acompanhada do respectivo Registro de Exportação (RE) Averbado e Declaração de Despacho de Exportação." "When the product is

not destined to the domestic market, the Shipping Invoice shall be accompanied by the respective Registered Export Record (RE) and Export Dispatch Statement". In other words, proof of export is required under the program for exported products.

This was a relevant issue in the Appellate Body's conclusion in DS 267 regarding the U.S. Step 2 programme for cotton.

Please clarify how PEP and PEPRO are not export contingent in light of the statement in the PEPRO Regulation.

b. **Publicly available Brazilian government data from the Companhia Nacional de Abastecimento (CONAB) and the Ministry of Development, Industry and Commerce (MDIC) indicate that corn and wheat producers have benefited from PEP and PEPRO support intermittently since 2010, and particularly in 2016 and 2017. It appears that in 2017, through September, nearly 9 million tonnes of corn and 1 million tonnes of wheat were supported through the PEP and PEPRO programmes. The United States has requested several years of data and documentation – including invoices and product destinations – from Brazil at various COA meetings, but has not yet been provided with detailed information with which to make a fully informed assessment of PEP/PEPRO usage.**

   The United States again requests that Brazil provide data on these programmes, clarifying what funds are used to support domestic versus exported sales. In addition, please identify the steps the Government of Brazil takes to ensure affected products do not end up on the export market.

c. **On 30 January 2017, the Brazilian Ministry of Agriculture, Livestock and Supply (MAPA) announced it would hold PEP/PEPRO auctions for rice, with an authorized amount of up to $100 million reis. For more details please see: http://www.agricultura.gov.br/noticias/governo-fara-leiloes-de-pep-e-pepro-para-arroz**

   i. **Please explain why MAPA is now offering PEP/PEPRO support to rice.**

   ii. **Does MAPA have plans to expand PEP/PEPRO to include other agricultural products, in addition to corn, wheat, and rice?**

Answer by Brazil

a. Domestic support provided under PEP and PEPRO are related to the production from areas where the market prices of the product are (or were) below minimum prices. In this light, Brazilian authorities require documentation proof of the outflow of production from these designated areas. The documents mentioned on item 9.4.6.5 of the PEPRO regulations are requested as proof of the transport of production. Items 9.4.6.1 to 9.4.6.4 also outline documentation required as proof of transport. PEPRO programme does not prohibit exports, qualifying as a domestic support programme not contingent on export performance.

b. The information requested (destination) by the US is not available, since there is no data for quantities of products shipped to specific destinations under the programme. The government requires information regarding proof of outflow of the production, but no data is retrieved regarding final destinations.

c. The Brazilian agricultural policy for minimum prices remains unchanged. The PEP and PEPRO are domestic support programmes designed to carry out the PGPM (Policy of Guaranteed Minimum Prices). The recent inclusion of Brazilian support to rice is related to the low level of price in southern states observed during the last months.

<u>Follow-up</u>: *Canada and Ukraine requested Brazil to provide further information, in particular on the products supported by PEP and PEPRO which they were exporting – wheat for Canada and corn*

and wheat for Ukraine. New Zealand was interested in receiving more information on products to which support was not technically contingent on export but a large quantity of which were exported.

1.8 Canada's New Milk Ingredient Class

1.8.1 Question by Australia (AG-IMS ID 86002), New Zealand (AG-IMS ID 86030) and the United States (AG-IMS ID 86033)

a. In Canada's responses to AG-IMS ID 85011, Canada states "Some provinces are still in the process of implementing milk class 7 through their respective regulatory processes."

i. Please provide a list of provinces in which Class 7 is implemented.

ii. For any provinces that have not fully implemented Class 7, please explain where they are at in each regulatory process.

b. In previous response to U.S. questions, Canada has indicated that details of the National Ingredient Strategy related to billing ratios are still under discussion.

i. Is this still the case?

ii. What are the billing ratios now?

iii. Where are the billing ratios publicly available?

iv. Please provide an update on Class 7 auditing, tracking, and reporting rules/guidelines, and further details relating to billing ratios.

c. According to a BC Milk Marketing Board Notice to Industry published on 1 February 2017: "On 7 July 2016, a negotiating committee consisting of producers and processors reached an agreement in principle on a National Ingredients Strategy. This agreement was developed over an 18-month period and was approved by ten provinces at the P5 Supervisory Body (P5 SB)/Western Milk Pool Coordinating Committee (WMP CC)/ Canadian Milk Supply Management Committee (CMSMC) on 29 July 2016 and by the Canadian Dairy Commission (CDC) on 20 January 2017."

i. Please confirm that this information is correct regarding the approval by the Canadian Dairy Commission (CDC) and the Canadian Milk Supply Management Committee (CMSMC).

d. Has Class 6 been revoked in Ontario? Please provide a copy of the documentation or measures revoking Class 6.

e. Please provide monthly volumes of milk components (i.e., butterfat, proteins, other solids) for which processors are paying Class 7 prices, as well as total utilization for all classes. The United States notes that while Canada is no longer publishing this information on the Canadian Dairy Information Centre, according to the Dairy Farmers of Canada annual report for 2016-2017, information on milk utilization and sales is available through "dashboards" designed for market analysis.

f. Have the rules for whole milk powder utilization of Class 7 prices been determined? If so, please describe the rules under which processors can receive Class 7 prices for all milk components used in the processing of whole milk powder.

g. In Canada's responses to AG-IMS ID 85011, Canada states, "[h]ow this processor margin for milk classes is calculated is not publically available".

i. Please describe which entities are responsible for calculating the processor margin.

ii. What is the process for reviewing and/or changing the processor margin?

h. Please provide an update on the CDC's development of the National Registration System and the Provincial Billing Mechanism Certification Program.

i. The United States requests specific responses to the following questions the United States asked in AG-IMS ID 85011.

In the example provided in AGIMS 84107 question "j", where Class 2(a) has a within- class end-use price adjustment of "70% of Protein priced at Class 2(a) price and 30% of protein priced at Class 7 Price", would a processor be eligible for any proteins at Class 7 prices if:

i. 10% of proteins used to meet Canada's cheese compositional requirements for a minimum percentage of casein content derived from fluid milk were from imported ultrafiltered (UF) milk and the remaining proteins used in the product were Canadian-sourced proteins that are eligible for Class 7 prices. If so, what percentage of Canadian-sourced proteins would be eligible for Class 7 prices?

ii. 30% of proteins used to meet Canada's cheese compositional requirements for a minimum percentage of casein content derived from fluid milk were from imported UF milk and the remaining proteins used in the product were Canadian-sourced proteins that are eligible for Class 7 prices. If so, what percentage of Canadian-sourced proteins would be eligible for Class 7 prices?

iii. 50% of proteins used to meet Canada's cheese compositional requirements for a minimum percentage of casein content derived from fluid milk were from imported UF milk and the remaining proteins used in the product were Canadian-sourced proteins that are eligible for Class 7 prices. If so, what percentage of Canadian-sourced proteins would be eligible for Class 7 prices?

j. Has Class 4(m) been revoked in each Canadian province? If not, which provinces still operate Class 4(m)?

k. Has the methodology changed for calculating the butter or skim milk powder support price since 2015? If so, how?

l. Will the Canadian Dairy Commission continue to buy and sell Canadian skim milk powder following the implementation of Class 7?

m. Will Canada continue to have and/or use a support price for skim milk powder? If so, how will the support price be calculated?

n. Trade data indicates that year-to-date unit prices of Canadian SMP are well below year-to-date unit prices for SMP exporters such as the EU, New Zealand, and the United States. How does Canada explain this persistent price difference?

Answer by Canada

a.

  i. See answer in ii.

  ii. Milk class pricing is a provincial responsibility that can be delegated to the respective milk marketing boards or agencies, which are run by the dairy industry. It is the responsibility of the boards to implement milk classes and milk class prices, and of the provinces to update any associated regulations necessary for its implementation. As such, Canada is not in a position to advise what would constitute full implementation of class 7 in all instances. However, Canada understands that milk class 7 is being used across Canada.

b.

  i. See answer in iii.

  ii. See answer in iii.

  iii. Any elements negotiated under the National Ingredient Strategy by dairy producers and processors have been shared with the Canadian industry and stakeholders who require the information to carry out the relevant activities. Some elements of the National Ingredient Strategy continue to be under discussion. Canada also cannot confirm where, or if, any information will be made public by the Canadian industry.

  iv. The Canadian Dairy Commission is currently working towards developing the National Centralized Registration System and the Provincial Billing Mechanism Certification Program. There is no definitive timeline for its implementation.

c.

  i. The National Ingredient Strategy is an agreement reached amongst dairy producer and processor representatives. The Canadian Milk Supply Management Committee adopted some elements in January 2017 (such as class 7 and billing ratios for industrial products). The Canadian Dairy Commission acts as chair for the Canadian Milk Supply Management Committee.

d. Canada understands that milk class 6 will be revoked upon full implementation of milk class 7 and the National Ingredient Strategy. Canada notes that Ontario has not notified any amendment to milk class 6 through Regulation 753: Grades, Standards, Designations, Classes, Packing and Marking of the Milk Act of 1990. That being said, Canada understands that milk class 7 is being used across Canada.

e. The information was removed from the Canadian Dairy Information Centre website as it was inaccurate and not comparable to past data. Canada is currently working towards updating the reporting system in order to be as transparent as possible.

f. Some elements of the National Ingredient Strategy continue to be under discussion between dairy producer and processors. Canada also cannot confirm where, or if, any information will be made public by the Canadian industry.

g.

  i. The Canadian Dairy Commission is responsible for determining an assumed processor margin. The assumed processor margin represents the estimated costs of processing one hectolitre of milk into butter and skim milk powder.

  ii. The processor margin is determined by the Canadian Dairy Commission based on commissioned studies, as well as through consultations with dairy stakeholders.

h. The Canadian Dairy Commission is currently working towards developing the National Centralized Registration System and the Provincial Billing Mechanism Certification Program, and is currently working with provinces and awaiting decisions from the dairy industry in order to implement them. There is no definitive timeline for its full implementation.

i. Canada notes that cheese is reported in classes 3 (a) to 3(d), and not 2(a). Canada re-iterates its response from AG-IMS 85011 that the eligibility for a processor to be billed at milk class 7 prices is not determined by the source, either imported or domestic, of dairy ingredients. Under milk class 7, all sources of milk protein count towards the amount of protein that can be derived from ingredients at the class 7 price. Canada would also like to re-iterate that milk prices are administered by provincial milk marketing boards. They are administered independently from Canadian regulations on cheese compositional standards. Under Canada's cheese compositional standards, only milk can account for the milk portion of cheese. Any other substance, including milk protein concentrates, cannot account for the milk portion of cheese, regardless of its price or source.

j. Utilization is no longer declared in any province (other than for retroactive audit adjustments), and permits are no longer issued for milk class 4(m).

k. The Commissioners of the Canadian Dairy Commission continue to base support prices on the following elements: results of the cost of production study, arguments presented by various stakeholders, an evaluation of the processors' margin, economic indicators such as the consumer price index, as well as their own experience and knowledge of the industry.

l. As of 1 February 2017, the Canadian Dairy Commission no longer purchased skim milk powder under either the Canadian Dairy Commission's domestic seasonality or the surplus removal programs. The remaining inventory of skim milk powder will be sold on the domestic market.

m. The Canadian Dairy Commission maintains a support price for skim milk powder. The latest support prices for both skim milk powder and butter for 2018 are listed on the Canadian Dairy Commission website available here: http://www.cdc-ccl.gc.ca/CDC/index-eng.php . The Commissioners of the Canadian Dairy Commission continue to base support prices on the following elements: results of the cost of production study, arguments presented by various stakeholders, an evaluation of the processors' margin, economic indicators such as the consumer price index, as well as their own experience and knowledge of the industry.

n. Canada's exports of skim milk powder are determined by market conditions, with the exception of any exports under milk class 5(d), which are subject to set limits under Canada's WTO export subsidy commitments. Thus, Canada's exports of skim milk powder fluctuate in volume and value year-over-year. Using a simple ratio of the USD$ value of exports over the volume in tonnes using official government statistics collected by Global Trade Tracker, Canada notes that both Canada's and the United States' export prices for skim milk powder of HS 040210 have been consistently below that of the European Union (not including internal EU-28 trade) and New Zealand (with the exception the year 2008) for the past ten years. It is also interesting to note that the United States' as well as the European Union's (not including internal EU-28 trade) exports of skim milk powder to the world in 2017 (January to December) have actually increased by volume from the year before, as well as from 2015. Finally, Canada would like to note that it is a very small world producer and exporter of skim milk powder. According to the USDA-FAS estimates for 2017, Canada's production as a percentage of world production of skim milk powder was at 2.7%, while the EU's was 35.4%, the U.S: 22.7%, and New Zealand: 8%.

Follow-up: Australia and New Zealand noted their concern with Canada's polices given the large world stocks of skim milk powder and Canada's role as a significant global supplier. The European Union asked Canada to be transparent on how this scheme operated and asked Members to verify whether the scheme complied with WTO rules.

1.9 Canada's wine sale policy

1.9.1 Question by the United States of America (AG-IMS ID 86034)

Canada has not yet responded to the questions posed by the United States in AG-IMS ID 85012. As such, the United States repeats these questions.

a. In AG-IMS ID 84105, Canada states that "The LCBO will consider making wines from Vintages Essentials, a sub-category of Vintages comprising products that are continuously available, available to grocers by moving them to the LCBO Wines category."

i. Are Ontario and/or Canadian wines that are on the Vintages Essential list allowed to be sold in grocery stores?

ii. Would Ontario and/or Canadian wines that are on the Vintages Essential list need to move to the LCBO Wine category (and off of the Vintages Essential list) in order to be sold in grocery stores?

iii. If Ontario and/or Canadian wines are allowed to be sold in grocery stores without moving off the Vintages Essential list to the LBCO Wines category, but imported products are not, what is the policy justification?

b. In the implementation of Ontario Regulation 232/16, how many restricted beer and wine authorizations and other beer and wine authorizations have been distributed to operators of grocery stores in Ontario?

c. In the implementation of Ontario Regulation 232/16, how many authorizations have been distributed for a "wine boutique sales agent" (a single authorization that permits the operator of a grocery store to sell, as agent of a winery that operates a wine boutique inside the store, wine offered for sale in the boutique)?

New questions:

d. What is the rationale for the Liquor Control Board of Ontario (LCBO) product call that Canada provided in AGIMS 82002 (http://www.doingbusinesswithlcbo.com/tro/Forms-Documents/LettersToTheTrade/Downloads/LCBO%20Wines%20Bag%20in%20Box%20Tender.pdf) specifying different retail price parameters and size parameters for imported bag in box wine than for the category of existing Ontario bag in box wine?

e. Would Canada please confirm imported bag in box wine is limited to 4 stock keeping units (SKUs) in LCBO stores while Ontario bag in box wine is limited to 40 SKUs? If confirmed, please explain the rationale for this split between imported and Ontario products.

Answer by Canada

Given formal processes underway at the WTO and elsewhere, Canada is of the view that it would be inappropriate to further comment on this issue at this time.

1.10 EU intervention stocks of skim milk power

1.10.1 Question by Australia (AG-IMS ID 86003) and New Zealand (AG-IMS ID 86032)

New Zealand understands that the European Union has recently tendered 1,864 MT of Skim Milk Powder from its intervention stocks which now total 370,000 MT. New Zealand recognises the gradual release of these stocks onto the market. What steps is the European Union taking to avoid the sale of this product impacting markets?

Answer by the European Union

The Commission will continue to fulfil its legal obligations as regards the disposal of public intervention stocks. See Article 16 of Regulation(EU) No 1308/2013 of the European Parliament and the Council requires that disposal '… be in compliance with the commitments resulting from international agreements' …). In this respect, it will continue to operate cautiously the tenders for the sale of SMP in public intervention stocks as has been the case since the procedure was opened in November 2016.

Follow-up: The United States noted interest in skim milk powder trade. Australia flagged concern regarding the large stocks of skim milk powder and the resulting distortion to the market.

1.11 India's pulses policies

1.11.1 Question by Canada (AG-IMS ID 86061)

In light of the significant share of imported pulses in India's total consumption of this staple food and projections that demand for pulses will continue to exceed domestic supply, could India please explain how the recent tariff increases for certain pulses are compatible with its long-term food security objectives?

Answer by India

The recent increase in applied tariffs, which are well within the WTO bound tariffs, is based on the domestic demand and supply situation of pulses in India. The objective of Indian agricultural policy is to balance the interest of consumers and producers. The long term food security objectives also includes food and livelihood security of the most vulnerable sections of society (; i.e. small and marginal farmers) seriously affected by the situation.

1.11.2 Question by Canada (AG-IMS ID 86062)

Could India explain what types of circumstances led to recent increases in India's applied tariffs for pulse commodities in November and December 2017?

Answer by India

The recent decision to increase applied tariffs for pulses was based on the domestic demand and supply situation of pulses in India. It is aimed at alleviating the distress caused to small and marginal farmers by the influx of cheap imported pulses and the consequent impact on their food and livelihood security. The objective of Indian agricultural policy is to balance the interests of consumers and producers. The current applied tariffs are well within the bound tariff limits.

1.11.3 Question by Canada (AG-IMS ID 86063)

A September 2016, report from the Indian Ministry of Finance entitled "Incentivising Pulses Production through Minimum Support Price (MSP) and Related Policies" promotes pulse production so that domestic supply can better meet demand. The report claims that by doing so, it would protect the purchasing power of consumers all over India and promote food security through access to cheap protein.

a. **Can India indicate how the recent increase in tariffs for peas (50%) and other pulses (30%) helps to protect the purchasing power of consumers all over India and promote food security through the access of affordable protein?**

b. The report also mentions that the government should increase minimum price support for pulses to take into account positive externality from pulse production. Could India indicate how this proposition would help the purchasing power of consumers all over India and promote food security?

Answer by India

The objective of Indian agricultural policy is to balance the interests of both consumers and producers. The decision to increase the applied tariffs for pulses was taken to stabilize the falling domestic prices of these commodities in the local markets, in order to protect the interests of small and marginal farmers. The whole sale price index (WPI) for pulses in the country has come down from 205.2 (December 2016) to 134.2 (December 2017) showing a decline of 35%. This reflects the fact that the current prices of pulses in domestic markets are below the prices of the corresponding period of the previous year, indicating that the measures taken have been in the overall interests of both consumers and producers, as intended.

1.11.4 Question by Canada (AG-IMS ID 86065)

India has built up a buffer stock of 20 Lahk MT for pulses and in November 2017, announced that Central Government Schemes could now draw from this stock, in addition to disposal through open market sales and supply to States.

a. Could India provide details as to the volumes of pulses that were disposed of through:

i. Central Government Schemes;

ii. Open market sales;

iii. Supply to States.

b. What prices were used to dispose of these pulses?

Answer by India

a. As of 15 February 2018, a total 4.91 lakh MT of pulses has been disposed of from buffer stocks through open market sale (OMS) and release to States/Central agencies.

b. India will reply in due course.

Follow-up: Australia requested India to provide details concerning how much of the 4.91 lakh tonnes of pulses were disposed through the central government schemes, open market sales and supply to states respectively.

1.11.5 Question by the Russian Federation (AG-IMS ID 86039)

The Russian Federation has received signals from its trade business that new import duties on pulses established by India in late 2017 lead to substantial economic losses due to the fact that there was no time for traders to get acquainted with the measure beforehand and to adapt to new circumstances. In fact, some of the shipments have already been in transit at the time the changes took place. The substantial increase of import duties effectively restricts Russian export of pulses to India.

Meanwhile, India increases domestic support for its own producers of pulses. The Russian Federation has learned from various media sources that India is going to increase its market price support for pulses in 2018.

Could India provide the rationale for such trade policy?

Answer by India

The objective of Indian agricultural policy is to balance the interests of consumers and producers. The measure had to be taken to help the small and marginal farmers acutely distressed by the influx of cheap imported pulses and is based on domestic demand and supply situation of pulses in India. The increase in applied tariff is within the bound rates of tariffs of the commodities in question.

1.11.6 Question by Ukraine (AG-IMS ID 86035)

The India's recent increase in import tariffs for peas of 50% and other pulses of 30% has influenced the Ukrainian market of pulses. As a result the supply of pulses from Ukraine to India will be significantly reduced this year. In this context, Ukraine looks forward to informative discussion on repercussions forced India to increase the applied tariffs for pulses and on the future policy in this sector.

a. **Can India please indicate how the applied import tariff to diverse pulses changed over the past 12 months (including as a percentage of the respective bound rate)?**

b. **Could India inform on the primary policy objective, and clarify whether the objective is primarily directed to assist consumer (food security) or agricultural producers (income support)?**

Answer by India

a. India has made some changes in its import duty structure on some varieties of pulses as indicated below. All the changes are within the bound rates of tariffs.

HS Code	Commodity	Bound Duty	Current Applied Duty
0713 10 00	Peas (Pisum Sativum)	50%	50%
0713 20 00	Chickpeas (Garbanzos)	100%	40%
0713 31 00	Beans of the species Vigna mungo , Hepper or Vigna radiate Wilczek	100%	Nil
0713 40 00	Lentil (Mosur)	100%	30%
0713 60 00	Pigeon Peas (Tur)	100%	10%

The following changes were effected in import tariffs on pulses in the last 12 months:

i. current applied duty on pigeon pea has been raised from nil to 10% w.e.f. 28.03.2017;

ii. current applied duty on peas has been raised from 0% to 50% w.e.f. 8.11.2017;

iii. current applied duty on gram has been raised from 0% to 30% w.e.f. 21.12.2017 and then from 30% to 40% w.e.f. 6.02.2018;

iv. current applied duty on lentil (masur) has been raised from 0% to 30% w.e.f. 21.12.2017.

b. The objective of Indian agricultural policy is to balance the interests of consumers and producers.

1.11.7 Question by Australia (AG-IMS ID 86004)

Australia notes that since 2010-11, minimum support prices have increased 82% for Ahar (Tur or Pigeon Peas), 76% for Moong (Mung Beans), 86% for Urad ("Black lentils"), 110% for Gram (Chickpeas), and 89% for Masur (Red Lentils).

The Government of India's Commission for Agricultural Costs and Prices notes in paragraph 2.8 of its Price Policy for Rabi Crops – the Marketing Season 2018-19 that:

> **"In order to incentivize pulses production and encourage farmers to grow pulses, [the] government significantly increased MSPs of both kharif and rabi pulses in 2016-17. As a result of which there was a record increase in**

> **area and production of pulses in the country, which had an adverse impact on market prices (Chart 2.4)."**

Given that the policy of Pulse "Incentivization" has been noted by the Government of India to have led to a record increase in production and an adverse impact on market prices, will India now consider reducing its minimum support prices for pulses to help restore stability in the market?

Answer by India

India is a net importer of pulses. Government intervention is based on domestic demand and supply situation of pulses in India. The Minimum Support Price (MSP) is fixed to protect farmers from distress sale of their produce and to protect them from exploitation. Minimum Support Prices (MSPs) are announced by the Government following the recommendations of the Commission for Agricultural Costs and Prices (CACP). The CACP takes into account various factors including the cost of cultivation/production, changes in input prices, input/output price parity, inter-crop price parity, effects on the cost of living, effects on general price level, parity between prices paid and prices received by farmers, etc. The objective of Indian agricultural policy is to balance the interest of consumers and producers. There is no proposal under consideration of Government to reduce MSP.

Follow-up: Australia, Canada, the European Union and the United States raised concern regarding the impact of India's policies on the global pulses market. Australia noted that India's policy change on tariffs would influence future planting decisions in many countries including Australia, particularly given the sudden implementation of such policy. Australia invited India to rethink the balance between consumers and producers which India had referred to in its response. In Australia's view the policies may favour producers more than consumers. As the largest pulses supplier to India, Canada echoed the concern on the policy's effect on planting decisions and on the stability of global supplies of pulses which may ultimately impact global food security.

1.12 India's minimum support prices

1.12.1 Question by Australia (AG-IMS ID 86005)

Australia understands that the Indian Government is planning to launch a Market Assurance Scheme to provide minimum support price to farmers for crops not covered by the Minimum Support Price. In the 2017-18 Budget Speech (1 February 2018), Finance Minister Arun Jaitley announced that all crops will realize one and a half times of the cost of their production.

Can India provide the following information:

- **a. the objectives of this policy;**
- **b. the status of this policy proposal and intended launch date;**
- **c. the crops covered under this scheme;**
- **d. how this policy will be administered;**
- **e. how prices will be set;**
- **f. how States will dispose of these procured crops.**

Answer by India

These are budget proposals for 2018-19. Details are not available at this stage.

1.12.2 Question by Canada (AG-IMS ID 86074)

In February 2018 India's Minister of Finance presented the Union Budget, which includes a measure to expand minimum support prices to all crops and increase them to cost of production, plus 50%.

a. **To better assess the expected impact of increasing the minimum support price of all crops, could India provide most recent cost of production data for all crops under India's domestic support commitment and all other crops that are expected to receive minimum price support.**

b. **Could India indicate how much this measure will increase the applied administered prices for pulses, rice, wheat, coarse cereals, cotton, groundnuts and sunflower?**

c. **This new budget also introduced a 10% social welfare surcharge to finance education, health care and social programs. Could India indicate which agricultural imports would be covered by this new surcharge?**

Answer by India

These are budget proposals for 2018-19. Details are not available at this stage.

1.12.3 Question by the European Union (AG-IMS ID 86066)

Press reports indicate that PM Modi has announced that his government will increase minimum prices for grains for farmers to 150% of cost of production.

a. **Could India indicate which types of grains that could become subject for this change? Will it include common wheat, rice, maize, pulses (and if so which ones), soya bean, rapeseed?**

b. **Could India indicate the levels to which prices for common wheat, rice and maize would be increased compared to prices applicable for 2016 and 2017 crop year for these products?**

Answer by India

These are budget proposals for 2018-19. Details are not available at this stage.

Follow-up: Australia and the European Union registered strong concern over the measure's impact to the international markets and sought further details on exactly which crop would be subject to minimum price support and how this could impact India's DS commitments at the WTO. Ukraine flagged interest in the topic. Canada asked India to confirm whether the 10% social welfare surcharge mentioned in question c under AG-IMS ID 86074 had already been implemented. India noted that no further information was available at this stage. The United States noted that India had experienced high growth rate in agriculture production and had an increasing role as a major agriculture exporter. This was particularly true for commodities that had received high levels of support, particularly market price support, by the Indian government. The United States noted that in 2016 India had been the largest exporter of rice and ground nuts, accounting for nearly 40% and 33% of global exports respectively. The United States also pointed out that India was among the largest exporters for several commodities ; such as cotton (the second largest exporter), sugar (the third largest exporter), sorghum and Mustard seed (the 4th largest exporter) and millet (the 5th largest exporter).The United States asked whether India had considered the impact of further raising minimum support prices for these and other commodities on the global markets particular given the increasing role India played in the global market.

1.13 India's quantitative restrictions

1.13.1 Question by Australia (AG-IMS ID 86006)

At the WTO Committee on Agriculture meeting on 17 October 2017, Australia raised the announcement by India's Ministry of Commerce and Industry on 21 August 2017 of a quantitative restriction on beans of the species Vigna mungo Hepper or Vigna radiata Wilczek. In particular, Australia asked:

a. **What were the circumstances behind the imposition of the quantitative restriction and had India notified the quantitative restriction to the WTO? If so, to which committee?**

b. **Has India applied quantitative restrictions to any other agricultural commodities? India replied that it would "submit the notification and relevant information to the appropriate Committee in due course."**

Australia would be grateful for an update on what information India has submitted to the WTO on this quantitative restriction since it provided the above response.

Answer by India

India undertook to provide a response at a later stage.

1.13.2 Question by the United States of America (AG-IMS ID 86037)

The United States understands that in August 2017, the Ministry of Commerce and Industry notified quantitative restrictions (QRs) on imports of pigeon peas (07136000, 07139010 and 07139090) and established an Indian fiscal year (April - March) annual import quota of 200,000 MT. Further, later that month, the Ministry of Commerce and Industry notified QRs on imports of black matpae/mung beans (07133100) and established an Indian fiscal year (April - March) annual import quota of 300,000 MT.

a. **Are these QRs still in place?**

b. **Please explain how such quantitative restrictions are consistent with India's WTO commitments.**

c. **Does India have further plans to institute more QRs on imports of agricultural products? If so, for which products?**

Answer by India

India undertook to provide a response at a later stage.

Follow-up: Australia requested India to specify at which Committee India would notify the measure and when such notification could be expected. The European Union echoed Australia's comments.

1.14 Indonesia's dairy import system

1.14.1 Question by the United States of America (AG-IMS ID 86046)

a. **In the October 2017 COA, Indonesia responded to questions about its Ministry of Agriculture (MOA) Regulation No. 26/2017 on Milk Supply and Distribution with statements regarding the regulation's aim to ensure the availability and quality of fresh milk required by the processing industry.**

   Please clarify what history of availability and/or quality problems Indonesia has had with imported milk products.

b. **With regard to the same regulation, MOA Regulation No. 26/2017 on Milk Supply and Distribution:**

   i. **Please clarify whether Indonesia will allow dairy imports without the importer supporting Indonesia's domestic dairy industry in some manner.**

   ii. **Please clarify whether businesses that do not own "milk processing units" within three years will be allowed to import dairy products after the deadline is reached.**

iii. **Please explain how the Directorate General for Livestock and Animal Health Services (DGLAHS) intends to administer its request to industry for formal partnership proposals under MOA Regulation 26/2017 (MOA 26/2017).**

iv. **In light of the significance of milk powder as an ingredient for further processing due to shelf life and ease of transport, we question the down-chain impact of limiting the availability of imported milk powder. For example, infant formula manufacturers import powder not produced in Indonesia. Further, nearly all retail cheese in Indonesia is imported by traders. In light of MOA Regulation 26/2017, how would these businesses be able to get their products / raw materials into Indonesia?**

c. **The United States understands that the MOA is considering additional measures affecting dairy imports. Two examples of these are (1) MOA draft regulation on the Import and Export of Food Products of Animal Origin and (2) MOA draft regulation on Registration and Certification of Animal Products.**

   Please provide an update on the status of the two measures provided as examples in this question.

Answer by Indonesia

Indonesia wishes to thank the US Delegation for their continued interest in Indonesia's regulation on Milk Supply and Distribution, as stipulated in the Minister of Agriculture's Regulation No.26/2017. With respect to some questions posed to Indonesia, the responses are as follows:

a. It is the interests of the Government of Indonesia to ensure that the high quality of milk is available for consumers at all time. For that purpose, the provision of high quality of milk for consumers will be fulfilled from domestic productions as well as from importation.

b.

   i. and ii. The Minister of Agriculture's Regulation does not aim at regulating foreign trade activities, including the importation of milk from foreign suppliers. The importations of milk to Indonesia are still allowed under current regulation (Minister of Trade Regulation No.59/2016), which will be further regulated by the "draft regulation on the import and export of food products of animal origin" and "draft regulation on registration and certification of animal products".

   iii. The Directorate General for Livestock and Animal Health Services, through a designated team comprising officials from different agencies and universities will give supervision to the business and small local dairy cattle owners to create a partnership, which have to bring benefits to all parties concerned.

   iv. The Minister of Agriculture's Regulation No.26/2017 does not regulate the importation of milk. The importations of powder milk are still allowed as long as they meet requirements stipulated in the current regulation (Minister Trade regulation).

c. Both drafts are still under consideration and have been notified to the SPS Committee.

<u>Follow-up</u>: *The United States noted that it would likely follow up on the topic in the SPS Committee in light of Indonesia's response that the two referenced draft regulations had been submitted to that Committee. The European Union and New Zealand shared an interest in this matter.*

1.15 Korea's rice imports

1.15.1 Question by Thailand (AG-IMS ID 86036)

Thailand thanks the Republic of Korea for the response provided at the 78th CoA meeting in September 2015 regarding the Rectification and Modification of Schedules for Rice, and the subsequent consultations held with concerned Members. In this regard, could Korea please provide an update on its efforts to resolve issues regarding the rectification and modification of Korea's Schedule for rice products.

Answer by Korea, Republic of

From January 2015 Korea discontinued special treatment on rice by following tarrification. Rice TRQ administrations and fulfilment have been notified to the WTO. Korean government had bilateral consultations including Thailand and exchanged views through the embassy in Korea or capital based agencies. Korea will continue its effort to resolve this issue.

1.16 Pakistan's sugar policies

1.16.1 Question by Australia (AG-IMS ID 86007)

Pakistan's Ministry of Commerce on 14 September 2017 announced a 0.5 MMT sugar freight support subsidy to its sugar millers where the sugar was conditional on export. This quantity was subsequently increased to 1.5 MMT by Pakistan's Ministry of Commerce and Textile on 7 December 2017 (links below).

Australia seeks to better understand the basis for Pakistan's domestic subsidies for sugar.

Can Pakistan please provide the following information:

a. **How are these subsidies consistent with WTO agreements?**

b. **How much of this subsidy has already been outlayed?**

c. **What is the value of the amount that has been outlayed?**

d. **Who has received this support?**

e. **When will this subsidy be removed?**

http://www.sbp.org.pk/epd/2017/FECL23.htm (accessed 7 February 2018).

Answer by Pakistan

a. Government of Pakistan is providing freight support to the sugar producers under article 9.4 read with 9.1 (d) and (e) of Agreement of Agriculture (AoA) as allowed under Nairobi Decision, being a Net Food Importing Country.

b. No amount has been outlayed till now.

c. No amount has been outlayed till now.

d. Sugar producers are eligible to avail this support.

e. It is a temporary measure to address the grievances of poor sugar cane growers to enable sugar millers to clear outstanding dues of cane farmers. However, freight support will be stopped after crushing season 2017-18.

1.16.2 Question by Brazil (AG-IMS ID 86009)

Follow up to question by Brazil AG-IMS ID 85069,

Brazil appreciates and thanks Pakistan's response regarding support for the export of sugar by Pakistan. In light of Pakistan's responses Brazil notes several regulations and public notices regarding the export of sugar for the crop years of 2014-2015 and 2016-2017 that have not been notified by Pakistan, including a Public Notice on "Export and Import of Sugar", issued in February 2015 by the Ministry of Commerce of the Government of Pakistan under Memorandum No: 7(2)/2012-E.III, that implements a cash support on sugar exports of 8.00 Rs per kg, for exports under the export quota of 650,000 metric tonnes of sugar, as well as an inland freight support of 2.00 Rs per kg.

Given that there are no commitment levels concerning sugar specified in Pakistan's Schedule, and in light of the provisions of Articles 3.3, 8 and 9.1(a), (b) and (c) of the Agreement on Agriculture, please provide the methodologies and calculations for the cash support not related to inland freight support, particularly the support of 8.00 Rs per kg, for sugar exports under the export quota of 650,000 metric tonnes of sugar."

Answer by Pakistan

Government of Pakistan has provided freight support to the sugar producers under Article 9.4 read with Article 9.1 (d) and (e) of AoA to cover the costs of freight and incidental costs like handling and other processing in order to address lack of infrastructure and conditions of market failure. It was a temporary measure to address the grievances of poor sugar cane producers to enable sugar millers to clear outstanding dues of cane farmers.

Follow-up: *Australia and Brazil requested Pakistan to provide further information concerning the cash support not related to inland freight support. Brazil noted its deep concern on the policy's influence on international sugar prices and indicated willingness to engage in a bilateral discussion with Pakistan. The European Union echoed the concern.*

1.17 Philippines' rice waiver

1.17.1 Question by Australia (AG-IMS ID 86008)

Australia thanks the Philippines for its response to its questions at the October 2017 CoA regarding the 30 June 2017 rice tariffication deadline provided by the WTO General Council's waiver decision of 24 July 2014 (WT/L/932). Australia seeks an update on the Philippines' tariffication efforts to date.

Answer by Philippines

Further to Philippines' last report on the ongoing rice tariffication initiative in the Philippines during the 85th Regular Session of the Committee on Agriculture in October 2017, Philippines is pleased to update the Committee that the country's two chambers of the Legislative Branch (the Philippine Senate and the House of Representatives) have been fast-tracking and prioritizing the enactment of a law amending Republic Act (RA) No. 8178, as amended by RA 9496 and RA 10848, to specifically remove the quantitative restrictions on rice provision therein.

It will be noted that no less than President Rodrigo Roa Duterte ordered the passage of the rice tariffication law to be expedited. Thus, the Executive Branch has been working closely with both Houses of Congress in the finalisation of the final bill.

After the Philippine Senate and the House of Representatives have finalised their respective versions of the bill, the two chambers shall transmit their versions to bicameral conference committee to consolidate their versions and reconcile the divergent provisions of their bills.

The Philippines is expecting the final bill enacted into law by the next (87th) Regular Session of the COA in June 2018.

Whist the enactment of the law has been delayed, it will be noted that the Philippines (through Executive Order (EO) No. 23 of 27 April 2017) has been extending the concessions to all WTO Members under the General Council Decision on Rice Waiver (WT/L/932) since its expiration on 1 July 2017. It will be noted as well, however, that the continuation of the concessions shall finally cease once the rice tariffication law is enacted according to EO 23.

Follow-up: *The European Union noted its systemic interest in the subject and underlined the importance of Members implementing decisions taken within the WTO.*

1.18 Russian Federation's railway subsidy for exports

1.18.1 Question by Australia (AG-IMS ID 86010)

Australia notes decree No. 1595 issued by the Russian Government on the rules for providing grain transportation subsidies on 20 December 2017. Australia further notes reports that the Russian Government has said that this measure was introduced in order to stimulate grain exports from a number of Russian regions.

Can the Russian Federation respond to the following questions:

- **a. Can the Russian Federation confirm if the purpose of the measure is to stimulate grain exports?**
- **b. Could the Russian Federation explain how the measure is consistent with Article 9(e) of the Agreement on Agriculture and with the Nairobi Ministerial Decision on Export Competition?**
- **c. What is the value of the amount that has been outlayed?**
- **d. Who has received this support?**
- **e. When will this subsidy be removed?**

Answer by the Russian Federation

The measure at issue contributes to proportional distribution of grain resources among the regions of the Russian Federation and has a positive effect on prices within the framework of seasonal production. The measure has been developed as a temporary instrument and is assumed to be effective until July 2018. The main recipient of this subsidy is the Joint Stock Company "Russian Railways". The Government Resolution No. 1595 does not determine agricultural producers as the recipients of this subsidy. The amount of support provided through the Government Resolution No. 1595 will be submitted by the Russian Federation in domestic support notification for corresponding reporting periods. The measure does not constitute an export subsidy due to the fact that it is not contingent upon export performance and provides equal terms for grain shipments regardless of the course of such shipments.

1.18.2 Question by Canada (AG-IMS ID 86068)

On 20 December 2017, the Russian Government issued decree No. 1595 "On Approval of the Rules for the Provision of Subsidies from the Federal Budget in 2017 and 2018 to Open Joint Stock Company (OAO) "Russian Railways" for the Recovery of Revenue Losses Arising from the Establishing of Reduced Grain Transportation Rates". The measure came into force on 21st December 2017. It is reported that the amount allocated from the federal budget for these export subsidies is 2.99 billion rubles. The subsidies will apply to railway transportation of wheat, barley, and corn from 13 regions of the Central, Volga, Ural, and Siberia Federal Districts. The measure, in force through 30th June 2018, is expected to stimulate grain exports from the involved regions, stabilize domestic grain prices, and support profit margins of agricultural producers.

Could the Russian Federation elaborate as to how the use of these export subsidies is consistent with its WTO export subsidy commitment of "nil"?

Answer by the Russian Federation

The measure at issue does not constitute an export subsidy due to the fact that it is not contingent upon export performance and provides equal terms for grain shipments regardless of the course of such shipments.

1.18.3 Question by the European Union (AG-IMS ID 86067)

Follow up to question AG-IMS ID 85036

a. **Could the Russian Federation indicate the criteria for the products to be eligible for these subsidies?**

b. **Could the Russian Federation specify if the measure in question is contingent in any way upon export performance, i.e. is the discount on railway tariffs applicable on exported grains only.**

c. **Could the Russian Federation specify if preferential railway tariffs apply on transportation of grain to ports where the product is exported or on transportation to other destinations as well.**

Answer by the Russian Federation

The subsidy at issue is not contingent upon export performance and provides equal terms for grain shipments regardless of the course of such shipments. The scope of the subsidy is of limited product coverage – it applies only to wheat, barley and corn shipments. The criteria for products to be eligible to receive this subsidy are the prices at which these products are sold. The prices shall be no less than prices specified in the Government Resolution No. 1595.

1.18.4 Question by Ukraine (AG-IMS ID 86038)

The Russian Federation's adoption of decree 1595 on 20 December 2017 provides compensation for reduced grain transportation rates. As a result, agriculture producers of grain are to benefit from lowered rail transportation rates for grain. Moreover, grain from designated regions could be more attractive to export.

Russian Federation officials opined the media that these subsidies are not agricultural export subsidies because "We are not subsidising exporters, we are subsidising producers". In addition, the Russian Federation replied to the European Union in the 85th meeting that these subsidies in Russia's view are not export subsidies in the context of the Agreement on Agriculture.

a. **Could the Russian Federation confirm that agriculture producer benefit from these subsides?**

b. **Does the Russian Federation confirm that due to the benefit of these subsidies grain is exported?**

Answer by the Russian Federation

The Government Resolution No. 1595 does not determine agricultural producers as the beneficiaries of this subsidy. The subsidy at issue is not contingent upon export performance and provides equal terms for grain shipments regardless of the course of such shipments.

1.18.5 Question by the United States of America (AG-IMS ID 86047)

The United States understands that the Russian Federation has issued two decrees - Decree No. 1595, which is specific for grains (wheat, barley and corn), and Decree

No. 1104, which is for a number of food and agricultural products. Both decrees grant internal transportation subsidies to compensate for the cost of transporting agricultural products by rail to ports where the product may be exported. Further, the United States understand that the explanatory note of Decree 1595 notes that it is necessary to take such measures for the stimulation of export of grain from the domestic market and to maintain the profitability of agricultural producers. Media reports quote Minister of Agriculture Alexander Tkachev as saying the Agriculture Ministry has proposed to offer state subsidies for grain supplies by rail to the exporting ports of Russia's southern regions.

- **a. Please explain the criteria and process for receiving these transportation subsidies and/or for receiving rail transportation at reduced rates.**
- **b. Can you confirm that these transportation subsidies are being offered to facilitate delivery to exporting ports in southern Russia, as suggested by the Minister of Agriculture?**
- **c. What is the reason for the Minister of Agriculture intent to facilitate shipments to Russia's port territory other than to export those shipments?**
- **d. Why would subsidies be provided on shipments bound for Russia's ports, other than to stimulate exports?**
- **e. Please explain how these subsidies comport with Russia's WTO commitments.**

Answer by the Russian Federation

JSC "Russian Railways" is the recipient of the subsidy concerned. In order to receive a subsidy JSC "Russian Railway" submits to the Federal Railway Transport Agency a report on revenue losses resulting from transportation of grain cargo at reduced railway transportation rates. Thus, the amount of subsidy is based upon the amount of revenue losses resulting from application of reduced railway transportation rates. The measure at issue contributes to proportional distribution of grain resources among the regions of the Russian Federation and has a positive effect on prices within the framework of seasonal production. The Government Resolution No. 1595 does not determine ports as the final destination of grain transportation. The measure does not constitute an export subsidy due to the fact that it is not contingent upon export performance and provides equal terms for grain shipments regardless of the course of such shipments.

Follow-up: *The European Union noted that at this stage it could not determine whether the policy constituted an export subsidy and would likely follow up on the question. Ukraine looked forward to the Russian Federation's actions to ensure that no export subsidies were provided directly or indirectly. Canada would like to receive information regarding the value of the export subsidies.*

1.19 Thailand's import permits for feed wheat

1.19.1 Question by the European Union (AG-IMS ID 86106)

Follow-up to question AG-IMS ID 85039

Can Thailand give an update on developments regarding import permits for feed wheat since the last CoA meeting?

Answer by Thailand

The internal consultations are still ongoing in order to find a suitable solution. Thailand will update Members in due course.

1.20 Turkey's IPR programme

1.20.1 Question by the Russian Federation (AG-IMS ID 86029)

Follow up to question AG-IMS ID 84113

The Russian Federation would like to repeat its questions originally posed at the Committee on Agriculture in June 2017 which have not been answered yet:

a. **What amount of wheat has been imported under IPR since 2010?**

b. **What amount of flour has been exported by Turkey under IPR since 2010?**

c. **Under IPR what index is applied for an equivalent duty-free import of wheat when exporting one tonne of flour?**

Answer by Turkey

Turkey undertook to provide a response at a later stage.

1.21 U.S. dairy policies

1.21.1 Question by Canada (AG-IMS ID 86084)

Canada Follow-up Questions to the United States (AG-IMS ID 85079)

1. **In response to Canada's question on California milk class prices (AG-IMS ID 85079), the United States responded at the October 2017 Committee on Agriculture that what Canada was describing was an updated description of California's milk classes.**

   a. **Could the United States please confirm that processors/manufacturers are able to pay a lower price for milk to make yogurt in California contingent on the export of that product?**

   b. **Could the United States please explain why there are two different minimum prices that processors/manufacturers are required to pay for the production of the same product- one being a lower price if the yogurt is exported, and the other a higher price if the product remains on the domestic market?**

2. **The following questions are in response to the United States answers on the subject of federal milk marketing orders (FMMOs) (AG-IMS ID 85079):**

   a. **In regards to the end use milk classes in FMMOs:**

      i. **What is the milk class that milk handlers pay for the disposal of milk (i.e. waste, milk not used at processing/manufacturing plant)?**

      ii. **Alternatively, how do milk handlers pay producers for milk that they were not able to use due to spoilage or other reasons?**

      iii. **How are milk producers paid or compensated for milk that is dumped at the farm?**

   b. **In response to Canada, the United States has replied that "Liquid ultrafiltered milk would be classified according to its end-use." What would be the milk class price that a milk handler would pay if the end-use is to produce ultrafiltered milk for export to manufacture a cheese in that export market?**

   c. **In follow-up to the S.S. response on the role of USDA market administrators:**

i. **Do market administrators bill processors (who are required to be regulated) and manufacturers (who chose to be regulated) the end-use milk class for the purchases of milk from producers?**

ii. **If not, who bills these milk processors and manufacturers (handlers)?**

iii. **How does the billing for milk handlers work? How do handlers know what to pay into the pool? Do USDA Market Administrators bill or pay handlers from the producer settlement fund?**

iv. **Do market administrators ever pay milk producers (i.e. send cheques at any point to producers)? Or do milk handlers pay producers based on market administrator calculations?**

d. **In a response, the U.S. mentioned that "FMMOs regulate plants according to where they have sales, not plant location."**

i. **How would milk handlers be regulated if they process and sell fluid milk (class I) solely for the export market? What about if they manufacture and sell dairy products (classes II-IV) solely for the export market?**

ii. **How and where (under which FMMO) would milk handlers be regulated if a portion of either fluid milk or dairy products that they produce are exported?**

iii. **For example, if a milk handler that chooses to pool is usually regulated in the Northeast FMMO (since most of their dairy products are currently sold there) and exports cheese that they manufactured, would they be regulated under the Northeast FMMO class III price for the cheese? Where (under which FMMO) would a handler be regulated if it produces fluid milk (class I) that is exported?**

e. **For Canada's question on the Dairy Forward Pricing Program, the United States responded that "The programme allows regulated handlers to pay farmers in accordance with the terms of a forward contract instead of paying the applicable FMMO uniform price for pooled milk. Handlers still account to the FMMO market wide pool for the classified use value of that milk. USDA does not calculate a "usage rate" among dairy producers for this programme."**

i. **Could the United States please explain the purpose of the Dairy Forward Pricing Program? How does it benefit producers, and how does it benefit milk handlers?**

ii. **Does the programme have an effect on the amount of the blend price paid to producers, or the blend price paid by milk handlers? If so, how, and by what amount?**

iii. **Why do handlers still account to the FMMO market wide pool if they are using the Dairy Forward Pricing Program?**

iv. **As handlers still 'account' to the FMMO pool, there may be statistics or information available to the USDA on the usage rates of milk handlers for the Dairy Forward Pricing Program. If so, could the United States please provide them?**

Answer by the United States of America

1.

a. The United States undertook to provide a response at a later stage.

b. The United States undertook to provide a response at a later stage.

2.

a.

i. FMMOs only require the pooling and pricing of milk that is commercially marketed and received at a plant. Pooled milk not used in a product for sale for human uses, is classified as the lowest classified-use value for the month. Normal in-plant losses are limited to 1.5%. Farm-to-plant losses are limited to 0.5% and are also priced at the lowest price class. Normal in-plant and normal farm-to-plant losses beyond these limits are classified at the highest use-value of that plant for that month.

ii. Answer covered in 2(a)(i). Producers or their cooperative are paid the uniform price in the market for pooled milk, regardless of use.

iii. Typically, milk not marketed commercially and not received at a plant (ie. dumped at farms) is not priced or pooled by the FMMO. There have been exceptions due to limited plant capacity. In those instances, documentation is provided and the milk is pooled if authorized by the Market Administrator.

b. Milk that is pooled and used to make ultrafiltered (UF) milk is classified based upon how the UF is used, e.g., UF milk exported to make cheese would be Class III.

c. In follow-up to the S.S. response on the role of USDA market administrators:

i. Market Administrators serve as a clearing house for marketwide pool monies through the producer settlement fund (PSF). Each month the Market Administrator gives each plant an accounting of its individual use-value of pooled milk and the plant is notified of its obligation or credit from the PSF.

ii. FMMOs do not require a billing to handlers. Handlers are obligated to pay their producer suppliers in accordance with FMMO minimum values.

iii. Market Administrators do not bill handlers. Each month the Market Administrator gives each plant an accounting of their individual use-value of pooled milk and the amount (blend price) they owe to their suppliers of the milk and the plant is notified of its obligation or credit from the Producer Settlement Fund (PSF). Handlers who have an obligation remit that money to the PSF. Handlers who have a credit to the PSF are paid that money.

iv. Payments to producers are made by handlers based on the Market Administrator's calculations.

d.

i. Handlers producing conventional fluid milk for the export market, and having no sales into any FMMO marketing area, would not be regulated by a FMMO, just as a handler selling such milk solely into an unregulated area within the United States would be unregulated. A handler manufacturing and selling only Class II, III, or IV products does not have to pool. A manufacturing handler can have their milk receipts pooled, if they meet the pooling requirements of an order.

ii. If a handler is fully regulated by a FMMO, all their plant milk receipts are regulated by the FMMO, including fluid milk that may be exported and milk used in exported dairy products.

iii. If the handler is fully regulated by a FMMO, all of their milk receipts are regulated by that FMMO, including milk used in exported dairy products or sold in an unregulated area in the United States. Manufactured dairy products would be valued at Class II, III and IV prices that are uniform across all FMMOs, irrespective of where they sell their manufactured products. Fluid milk processors are regulated by FMMOs based on the location of their milk sales; if they are fully regulated by an order, all of the plant's milk receipts are regulated on that FMMO.

e.

i. The Forward Pricing Program is a voluntary programme that allows dairy farmers and handlers buying their milk to enter into forward contracts for that portion of milk that the handler uses for nonfluid milk products. A forward contract is a type of risk management instrument that allows producers and handlers to "lock in" prices, thereby reducing risk associated with price and income volatility and enhancing their ability to obtain new or continued financing.

ii. Producers in a forward contract are paid according to the terms of the forward contract. Handlers still account to the FMMO pool for the classified use value of the milk, but handlers are not required to pay the applicable FMMO uniform price for pooled milk.

iii. The Dairy Forward Pricing Program is authorized by the Agriculture Agreement Act of 1937, as amended. The authorizing legislation exempts handlers who enter into forward contacts from paying minimum producer blend prices; it does not exempt handlers from accounting to the FMMO pool for their classified use value.

iv. Market Administrators review forward contracts to ensure they comply with the regulations. Terms of the forward contracts vary and forward contracts are not enforced by the FMMO program. USDA does not calculate usage rate statistics.

Follow-up: *In relation to the exceptions mentioned in the U.S. responses to question a.(iii), Canada asked the United States to elaborate on the number of exceptions and what those conditions were. The United States noted that no information was available at this stage.*

2 POINTS RAISED IN CONNECTION WITH INDIVIDUAL NOTIFICATIONS

2.1 Administration of tariff and other quota commitments (Table MA:1)

2.1.1 El Salvador (G/AG/N/SLV/48)

AG-IMS ID 86072: Question by the European Union - Tariff quota fill

The EU notes that in recent years, the fill rates for this tariff rate quota on cheddar cheese are less than 35%. Could El Salvador explain any reasons for these low fill rates? Notably, the EU is concerned about any potential negative impact that TRQ management by auctioning could have in inhibiting a better use of this market access concession.

Answer by El Salvador

The quota fill rate for cheddar cheese reflects the interests of domestic buyers of the product, and is a function of the market forces of supply and demand. When Members look at the import levels for this product Members must also bear in mind the small size of the Salvadoran market. El Salvador notes that the process of opening and allocating the quota continues to be transparent, and has not changed with respect to previous years when the fill rates were higher.

2.2 Imports under tariff and other quota commitments (Table MA:2)

2.2.1 Costa Rica (G/AG/N/CRI/62)

AG-IMS ID 86040: Question by Thailand - Transparency issues

Under table MA:2 Year 2016, Costa Rica notified that numerous TRQ products were not opened.

a. Please clarify why the TRQ were not opened for those products?

b. Please provide information on how the TRQs for these products are administered.

Answer by Costa Rica

Costa Rica thanks the delegation of Thailand for its question on the specific subject of the administration of import tariff-rate quotas (TRQs). The reason why certain TRQs are not opened is that the in-quota tariff for these products is equal to or greater than the MFN import tariff. This applies to the tariff quotas for pig meat, white and yellow maize, rice, sugar, eggs, lard, sausages and preparations of pig or bovine meat, and tobacco. In the case of Costa Rica, the reason why the WTO import tariff–rate quotas are seldom or never used has to do chiefly with the market, and with the fact that access conditions for bilateral tariff quotas are more advantages to importers. The fill rate of TRQs is unrelated to their regulation, since the same procedure is applied to bilateral quotas as to multilateral quotas. Costa Rica notes that the fill rate for bilateral tariff quotas is above 90% for many products.

AG-IMS ID 86043: Question by Switzerland - Tariff quota fill

In its answer to Switzerland's question at 79th CoA meeting (AG-IMS ID 79078) Costa Rica mentioned an amendment to its "General Regulations on the Distribution and Allocation of Import Tariff Quotas" with an aim to raising its tariff quota fill rates. We noted however that for tariff item numbers 0401 (milk and cream, not concentrated nor containing added sugar or other sweetening matter) and 0403 (buttermilk, curdled milk and cream, yoghurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavoured or containing added fruit, nuts or cocoa) the quota fill rates have decreased.
Can Costa Rica please give an update on the implementation of the amendment that they have announced and on its effectiveness in increasing the quota fill rates?

Answer by Costa Rica

Costa Rica thanks the delegation of Switzerland for its question on the specific subject of the administration of import tariff quotas. As the result of the negotiations on bilateral free trade agreements, Costa Rica opened tariff quotas for products that largely coincide with those authorized under its multilateral commitments at the WTO. The conditions of access for bilateral tariff quotas involve an in quota tariff of 0%, and in many cases higher volumes. Such is the case for dairy products, where Costa Rica applies an MFN tariff of 66%, with a WTO in–quota tariff of 35%. In the case of the bilateral agreements, the in quota tariff is 0%. Consequently, applicants applying for tariff quotas granted under the WTO use them as a supplement to their product needs, and when the trade transaction and market conditions are attractive. Costa Rica notes that Costa Rica applies the same regulations to WTO import tariff quotas as to bilateral tariff quotas. These regulations can be found in Executive Decree No. 39938 COMEX.

2.3 Special safeguards (Tables MA:3 to MA:5)

2.3.1 Japan (G/AG/N/JPN/221)

AG-IMS ID 86073: Question by the European Union - Trigger calculations

Japan indicates in its notification that the trigger price calculated was not based on a simple average. Could Japan explain how it calculated the trigger price in question?

Answer by Japan

The trigger price is calculated by the weighted average of the data of 1986 and 1987, as no import was recorded in 1988.

2.4 Domestic Support commitments (table DS:1)

2.4.1 Colombia (G/AG/N/COL/51, G/AG/N/COL/51/CORR.1, G/AG/N/COL/54)

AG-IMS ID 86051: Question by the United States of America - Transparency issues (including Table DS:2)

a. **It is noted that in both G/AG/N/COL/51 and G/AG/N/COL/54 there have been significant fluctuations in expenditures for various measures. In response to AG-IMS ID 81078 and 81079 Colombia provided details with regard to the reasons for these changes, such as significantly increased budget allocations and institutional reforms.**

b. **Does Colombia plan to submit any Table DS:2 notifications with regards to these changes to the various measures exempt from reduction commitments?**

Answer by Colombia

In Table DS:2 Columbia notifies measures that are exempt from reduction in accordance with the commitments contained in the Agreement on Agriculture. Columbia have asked for certain clarifications regarding this question, and Columbia will transmit the additional information Columbia receives to its capital.

Follow-up: *The United States noted that the last Table DS:2 from Colombia was circulated in 2000 and asked Colombia to submit a new DS:2 to reflect the changes to the measures exempt from reduction commitments.*

AG-IMS ID 86086: Question by Canada - General services: inspection services

Canada notes that Inspection services outlays were reduced to zero in 2015. Could Colombia elaborate on the specific policy changes that reduced spending for inspection services to zero?

Answer by Colombia

The budget for inspection services had, in previous years, been allocated to the construction of a diagnostic laboratory that has not entered into service. Hence, no outlays for 2015. These outlays will be resumed when the laboratory enters into service.

AG-IMS ID 86085: Question by Canada - General services: marketing and promotion services

Canada notes that Marketing and promotion services outlays were significantly higher in 2014 (amounting to USD $274 millions) than in 2013 (USD $44 millions) and 2015 (USD $77 millions). Could Colombia explain why the outlays vary significantly between these three years?

Answer by Colombia

As stated by Columbia in its replies to the WTO questionnaires in 2016, as part of its peace strategy, the Government gave priority to investment in public goods and programmes of general benefit to the rural sector as the basis for improving conditions in the Columbian countryside. In 2014, the budget for programmes and projects in the agricultural sector was increased significantly compared to the budget allocations in the past, thanks to the economic growth under way in the country at the time. The sectoral investment budget recorded an annual increase of 28.6% in 2013 and of 49% in 2014. This increase in resources helped to strengthen the institutional capacity of the existing programmes, extending their coverage and boosting the development of the rural sector. The sectoral budget allocations for 2014 also gave priority to stimulating the agricultural economy by enhancing marketing through initiatives aimed at strengthening production chains. In 2015, the investment budget for the agricultural sector decreased by 35.4% because of the fall in oil income, depriving the country of the resources that would otherwise have been invested in agriculture.

AG-IMS ID 86050: Question by the United States of America - General services: marketing and promotion services

In relation to G/AG/N/COL/51/Corr.1, it is noted that Colombia's notified values for marketing and promotions were corrected downwards significantly for 2012 and 2013.

What was the reason for this?

Answer by Colombia

The revised version contains an amendment to Supporting Table DS:1: "Measures exempt from the reduction commitment" which involves deducting from "General Services – Marketing and promotion services" the value of the support provided for cotton for each year, since it had already been included in the calculation of Current Total AMS.

2.4.2 Egypt (G/AG/N/EGY/3)

AG-IMS ID 86017: Question by Australia - Transparency issues (including Table DS:2)

Australia thanks Egypt for its DS:1 notification contained in G/AG/N/EGY/3 covering the years 2005/2006 to 2016/17. Australia asks the following questions:

a. **Does Egypt incur any Green Box expenditure other than the Pest Control Subsidy, for instance for Agricultural research, for training services, or for disaster relief?**

b. **Australia notes that Egypt has not notified any market price support programs in its notification. However in Egypt's Trade Policy Review, the Secretariat report (WT/TPR/S/367) notes that the General Authority for Supply Commodities (GASC) "buys a share of the wheat crop at administered prices so as to guarantee a revenue to farmers and orient planting decisions, as well as to build up public stocks of basic foodstuff to be processed and sold to the general population at subsidized prices. The State fixes the guaranteed price and purchases the crop from farmers before the planting date, so that the farmer can make a decision on whether or not to produce wheat."**

   Table 4.8 of the Secretariat report (reproduced below) shows that Egypt's GASC procured between 1.8 and 5.3 million tonnes of wheat over the period covered by Egypt's notification. Australia asks that Egypt:

   i. **Explain why it has not notified this program as market price support in its DS:1 notification?**

   ii. **Update its notification in G/AG/N/EGY/3 to incorporate the support provided through this market price support program, and to update Egypt's calculation of its current Total Aggregate Measurement of Support.**

Table.1 - Evolution of farm gate (guaranteed) and import prices of wheat and quantities purchased from domestic farmers by the GASC, 2005-16

Years	Farm gate price (LE/tonne)	Import price (LE/tonne)	Quantity purchased from farmers by the GASC (million tonnes)
2005	1,120.0	941.0	2.8
2006	1,126.7	954.1	1.8
2007	1,153.3	1,493.4	2.3
2008	2,553.3	2,822.6	2.5
2009	1,613.3	2,159.5	3.2
2010	1,813.3	1,264.6	2.1
2011	2,346.7	1,946.9	2.6
2012	2,520.0	3,292.0	3.7
2013	2,586.7	2,328.8	2.7
2014	2,740.0	2,816.3	3.7
2015	2,760.0	2,160.5	5.3
2016	2,773.3	2,080.2	4.9

Source: Information provided by the authorities.

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86087: Question by Canada - Transparency issues (including Table DS:2)

Canada notes that Egypt made important methodological changes to its recent domestic support notification; namely, Egypt has changed from calendar year to marketing years and from notifying in US dollars to the Egyptian pound.

a. **Could Egypt explain why it changed from notifying in EGP (G/AG/N/EGY/1) to US dollars in G/AG/N/EGY/3?**

b. **Could Egypt explain why it changed from notifying in calendar years (G/AG/N/EGY/1) to marketing years in G/AG/N/EGY/3?**

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86088: Question by Canada - Transparency issues (including Table DS:2)

Canada recognizes the efforts undertaken by Egypt to prepare and submit its annual domestic support notification for the years 2005/2006 to 2016/2017. Canada notes that Egypt's previous domestic support notification was submitted to the Committee on 7 May 1999 and covered the years 1995, 1996, 1997 and 1998. While Canada appreciates the opportunity to review Egypt's most recent notification, we do wonder about the missing years. Could Egypt provide an update on the status of these notifications?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86089: Question by Canada - Transparency issues (including Table DS:2)

Canada notes that Egypt's notification no longer includes measures related to "General Services", and "Relief from irrigation difficulties". According to the website of the Ministry of Agriculture and Land Reclamation (MALR), its activities include the Central Laboratory for Agricultural Expert Systems which provides extension/training services to farmers in Egypt. Canada would consider this type of activity as falling under the category of "General Services" Could Egypt explain where these expenditures are reported in its notification?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86090: Question by Canada - Transparency issues (including Table DS:2)

The FAO Farming Systems indicates that irrigation is common in Egypt. Could Egypt confirm that domestic support related to irrigation is no longer provided?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86075: Question by the European Union - Transparency issues (including Table DS:2)

The EU thanks Egypt for its notification covering the years 2005 to 2016.

Having examined the upcoming secretariat report on Egypt's Trade Policy Review, it seems that Egypt may have other forms for subsidy than those notified in the notification G/AG/N/EGY/3, such as support for wheat through guaranteed farm gate price (point 4.19 and table 4.8 of the secretariat TPR report).

Does Egypt intend to present an addendum with this subsidy and others mentioned in the secretariat TPR report?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86041: Question by Ukraine - Transparency issues (including Table DS:2)

Ukraine first wishes to thank Egypt for the effort to provide the recent Table DS:1 notification. At the same time we note that certain discrepancies appear between the agricultural policy information provide in the forthcoming Egypt's Trade Policy Review (see para 5.8 of the Report by Egypt (WT/TPR/G/367), para 4.19 and para 4.27 of the Secretariat Report (WT/TPR/S/367)) and the limited information in Table DS:1 notification (G/AG/N/EGY/3). Could Egypt please clarify these discrepancies?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86012: Question by Australia - General services: pest and disease control

Egypt lists a Pest Control Subsidy as a measure exempt from the reduction commitment – "Green Box". Could Egypt provide further detail on the eligibility criteria to receive such subsidy; how the subsidy level per producer is calculated; and how payments under this subsidy are made to producers?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86053: Question by the United States of America - General services: pest and disease control

It is noted that expenditures on the Pest Control Subsidy have trended downwards from 2005 through 2016 with some fluctuations.

- **a. What is the reason for this downward trend?**
- **b. What is the impact of the trend currently and expected to be going forward?**

c. **Since 1995, has Egypt modified the Pest Control Subsidy in any manner? If so, will Egypt notify such modifications in a Table DS:2 notification?**

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86011: Question by Australia - Input subsidies available to low-income or resource-poor producers

Australia notes that Egypt has notified investment subsidies under Supporting Table 2 (measures exempt from the reduction commitment) "Development Programmes". Could Egypt please provide details on the eligibility criteria for producers to access this subsidy, the amount of subsidy on offer to individual producers, and any further information regarding how the subsidy is allocated and delivered to producers?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86091: Question by Canada - Input subsidies available to low-income or resource-poor producers

Canada noted that Egypt no longer reports any support in fertilizer and seeds subsidies. Could Egypt confirm that these two measures, reported in G/AG/N/EGY/1, no longer exist?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86092: Question by Canada - Input subsidies available to low-income or resource-poor producers

Could Egypt provide information on the type of investments that are permitted under its new investment subsidies to low-income producers program? Are investments in fertilizer and seeds allowed under that program? Could Egypt elaborate as to how it defines "low-income producers"?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86076: Question by the European Union - Input subsidies available to low-income or resource-poor producers

a. **Could Egypt explain in more detail the types of subsidies included in Supporting table DS:2?**

b. **Could Egypt explain whether any subsidy to fertiliser, diesel/electricity or irrigation is included is these amounts in Supporting table DS:2?**

Answer by Egypt

Egypt undertook to provide a response at a later stage.

AG-IMS ID 86054: Question by the United States of America - Input subsidies available to low-income or resource-poor producers

<u>Supporting Table DS:2</u>

a. **The United States understands the Egyptian Agricultural Bank (EAB), formerly known as the Principal Bank for Development and Agricultural Credit (PBDAC),**

has provided funds worth EGP 5.5 billion for about 800,000 customers working in plant production (Jan - Dec 2016). These loans were offered at a subsidized yield rate of 5% per year, with the aim of supporting Egyptian farmers.

i. Please confirm if this is accurate.

ii. Is this the measure notified under Supporting Table DS:2: "investment subsidies to low-income producers (Agricultural credit and loan schemes)"?

iii. If so, please explain the discrepancy in the value notified by Egypt under this measure and the funds noted above.

iv. If not, please explain how these funds are notified or why they are not notified.

b. In November 2016, the parliament passed a law replacing the Principal Bank for Development and Agricultural Credit (PBDAC), which was founded in the 1930s, with the new Egyptian Agricultural Bank (EAB) to be under the supervision of the Central Bank rather than the Ministry of Agriculture.]

i. Please explain how this legal change affects support provided to agricultural producers.

ii. Please explain how this legal change affects the general operation of the EAB, including how the bank received funding or its involvement in financing trade now or in the future?

Answer by Egypt

Egypt undertook to provide a response at a later stage.

Follow-up: Australia expressed disappointment regarding Egypt's non-response. Australia highlighted the importance of transparency in this Committee and asked Egypt to answer the questions and bring their notifications up to date. Other questioning Members, including Canada, the European Union, Ukraine and the United States, encouraged Egypt to submit replies to all questions as soon as possible. New Zealand raised systemic concern on the issue of changing reporting currency and encouraged all Members to refrain from changing notifying currency from year to year so that it would be easier for the Committee to review and compare notifications for different reporting years.

2.4.3 European Union (G/AG/N/EU/34)

AG-IMS ID 86025: Question by India - *De minimis*

Could European Union provide the value of production (VoP) data for Skimmed Milk Powder and Butter listed in Supporting Table DS: 4 for 2005 to 2013?

Answer by the European Union

The EU in its DS:1 notification uses EUROSTAT as source for its VoP figures. The EUROSTAT databases for VoP for primary agricultural products do not include SMP (or butter) but only milk, as it measures the value of the products leaving the farm. The EU includes the entire support granted to SMP in current total AMS.

2.4.4 Iceland (G/AG/N/ISL/41)

AG-IMS ID 86055: Question by the United States of America - Transparency issues (including Table DS:2)

Supporting Table DS:4

The United States notes notified product-specific AMS for sheep meat as 1,761 million ISK and notified product-specific AMS for horticulture as 277 million ISK in 2016 (both values unadjusted for inflation). Iceland's 2016 Financial Statement of the State Treasury (Ríkisreikningur 2016) lists support for sheep production as 4.9 billion ISK and support for vegetable production as 626.6 million ISK. The data source in both documents is listed as Statistics Iceland.

Please explain the differences in the data for both commodities, including any differences in categorization in both documents.

Answer by Iceland

Iceland undertook to provide a response at a later stage.

AG-IMS ID 86093: Question by Canada - Scheduled commitment level

Canada notes that the current total AMS of Iceland has increased significantly over the past years to reach 98% of its total AMS commitment level in 2016. Since the Current Total AMS is very close to Iceland's domestic support commitment, could Iceland elaborate on its actions or plan to remain within its annual limit?

Answer by Iceland

Iceland undertook to provide a response at a later stage.

AG-IMS ID 86044: Question by Thailand - Market price support

In Supporting Table DS:5, Iceland indicates that Market Price Support was applicable to several products such as Beef Sheepmeat and Eggs, however, it was also listed as "Not Applicable" under column 4 (administered price) of the table. Could Iceland please clarify whether Market Price Support was used for all products listed under ST DS:5 and if so, please provide the relevant values.

Answer by Iceland

Iceland undertook to provide a response at a later stage.

AG-IMS ID 86013: Question by Australia - Market price support: Eligible production

Australia thanks Iceland for its Domestic Support notification for 2016 contained in G/AG/N/ISL/41.

Australia notes that in Supporting Table DS:5, Iceland lists eligible production for Milk of 134,884 tonnes, referencing 'Statistics Iceland' as the Data Source. Given Statistics Iceland (https://www.statice.is/ accessed 29 January) lists total milk production for Iceland of 150,322 tonnes in 2016, could Iceland please explain how eligible production for Milk has been calculated in Supporting Table DS:5?

Answer by Iceland

Iceland undertook to provide a response at a later stage.

2.4.5 India (G/AG/N/IND/11)

AG-IMS ID 86019: Question by Australia - Transparency issues (including Table DS:2)

Follow up questions from 85th CoA

Australia would like to thank India for providing Value of Production data in response to questions from Australia, the United States, Canada and the European Union (AG-IMS IDs 85102, 85020, 85093, 85043). Could India provide information on the value of production of each of the pulse products listed in G/AG/N/IND/11 – Gram; Urad; Moong; Arhar and Lentils?

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 86015: Question by Australia - Constituent data and methodology (AGST)

In Supporting Table DS.5 India lists the external reference price for pulses as 345.66 USD/tonne in 2012-13 and 2013-14. Australia notes that under India's Agriculture Supporting Tables (AGST), India lists external reference prices for Arhar, Moong, Urad and Gram as follows:

	External Reference price/ RS/tonne	If converted to USD/Tonne – for reference only*
ARHAR	5243	391.26
MOONG	4782	356.86
URAD	4385	327.23
GRAM	4128	308.05

* Converted at 1986-89 exchange rate 1 USD = 13.4 INRs, as per G/AG/N/11.

Could India please provide answers to the following:

a. **Please describe in detail how India calculated an external reference price of 345.66 USD/tonne for "Pulses" in G/AG/N/11**

b. **What External Reference Price does India use to account for support for "Lentils", given this product is not included in India's AGST, nor referenced in India's first DS:1 notification (G/AG/N/IND/1)?**

c. **Australia notes that in India's notification for 1995-96, the external reference price for "Pulses" (covering Gram, Urad, Moong and Arhar) was 345.66 USD/tonne. In 2004-05 and 2005-06 the reference price for "pulses" (now covering Gram, Urad, Moong, Arhar and Lentils) fell to 307.85 USD/tonne; and in 2012-13 and 2013-14 the reference price for "pulses" (covering all the same products as in 2004-05 and 05-06) returned to 345.66 USD/tonne.**

   Could India explain why it has used different reference prices for pulses in each of these three notifications, and how these reference prices were calculated?

Answer by India

The ERP for pulses is based on the simple average of ERP for Arhar, Moong, Urad and Gram. This ERP is used to calculate product specific support for pulses.

AG-IMS ID 86095: Question by Canada - Constituent data and methodology (AGST)

Canada notes that the methodology used to establish the applied administered price and the fixed external reference price for pulse in India's DS:1 notification is different than the methodology used in its agriculture supporting tables (AGST) relating to commitments on agricultural products in Part IV of its Schedule. The AGST list the

applied administered prices and fixed external reference prices by pulse varieties, while India's annual domestic support notification uses an aggregate applied administered price and fixed external reference price for pulses. Furthermore, lentil was introduced in the aggregate pulse category in India's notification DS (G/AG/N/IND/7) without the appropriate supporting methodology.

a. **Could India provide the methodology used to establish the applied administered price and the fixed external reference price for the aggregated pulse category in Supporting Table DS: 5 of India's latest DS:1 notification (G/AG/N/IND/11)?**

b. **Canada's analysis shows that the applied administered price for India's latest notification was estimated using the simple average prices of the pulses in the aggregate category of pulses, including lentils, while the fixed external reference price is the simple average price of the pulses listed in the AGST relating to commitments on agricultural products in Part IV of the schedule, which exclude lentils. Since the price for lentils is significantly less than the four others pulses in this broad category, this had the effect of reducing the applied administrated price for the category, while keeping the fixed external reference price relatively higher.**

    i. **Could India explain why market price support for lentils was not reported separately, given that the external reference price methodology for Pulses does not take into account this type of pulse?**

    ii. **Why does India report market price support for pulses as an aggregate rather than by individual type of pulses?**

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 86016: Question by Australia - Market price support

a. **Supporting table DS:5 in G/AG/N/IND/11 for 2012-13 calculates market price support as 31.93 USD million. Using the figures India supplies for the applied administered price (678.31); External Reference Price (345.66) and Eligible Production (0.10), the MPS should actually be USD 33.265 million. Could India please check its calculations?**

b. **In G/AG/N/IND/11 India lists eligible production for pulses of 0.1 million tonnes in 2012-13 and 0.05 million tonnes in 2013-14. Can India provide details on how it has calculated eligible production for pulses? Can India provide a breakdown of pulses procurement by product type – ie. Gram, Urad, Moong, Arhar, and Lentils?**

Answer by India

Data for domestic support notification is provided up to two decimal points. The actual data is as follows: (1) applied administered price (678.308823529412), (2) eligible production (0.096), ERP (345.66). Based on this, the market price support for pulses (2012-13) was 31.93428 USD million.

Only a portion of the marketable surplus offered by farmers, and meeting prescribed specifications, is procured under MSP operations. The eligible production is, therefore, the quantity which is actually procured at administered prices.

AG-IMS ID 86014: Question by Australia - Market price support

Australia notes that India has reported market price support for Pulses in 2012-13 and 2013-14. Could India please provide a response to the following questions:

a. **Australia notes that India maintains separate and distinct Minimum Support Prices (MSPs) for Gram, Arhar, Urad, Moong & Lentils. Can India explain why it has combined these products into one category "Pulses" for the purposes of calculating Market Price Support?**

b. **Australia notes that the actual Minimum Support Price (MSP) for pulse products in 2013-14 was as follows**

	MSP 2013/14 (INR/quintal)	MSP 2013/14 (INR/tonne)	USD/Tonne*
ARHAR	4300	43,000	710.74
MOONG	4500	45,000	743.80
URAD	4300	43,000	710.74
GRAM	3100	31,000	512.39
MASUR	2950	29,500	487.60

* Converted at 2013-14 exchange rate 1USD = 60.5INRs, as per G/AG/N/11.

c. **In Supporting Table DS.5 India lists the administered price for "pulses" as 678.31 USD/tonne in 2012-13 and 633.06 USD/tonne in 2013-14. Could India explain in detail how it calculated these two figures?**

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 86108: Question by the United States of America - Market price support

<u>Supporting Table DS:5</u>

a. **It is noted in G/AG/N/IND/11 that India notified market price support for the Tur, Moong, Urad, Gram, and Lentil pulses for all years notified with the exception of 2011/12; however, India announced a Minimum Support Price for each commodity for each of the years notified, including 2011/12.**

   i. **Please confirm whether India procured any of these commodities in 2011/12.**

   ii. **Please also confirm whether India would have procured the commodities that year if market prices had fallen below the administered (announced) Minimum Support Prices.**

   iii. **If India did not procure these commodities in 2011/12, please explain how the programme was implemented differently in 2012/13 and 2013/14, when market price support was also notified, as compared to 2011/12 when no market price support was notified. Please include citations to any government decrees, regulations, or other communications that explain this difference.**

b. **It is noted in G/AG/N/IND/11 that India aggregated gram, arhar, urad, moong, and lentils as "pulses" in Supporting Table DS:5 as a single market price support measure. However, it is also noted that India announced distinct Minimum Support Prices (applied administered prices) for each of the separate pulses and are disaggregated in India's AGST. For example, in 2012/13, India announced the following distinct Minimum Support Prices: Tur: INR 38,500/tonne; Moong: INR 44,000/tonne; Urad: INR: 43,000/tonne; Gram: INR 28,000/tonne; and Lentil: INR 28,000/tonne. However, the Minimum Support Price /applied**

administered price notified is approximately INR 36,900/tonne (converted to INR using the notified exchange rate for 2012/13).

i. **Please explain the reason for aggregating these pulses despite announcing distinct applied administered prices for each.**

ii. **Please provide market price support calculations for each commodity that separately receives a distinct announced applied administered price for each year covered by G/AG/N/IND/11.**

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 86094: Question by Canada - Market price support: Eligible production

Canada notes that in its first domestic support notification (G/AG/N/IND/1), India used total production as eligible production to calculate market price support for pulses (STDS:5) but switched to using the volume acquired under government procurement for subsequent notifications.

a. **Could India provide information on the change in policy that supported this change from total production to procured quantities and the details of the specific legislation or regulations that limits the volume of production eligible to be procured by the government?**

b. **How does India ensure that the minimum support price for pulses does not generate market distortions by affecting the price of sales of pulses that are not under the government's procurement?**

Answer by India

Only a portion of the marketable surplus offered by the farmers, and meeting prescribed specifications, is procured under MSP operations. The eligible production is, therefore, the quantity which is actually procured at administered price. .

<u>Follow-up</u>: *The United States stressed its view that since India announced individual and separate value of minimum support prices/administered prices for each type of pulses, India's notification should reflect the actual policy. The United States further noted that disaggregated reporting of support for each separate pulse would also be consistent with how India had reported the market prices support for each pulse product in its AGST. Australia echoed the U.S. comments. Canada and the European Union regretted India's lack of response to some of the questions and underlined their commercial and systemic interest in the subject.*

2.4.6 Jordan (G/AG/N/JOR/19/REV.1, G/AG/N/JOR/20/REV.1)

AG-IMS ID 86096: Question by Canada - Domestic food aid

Canada noticed that the description of the food aid measure in the supporting table DS:1 changed from "budgetary expenditures on bread, sugar, rice and powdered milk" to "Budgetary expenditures on bread" only.

a. **Could Jordan confirm that this program is now only applicable for bread and indicate what the reason for this change is?**

b. **Could Jordan indicate if a new measure will be brought in related to sugar, rice and powdered milk?**

Answer by Jordan

Jordan undertook to provide a response at a later stage.

AG-IMS ID 86022: Question by Australia - Excessive rates of inflation

Australia thanks Jordan for its improved transparency in G/AG/N/JOR/20/REV.1 and G/AG/N/JOR/19/REV.1, where Jordan has included AMS calculations without adjustment for inflation.

Australia would like to request further information from Jordan explaining why it is claiming excessive rates of inflation, and to help Members better assess Jordan's claim that excessive rates of inflation have impeded Jordan's ability to abide by its domestic support commitments.

a. **Can Jordan provide the annual inflation rates for the years covered by the notifications– 2013 to 2014?**

b. **Jordan claims that the inflation rate in 2013 and 2014 was 77% based on average consumer prices from 1997-2013/2014. Can Jordan provide the annual inflation rate for those years (i.e. 1997-2013, and 1997-2014)?**

c. **Can Jordan explain why it has adjusted the external reference price for inflation for Wheat but not for Barley in its DS notifications for 2013 and 2014?**

Answer by Jordan

Jordan undertook to provide a response at a later stage.

AG-IMS ID 86097: Question by Canada - Excessive rates of inflation

Canada appreciates Jordan's commitment to transparency in providing both unadjusted and adjusted numbers in its domestic support notification. Canada has noted in previous meetings that paragraph 8 of Annex 3 of the Agreement on Agriculture requires the "fixed external reference price" to be fixed or unchanging and thus, does not allow for any type of adjustment, including adjustments based on inflation. Canada notes that Footnote 1 in STDS:5 in G/AG/N/JOR/19/Rev. 1 and G/AG/N/JOR/20/Rev.1 references a cumulative inflation rate of "77% based on average consumer price from 1997 (2013" and "77% based on average consumer price from 1997) 2014", respectively. Could Jordan provide the annual inflation rate for 2013 and 2014?

Answer by Jordan

Jordan undertook to provide a response at a later stage.

AG-IMS ID 86077: Question by the European Union - Excessive rates of inflation

Jordan explains in its Supporting Table DS:5 for Calendar year 2013 that the inflation rate in 2013 was 77% based on average consumer price from 1997-2013. The EU understands that this is an aggregated inflation in the period 1997-2013. The average annual inflation during these 17 years would then be 4.52%. According to the World Bank data, the average world inflation during the same period was 4.26%. In the light of this, could Jordan specify:

a. **How would Jordan define "excessive rate of inflation" in paragraph 18:4 of the Agreement on Agriculture?**

b. **Why does Jordan consider an inflation rate in Jordan which is very close to the world average as being "excessive?"**

Answer by Jordan

Jordan is committed to be in compliance with its domestic support commitments in line with the Agreement on Agriculture, Article 18, paragraph 4 which stipulates clearly that Members shall give due consideration to the influence of excessive rate of inflation.

The external fixed reference price depends on the interval period (94-96), therefore a huge gap exists between actual world market price and external fixed price. The subsidy element is grossly overstated by comparing present day administered prices with fixed reference price period, which is unrealistic.

Jordan's inflation rate is 3.60% per year on average. The use of inflation rate and average consumer price shall give a Member the ability to abide by its domestic support commitment.

Without permanent solution, food security in developing countries will be adversely affected by the present ceiling on domestic support which is pegged at 10% of the value of production and is wrongly considered as trade distorting subside, therefore Jordan encourages WTO Membesr to take practical and serious step in implementing Bali decision on public stock holding.

According to the World Bank data, over the 1997-2015 period, Jordan's inflation rate was 4.52% per year on average. If Members look precisely at the cereals sector in Jordan, Members will notice the presence of high accumulative inflation rate (68%-77%) starting from base period year (94-96).

The Hashemite Kingdom of Jordan has been facing population pressure in the form of refugee's influx from the neighboring countries. As a country with limited natural and economic resources and totally rely on fuel imports, Jordan's ability to meet basic requirements of the consequent population growth has been a challenge.

Follow-up: *The European Union noted that it did not share Jordan's view that the methodology of using fixed external reference prices in the Agreement on Agriculture was "unrealistic". New Zealand emphasized that Article 18.4 did not provide a methodology or legal basis for adjusting Members' fixed external reference prices. In New Zealand's view the Agreement on Agriculture merely provided that Committee should take excessive inflation, inflation which was above a trend average, into account in considering Members' compliance with their obligations. Further, New Zealand pointed out that Members had made a deliberate decision on fixed reference prices in order to ensure that the level of market price support over time was reduced. New Zealand noted its firm support of this provision and disagreed with some of Jordan's comments in its responses.*

2.4.7 Mauritius (G/AG/N/MUS/7)

AG-IMS ID 86021: Question by Australia - Classification of measures

Australia thanks Mauritius for its Domestic Support notification contained in G/AG/N/MUS/7.

Australia notes that the following programmes have been listed in Supporting Table DS: 9 as non-product specific AMS in 2015-16 and 2016-17: Fruit Growers (Bat net); Cattle Breeders Scheme (Mauritius); Goat Multiplier Farms Scheme; Reproduction Farm Cattle/Goat including Rodrigues; Heifer Productivity Scheme; Tea Support Scheme.

Could Mauritius please explain why they have included these programmes as non-product-specific AMS given they appear to be support provided to specific product sectors?

Answer by Mauritius

The issue raised by Australia is much valid and Mauritius shall take necessary action to notify these measures henceforth as product-specific AMS. It should be noted that for developing countries, product-specific policies whose value is less than 10% of the farm gate value of the production of that product are exempt from the AMS. As such, these supports would then be exempted for Mauritius under the "*de minimis* "concept.

2.4.8 Moldova, Republic of (G/AG/N/MDA/11)

AG-IMS ID 86056: Question by the United States of America - Transparency issues (including Table DS:2)

The United States notes that in Moldova's first domestic support notification, Moldova included the exchange rates for the local currency to SDRs. However, in Moldova's recent notifications, no exchange rates were provided. The United States does appreciate the reporting of these exchange rates in response to AG-IMS ID 83092.

a. **Please provide the annual exchange rate used to notify support in G/AG/N/MDA/11.**

b. **Would Moldova consider including the exchange rates in its future notifications for transparency purposes?**

Table DS:2

c. **In response to AG -MS ID 83092, Moldova said in March 2017 that a Table DS:2 notification would be submitted within a short period; however, no notification has been submitted in nearly a year. Please provide an update on when the appropriate notifications will be made.**

Answer by the Republic of Moldova

Moldova undertook to provide a response at a later stage.

AG-IMS ID 86057: Question by the United States of America - Classification of measures

Supporting Table DS:1

In AG-IMS ID 83092 Moldova explained that the measure notified and related to the "payment for relief from natural disasters" met the criteria of paragraph 8 of Annex 2 as the embargo on export imposed by the Russian Federation was deemed an emergency disaster situation. However, an export ban does not appear to be in line with a "natural or like disaster" as explained in paragraph 8(a). Please provide additional details with regards to how payments to producers are made.

Answer by Moldova, Republic of

Moldova undertook to provide a response at a later stage.

2.4.9 Norway (G/AG/N/NOR/94)

AG-IMS ID 86042: Question by Ukraine - Payments based on 85% or less of the base level of production

As of calendar year 2014 Norway introduced a new Blue Box measure "Quality Incentive Support Programme for Beef". The monetary value increased from NOK 135.9 million in 2014 to NOK 191.5 million in 2016. This represents a very noticeable and possibly lucrative Blue Box producer support on the order of a 40% increase in just three years. We recall that Blue Box measures must demonstrate production limiting policy and that Norway has not had the opportunity to respond to Blue Box questions (according to AG-IMS) since 1999.

Could Norway give useful policy background and understanding on their new measure introduced in CY 2014 and how significantly increased spending correlated to Norway's Blue box policy objective of limiting production?

Answer by Norway

Norway notified a new DS:2 notifications for the "quality incentive support programme for beef" in 2015. For information concerning the programme, Norway would like to refer to this notification. The objective is to increase the quality of Norwegian beef production.

The maximum eligible quantity was calculated based on historical production during the three year period preceding the adoption of this programme. The programme was adopted by the Parliament in 2013, and accordingly the base period includes the years 2010 through 2012. The historical quantities in these years were 58.8 mill kg, 60.4 mill kg and 59.0 mill kg respectively. Hence, the base level of production is 59.4 mill kg and the maximum eligible support quantity of beef is therefore 50.49 mill kg (85 % of base level).

The main reason for the increase in support from 2014 to 2016 is that in the first year 2014, support was only granted for 10 months, whereas for 12 months in 2015 and 2016.

<u>Follow-up</u>: Argentina and New Zealand indicated systemic concern regarding the expansion of Norway's Blue Box support. Argentina would assess Norway's reply to determine the potential effects of the programme and its compatibility with Blue Box. New Zealand called for Members' careful consideration of Blue Box in future negotiating context in light of Norway's significant increase in Blue Box spending.

AG-IMS ID 86018: Question by Australia - Market price support: Eligible production

Australia thanks Norway for its recent DS:1 notification for 2016 in G/AG/N/NOR/94. Australia notes that in Supporting Table DS:5, Norway lists a range of eligible production figures that do not match with official statistics from Statistics Norway of total production.

	2016 Production ("000 tonnes/million litres)	
	Statistics Norway	G/AG/N/NOR/94
Wheat	286	287
Barley	574	598
Oats	330	343
Goat Milk	21.4	20.4
Milk	1526.2	1,522.80
Pork	137.7	127.9

Could Norway explain the discrepancy between these two numbers, including:

a. **Why has Norway not counted production as reported by Statistics Norway in its calculation of eligible production?**

b. **Does Norway maintain any quantitative limits on the volume of stock that it will offer market price support to?**

c. **What is the basis for Norway's calculation of eligible production for the above products in G/AG/N/NOR/94?**

Answer by Norway

a. The figures presented by Australia for wheat, barley and oats are as published by Statistics Norway on 19 January 2017, https://www.ssb.no/jord-skog-jakt-og-fiskeri/statistikker/korn/aar. These figures are preliminary as they are based on forecasts. The updated figures from Statistics Norway, https://www.ssb.no/jord-skog-jakt-og-fiskeri/statistikker/korn, are consistent with the DS:1 notification G/AG/N/NOR/94. These updated figures include seed production, which is not eligible to receive the applied administered price. This explains the difference between Statistics Norways figures and the notified production quantities.

Eligible production for milk is milk delivered to dairies. The volumes consumed or processed on farms are not included in the notified volume as these volumes are not eligible to receive the applied administered price, but they are included in the Statistics Norway figures.

Eligible production for pork does not include on farm consumption and sow or boar meat. This is included in the Statistics Norway figures.

b. No.

c. The basis for Norway's calculations of eligible production is Annex 3 to the Agreement on Agriculture. All production eligible to receive the applied administered price is included in the calculations.

Follow-up: *Australia considered that all production would be eligible for market price support including the volumes consumed or processed on farms and might pose follow-up questions on this issue in the future. New Zealand echoed Australia's comments and noted that a farmer's choice not to sell production to a processing plant did not mean the product was not eligible for support. New Zealand encouraged Norway to adjust the notification and resubmit it. The European Union supported Australia's and New Zealand's comments.*

AG-IMS ID 86098: Question by Canada - Market price support: Eligible production

In Norway's supporting table DS: 5, there is noticeable decrease in the amount of eligible production reported for wheat in calendar year 2016. As a result, market price support for wheat decreased from NOK 851.1 millionin 2015 to NOK 600.5 million in 2016. Could Norway please explain this decrease in eligible production for wheat in 2016?

Answer by Norway

The level of production of wheat in Norway varies depending on the weather conditions. In 2016 the conditions for wheat production were worse than the year before, because of low temperatures and a lot of rain throughout the production season. The quality of the wheat did therefore not fulfill the criteria for wheat classified for human consumption. The smaller share of wheat for human consumption led to a decrease in the market price support from 2015 to 2016.

Follow-up: *Canada noted that it may follow up on Norway's consideration of the quality of wheat for determining the eligible production. Canada noted its practice was to include on-farm feed as part of its eligible production for wheat. The European Union indicated it also included total production of wheat in market price support calculation even though the intervention was only made for wheat of breadmaking quality.*

2.4.10 Thailand (G/AG/N/THA/85)

AG-IMS ID 86099: Question by Canada - Transparency issues (including Table DS:2)

Canada appreciates Thailand submitting more Table recent DS:1 notification which cover the 2014, 2015 and 2016 calendar years. However, Thailand's previous Table DS:1 notification (G/AG/N/THA/75) covered the 2008 calendar year. In the intervening years there were a number of changes to the support provided to Thailand's rice sector which would have been reflected in these missing notifications. Could Thailand please inform the Committee on when they expect to provide notifications for the years, namely, 2009, 2010, 2011, 2012 and 2013?

Answer by Thailand

The information for Domestic Support between 2009-2013 includes price guarantee and rice pledging programmes which are being considered by the Thai court.

AG-IMS ID 86100: Question by Canada - Direct payments: payments for relief from natural disasters

In the 2014 DS: 1 notification, Thailand reports a new programme called "Government financial participation in crop insurance schemes" under Payments for relief from natural disasters.

a. **Given the lack of information for the preceding years, could Thailand indicate when this programme was introduced?**

b. **Could Thailand provide additional information on this programme and elaborate on how it complies with the requirements of paragraph 8 under Annex 2 of the Agreement on Agriculture specifically what is the reference period and what is the minimum percentage of the production loss eligible to be covered?**

c. **Could Thailand indicate when it will provide a DS: 2 notification for this new measure ?**

Answer by Thailand

Government financial participation in crop insurance schemes was introduced in 2011. The scheme insures in-season crops against natural disasters such as floods, droughts, typhoons, extreme cold, fire, and pest infestation. Thailand is in the process of gathering relevant information.

AG-IMS ID 86023: Question by Australia - Input subsidies available to low-income or resource-poor producers

Australia thanks Thailand for its Domestic Support notification for 2014-2016 contained in G/AG/N/THA/85.
Australia notes that Thailand's listed expenditure on Article 6.2 support changes considerably over the three year period – 39,522 million baht in 2014; 0.42 million baht in 2015 and a high of 64,712 million baht in 2016. Could Thailand please explain:

a. **Why did payments under Article 6.2 expand so significantly in 2016?**

b. **What specific subsidies were available to low income and resource poor farmers in each of the three years, given that Article 6.2 support is referred to differently in each year (i.e. as "subsidy to low income farmers" in 2014; "Subsidy Agricultural Machinery to producer" in 2015; and "provide inputs or financial assistance to obtain inputs to farmers" in 2016)?**

c. **How does Thailand ensure that the Article 6.2 subsidies are provided only to "low-income and resource poor producers", as required by Article 6.2 of the Agreement on Agriculture?**

Answer by Thailand

The amount of support given under Article 6.2 varies from year to year depending on different circumstances and policy at the time of application. The measures have the objective of supporting low income farmers to improve productivity (Development programmes). However, measures in each year will provide different type of supports for production input, as follows:

- 2014: subsidy to low income farmers provides input support to improve production efficiency.
- 2015: Subsidy Agricultural Machinery to producer provides support through Agricultural Machineries services to farmer.
- 2016: support provides inputs or financial assistance to obtain inputs to farmers. However, Farmers must be registered with the Ministry of Agriculture and Cooperatives to be eligible. The inputs subsidies that are used in the actual production process are covered under the programmes such as seeds, fertilizers, and fuels.

AG-IMS ID 86101: Question by Canada - Input subsidies available to low-income or resource-poor producers

In 2014, Thailand notified an input subsidy under Supporting Table DS: 2 called "Subsidy to low income farmers" in the amount of $39,552.82 million Baht. This measure is not included in subsequent years (i.e. 2015 and 2016).

a. **Could Thailand indicate how long this programme has been in place prior to 2014?**

b. **Since this measure is not included in the 2015 and 2016 years, could Thailand indicate if this programme is still operational or if it has been terminated?**

c. **Could Thailand elaborate as to how it defines "low income farmers"?**

d. **Could Thailand elaborate on the types of inputs covered under this input subsidy?**

Answer by Thailand

See response to AG-IMS ID 86023.

Follow-up:

AG-IMS ID 86102: Question by Canada - Input subsidies available to low-income or resource-poor producers

In 2016 under Supporting Table DS:2, Thailand reports what seems to be a new programme entitled "Provide inputs or financial assistance to obtain inputs to farmers".

a. **Could Thailand elaborate on the eligibility criteria to receive this funding?**

b. **What types of inputs are covered under this programme?**

Answer by Thailand

The programme provides inputs or financial assistance to low income farmers to obtain inputs. However, Farmers must be registered with the Ministry of Agriculture and Cooperatives to be eligible.

The inputs subsidies that are used in the actual production process are covered under the programmes such as seeds, fertilizers, and fuels.

AG-IMS ID 86058: Question by the United States of America - Input subsidies available to low-income or resource-poor producers

The United States would like to thank Thailand for its most recent domestic support notification for 2014-2016. This notification is most welcome by Members seeking information and transparency on Thailand's agricultural policies since its last notification for 2008.

Supporting Table DS:2

The United States notes various input subsidy measures for each of the three notified years: 'input subsidies' (2014), 'subsidy for agricultural machinery to producer' (2015), and 'inputs or financial assistance to obtain inputs to farmers' (2016).

a. **Please provide additional details on how each measure is implemented.**

b. **Please describe how each measure meets the criteria of Article 6.2.**

Answer by Thailand

Thailand undertook to provide a response at a later stage.

AG-IMS ID 86103: Question by Canada - Other product-specific AMS/EMS

Canada notices the addition of loans for production, payments for stockholding and loans for stockholding for rice under Supporting Table DS:7 starting in 2014.

a. **Are all three of these measures part of the same programme or are they separate initiatives?**

b. **Could Thailand provide details on the eligibility criteria to receive support under the above mentioned loans?**

c. **Could Thailand elaborate on the types of activities eligible to receive support under "Payment for stockholding"?**

Answer by Thailand

The programmes under AMS are not interrelated, details of each programme as follows:

- loans for production provide low-interest loans to farmers for Agricultural production.
- loans for stockholding provide loans for rice storage in rice barns.
- payment for stockholding is for the cost incurred in storing rice from the previous year's programme and refers to the costs in preserving product quality, rent, insurance, and storage.
- expenditure for stockholding of agricultural products for cereals is for cassava and corn and is the same as payment for stockholding.

AG-IMS ID 86071: Question by the European Union - Other product-specific AMS/EMS

a. **Can Thailand explain in more detail how its On-Farm Rice Pledging Program has been taken into account in this notification, and give more detailed calculations?**

b. **Can Thailand explain in more detail the calculation for the following rice subsidies: loans for production, loans for stockholding and payment for stock holding? What quantities of rice are concerned and what aid rates apply for these schemes?**

c. **Can Thailand explain in more detail the calculation for the cereal subsidies in supporting table DS:7: what cereals, what quantities and what aid rates for the schemes apply?**

Answer by Thailand

See response to AG-IMD ID 86103.

AG-IMS ID 86059: Question by the United States of America - Other product-specific AMS/EMS

<u>Supporting Table DS:7</u>

a. **The United States notes various measures for rice, including 'loans for production', loans for stockholding', and 'payment for stockholding'. In addition, Thailand notified 'expenditure for stockholding of agricultural products' measure for cereals.**

i. Please describe how each of these measures is implemented and if there is any relationship between the three measures.

ii. For 'expenditure for stockholding of agricultural products' for cereals, please explain specifically what commodities are covered, including whether rice is covered. If rice is covered, please explain how this differs from the 'payment for stockholding' notified for rice.

iii. For the measures related to stockholding, please describe how commodities are purchased for stocks, including whether purchases are done at market prices or administered prices.

b. The United States notes a budgetary outlay for 'loans for production' for rice for all three notified years. In September 2017, the Thai cabinet approved a budget for the MY2017/18 On-Farm Paddy Pledging Program to include all main-crop rice varieties from 1 November 2017 – 28 February 2018 in which farmers will receive a subsidy on storage costs as well as a direct payment for certain harvest and postharvest handling costs during 1 September 2017 – 31 July 2018.

Given that there are intervention prices and targeted quantities for the On-Farm Paddy Pledging Program, please explain how this measure does not meet the criteria for being notified as market price support in Supporting Table DS:5.

c. The United States notes a government subsidy of 450 million baht for sugarcane for all three notified years. It is our understanding that the government of Thailand was seeking public comment on the draft amendment of the Cane and Sugar Act B.E. 2527 (1984), which aims to deregulate the domestic sugar market in MY2017/18, and that if the current draft is implemented, starting on December 1, 2017, domestic price subsidies and direct payments to cane growers will end.

i. What is the status of this amendment?

ii. Please provide additional details as to how the "government subsidy" for sugar was implemented in the years covered by this notification.

iii. Would the proposed amendment noted above result in the end of this measure as well?

Answer by Thailand

Thailand undertook to provide a response at a later stage.

2.4.11 United States of America (G/AG/N/USA/109)

AG-IMS ID 86028: Question by India - Direct payments: structural adjustment assistance provided through investment aids

The USA spent USD 58 million on farm credit programmes under structural adjustment through investment aides of Green Box. These programmes include short-term loans made at preferential interest rates. The support is derived as the difference between FSA farm loans and commercial interest rates times the value of loans made during the years. Short terms loans at subsidies interest rate can be treated as input subsidies to the farmers. Could the USA explain how the credit subsidy for short-terms loan qualifying under Green Box?

Answer by the United States of America

The Farm Service Agency (FSA) provides direct and guaranteed loans to farmers and ranchers who are unable to obtain financing from commercial credit sources. Examples of eligible recipients include:

- beginning farmers, who cannot qualify for conventional loans because they have insufficient financial resources or farming experience;

- farmers who have suffered financial setbacks from natural disasters or who have limited financial resources, and;

- socially disadvantaged (SDA) farmers, ranchers, or agricultural producers who have been subjected to racial, ethnic, or gender prejudice because of his or her identity as a member of the group without regard to his or her individual qualities. SDA groups are women, African Americans, American Indians, Alaskan Natives, Hispanics, Asian Americans and Pacific Islanders. These payments are consistent with Annex 2, paragraph 11 of the Agreement on Agriculture.

AG-IMS ID 86027: Question by India - Other product-specific AMS/EMS

Under the 2014 Farm Act, historical cotton base acres were designated "generic base acres" and producers are eligible for payments under the PLC or the Agriculture Risk Coverage (ARC). How much cotton area is declared as "generic base acres" under the Farm Act, 2014?

Answer by the United States of America

All former upland cotton base acres were designated generic base acres under the 2014 Farm Act, totalling 17 million acres.

AG-IMS ID 86026: Question by India - Classification of measures

As per domestic support notification for year 2014, USA spent USD 773 million on covered commodities under Price Loss Coverage Programme. For each covered commodity on a farm, PLC payments are made on historical base area when current market price falls below the reference price. The reference price under the PLC programme varies across covered commodities and payments under PLC are based on current prices of covered commodity. Therefore, PLC payments are product specific trade distorting support rather than non-product specific support as notified by the USA. It resulted into underreporting of product specific support across covered commodities.

a. **Could the USA describe why PLC payments qualify for non-product specific support instead of product specific support under Amber box?**

b. **Could the USA provide commodity wise PLC payments for the marketing year 2014?**

Answer by the United States of America

a. Payments under the PLC programme are not made to producers of particular crops; rather, they are made to those who own and/or operate farms with historical base acres of those crops. While payment rates are calculated for each covered commodity according to the provisions of the 2014 Farm Bill, the base acreage and yields are fixed and based on historical production, and no production is required to receive payment. Therefore, the payments, if any, cannot be associated with current production of a specific commodity.

b. PLC payments by commodity are available only for payments to generic acres. Those may be found in notification G/AG/N/USA/109.

<u>Follow-up</u>: Argentina and Brazil shared an interest in the questions.

2.5 Export subsidy commitments (Tables ES:1, ES:2 and ES:3)

2.5.1 Norway (G/AG/N/NOR/95)

AG-IMS ID 86079: Question by the European Union - Transparency issues

The European Union notes that Norway has significantly increased the use of export subsidies for swine meat and butter between 2015 and 2016. Does Norway consider this increased use of export subsidies for swine meat and butter to be in line with the commitment, pursuant to the 2013 Bali Ministerial Declaration on Export Competition, to "exercise utmost restraint with regard to any recourse to all forms of export subsidies and all export measures with equivalent effect"? According to paragraph 10 of the Nairobi Ministerial Decision on Export Competition "Members shall seek not to raise their export subsidies beyond the average level of the past five years on a product basis". According to the information notified, Norway has failed to achieve this objective for butter in 2016. What are the reasons behind the increased use of export subsidies for butter?

Answer by Norway

Based on the Uruguay round schedule, Norway had the right to use export subsidies for eleven products. In line with the 2013 Bali Ministerial Declaration on export subsidies Norway reduced the use of export subsidies and used export subsidies for only four products in 2015.

At the Ministerial in Nairobi in December 2015, Norway agreed to stronger commitments for swine meat, butter, cheese and processed agricultural products. The export quantities for these products were fixed based on the average export in the period 2003 – 2005. For swine meat, Norway had to reduce the subsidized export quantity by 50% and for butter by approximately 80%, compared to the level set in the Uruguay round negotiations. Still some exports of butter had to take place in 2016.

Norway remains fully committed to the outcome of the Nairobi Ministerial Decision. Norway has notified a revised export subsidy schedule 28th November 2017.

2.5.2 Switzerland (G/AG/N/CHE/82)

AG-IMS ID 86080: Question by the European Union - Transparency issues

The EU notes that Switzerland is in breach of the Nairobi Decision on Export Competition by granting export subsidies to cattle for breeding and horses in 2016. The EU also notes that Switzerland is in breach of Article 11 of the Agreement on Agriculture by granting export subsidies to certain ingredients of processed agricultural products, such as eggs, flour, oils/fats and sugar which cannot benefit from any export subsidies in the primary form.

The EU nevertheless also notes that the Swiss authorities have recently adopted a proposal on the abolition of agricultural export subsidies by 2019. The proposal refers to certain compensatory measures taken by the private sector and subject to private law, i.e. without direct participation of the authorities. Could Switzerland clarify if such private law measures imply any support to exported products financed by virtue of government action, such as a mandatory levy on agricultural products from which the exported products would be derived?

Answer by Switzerland

Switzerland takes this opportunity to inform Members that it has no longer provided export subsidies for horses since 2017. As regards the EU's comment on export subsidies for certain processed agricultural products, Switzerland does not grant any export subsidies for eggs, oils or sugar contained in processed products. Turning to the question on export subsidies for certain dairy products and staple grains used in processed agricultural products, Switzerland considers these subsidies to be in conformity with Article 11 of the Agreement on Agriculture, and refers to question No. 83029 and to its reply to that question at the meeting of the Committee on

Agriculture of 28 March 2017. In December 2017 the Swiss Parliament approved a package of measures which included the abolition of export subsidies. The package also includes accompanying measures, namely the simplification of the procedure for approval of processing trade and coupled payments for certain staple agricultural products, including milk and cereals. The package contains no state measures in support of export activities. The package is scheduled to be implemented on 1 January 2019.

2.5.3 United States of America (G/AG/N/USA/118)

AG-IMS ID 86081: Question by the European Union - International food aid

The European Union notes that the Unites States has significantly increased the quantities of wheat, coarse grains and rice notified as food aid in table ES:1 in 2015.

a. What are the reasons behind this increased use of in-kind food aid in 2015?

b. When comparing the quantities of in-kind food aid notified in Table ES:1 and the quantities of in-kind food aid notified in the corresponding NF:1 notification of the United States (G/AG/N/USA/119), it appears that more than half of the vegetable oil, almost half of the rice and a substantial share of the coarse grains donated are in fact donated to countries that are not classified as least-developed or net food-importing developing countries. Could the United States elaborate on the reasons for the distribution of the in-kind food aid in question?

Answer by the United States of America

a. The increases of food aid from FY 2015 to FY 2016 were primarily made to support South Sudan and Somalia, in response to the "four famines".

b. The United States provides food aid to countries in need. All of the countries which received food aid in FY 2015 and FY 2016 are developing countries.

3 DEFERRED REPLIES TO QUESTIONS ON NOTIFICATIONS

3.1 India (G/AG/N/IND/11)

AG-IMS ID 86020: Question by Australia - Public stockholding for food security purposes

Follow up questions from 85th CoA:
As directed by India in its response to Question ID 85097, Australia has reviewed information contained at http://dfpd.nic.in/ in relation to questions Australia posed on India's notification for public stockholding for food security purposes in G/AG/N/IND/11. Australia has been unable to locate the information requested in ID 85097 and therefore restates that question:

Supporting Table DS:1 of G/AG/N/IND/11 notifies over US$14 billion per annum in public stockholding for food security purposes support as "Green Box" measures exempt from reduction commitments.

a. The Agreement on Agriculture Annex 2 Paragraph 3 states, "The volume and accumulation of such stocks shall correspond to pre-determined targets related solely to food security." For each of the years and commodities covered by the notification, could India provide:

i. The pre-determined targets and when these were established;

ii. An explanation of how these targets were established in compliance with the requirement of a sole focus on food security.

b. The Agreement on Agriculture Annex 2 Paragraph 3 further states, "Food purchases by government shall be made at current prices and sales from food security stocks shall be made at no less than the current domestic market price for the product and quality in question." For each of the years and commodities covered by the notification, could India provide:

i. The price at which the commodity was purchased;

ii. The market price for each commodity at the time of purchase;

iii. The price at which sales from food security stocks were made;

iv. The domestic market price for the commodities sold from food security stocks at the time of their sale?

Answer by India

a. Before the onset of each marketing season, the Government of India consults agencies concerned to make an assessment of the availability of food grains, for procurement at MSP based on various factors. The farmers in India are primarily low-income, resource-poor, subsistence farmers. They keep a portion of their produce for self-consumption, seed for the next crop year and local market sale. Only a portion of the marketable surplus offered by the farmers, and conforming to the prescribed specifications, is procured under the MSP operations.

b.

i. Information can be accessed at http://agricoop.nic.in;

ii. Information can be accessed from http://consumeraffairs.nic.in;

iii. Under the National Food Security Act (NFSA), wheat , rice and coarse grains are sold at Rs. 2, 3 and 1/kg resp. Information can be accessed at http://dfpd.nic.in;

iv. Information can be accessed from https://consumeraffairs.nic.in/.

AG-IMS ID 86111: Question by the United States of America - Input subsidies available to low-income or resource-poor producers

The United States resubmits AG-IMS ID 85019 for more detail due to the insufficient response provided as follows: "As per agricultural census 2010-11, 99.29% Indian farmers have landholding of less than 10 hectare. India's agricultural input subsidies are consistent with Article 6.2 of the AoA":

a. "India's notification now notes that 99.15% of farmers are low-income or resource poor. In response to AG-IMS ID 75021, India stated there is a trend that the average size of farms, by landholding, decrease in each subsequent Census, and that 99% of farms have inadequate resources to generate enough income to maintain a minimum standard of living. Concurrently, India has increased agricultural production in India, exports, and marketed surplus of major commodities. India is now one of the world's largest agricultural producers and exporters of a number of major and minor commodities.

i. Please provide additional information beyond that provided in previous CoA responses, including relevant statistics, to help Members understand this dichotomy.

ii. Please include any available statistical information with regards to the size and ownership structure of the farms that contribute to the sizeable marketed surplus.

b. **Please explain what mechanisms exist in India's domestic support measures to ensure that the programmes benefit low-income or resource poor farmers only. Given the sizeable market surplus of commodities in India, does India have any statistical information or other relevant information it can share with Members to better understand the level of input subsidies provided to producers by size of operation and income level?"**

Answer by India

As per agricultural census 2005-06, 99.15% and as per census 2010-11, 99.29% Indian farmers have landholding of less than 10 hectare. India's agricultural input subsidies are consistent with Article 6.2 of the AoA. Further details can be accessed at http://agcensus.dacnet.nic.in/

AG-IMS ID 86109: Question by the United States of America - Market price support

Supporting Table DS:5

The United States resubmits question AG-IMS ID 85021 for response:

a. **"In G/AG/N/IND/11, India notifies market price supports for several commodities; however, the list of commodities for each year differs. Further, certain commodities have been aggregated into larger categories compared to previous notifications and India's AGST.**

   i. **Please explain the basis for aggregating these commodities despite separate applied administered prices being announced.**

   ii. **For each year covered by this notification, please provide a list of all announced minimum support prices (e.g., applied administered prices) for each commodity announced, whether procurement occurred or not.**

b. **The United States notes that India used the same methodology to calculate market price support as in its previous notifications, including the use of procurement as eligible production. As noted in previous questions (AG-IMS ID 75062) to India in this Committee, this differs from India's AGST where total production of a given commodity was used as eligible production. In response to AG-IMS ID 65061, India explains its reason for why it considers procurement to be the appropriate measure of eligible production, but did not confirm that India doesn't place any preset limit on the amount of production that may be procured from farmers. While India notes in response to AG-IMS ID 75062 that India procures marketable surplus and, it did not clarify any pre-established limit.**

   i. **Please confirm that India doesn't place any preset limit on the amount of production that may be procured from farmers.**

   ii. **Please clarify the basis for changing the notification methodology related to eligible production between India's AGST and subsequent notifications, including any specific changes to Indian policy that contributed to this change."**

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 86110: Question by the United States of America - Market price support: Eligible production

Supporting Table DS:5

The United States again resubmits AG-IMS ID 84071 (and AG-IMS ID 85029) as no written response has been provided: "In response to AG-IMS ID 83009, India states that

'the government does not procure in all states, and hence entire production is not covered.' Please provide the details of the specific legislation, regulations or other measures that limit the eligibility of procurement of eligible product from all states."

Answer by India

India undertook to provide a response at a later stage.

AG-IMS ID 86112: Question by the United States of America - Non-product-specific AMS

The United States resubmits AG-IMS ID 85022 for response:

"The United States notes that in G/AG/N/IND/11, India notifies a new non-product specific measure: "insurance premium subsidy."

- **a. Please provide an overview of how this measure is implemented.**
- **b. Please explain how the budgetary outlays are calculated.**

Answer by India

Government implements an agricultural insurance scheme to safeguard the interest of farmers. The insurance premium subsidy given under insurance programmes has been notified as non-product specific support in the notification under reference. Further details about the scheme are available on the website http://agricoop.gov.in.

3.2 Mali (G/AG/N/MLI/8)

AG-IMS ID 86078: Question by the European Union - Transparency issues (including Table DS:2)

Since no reply has been received the EU repeats its question AG-IMS 85001.

Mali notifies that in 2016 it granted subsidies for agricultural inputs in compliance with the criteria set out in Article 6.2 of the Agreement on Agriculture. According to the latest version of the Director General's Evolving Table on Cotton Development Assistance (WT/CFMC/6/Rev.22) Mali has been indicated as a beneficiary country of several programmes/projects/activities targeting the cotton sector. For example several programmes have been implemented in Mali with the aim of improvement of productivity and sustainability of cotton areas, fostering agricultural productivity in Mali etc.

Are these programmes covered by the notification by Mali for 2016 and for what amount?

Answer by Mali

Mali undertook to provide a response at a later stage.

4 OVERDUE NOTIFICATIONS

4.1.1 Egypt

AG-IMS ID 86024: Question by Australia

Australia notes that Egypt does not appear to have lodged an annual export subsidy notification to the WTO since G/AG/N/EGY/2 of 7 May 1999. Australia encourages Egypt to bring itself into compliance with its export subsidy notification obligations

Answer by Egypt

Egypt has taken stock of all trade-related measures in the area of agriculture. Egypt will assess the measure, prepare the necessary notifications and submit them to the Committee on Agriculture.

AG-IMS ID 86060: Question by the United States of America

The United States appreciates the efforts undertaken by Egypt to bring its domestic support notifications up to date with its latest notification covering the period 2005-2016. However, it is noted that Egypt's prior domestic support notification covered the period of 1995-1998.

Please provide an update on when Members can expect to receive Egypt's overdue notifications for the period 1999-2004.

Answer by Egypt

See response to AG-IMS ID 86024.

4.1.2 Indonesia

AG-IMS ID 86082: Question by the European Union

Could Indonesia explain what progress has been made on the notifications for years after 2011 compared to the reply to question AG-IMS ID 83032, given in the Committee meeting in March 2017.

Answer by Indonesia

Indonesian Delegation wishes to thank the EU delegation for raising the question. Indonesia would like to refer to its response at the 83rd meeting of the COA. Works are still underway in the Capital to update Indonesia's notification, particularly on domestic support and market access. Indonesia will update its notification once the works in the Capital are done.

Follow-up: *The European Union noted that this response was the same as the one provided one year ago and looked forward to seeing Indonesia progress on updating its notifications.*

4.1.3 Mauritius

AG-IMS ID 86107: Question by the European Union

The European Union thanks Mauritius for its export subsidy notification (G/AG/N/MUS/8) covering financial year 2016-2017. The EU notes that Mauritius appears not to have submitted ES notifications covering years 2014 and 2015 and would underline that these notifications are also essential in order to verify compliance with the Bali and Nairobi commitments on export subsidies. The EU thus encourages Mauritius to submit all pending notifications in due course.

Answer by Mauritius

Mauritius endeavours to submit all pending notifications for Export subsidy by the end of April 2018.

4.1.4 Nigeria

AG-IMS ID 86083: Question by the European Union

Since no reply has been given EU repeats question AG-IMS ID 85037.

The latest DS:1 notification from Nigeria dates from 2012 covering 2011. Since then Nigeria has implemented the Agricultural Transformation Agenda (ATA) and the Agricultural Promotion Policy (2016-2020).

Will Nigeria submit a DS:1 notification for years after 2011 including Green Box support as well as Article 6:2 support?

Answer by Nigeria

Nigeria would like to thank the European Union for its interest in the Agricultural Transformation Agenda and the Agricultural Promotion Policy from 2016 to 2020. The European Union may be aware that Nigeria has already submitted its notification on domestic support from 2012 to 2016 as contained in the document G/AG/N/NGA/17. It was an oversight that the question from the EU has not been fully addressed. Nigeria wishes to reassure the EU that its capital has taken the question seriously and is working assiduously to provide the additional information as soon as possible.

4.1.5 Thailand

AG-IMS ID 86105: Question by the United States of America

The United States would like to thank Thailand for its most recent domestic support notification for 2014-2016. This notification is most welcome by Members seeking information and transparency on Thailand's agricultural policies since its last notification for 2008.

Please provide an update on when Members can expect to receive Thailand's overdue notifications for the period 2009-2013.

Answer by Thailand

Thailand undertook to provide a response at a later stage.

4.1.6 Turkey

AG-IMS ID 86070: Question by the European Union

The European Union appreciates that Turkish has submitted DS:1 notifications for the years 2002 to 2004. As expressed in previous meetings in our views this is far too late. Will Turkey forward the remaining missing notifications and when?

Answer by Turkey

As Members may be aware, Turkey submitted a package of notifications last year which were under consideration during the last Committee meeting. Turkey's relevant authorities are working on the remaining notifications and Turkey hopes to be in a position to submit another package of notifications soon.

Follow-up: The European Union looked forward to Turkey's upcoming notifications.

5 OTHER

5.1.1 Japan

AG-IMS ID 86052: Question by China

China thanks Japan for the reply to the question AG-IMS ID 84123. Regarding the food aid provided by Japan, China would like to raise some follow-up questions as below:

- **a. Since the food aid is provided in cash, please explain the necessity for re-monetization.**

- **b. Is there any additional requirement for using the fund donated by Japan, such as purchasing commodities from Japan? If that is not the case, please clarify how the statistics of the quantity of food provided by Japan to each recipient country is made?**

Answer by Japan

a. Japan allows recipient countries to re-monetize the food which they purchase with the funds provided by Japan and to accumulate counterpart funds. Japan expects, through this scheme, the funds provided by Japan not only contribute to overcoming food shortages but also have positive effects on the development of the recipient countries by allowing them to utilize counterpart funds for socioeconomic development projects.

b. In Japan's scheme of food aid, items to procure and its place of origin are different from one case to another. Japan implements food aid on a cash-based basis based on the needs and requirements of recipient countries.

   With regard to the notification of aid performance, Japan regularly notifies the WTO of such performance as quantity based on the result of procurement.

   Food aid by Japan is not in-kind but cash-based, and this is different from the "monetization of in-kind aid".