



**ELIMINATION OF AMS TO REDUCE DISTORTIONS
IN GLOBAL AGRICULTURAL TRADE**

SUBMISSION BY CHINA AND INDIA

The following submission, dated 17 July 2017, is being circulated at the request of the aforementioned Members.

Aggregate Measurement of Support (AMS) is the most trade distorting element in global trade in agriculture. In the Uruguay Round AMS entitlements were made available in the Agreement on Agriculture to developed Members and some developing Members. Developed Members have more than 90% of global AMS entitlements amounting to nearly US\$ 160 bn. As a result developed Members have access to huge amount of AMS beyond their *de minimis*. In contrast most developing Members have access only to *de minimis* resulting in a major asymmetry in the rules on agricultural trade.

I. DISTORTIONS ON ACCOUNT OF FLEXIBILITIES IN PROVIDING PRODUCT-SPECIFIC AMS

1. Most of the developing Members cannot provide product-specific Amber Box support exceeding 10% of the value of production of the agricultural product concerned. On the other hand, developed Members and some developing Members are not constrained by the 10% limit. Theoretically speaking, the product-specific support on any product can be as high as the AMS limit. This provides significant flexibilities to these Members to provide support to their agriculture, thereby distorting production and trade. The flexibilities include the following:

- i. providing significantly high amount of subsidies compared to the value of production of the products concerned;
- ii. concentrating the subsidies in a few products; and
- iii. shifting the products in which the subsidies are concentrated.

2. Based on an analysis of Domestic Support notifications of a few WTO Members, it is evident that in many products, the product-specific support is an extremely high proportion of the value of production of the product concerned. In certain instances it even exceeded the value of production of the product concerned. The Tables in Annex 1 provide illustrations of the product-specific support exceeding 10% of the value of production of the product concerned. From the tables it is evident that not only are the farmers getting subsidies in excess of their value of production, in certain cases the subsidies are twice the value of production.

3. Another distortion arises from the fact that Members with AMS limits have the flexibility to concentrate the subsidies in just a few products. Tables in Annex 2 provide a few illustrations of the product-specific support being concentrated in a few products.

II. FACTS OF SOME MEMBERS

United States

4. In respect of 30 products, the product-specific support was 10%, or more, of the value of production of the concerned product in at least one year during the period 1995-2014.
5. Some of the products with subsidies exceeding 50% of the value of production include the following: dry peas (57%); rice (82%); canola (61%); flaxseed (69%); sunflower (65%); sugar (66%); cotton (74%); mohair (141%), and wool (215%).
6. Mohair (11 years), wool (12 years), dairy (15 years) and sugar (20 years) are products that have consistently benefitted from very high level of subsidies as a percentage of value of production.
7. In respect of mohair and wool in some years the product-support exceeded even the value of production.
8. In seven out of 20 years more than 50% of the total product-specific support was concentrated in just one product – dairy.
9. In certain years more than 90% of the total product-specific support was concentrated in just two products – dairy and sugar.

European Union

10. In respect of 43 products, the product-specific support was 10%, or more, of the value of production of the concerned product in at least one year during the period 2000-2013.
11. Some of the products with subsidies exceeding 50% of the value of production include the following: butter (71%); skimmed milk powder (67%); apples (68%); courgettes (51%); cucumber (86%); lemon (60%); pear for processing (82%); tinned pineapple (108%); tomatoes for processing (61%); rice (66%); olive oil (76%); white sugar (120%); tobacco (155%), and silkworms (167%).
12. Barley (ten years), common wheat (nine years) and tobacco (9 years) are products that have consistently benefitted from very high level of subsidies as a percentage of value of production.
13. In respect of tinned pineapple, white sugar, tobacco, cotton and silkworms in some years the product-support exceeded even the value of production.
14. In respect of butter the value of production was not provided in EU's Domestic Support notifications for recent years.
15. There is considerable concentration of product-specific support, in the range 38%-40%, in butter during 2010-2013.
16. During 2010-2013, 64%-68% of the total product-specific support was accounted for by just two products – butter and common wheat.

Canada

17. In respect of seven products, the product-specific support was 10% of the value of production, or more, of the concerned product in at least one year during the period 1995-2013.
18. Milk (14 years), sheep meat (nine years) and corn (five years) are products that have consistently benefitted from very high level of subsidies as a percentage of value of production.
19. In respect of tobacco in 2009 the product-support was more than thrice the value of production.

20. In eight years during the period 1995-2013, more than 50% of the total product-specific support was concentrated in just one product – milk. In 1997 it was as high as 73%.

III. CONCLUSION

21. From the analysis it is clear that the imbalance in the existing AoA where only some Members have access to bound AMS allows them much more policy space. On the other hand, most developing Members are strictly limited by their *de minimis*. Any overall capping or reduction in their *de minimis* will further reduce their policy space. Therefore, in order to achieve the long outstanding reforms in agriculture subsidies the AMS entitlements of developed Members must be eliminated as a pre-requisite for consideration of other reforms in domestic support negotiations. Only in this way will it help reduce some of the inequities built into the WTO rules in favour of the developed Members.

ANNEX 1

UNITED STATES – PRODUCT-SPECIFIC SUPPORT AS % OF VALUE OF PRODUCTION

Product/Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Apples (incl. Pears in 2002)	-	-	-	-	6%	13%	-	-	-	-	-	-	-	1%	2%	2%	2%	2%	2%	2%
Barley	-	-	-	12%	7%	11%	3%	1%	-	12%	9%	2%	-	4%	5%	2%	5%	4%	4%	4%
Canola	-	-	-	5%	37%	61%	13%	-	5%	3%	9%	-	-	10%	7%	6%	11%	7%	10%	9%
Chickpeas	-	-	-	-	-	-	-	-	11%	18%	13%	-	-	-	-	-	-	-	-	-
Corn	-	-	1%	8%	15%	15%	7%	1%	1%	13%	20%	-	-	4%	5%	3%	4%	4%	5%	4%
Cotton	-	-	7%	19%	54%	21%	74%	27%	7%	39%	28%	27%	4%	35%	8%	5%	11%	8%	9%	16%
Crambe	-	-	-	-	44%	42%	18%	6%	5%	7%	-	-	-	-	-	-	-	-	-	-
Cranberries	-	-	-	-	18%	-	-	-	-	-	-	-	-	-	1%	1%	1%	1%	1%	1%
Dairy	23%	20%	21%	19%	20%	24%	18%	30%	22%	17%	19%	21%	14%	11%	12%	9%	8%	9%	8%	-
Dry peas	-	-	-	-	-	-	-	-	36%	48%	57%	35%	-	4%	5%	5%	5%	5%	5%	4%
Flaxseed	-	-	-	6%	37%	69%	24%	-	-	-	-	-	-	7%	8%	4%	6%	6%	7%	6%
Honey/apiculture	-	-	-	-	-	22%	-	-	-	1%	-	-	-	-	-	2%	2%	5%	6%	5%
Lentils	-	-	-	-	-	-	-	7%	-	1%	21%	36%	-	-	-	-	-	-	-	-
Millet	-	-	-	-	-	-	-	-	-	-	-	-	-	8%	11%	5%	7%	6%	12%	14%
Mohair	68%	-	-	2%	18%	22%	-	141%	124%	103%	31%	20%	20%	27%	27%	-	-	-	-	-
Mustard	-	-	-	-	13%	8%	-	-	-	-	-	-	-	8%	4%	6%	6%	7%	6%	3%
Oats	-	-	-	10%	17%	25%	2%	-	2%	2%	-	-	-	2%	4%	2%	2%	2%	3%	2%
Peanuts	41%	29%	30%	30%	36%	49%	30%	11%	3%	4%	11%	3%	-	4%	4%	4%	3%	3%	3%	16%
Pumpkins	-	-	-	-	-	-	-	-	-	-	-	-	-	-	79%	-	-	-	-	-
Rapeseed	-	-	-	-	11%	24%	11%	-	-	-	-	-	-	-	-	-	-	-	-	-
Rice	1%	-	-	1%	35%	59%	82%	73%	31%	8%	8%	-	-	1%	2%	2%	2%	1%	1%	2%
Safflower	-	-	-	-	4%	11%	-	7%	-	-	-	-	-	2%	4%	4%	3%	4%	3%	4%
Sesame	-	-	-	-	-	5%	-	-	-	-	-	-	-	-	-	-	13%	10%	34%	57%

Product/Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sorghum	-	-	-	7%	16%	10%	1%	-	2%	15%	19%	1%	-	7%	8%	6%	11%	9%	11%	8%
Soybeans	-	-	-	9%	23%	29%	29%	-	-	3%	-	-	-	5%	4%	3%	4%	3%	4%	-
Sugar	51%	44%	49%	50%	56%	57%	52%	63%	55%	66%	62%	53%	58%	55%	49%	39%	43%	39%	58%	59%
Sunflower	-	-	-	4%	42%	65%	17%	-	-	-	4%	-	-	10%	12%	8%	11%	7%	12%	8%
Tobacco	-	-	-	-	39%	27%	-	4%	1%	1%	-	-	-	2%	3%	3%	3%	3%	3%	3%
Wheat	-	-	-	8%	17%	15%	4%	-	1%	1%	-	-	-	6%	14%	6%	8%	6%	9%	8%
Wool	58%	-	-	-	49%	215%	-	36%	25%	25%	25%	30%	22%	15%	34%	17%	2%	-	-	-

EUROPEAN UNION – PRODUCT-SPECIFIC SUPPORT AS % OF VALUE OF PRODUCTION

Product/Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Beef	52%	47%	-	-	-	-	-	-	-	-	-	-	-	-
Butter	71%	71%	71%	71%	69%	67%	-	-	-	-	-	-	-	-
SMP	67%	61%	67%	67%	65%	63%	-	-	-	-	-	-	-	-
Apples	68%	48%	45%	56%	51%	51%	42%	-	-	-	-	-	-	-
Apricots	32%	20%	27%	18%	19%	31%	24%	-	-	-	-	-	-	-
Artichokes	15%	26%	25%	25%	25%	28%	31%	-	-	-	-	-	-	-
Bananas	-	-	-	-	12%	-	9%	-	-	-	-	-	-	-
Cherries	18%	15%	19%	28%	32%	18%	20%	-	-	-	-	-	-	-
Chick-peas ETC	14%	-	-	-	-	-	-	-	-	-	-	-	-	-
Clementines	18%	14%	20%	18%	27%	22%	18%	-	-	-	-	-	-	-
Courgettes	22%	23%	51%	50%	14%	13%	25%	-	-	-	-	-	-	-
Cucumbers	34%	34%	80%	85%	86%	53%	55%	-	-	-	-	-	-	-
Figs for processing	53%	46%	-	-	-	-	-	-	-	-	-	-	-	-
Lemons	60%	41%	59%	52%	57%	44%	52%	-	-	-	-	-	-	-

Product/Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Mandarins	18%	23%	23%	22%	12%	21%	17%	-	-	-	-	-	-	-
Oranges	17%	18%	20%	20%	23%	22%	14%	-	-	-	-	-	-	-
Peaches for processing	47%	38%	-	-	-	-	-	-	-	-	-	-	-	-
Peaches/nectarines	22%	20%	23%	16%	24%	24%	15%	-	-	-	-	-	-	-
Pears	48%	33%	39%	37%	42%	40%	31%	-	-	-	-	-	-	-
Pears for processing	68%	82%	-	-	-	-	-	-	-	-	-	-	-	-
Plums	15%	15%	15%	13%	19%	16%	21%	-	-	-	-	-	-	-
Plums for processing	37%	51%	-	-	-	-	-	-	-	-	-	-	-	-
Satsumas	24%	13%	24%	21%	21%	18%	19%	1%	-	-	-	-	-	-
Table grapes	16%	13%	9%	11%	11%	11%	22%	-	-	-	-	-	-	-
Tinned pineapple	108%	108%	-	-	-	-	-	-	-	-	-	-	-	-
Tomatoes	29%	22%	35%	34%	36%	25%	39%	-	-	-	1%	-	-	-
Tomatoes for processing	49%	61%	-	-	-	-	-	-	-	-	-	-	-	-
Barley	41%	33%	34%	32%	33%	35%	32%	19%	22%	34%	-	-	-	-
Common wheat	22%	14%	14%	13%	14%	16%	13%	8%	10%	13%	9%	7%	7%	8%
Maize	16%	9%	8%	7%	8%	9%	8%	5%	6%	-	-	-	-	-
Rice	66%	52%	54%	58%	3%	3%	-	-	2%	-	-	-	-	-
Rye	43%	34%	38%	41%	-	-	-	-	-	-	-	-	-	-
Sorghum	22%	15%	-	-	-	-	-	-	-	-	-	-	-	-
Triticale	39%	34%	-	-	-	-	-	-	-	-	-	-	-	-
Olive oil	26%	26%	50%	76%	46%	-	-	-	-	-	-	-	-	1%
Hops	-	-	10%	9%	-	-	-	-	-	-	1%	1%	1%	1%
Seed for sowing	-	-	17%	15%	-	-	-	-	-	-	-	-	-	-
Sugar	-	-	-	-	-	-	177%	102%	60%	58%	3%	1%	1%	-
White sugar	66%	64%	116%	107%	120%	68%	-	-	-	-	-	-	-	-
Ethyl alcohol of agricultural origin	-	-	-	13%	-	-	-	-	-	-	-	-	-	-

Product/Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Tobacco	96%	95%	155%	144%	146%	142%	-	86%	75%	49%	-	-	1%	-
Cotton	64%	52%	53%	139%	59%	60%	-	-	-	-	-	-	-	-
Silkworms	-	-	-	-	167%	-	-	167%	133%	100%	133%	100%	133%	133%

CANADA – PRODUCT-SPECIFIC SUPPORT AS % OF VALUE OF PRODUCTION

Product/Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Corn	1%	1%	1%	8%	14%	22%	14%	6%	7%	19%	16%	9%	5%	-	1%	3%	-	-	1%
Soybeans	-	-	-	2%	6%	15%	20%	4%	-	8%	4%	1%	3%	-	-	-	-	-	-
Tobacco	-	-	-	-	-	6%	-	-	-	17%	37%	3%	-	-	375%	6%	-	-	-
Pork	5%	4%	-	7%	7%	1%	1%	3%	5%	1%	-	3%	6%	13%	8%	3%	4%	5%	3%
Sheepmeat	8%	6%	8%	8%	9%	9%	11%	11%	16%	17%	11%	10%	9%	15%	10%	7%	9%	8%	12%
Milk	22%	17%	14%	14%	14%	13%	12%	9%	12%	12%	11%	9%	10%	13%	10%	8%	9%	10%	8%
Beef	1%	2%	1%	1%	1%	1%	1%	1%	18%	9%	3%	2%	4%	9%	5%	2%	3%	2%	1%

ANNEX 2

UNITED STATES – CONCENTRATION OF PRODUCT-SPECIFIC SUPPORT (AS % OF TOTAL PRODUCT-SPECIFIC SUPPORT)

Product/Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Corn	1%	-	2%	15%	15%	16%	9%	2%	3%	25%	34%	-	-	18%	20%	19%	23%	19%	22%	28%
Cotton	1%	-	7%	9%	14%	6%	19%	11%	6%	18%	12%	17%	3%	11%	3%	4%	7%	4%	4%	12%
Dairy	74%	79%	69%	43%	28%	30%	30%	56%	64%	38%	39%	64%	77%	33%	27%	31%	26%	23%	23%	-
Livestock	-	-	-	-	-	-	-	10%	-	-	-	-	-	-	1%	-	2%	18%	12%	11%
Soybeans	-	-	1%	12%	17%	21%	25%	-	-	4%	1%	1%	-	12%	13%	13%	13%	10%	11%	2%
Sugar	17%	15%	16%	10%	7%	7%	7%	12%	17%	10%	9%	16%	19%	10%	12%	14%	11%	10%	10%	18%
Wheat	-	-	1%	5%	6%	5%	1%	-	1%	1%	-	-	-	8%	14%	9%	9%	8%	9%	11%

EUROPEAN UNION – CONCENTRATION OF PRODUCT-SPECIFIC SUPPORT (AS % OF TOTAL PRODUCT-SPECIFIC SUPPORT)

Product/Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Beef	28%	27%	27%	29%	27%	26%	25%	-	-	-	-	-	-	-	-	-	-	-	-	
Butter	8%	8%	8%	9%	9%	10%	11%	16%	17%	14%	15%	13%	20%	23%	23%	38%	39%	40%	39%	
Skimmed Milk Powder	4%	3%	3%	3%	3%	3%	3%	6%	5%	4%	3%	3%	7%	7%	8%	14%	15%	17%	16%	
Apples	5%	4%	4%	4%	5%	5%	5%	8%	9%	9%	10%	10%	-	-	-	-	-	-	-	
Tomatoes	9%	10%	9%	4%	5%	6%	5%	7%	6%	5%	6%	8%	-	-	-	-	-	-	-	
Barley	4%	5%	5%	6%	5%	5%	4%	6%	6%	6%	6%	7%	14%	18%	18%	-	-	-	-	
Common wheat	5%	6%	6%	7%	6%	5%	3%	5%	5%	6%	6%	6%	12%	17%	16%	26%	27%	27%	29%	
Olive oil	3%	4%	5%	4%	4%	5%	7%	7%	8%	8%	-	-	-	-	-	-	-	-	-	1%
Sugar	-	-	-	-	-	-	-	-	-	-	-	-	-	15%	16%	1%	-	1%	-	
White sugar	12%	12%	12%	12%	12%	13%	15%	20%	19%	23%	25%	25%	26%	-	-	-	-	-	-	
Wine	3%	4%	4%	4%	4%	2%	2%	3%	2%	2%	3%	3%	4%	7%	7%	9%	11%	10%	11%	

CANADA – CONCENTRATION OF PRODUCT-SPECIFIC SUPPORT (AS % OF TOTAL PRODUCT-SPECIFIC SUPPORT)

Product/Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Wheat and durum	4%	10%	5%	5%	6%	8%	5%	14%	1%	3%	3%	2%	1%	-	-	2%	1%	-	-
Corn	2%	1%	1%	9%	13%	17%	16%	10%	5%	13%	15%	13%	9%	-	1%	8%	-	-	4%
Soybeans	-	-	-	1%	4%	10%	9%	3%	-	5%	3%	1%	2%	-	-	-	-	-	-
Tobacco	-	-	-	-	-	2%	-	-	-	3%	6%	1%	-	-	20%	1%	-	-	-
Beef	6%	8%	11%	8%	6%	6%	8%	10%	51%	30%	16%	15%	19%	32%	21%	16%	18%	11%	11%
Pork	10%	11%	-	16%	14%	2%	2%	10%	10%	3%	1%	11%	16%	23%	17%	11%	17%	22%	16%
Milk	72%	63%	73%	52%	48%	46%	49%	45%	29%	36%	45%	48%	45%	38%	38%	53%	58%	64%	65%