



Agriculture and
Agri-Food Canada

Agriculture et
Agroalimentaire Canada



Domestic Support in Russia's WTO Accession

Lars Brink

Annual Meeting of the
International Agricultural Trade Research Consortium (IATRC)
St. Pete Beach, Florida, 11 - 13 December 2011

Canada 

The views expressed are those of the author alone and not those of Agriculture and Agri-Food Canada



Outline

- **Agriculture and agr policy evolution in Russia**
- **Domestic support in WTO accession process**
- **Russia: domestic support rules and commitments**
- **Accession: next steps and implications**

Indicator data on agriculture in Russia

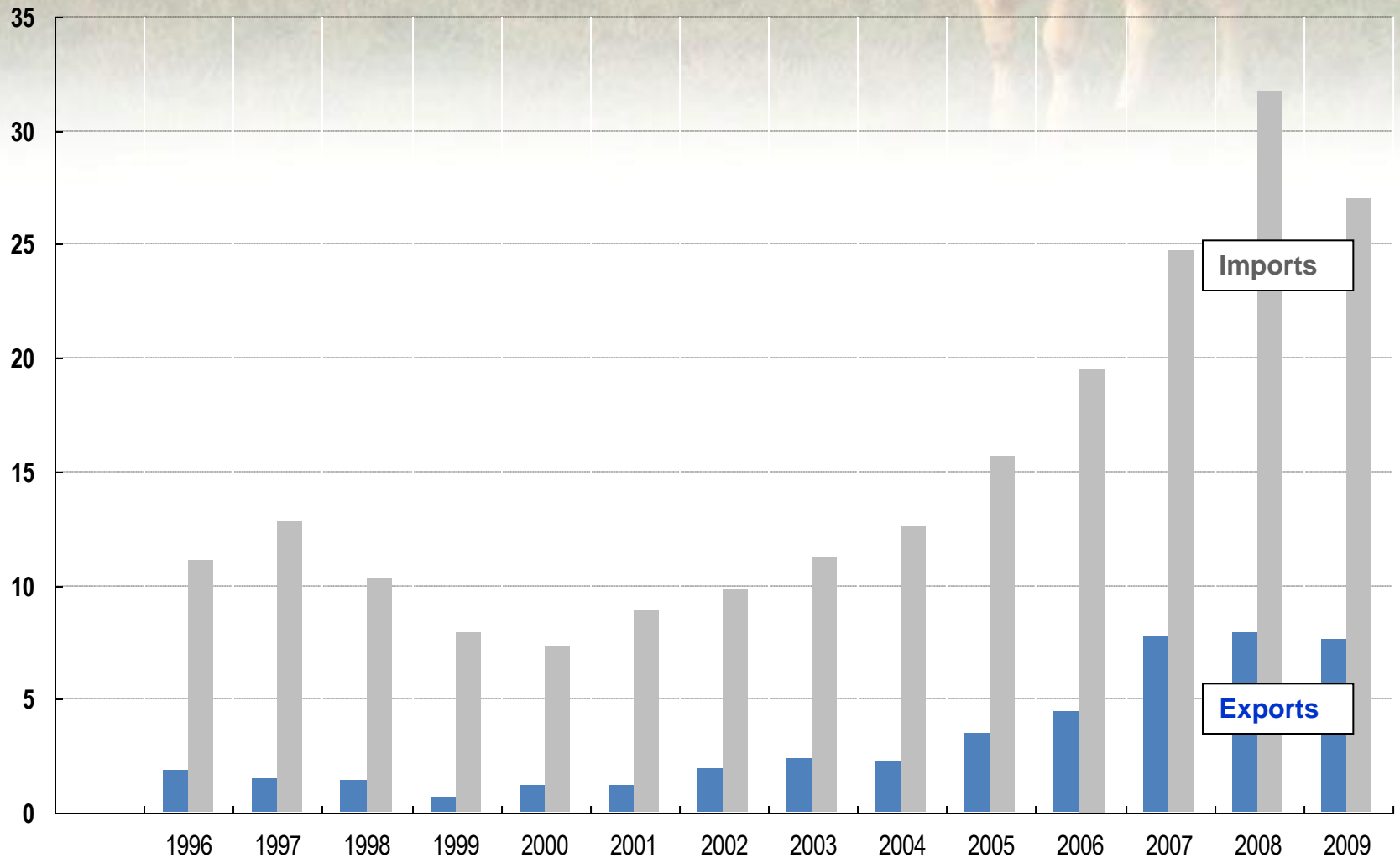
		Russia		USA	Canada
		1995	2009	2009	2009
Total population^a	million	148	142	307	34
Agricultural area^a	ha million	210	191	411	68
Wheat yield^b	tonne/ha	1.3	2.2	3.0	2.8
Agr. GDP in GDP^a	%	7.6	4.9	1.4	1.6
VOP in agriculture^c	USD billion	44	79	285	36

Sources:

- Agricultural Policy Monitoring and Evaluation 2011: OECD Countries and Emerging Economies. Paris, 2011.
- USDA, Foreign Agricultural Service, PSD database.
- VOP = Value of Production. Russia: Federal Statistics Service, converted at IMF exchange rate; USA: notification G/AG/N/USA/80; Canada: Total Market Receipts (crops and livestock), Statistics Canada.

Russia's Agro-Food Trade, 1996-2009

USD billion

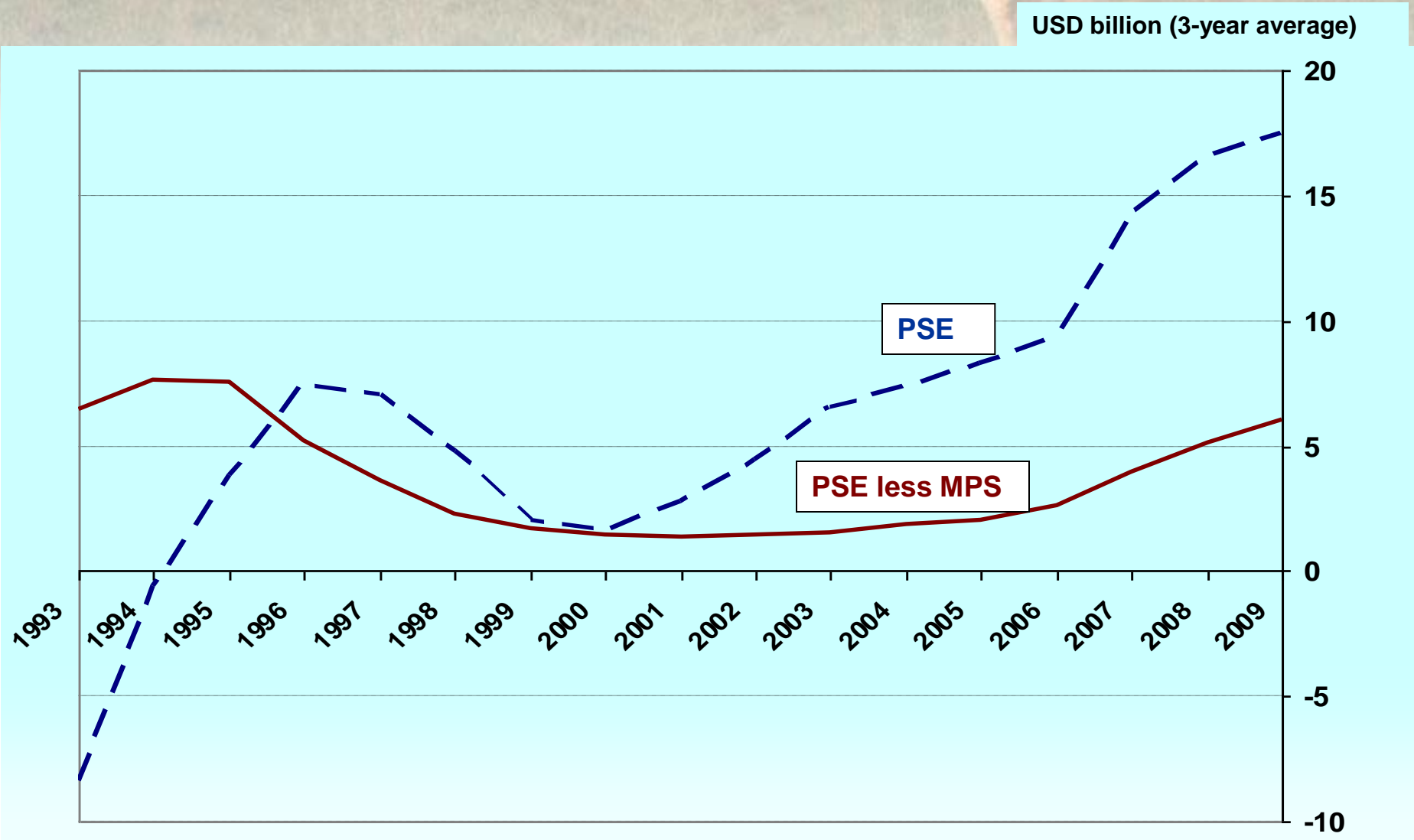


Source: OECD <http://dx.doi.org/10.1787/888932451737>

Agriculture policy evolution

- **Late Soviet decades (1970s, 1980s)**
 - Policy to expand livestock production; large feed imports
- **1990s**
 - Frequent farm policy change; livestock output plunges, crops drop less
- **2000s**
 - Farm support rising; improved yields and farm structure boost crop output
- **2005**
 - Declare agriculture a national priority, like health, education, and housing
- **2006**
 - National Priority Project on agriculture: increase spending, esp. on livestock
- **2008-12**
 - State Program for Development of Agriculture: increase federal and regional spending
 - Major items: credit concessions and other input subsidies
 - Along with border measures

PSE data for Russia 1992-2010



Source: OECD. Producer and Consumer Support Estimates database (PSE: Producer Support Estimate; MPS: Market Price Support), www.oecd.org/document/59/0,3746,en_2649_37401_39551355_1_1_1_37401,00.html

WTO accession process

- **USSR seeks observership in GATT in 1982 and in 1986**
 - 1990: becomes observer in GATT UR; role is retained by Russia
- **Russia seeks GATT accession in 1993**
 - Converted to WTO accession process in 1995
- **Bilateral neg's on market access in goods and services**
- **Parallel plurilateral neg's in Working Party on accession**
 - WP Report
 - draft Protocol of Accession
 - draft Schedule of commitments (goods, services)
- **Domestic support in agriculture**
 - Part of agriculture chapter in WP Report
 - Part IV, Section I, of draft Schedule: Total AMS binding

Accession – what happens next?

- **Submit “Accession package” to Ministerial**
 - Geneva 15-17 December 2011
 - **For approval**
 - Once approved, contents is public
- **Approval lets applicant accept Protocol of Acc’n**
 - Subject to ratification by applicant’s parliament in given period
 - Russia within 220 days of Ministerial (about 25 July 2012)
 - E.g.: China had up to 52 days, Ukraine had up to 150 days
- **Become Member 30 days after WTO is informed of ratification**

Total AMS binding

- **Look at domestic support in recent 3 years**
 - Classify as AMS, blue box, green box etc.
 - Prepare Supporting Tables in notification format
 - Program names and descriptions; data sources
 - 3-year average Current Total AMS becomes Base Total AMS
- **Final Bound TAMS equals Base TAMS if no red'n**
 - Some accessions reduced from Base TAMS by UR 13% or 20%
- **Enter bound Total AMS in Part IV, Section I**
 - Reference to Supporting Tables

AMS provisions in Russia's accession

- **WTO reporting**

- **Bound Total AMS is USD 9 billion in 2012 and 2013**
- **Declines to Final Bound Total AMS of USD 4.4 billion in 2018**
- **Sum of product-specific AMSs must not exceed 30% of non-product-specific AMS (until end 2017)**

- **Media reporting**

- **Similar to earlier proposal for 2011-17**
- **PS vs. NPS ratio seen as trade-off for initial large USD 9 bill.**
- **Current Total AMS in 2007, 2008 and 2009 is USD 3.8, 5.8 and 5.4 bill.**
- **Average: USD 5 billion**

Technical points

- **Binding expressed in US dollars, not rubles**
 - Similar to, e.g., Brazil's schedule
 - Reduces bite of domestic inflation on size of real binding
- **No mention of *de minimis* percentage**
 - All the other eight FSU accessions use 5%
- **No mention of development programs**
 - No FSU accession has Art. 6.2 entitlement

Domestic support calculations

	Russia		Brazil	India	China	USA
Final Bound Total AMS (USD bill.)	4.4		0.9	0	0	19.1
Final Bound (FB) Total AMS / VOP ^a	5.6%		0.7%	0	0	6.7%
	If RAM in Doha	If VRAM in Doha				
Reduce in Doha by	30%	0%	30%	0	0	60%
= Doha Final Bound TAMS (USD bill.)	3.1	4.4	0.6	0	0	7.6
Doha FB Total AMS / VOP ^a	3.9%	5.6%	0.4%	0	0	2.7%
Base OTDS ^b (USD bill.)	10.2		13.1	22.8	85.6	48.5
Reduce in Doha by	36.7%	0%	36.7%	0	0	70%
= Doha Final Bound OTDS (USD bill.)	6.5	10.2	8.3	22.8	85.6	14.6
Doha FB OTDS / VOP ^a	8.1%	12.9%	6.4%	13.0%	11.7%	5.1%

a: VOP (Value of Production) is for 2009 (Russia: Federal Statistics Service; Brazil and China: OECD PSE database; India: extrapolated from 1995-2006 VOP; USA: G/AG/N/USA/80). b: Base OTDS calculated in USD for Russia (USD 4.4 billion plus 15% of 1995-2000 VOP, converted to USD at yearly rates), Brazil (Total AMS bound in USD), and USA; in INR for India (INR 1,102 billion converted at 2009 rate of 48.4 INR/USD); in CNY for China (CNY 584.4 billion converted at 2009 rate of 6.83 CNY/USD). VOP for 1995-2004 from TN/AG/S/24/Rev.5 (India: 1995-97 USD VOP from notifications converted to INR) and Russia's Federal Statistics Service.

Total AMS binding and future policy

- **Policy direction:**
 - **Successor State Program proposed for 2013-2020**
 - Ministry of Agriculture plans very large budget increases
 - Shift towards supporting infrastructure (incl. grain handling)
 - Ministry of Finance may have different view
- **Compliance with declining Total AMS binding**
 - **Requires reducing Current Total AMS**
 - Simply reduce AMS support
 - Manage AMS support actively to use *de minimis* exemptions
 - Change policy to reduce AMS support and increase green box support

What next?

- **Looking forward to WTO's Ministerial approval and Russia's ratification**
- **Russia's accession reinforces model of all former USSR republics acceding as developed countries**
- **Agriculture: membership reassures exporters that Russia faces limit on future distorting support**



Thank you!

Lars.Brink@agr.gc.ca