
Committee on Agriculture

POINTS RAISED BY MEMBERS UNDER THE REVIEW PROCESS

Compilation of questions for the meeting on 29 September 2011¹

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I. MATTERS RELEVANT TO THE IMPLEMENTATION OF COMMITMENTS UNDER THE REFORM PROGRAMME: ARTICLE 18.6

A. QUESTIONS BY CANADA/EU/UNITED STATES: BRAZIL'S PEP—*PRÊMIO PARA ESCOAMENTO DE PRODUTO* PROGRAMME: EXPORT SUBSIDIES FOR RICE AND WHEAT

1. Canada is concerned that according to recent media reports, the Brazilian government recently granted an export subsidy of about US\$53 per tonne covering 117,711 tonnes of rice under the Premium for Marketing Products Programme (*Prêmio para escoamento de produto* (PEP)). According to these reports, total reported subsidies under the programme have supported 1,476,626 tonnes of Brazilian rice costing about US\$120.2 million this calendar year. Other reports state that the PEP is also used for Brazilian wheat exports (GAIN Report #BR0705). As neither wheat (HS10.01) nor rice (HS10.06.10, HS10.06.20, HS10.06.30, and HS10.06.40) are part of Brazil's Uruguay Round Schedule of Commitments for export subsidies, could Brazil please explain the PEP programme and how it complies with Brazil's commitments under the Agreement on Agriculture?

2. The European Union noted in press reports, as well as those from the "Ministerio do Planejamento, Orçamento e Gestão", that Brazil recently granted export subsidies for rice. According to these reports the subsidies were granted in order to export a production surplus of rice following a bumper harvest in 2010/11. As a consequence, Brazil would export up to 1.5 million tonnes.

- Can Brazil confirm these reports?
- If yes, has the surplus initially been the object of government intervention on the internal market?
- And, if so, could Brazil inform which WTO commitment covers the subsidised exports?

3. The United States wishes to better understand the scope and impact of Brazil's PEP Programme. The United States understands the PEP has been used in recent months extensively for rice. Generally, this programme, which has been listed as a trade-distorting support in Brazil's domestic support notifications (Table DS:1) seems to provide benefits for the movement of certain limited Brazilian agricultural products to certain destinations. More specifically, commercial buyers receive benefits if Brazilian commodities are sold either in certain geographic regions in Brazil or if the commodities are exported to any destination outside of Brazil.

- The United States requests that Brazil provide an explanation of the objectives of the PEP Programme.
- Does the Government of Brazil use criteria to decide which commodities will be eligible for the programme each year; if so, what are those criteria?
- Does the implementation of the programme (and hence the benefits) vary by commodity?
- Since Brazil has not notified domestic support since 2005/06, we request Brazil provide outlays by commodity for the programme for recent years.
- With respect to rice, we request Brazil provide a breakdown of activity by tonnage under the PEP between the domestic movement under the programme compared to that moving into export channels.

B. QUESTIONS BY NEW ZEALAND: CANADA'S DAIRY POLICIES

1. Ice cream promotion initiative

4. In response to previous questions from New Zealand in the Committee on Agriculture, Canada has confirmed that the Canadian Dairy Commission (CDC), a Crown corporation, calculates the pooling returns and sharing of promotion costs related to the Ice Cream Promotion Initiative on behalf of the Dairy Farmers of Canada (DFC). This Crown Corporation plays an active role in administering the DFC promotion initiative. Given the function of this Crown corporation in supporting this initiative, would Canada provide the Committee with the total value (Can\$) of the pooling returns and a break-down of the promotion costs since the initiative was launched?

2. Milk Class 4(m) and the Milk Class 4 A2 proposal

5. New Zealand wishes to continue to register concern about Canada's special milk class system. New Zealand questions the WTO consistency of Canada's approach of offering reduced prices under Milk Class 4(m) to stimulate demand from Canadian dairy processors to use domestic milk protein concentrates (MPCs) rather than imported MPCs. New Zealand understands that Canada now intends to introduce another milk class: Milk Class 4 A2. The Canadian Milk Supply Committee (CMSC) is currently working on the Milk Class 4 A2 proposal and we understand it is likely to be endorsed at the next CMSC meeting. New Zealand requests that Canada provide the Committee with background material on:

- The rationale for another milk class;
- Key provisions of the Milk Class 4 A2 proposal;
- Details as to how the milk class complies with Canada's WTO commitments; and
- Information to confirm that both Milk Class 4(m) & Milk Class 4 A2 has not/will not have a negative impact on overall imports of MPCs?

C. QUESTION BY NEW ZEALAND: SWITZERLAND'S COMPULSORY LEVY ON MILK PRODUCTION

6. On 31 August, the Swiss Government announced that it had taken a decision to implement a compulsory levy of Sw F 0.01/kg of marketed milk to support the export of milk fat until 30 April 2013. The press release announcing this decision states that revenues of around Sw F 34 million are expected every year, to support "relief on the butter market". Would Switzerland please provide more detail of how this compulsory levy on milk production is to be administered and confirm that it is within Switzerland's export subsidy commitments?

D. QUESTIONS BY THE UNITED STATES: THAILAND'S NEW RICE POLICY

7. The United States understands that the new Thai Government has implemented a domestic rice policy which involves a rather large increase in the support price for rice production.

- Could Thailand provide the Committee with a short overview of the major changes in their new rice policy?
- When are the changed support provisions to go into effect?

E. QUESTION BY THE UNITED STATES: STATE-OF-PLAY OF COSTA RICA'S REFORM POLICIES TO ADDRESS BREACH IN AMS COMMITMENTS

8. According to Costa Rica's formal notifications, beginning in 2007, Costa Rica's rice support policies have breached its WTO commitments for trade-distorting support as measured by the Total Aggregate Measurement of Support (AMS). Costa Rica has assured Members at several meetings since then that it would make changes to its rice support policy that would result in Costa Rica honouring its WTO commitments. To date, however, it appears that little or no concrete action has been implemented and the breach of Costa Rica's WTO commitment continues unabated, and in fact, according to Costa Rica's notifications, has worsened. We note that all other Members that have broken total AMS commitments have taken immediate steps the following year to bring their trade-distorting support down within commitment levels.

9. The United States requests that Costa Rica provide details on any changes that have been implemented to its rice support policies, including the specific effects on the support price and production. If such actions have not been taken or have been insufficient, we request Costa Rica to explain why it has not completed steps that sufficiently reduce the trade-distorting support that has grown each year since it first broke its commitment in 2007.

F. QUESTION BY THE UNITED STATES: INDIA'S MILK TARIFF QUOTA

10. The United States understands that India is increasing a tariff rate quota (TRQ) on milk powder. The United States requests that India provides details on the TRQ. Does it plan to submit a Table MA:1 notification to the Committee on Agriculture?

II. POINTS RAISED IN CONNECTION WITH INDIVIDUAL NOTIFICATIONS

A. NOTIFICATIONS RELATING TO IMPORTS UNDER TARIFF AND OTHER QUOTA COMMITMENTS (TABLE MA:2)

1. Norway G/AG/N/NOR/53 and 56

11. Questions by the European Union:

- Could Norway please specify which products (at 8-digit tariff level) were imported within the Norwegian WTO TRQs for beef and sheep meat during 2008 and 2009? Which quantities and values of each of the products at the 8-digit tariff level were imported within the TRQs from each exporting country?
- What level of protection in ad valorem terms would the Norwegian auctioning prices for beef and sheep meat correspond to for the products (at 8-digit level) eligible to be imported within the TRQs during 2008 and 2009? How does this relate to the applied out-of-quota duty rates in ad valorem terms?
- According to EU information, the auction price for beef TRQs (different headings at 8-digit level) amounted to NKr 50.74/kg in 2007. This amount is 1.5-5.5 times higher than the in-quota duty rate for these different headings. In this context, we invite Norway to comment on compliance with GATT Article II:2(c) stating that fees or other charges should be commensurate with the cost of services rendered.

2. Chinese Taipei G/AG/N/TPKM/87

12. Question by the European Union: during the 62nd meeting of the Committee on Agriculture, Chinese Taipei confirmed that there had been no imports of mango, banana and shaddock under TRQs in 2010. The EU would like to ask a follow-up question concerning imports of shaddock.

13. According to Table MA:2 notifications covering 2008 and 2009, the bound TRQ for shaddock of 4,300 tonnes with an in-quota rate of 25 per cent was not used (G/AG/N/TPKM/67/Rev.1 for 2008; G/AG/N/TPKM/75 for 2009). At the same time, according to Table MA:3 and Table MA:5 notifications covering 2008 and 2009 (G/AG/N/TPKM/57 and G/AG/N/TPKM/65 for 2008; G/AG/N/TPKM/66 and G/AG/N/TPKM/74 for 2009) Chinese Taipei applied volume-based SSG on shaddock with a trigger of 0 tonnes in 2008 and 0.1 tonnes in 2009. Could Chinese Taipei explain the reasons for the application of a volume-based SSG on shaddock in 2008 and 2009 with very low trigger levels despite unutilized bound TRQs?

B. NOTIFICATIONS IN THE CONTEXT OF THE SPECIAL SAFEGUARD (TABLES MA:3 TO MA:5)

1. Japan G/AG/N/JPN/165 and 166

14. Questions by the United States: Japan's notifications on special safeguard actions (volume-based) indicate that sufficient out-of-quota imports for yogurt (G/AG/N/JPN/165) and, buttermilk and other dairy products (G/AG/N/JPN/166) occurred and that additional duties could be applied. The United States believes that imports under TRQs could be relevant as to whether a safeguard should be triggered:

- The United States requests that Japan supply quantities imported to date under the "Other Dairy Products for General Use" TRQ.
- If that TRQ is not yet filled, please provide background to explain why traders are not filling the lower cost TRQ before meeting the demand with higher cost out-of-quota imports.
- If the TRQ is not yet filled, are there special conditions which lead traders not to meet the lower-cost demand first?
- If the TRQ is not yet filled, has Japan considered taking steps to encourage greater use of TRQs?

2. Chinese Taipei G/AG/N/TPKM/88

15. Question by New Zealand: Could Chinese Taipei please explain why it has used 2007 to 2009 data to calculate the trigger level for its SSG on fresh milk when data for 2010 are available from the Directorate General of Customs? Using 2008 to 2010 data as stipulated in Article 5 of the Agreement on Agriculture (the trigger should be calculated based on imports from the three preceding years for which data are available) produces a trigger level of 3,327.7 tonnes versus Chinese Taipei's calculated 861.0 tonnes.

C. NOTIFICATIONS IN THE CONTEXT OF DOMESTIC SUPPORT COMMITMENTS (TABLE DS:1)

1. **Costa Rica** G/AG/N/CRI/30/Rev.1 and 34

(a) Questions by Australia

16. A substantial amount of market price support for rice producers remains in the revised notification, the level of which breaches Costa Rica's AMS commitments. Can Costa Rica provide an update on efforts to bring domestic support expenditure in line with AMS commitments? The notification states that a number of programmes were reclassified. Can Costa Rica please provide an explanation of each change?

(b) Question by Canada

17. Canada appreciates the updates that Costa Rica has provided at past meetings of the Committee regarding this issue. However, we reiterate the grave concerns expressed about Costa Rica's continuing violations of Article 3.2 of the Agreement on Agriculture. Not only are the amounts of the excess support large, they are also increasing in size. What concrete steps is Costa Rica taking to rapidly bring itself into compliance with the Agreement on Agriculture?

(c) Questions by Japan

18. Japan appreciates the prompt notification by Costa Rica (G/AG/N/CRI/34) and its transparency, but is concerned that the Current Total AMS continues to exceed its commitment level. What is the administered price of rice in 2011 in terms of market price support? Can we understand that the Current Total AMS in 2011 will go below the commitment level as a result of various efforts explained in the previous meetings?

2. **India** G/AG/N/IND/7

(a) Questions by Australia

19. While there was a significant increase in the overall level of input subsidies to low-income or resource-poor producers over the period 1998-2004, there was a marked decrease in the 2002-2003 marketing year. Was there a specific reason for this decrease? Furthermore, can India explain why in the following period the spending rose sharply to pre- 2002-2003 levels?

20. Regarding "other input subsidies", can India please explain whether this is a single programme which provides support for fertilisers, irrigation, electricity, seeds? Or does this entry include a collection of separate programmes? If "other input subsidies" is a collection of individual programmes, can India please provide information on the purpose and design of each programme and the spending levels over recent years? In addition, it would be helpful if separate programmes are reported individually in the notification to assist review by WTO Members.

(b) Questions by Canada

(i) *AGST material*

21. India's underlying AGST document G/AG/AGST/IND uses Rs (Indian rupees) as its currency. Notification G/AG/N/IND/7 uses US\$ (US dollars). This practice deviates from the requirement in Article 1(h)(ii) of the Agreement on Agriculture to calculate the level of support actually provided during any year "with the constituent data and methodology used in the tables of supporting material

incorporated by reference in Part IV" of India's Schedule, i.e., G/AG/AGST/IND. We would ask India to re-submit its notification using Indian rupees as per its constituent data and methodology.

(ii) *Supporting Table DS:1*

22. "Buffer stock operations (food grain)" is the major item reported in the Green Box. It has increased rapidly, by more than 150 per cent over the six-year period reported. The size and growth of this item motivates a need for more information.

- Where can such information be found?
- What products make up the aggregate "food grain"? Does this aggregate include other crops than grain, such as oilseeds?
- Following paragraph 3 of Annex 2 of the Agreement on Agriculture, what are the predetermined targets related solely to food security?
- Have any food purchases by the government been made at other than current market prices and, if so, how was the price determined?
- Have any stocks of foodstuffs for food security purposes been acquired at administered prices? If so, which foodstuffs, and what was the acquisition price and what was the external reference price? How is any difference between these prices accounted for in the product's AMS?

23. The "Crop insurance scheme" has increased rapidly.

- What does the monetary value reported here represent, e.g., is it the indemnities paid to producers, the government subsidy of premiums, a budgetary item for the operation of the scheme, or some other measurement?
- How does India ensure that the scheme meets each and every one of the criteria of paragraph 8 of Annex 2 of the Agreement on Agriculture? This includes (but is not limited to) ensuring that eligibility for payment is determined by a production loss that exceeds 30 per cent as per paragraph 8.

(iii) *Supporting Table DS:2*

24. Could India explain on what basis "Repayment of loan dues for coffee plan grants to Government of India" would qualify as an investment subsidy generally available to agriculture?

25. "Other input subsidies" constitutes almost all of the support reported in Supporting Table DS:2. It is said to include support for fertilisers, irrigation, electricity, seeds, etc. Contrary to what is said in Table DS:1, there are no details of these measures. This absence of detail impedes the ability of the Committee to review progress in the implementation of commitments, as required by Article 18.1 of the Agreement on Agriculture. We ask India to provide a breakdown of the support according to the elements fertilizers, irrigation, electricity and seeds, and indicate what is included in the residual "etc.". This would include the "name and description of measure" as required by the heading in column 2. It would also include an explanation of how each measure qualifies as "generally available" to the target group mentioned in Article 6.2 of the Agreement on Agriculture. For each measure, how is support measured?

26. The note to Supporting Table DS:2 indicates a large percentage of farm holdings being low-income, resource-poor farmers:

- What specific questions in the agricultural census are the basis for this finding? What criteria qualify a farmer as low-income?
- What criteria qualify a farmer as resource-poor?
- What percentage of farmers are low-income and not resource-poor?
- What percentage of farmers are resource-poor and not low-income?
- How often is an agricultural census undertaken?
- The information in Supporting Table DS:2 implies that all marginal (less than 2 hectares) and small (2-4 hectares) cardamom farmers are low-income, resource-poor farmers. Is it generally the case that farmers in India with up to 4 hectares are considered resource-poor?
- Can it be inferred from the note that Supporting Table DS:2 shows 98.97 per cent of all the support provided under the measures reported in section (b)? If so, where is the remaining 1.03 per cent reported? For example, using India's US dollar data in this version of the notification, this could amount to some \$90 million in 2003-2004.

(iv) *Supporting Table DS:4 (all years)*

27. India shows a negative value of product-specific AMS for several products. This contradicts the definition of AMS in Article 1(a) of the Agreement on Agriculture, under which AMS is support in favour of the producers, etc. Negative support is not support in favour of producers. A negative result when calculating a product's AMS in Supporting Table DS:7 should thus properly be set to zero and entered as a zero or nil in Supporting Table DS:4. We would thus ask India for a revised notification. In any case, a *de minimis* claim under Article 6.4 requires a comparison between AMS and a percentage of value of production. No value of production is shown in Supporting Table DS:4, which undermines the *de minimis* claims for India's product-specific AMSs.

(v) *Supporting Table DS:5*

28. As mentioned more generally for the whole notification, data needs to be expressed in rupees in order for the notification to conform with the constituent data and methodology requirement. This becomes particularly salient in Supporting Table DS:5, given that the external reference price and the calculations for 1986-89 in G/AG/AGST/IND are in rupees per tonne (Rs/T).

- What is the nature of the applied administered price for products other than rice? How is it determined and applied?
- What explains the variation across years in the products for which an applied administered price is reported? For example, mustard seed is reported in 2000-2001, 2001-2002, and 2002-2003 but not in other years.
- The note indicates that India has compared the calculated market price support against the *de minimis* level. For each product and year, what is the *de minimis* level, calculated as 10 per cent of the product's value of production?

(vi) *Supporting Table DS:9*

29. If only a portion of subsidies for fertilizers, irrigation and electricity is claimed as meeting the criteria of Article 6.2 and reported in Supporting Table DS:2, why is the remainder not reported in Supporting Table DS:9?

(c) Questions by the European Union

30. With reference to the "agricultural input subsidies to low-income or resource-poor producers" notified in Supporting Table DS:2:

- Could India explain what criteria are used to define the low-income or resource-poor farmers eligible for such payments?
- India notifies spending under "public stockholding for food security purposes". What are the reasons behind the important increase of this spending in the period notified?
- What products are eligible for the buffer stock operations?

31. Could India provide more detailed information on the elements of the crop insurance scheme which explain the reasons for notification under paragraph 8 of Annex 2?

32. The footnote at the bottom of Supporting Table DS:5 explains that external reference prices are established at the average exchange rate prevalent in the base period (1986-89). Such choice of the exchange rate certainly has an effect on the calculated support. The EU invites India to comment.

(d) Questions by Japan

33. Would India kindly provide the following information regarding "Buffer stock operations":

- The products stocked under the Buffer stock operations from 1998-1999 to 2003-2004.
- The actual volume of each product stocked under the Buffer stock operations from 1998-1999 to 2003-2004.
- The predetermined target volume of each product under the Buffer stock operations from 1998-1999 and the formula to calculate such target amount, if any.
- The purchase prices of each product procured under the Buffer stock operations. If the purchases by the government were made at the Market Support Price (MSP) and not the current market price, please explain how this measure can be classified as "Public stockholding for food security purposes" provided in Annex 2, paragraph 3.

34. Regarding the "Development Programmes", would India kindly explain in detail the criteria to specify "low-income or resource-poor producers" as provided for in Article 6.2? Would India kindly explain the reason why various subsidy measures (for fertilizers, irrigation, electricity and seed) are, in this notification, notified as "Development Programmes"? Were there any legislative changes in these subsidy measures since the previous notification?

35. What number did India use as "Eligible production" when calculating the market price support? The actual amount of purchased crops? Or, the total amount of domestic production? If the actual amount of purchased crops was used and not the total amount of domestic production, please explain the reason why.

36. What crops were subject to Market Support Price (MSP) from 1998-1999 to 2003-2004? Is there any other crop subject to MSP other than the crops whose market price support is listed in this notification? If other crops were subject to MSP from 1998-1999 to 2003-2004, please explain the reason why India did not notify the market price support of such crops?

(e) Questions by the United States

37. The United States welcomes the opportunity to reflect on India's reporting of its domestic support to agriculture provided up to the 2004 period. This is India's third domestic support notification to the WTO following the first in 1998 and the second in 2002. As this document covers six years (1998-1999 to 2003-2004) the United States has a large number of questions.

(i) *Table DS:2 Notifications*

38. In each of the six periods covered by this notification, India provides Supporting Table DS:1 for its exempt (Green Box) measures. Unfortunately, India has not provided any separate notifications to explain how the (green) measures meet the Annex 2 criteria. Table DS:2 notifications are generally due prior to the Table DS:1 notification listing the existence of an exempted measure. When will India provide Table DS:2 notifications describing their exempted programmes?

(ii) *Buffer stock operations*

39. The operation of India's buffer stock scheme notified in Supporting Tables DS:1 would be very helpful to understand. The United States understands that under India's Public Distribution System, a government agency procures commodities, primarily wheat and rice, at the Minimum Support Price and resells these commodities to low-income consumers at lower prices to promote food security. Under Annex 2, paragraph 3, public stockholding programmes for food security purposes are allowed to be notified as Green Box, but require that: "Food purchases by the government shall be made at current market prices and sales from food security stocks shall be made at no less than the current domestic market price for the product and quality in question."

- The United States requests that India provide details as to why budgetary outlays have increased so sharply.
- Are these outlays associated only with the Public Distribution System or do other programmes use the public food stocks?
- We request that India explain the operation of its Public Distribution System to confirm that the programme is operated consistent with Annex 2, paragraph 3. For example, please provide the predetermined targets for the volume and accumulation of public foodstocks.

40. A further aspect of Annex 2, paragraph 3 on public stockholding relates to footnote 5, which requires that the difference between the acquisition price and the external reference price be accounted for in the Aggregate Measure of Support (AMS). We request that India please explain how the public stockholding system is in conformity with the requirement of footnote 5, including the annual values that would be associated with the specified price difference for each purchased commodity.

(iii) *Crop Insurance Scheme*

41. Crop insurance can be exempted as per Annex 2, paragraph 8, but no details have been provided by India in terms of how its specific crop insurance programmes operate. We request India

explain how the crop insurance scheme in Supporting Tables DS:1 operates in general terms. Specifically, how does India implement this programme consistent with the criteria of Annex 2?

(iv) *Environmental programmes*

42. India lists a "control of shifting cultivation" programme under the environmental exemption and cites the Coffee Board as part of the data source.

- Please explain how the "control of shifting cultivation" programme operates in general.
- Is the programme only available to coffee farmers?
- How is this programme implemented consistent with the criteria of Annex 2?

(v) *Exchange rates*

43. The United States notes that India's fixed external reference prices, converted to U.S. dollars at the rate of Rs 13.409 per US\$, are significantly overstated relative to any reasonable measure of world prices from the 1986-88 period, which has the effect of distorting the comparison between the fixed external reference prices and applied administered prices. This notification covers six separate periods of time that reach back between seven to twelve years ago. No notification covers the latest six to seven years and leaves open how these more recent periods could be reported. The United States notes that the use of dollar-based accounting is of particular concern. India has significantly increased rupee-based minimum support prices for many commodities in recent years. The rupee-based increase appears not to be fully captured or is incorrectly reflected due to presentation of this domestic support in dollar-denominated applied administered prices.

- We request that India provide a detailed explanation as to why the currency used in its base period tables (G/AG/AGST/IND) is not used in notifying market price support in Supporting Tables DS:5.
- What is the rationale, according to provisions in the Agreement on Agriculture, for converting rupee-based 1986-88 fixed external reference prices into U.S. dollars, and notifying its domestic support using applied administered prices converted to U.S. dollars?
- As a practical matter, are decisions to support India's agricultural production consistently reflected by the use of converting the applicable administered rupee price into U.S. dollar-based equivalents?
- We request that India provide data on the minimum support prices in rupees for all the commodities and years notified in G/AG/N/IND/7.
- Please provide documentation (source, grade, location, transport adjustments, quality adjustments) for the external reference prices for each commodity included in Supporting Tables DS:5.
- We request India provide the source data for the external reference and administered prices for each commodity included in Supporting Tables DS:5.

(vi) *Support to cotton*

44. In the case of cotton, India appears to support seed cotton prices. The constant external reference price in Supporting Tables DS:5 is US\$1,292.64, which is derived by dividing Rs 17,333 in G/AG/AGST/IND by the exchange rate of Rs 13.409 per US\$. Upon closer review, however, the external reference price in G/AG/AGST/IND is for cotton on a lint basis, not on a seed cotton basis. Therefore, a necessary additional conversion factor appears to be missing to ensure that cotton at the same processed stage is uniformly calculated. It seems that the seed cotton basis would be the more appropriate stage as per the Agreement on Agriculture. In such case, the fixed external reference price would need to be adjusted to a seed cotton basis.

- We request that India clarify the correct basis for the applied administered price and the external reference price in Supporting Tables DS:5. The prices of US\$367 (1998-99), US\$387 (1999-2000), US\$378 (2000-01), US\$372 (2001-02), US\$371 (2002-03) and US\$397 (2003-04) per tonne are indicated as the applied administered prices for "cotton."
- We request that India confirm these cotton calculation elements including the observation that in G/AG/N/IND/7 the same basis for "cotton" is not applied for the administered prices and the external reference price.
- According to India, what conversion rate (cotton lint to seed cotton) should India apply to adjust these prices to the same basis?
- Please provide a detailed accounting for the administered prices of all commodities included in Supporting Tables DS:5 with their external reference prices.

(vii) *Minimum Support Prices*

45. The United States notes that India used total production in its Table DS:1 notification from 17 June 1998 (G/AG/N/IND/1), but switched to another measure of eligible production in G/AG/N/IND/2, and has apparently continued the second practice in G/AG/N/IND/7. The United States understands that for periods after those covered by G/AG/N/IND/7, additional agricultural commodities may be designated to receive Minimum Support Prices.

- We request that India provide an explanation of how its Minimum Support Price system works (notified as market price support in Supporting Table DS:5).
- Please explain how "eligible production" is defined and measured.
- For any of the specified commodities, is all production eligible to receive the government's Minimum Price Support?
- Did India undertake a specific policy change (in the context of the Agreement on Agriculture) that appropriately explains how and why India switched in the quantity for eligible production from total production to a lesser quantity?
- We request India to inform Members if additional commodities other than the ones notified in G/AG/N/IND/7 have become eligible for the Minimum Support Price and which commodities have been able to benefit from this support measure.

(viii) *Market Intervention*

46. Was the Market Intervention Price programme in effect during the time of this notification? If so, what commodities were eligible?

(ix) *Input Subsidies*

47. India has modified the method by which it notifies input subsidies in its three domestic support notifications. In G/AG/N/IND/1, India reported all input subsidies for fertilizer, electricity, irrigation, seeds, and credit as non-product-specific Amber Box in Supporting Table DS:9. In G/AG/N/IND/2, India reported a small share of the input subsidies as non-product-specific Amber Box and the remainder as Special and Differential Treatment. Apparently, the rationale for the change at that time was that any farmer with ten hectares or less was considered a low-income or resource-poor farmer. In its latest notification (G/AG/N/IND/7), India has classified all input subsidies as Special and Differential Treatment, claiming that 98.97 per cent of farm holdings are low-income, resource-poor farmers. India has also changed from notifying individual input subsidies to providing one aggregate figure, which lacks the earlier detail.

- What is the definition used in India's agricultural census for low-income, resource-poor farmers?
- Did India undertake a specific policy change and abandon the previous "ten-hectare" criteria for input subsidy eligibility? Are all producers or farm holdings eligible for the input subsidies on an equal basis? Do any larger farm holdings receive input subsidies?
- Why does India conclude that 98.97 per cent of farm holdings receive 98.97 per cent of the input subsidies?
- Please provide a further breakdown of specific programmes notified as "other input subsidies" in Supporting Table DS:2, similar to the methodology provided in G/AG/N/IND/1.
- Please explain the method used to account for the subsidy for each item (fertilizer, irrigation, electricity, seeds, and credit).

3. Japan G/AG/N/JPN/167 and Corr.1

(a) Questions by Australia

48. Major increases in Japan's AMS appear to be in the areas of market price interventions for livestock products, particularly beef and swine meat. Between fiscal year 2007-2009, market price interventions increased 23.7 per cent for beef and 23.9 per cent for swine meat. To date, price interventions into the beef market by the Agriculture and Livestock Industries Corporation (ALIC) appear to have been made on a discretionary basis, considering that ALIC's interventions have only been made when wholesale market prices fall below - rather than above - ALIC's target range. In addition, Japan's Government Revitalisation Unit recently recommended that ALIC scale back many of its market price interventions, following an audit of ALIC's budget by the Government Screening Panel. In light of this:

- Could Japan provide an explanation of the reasons for these recent increases in market price interventions in the livestock sector?

- Could Japan explain the "External Reference Price" for beef and veal used in these tables? What does the "CIF price of Australian beef" refer to? The CIF price of frozen or chilled beef? To which particular beef cuts? Is this a weighted average of all frozen and chilled beef imports from Australia?
- If the external reference price is based on the CIF price, how does this figure (626,000 yen/tonne) remain constant throughout the three-year period, when the CIF price would have fluctuated in response to changes in the exchange rate and the supply/demand balance over this period?
- How is the figure of "2.0" for the "Quality Difference Coefficient" between Japanese beef and Australian beef calculated? What is the rationale for this coefficient?

49. Do the payments related to sugar production refer to the "Subsidy for Sweetener Resources" for sugar cane producers, or the "Rice and Field Crop Management Income Stabilisation Measure for sugar beet producers"? Or a combination of these? Are subsidies to sugar millers from ALIC's "Sugar Price Adjustment Fund" included in this figure? If not, are subsidies to Japanese sugar millers (and refiners) reported?

50. Could Japan explain the rationale for maintaining a tax exemption scheme which exempts sales of beef cattle in excess of one million yen (approximately USD 8,000) from income, corporate and municipal tax? Does Japan intend to abolish this scheme consistent with the strong recommendation by the Japanese Ruling Party's Taxation Reform Project Team in October 2010?

51. Are subsidised loan programmes to mitigate feed costs included in the calculation of non-product-specific AMS? Australia understands that Japan has utilized such programmes since 2007.

(b) Questions by Canada

(i) *Supporting Table DS:5*

52. From 2007 Japan no longer reports market price support for sugar (sugar beet and sugar cane) and starch (potato and sweet potato). What policy change underlies Japan's claim that an administered price is no longer applied for these products?

(ii) *Supporting Table DS:6*

53. In Supporting Table DS:6 Japan reports "Payments related to volume of production", "Payments related to price", and "Deficiency payments".

- What is the difference between a payment related to price and a deficiency payment?
- For a payment related to price, how is the size of a producer's payment determined?
- For a payment related to volume of production, how is the rate of payment determined (such as yen per tonne, i.e., the rate which, when multiplied by the producer's volume of production, generates the payment).
- For payments related to price and payments related volume of production, do any conditions apply to the eligibility of a producer to receive a payment?
- The earlier 2006 notification reported payments related to price for wheat, barley and silkworm cocoons as well as payments related to volume of production for rice. What

policy changes underlie the absence of reporting any such payments in 2007, 2008 and 2009?

(c) Questions by the United States

54. The United States appreciates past responses by the Government of Japan to questions regarding Supporting Table DS:1 – Environmental Payments "Payments for conversion from rice production." The United States understands from Japan's responses that the programme is designed to preserve a favourable environment for paddy fields by growing crops other than rice or by adopting other appropriate management practices. The purpose of maintaining paddy fields according to Japan is prevention of floods and soil erosion, cultivation of water resources, and preservation of natural environment:

- The United States requests that Japan explain if (and what) production techniques must be changed by a farmer growing a crop other than rice, such as wheat, barley, or soybeans, to prevent an unfavourable environment for paddy fields.
- We request that Japan identify an average per hectare cost for such changes in Japan.
- We request that Japan clarify what "appropriate management practices" include. Do these practices require land to remain ready to produce rice in the future or merely prevent floods, soil erosion, preservation of the natural environment, etc.? Please identify an average per hectare cost for such management practices.
- We request that Japan confirm if its policy limits such environmental payments only to those situations when land is converted from rice production to a different agricultural crop.
- Please explain why it is necessary for such environmental payments to be restricted to only those situations when one particular crop (rice) is being converted to any other crop.
- Under this programme do Japan's "payments for conversion from rice production" target the full coverage or only some partial costs for "preserving a favourable environment for paddy fields"?
- Support under the "crop insurance stabilization payments" increased sharply between 2007 and 2009. Please explain how the programme works and the reasons for the increase in payments.

4. Tonga G/AG/N/TON/2

55. Questions by the European Union: The notification includes support financed by external organizations. However, according to the notification, external financing is excluded:

- Could Tonga please comment on this notification practice aspect?
- Could Tonga please inform the EU of the amounts of external financing from donor countries and agencies for every Green Box measure notified?

5. Ukraine G/AG/N/UKR/9

56. Question by Japan: Japan appreciates the written reply by Ukraine to its question in the last meeting on the external reference price used to calculate the market price support for sugar, but is still concerned about this measure's consistency with Article 18.4 as well as about its method of calculation. Will Ukraine revise the calculation method or continue to use the same method for its future notifications?

6. United States G/AG/N/USA/77/Rev.1 and USA/80

(a) Questions by Australia

57. Notification G/AG/N/USA/80 outlines funding provided by the Risk Management Agency (RMA) in support of the administration and provision of crop insurance. G/AG/N/USA/77/Rev.1 notes that a revised method for reporting crop insurance expenditures has been implemented.

- Can the United States outline the rationale and methodology for the revised notification method?
- Did the United States previously report the administrative, operating and underwriting expenses of crop insurance in the Supporting Table DS:9 as non-product-specific support?

58. The notification shows a significant increase, in the range of US\$16 billion, in "Supplemental Nutrition Assistance Program" (formerly the "Food Stamp Program") expenditure from 2008 to 2009.

- Can the United States please explain why programme expenditure increased so dramatically?
- Acknowledging the change outlined above, total "Green Box" expenditure increased by approximately US\$22 billion from 2008 to 2009. Does this reflect changes to seasonal conditions and/or economic conditions, or is this a result of a change to policy?

59. Between the 2008 and 2009 marketing years, total product-specific AMS for barley increased from US\$118,000 to US\$19.53 million, the figure for corn increased from US\$20.82 million to US\$119.066 million, while AMS for cotton decreased from US\$1.13 billion to US\$148.27 million. Can the United States please explain these dramatic shifts in product-specific spending from one marketing year to the next?

(b) Questions by Brazil

60. Regarding Supporting Table DS:9 of document G/AG/N/USA/77/Rev.1, could the United States explain:

- Why the programme "Supplemental Crop Revenue Assurance (SURE)" was not contemplated in the first version of the notification given the substantial size of the payments related to it (over US\$2 billion).
- The main differences between the method used to calculate the benefit to the recipient regarding the programme "Crop and revenue insurance subsidized by the Federal Crop Insurance Corporation", in the mentioned notification, and the method used in previous notifications.

61. Regarding Supporting Table DS:1 of document G/AG/N/USA/80, could the United States explain why its decoupled income support payments increased from US\$5.7 billion in 2008 (G/AG/N/USA/77/Rev.1) to US\$6.1 billion in 2009.

(c) Questions by Canada

62. A major difference between the original G/AG/N/USA/77 and the revised G/AG/N/USA/77/Rev.1 is the reporting of the support provided through the Risk Management Agency. In G/AG/N/USA/77 an amount of about US\$4.5 billion was reported in Supporting Table DS:9 for "Indemnities paid to farmers". In G/AG/N/USA/77/Rev.1 an amount of about US\$5.7 billion is instead reported for "Premium subsidies to producers", and new entries are introduced in Supporting Table DS:1 for the Risk Management Agency, including the amount of about US\$2.5 billion for "Underwriting gains to insurers".

63. The domestic support provisions of the Agreement on Agriculture apply to domestic support measures in favour of agricultural producers.

- Could the United States confirm that the inclusion of the "Underwriting gains to insurers" among the measures for which exemption is claimed under Annex 2 implies that this measure, while providing underwriting gains to insurance companies, in fact through this route also provides support in favour of agricultural producers?
- Given that the new entries in Supporting Table DS:1 include amounts arising from programmes that did not exist when the base data for the United States were reported, a Table DS:2 notification of the new and modified programmes now being claimed as meeting the Green Box criteria seems to be in order. When will the United States submit such a notification?
- The amount reported for "Underwriting gains to insurers" in Supporting Table DS:1 varies dramatically from year to year: US\$2,541 million in 2008; US\$810 million in 2009 (USA/80). What explains the large year-to-year variation?
- The notification G/AG/N/USA/77/Rev.1 does not indicate the sub-paragraph of paragraph 2 (General Services) of Annex 2 under which "Underwriting gains to insurers" is classified. Under what sub-paragraph does the United States classify this item?
- The notification G/AG/N/USA/77/Rev.1 does not indicate an exact data source where corresponding data on "Underwriting gains to insurers" might be found for other years. Could the United States identify such a source, such as a website?
- The method of calculating the entry in Supporting Table DS:9 for "Premium subsidies to producers" seems very different from what was done for the earlier entry. Would the United States consider providing a concise guide to how this calculation is now done?
- With G/AG/N/USA/77/Rev.1 and G/AG/N/USA/80 data is now available for two years. Does the United States intend to provide revisions also of earlier years' notifications, incorporating the corresponding changes in ST DS:1 and ST DS:9?

64. In Supporting Table DS:4 of G/AG/N/USA/80, Would it be correct, based on Articles 1(h)(ii) and 6.4(a) of the Agreement on Agriculture, to read footnote 2 as saying "... inclusion in the Current Total AMS ..." instead of "...inclusion in the current AMS..."?

65. In Supporting Table DS:6 of G/AG/N/USA/80, it is unclear under what legislative authority "Crop assistance payments" were provided for cotton, rice, soybeans, and sweet potatoes, as explained in footnote 2. A search of Public Law 110-246 failed to reveal any such payments. Could the United States please clarify?

(d) Question by the European Union

66. What were the amounts of countercyclical payments which benefited individual products in 2008 and 2009? The EU would like to request the US to include this detailed information in their notifications.

(e) Questions by Japan

67. Would the United States explain in detail the function of the "Risk Management Agency" (RMA) and the system of the listed programme implemented by the RMA? Are these programmes newly established or modified domestic support measures? If so, please explain the reason why the United States is not submitting Table DS:2 notifications for these programmes?

68. Would the United States kindly explain the reason why the amount of the "Direct Payments" for decoupled income support in 2008 was reduced from 2007 considerably and then increased in 2009?

69. Would the United States kindly explain the reason why the "Biomass crop assistance program" has been delisted in G/AG/N/USA/77/Rev.1? In case this measure has been accounted as a measure not in 2008 but in 2009 and relisted in G/AG/N/USA/80, why is the amount of the payment different from G/AG/N/USA/77 to G/AG/N/USA/80?

70. Would the United States explain the reason why Associated fees/levies of "Crop and revenue insurance" are no longer reported in these notifications?

7. Uruguay G/AG/N/URY/42

71. Questions by the European Union:

- Could Uruguay please explain the important increase in spending on "extension and advisory services"?
- Please explain the change in notification of the measure "traceability, animal health and food protection" from c) direct payments to a) general services.
- The support notified by Uruguay under Green Box, S&D treatment and AMS shows a variation over recent years: support decreased in 2009 compared to 2008, and then went up again in 2010. Could Uruguay explain reasons for these changes?
- The notification of Uruguay includes support financed by external organizations. However, according to the notification external financing is excluded. Could Uruguay please comment on this notification practice aspect? What are the shares of internal and IFAD financing under S&D treatment - "development programmes" notified.

D. NOTIFICATIONS IN THE CONTEXT OF NEW OR MODIFIED DOMESTIC SUPPORT MEASURES
(TABLE DS:2)

1. Australia G/AG/N/AUS/83

(a) Questions by Canada

72. The "On-Farm Irrigation Efficiency Program" modernizes on-farm irrigation infrastructure. The "Irrigated Farm Modernization Project etc." provides grants to irrigators for part of the cost of improving on-farm infrastructure, including reconfiguring dams and installing water application systems. Could Australia explain how these two programmes meet the criteria of Annex 2 of the Agreement on Agriculture, specifically those of paragraph 2 chapeau concerning direct payments to producers, and paragraph 2(g) concerning on-farm facilities.

73. The "Farming Family Shire Rate Assistance" programme provides certain concessions to eligible farm families. Could Australia explain how eligibility under this programme is determined in terms of also meeting the 30 per cent loss criterion of paragraph 8 of Annex 2 of the Agreement on Agriculture?

(b) Question by the European Union

74. What are the eligibility criteria for farming families to participate in the "Farming Family Shire Rate Assistance"?

(c) Question by Japan

75. Would Australia kindly explain in detail the reason why the "Farming Family Shire Rate Assistance" is classified as "Payments for relief from natural disasters" provided in Annex 2, paragraph 8?

2. Japan G/AG/N/JPN/168

(a) Questions by Canada

76. Regarding "Measures to Conserve and Improve Land, Water, and the Environment", and given the fact that irrigation water is an input for agricultural production (more water means more production), could Japan explain in more depth how "removing silt out of irrigation canals" qualifies as an environmental or conservation programme?

77. Regarding the two programmes "Direct payment based on the historical reference amounts of production" and "Measures to Conserve and Improve Land, Water, and the Environment", the period of application of this programme is stated as fiscal year 2007 only. However, it appears that support under these programmes is also notified in G/AG/N/JPN/167 for 2008 and 2009. Could Japan explain?

78. Regarding "Direct payment based on the historical reference amounts of production", does the 2004-06 base production apply also for payments made in 2008 and 2009?

(b) Questions by the European Union

79. What are the eligibility criteria for farmers to receive the decoupled direct payments?

80. Rice is not mentioned among the crops used as a base for the amounts of payment. Could Japan please explain how rice production is treated in this scheme?

E. NOTIFICATIONS IN THE CONTEXT OF EXPORT SUBSIDY COMMITMENTS (TABLES ES:1, ES:2 & ES:3)

1. **India G/AG/N/IND/8**

(a) Questions by Australia

81. The most recent period in which India has notified its export subsidy commitments (2003/04), indicates that 637,283.65 tonnes of sugar exports were subsidized. Noting that export subsidies were not provided in the years preceding 2003-04, can India please provide information on whether sugar subsidies have been provided since 2003-04?

(b) Questions by Japan

82. According to the notification, India provided export subsidies to sugar, fresh fruit and vegetables, processed fruit and vegetables, plants and flowers, cardamom and animal products. Would India kindly name all the items which are comprised in "animal products" and "plants and flowers" respectively, and clarify the amount of export subsidies provided to each aforementioned item in the marketing years 1995-96 and from 2001-02 to 2003-04?

F. NOTIFICATIONS IN THE CONTEXT OF EXPORT PROHIBITIONS AND RESTRICTIONS (TABLE ER:1)

1. **Former Yugoslav Republic of Macedonia G/AG/N/MKD/13**

83. Question by the European Union: The European Union would like to seek confirmation that the export ban on wheat flour was abolished after 15 September 2011 as announced in the notification.

2. **Ukraine G/AG/N/UKR/5/Add.2**

84. Question by the European Union: Could Ukraine report on the latest state-of-play concerning the imposition of export restrictions and prohibitions on cereals since the last Committee meeting in June?

III. DEFERRED REPLIES

1. **Questions by the United States: Thailand's requirements to export rice stocks²**

85. The United States submitted the following questions to Thailand for response at the March and June 2011 meetings of the Committee on Agriculture. At both meetings, Thailand informed Members that it had not yet heard back from capital, but that it expected to shortly. Despite this formal assurance in the Committee and informal indications of a "response in process", the United States has not yet received a response to the questions.

² Paragraphs 6-7 of G/AG/W/81/Rev.1 and paragraph 38 of G/AG/R/62 refer.

86. The United States requests Thailand provide data for the years in question (2005, 2006, and 2007) on the sale of rice stocks to exporters and any direct sales to third countries from government-owned stocks, including the prices at which stocks were acquired and prices at which export sales were made.

87. Additionally, please respond to our previous question as to whether the Thai Government has imposed any type of requirement to export the rice (and not sell in the domestic market) acquired through the bidding process.

2. Question by Canada on India's notification G/AG/N/IND/2³

88. A question similar to the one in paragraph 25 was asked at the meeting of 26 September 2002. India undertook to provide a response. We have been unable to find such a response and ask for details about when it might have been provided.

³ Page 28 of G/AG/R/32 refers.