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The core agricultural issue for MC11 is the developed countries' green box subsidies

In all their bilateral free trade agreements (FTAs) the developed countries, EU and US first, refused to deal with agricultural domestic subsidies, alleging they can only be discussed at the WTO. Despite they were high in the WTO agenda since January 2016, the EU and US have refused to change the rules.

The developed countries notified AMS (Aggregate Measurement of Support or Amber Box) are almost empty and meaningless

The concept of agricultural *support* is broader than that of agricultural *subsidy* as it encompasses "market price support" (MPS) through import protection and export subsidies, albeit in different ways for OECD and the WTO AoA. For OECD the MPS is the gap between domestic farm prices and current border prices of each country at farm gate, covering import protection and export subsidies.

But the AoA definition of MPS is totally absurd for three reasons

1) It is the gap between the present “administered price” and the “border price” of the 1986-88 period, multiplied by the eligible production.
2) It does not imply any actual subsidy as it is notified in the AoA "Supporting table DS:5" and, when the products get actual subsidies, they are notified in the "Supporting table DS:6" or in "Supporting table DS:7“.
3) It does not bring additional support to that of import duties, export subsidies or restrictions, land set aside, production quotas, foreign and domestic food aid

The developed countries notified AMS (Aggregate Measurement of Support or Amber Box) are almost empty and meaningless

In its last notifications for 2013-14 the EU MPS not implying subsidies accounted for 98.1% of its notified AMS of €5,972 bn against an *allowed* AMS of €72.378 bn. Canada's MPS represented 73.5% of its AMS for 2012 and in Switzerland 97.1% of AMS for 2013. If the US MPS accounted for 37.6% of its notified AMS in 2014, and 63.1% in 2012 it was of 99.7% in 2007, but it cheated on dairy MPS since 2008 on.

If we took at face value the developed countries' notified applied AMS, as the developing countries (DCs) do, they would not suffer from the G33 proposal to delete the AMS of all countries except maybe the US. But they prefer not to change the rule on MPS as it allows them to appear to have still significant agricultural supports even if they do not correspond to actual subsidies!

But the developed countries' actual subsidies in AMS are hugely undernotified because most of their direct payments cannot be notified in the Green Box (GB)

The actual issue is the Green Box subsidies of developed countries

As the US has deleted its decoupled subsidies in the 2014 Farm Bill, let us focus on the EU GB subsidies of €52.4 bn in 2016: €35.2 bn were decoupled + €5.8 bn of other direct payments + €9 bn of State Aids + €2.4 bn to farm investments. And the EU has notified €2.664 bn in the blue box (BB) of which €232 M to cotton.

The main reasons why the EU SPS (Single Payment Scheme, now the BPS, Base Payment Scheme since 2015) and the SAPS are not in the GB but in the AMS are:

- **It is coupled to agricultural area: farmers must show they have eligible hectares**
- **EU maintains caps on the production of products getting BB payments granted "*under production-limiting programmes*", among which cotton, so that farmers with SPS-BPS do not enjoy a full production flexibility (see Appellate Body's ruling on the US cotton case of mars 2005).**
- **A large part of SPS-BPS is granted to feed and feedstocks for biofuels of EU origin which are input subsidies for developed countries: AoA art.6.2**

The actual issue is the Green Box subsidies of developed countries

- The SPS-BPS contradicts the AOA annex 2 paragraph 6.e that "*No production shall be required in order to receive such payments*". But the EU Council regulation n° 1782/2003 of 29 September 2003 states that farmers getting SPS must maintain a "*Minimum livestock stocking rates*", which is a production.

- Last but not least, as SPS-BPS payments cannot be assigned to a particular product, they are assignable to any product of which they lower the sale price below its EU average production cost, which is the definition of dumping by the Appellate Body in Dairy products of Canada case: December 2001 and 2002.

The actual domestic subsidies to EU exports in 2016

Therefore all the EU agricultural exports of €118 bn in 2016 can be sued for dumping, even products which had never received direct payments as long as these farmers get SPS-BPS for other products, which applies to most EU farms.

Thus in 2016 the EU exported 59.3 Mt of cereals with €3.585 bn of subsidies (€60.4 per tonne), at a dumping rate of 34.4% on raw cereals, of which 3.375 Mt to West Africa with €203.7 M of subsidies.

In 2016 the EU28 exported also 5.449 million tonnes (Mt) of dairy products, with €2 bn of subsidies, of which €168.6 M to West Africa at a 20.8% dumping rate.

The EU is not the good guy it claims on the crucial cotton issue

The EU notifies only one third of its domestic subsidies of €799 million (M) in the BB (€244 M) and the rest (€527 M) in the GB, for a production of cotton of 275,550 t and exports of 264,918 t in 2016, i.e. a subsidy per t of €2,900, total export subsidies of €768.3 M and, for a FOB price of €1,457, a dumping rate of 199%!

As US subsidies to cotton exports were of €868 M in 2014 (not updated to 2016), the EU share in the joint EU+US exports subsidies to cotton was of 41.6% even if the EU share in EU+US production of cotton lint was of 10.3%. Which implies that the EU has a large responsibility in the suppression of the world price of cotton.

The EU "Support Program for the Consolidation of the Framework for Action of the EU-Africa Partnership on Cotton" of €651 M from 2004 to 2016, or €50 M per year, is to be compared with the €635 M of annual subsidies to its cotton exports over the same period, 12.7 times more, even if EU exports are not going to SSA.

The WTO rule on public stockholding (PSH) for food security should be notified by all Members in the GB or the present absurd rules should also be applied to developed countries, of which the US

The WTO rule on PSH are about "food products", not "agricultural products" or "crops"; the concepts of "market prices" and "administered prices" are not defined by the WTO but by the US and EU laws on "non-market economies"; "public stocks" are not always managed by a public company; no minimum storage time to speak of public stocks; food security stock is not defined either.

SOL has shown that for 8 products – wheat and corn flours, rice, beef, pork, poultry, dairy and eggs – the US should have notified to the WTO $12.8 bn in 2012 for the product-specific AMS of its domestic food aid.

As the Indian AMS of rice and wheat procured at administered prices in 2012 was of $2.1 bn, there was no competition between the US and Indian AMS of their domestic food aid programmes. Yet it is India which is condemned by the WTO absurd rules while the US notifies all its domestic food aid in the green box!