Domestic support disciplines

Product-specific caps to avoid concentration

Valeria Piñeiro, Joseph Glauber and David Laborde
Why Domestic Support?

- Creates market distortions
- Give the wrong signals to producers
- Sustainable production
- Efficient use of scarce natural resources
Product specific domestic support vs. Non specific domestic support - Developed countries -

Source: Author’s calculations based on WTO notifications, 2020
Product specific domestic support vs. Non specific domestic support - Developing countries -

Source: Author’s calculations based on WTO notifications, 2020
Product-specific support in selected major economies by product (amber box)

Source: IISD-IFPRI, 2020
Three new submissions on domestic support to the agricultural sector

JOB/AG/242/Rev.1
27 July 2023

JOB/AG/245
16 June 2023

JOB/AG/243
9 June 2023
Harmonizing and Reducing Trade Distorting Domestic Support

An Analysis of the Impacts of New Domestic Support Disciplines at the WTO

Joseph Glauber, David Laborde, Valeria Piñeiro
Simplified modalities

Three questions addressed:

- Should we move to a simplified framework using the concept of Overall Trade Distorting Support (OTDS) and reduce excessive policy space?
  - Yes

- Could we balance concessions from developed and developing countries?
  - Yes

- Should we introduce product specific disciplines?
  - Yes

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Description</th>
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<tbody>
<tr>
<td>OTDS</td>
<td>$\text{OTDS} = \text{AMS} + \text{de minimis support (sum of product-specific and non-product specific)} + \text{Art 6.5} &lt; 10% \text{VoP} [\text{Developed countries}];\text{OTDS} &lt; 17% \text{VoP} [\text{China}];\text{OTDS} &lt; 20% \text{VoP} [\text{Developing countries}]$</td>
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<tr>
<td>OTDS-Half</td>
<td>$\text{OTDS} = \text{AMS} + \text{de minimis support (sum of product-specific and non-product specific)} + \text{Art 6.5} &lt; 5% \text{VoP} [\text{Developed countries}];\text{OTDS} &lt; 8.5% \text{VoP} [\text{China}];\text{OTDS} &lt; 10% \text{VoP} [\text{Developing countries}]$</td>
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<td>OTDS-6.2</td>
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<td>OTDS-Half-PS</td>
<td>Scenario OTDS-Half with product-specific caps $&lt; 10% \text{VoP}$ for that commodity [developed]; $&lt; 17% \text{VoP} [\text{China}]; &lt; 20% \text{VoP} [\text{developing}]$</td>
</tr>
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2030 global level of support by box

Source: MIRAGRODEP simulations
The role of anti-concentration provision: Impacts on agricultural production

Source: MIRAGRODEP simulations
The role of anti-concentration provision: Impacts on world prices

Source: MIRAGRODEP simulations
Final considerations

• Product-specific caps would prevent concentrating support in a handful of commodities.

• The challenge in drafting a proposal that it will be feasible is to define a discipline at the level of each product that properly define the concept of product.
Establishment of a network of agricultural negotiators in Latin America

Strengthening the positioning and actions of Latin American countries in agriculture negotiations in multilateral forums.

Identifying the most relevant negotiation topics for the region and focusing on developing concrete proposals for the MC13.

Promoting capacity-building processes in agricultural matters within the Ministries of Agriculture, Economy, and Trade of Latin American countries.