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**Committee on Agriculture**

# POINTS RAISED BY MEMBERS UNDER THE REVIEW PROCESS

## COMPILATION OF QUESTIONS FOR THE MEETING ON 11-12 JUNE 2018[1]

The present document compiles questions received by the Secretariat by the deadline of 28 May 2018 as specified in WTO/AIR/AG/27.

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

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

## 1.1 EU - Amendments to Income Stabilisation Tool

### 1.1.1 Question by India (AG-IMS ID 87080)

With regard to the EU's Common Agriculture Policy (CAP), major improvements to the EU agriculture rules came into force on 1 January 2018 following the adoption by the Council of Agriculture Ministers and the European Parliament, of the agriculture and rural development part of the so-called Omnibus regulation.

One of the key points mentioned in these amendments relates to the Income Stabilisation Tool. Changes are made in the Rural Development Regulation to provide for a sector specific income stabilisation tool which will give Member Sates the possibility to design a tool tailored for a specific sector. While the support linked to the general income stabilisation tool will continue to be triggered when the farmer's income drops by more than 30% of his/her average annual income, the threshold for the new sector-specific tool will be 20%. Further, in order to promote the use of insurance by farmers, the threshold for drop in production applicable for insurance will be now 20%, in place of 30% earlier.

India notes that the EU has notified expenditure on CAP as "enhancing public awareness of the Common Agricultural Policy" under Marketing and promotion services category of "Measures exempt from the reduction commitment "Green Box"" in its DS:1 supporting table in G/AG/N/EU/43 for marketing year 2014-15.

In order to categorize such an income safety programme under Green box, conditions laid down in paragraph 7 of Annex 2 of the AoA should be complied with. In this regard, India wants EU to answer the following:

a. Can EU specify or give examples of the sectors for which the new sector-specific tools will be applicable?

b. Since the new policy intends to reduce the threshold for drop in income to be eligible for support from 30% to 20%, how does EU see the compliance of this measure with paragraph 7 (a) of Annex 2 of the AoA, given that the programme has earlier been notified under Green box?

c. How is this new measure compatible with paragraph 7 (c) of Annex 2 of the AoA?

## 1.2 India's sugar policies

### 1.2.1 Question by Australia (AG-IMS ID 87079)

<u>Export quota and financial assistance</u>

Australia notes extensive media reports about India's surging sugar production in 2017-18 and calls for assistance from the Indian sugar industry for government intervention to support domestic prices. In response, the Indian Government announced a suite of measures since February, which have had a dampening effect on the world sugar market. On 28 March 2018, India's Department of Food & Public Distribution (DFPD) announced in File No. 1(4)/2018-SP-I a two million tonne (20 Lakh tonnes) export quota for all grades of sugar in 2017-18 under its Minimum Indicative Export Quotas (MIEQ). India also removed a 20% export duty on sugar in March 2018, increased the import tariff on sugar from 50 to 100% in February 2018, and imposed reserve stockholding limits on producers of sugar for the months of February and March 2018. According to the DFPD announcement, the MIEQ scheme was implemented "[i]n view of the inventory levels with the sugar industry and to facilitate achievement of financial liquidity". The export quota has been prorated among sugar factories and allocated at Annexure-A to the MIEQ.

a. Can India provide data on the value and volume of exports of sugar under the export quota since it was announced on 28 March 2018?

b. Given the gap between world sugar prices and internal Indian sugar prices/cost of production, are there any export incentives or subsidies provided as part of the export quota to make the exports commercially viable?

c. Can India explain the meaning of paragraph 7 of DFPD File No. 1(4)/2018-SP-I which states that sugar mills failing to undertake the export of sugar allocated to them shall be deemed to be violating the directives of the Government issued under clause 5 of Sugar (Control) Order, 1966?

   i. What penalties may a sugar mill face if it does not export its allocated quota volume?

   ii. Does paragraph 7 means the export quota is effectively a mandatory requirement?

The announcement of an export quota was followed by an announcement of financial assistance to sugar mills for clearing cane dues of farmers by India's Cabinet Committee on Economic Affairs (CCEA) on 2 May 2018. This scheme will pay sugar mills Rs. 55 per tonne of cane crushed in 2017-18 and would help clear cane price dues of farmers of more than Rs. 19,000 crore (approximately USD $2.8 billion).

Further to the CCEA announcement, India's DFPD issued a notification for the Scheme for Assistance to Sugar Mills in No. 1(5)/2018-S.P.-I on 9 May 2018. This provided the eligibility criteria for the financial assistance, including mills needing to "have fully complied with all the orders/directive of the Department of Food and Public Distribution (DFPD) to the sugar mills during 2017-18 sugar season."

d. Can India explain which orders/directive of the Department of Food and Public Distribution (DFPD) to the sugar mills during 2017-18 sugar season?

   i. Does this include sugar mills meeting the prescribed quantities of sugar under the export quota in Annexure-A to the MIEQ?

e. Recent media reporting indicates that a number of sugar mills will not be eligible for the financial assistance, since they did not meet the reserve stockholding limits on producers of sugar for the months of February and March 2018

   i. Can India confirm whether a sugar mill needs to have met the reserve stockholding limits to be eligible for financial assistance?

   ii. Is India considering changing the announced eligibility criteria to address this issue of reserve stockholding limits?

f. Can India advise whether financial assistance will be withheld to sugar mills not exporting prescribed quantities of sugar at Annexure-A to the MIEQ?

   i. If so, given India does not have any scheduled export subsidy entitlements, can India explain the consistency of making financial assistance contingent on fulfilling an export quota allocation consistent with India's commitments under Article 9 of the Agreement on Agriculture?

g. Does India think it is sustainable to continue to addressing domestic overproduction in the medium to long term through export quotas and incentives?

h. Is India considering changes to its domestic support programmes for the sugar industry, in particular the "Fair and Remunerative Price" to cane growers, to address the overproduction and avoid future cane arrears?

i. Has India considered more market-oriented forms of domestic support, which allow prices signals to reach producers and is more sustainable and effective to support the livelihood of farmers and avoid the accumulation of cane arrears in order of USD$2.8 billion?

Deferral of future sugar import duties

India's Directorate General of Foreign Trade Notification No. 57/2015-2020 on 28 March 2018 announced the Duty Free Import Authorisation (DFIA) scheme allowing import duties on future sugar imports to be waived until September 2021 for sugar millers that export sugar this crushing season (2017/18).

j. Can India provide data on the value and volume of exports of sugar under the DFIA scheme since it was announced on 28 March 2018?

k. Given India does not have any scheduled export subsidy entitlements, can India explain the consistency of allowing future import duties on sugar to be waived contingent on exports of sugar this crushing season with India's commitments under Article 9 of the Agreement on Agriculture?

### 1.2.2 Question by European Union (AG-IMS ID 87002)

a. Can India indicate the current support price for sugar for sugar cane growers in India (expressed in raw sugar or white sugar equivalent per metric tonne). If prices are different across states, can India please indicate the support in each state.

b. Can India confirm that sugar mills have been obliged to export 2 million tonnes of sugar of the sugar production of this marketing year.

c. Can India indicate whether the sugar mills or sugar cane producers will be compensated for any of the differences between the internal support price and the world market sales price for the sugar to be exported.

## 1.3 India's rice procurement

### 1.3.1 Question by European Union (AG-IMS ID 87078)

According to the data available on the Food Corporation of India (http://fci.gov.in/procurements.php?view=89) webpage, the minimum price support for paddy during the 2016/17 season was at least 1,470 rupees/quintal, i.e. 14,700 rupees/tonne. The Indian fixed external reference price for rice in its schedule is 3,520 rupees/tonne. The currency in which the FERP is fixed is rupee.

According to the FCI web-page (http://fci.gov.in/app/webroot/upload/Procurement/Statewise%20Procurement%20of%20Rice(KMS%202016-17 ) 44.pdf) FCI procured 381.06 LMT of rice in the 2016/17 marketing year, i.e 38.1 million tonnes of rice. Total production of rice in India during the same period, according to the AMIS database (http://fci.gov.in/app/webroot/upload/Procurement/Statewise%20Procurement%20of%20Rice(KMS%202016-17)_44.pdf) was 110.15 million tonnes. Therefore, in total India procured around 34,6% of the rice produced with a procurement price that means more than four times higher than the fixed external reference price in India's schedule of concessions.

In light of the above could India validate the figures above and clarify:

a. How does India intend to respect its product-specific *de minimis* support limit for rice, in particular in a situation where price gap would be calculated on the basis of eligible production and not on the basis of procured production as ruled by the Korea beef case (DS161)?

b. How would India define "excessive rate of inflation" as stipulated in Article 18:4 of the AoA?

c. When does India intend to submit its outstanding domestic support notifications (DS:1) providing all relevant details for the price gap calculations as operated by the FCI during the years concerned?

d. Since the calculation above shows that the product-specific *de minimis* domestic support is above the 10% limit, is India considering triggering an interim mechanism for the public stockholding for food security purposes as laid down in the Bali Ministerial Decision of 7 December 2013?

## 1.4 Indonesia's import restrictions on horticultural products

### 1.4.1 Question by United States of America (AG-IMS ID 87020)

Indonesia has expanded seasonal restrictions for 2018, including new restrictions on apples, oranges, clementines, lemons, and other products. In the Indonesia – Import Licensing Regimes WTO dispute, the WTO Dispute Settlement Body found that Indonesia's seasonal restrictions on horticultural products are inconsistent with the WTO Agreements and issued a recommendation that Indonesia bring this measure—and 17 others—into compliance with its WTO obligations. Indonesia has stated that it intends to comply with the WTO recommendations and rulings in the dispute.

a. Will Indonesia commit to not implement seasonal restrictions for horticultural product imports for the remainder of 2018?

b. The US understands that Indonesia's Ministry of Agriculture held a public hearing on May 16, 2018 to discuss possible revisions to its regulatory requirements for imports of horticultural products, including the elimination of seasonal restrictions. Will the revised measures being considered be in force in time to allow apple imports for the months of August-October and lemon imports for the months of May-August and November-December?

c. Will Indonesia publish the revised measure for comment by WTO members? Does Indonesia intend to notify these revisions to the WTO?

d. What other changes is Indonesia recommending to its existing requirements?

The US understands that during the first-half of 2018, Indonesia's Ministry of Trade (MOT) issued horticultural product import permits nearly six weeks late.

e. What was the cause of this delay?

f. What measures have MOT taken to ensure that second half of 2018 import permits are issued on time?

g. When will MOT issue these import permits?

## 1.5 Moldova's draft regulation on amendments to Law on Internal Trade

### 1.5.1 Question by Ukraine (AG-IMS ID 87092)

The Republic of Moldova is considering a draft regulation regarding the amendments to the Law on Internal Trade that would favour domestically produced products and restrict imported goods. The draft regulation says: "14) The merchant is obliged to purchase and ensure the laying of food products from the short food chain on the shelf, in proportion not less than 50% of the linear length of the trading shelf. The list of food products that fall under these provisions is approved by the government and is updated annually" and "Short food chain – supply chain of food products produced and/or processed in the territory of the Republic of Moldova".

a. In this regards could Moldova please provide an update on the implementation status of this draft regulation?

b. Which products could be included in the abovementioned list?

c. What steps is Moldova taking to ensure that any regulation affecting imports of agricultural products is consistent with its WTO commitments?

## 1.6 Norway's export subsidy for butter

### 1.6.1 Question by New Zealand (AG-IMS ID 87096)

New Zealand notes that contrary to the MC10 Export Competition Decision, Norway's notified export subsidy outlays for butter in 2016 are 1154% of those in the previous five years. They are also 250% of outlays in 2015.

a. Footnote 4 of the MC10 Export Competition Decision requires that there shall be no export subsidies applied to new markets and that product shall not be destined for least developed countries. Which markets did the export subsidised butter go to in 2015 and 2016?

b. What steps is Norway taking to bring its export subsidy outlays for butter back within the previous 5 year average required by paragraph 10 of the Decision?

## 1.7 Switzerland-Liechtenstein's new support policy for dairy and cereals

### 1.7.1 Question by European Union (AG-IMS ID 87091)

In document G/AG/W/125/Rev.8/Add.1 Switzerland-Liechtenstein mentions that its parliament has approved "accompanying measures, including new support for dairy and cereal products that is not linked to exports, and a simplified authorization procedure for inward processing traffic in the basic dairy and cereal products that currently benefits from export contributions".

a. Could Switzerland-Liechtenstein explain the functioning of the new support measures for dairy and cereal products?

b. Could Switzerland-Liechtenstein explain the changes made in respect of inward processing?

## 1.8 Switzerland's levies on imports of certain agricultural goods

### 1.8.1 Question by European Union (AG-IMS ID 87102)

The EU understands that Switzerland applies levies on imports of certain agricultural goods that are subject to compulsory reserve stock requirements to finance these reserve stocks. These fees are applied to imports in addition to customs duties, while they are not applied to the domestically produced products. Could Switzerland please explain how this measure complies with Article III GATT?

## 1.9 U.S. Commodity Credit Corporation funds

### 1.9.1 Question by Canada (AG-IMS ID 87104)

In the Bipartisan Budget Act of 2018, Congress lifted certain restrictions on the Agriculture secretary's authority to use Commodity Credit Corporation (CCC) funds. Canada understands that the CCC can borrow up to $30 billion from the Treasury Department at any one time to stabilize farm income such as assisting farmers through loans, purchases, payments and other operations.

a. Could the US please provide the reasoning for lifting restrictions on the USDA's authority to use CCC funds, and name the programs that will be eligible for these new funds?

b. Can the US use these funds to purchase domestically produced commodities? If so, would the USDA still use its Section 32 funding to purchase and remove the surplus of domestically produced agriculture commodities such as cheeses for domestic food aid purposes?

## 1.10 Brazil's domestic support programmes

### 1.10.1 Question by United States of America (AG-IMS ID 87014)

a. The United States, along with several other Members, has expressed concern at previous meetings of the COA over the potentially trade-distorting effects of PEP and PEPRO programmes.

   Brazil stated in its response to AG-IMS ID 86031 that, "the information requested (destination) by the United States 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."

   If Brazil does not collect data on the final destinations of products shipped under the PEP and PEPRO programmes, how can Brazil say with certainty that many of the products shipped under the PEP and PEPRO programmes are not exported? How does Brazil verify eligibility of supported commodities for PEP and PEPRO?

b. On 29 December 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 how long MAPA is planning to offer PEP/PEPRO support to rice.

   ii. In addition to rice, does MAPA have plans to use PEP/PEPRO for other agricultural commodities in 2018?

### 1.10.2 Question by New Zealand (AG-IMS ID 87062)

In its answer on 27 May 2017 (AG IMS ID 84073), Brazil indicated that under PEP and PEPRO they provide assistance to the 'outflow of products' when prices in a particular region are below a legislated minimum, and that the programmes allow supported products to be exported. What measures is Brazil taking to ensure that these programmes do not circumvent the elimination of export subsidy commitments?

## 1.11 Canada's New Milk Ingredient Class

### 1.11.1 Question by Australia (AG-IMS ID 87160) and New Zealand (AG-IMS ID 87063)

New Zealand notes Canada's response at the 86th Committee on Agriculture (AG-IMS ID 86030) with respect to trade data, and recalls that Canada's exports of SMP increased 73% between 2015 and 2016, and 203% between 2016 and 2017. While Canada claims to be a small world producer and exporter of SMP, this dramatic increase in Canadian exports is having a material impact on world dairy markets.

New Zealand also appreciates that market conditions play a role in the volume and value of exports skim milk powder exports. However, since Class 7 was implemented Canadian SMP export prices have consistently undercut export prices from other major SMP exporters by a significant margin. Indeed, in the 12 months since Class 7 was introduced, the monthly unit price of Canadian SMP, in US Dollars, has been on average 20% lower than the unit price for New Zealand exports of SMP (and on average 24% lower than the unit price for EU28 (external trade) exports of SMP).

Given the sharp increase in Canadian exports of SMP coupled with the consistently lower unit price for exports of SMP, how does Canada explain this persistent price difference?

### 1.11.2 Question by Australia (AG-IMS ID 87159) and New Zealand (AG-IMS ID 87064)

In responding to New Zealand and the United States' questions at the 86th Committee on Agriculture, Canada avoided answering satisfactorily the question about providing monthly volume data, so New Zealand again asks: Please provide monthly volumes of milk components (i.e. butterfat, proteins, and other solids) for which processors are paying Class 7 prices, as well as total utilisation for all classes.

New Zealand notes that while Canada is no longer publishing this information on the Canadian Dairy Information Centre website, according to the Dairy Farmers of Canada annual report for 2016-2017 (refer https://www.dairyfarmers.ca/news-centre/document-library/annual-report, page 23), information on milk utilisation and sales is available through "dashboards" designed for market analysis.

New Zealand remains very concerned at the apparent lack of transparency in Canada's implementation of its new national ingredients strategy, particularly in light of the significant trade impact of Class 7 (both in reducing Canadian dairy imports and increasing SMP exports).

### 1.11.3 Question by New Zealand (AG-IMS ID 87065) and United States of America (AG-IMS ID 87015)

a. Related to responses Canada provided to AG-IMS ID 86033, under what authority do provinces set milk classes and milk class prices?

b. Please provide an update on the National Centralized Registration System and the Provincial Billing Mechanism Certification Program. In AG-IMS ID 86033, Canada states that there is no definitive timeline for their implementation. Does Canada have a target timeline? Will the National Centralized Registration System and the Provincial Billing Mechanism Certification Program provide auditing, tracking, and reporting rules/guidelines, and details relating to billing ratios? Will information regarding the National Centralized Registration System and the Provincial Billing Mechanism Certification Program be publicly available?

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

d. Please provide monthly milk component (i.e., butterfat, proteins, other solids) prices and monthly volumes of milk components utilized (for Class 7, and also total utilization for all classes. If this information is still not available, please provide an update on when and where this information will become available.

e. How frequently does the Canadian Dairy Commission commission studies related to the processor margin? How frequently is the processor margin changed? Are studies related to processor margins publicly available?

f. Canada states in response to AG-IMS ID 86033: "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 program. The remaining inventory of skim milk powder will be sold on the domestic market". How will the Canadian Dairy Commission sell skim milk powder on the Canadian market?

g. According to the Canadian Dairy Commission's 2016-17 Annual Report, "Since 1 February 2017, price changes in the industrial milk classes are based on a combination of annual changes in the cost of production and the consumer price index. This formula was already used to determine changes in fluid milk prices". If the Canadian Dairy Commission no longer purchases skim milk powder under either the Canadian Dairy Commission's domestic seasonality or the surplus removal program and support prices are not used to set industrial milk class prices, what function does support prices for skim milk powder serve?

h. Canada states in response to AG-IMS ID 86033, "Canada's exports of skim milk powder are determined by market conditions". What specific "market conditions" would determine, or affect, Canada's skim milk powder exports, and how? From January 2017 through January 2018, the annualized trend of Canada's SMP exports increased 52,493 MT, an increase of 183%. What specific market conditions caused this increase?

## 1.12 Canada's wine sale policy

### 1.12.1 Question by New Zealand (AG-IMS ID 87066) and United States of America (AG-IMS ID 87016)

Canada has not yet responded to the questions posed by the United States in AG-IMS ID 85012 and AG-IMS ID 86034. As such, the United States repeats its previous 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)?

d. What is the rationale for the Liquor Control Board of Ontario (LCBO) product call that Canada provided in AG-IMS ID 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.

## 1.13 European Union's sugar policies

### 1.13.1 Question by Australia (AG-IMS ID 87067)

Australia welcomes the withdrawal of EU sugar production quotas in 2017, but notes ongoing substantial domestic support provided under the EU Voluntary Coupled Support (VCS) and Basic Payments Scheme (BPS).

According to the European Commission, "EU sugar production to increase significantly for 2017/18, https://ec.europa.eu/info/news/eu-sugar-production-increase-significantly-2017-18_en, "EU sugar production is forecast to rise 23% to 21 million tonnes in 2017/18.

Further, the EC DG AGRI Dashboard: Sugar, https://ec.europa.eu/agriculture/dashboards_en, states that sugar imports are forecast to fall from 3.04 million tonnes in 2016/17 to 1.77 million tonnes in 2017/18. Sugar exports in the corresponding period however, are forecast to rise from 2.93 million tonnes in 2016/17 to 4.85 million tonnes in 2017/18.

a. Can the EU explain whether the increased EU sugar production and exports are sustainable in the medium to long term, or is the increased production driven by current and expected future levels of domestic support?

b. Given the high levels of domestic support provided under the VCS and the BPS, what steps has the EU put in place to prevent subsidised domestic sugar production being exported and having a negative impact on the global sugar market?

c. Given the elimination of export subsidies under the Nairobi Ministerial Decision, can the EU provide reassurance its domestic support programmes are not circumventing the requirement to eliminate all export subsidies?

d. Can the EU provide assurance that the domestic support provided to the EU sugar industry is not cross-subsidising EU sugar exports?

## 1.14 EU intervention stocks of skim milk podwer

### 1.14.1 Question by New Zealand (AG-IMS ID 87069)

New Zealand appreciates the efforts by the European Commission to fulfil its legal obligations as regards the disposal of public intervention stocks, as advised in the European Union's response to New Zealand's question at the 86th Committee on Agriculture (AG-IMS ID 86032). New Zealand notes two recent auctions of the EU's Skim Milk Powder stocks:

- In May in which the Commission sold 41,958 MT at 31% below the purchase price;
- In April in which the Commission sold 39,066 MT at 38% below the purchase price;

Based on Eurostat figures, it would appear that the amount sold in April alone exceeds the annual production of Portugal in 2016, while the total in May is greater than Denmark's 2016 production.

a. Have any of the stocks sold at these auctions been exported, and if so how much?

b. What practical steps has the EU taken to avoid the sale of this product impacting global markets?

## 1.15 India's minimum support prices for wheat

### 1.15.1 Question by Australia (AG-IMS ID 87068)

Australia notes that as of 21 May 2018, India had already procured 33 million tonnes of wheat under its market price support programme. This is already well in excess of the procurement target of 32 million tonnes set by the Government of India for the 2018-19 Marketing Season, and well beyond the 24 million tonnes of wheat allocated to the public distribution system (food aid programme) by the Food Corporation of India.

a. Given India has now surpassed its targeted procurement, will the Government of India discontinue its procurement activities of wheat?

   i. If not, when will the government suspend further procurement of wheat?

b. Under India's minimum support price and procurement scheme for wheat, does the Government of India accept all wheat delivered by farmers to FCI warehouses?

c. Given wheat stocks are now well above required operational needs (as of April 2018, stocks were 13 million tonnes of wheat and Indian stocking norms require only 4.4 million tonnes (based on the FCI website)), how does India intend to dispose of the excess stocks of wheat?

Australia further notes that in Ministry of Finance Notification No. 46/2018-Customs on 23 May 2018, India raised wheat tariffs from 20 to 30%.

d. Can India explain the domestic circumstances and policy rationale for raising tariffs on wheat?

e. How does India intend to manage the structural surplus of wheat that now appears to be present in the Indian market?

f. Does India envisage further tariff increases in the short to medium term to address the structural surplus?

## 1.16 India's pulses policies

### 1.16.1 Question by Australia (AG-IMS ID 87070)

Quantitative restrictions

In August 2017, India introduced quantitative restrictions on imports of mung beans, black lentils, and pigeon peas. As is well known to India, Australia and a number of WTO Members have raised concerns about the WTO-consistency of the quantitative restrictions in numerous WTO Committees, and Australia has raised concerns over the course of a series of bilateral representations.

On 12 April 2018, India's notification to the WTO Committee on Import Licensing Committee (G/LIC/N/3/IND/17) stated that import restrictions were "maintained only on grounds of protection of human health or safety; animal or plant life or health; security and the environment." Regrettably, we still have not received a fulsome explanation as to the legal basis of India's quantitative restrictions.

a. Can India explicitly state which of the four grounds outlined in India's import licensing notification is the basis for maintaining quantitative restrictions on a range of pulses?

b. If India is relying on GATT Article XX (General Exceptions) for its quantitative restrictions, can India explicitly state which paragraph in Article XX it is relying on for its quantitative restrictions?

### 1.16.2 Question by Australia (AG-IMS ID 87072)

Quantitative restrictions

India introduced a new quantitative restriction on yellow peas in Notification No. 4/2015-2020 of 25 April 2018 for a period of three months. Subsequently, India later clarified on 16 May 2018 in Trade Notice No.10/2018-19 that all peas under HS 071310 are covered by the new quantitative restriction.

a. Can India explain the domestic policy rationale for needing to introduce the new quantitative restriction?

b. Can India explain why there was not advance warning about the imposition of the QR, and why there was a delay in issuing the Notification and applying the QR retrospectively from 1 April 2018?

c. Can India explain why its initial notification on 25 April explicitly only mentioned "yellow peas" in both the policy condition and the effect of the notification, but then subsequently applied the QR to all peas?

    i. What domestic circumstances changed between 25 April to 16 May to warrant such a retrospective policy change?

ii. Did India consider the impact on traders from such an unexpected change to the scope of coverage and uncertainty it creates in global market?

### 1.16.3 Question by Australia (AG-IMS ID 87075)

Quantitative restrictions

Despite reassuring WTO Members that the Quantitative Restrictions (QR) introduced in August 2017 were only 'temporary', India renewed the quantitative restriction on mung beans and black lentils on 4 May 2018 in the Government of India's Directorate General of Foreign Trade Notification No. 6/2015-2020. Australia notes that not only was the QR renewed, its scope was broadened and it was made more restrictive.

a. Can India explain the domestic circumstances that have warranted the renewal of the quantitative restriction?

b. Can India explain why it expanded the scope of the QR to cover additional tariff lines (HS 0713.90.10 and HS 0713.90.90? Does India believe these tariff lines also cover mung beans and black lentils?

c. Can India explain why it has now restricted the quantity to 1.5 lakh MT each for both mung beans and black lentil, when the previous QR allowed the import of a combined 3 lakh MT of mung beans and black lentil?

d. Can India confirm whether the quantitative restriction on pigeon peas for 2 lakh MT remains in force and has been renewed for fiscal year 2018-19?

### 1.16.4 Question by Australia (AG-IMS ID 87076)

Quantitative restrictions

Australia notes that India issued modalities for import of pigeon peas, mung beans and black lentils for fiscal year 2018-19 in Directorate General of Foreign Trade Notice No. 6/2018-19, published on 11 May 2018. While Australia appreciates India responding to Australia's requests for information about how the quantitative restrictions (QRs) would be administered, we are concerned about the highly restrictive nature of the requirements.

a. Can India explain why applicants needed to have refining/processing capacity and had to provide a self-declaration of that capacity either on a monthly or annual basis to be eligible to apply for access to the QR?

b. Can India explain why the relevant information for applications was only published on 11 May, a full 41 days after the Indian Fiscal year commenced on April 1, noting that the Bali Decision on Tariff Quota administration requires members to publish relevant information 90 days in advance of the opening of the quota period.

c. Can India explain why applicants were only provided one day notice before the opening of the quota period, noting that the Bali Decision on Tariff Quota Administration requires minimum advance notice of the opening of applications of 90 days.

d. Can India explain why applicants only had 14 days to apply for an allocation of the QR (12-25 May)?

e. Can India explain why successful applicants need to complete their imports by 31 August 2018, given the QRs are for fiscal year 2018-19?

### 1.16.5 Question by Australia (AG-IMS ID 87077)

Export incentive - MEIS

India's Department of Commerce announced a 7% incentive on 'Bengal-gram' pulse exports under HS 0713.20.00 under the Merchandise Exports from India Scheme (MEIS) in Public Notice 66/2015-2020 of 21 March 2018.

a. Can India provide an explanation of how its Merchandise Exports from India Scheme (MEIS) operates, particularly in the context of agricultural products like pulses?

b. Can India explain why it has needed to introduce an export incentive for Bengal-gram pulse exports?

c. Can India provide data on the volume of exports of Bengal-Gram which have been subsidised under the MEIS since 21 March 2018?

d. Can India provide data on the value of the subsidy offered to Bengal-Gram exports under the MEIS since 21 March 2018?

e. Given India does not have any scheduled export subsidy entitlements, Can India explain the consistency of the export incentive for "Bengal-gram" with India's commitments under Article 9 of the Agreement on Agriculture?

### 1.16.6 Question by Canada (AG-IMS ID 87074)

Canada notes that between December 2016 and May 2018, the Food Corporation of India (FCI) has posted on its website multiple contract notes for the sale of pulses (urad, moong, tar, masoor, channa) through e-auctions.

Could India please elaborate if there were successful bidders in each of these e-auctions and could India advise if these pulses were exported or released onto the domestic market? How does the FCI take into account commercial considerations so that these volumes of pulses do not disrupt commercial markets?

### 1.16.7 Question by Canada (AG-IMS ID 87071)

India's Ministry of Commerce and Industry announced a quantitative restriction on 25 April 2018, of 100,000 MT peas. (http://dgft.gov.in/Exim/2000/NOT/NOT18/04%20eng.pdf)

a. Could India please elaborate on the circumstances behind the imposition of the quantitative restriction on peas?

b. Could India please indicate to which WTO committee it has notified this new quantitative restriction?

### 1.16.8 Question by Canada (AG-IMS ID 87073)

The government of India is reported to have announced a 7% export incentive for Bengal Gram (chana) under the Merchandise Export from India Scheme (MEIS) for a period of three months until 20 June 2018. Under this MEIS for pulses, 7% of the realized Free On Board (FOB) value of covered exports is covered by a MEIS duty credit scrip. Could India please clarify how this export related incentive is consistent with its export subsidy commitments?

### 1.16.9 Question by European Union (AG-IMS ID 87001)

Press reports suggest that India intends to offer an export incentive for chickpeas in the form of a "Merchandise Export from India Scheme" which implies "duty credit scrip" at 7% of realized FOB value of covered exports.

How would India see this initiative complying with paragraphs 1 and 10 of the Nairobi Ministerial Decision on Export Competition which state, respectively, that Members should exercise utmost restraint with regard to any recourse to all forms of export subsidies and that Members should seek not to raise their export subsidies beyond the average level of the past five years on a product basis.

### 1.16.10 Question by Russian Federation (AG-IMS ID 87087)

In November 2017 the government of India increased the import tariffs on yellow peas up to 50%. In addition to this measure on 25 April 2018 India introduced a restriction on import of yellow peas. According to this new restriction the allowed amount of import of yellow peas to the territory of India shall be 100 000 MT from 1 April to 30 June 2018. Could India clarify the following issues:

a. What is the rationale behind the introduction of this quota?

b. On what basis the amount of quota was calculated?

c. How this measure is consistent with Article XI:1 of the GATT and Article 4.2 of the Agreement on Agriculture?

d. How this measure is justified under the WTO rules?

e. Could India provide the amount of yellow peas imported from 1 April to 25 April 2018?

### 1.16.11 Question by Ukraine (AG-IMS ID 87088)

According to the Notification № 04/2015-2020 dated 25 April 2018 the government of India introduced an amendment in import policy of peas under Chapter 7 of the ITC (HS) 2017. As a result, import policy of yellow peas under Exim Code 0713 1000 is revised from "free" to "restricted" from 1 April to 30 June stipulating the total quantity of yellow pea importation during the period at one lakh MT which is subject to license. This import policy was introduced in addition to a 50% tariff to pea imports arranged in November 2017.

a. Could India please explain what was the reason to impose the additional restrictions?

b. Please clarify how such quantitative restrictions are consistent with XI.1, XIX of GATT 1994, Article 4.2 of the Agreement on Agriculture, and Articles 1, 3 and 5 of the Agreement on Import Licensing Procedures?

c. Could India give specific clarification regarding scope of product covered as only yellow peas are mentioned, but green split peas also fall under the designated HS code 07131000? Are green split peas excluded from the restrictions?

d. Does India plan further restrictions in this sphere?

### 1.16.12 Question by United States of America (AG-IMS ID 87017)

a. The United States notes that India has undertaken a number of trade distorting policies in relation to various pulses over the past year. This has included a significant increase in the support prices, multiple increases in tariff rates, the introduction of quantitative import restrictions, lifting of an export ban, the introduction of export subsidies, and import-limiting licensing arrangements.

    i. In addition to the quantitative restrictions on certain pulses introduced in 2017 as noted in the U.S. question AG-IMS ID 86037, the Indian Ministry and Commerce and Industry published Notification No. 04/2015-2020 on 25 April 2018. This measure introduced a quantitative restriction on the import of peas to no more than 100,000 metric tonnes between 1 April 2018 and 30 June 2018.

    Please explain the basis for the introduction of this measure and how it complies with India's WTO commitments.

ii. Reportedly on 22 March 2018, India introduced a 7% (of the FOB value of the product) export subsidy on chickpeas under the Merchandise Exports from India Scheme (MEIS) for a three month period.

Please explain the basis for the introduction of this measure and how it complies with India's WTO commitments.

b. The United States resubmits 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 (HS 07136000, HS 07139010 and HS 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 (HS 07133100) and established an Indian fiscal year (April - March) annual import quota of 300,000 MT.

i. Are these QRs still in place?

ii. Please explain how such QRs are consistent with India's WTO commitments.

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

c. The United States resubmits AG-IMS ID 86108, which remains unanswered and is now also relevant to India's most recent notification G/AG/N/IND/12 as well:

i. It is noted in G/AG/N/IND/11 and G/AG/N/IND/12 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 and 2015/16; however, India announced a Minimum Support Price for each commodity for each of the years notified, including 2011/12 and 2015/16.

- Please confirm whether India procured any of these commodities in 2011/12 and 2015/16.
- Please also confirm whether India would have procured the commodities in those years if market prices had fallen below the administered (announced) Minimum Support Prices.
- If India did not procure these commodities in 2011/12 or 2015/16, please explain how the programme was implemented differently in 2012/13 through 2014/15, when market price support was also notified, as compared to 2011/12 and 2015/16 when no market price support was notified. Please include citations to any government decrees, regulations, or other communications that explain this difference.

ii. 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).

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

- 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 and G/AG/N/IND/12.

d. The United States resubmits AG-IMS ID 86109:

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

i. "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.

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

ii. 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.

e. The United States resubmits AG-IMS ID 86110:

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."

## 1.17 Indonesia's dairy import system

### 1.17.1 Question by New Zealand (AG-IMS ID 87089)

New Zealand refers to the questions asked by the United States at the 86th Committee on Agriculture (AG-IMS ID 86046) and at the Committee on Import Licensing, and registers New Zealand's own similar concerns. New Zealand is particularly interested in understanding the link between the requirements in Articles 23 and 30 that importers are obligated to establish partnerships with local farmers, farm groups, or co-operatives to utilise and/or promote fresh milk, provide production facilities, production, and/or funding or financing, and Article 34.3 which states that these partnership agreements shall be considered by the Director General of Livestock and Animal Health when issuing import recommendations.

### 1.17.2 Question by United States of America (AG-IMS ID 87018)

In July 2017, Indonesia's Ministry of Agriculture (MOA) issued Regulation 26/PERMENTAN/PK.450/7/2017 ("MOA 26/2017") concerning Milk Supply and Circulation.

a. In the United States meeting with Indonesian delegates to the Import Licensing Committee in April 2018, Indonesian delegates reported that MOA 26/2017 was notified to the WTO as an SPS measure.

   i. Can Indonesia provide the exact WTO notification for MOA 26/2017?

   ii. If Indonesia has not notified the WTO of MOA 26/2017, can Indonesia explain why it has not notified to date and when it intends to notify?

   iii. If Indonesia has not notified MOA 26/2017 to the WTO, can it commit to notify immediately, allow trading partners the opportunity to comment, and take such comments into consideration prior to enforcing MOA 26/2017?

b. The United States would like to emphasize the importance of transparency due to the lack of information available surrounding Indonesia's enforcement plans for the measure.

   i. Can Indonesia please provide an update on enforcement of this measure and will Indonesia enforce this measure in the issuance of 2019 import permits?

   ii. Does Indonesia plan to publish its enforcement plans, including quantifiable levels of partnership businesses must comply with to avoid administrative sanctions as outlined in Article 44, allowing a reasonable period of time prior to enforcement for trading partners to raise questions with Indonesia, if necessary?

c. In its response to AG-IMS ID 86046, Indonesia stated, "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." Did Indonesia consider alternative methods for ensuring the quality and availability of milk for its consumers prior to developing MOA 26/2017?

d. In its response to AG-IMS ID 86046, Indonesia states, "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 [No. 59/2016])." If Indonesia has clarified that processed dairy products like milk powder are not subject to the requirements of MOA 26/2017, why are importers of processed dairy products nevertheless being asked to submit partnership proposals and conduct milk promotion activities, as outlined in the measure?

e. The United States appreciates Indonesia's response to AG-IMS ID 86046 regarding whether MOA 26/2017 will regulate foreign trade, stating "The Minister of Agriculture's Regulation does not aim at regulating foreign trade activities, including the importation of milk from foreign suppliers." However, U.S. dairy exporters have reported incidences of import requirements placed on importers of United States dairy products in Indonesia apparently related to the enforcement of MOA 26/217, such as providing the Ministry of Agriculture with video and photos of milk promotion events,. As such, although the measure may not "aim at regulating foreign trade activities," the United States is concerned that it is, in fact, doing so.

   The United States understands that Indonesia is considering additional measures affecting dairy imports including (1) MOA draft regulation on the Import and Export of Food Products of Animal Origin; (2) MOA draft regulation on Registration and Certification of Animal Products; and (3) Ministry of Industry (MOI) draft regulation on Dairy Partnerships. The United States understands that these measures were still in draft form and that Indonesia was further considering them. The United States has yet to receive a response on the comments it submitted to the WTO notification on MOA draft regulation on the Import and Export of food Products of Animal Origin (G/SPS/N/IDN/121).

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

g. Please inform the United States whether we can expect to receive a response to our comments submitted to the WTO notification.

### 1.18 Indonesia's soybean imports

#### 1.18.1 Question by United States of America (AG-IMS ID 87019)

a. The Indonesian Ministry of Agriculture is actively considering a draft regulation that would restrict imports except 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. In response to AG-IMS ID 86048, Indonesia stated "this issue is still in a very preliminary discussion in Jakarta and will not mean to restrict trade. In this respect, at this juncture [the Indonesian] delegation is not in a better position to give complete response to the questions posed by the US delegation".

   Please provide an update on the 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 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?

### 1.19 Korea's rice imports

#### 1.19.1 Question by Thailand (AG-IMS ID 87090)

Could Korea please provide an update on its efforts to resolve issues regarding the rectification and modification of Korea's Schedule for rice products and its ongoing consultations held with concerned Members.

### 1.20 Mongolia's quota regime for importation

#### 1.20.1 Question by Russian Federation (AG-IMS ID 87094)

Follow up to question AG-IMS ID 86001.

The Russian Federation would like to repeat its question originally posed at the Committee on Agriculture in February 2018 which has not been answered yet: In 2013 Mongolia established a quota regime for importation of certain agricultural products, including wheat flour and milk. 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. 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.

### 1.21 Pakistan's sugar policies

#### 1.21.1 Question by Australia (AG-IMS ID 87081)

Further to Australia's previous questions to Pakistan on sugar during the February 2018 meeting (AG-IMS ID 86007), Australia has reviewed Pakistan's previous answers and further analysed Pakistan's sugar freight support, and has a number of follow-up questions.

Based on Pakistan Government circulars, "a cash freight support of Rs 10.7/kg may be given to the sugar millers on export of sugar subject to the condition that the said amount of freight support will be given on a sliding scale between the international price of USD $376/MT (as on 08.09.2017) and $499/MT (the international sugar price which equals the cost of production as calculated by the MoIP)".

a. Why has Pakistan based its freight support for sugar on a sliding scale between the international price and the cost of sugar production in Pakistan?

b. Why does the subsidy amount provided for freight appear to vary in accordance with the international price for sugar?

c. Can Pakistan confirm that the freight support is designed to bridge the gap between the world price and the cost of production in Pakistan?

d. If this is not the case, can Pakistan please clarify how the freight support is calculated?

Australia notes that Pakistan has previously justified the sugar export subsidies as freight support under Article 9.4 of the Agreement on Agriculture (AoA) and the application of Article 9.4 was extended under the Nairobi Decision. While Australia does not dispute the extension of the application of Article 9.4 under the Nairobi Decision, the export subsidies need to meet the requirements of Article 9.1 (d) and (e).

e. Can Pakistan explain how the cash freight support of up to RS 10.7/kg (determined on a sliding scaling) is linked to the cost of marketing exports of agricultural products, the costs of international transport and freight, and internal transport and freight charges as outlined in Article 9.1 (d) and (e)?

f. Can Pakistan explain how subsidies which vary due to changes in the international sugar price can be categorised as freight support under Article 9.1 (d) and (e)?

In Pakistan's reply to Australia's previous question, it stated that the freight support will be stopped after the 2017/18 crushing season, but Australia notes that forecasts predict an ongoing structural surplus of sugar in Pakistan in future years. Australia also notes there has been media reports in March 2018 that Pakistan's Cabinet agreed to amend its domestic sugar subsidy programme.

g. Can Pakistan confirm media reports that reforms are planned to its domestic sugar subsidy programme? If so, can Pakistan provide more details?

h. In the absence of domestic reforms that remove the incentive to overproduce and eliminate the structural sugar surplus, how does Pakistan intend to dispose of the surpluses in the future without export subsidies?

Australia understands that at least over half of the two million tonnes of Pakistani sugar eligible for freight support has been exported.

i. Can Pakistan confirm the volume of sugar that has been exported with freight support, and provide a dollar amount of how much freight support has been provided to date?

j. Can Pakistan confirm the date when the freight support shall official cease?

### 1.22 Pakistan's wheat export subsidies

#### 1.22.1 Question by United States of America (AG-IMS ID 87021)

The United States understands the government of Pakistan (GOP) has authorized an export subsidy of up to $159 per metric tonne to facilitate exports of up to 2.0 million metric tonnes of wheat that will be in effect through 30 June 2018. The United States calculates the result in public expenditures will be up to $320 million if the full amount is exported at the full subsidy. Further, the United States notes that Pakistan's domestic wheat prices are significantly higher than prevailing international prices.

a. Please provide an update to this Committee on the quantity of wheat exports that have been exported under this scheme.

b. Noting that Pakistan has not notified any export subsidies in its most recent export subsidy notifications (which covers only up through 2006/07), please explain the reason Pakistan has apparently increased its use of export subsidies despite the standstill and phase-out commitments undertaken by all WTO Members in Nairobi.

c. Please provide the legislation and/or cabinet decision for making this export subsidy available.

### 1.23 Philippines' rice waiver

#### 1.23.1 Question by Australia (AG-IMS ID 87082)

Australia thanks the Philippines for its response to its questions at the February 2018 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.

### 1.24 Russian Federation's railway subsidy for exports

#### 1.24.1 Question by Ukraine (AG-IMS ID 87098)

In response to the a number of concerns expressed by some interested Members at the 85$^{th}$ and 86$^{th}$ CoA meetings regarding the Russian Federation's grain transportation subsidies implementing according to the Government Resolution No.1595, the Russian Federation stated that these measures are not export subsidies.

a. Please inform how these measures will be notified to the WTO? In case of attributing them to domestic support as the Russian Federation answered to some Members' question at the 86$^{th}$ CoA meeting, please, specify how will the information be presented in a Table DS:1 notification?

b. Could the Russian Federation please provide the relevant data regarding the amount of shipped grain particularly wheat, barley and corn, and their final destination (to which ports)?

c. Does the Russian Federation have intentions to continue such policy in future?

#### 1.24.2 Question by United States of America (AG-IMS ID 87022)

On Decree No. 1595 for internal transportation and freight subsidy shipments for grains, the United States notes from recent news sources that the Russian government increased quotas for subsidized rail shipments of grain from Omsk and Novosibirsk regions under resolution No. 502 of 25 April 2018.

a. Can the Russian Federation please provide an update on the revised levels of quantity and outlaid amounts? How much has been used through the present day?

b. What percentage of grain covered by this transportation subsidy has been exported?

c. Can the Russian Federation please explain how Russia monitors the international grains market to determine the trade distorting effects of this measure and whether it is displacing or impeding the exports of other Members?

d. Is the Russian Federation planning to use this transportation and freight subsidy subsidy for the 2018/19 marketing year?

e. Can the Russian Federation please explain how the existing subsidy policy is influencing the planting decisions of Russian grain farmers for the 2018/19 marketing year?

The Russian Federation has issued Decree No. 1104 granting internal transportation and freight subsidies to compensate for part of the costs of transporting various food and agricultural products (including grain) by land. The United States notes that the Decree No. 1104 lists one Mongolian and two Russian border crossings towards the People's Republic of China with destinations to Dalian Port (the largest multi-purpose port in Northeast China serving the seaports North Asia, East Asia and the Pacific Rim) and Sichuan Province (Central China), and from there to anywhere in the world. In addition, under the established regulations the Russian Export Center was named as the agent of the Government of the Russian Federation for granting these subsidies.

f. Can the Russian Federation please confirm that these transportation subsidies are being offered to facilitate delivery to border crossings and/or export ports, whether in the People's Republic of China or elsewhere?

g. What is the value of the amount that has been outlaid?

h. Please provide more details on the implementation of Decree No. 1104, including any specific requirements that must be met to receive the subsidy.

i. Can the Russian Federation please explain its theory, if any, for why Decree 1104 is consistent with the Nairobi Decision and with Russia's WTO accession commitment not to maintain any export subsidies?

## 1.25 Suriname's poultry tariffs

### 1.25.1 Question by United States of America (AG-IMS ID 87023)

Suriname appears to have begun 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. Recent press reporting in Suriname has quoted Trade Minister Tsang as stating that rates will rise to 100% on these imports.

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

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

c. Please explain if and when Suriname plans to raise its tariffs on poultry to 100% as suggested in the press.

d. Please explain if and when Suriname plans to initiate Article XXVIII negotiations to adjust its bound rate.

e. Will Suriname consider refraining from applying rates above its bound rate until the Article XXVIII process has concluded?

### 1.26 U.S. dairy policies

#### 1.26.1 Question by Canada (AG-IMS ID 87105)

In the draft version of the 2018 Farm Bill in the House of Representatives, the United States planned to modify the formula to calculate the Federal Milk Marketing Order (FMMO) Class 1 skim milk price per hundredweight.

a. Whether or not this modification is finalized and approved within a new Farm Bill, Canada is of the understanding that these types of FMMO modifications typically go through a formal rulemaking process and producer referendum. Could the U.S. explain why a formal rulemaking process and producer referendum did not take place for this amendment?

b. Without prejudice to whether or not this Class 1 modification is finalized and approved within a new Farm Bill, could the US please answer the following questions on the purpose and expected impact of such a modification:

   i. What is the purpose for the modification of the Class 1 skim milk price?

   ii. What is the expected impact on producer revenues for this modification?

   iii. What is the expected impact on exports of end use products under Class 1?

   iv. What about other milk classes?

#### 1.26.2 Question by Canada (AG-IMS ID 87106)

According to a news article by the Ohio Farm Bureau, (available online here: https://ofbf.org/2018/05/07/farm-bureau-offer-dairy-revenue-protection-insurance/), the American Farm Bureau, in cooperation with American Farm Bureau Insurance Services, has developed a new risk management insurance product for dairy farmers called "Dairy Revenue Protection" insurance. It was approved by the Agriculture Department's Federal Crop Insurance Corporation, and will provide dairy farmers the opportunity to manage risk by focusing on revenue from milk sales. It will possibly be available to dairy farmers in late summer 2018.

a. Could the US please explain if this is a private sector insurance programme, or if the operation of the insurance will require government funding?

b. If the latter, will payments made under this insurance programme be reported as product specific aggregate measures of support in the U.S. domestic support notification for the respective year?

### 1.27 U.S. support to cotton sector

#### 1.27.1 Question by Brazil (AG-IMS ID 87103)

On 9 February 2018, the United States President signed into law the Bipartisan Budget Act of 2018 (H.R. 1892), which, among other provisions, amended the Agricultural Act of 2014 by including seed cotton as a "covered commodity", eligible to the "Price Loss Coverage (PLC)" and "Agriculture Risk Coverage" (ARC) programmes.

a. Previously to the 2014 Farm Bill, the target price for upland cotton under the "Counter-Cyclical Payments" (CCP) programme was of 71.25 cents/lb. Please confirm Brazil's understanding that the target price for cotton plume under the PLC and ARC programmes, as defined by the H.R. 1892 Bill approved on February 2018, will be 88.08 cents/lb – calculated by multiplying the current target price for seed cotton (36.7 cents/lb) by 2.4, in accordance with the methodology established by the H.R. 1892 Bill, which means the new reference price will be higher than under the previous programme.

b. Please indicate how much has been paid to upland cotton producers under the Marketing Loan Program for upland cotton since 2015.

c. Please indicate how much has been paid to upland cotton producers under the Crop Insurance Program (CIP) for upland cotton since 2015.

d. Please indicate how much has been paid to upland cotton producers under other domestic support programmes for upland cotton since 2015.

e. Please indicate how much the United States government expects to spend on ARC/PLC programme payments to (upland) cotton producers in the next four years.

f. Does the United States expect to maintain in the upcoming Farm Bill both the Marketing Loan Program and the ARC/PLC programs for upland cotton?

g. Does the United States collect data on the final destinations of products shipped under its domestic support programmes, in particular those currently provided to upland cotton?

h. If not, how can the United States ensure that many of the products shipped under such programs are not exported? How does the United States verify the eligibility of supported commodities for them?

# 2 POINTS RAISED IN CONNECTION WITH INDIVIDUAL NOTIFICATIONS

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

### 2.1.1 Canada (G/AG/N/CAN/116)

#### AG-IMS ID 87107: Question by New Zealand - Country-specific allocation

New Zealand has previously asked Canada in the Committee on Agriculture about its intention to reallocate 800 MT of the WTO cheese TRQ to the EU on implementation of the Canada-EU Comprehensive Economic and Trade Agreement (CETA). Canada submitted its MA:1 notification (G/AG/N/CAN/116) in March 2018.

a. Why has Canada chosen to allocate part of a WTO MFN quota to the EU instead of establishing a new and separate quota like Canada and the EU have for other products?

b. What is the legal basis for this allocation of MFN quota to a specific Member?

c. How is this allocation consistent with GATT Article I and XIII?

#### AG-IMS ID 87108: Question by Norway - Country-specific allocation

As a component in the CETA between Canada and the European Union, Canada has increased the EU portion of the WTO quota for cheese by 800 tonnes, and consequently reduced the non EU portion by 800 tonnes. In addition to the information given in the MA:1 notification from Canada, Norway would like to pose the following questions:

d. When did the amended distribution of the import quota enter into force?

e. Is the increase of 800 tonnes consistent with historic imports from members entering the European Union from 2004 onwards?

f. If not, how does this increase of 800 tons comply with the provisions of GATT, Article XXIV:5(b)?

#### AG-IMS ID 87109: Question by Switzerland - Country-specific allocation

Switzerland thanks Canada for its response at the 83rd regular Committee on Agriculture regarding the reallocation of its cheese tariff-rate quota. In the meantime, we took note of the submission MA:1 of 14 March 2018 announced by Canada in its last response. According to this notification, market access for cheese available to non-EU WTO Members is reduced to a quota share of 30.1%. This represents a reduction by 800 tons per year or by 11.5% of the previously notified quota share. Switzerland is concerned that the reallocation of the quota share results in reduced market access for non-EU WTO Members. Therefore, Switzerland asks Canada to reply the following questions:

g. How is this reallocation consistent with Canada's WTO obligations, specifically with GATT Article I and XIII?

h. How does Canada ensure that the market access rights of non-EU WTO Members for cheese are preserved?

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

### 2.2.1 Canada (G/AG/N/CAN/120)

#### AG-IMS ID 87083: Question by Australia - Tariff quota fill

Australia welcomes Canada's notification concerning imports under tariff quotas (Table MA:2) for marketing year 2015/2016, quota year 2015/2016, and calendar year 2016.

a. Could Canada explain the reasons for the underfills [below 65%] in its notified tariff quotas, particularly for dairy products, wheat and barley?

   i. could Canada explain whether the underfill is due to market circumstances, the existence of SPS measures for the product, or restrictive tariff quota administration; and

   ii. provide the relevant details for each product.

b. Could Canada explain what it is doing to increase utilisation of underfilled tariff quotas, as per the objective of the review of the Bali Decision on TRQ Administration?

### 2.2.2 Chile (G/AG/N/CHL/46)

#### AG-IMS ID 87110: Question by Thailand - Transparency issues

Could Chile please provide explanations to why under Table MA:2, there were no importation of Sugar (HS Code: 1701.99.10, 1701.99.20 and 1701.99.90).

### 2.2.3 Japan (G/AG/N/JPN/225)

#### AG-IMS ID 87111: Question by Australia - Tariff quota fill

Australia welcomes Japan's notification concerning imports under tariff quotas (Table MA:2) for the fiscal year from 01-04-2016 to 31-03-2017.

a. Could Japan explain the reasons for the underfills [below 65%] in its notified tariff quotas, particularly for dairy products and barley?

   i. Could Japan explain whether the underfill is due to market circumstances, the existence of SPS measures for the product, or restrictive tariff quota administration; and

   ii. Provide the relevant details for each product.

b. Could Japan explain what it is doing to increase utilisation of underfilled tariff quotas, as per the objective of the review of the Bali Decision on TRQ Administration?

### 2.2.4 Russian Federation (G/AG/N/RUS/19)

#### AG-IMS ID 87085: Question by Australia - Tariff quota fill

Australia welcomes the Russian Federation's notification concerning imports under tariff quotas (Table MA:2) for calendar year 2017.

a. Could the Russian Federation explain the reasons for the underfills [below 65%] in its notified tariff quotas, particularly for beef and whey?

   i. Could the Russian Federation explain whether the underfill is due to market circumstances, the existence of SPS measures for the product, or restrictive tariff quota administration; and

   ii. Provide the relevant details for each product.

b. Could the Russian Federation explain what it is doing to increase utilisation of underfilled tariff quotas, as per the objective of the review of the Bali Decision on TRQ Administration?

### 2.2.5 Chinese Taipei (G/AG/N/TPKM/161)

#### AG-IMS ID 87084: Question by Australia - Tariff quota fill

Australia welcomes the notification of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu concerning imports under tariff quotas (Table MA:2) for calendar year 2017.

a. Could the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu explain the reasons for the underfills [below 65%] in its notified tariff quotas, particularly for pineapples and mangoes?

   i. Could the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu explain whether the underfill is due to market circumstances, the existence of SPS measures for the product, or restrictive tariff quota administration; and

   ii. Provide the relevant details for each product.

b. Could the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu explain what it is doing to increase utilisation of underfilled tariff quotas, as per the objective of the review of the Bali Decision on TRQ Administration?

### 2.2.6 United States of America (G/AG/N/USA/120)

#### AG-IMS ID 87086: Question by Australia - Tariff quota fill

Australia welcomes the United States of America's notification concerning imports under tariff quotas (Table MA:2) for calendar year 2015.

a. Could the United States explain the reasons for the underfills [below 65%] in its notified tariff quotas, particularly for dairy products and cotton?

   i. Could the United States explain whether the underfill is due to market circumstances, the existence of SPS measures for the product, or restrictive tariff quota administration; and

   ii. Provide the relevant details for each product.

b. Could the United States explain what it is doing to increase utilisation of underfilled tariff quotas, as per the objective of the review of the Bali Decision on TRQ Administration?

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

### 2.3.1 Australia (G/AG/N/AUS/99, G/AG/N/AUS/109)

#### AG-IMS ID 87112: Question by India - Transparency issues (including Table DS:2)

In its domestic support notifications for the year 2013/14 and 2014/15, Australia has notified "Develop market opportunities for a range of agricultural products" under the Marketing and Promotion services head of the Green Box measures.

a. Can Australia elaborate as to how it develops such opportunities and for what type of products? The operation of the system may kindly be elaborated.

b. Kindly provide the detailed expenditure on various components of the schemes for the year 2013/14 and 2014/15.

### 2.3.2 Brazil (G/AG/N/BRA/48)

#### AG-IMS ID 87120: Question by Thailand - Transparency issues (including Table DS:2)

Under Brazil's notification for Domestic support for year 2015/2016, Thailand notes that Production Credit and Debt Rescheduling Programmes appears in both table DS:2 and DS:9. Could Brazil please clarify the differences between the said programmes in Supporting Table DS:2 and DS:9?

#### AG-IMS ID 87025: Question by United States of America - Transparency issues (including Table DS:2)

Brazil has notified a significant increase in outlays for extension and advisory services – an increase of more than 400%– largely as the result of increases in the measures "extension services on agricultural production" and "support for projects of agricultural development." Please explain the reason for the significant increase in outlays due to each measure, including whether there was any change in the implementation of the measure that would require a DS:2 notification.

#### AG-IMS ID 87113: Question by Canada - General services: extension and advisory services

a. In Supporting Table DS:1, Canada notes that the expenditures for support for projects of agricultural development notified under extension and advisory services has increased substantially in 2015/16 going from USD 7.1 million in 2014/15 to USD 126.7 million in 2015/16.

   i. Could Brazil please provide details on this significant increase in spending including the types of projects that benefit from this funding?

   ii. Could Brazil please explain what sort of agricultural development is targeted?

   iii. Could Brazil please outline the criteria, conditions or rules required to receive the support?

b. In Supporting Table DS:1, Canada notes that the expenditures for extension services on agriculture production notified under extension and advisory services has increased substantially in 2015/16, going from USD 4.5 million in 2014/15 to USD 107.8 million in 2015/16.

   i. Could Brazil please provide details on this significant increase in spending including the types of projects that benefit from this funding?

   ii. Could Brazil please explain what sorts of services are provided?

   iii. Could Brazil please outline the criteria, conditions or rules required to receive these types of services (i.e. support)?

#### AG-IMS ID 87115: Question by Canada - Other product-specific AMS/EMS

c. In Supporting Table DS:4 Canada notes that that the support for wheat has increased significantly from zero in 2014/2015 to USD 54.4 million in 2015/16. Could Brazil please provide details on the conditions that led to this significant increase in product-specific support for wheat?

d. In Supporting Table DS:4, Canada notes that Brazil has not reported any support for maize in 2015/16, however, the support for maize in 2013/14 and 2014/15 represented USD 196.2 million and USD 68.1 million respectively. Could Brazil please elaborate on the reasons why there is no product-specific support for maize in 2015/16?

#### AG-IMS ID 87119: Question by European Union - Non-product-specific AMS

The European Union notes a sharp increase in reported Non-Product-Specific AMS in the form of Insurance Programmes between 2014/2015 and 2015/2016 (from approximately 56 million USD in 2014/2015 to approximately 437 million USD in 2015/2016). Could Brazil explain the reasons behind the increased support in the form of Insurance Programmes in 2015/2016?

#### AG-IMS ID 87026: Question by United States of America - Non-product-specific AMS

Brazil has notified a substantial increase of more than 650% in outlays for the measure "insurance programmes." The United States notes that for 2015/16, Brazil now includes the Agricultural Livestock Guarantee Program (PROAGRO) under this line, in addition to the programme of Support to Rural Insurance Premiums (PSR).

e. Please explain the reason for the significant increase in outlays for the measure "insurance programmes"?

f. Please provide the level of outlays associated with each program (PROAGRO and PSR) for 2015/16.

### 2.3.3 European Union (G/AG/N/EU/34, G/AG/N/EU/34/Corr.1)

#### AG-IMS ID 87027: Question by United States of America - Transparency issues (including Table DS:2)

The EU has submitted a corrigendum for 2013/14 Supporting Table DS:1. Notably, outlays for infrastructural services increased from EUR 1,943.9 million to EUR 2,929.9 million and outlays for environmental programs increased from EUR 6,515.5 million to EUR 7,882.3 million. Please explain the reasons for the increased expenditures of approximately EUR 1 billion on each of the measures.

### 2.3.4 European Union (G/AG/N/EU/43)

#### AG-IMS ID 87099: Question by Australia - Transparency issues (including Table DS:2)

Australia notes the significant historical AMS support provided by the EU on skimmed milk powder. In its recent domestic support notification (G/AG/N/EU/43), the EU product-specific AMS spending of EUR 1.476 billion in marketing year 2014/2015. Australia notes recent auctions of the EU's skim milk powder stocks: in May, in which the Commission sold 41,958 MT at 31% below the purchase price; and in April, in which the Commission sold 39,066 MT at 38% below the purchase price.

a. Have any of these stocks sold at these auctions been exported, and if so, how much?

b. Could the EU explain what steps the EU has taken to avoid the sale of this product impacting markets?

c. Over what timeframe does the EU intend to dispose of its remaining stocks of skimmed milk powder?

d. Does the EU envisage an ongoing structural surplus in skimmed milk powder, and if so, what reforms has the EU considered to address this issue?

### AG-IMS ID 87125: Question by New Zealand - Transparency issues (including Table DS:2)

New Zealand notes an overall increase from MY 2013/2014 to MY 2014/2015 in the EU's current total AMS spending, as well as a decrease over this period in spending on measures classified under "Green Box". Could the EU explain how this respective increase and decrease in spending is consistent with its overarching commitment to pursue a greener spending profile under CAP 2014-2020?

### AG-IMS ID 87101: Question by Australia - Public stockholding for food security purposes

Australia welcomes the European Union's Domestic Support Notification for marketing year 2014/15 (G/AG/N/EU/43). Australia notes that the European Union has included EUR 11.9 million under Public Stockholding for Food Security Purposes in Supporting Table DS:1.

e. Paragraph 3, Annex 2 of the AoA states, "The volume and accumulation of such stocks shall correspond to pre-determined targets related solely to food security." For each of the periods covered by the notification, could the EU provide:

    i. the pre-determined targets, when these were established, and under which legislation or programmes; and

    ii. an explanation of how these targets are in compliance with the requirement of a sole focus on food security.

f. The Agreement on Agriculture Paragraph 3, Annex 2 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." Could the EU provide:

    i. a breakdown of commodities covered by the notified spending, including values and volumes;

    ii. the prices and volumes of the commodities when they were purchased and sold; and

    iii. confirmation of the food purchases were made at current prices and sales were made at no less than current domestic market prices?

### AG-IMS ID 87031: Question by United States of America - Public stockholding for food security purposes

In 2014/15, the EU notified EUR 11.9 million in spending on public stockholding for food security purposes, representing an EUR 11 million increase from 2013/14 levels. The EU also notified increased market price support for skimmed milk powder in 2014/15, reaching EUR 1,476.4 million. The United States notes that the EU, in recent years, has increased its intervention stocks for skimmed milk powder, which are currently at around 375,000 tonnes.

g. Please explain the reason for the EUR 11 million increase in public stockholding for food security spending.

h. Please explain the relationship, if any, between the increased levels of support beginning in 2014/15 and the increase in government stocks of skimmed milk powder to current levels.

### AG-IMS ID 87112: Question by Australia - Direct payments: structural adjustment assistance provided through investment aids

Australia notes that in Supporting Table DS:1 (i) of (G/AG/N/EU/43), the European Union has notified EURO 5.5 billion of spending under Structural Adjustment Assistance provided through Investment Aids. Paragraph 11, Annex 2 of the AoA states that eligibility for structural adjustment programmes shall be determined by reference to clearly defined criteria in government programmes designed to assist the financial or physical restructuring of a producer's operations in response to objectively demonstrated structural disadvantages.

For each of the measures covered by the notified spending, could the European Union please:

i. provide the names of each programme and the spending under each programme;

j. outline the structural disadvantages European farmers are facing and the defined criteria to address these disadvantages; and

k. confirm the notified spending is limited to the amount required to compensate for the structural disadvantages outlined (as per paragraph 11(f) of Annex 2).

#### AG-IMS ID 87126: Question by New Zealand - Article 6.5 (Blue Box)

l. In its most recent notification, the EU reports a total of EUR 2,878 billion in payments under Article 6.5 of the Agreement on Agriculture. The Agreement allows for such payments that are "production limiting" in nature. What steps has the EU taken to ensure production in supported commodities is limited?

m. Under Article 68 of Regulation 73/2009, EUR 1,089 billion is provided to livestock headage. For member States implementing this programme, what proportion of livestock in relevant regions are eligible to receive this support? Has the number of supported animals increased in any Member State in the current Multiannual Financial Framework (MFF), compared to the previous one?

#### AG-IMS ID 87122: Question by Canada - Livestock payments made on a fixed number of head

Under Supporting Table DS:3, Canada notes that the measure payments in virtue of Article 68 of regulation 73/2009, in Livestock payments made on a fixed number of head, has increased significantly from EUR 801 million in 2013/14 to EUR 1.1 billion in 2014/15, which represents an increase of 36%. Could the European Union please provide details on the conditions that led to this significant increase in expenditures?

#### AG-IMS ID 87123: Question by Canada - Market price support

Under Supporting Table DS:4, Canada notes that support for skim milk powder has increased by EUR 341.5 million, which represents an increase of 30% from 2013/14. Could the European Union please provide details on the conditions that led to this significant increase in expenditures?

#### AG-IMS ID 87127: Question by New Zealand - Market price support

With regard to the EU's market price support for beef, the applied administered price increased from EUR 1560.00/tonne (relative to external reference price of EUR 1729.80/tonne) in MY 2012/2013 and MY 2013/2014 to EUR 2224.00/tonne (external reference price remained the same) for MY 2014/2015. Could the EU explain this increase in applied administered price for beef?

#### AG-IMS ID 87030: Question by United States of America - Market price support

In 2014/15, the EU notified a beef applied administered price of EUR 2,224 per tonne with an eligible production of zero. This compares to a much lower applied administered price in 2013/14 of EUR 1,560 per tonne and an eligible production of nearly 7.5 million tonnes.

Please explain the reason for the increase in the applied administered price with the simultaneous decrease in eligible production.

### 2.3.5 Guatemala (G/AG/N/GTM/60)

#### AG-IMS ID 87128: Question by Canada - General services: infrastructural services

In Supporting Table DS:1, Canada notes that support for the development of alternative agriculture in Infrastructure Services has been reported with expenditures that totaled $6.9 million. Guatemala has not reported any expenditure in Infrastructure Services in its notifications for 2015 and 2016. Could Guatemala please indicate the eligibility criteria, and the types of projects that have been funded?

### AG-IMS ID 87129: Question by Canada - Input subsidies available to low-income or resource-poor producers

In Supporting Table DS:2, Canada notes that the expenditures for (b) Agricultural input subsidies to low income or resource poor producers have increased significantly, from $12.5 million in 2016 to $32.5 million in 2017. Could Guatemala please provide the conditions that led to this significant increase in expenditures?

## 2.3.6 India (G/AG/N/IND/12)

### AG-IMS ID 87140: Question by European Union - Transparency issues (including Table DS:2)

In previous notification India has indicated payment for disaster relief and environmental payments. No amounts are included in this notification for either 2014 or 2015. Has India terminated these programmes or have they been included under other programmes in this notification?

### AG-IMS ID 87158: Question by New Zealand - Transparency issues (including Table DS:2)

New Zealand notes that market price support makes up a significant proportion of India's total support to farmers. Compared to other income support programmes, market price support is difficult to target and the benefits often make their way into the hands of larger players, or other parts of the agricultural supply chain. Has India considered alternative policy measures to support small farmers?

### AG-IMS ID 87137: Question by Canada - General services: inspection services

In Supporting Table DS:1, Canada notes that India's spending in inspection services decreased from USD 2.55 million to zero in 2014-2015 and 2015-2016. Could India please explain the policy change that has resulted in outlays being reduced to zero in that category?

### AG-IMS ID 87116: Question by Australia - Public stockholding for food security purposes

Australia notes that in Supporting Table DS:1 of G/AG/N/IND/12, India has notified spending on public stockholding for food security purposes of USD 17.17 billion in 2014-15 and USD 15.64 billion in 2015-16.

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

    i. the pre-determined targets, when these were established, and under which legislation or programmes; and

    ii. an explanation of how these targets are in compliance with the requirement of a sole focus on food security.

b. Paragraph 3, Annex 2 of the AoA 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 periods covered by the notification, could India provide:

    i. a breakdown of commodities covered by the notified spending, including values and volumes;

    ii. the prices and volumes of the commodities when they were purchased and sold; and

    iii. confirmation the food purchases were made at current prices and sales were made at no less than current domestic market prices?

c. As outlined in footnote 5 of Annex 2 of the AoA, can India confirm whether any aspects of the notified spending covers foodstuffs that were acquired and released at administered prices, requiring the market price support to be notified as AMS?

### AG-IMS ID 87136: Question by Canada - Public stockholding for food security purposes

In Supporting Table DS:1 Canada notes that the support for public stockholding for food security purposes has increased by 14% in 2014-15 to USD 17,175 million from USD 14,792 million in 2013-2014.

d. Could India please provide details on the conditions that led to this significant increase in expenditures?

e. Could India provide a list of products by volume and value acquired under public stockholding for food security purposes in 2014-2015 and 2015-2016?

### AG-IMS ID 87156: Question by Japan - Public stockholding for food security purposes

Annex 2, paragraph 3 in the Agreement on Agriculture stipulates that "the volume and accumulation of such stocks shall correspond to predetermined targets related solely to food security."

f. Please indicate the predetermined targets of the notified years （the marketing years 2014-2015 to 2015-2016）.

g. If those targets were published before the procurement in each year, where could we find the publication?

### AG-IMS ID 87117: Question by Australia - Input subsidies available to low-income or resource-poor producers

Australia notes that in Supporting Table DS:2 of G/AG/N/IND/12, India has notified spending on agricultural input subsidies of USD 24.84 billion in 2014-15 and USD 23.55 billion in 2015-16 to low income or resource poor producers under Special and Differential Treatment "Development Programmes." Paragraph 2, Article 6 of the AoA states, "… input subsidies generally available to low-income or resource-poor producer in developing country Members shall be exempt from domestic support reduction commitments…"

h. Can India please provide a breakdown of the types of input subsidies covered by the notified spending, including values and volumes?

i. Can India indicate whether their input subsidy programmes solely benefit low income or resource poor producers?

    i. If so, can India provide details of the eligibility criteria for the programmes to ensure the input subsidies are provided solely to low income or resource poor producers?

    ii. Can India indicate how the programmes are structured to avoid their benefits flowing to other agricultural producers?

### AG-IMS ID 87028: Question by United States of America - Input subsidies available to low-income or resource-poor producers

The footnote for Supporting Table DS:2 states "as per the agricultural census for 2010-2011, 99.297% of farm holdings are of low-income or resource poor farmers" noting that India's reported average land holding size is on the decline as outlined in response to AG-IMS ID 75021. The United States resubmits AG-IMS ID 85019 and 86111 in hopes for a more direct response to the United States' inquiry into how the decline in farm size has occurred despite the large increases not only in production, but also surplus production – leading to India's status as a major agricultural exporter.

j. Noting responses to AG-IMS IDs 86111/85019: India's notification now notes that 99.297% of farmers are low-income or resource poor. In response to AG-IMS ID 75021, India stated the prevailing trend is for the average size of farms, by landholding, to decrease in each 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 and 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. How does India explain this? Please provide additional information beyond that provided in previous CoA responses to help Members understand this dichotomy.

ii. Please include statistical information with regards to the size, ownership structure, and per farm output of those farms that do not have inadequate resources to generate enough income to maintain a minimum standard of living of the farms that contribute to the sizeable marketed surplus.

k. Please explain what mechanisms exist in India's domestic support measures to ensure that the programmes benefit low-income or resource-poor farmers only.

l. 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?

### AG-IMS ID 87155: Question by Japan - Constituent data and methodology (AGST)

With respect to the currency to express AMS, while Indian Rupee was used in the AGST, India has changed it to U.S. Dollar since the notification of 95/96. India has explained this modification as "to provide comparable estimates." Japan would like India to submit the notification in India Rupee as an original statistic in pursuant to its AGST, in addition to the submitted one in US Dollar as comparable estimates.

### AG-IMS ID 87114: Question by Australia - Market price support

Australia thanks India for its Domestic Support Notifications for marketing years 2014-15 and 2015-16 (G/AG/N/IND/12). Further to Australia's question from February 2018 (AG-IMS ID 86014), India has again calculated a combined market price support for pulses. Australia is disappointed by India's previous response to this question.

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

Australia noted that the actual Minimum Support Price (MSP) for Indian pulse products in 2014-15 was as follows:

| | MSP 2014/15 (INR/quintal) | MSP 2014/15 (INR/tonne) | USD/Tonne* |
|---|---|---|---|
| ARHAR | 4,350 | 43,500 | 711.42 |
| MOONG | 4,600 | 46,000 | 752.32 |
| URAD | 4,350 | 43,500 | 711.42 |
| GRAM | 3,175 | 31,750 | 519.27 |
| MASUR | 2,950 | 29,500 | 482.47 |

* Converted at 2014-15 exchange rate 1USD = 61.144INRs, as per G/AG/N/IND/12

n. In supporting table DS:5, India lists the administered price for "pulses" as 639.52 USD/tonne in 2014-15. Could India explain in more detail how it calculated this figure and why it has not simply used the specific MSP contained in the table above, given this is how the support is administer in India?

o. Australia notes that market price support for pulses is absent from the 2015-16 period in Supporting Table DS:5. The Government of India did however provide minimum support prices for pulses in 2015/16 as per the below. Given India did offer minimum support prices for pulse products in 2015-16, could India please provide the calculated market price support for pulses in 2015-16 as per the requirements in paragraph 8, Annex 3 of the Agreement on Agriculture?

| | MSP 2015/16 (INR/quintal) |
|---|---|
| ARHAR | 4,625 |
| MOONG | 4,850 |
| URAD | 4,625 |
| GRAM | 3,500 |
| MASUR | 3,400 |

### AG-IMS ID 87139: Question by Canada - Market price support: Eligible production

p. In Supporting Tables DS:4 and DS:5 Canada notes that India has reported a product-specific AMS of US$92.25 million in 2014-15 for pulses but in 2015-16, support for pulses is zero.

i. Could India please indicate whether any volume of pulses was procured in 2015-16?

ii. If so, could India indicate the quantity procured in million tonnes, including domestic and imported, and whether such procurements were done with a minimum price support?

iii. Canada notes that the Department of Consumer Affairs published on its website (https://consumeraffairs.nic.in/WriteReadData/userfiles/file/Procurement_of_Pulses_08Sep2017.pdf) that, as of 08.09.2017, 50,422.53 MT of Kharif Pulses (KMS 2015-16) were procured domestically for the Buffer Stock under Price Stabilization Fund. Could India please indicate when this procurement of Kharif Pulses (KMS 2015-16) will be notified?

q. In Supporting Table DS:5 for 2014-15, Canada notes that India has reported a Total Market Price Support for pulses.

i. Could India please confirm that the Minimum Support Prices (MSPs) on Gram, Urad, Moong, Lentil and Arhar set at the federal level are available to all Indian States that would like to procure these pulse varieties?

ii. Could India please indicate if there is a pre-set limit or other conditions on the amount of production that could be procured from farmers using the MSPs? If so, what are the pre-set limits or conditions on the volume of production that could be procured?

### AG-IMS ID 87138: Question by Canada - *De minimis*

In Supporting Table DS:4 for 2014-15 and 2015-16, Canada notes that India does not include product-specific value of production data. The inclusion of value of production data greatly improves the transparency of Supporting Table DS:4. Could India please provide the value of production for all products reported in Supporting Table DS:4 for 2014-15 and 2015-16?

### AG-IMS ID 87141: Question by European Union - *De minimis*

India states that the AMS for the products listed in this table is below *de minimis*. Can India provide written information to the WTO members for all the products listed in this table on the value of production for 2014 and 2015 respectively?

### AG-IMS ID 87157: Question by Japan - *De minimis*

Could India provide the statistics of VOP of each product in order to make sure the value of support is under *de minimis* threshold?

### AG-IMS ID 87142: Question by European Union - Classification of measures

In a note to Supporting Table 4 for marketing years 2014-2015 and 2015-2016, India states that the Non-Product-Specific AMS listed in the Table (Insurance Premium Subsidy) is an input subsidy and that it "also qualifies under Article 6.2 of the AoA".

r. Could India explain why the Insurance Premium Subsidy is listed in Supporting Tables DS:4 and DS:9 if it qualifies under Article 6.2 of the Agreement on Agriculture?

s. Could India explain in what way the Insurance Premium Subsidy qualifies as an input subsidy under article 6.2 of the Agreement on Agriculture?

### AG-IMS ID 87029: Question by United States of America - Classification of measures

The footnote for this table in reference to non-product-specific AMS states "Insurance Premium Subsidy. It is an input subsidy and also qualifies under Article 6.2 of the AoA."

Please explain the reason for the footnote qualifying crop insurance premium subsidies as exempt under Article 6.2 support when they are being notified as non-product-specific AMS in ST/DS:9.

## 2.3.7 Lao People's Democratic Republic (G/AG/N/LAO/2)

### AG-IMS ID 87032: Question by United States of America - Market price support: Eligible production

The United States would like to thank Laos for its first domestic support notification to the CoA: Laos' notification for FY2016. The United States looks forward to future notifications to learn more about Laos' domestic support measures.

In Supporting Table DS:5, the eligible production quantity notified for rice is 36,157 tonnes; however, Laos' AGST tables (WT/ACC/SPEC/LAO/1/Rev.1) report an eligible production for rice of just under 1.5 MMT between 2001-2003.

a. Please explain how Laos determined the notified quantity of eligible production in its first domestic support notification. b. Does this notified value differ in terms of definition from the values reported for 2001-2003? If so, please explain what changes have been implemented with regards to Laos' market price support for rice that permit for such a change.

b. Please provide any additional information regarding any limitations placed on the quantity of production that is eligible to receive the applied administered price.

## 2.3.8 Mexico (G/AG/N/MEX/36)

### AG-IMS ID 87154: Question by Canada - Transparency issues (including Table DS:2)

a. Canada notes that Mexico's Current Total AMS for 2016 has decreased significantly, falling from 1.8 billion pesos in 2015 to 174.5 million pesos in 2016. Notably, Canada notes that in Supporting Table DS:4, the product-specific support for maize has decreased from 1,023.16 million pesos in 2015 to 462.19 million pesos in 2016, mainly because of a decrease under other product-specific budgetary outlays.

    i. Could Mexico please provide more details on the conditions that led to this significant decrease of the total AMS?

    ii. Could Mexico please indicate which program(s) has been impacted by this significant decrease of the total AMS? Are there programmes that have been removed or that are now included in other budgetary outlays?

b. In Supporting Table DS:9, Canada notes that Mexico does not report any support for Production Restructuring Programme for 2016 and the support for this programme was at 228.8 million pesos in 2015, 319.1 million pesos in 2014, and 391.2 million pesos in 2013.

i. Could Mexico please provide more details on the conditions that led to this removal?

ii. Could Mexico confirm whether these expenditures have been moved to another programme? If so, could Mexico indicate which one(s)?

### AG-IMS ID 87153: Question by Thailand - Investment subsidies generally available to agriculture

Could Mexico please provide details regarding the implementation of Agriculture Insurance Programme in Supporting Table DS:2 under heading "Investment Subsidies"?

## 2.3.9 Norway (G/AG/N/NOR/94)

### AG-IMS ID 87152: Question by European Union - Market price support: Eligible production

In light of the question asked by Canada during the 86th meeting of the Committee on Agriculture (Ag-IMS 86098), has Norway considered to include also wheat not fulfilling the criteria for human consumption in its eligible production when calculating market price support for wheat?

## 2.3.10 Philippines (G/AG/N/PHL/48, G/AG/N/PHL/49, G/AG/N/PHL/50, G/AG/N/PHL/51, G/AG/N/PHL/52)

### AG-IMS ID 87033: Question by United States of America - Transparency issues (including Table DS:2)

a. The United States would like to thank the Philippines for the level of detail provided regarding the large number of measures notified. It appears from the "supporting table to Supporting Table DS:1" that there are a number of research measures and extension and advisory service measures that are newly notified by the Philippines for 2011. Additionally, a number of other measures are no longer notified. Further, substantial changes in outlays have occurred – for example, outlays for extension and advisory service measures nearly doubled from 2010 levels.

   Noting the large number of changes with regards to measures exempt from reduction commitments, please indicate if there was a major change in policy between 2010 and 2011 regarding these types of measures. If so, please describe and indicate whether the Philippines will be providing a DS:2 notification. If not, please explain.

b. The United States notes what appears to be a number of measures with the same name in "supporting table to Supporting Table DS:1": for example, "Coordination of agricultural research" and "development of fisheries and aquatic resources".

   Please explain why there are multiple measures with the same name.

c. The United States notes there are several measures listed in "supporting table to Supporting Table DS:1" that possibly indicate funding is provided by a foreign or private entity rather than the Philippine national or sub-national government. For example, the "Japan Increased Food Production Program."

   Please confirm no support notified is provided via funding from a foreign or private entity.

d. With regard to "Japan Increased Food Production Program," please provide additional details with regard to how this measure is implemented and confirm whether assistance is provided in the form of farm inputs such as fertilizers.

### AG-IMS ID 87034: Question by United States of America - Input subsidies available to low-income or resource-poor producers

Regarding AG-IMS ID 70047, the United States understands the Philippines response to indicate that the provision of input subsidies for seeds and fertilizers, as notified for 2010, was terminated except for the purposes of assisting farmers in times of natural disasters, and limited circumstances. However, the United States notes that outlays under "input subsidies generally available to low-income resource-poor producers" is nearly five times larger in 2015 than in 2010. Further the description of the measure appears to be unchanged as well.

e. Please explain the reason for the large increase in outlays for these input subsidies.

f. Please provide an update on how these measures are implanted, taking note of the Philippines response to AG-IMS ID 70047.

g. Please provide a breakdown of expenditures for each year (2011-15) for each type of input subsidy (e.g., fertilizer, planting materials, seed, and animal stocks.

#### AG-IMS ID 87035: Question by United States of America - Market price support

h. The Philippines guarantees farmers a sale price of "Palay" (paddy) rice. However, the Philippines notes in a footnote that for its table it has converted paddy rice into milled rice terms. The Agreement on Agriculture, Annex 3 paragraph 7 states "The AMS shall be calculated as close as practicable to the point of first sale of the basic agricultural product concerned." What is the basis for reporting support on a milled rice basis rather than paddy rice (palay)?

i. Are there any limitations either in quantity or budgetary outlays that limit the quantity of the covered commodities that may be procured at the applied administered price in any given year?

#### AG-IMS ID 87151: Question by European Union - Market price support: Eligible production

Concerning G/AG/N/PHL/48,

j. Could the Philippines kindly explain more in detail the eligibility criteria for the buying-in for both rice and maize?

k. Could the Philippines kindly explain more in details why it has not used total production of rice and maize in Supporting Table DS:5 – following the judgement in the Korea beef case?

#### AG-IMS ID 87118: Question by Australia - Market price support: Eligible production

Australia thanks the Philippines for its Domestic Support notifications from calendar years 2011-15 (G/AG/N/PHL/48 - 52). Australia notes that the Philippines has only included stock procured in its calculation for Market Price Support in Supporting Table DS:5 of its notification.

l. Could the Philippines please explain why it has not calculated market price support based on the requirements under Paragraph 8, Annex 3 of the AoA, so as to calculate market price support on the entire quantity of production eligible to receive the administered price?

m. Does the Philippines set quantitative limits on the amount of stock that it procures at the administered price?

n. Are any such quantitative limits published and notified to producers prior to the planting season?

### 2.3.11 Switzerland (G/AG/N/CHE/84)

#### AG-IMS ID 87038: Question by United States of America - Direct payments: decoupled income support

Switzerland provided 307 million CHF in decoupled income support including under the category "supplement to market earning."

a. Please explain the requirements for a producer to receive a supplement to market earning.

b. Is this supplement based on the price received for a particular commodity?

### AG-IMS ID 87036: Question by United States of America - Direct payments: structural adjustment assistance provided through investment aids

In Switzerland's notification under the category "structural adjustment assistance provided through investment aids," 34 million CHF is provided as assistance to improve livestock breeding. Swiss breed associations discriminate against non-Swiss genetics by charging much higher fees for registering foreign bulls than for registering Swiss bulls.

c. Please explain precisely what these funds are used for and if funds are provided to the SwissGenetics organization and to Swiss breed associations?

d. Please explain the support given by the Swiss government to these Swiss breed associations.

### AG-IMS ID 87037: Question by United States of America - Direct payments: payments under regional assistance programmes

Under "regional assistance programs," 107 million CHF was provided for farming on sloping land, 140 million for maintaining open spaces, 101 million for mountain pasturing, and 160 million for farming in difficult conditions. Please explain what constitutes "difficult conditions." and if Switzerland plans to help farms move away from producing under difficult conditions.

### AG-IMS ID 87039: Question by United States of America - Other product-specific AMS/EMS

e. Supporting table DS:4 indicates that Switzerland provides product-specific support for milk and milk products equal to 26% of the value of production. What steps is Switzerland taking to reduce the dependence of milk producers on government support?

f. In Switzerland's 2013 DS:1 notification, support to pork producers equated to 56% of the value of production. Support for bovine meat was 66% of the value of production. For the 2014 notification, pork and beef are listed under the *de minimis*. Please confirm that support to pork and beef producers dropped from above 50% to below 5% of the VOP and explain what factors let to this decrease.

g. In G/AG/N/CHE/72 for 2013, Switzerland notified market price supports for 13 product categories in Supporting Table DS:5. However, in G/AG/N/CHE/84 for 2014, Switzerland notified only one market price support (for tobacco) under Supporting Table DS:5; while four other products have budgetary outlays notified under the measure market price support in Supporting Table DS:7.

    i. Please explain the reason for this change between notifications.

    ii. Please explain why the market price supports for milk and milk products, bovine meat, eggs, and wool are notified as budgetary outlays.

## 2.3.12 Tunisia (G/AG/N/TUN/52)

### AG-IMS ID 87041: Question by United States of America - Market price support: Eligible production

It is the United States understanding that Tunisia produced 840,000 MT of durum, 150,000 MT of common wheat, 390,000 MT of barley and over 900,000 MT of milk in 2016.

a. Please explain the reasons for using eligible production of 5,300 MT for durum, 500 MT for common wheat, 1,100 MT of barley and 865,000 MT of milk in 2016.

b. Please provide any regulations, laws, or other implementing legislation that shows that a limit is placed on the quantity of production of each of these commodities that can receive the announced applied administered price.

### AG-IMS ID 87040: Question by United States of America - Excessive rates of inflation

For the reporting period of 2016, Tunisia has adjusted the fixed external reference prices for durum wheat, common wheat, barley and milk to take account of inflation and exchange rate movements. The same was done for products notified for 2014 in G/AG/N/TUN/47, at which time, in response to AG-IMS ID 62036, Tunisia stated that it considered the rate of inflation between 1998-2014 to be excessive, which justifies an adjustment of the FERP. In the U.S. view, as stated previously, a Member cannot unilaterally determine that it has excessive rates of inflation and then make adjustments as reflected in their notifications.

c. Please provide additional information, including data that substantiates Tunisia's claims that its rates of inflation are "excessive," noting that Tunisia's inflation rates are well within the range of most other Members' rates.

d. To help Members take into consideration Tunisia's claims regarding inflation, please provide information and data that shows all calculations regarding inflation in Tunisia's most recent notification(G/AG/N/TUN/52).

e. Will Tunisia consider submitting a revised notification and for future notifications that show unadjusted information as well, so that Members have a transparent understanding of Tunisia's domestic policies, as well as their notification methodology.

### 2.3.13 United States of America (G/AG/N/USA/121)

### AG-IMS ID 87148: Question by Canada - Transparency issues (including Table DS:2)

a. In Supporting Table DS:1, (a) General services, Canada notes that state governments provided $2.7 billion for State programmes for agriculture for "…a number of generally available services." This is an 8.5% increase from 2014. Could the U.S. please describe how it ensures that state governments' use of these funds meet the policy criteria of general services, paragraph 2, Annex 2 of the Agreement on Agriculture?

b. In Supporting Table DS: 4, as reported in the notification for 2014, Canada notes a discrepancy in the total Value of Production (VoP) figures in the U.S. notification for 2015. The total VoP is reported as USD 372,714.642 million but the sum of all product-specific VoP totals USD 504,469.82 million. Could the US please explain this discrepancy?

c. Canada would like to reiterate question AG-IMS ID 85058 to the U.S. at the 85th meeting of the CoA about a discrepancy in the total Value of Production (VoP) figures. The total VoP is reported as USD 405,646.295 million but the sum of all product-specific VoP totals USD 550,264.95 million. Could the U.S. please explain this discrepancy?

d. Canada notes that county-based Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programmes are reported under Supporting Table DS:6 and Supporting Table DS:9. Canada is of the understanding that the 2014 Farm Bill allowed farmers the opportunity to update their base yields and reallocate their base acres. Landowners had a one-time opportunity to update their current payment yields established under the 2008 Farm Bill to 90% of their 2008-2012 average yields. Canada is also of the understanding that the Farm Bill does not allow the total base acreage to be increased, however, it allows the landowners to re-allocate the proportion of their acreage on the basis of their products (e.g. corn and soybeans), and maximize an anticipatory payment based on those specific products. Therefore, Canada is of the understanding that the payments under ARC and PLC programmes can be allocated on the basis of a re-allocation of products acreage, and thus, payment would be different depending how the products are re-allocated by the landowners.

i. Could the US please explain why ARC and PLC programs are reported under both Supporting Table DS:6 and Supporting Table DS:9?

ii. Could the US please indicate the proportion of landowners (producers) that have re-allocated their acreage following the 2014 Farm Bill?

iii. Could the US please indicate the total value of support (payments) for the re-allocated acreages following the 2014 Farm Bill and provide a breakdown of these payments by commodity?

### AG-IMS ID 87124: Question by Australia - Domestic food aid

Australia notes that in Supporting table DS:1 in G/AG/N/USA/121, the United States has notified USD 104.7 billion in domestic food aid for marketing year 2015. Australia notes that the US domestic food aid spending has steadily increased since 2008-09 at the time of the Global Financial Crisis (GFC), and has been consistently over USD 100 billion since 2011. Although the GFC is now over, US spending on food aid has not decreased. In 2000, the United States notified that its spending on domestic food aid was USD 32.34 billion; in 2009, it was USD 78.80 billion; and in 2014, it was USD 102.84 billion.

e. Can the United States explain the background for the steady increase in domestic food aid spending that has remained above USD 100 billion in recent years?

f. Has the United States been reviewing domestic food aid programmes with a view to ensuring the support is still required at such high levels?

g. Paragraph 4, Annex 2 of the AoA declares that "food purchases by the government shall be made at current market prices and the financing and administration of the aid shall be transparent". To that end, could the United States please explain:

    i. what processes are in place to ensure that food purchases are at market prices;

    ii. whether it procures food from international sources, or only from domestic sources; and

    iii. what proportion of the food aid is in the form of direct provision of food versus the provision of means to buy food?

### AG-IMS ID 87147: Question by Canada - Domestic food aid

h. In Supporting Table DS:1, Canada notes that the expenditures for the Child Nutrition Programs under (c) Domestic food aid increase by $1.5 billion. Could the U.S. please provide details on the conditions that led to this significant increase in expenditures?

i. Canada also notes that according to the Agriculture Marketing Service (AMS) website, purchases for USDA Feeding Programs (Section 32) are aimed at supporting "American agriculture by providing an outlet for surplus products and encouraging consumption of domestically-produced foods". Specific commodities are targeted by USDA for specific purchase initiatives. For examples, USDA announced, on 2 April 2015 its plan to purchase poultry products for the National School Lunch programme and other Federal food nutritional assistance programs (https://www.ams.usda.gov/sites/default/files/media/4-2-15%20poultry.pdf), and on 30 April 2015, USDA announced plans to purchase fresh apples and processed apple products for surplus removal (https://www.ams.usda.gov/selling-food/purchase-announcements).

   Could the US please expand on the criteria considered by USDA when specific products are targeted for purchase initiatives, and if so, what are the criteria for selecting specific sectors (products)? Are there any specific commercial criteria considered, if so, which one(s)?

**AG-IMS ID 87121: Question by Australia - Market price support**

Australia welcomes the United States of America's Domestic Support Notification for marketing year 2015 (G/AG/N/USA/121). Australia notes that sugar is the only product for which market price support is provided (as per Supporting Table DS:5), and the product-specific AMS for sugar is nearly 60%, which is considerably higher than other agricultural products notified by the United States. This figure is notably higher than the approximately 51% product-specific AMS notified in marketing year 1995, meaning the US has actually gone backwards in terms of possible reforms to the US sugar industry. The US's administered price is higher and the eligible production has increased in the last 20 years.

Australia also notes recent media reporting that as part of the Farm Bill debate in Congress, North Carolina Congresswoman Virginia Foxx claimed she had the votes to pass an amendment that would eliminate production limits, repeal a sugar-to-ethanol programme, and give the US Administration greater flexibility to lower tariffs on imported sugar. The reporting also mentions a 2017 analysis by the American Enterprise Institute that estimates that consumers and users may spend up to USD 4 billion annually in extra costs due to higher commodity expenses (https://www.bloomberg.com/news/articles/2018-05-15/sugar-policy-revamp-may-be-gop-s-price-of-passing-u-s-farm-bill).

Given the sustained high levels of protectionism and domestic support over the last 20 years and the current costs on consumers and users, will the United States use the 2018 Farm Bill process to engage in genuine reform to the US sugar sector?

**AG-IMS ID 87146: Question by European Union - Other product-specific AMS/EMS**

According to the figures presented in Supporting Table DS:4, there has also been a sharp increase in product specific support for soybeans between 2014 and 2015 (from approximately 146 million USD to approximately 1 392 million USD). This increase seems to be caused by a large rise in crop insurance premium subsidies for soybeans. Could the United States kindly explain the reasons behind the large increase in product specific support for Soybeans in 2015?

**AG-IMS ID 87150: Question by Canada - Non-product-specific AMS**

In Supporting Table DS:9, Canada notes that the non-product specific budgetary outlays for price Loss Coverage (PLC) have increased significantly from USD 773.8 million in 2014 to USD 1.9 billion in 2015, which represent a 151% increase.

j. Could the US please provide details on the conditions that led to this significant increase in expenditures?

k. Could the US please provide a breakdown of the value of the support by commodity?

**AG-IMS ID 87145: Question by European Union - Non-product-specific AMS**

The European Union notes a substantially increased support in the form of county-based Agriculture Risk Coverage (ARC-CO) and Price Loss Coverage (PLC) in 2015 as compared to 2014 in Supporting Table DS:9. Could the United States kindly explain the reasons behind the increased support in the form of Agriculture Risk Coverage (ARC-CO) and Price Loss Coverage (PLC) in 2015?

**AG-IMS ID 87149: Question by Canada - *De minimis***

In Supporting Table DS:4, Canada notes that the use of the *de minimis* exemption increased 36% from the previous year (USD 9.8 billion to USD 13.3 billion). This increase includes significant growth in support for particular products, including: beef cattle (86 % increase from 2014); chick peas (950 % increase from 2014); dry peas (60 % increase from 2014); rye (58 % increase from 2014); soybeans (854 % increase from 2014); strawberries (3492 % increase from 2014). In addition, the U.S. non-product specific AMS increased by 48% from 2014 (USD 5.5 billion to USD 8.2 billion). Could the US please provide details on the conditions that led to these significant increases?

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

### 2.4.1 Canada (G/AG/N/CAN/118)

#### AG-IMS ID 87143: Question by New Zealand - Transparency issues

Canada submitted its ES:1 notification (G/AG/N/CAN/118) in March 2018. In the table "Export Subsidies: Budgetary Outlays and Quantity Reduction Commitments" and accompanying footnote 4, Canada states that: "Canada's Uruguay Round export subsidy commitment for dairy products are reported on a dairy year basis which runs from 1 August to 31 July.

Under the Nairobi Ministerial Decision on Export Competition (WT/MIN/(15)45 and WT/L/908), the new export subsidy volume limits took effect from 1 January 2016. Therefore there is an overlap between the dairy year and the calendar year so that a portion of Canada's 2015-2016 dairy year fell under the Uruguay Round commitment (from 1 August 2015 to 31 December 2015), and a portion under the new Nairobi commitment (from 1 January 2016 to 31 July 2016). Canada calculated a Partial Nairobi cap to cover the first 7 months of the 2016 calendar year."

a. How has Canada calculated its "Partial Nairobi cap" for the 7 months of the 2016 calendar year?

b. Can Canada please explain how the outlays (i.e. value of subsidised exports) and quantity are calculated?

## 3 DEFERRED REPLIES TO QUESTIONS ON NOTIFICATIONS

### 3.1 Egypt (G/AG/N/EGY/3)

#### AG-IMS ID 87097: Question by Australia - Transparency issues (including Table DS:2)

Australia notes that Egypt has not provided any responses to questions posed to it at the 86th Committee on Agriculture. Australia therefore restates question AG-IMS ID 86017.

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 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 programme as market price support in its Table DS:1 notification?

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

#### AG-IMS ID 87095: Question by Australia - General services: pest and disease control

Australia notes that Egypt has not provided any responses to questions posed to it at the 86th Committee on Agriculture. Australia therefore restates question AG-IMS ID 86012.

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?

### AG-IMS ID 87093: Question by Australia - Investment subsidies generally available to agriculture

Australia notes that Egypt has not provided any responses to questions posed to it at the 86th Committee on Agriculture. Australia therefore restates question AG-IMS ID 86011.

Australia notes that Egypt has notified investment subsidies under Supporting Table DS: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?

## 3.2 India (G/AG/N/IND/11)

### AG-IMS ID 87131: Question by Canada - Transparency issues (including Table DS:2)

Canada would like to reiterate its question (AMS AG-IMS ID 85089) raised during the 85th Committee on Agriculture for India's previous notification (G/AG/N/IND/11) on the addition of an "Insurance Premium Subsidy" under India's non-product-specific. Could India please indicate when question AG-IMS ID 85089 will be answered?

### AG-IMS ID 87132: Question by Canada - Article 6.2 (Special and Differential Treatment / Development Programmes)

Canada would like to reiterate its question (AG-IMS ID 85098) raised during the 85th Committee on Agriculture for India's previous notification (G/AG/N/IND/11) regarding several measures previously notified under Supporting Table DS:2, (Special and Differential Treatment) that are no longer included in India's previous DS:1 notification (G/AG/N/IND/11) and also not included in India's most recent DS:1 notification (G/AG/N/IND/12). Could India please indicate when question AG-IMS ID 85098 will be answered?

### AG-IMS ID 87130: Question by Canada - Constituent data and methodology (AGST)

Canada would like to reiterate its question (AG-IMS ID 86095) raised during the 86th Committee on Agriculture for India's previous notification (G/AG/N/IND/11) on the methodology used to establish the applied administered price and the fixed external reference price for pulses in India's DS:1 notification and the methodology used in its agriculture supporting tables (AGST) relating to commitments on agricultural products in Part IV of its Schedule. Could India please indicate when it will provide an answer to question AG-IMS ID 86095?

# 4 OVERDUE NOTIFICATIONS

## 4.1 India

### AG-IMS ID 87024: Question by United States of America

Please provide to Members the name, citation, and publication location, for all Indian legal instruments related to market price support for wheat and rice for any period from 2010 to the present. Please include both those issued by the national government and those issued by sub-national units of government.

<u>Inclusion of State Level Bonuses in Applied Administered Price</u>

a. State-level bonuses for rice and wheat appear to have been provided by certain Indian states, including bonuses provided by Chhattisgarh, Karnataka, Kerala, Madhya Pradesh, Rajasthan, Tamil Nadu, and Uttar Pradesh, for the years covered by this counter notification.

    i. Please indicate whether any bonuses or incentives were provided for rice or wheat by any other sub-federal government during any year from 2010 to the present.

ii. Noting India's previous responses to the Committee, please explain and clarify India's rationale for not notifying these bonuses.

Eligible Production

b. In both its first notification (G/AG/N/IND/1) and in its domestic support commitments (G/AG/AGST/IND), India identified as eligible production all rice and wheat produced in India. India, however, no longer does so, and instead notifies only quantities actually purchased by the GoI.

i. Please explain the specific basis for switching from total production to procured quantity.

ii. Please provide to Members the name and location of all measures, laws or regulations regarding market price support measures during the issuance of G/AG/AGST/IND, G/AG/N/IND/1, G/AG/N/IND/11, and G/AG/N/IND/12.

Rice Conversions

c. Paragraph 7 of Annex 3 states: "The AMS shall be calculated as close as practicable to the point of first sale of the basic agricultural product concerned." Please explain India's rational for notifying support on a milled rice basis rather than a paddy rice basis

Currency

d. In response to various questions asked by Members, including AG-IMS ID 76018, India has repeatedly stated the basis for notifying in U.S. dollars is that it provides a comparable estimate for all of its notifications since G/AG/N/IND/1 for MY 1995/96.

Noting India's previous incomplete responses to the Committee, please specifically explain the basis for switching from Indian rupees to U.S. dollars in G/AG/N/IND/1 given that Members' notified support levels are calculated for the primary purpose of comparison against their commitments, which in India's case are calculated in Indian rupees as referenced in its Agricultural Supporting Tables (G/AG/AGST/IND).

Value of Production

e. Could India please provide a detailed explanation of the calculation methodology for the VoP figures for wheat and rice provided in India's response to AG-IMS ID 75061? In particular, please explain why the VoPs figures provided by India in its response to AG-IMS ID 75061 differ from the figures put out by India's National Account of Statistics.

f. Will India provide value of production data in future domestic support notifications to ensure transparency and to be consistent with other Member (both developed and developing) notifications that include this data as a best practice to easily determine whether support is within the *de minimis* limit.

## 4.2 Indonesia

### AG-IMS ID 87133: Question by European Union

Follow-up question to AG-IMS ID 86082

Could Indonesia please indicate a possible timeline for when it intends to submit its DS:1 notifications covering the years after 2011 ?

## 4.3 Pakistan

### AG-IMS ID 87042: Question by United States of America

The United States notes that Pakistan has not submitted an export subsidy notification (Table ES:1) or response to the export competition questionnaire for any year following marketing year 2006/07. Please indicate when Members can expect to receive Pakistan's overdue notification.

## 4.4 Turkey

### AG-IMS ID 87134: Question by European Union

Could Turkey please inform Members on the expected timeline for forwarding the missing notifications (Domestic Support and ES:1)?