



**FARM SUPPORT AND TRADE RULES:
TOWARDS A NEW PARADIGM UNDER
THE 2030 AGENDA**

POLICY ISSUES IN INTERNATIONAL TRADE AND COMMODITIES
RESEARCH STUDY SERIES No. 74





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by

Irene Musselli

The Graduate School of Economic Globalisation
and Integration, World Trade Institute
University of Bern



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Abstract

There is a need to move beyond existing metrics in agricultural trade governance. This on account of major changes in farm support policies and in the overall policy framework. The way ahead requires a pragmatic and ground-breaking approach. A comprehensive approach is needed to improve coherence between farm support policies and sustainability concerns. The boundaries of the Green Box have to be redefined accordingly. Specifically, Green Box transfers have to be made conditional on the respect of specific agri-environmental practices. Decoupled income support not subject to agri-environmental “cross-compliance” conditions should only be available to low-income or resource-poor producers. It is also important to acknowledge the fact that different developing countries have different agricultural profiles and different needs for farm support, and to give operational meaning to these differences. Overall, trade policy in agriculture should be re-oriented towards context-specific, circumstantial assessments, informed by equitable considerations and sustainability imperatives.

Keywords: International Trade Law, Green Box Subsidies; Agriculture in International Trade; Sustainable Development

JEL Classification: K33, O13, Q17, Q01

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Contents

1	INTRODUCTION.....	1
2	THE URUGUAY ROUND'S "IMBALANCED OUTCOME": THE UNFINISHED NATURE OF REFORM.....	2
	2.1 Not so much liberalization	2
	2.2 An imbalanced outcome.....	3
3	THE DOHA DRAFT TERMS: TOWARDS REDRESSING EXISTING IMBALANCES	5
	3.1 The Green Box escape	6
	3.2 Domestic support in key emerging economies	9
4	CONCLUSION: THE WAY AHEAD	13
	4.1 "Greening" the Green Box	13
	4.2 Making the Green Box work better for social inclusiveness.....	14
	REFERENCES	16

List of figures

Figure 1. Amber and Green Box subsidies in the EU 8
Figure 2. PSE in selected emerging economies and the EU (\$ mn) 10

List of tables

Table 1. Number of Members with scheduled commitments, grouped by category..... 5
Table 2. OECD: Estimates of support to agriculture 7
Table 3. Agricultural producer support estimates, as a percentage of gross farm receipts..... 10

1. INTRODUCTION

After more than two decades since the conclusion of the Uruguay Round, producer support remains a structural, systemic issue in agriculture. Most important, the playing field is far from level, due to factual and formal discriminations across countries. The Doha Round, if concluded, would redress these imbalances but only partially. The “historic” Nairobi Package on agriculture, agreed at the 10th Ministerial Conference of the World Trade Organization (WTO) in December 2015, eliminates agricultural export subsidies.¹ But important distortions and imbalances in the area of domestic support would stay. In particular, the proposed Doha disciplines would not obstruct the main gateways through which producer support is channeled today. How then to move forward in this setting? Where to set limits to farm support policies, beyond the terms of the Doha Draft? And how to arbitrate trade-offs between “policy space” and “trade fairness”?

Efforts to define the way ahead should take into account three important developments, compared to the 1980 scenario. First, the forms by which farm support is provided in the advanced market-based economies have altered significantly since the mid-1980s: from market price support to income support “decoupled” from current production and prices. This type of support, largely notified under the WTO Green Box, is exempted from reduction commitments. Second, producer support is no longer a North issue: in nominal terms and as a percentage of farm receipts, farm support has increased appreciably in key emerging economies. In a few of them, producer support is now provided at a level comparable with the OECD average. Third, the international normative environment has evolved: the 2030 Agenda for Sustainable Development,² the Addis Ababa Action Agenda,³ and the Paris Agreement⁴ have outlined a new development pathway that places social inclusiveness and environmental sustainability at the center of policy design. This, still evolving, framework sets an inescapable normative reference, including for WTO law.

Given the changed scenario, and given that agricultural production accounts for about a quarter of all human-caused greenhouse gas emissions,⁵ the way ahead requires a pragmatic and ground-breaking pathway. Trade rules in general and domestic support disciplines in particular are to be reorganized around sustainable development outcomes. The boundaries of the Green Box have to be redefined accordingly. This re-orientation is needed if trade policy is to fit into the new programmatic framework shaped by the 2030 Agenda for Sustainable Development, the Addis Ababa Action Agenda, and the Paris Agreement. This paper elaborates on this move. It first briefly highlights the unfinished nature of trade policy reform under the Uruguay Round. It then moves on to consider the major limits of the proposed Doha disciplines on domestic support, as outlined in the Revised Draft Modalities for Agriculture of 6 December 2008 (hereafter, the Doha Draft).⁶ As a conclusion, it outlines options for the way ahead.

¹ The WTO's 10th Ministerial Conference was held in Nairobi, Kenya, from 15 to 19 December 2015. Its most significant

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