



# Joint Proposal by India & China in WTO on Aggregate Measurement of Support (AMS)

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Recently (on 18 July 2017) India and China jointly submitted a proposal to the World Trade Organisation (WTO) calling for the elimination - by developed countries - of the most trade-distorting form of farm subsidies, known in WTO parlance as Aggregate Measurement of Support (AMS) or 'Amber Box' support as a prerequisite for consideration of other reforms in domestic support negotiations.

This is an important proposal by India and China in view of the ongoing negotiations for the upcoming 11<sup>th</sup> Ministerial Conference of the WTO to be held in Buenos Aires in December 2017. It counters the efforts by some countries to target the subsidies of the developing countries while letting the developed countries retain their huge farm subsidies.

The joint paper reveals that developed countries, including the US, the EU and Canada, have been consistently providing trade-distorting subsidies to their farmers at levels much higher than the ceiling applicable to developing countries. Developed countries have more than 90% of global AMS entitlements amounting to nearly US\$ 160 bn. Most of the developing countries, including India and China, do not have AMS entitlements.

Listing the most heavily and frequently subsidised products by the US, the EU and Canada since 1995, the paper calls for elimination of such subsidies. The numbers reveal that subsidies for many items provided by the developed world are over 50% and some even more than 100% of the value of production of the product concerned, while developing countries are forced to contain it within 10% of the value of production. In other words, while developed Members have access to huge amount of AMS beyond their *de minimis* (these are the minimal amounts of domestic support that are allowed even though they distort trade — up to 5% of the value of production for developed countries, 10% for developing.) in contrast most developing Members have access only to *de minimis* resulting in a major asymmetry in the rules on agricultural trade.

The paper illustrates the adverse effects of concentration of AMS on a few products, which no other proposal in the WTO addresses. Elimination of AMS, India and China believe, should be the starting point of reforms rather than seeking reduction of subsidies by developing countries, some of which like India provide a subsistence amount of about US \$ 260 per farmer per annum compared to over 100 times more in some developed countries.

**MJPS**

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