



Committee on Agriculture

POINTS RAISED BY MEMBERS UNDER THE REVIEW PROCESS

COMPILATION OF QUESTIONS FOR THE MEETING ON 27-28 MARCH 2017¹

The present document compiles questions received by the Secretariat by the deadline of 14 March 2017, as specified in WTO/AIR/AG/18.

¹ This document has been prepared under the Secretariat's own responsibility and is without prejudice to the positions of Members or to their rights and obligations under the WTO.

TABLE OF CONTENTS

1 MATTERS RELEVANT TO THE IMPLEMENTATION OF COMMITMENTS:	
ARTICLE 18.6	5
1.1 Australia's wine equalization tax	5
1.1.1 Question by the European Union (AG-IMS ID 83006)	5
1.2 Canada's Agri-Marketing Program	5
1.2.1 Question by Indonesia (AG-IMS ID 83067)	5
1.3 Egypt's new regulations	5
1.3.1 Question by Indonesia (AG-IMS ID 83068)	5
1.4 United Kingdom - Modification of agricultural schedule of commitments	6
1.4.1 Question by Indonesia (AG-IMS ID 83069)	6
1.5 European Union's support for livestock sector	6
1.5.1 Question by New Zealand (AG-IMS ID 83055)	6
1.6 India's minimum support price for wheat	6
1.6.1 Question by Australia (AG-IMS ID 83106)	6
1.7 India's minimum price for sugar cane in Uttar Pradesh	7
1.7.1 Question by the European Union (AG-IMS ID 83010)	7
1.8 India's trade statistics	7
1.8.1 Question by the United States of America (AG-IMS ID 83044)	7
1.9 India's buffer stocks of pulses	7
1.9.1 Question by Canada (AG-IMS ID 83122)	7
1.10 India's support price for Rabi crops	8
1.10.1 Question by the European Union (AG-IMS ID 83009)	8
1.11 Indonesia's draft regulation on supply and distribution of milk products	8
1.11.1 Question by the European Union (AG-IMS ID 83011)	8
1.12 Japan's mark-up on imported rice	8
1.12.1 Question by China (AG-IMS ID 83035)	8
1.13 Russia's higher applied tariffs than bound rates	8
1.13.1 Question by the European Union (AG-IMS ID 83012)	8
1.14 Thailand's import permits for feed wheat	8
1.14.1 Question by Australia (AG-IMS ID 83107)	8
1.14.2 Question by the European Union (AG-IMS ID 83013)	9
1.14.3 Question by the United States of America (AG-IMS ID 83045)	9
1.15 Thailand's financial assistance to fruit farmers	10
1.15.1 Question by the United States of America (AG-IMS ID 83047)	10
1.16 U.S. Federal Milk Marketing Order (FMMO)	10
1.16.1 Question by Canada (AG-IMS ID 83124)	10
1.17 Brazil's domestic support programmes	11
1.17.1 Question by the United States of America (AG-IMS ID 83038)	11
1.18 Canada's New Milk Ingredient Class	12

1.18.1	Question by Australia (AG-IMS ID 83103)	12
1.18.2	Question by the European Union (AG-IMS ID 83008)	13
1.18.3	Question by New Zealand (AG-IMS ID 83002)	13
1.18.4	Question by New Zealand (AG-IMS ID 83054)	14
1.18.5	Question by the United States of America (AG-IMS ID 83039)	14
1.19	Canada's wine sale policy	17
1.19.1	Question by Australia (AG-IMS ID 83104)	17
1.19.2	Question by the European Union (AG-IMS ID 83007)	17
1.19.3	Question by the United States of America (AG-IMS ID 83041)	17
1.20	Canada's tariff-rate quota for cheese	18
1.20.1	Question by New Zealand, Norway and Switzerland (AG-IMS ID 83003, AG-IMS ID 83005 and AG-IMS ID 83004)	18
1.21	Canada's market price support for dairy products	18
1.21.1	Question by New Zealand (AG-IMS ID 83001)	18
1.22	India's minimum support price for Kharif crops	18
1.22.1	Question by Canada and the United States of America (AG-IMS ID 83123 and AG-IMS ID 83043)	18
1.23	India's importation of apples	19
1.23.1	Question by New Zealand (AG-IMS ID 83056)	19
1.24	India's sugar export subsidies	19
1.24.1	Question by Australia (AG-IMS ID 83105)	19
1.25	India's wheat stocks and exports	19
1.25.1	Question by the United States of America (AG-IMS ID 83042)	19
1.26	Switzerland's export subsidy budget	21
1.26.1	Question by New Zealand (AG-IMS ID 83057)	21
1.27	Thailand's rice policies	21
1.27.1	Question by the United States of America (AG-IMS ID 83046)	21
1.28	Turkey's subsidies aimed at incentivising the use of domestic dairy	23
1.28.1	Question by New Zealand (AG-IMS ID 83058)	23
1.29	Zambia's public stocks and exports of maize	23
1.29.1	Question by the European Union (AG-IMS ID 83014)	23
2	POINTS RAISED IN CONNECTION WITH INDIVIDUAL NOTIFICATIONS	23
2.1	IMPORTS UNDER TARIFF AND OTHER QUOTA COMMITMENTS (TABLE MA:2)	23
2.1.1	Iceland (G/AG/N/ISL/37)	23
2.1.2	Moldova, Republic of (G/AG/N/MDA/7)	24
2.2	SPECIAL AGRICULTURAL SAFEGUARDS (TABLES MA:3 to MA:5)	24
2.2.1	Japan (G/AG/N/JPN/214)	24
2.2.2	Chinese Taipei (G/AG/N/TPKM/141)	24
2.2.3	Chinese Taipei (G/AG/N/TPKM/142)	24
2.2.4	United States of America (G/AG/N/USA/111)	24
2.3	DOMESTIC SUPPORT COMMITMENTS (TABLE DS:1)	24

2.3.1	Argentina (G/AG/N/ARG/36)	24
2.3.2	Brazil (G/AG/N/BRA/41, G/AG/N/BRA/40, G/AG/N/BRA/32)	26
2.3.3	Canada (G/AG/N/CAN/113).....	28
2.3.4	Chile (G/AG/N/CHL/48)	29
2.3.5	European Union (G/AG/N/EU/34).....	29
2.3.6	Jordan (G/AG/N/JOR/19, G/AG/N/JOR/20).....	31
2.3.7	Mali (G/AG/N/MLI/8)	33
2.3.8	Moldova, Republic of (G/AG/N/MDA/6)	34
2.3.9	Russian Federation (G/AG/N/RUS/11)	34
2.3.10	Togo (G/AG/N/TGO/8).....	35
2.3.11	United States of America (G/AG/N/USA/109).....	36
2.4	NEW OR MODIFIED DOMESTIC SUPPORT MEASURES (DS:2)	39
2.4.1	Canada (G/AG/N/CAN/114).....	39
2.4.2	European Union (G/AG/N/EU/35).....	39
2.4.3	Mexico (G/AG/N/MEX/33)	42
2.4.4	Peru (G/AG/N/PER/16)	42
2.4.5	United States of America (G/AG/N/USA/110)	43
2.5	EXPORT SUBSIDY notifications (TABLES ES:1, ES:2 AND ES:3).....	44
2.5.1	Switzerland (G/AG/N/CHE/79).....	44
3	OVERDUE NOTIFICATIONS.....	44
3.1.1	Egypt	44
3.1.2	India	44
3.1.3	Indonesia	45
3.1.4	Thailand	45
3.1.5	Turkey	45
4	OTHER.....	45
4.1.1	New Zealand AG-IMS ID 83037: Question by Chile	45

1 MATTERS RELEVANT TO THE IMPLEMENTATION OF COMMITMENTS: ARTICLE 18.6

1.1 Australia's wine equalization tax

1.1.1 Question by the European Union (AG-IMS ID 83006)

Under the Australian producer rebate scheme for the wine equalization tax, Australian producers are entitled to a rebate of 29% of the wholesale value of domestic wine sales and applications to own use. Bilaterally Australia has confirmed with the European Union that importers of foreign wine are entitled to the rebate as well. Nevertheless, applying for the rebate is much more burdensome for foreign wine importers than for domestic producers. This has been confirmed in the Australian Senate's Rural and Regional Affairs and Transport Committee's hearing held on 18 October 2016, where the Australian Assistant Minister appears to have said that the legislative definitions are going to "significantly reduce the number of people from offshore who would be able to access the rebate". In the light of this, could Australia explain how it sees its wine taxing policy complying with Article III:2 of GATT, which rules that: "The products of the territory of any contracting party imported into the territory of any other contracting party shall not be subject, directly or indirectly, to internal taxes or other internal charges of any kind in excess of those applied, directly or indirectly, to like domestic products."

1.2 Canada's Agri-Marketing Program

1.2.1 Question by Indonesia (AG-IMS ID 83067)

The government of Canada over the last five years (2013-2018) has been implementing Agri-Marketing programme with the provision of grants amounting to CAD 341 million. The Agri-Marketing Program helps farmers and food processors compete in markets at home and abroad. It supports the agriculture industry by creating and maintaining access to markets and taking advantage of market opportunities.

- a. What are the requirements to be fulfilled by farmers to access this programme?
- b. How is the calculation of the government's budget managed to provide relief to farmers on this programme?
- c. There is information that the project expenditure can be subsidized through this programme in the form of the contracted services, travel, capital and other expenditures. Indonesia is concerned that this policy will affect commitment to implement Nairobi Ministerial Decision related to export competition.

1.3 Egypt's new regulations

1.3.1 Question by Indonesia (AG-IMS ID 83068)

The government of Egypt issued Minister of Trade and Industry Decree No. 43/2016 on the Amendment on the Procedures of Exporter's Registration.

The Decree requires exporters to register and prohibits the trade of goods, including some agriculture products, except those goods that are produced by licensed/registered companies/manufacturers or importers who holds a registered trademark.

The Presidential Regulation No. 538/2016 on new customs tariff came into force on 30 November 2016.

- The amendment of the regulation aims to increase tariff from the average of 30% to 60% for 320 imported goods (including agricultural products).

- The increased tariff is added by 13% of value added tax (VAT), and rise to 14% of VAT in 2017. This policy does not apply to the European Union, Arabian countries, and the members of COMESA
 - a. What is the rationale of those regulations?
 - b. Can Egypt explain how these requirements are in compliance with Article IV:2 of the AoA, Article II and Article XI:1 of the GATT?

1.4 United Kingdom - Modification of agricultural schedule of commitments

1.4.1 Question by Indonesia (AG-IMS ID 83069)

Following United Kingdom's decision to leave the European Union, Indonesia understands that there will be a renegotiation on UK's Schedule of Commitments (SOC).

- a. How would the Generalized Scheme of Preference (GSP) granting procedure be for developing countries?
- b. How would UK's Customs Procedure, including the arrangement of Tariff Rate Quota (TRQ) Policy be for the agricultural products?

1.5 European Union's support for livestock sector

1.5.1 Question by New Zealand (AG-IMS ID 83055)

In October 2015, the Commission announced a package of measures for the livestock sector totalling EUR 420 m, with the possibility of member States matching it with their own funds. 24 member States provided aid on a per production unit basis, and 15 member States included national top ups from their own coffers.

- a. Can the Commission outline the total amount from member States and Commission funds allocated to the livestock sector on a per production unit basis?
- b. Can the Commission indicate how it intends to notify this aid, and whether this would form part of the European Union's Amber Box support?
- c. What measures were taken to ensure the aid has no, or at most minimal trade distorting effects or effects on production? In March 2016, the Commission undertook to examine further changes to its state aid regime that would allow more national funds to be channelled to farmers, to alleviate the effects of lower dairy prices.
- d. What measures are taken by the Commission or the EU member States to ensure that State Aid provided to the agriculture sector is consistent with obligations under the Agreement on Agriculture?
- e. Can the Commission provide a figure for the total State Aid provided to the livestock sector on a per production unit basis since March 2016? In September 2016, the Commission announced a further EUR 350 m aid package for the livestock sector, with the possibility of matched funds from Member States up to 100% of that total:
- f. Were any of the funds provided by the Commission, or member States as part of the September 2016 package, provided on a per production unit basis?

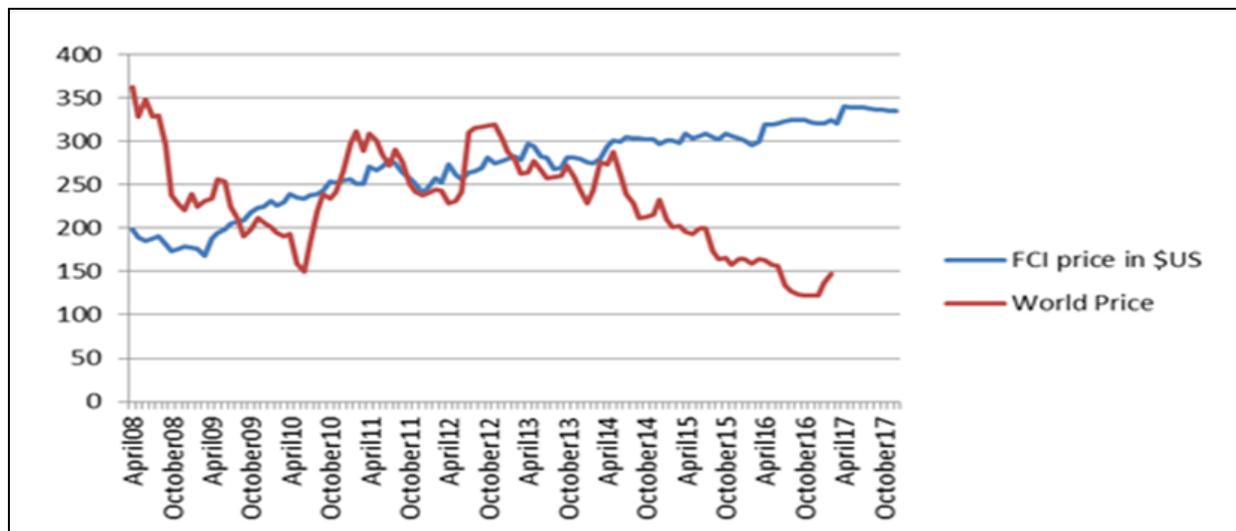
1.6 India's minimum support price for wheat

1.6.1 Question by Australia (AG-IMS ID 83106)

In November 2016 the Food Corporation of India lifted the minimum support price for wheat to 1,650 rupees per 100 kg, or close to USD 320 per tonne. According to the Food Corporation of

India website (<http://fci.gov.in/procurements.php?view=89>) the government of India has raised the support price for wheat every year since 2006. World wheat prices, however, remain low at only around USD 147 a tonne in February 2017. The Food Corporation of India will therefore be buying wheat at more than USD 170 per tonne above world market prices. Why is the Indian government continuing to raise the minimum support price for wheat?

FCI Procurement Price versus World Price



Source: FCI procurement price converted using USDA Real Country Monthly Average annual exchange rates; World price from Indexmundi monthly price, Wheat No.1.

1.7 India's minimum price for sugar cane in Uttar Pradesh

1.7.1 Question by the European Union (AG-IMS ID 83010)

The state of Uttar Pradesh increased the State Advised Price (SAP) in November 2016 for sugar cane by 9% from 280 to 305 rupees per quintal. This comes on top of an increase from 240 to 280 rupees per quintal in 2012-13, being in total an increase of 25%. (http://www.business-standard.com/article/economy-policy/up-hikes-sugarcane-price-by-rs-25-quintal-for-2016-17-crushing-season-116111800458_1.html)

Can India explain more in detail the consequences of the increases on total sugar production, and whether some of these sugar quantities end up on export markets?

1.8 India's trade statistics

1.8.1 Question by the United States of America (AG-IMS ID 83044)

In response to AG-IMS ID 79015, India stated it was "not desirable" to respond to the U.S. inquiry to better understand India's commitments. In the same question, the United States requested the information cited by India in response to AG-IMS ID 78035 regarding the "widely available standard source of trade statistics". The United States again requests that India share the information.

1.9 India's buffer stocks of pulses

1.9.1 Question by Canada (AG-IMS ID 83122)

Media reports indicate that India is creating by June 2018 a buffer stock of up to 2 million tonnes of pulses comprised of domestic and imported pulses. Could India indicate how much of this 2 million tonnes has been acquired? Does India anticipate an increase or decrease to the volume of this buffer stock?

1.10 India's support price for Rabi crops

1.10.1 Question by the European Union (AG-IMS ID 83009)

The government of India announced at the end of 2016 an increase in the minimum support prices (MSP) for the Rabi-harvest: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=130275>. Since 2014 the total increase for wheat is almost 7%, reaching a price of 16,250 rupees/t and for barley is 8% to reach 13,250 rupees/t. For lentils the MSP was increased by 16% to 39,500 rupees/t and for colza/mustard by 10% to 37,000 rupees/t.

Can India confirm that the entire production of these crops is eligible for this minimum support price, and what quantity has in fact been bought in by the federal or regional governments?

1.11 Indonesia's draft regulation on supply and distribution of milk products

1.11.1 Question by the European Union (AG-IMS ID 83011)

The draft regulation on supply and distribution of milk products (Article 22) contains provisions which limit imports of dairy products to situations where domestic supply is deemed insufficient. The draft regulation also requires fresh milk importers to source milk locally to be allowed to import.

Can Indonesia explain how they see these requirements complying with Article III:4 and Article XI:1 GATT?

1.12 Japan's mark-up on imported rice

1.12.1 Question by China (AG-IMS ID 83035)

Japan applies mark-up on rice imported under the Simultaneous-Buy-Sell system (SBS). In 2016, a mark-up of JPY 47,000 per tonne was posed on rice distributed in domestic market, approximately 50% of the import price. Please explain the legal basis for such mark-up.

1.13 Russia's higher applied tariffs than bound rates

1.13.1 Question by the European Union (AG-IMS ID 83012)

The Russian Federation applies import duties for certain agricultural tariff lines in HS Chapters 02, 15 and 20 which are higher than the bound rates corresponding to Russia's commitments when joining the WTO by applying a compound tariff (a minimum specific rate of duty plus an ad valorem rate) that differs from the ad valorem rate in Russia's WTO Schedule.

Example 1: 0207.13.40.09 (Fresh Backs and Necks of Fowls) with "80% but not less than 0.7 EUR/kg" applied rate instead of "80%" bound rate;

Example 2: 0207.27.10.01 (Frozen Boneless Cuts Of Turkey) with "25% but not less than 0.2 EUR/kg" applied in-quota rate instead of "25%" bound in-quota rate.

Could the Russian Federation explain how these applied rates comply with its bound commitments?

1.14 Thailand's import permits for feed wheat

1.14.1 Question by Australia (AG-IMS ID 83107)

Australia notes Thailand's Cabinet resolution of 8 November 2016 titled Import administration measures for products that substitute maize. The resolution endorsed a Ministry of Commerce proposal which specifically directs relevant Thai government agencies to limit imports of feed wheat to stabilize the domestic price of maize.

Australia notes that subsequent to the Cabinet resolution, new measures were put in place in Thailand which restrict access to import permits for wheat for animal feed and also require Thai importers to purchase three units of Thai maize for each unit of feed wheat imported.

Australia is aware that these measures are outlined in Thailand's Ministry of Commerce documents:

Notification Re: Wheat importation into the Kingdom of Thailand being required to have import permission and to follow the import control measures (16 November 2016).

Regulation Re: Criteria, procedure and conditions for importation of wheat into the Kingdom of Thailand (20 December 2016).

To date, Thailand is yet to notify any of these changes to relevant committees of the WTO. Given these measures have now been in place for approximately three months, Australia seeks clarification as to:

- a. Why Thailand is yet to notify any of these changes? Australia encourages Thailand to notify and allow an opportunity for trading partners to comment.
- b. Are the measures considered temporary or permanent? If temporary, please advise the term of the measures.
- c. Details regarding implementation of the measures, including how feed wheat will be differentiated from wheat for milling (human consumption) and mechanisms and process for issuing import permits.

1.14.2 Question by the European Union (AG-IMS ID 83013)

At the end of 2016, Thailand introduced a new import regime for wheat, which obliges importers of feed wheat to buy at least three times more maize on the local market than the quantity to be imported. The government has also fixed a minimum price for maize at 8 Baht/kg for locally produced maize.

See:

https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Update_Bangkok_Thailand_11-29-2016.pdf and

http://www.world-grain.com/articles/news_home/World_Grain_News/2016/12/Restrictions_to_slow_imports_o.aspx?ID=%7BBF6ABA78-B13C-4E3D-8D3C-15478A689926%7D

- a. Can Thailand explain how the import measures comply with Article III:4 GATT and Article 2.2 TRIMS?
- b. How does Thailand intend to take into account the minimum price for maize in its DS:1 Domestic Support notification?

1.14.3 Question by the United States of America (AG-IMS ID 83045)

The United States notes that on 19 January 2017 Thailand instituted import permits for the import of feed wheat. It is the United States' understanding that in order to receive an import permit, importers must: 1) be feed mill owners, 2) demonstrate a three to one domestic corn absorption rate (e.g., to import one tonne of wheat, a mill will have to use three tonnes of domestically-produced corn), and 3) not re-sell the imported feed wheat. It is also the United States' understanding the regulation was developed as a result of a Thai Cabinet decision in 2016, and according to the Thai Ministry of Commerce, the objective is to regulate wheat imports to support corn producers through the stabilization of corn prices. (<http://www.moc.go.th/index.php/moc-news/2015-10-19-04-33-08/item/88114477.html>)

- a. Please explain how the import permit process for feed wheat operates.

- b. Please explain how Thailand differentiates between feed wheat and wheat for consumption or other end uses.
- c. Please clarify whether mill owners can be located in foreign countries or must have a physical presence in Thailand.
- d. The structure of Thailand's wheat import regime as authorized under the Thai Cabinet decision in 2016 appears to require that the government maintain a balance of grains by controlling the ratio of domestically-produced corn to imported feed wheat used to produce feed by Thai feed mills. Please explain how these requirements are consistent with Thailand's WTO obligations. Please explain how this regime does not afford preference to domestically-produced grains.
- e. Please explain why utilization of domestically-produced corn is a consideration in wheat import licensing.
- f. Further, Thailand's wheat import regime appears to restrict the re-sale of imported feed wheat. Is the internal sale and/or distribution of feed wheat, corn, or other products also restricted for domestic products? Please explain how these requirements are consistent with Thailand's WTO obligations.

1.15 Thailand's financial assistance to fruit farmers

1.15.1 Question by the United States of America (AG-IMS ID 83047)

The United States understands the Thai Cabinet approved a budget of 35 billion baht (approximately USD 1 billion) to help small and medium-sized fruit farmers with debt repayment, provide new loans to improve water storage, and develop new orchards.

- a. Please provide additional details with regards to how this programme is implemented and how long it has existed.
- b. Does Thailand provide financial assistance in terms of credit, support payments, debit forgiveness, low cost interest financing for other commodities? If so, which crops? Please explain the scope of the programme(s) and how they are implemented.

1.16 U.S. Federal Milk Marketing Order (FMMO)

1.16.1 Question by Canada (AG-IMS ID 83124)

In the United States Federal Registrar (Vol 82, No 29 - Tuesday 14 February 2017), the U.S. Department of Agriculture (USDA) proposed/recommended the issuance of a Federal Milk Marketing Order (FMMO) to regulate the handling of milk in California.

- a. Has the USDA in the past proposed the issuance of a FMMO on a state or region, which previously had its own marketing order? If so, could the United States please identify the state or region and list the overall differences between the state level marketing order and the FMMO which replaced it, and elaborate on the reasons for the issuance of the FMMO?
- b. Could the United States please elaborate on the factors/considerations that underpin the USDA proposal to issue a FMMO for California?
- c. Could the United States provide a list all the dairy producing states which are currently not covered by an FMMO?
- d. Is the USDA planning to propose an FMMO for those dairy producing states or regions which do not currently have FMMOs or to expand current FMMO marketing area to include those states into an existing FMMO marketing area? If so, could the United States describe the factors that would underpin such a decision?

- e. Canada understands that after public comments on the USDA recommended decision for the issuance of a FMMO in California in the Federal Registrar, there will be a voting period by the producers affected in the California marketing area. Could the United States give a timeline for when this vote will take place, as well as when it expects a final order being issued if producers support the issuance of a FMMO?
- f. Will the comments on the USDA recommended decision be available online, or in writing in another format? Is so, could the United States provide a link or a contact to obtain this information?
- g. In regards to the FMMO proposal for California, a paper was recently released in February 2017 by the USDA Economic Division Titled "Regulatory Economic Impact Analysis of the Recommended California Federal Milk Marketing Order" (<https://www.ams.usda.gov/rules-regulations/moa/dairy/ca>). The paper states that "the analysis finds that throughout 2017-2025, adoption of the proposed California FMMO could increase California blend prices at test, which would increase the California all-milk price and California milk production, in turn increasing California producer revenues." Related to milk production in the United States, it has come to our attention that farmers in the United States Northeast Federal Marketing Order area have been disposing of an overabundance or surplus of milk into manure lagoons, and diverting it to be used as animal feed.
 - i. The USDA expects that the issuance of an FMMO in California will increase the production of milk (later described as an increase in the growth in production). Also, there is overproduction in U.S. Northeast, which operates under a FMMO. Does the United States foresee a scenario where California may be over-producing milk resulting in a surplus?
 - ii. Could the United States please explain how a potential increase in growth in production in California would affect milk production in other areas throughout the United States, including in the Northeast FMMO?
 - iii. Could the United States please describe how a potential increase in growth in production in California would affect milk prices in other areas throughout the United States, including in the Northeast FMMO?
- h. How is the pricing for each of the California State Order milk classes (i.e. Class 1, Class 4a, etc.) calculated?

The following questions are in regards to the California milk quota programme:

- i. Could the United States explain why California will continue to administer the quota programme, which pays producers selling Class 1 milk an amount above the blend price, even if a FMMO is in place?
- ii. What are the changes that will be required to the administration of the quota programme if a FMMO is in place?
- iii. What are the reasons for not removing the quota programme entirely, given that there are no quotas under other FMMOs?
- iv. Canada understands that there is also a quota programme operating in Virginia. How does it differ from the quota programme in California?

1.17 Brazil's domestic support programmes

1.17.1 Question by the United States of America (AG-IMS ID 83038)

In response to previous questions from the United States, Brazil stated that the Prêmio para Escoamento do Produto (PEP) programme was suspended for a reassessment. However, the United States notes that both the PEP and the Prêmio de Equalização pago ao Produtor (PEPRO)

programmes were reactivated in late 2016, with the maximum premium for wheat at recent government auctions under the PEPRO programme set at .208 R\$/kg. This maximum premium equates to approximately one-third the market value of wheat.

- a. The United States, along with several other Members, has expressed concern at previous meetings of the CoA over the potentially trade-distorting effects of PEP and PEPRO programmes. In response to questions on these programmes, Brazil stated in the March 2014 CoA and in various subsequent CoA meetings that they remain suspended pending a reassessment of control mechanisms intended to prevent irregularities. Please describe the potential irregularities that prompted a reassessment of PEP and PEPRO programmes and provide the results of this reassessment, or explain why the reassessment was not completed.
- b. Recent press reports indicate that PEP and PEPRO funds are again being used to support industry, and that distributed funds have facilitated the export of significant volumes of wheat. Additionally, publicly available Brazilian government data from the Companhia Nacional de Abastecimento (CONAB) and the Ministry of Development, Industry and Commerce (MDIC) indicate that corn and wheat producers have benefited from PEP and PEPRO support intermittently since 2010, and particularly in 2016 and the first months of 2017. Please explain why the programmes are again being used, as indicated in Brazilian press reports. Has Brazil modified its control mechanisms to prevent irregularities? Please provide more information on these controls.
- c. In light of recent press reports and without more information to fully assess these programmes, it appears that exports have benefited from distributed funds. The United States has requested data and documentation (including invoices and product destinations) from Brazil at various CoA meetings, but has not yet been provided with detailed information with which to make a fully informed assessment of PEP/PEPRO usage. The United States requests that Brazil provide data on these programmes clarifying what funds are used to support domestic sales and what funds are used to support exports.

1.18 Canada's New Milk Ingredient Class

1.18.1 Question by Australia (AG-IMS ID 83103)

It is Australia's understanding that a Special Milk Class Permit Program notice, concerning the adoption of special milk class 7 by the Canadian Milk Supply Management Committee (CMSMC), was circulated by the Canadian Dairy Commission (CDC) on 17 February 2017.

- a. Is this notice available publicly? If so, where? Please provide a copy.
- b. It is Australia's understanding that accompanying regulations and pricing details are being implemented by the provincial milk boards. Is this correct?
- c. It is Australia's understanding that Class 7 will replace the current Class 4m created by the Canadian Milk Supply Management Committee (CMSMC). Is this correct?
- d. It is Australia's understanding that Class 7 is in place in the provinces of Nova Scotia, New Brunswick, Prince Edward Island, Alberta, and British Columbia. Is this correct?
- e. It is Australia's understanding that although policy work is ongoing, those processes do not affect industry's ability to utilize the class, with pricing in place from 1 February. Is this correct?
- f. It is Australia's understanding that Class 7 is one piece of a broader "National Ingredients Strategy" being rolled out by the CDC. Is this document available publicly? If so, where? Please provide a copy.
- g. Australia's understanding is that the CDC has conducted a due diligence review of the National Ingredients Strategy – is this correct?

- h. What is the role of the CDC in the implementation of the National Ingredients Strategy?
- i. Can Canada provide details of the formula or formulas that will be used to calculate Class 7 and Ontario class 6 prices on a monthly basis?
- j. In the light of the new special milk classes 6 and 7, can Canada advise what measures will be taken to ensure that its WTO volume commitment on subsidized exports of skim milk powder (SMP) is not breached in 2016/17 (1 August to 31 July) or subsequent reporting years?
- k. How does Canada intend to monitor the inclusion of class 6 priced milk proteins in infant formula formulations and classes 6 and 7 for frozen pizza exports, given Canada's export subsidy commitments on these products?

1.18.2 Question by the European Union (AG-IMS ID 83008)

In its replies to questions from Members on the new milk ingredient classes, Canada stated that "the decision to create a dairy ingredient strategy was industry-driven; the government of Canada was not party to the negotiations". However, the new Canadian dairy ingredient strategy, according to which the butterfat price from classes 1 to 4 was increased, is solely based on government-imposed production quotas and the support prices at which the Canadian Dairy Commission purchases and sells butter and SMP within the framework of its programmes.

Could Canada therefore clarify whether the increased butterfat price from classes 1 to 4 affect the administered price used for the purpose of calculating market price support for butter in the DS:1 notification?

1.18.3 Question by New Zealand (AG-IMS ID 83002)

On 17 February 2017, the Canadian Dairy Commission published a notification informing "Distributors and Processors" that "[Milk] Class 7 was adopted by the CMSMC in January 2017 following an agreement in principle between producers and processors that occurred in July 2016", and providing information on transitional measures. Around the same time, on 1 February, the British Columbia Milk Marketing Board notified industry of the implementation of an "agreement in principle" by producers and processors on a "National Ingredients Strategy", which was "approved by the ten provinces on 29 July 2016 and by the CDC on 20 January 2017. The Notice details "decisions...made by ten provinces under CDC's guidance. These decisions mapped the intent of the National Ingredients Strategy and allowed the "agreement in principle" to develop into a practical plan for implementation."

- a. Can Canada confirm whether the ingredients strategy will be made publically available, and if so, when?
- b. The CDC notification states that "Class 7 prices will be calculated each month. They will be retroactive; for example, February 2017 prices will be calculated in early March."
 - i. Can Canada provide details on how prices will be set, including what baseline is used, how frequently the baseline is updated, and the relationship between Class 7 prices and world market prices?
 - ii. Can Canada confirm the milk prices that were set on 1 February?
 - iii. Can Canada please confirm whether prices for this class will be set based on the lowest world market prices?
 - iv. For the purposes of setting the price of the new 'ingredient' milk class, can Canada please provide further information on how the 'lowest world market price' will be calculated?
- c. Can Canada advise what steps the CDC has taken, or will take, in relation to implementation of the National Ingredients Strategy?

- d. New Zealand understands that the CDC conducts cost of production studies for dairy products as part of its administration of Canada's dairy supply management system. Can Canada please provide the results of these studies as they relate to the new Class 7, including whether the set price of the new milk class would be significantly below the average cost of production for Canadian dairy farmers, and by what approximate amount?
- e. Can Canada confirm whether a permit will be required for processors to export product under Class 7 or for products that incorporate Class 7 priced milk? Will Canada notify these exports to the WTO in its Export Subsidy notification?
- f. Can Canada confirm whether Class 7 now replaces Ontario's Class 6, as well as other equivalent milk classes adopted in other provincial schemes?
- g. Can Canada confirm whether the Record of Decisions made by the Milk Pool Coordinating Committee, or by the Canada Milk Supply Management Committee, related to the ingredients strategy, will be made publically available?
- h. Can Canada confirm if any of the other milk classes will be discontinued, with Class 7 effectively replacing them, and if so, which milk classes will be discontinued?
- i. Can Canada confirm if the CDC's buy-back programme for skim milk powder (SMP) has been used since 1 February 2017, and what date it will cease to operate?

1.18.4 Question by New Zealand (AG-IMS ID 83054)

In reporting how Canada meets its WTO export subsidy commitments, the 2015/16 Canadian Dairy Commission (CDC) Annual report states that in the "2015-2016 dairy year, dairy products were exported by the CDC as well as exporting companies who were issued Class 5(d) export permits." During this period, the CDC reports that "Canada exported 11,321 tonnes of skim milk powder" which received CAD 30.920 million in export subsidies. However, according to Global Trade Atlas, Canada exported 16,218 tonnes of skim milk powder, a discrepancy of 4,897 tonnes.

- a. Can Canada explain this discrepancy in the exports it reports through the CDC?
- b. How does Canada reconcile these additional exports (43% of the volume reported by the CDC) with its export subsidy commitments which limits export subsidies at CAD 31.149 million?
- c. Are producers able to export skim milk powder without a Class 5(d) export permit, and if so, how does Canada ensure that these products are not the recipients of export subsidies at the provincial level?

1.18.5 Question by the United States of America (AG-IMS ID 83039)

Producer/Processor Agreement and Milk Class 7

- a. The *Special Milk Class Permit Program* notice, published by the Canadian Dairy Commission (CDC) on 17 February 2017, confirms that there was an agreement in principle between producers and processors reached in July 2016 regarding a new milk class (Class 7). Is this agreement available publically? If so, where? Please provide a copy.
- b. The United States understands from the *Special Milk Class Permit Program* notice, published by the CDC on 17 February 2017, that rules for the Class 7 eligibility of whole milk powder are yet to be established.
 - i. When and how will they be established?
 - ii. Where will this information be made public?

-
- c. The *Special Milk Class Permit Program* notice, published by the CDC on 17 February 2017, states that "[t]he prices that processors pay in class 7 are similar to class 5(c) prices and lower than class 5(b) prices".
- i. Please clarify exactly how the prices for each dairy component/ingredient/product in Class 7 are calculated.
 - ii. Are decreases in proceeds from sales of the dairy components/ingredients/products being offset by increases in butterfat prices or other means?
- d. Are there any federal, provincial, or other documents that implement Class 7 or provide details related to implementation? If so, are they publically available? If so, where?
- e. What is the status of Class 7 implementation in each province?
- f. What is the role of the provincial milk marketing boards, the CDC, and the Canadian Milk Supply Management Committee (CMSMC) in the adoption and implementation of Class 7?
- g. What are the eligibility requirements for Class 7, including:
- i. dairy components/ingredients/products in Class 7 and the products they can be used to manufacture;
 - ii. whether a certain level of dairy components/ingredients/products in Class 7 must be used to be eligible for Class 7;
 - iii. impact of use of imported dairy components/ingredients/products on eligibility Class 7; and
 - iv. information and reporting required of processors.
- h. When and where will administrative procedures, including how Class 7 prices are implemented (e.g., billing mechanisms), and audited be publically available?
- i. What are processors allowed to do with unused dairy components/ingredients/products? For example, if a processor receives certain milk components under Class 7 to manufacture products, but does not use all components, what may a processor do with the unused components? Please explain if these dairy components/ingredients/products can be exported, and how will such exports be reported?
- j. Will products manufactured using dairy components/ingredients/products in Class 7 be allowed to be exported and will such exports be reported in Canada's WTO Export Subsidy notification?
- k. Alberta's and British Columbia's milk marketing board directives issued documents on Class 7 on 31 January and 1 February respectively. The Alberta document specifies that "Processors using less fresh milk protein than specified by the protein dairy product billing ratios specified for each Class (See Appendix A) will be subject to a price adjustment on that lessor amount at the difference between the higher class component prices and the ingredients class component prices". The British Columbia document specifies, "Processors using less fresh milk protein than specified by the protein dairy product billing ratios specified for each Class in Schedule 4.1 will be subject to a price adjustment and billed in the corresponding end use class."

Will a processor who uses both domestic and imported dairy components/ingredients/products, and who uses imported ultra-filtered milk to meet the minimum percentage of casein content derived from fluid milk in the compositional cheese requirements, be able to qualify to receive all the domestic dairy components/ingredients/products under Class 7 at Class 7 prices?

- l. Paragraph 13 of the Alberta directive states "Transactions between companies involving Class 7 ingredients in liquid form (e.g., skim milk, MPC, MPI) are concluded at the domestic market price; the Class 7 price applies upon final utilization under HBM parameters, with the exception of: a. In the case of registered food/further processors liquid milk ingredients can be bought at the class 7 price for purchase of 1000 liters and less (totes) per transaction, up to 10,000 liters per month; b. In the case of exports, liquid milk ingredients may be billed at class 7."
- i. What is "domestic market price"?
 - ii. Does this mean that a registered food/further processor would be limited to buying 10,000 liters per month of liquid milk ingredients at Class 7 price, but there would not be a limit on Class 7 liquid milk ingredients if it was being exported? If so, what is the policy justification?
- m. Paragraph 14 of the Alberta directive states "Liquid ingredients at the class 7 price cannot be bought or sold through a third party, except for exports". What is the policy justification for this?
- n. Does Class 7 contain dairy product protein price references that are identical or similar to those in Ontario Class 6?
- o. Does Class 4(m) continue, or is it superseded by or incorporated into Class 7?

Ontario Class 6

- p. Does Ontario Class 6 continue, or is it superseded by or incorporated into Class 7?
- q. Under *Schedule 3: Dairy Products Protein Pricing Reference* of the *DFO Pricing Regulation 05/16, Milk Act, R.S.O. 1990, Chapter M-12, as amended*, would a processor who uses both imported and domestic fluid milk to meet the applicable "Dairy Product Protein Pricing Reference" threshold (for example, 95% for class 3(c) Gouda) qualify for Class 6 pricing for the use of Class 6 ingredients in that product?
- r. What are processors allowed to do with unused dairy components/ingredients/products? For example, if a processor receives certain milk components under Class 6 to manufacture products, but does not use all components, what may a processor do with the unused components? Can these dairy components/ingredients/products be exported, and how will such exports be reported?
- s. Are products manufactured using dairy components/ingredients/products in Class 6 allowed to be exported and will such exports be reported in Canada's WTO Export Subsidy notification?

Other

- t. Canada stated in its answer to AG-IMS ID 82001 that: "Under its Domestic Seasonality Programs, the Canadian Dairy Commission buys butter and skim milk powder from processors at established support prices".

Is there a limit on the amount of butter or skim milk powder that can be purchased through the Domestic Seasonality Program?

- u. On 10 November 2016, the government of Canada announced that it would invest \$350 million in two new programmes: the Dairy Farm Investment Program and the Dairy Processing Investment Fund. The United States understands from an update on the AAFC website (<http://www.agr.gc.ca/eng/about-us/public-opinion-and-consultations/investing-in-the-dairy-sector-programs-to-support-the-sector-in-anticipation-of-canada-european-union-trade-agreement/?id=1463512890911>) that consultations on this programme closed on 15 December 2016 and that, at that time, the programme was expected to be finalized in the "coming months".

- i. Are there any updates on finalization or implementation of these programmes?
- ii. When and how does Canada plan to notify these programmes to the Committee on Agriculture?

1.19 Canada's wine sale policy

1.19.1 Question by Australia (AG-IMS ID 83104)

Given the high number and variation in restrictions on the sale of wine in Quebec, British Columbia (BC), Nova Scotia and Ontario:

- a. What is the federal government doing to ensure that restrictions across its provinces do not discriminate between domestic and imported product?
- b. Has any analysis been undertaken looking at the effect of these restrictions on imported products? For example, Quebec is now implementing a non-transparent "variable mark-up" pricing system which creates an incentive to select products based solely on price and disregard product quality and consumer preferences. Historically, Quebec applied these mark-ups in a relatively transparent, objective and predictable manner, which provided certainty to suppliers and encouraged competition in product quality and consumer value. As with Nova Scotia and Ontario, Quebec's new arbitrary and discretionary mark-up policy is inconsistent with what Canada indicated in its 2012 World Trade Organization (WTO) State Trading Enterprise notification as the way consumer prices are constructed.
- c. Has the federal government provided Quebec with advice on the WTO consistency or otherwise of this specific measure?
- d. If not, will the federal government seek an explanation from Quebec?
- e. Will Canada update their STE notification, to notify the changes to the way consumer prices are constructed?

1.19.2 Question by the European Union (AG-IMS ID 83007)

Canadian regional Ontario Regulation 232/16 allows authorized grocery stores to sell both domestic and foreign wine with specific requirements that will help all small producers compete. However, paragraph 25(2)2.iii of the Regulation states that "at least 50% of the containers of wine (excluding cider) on display in the store must contain wine that is produced using grapes from a single country and that the country where the grapes were grown produces, in the aggregate, less than 150 million liters of wine annually from grapes grown in that country".

- a. Could Canada specify what is the legitimate objective of such a requirement?
- b. Canada claims that it would aim at helping all small producers compete, however small producer's competitiveness has little, if at all, to do with the wine production volume of the country where the grapes were grown. There are small producers in large wine producing countries and large producers in small wine producing countries. In the light of that, how would Canada see this provision complying with Article III:1 GATT as regards different sale requirements applied to imported and domestic products?

1.19.3 Question by the United States of America (AG-IMS ID 83041)

Ontario

- a. Please clarify if imported and domestic Vintages products are allowed to be sold through grocery store channels. If domestic products are allowed but imported products are not, what is the justification?
- b. What is the status of consideration of flexible mark-ups, and what are next steps?

Quebec

- c. Please confirm that Quebec small-scale producers are able to sell directly to grocery stores, bypassing the liquor board (and thereby liquor board mark-ups)?

1.20 Canada's tariff-rate quota for cheese

1.20.1 Question by New Zealand, Norway and Switzerland (AG-IMS ID 83003, AG-IMS ID 83005 and AG-IMS ID 83004)

As noted in New Zealand's previous question to Canada at the 81st Committee on Agriculture (AG-IMS ID 81004), New Zealand is concerned about proposed changes to Canada's WTO 20,411,866 kg tariff quota for cheese as part of the Comprehensive Economic Trade Agreement (CETA) between Canada and the European Union (EU).

- a. Can Canada please confirm which WTO Members it has consulted with, and received agreement from, for the reallocation of 800 tonnes from the non-EU reserve of the WTO quota? As part of the implementation process, New Zealand understands that Canada has asked importers around their preferences for the surrender of access rights under the non-EU reserve.
- b. Does Canada intend to undertake similar consultation with WTO Member governments?
- c. Can Canada provide an update on this process, including when affected Members and importers can expect a decision to be announced?

1.21 Canada's market price support for dairy products

1.21.1 Question by New Zealand (AG-IMS ID 83001)

In response to New Zealand's question to Canada at the 82nd Committee on Agriculture (AG-IMS ID 82058) on domestic support, Canada responded that it only reports support prices for two products to which an administered price applies i.e. butter and skim milk powder (SMP). Canada did not address the part of the question that asked why Canada does not include market price support provided at the Provincial level. Noting that Annex 3, Article 3 of the Agreement on Agriculture specifically includes national and sub-national support within Members' AMS calculation, can Canada explain why it does not include market price support provided at the provincial level given that all milk produced in Canada, with the exception of that exported under export subsidy commitments or sold as animal feed, receives the benefit of supported domestic prices?

1.22 India's minimum support price for Kharif crops

1.22.1 Question by Canada and the United States of America (AG-IMS ID 83123 and AG-IMS ID 83043)

In response to AG-IMS ID 82005, India confirmed the primary objective of the minimum support price (MSP) of pulses and oilseeds is to increase production so that domestic supply can better meet demand as well as other considerations. In the same response, India noted that the Cabinet Committee on Economic Affairs (CCEA) also stated the need to incentivize production not only because of the gap between domestic supply and domestic demand, but also increased imports.

- a. Given that India has stated it set MSPs at levels intended to incentivize production by producers, please explain how the MSP programme does not confer a benefit to producers. Please explain how India plans to notify the programme?
- b. Please confirm, as stated by the CCEA, that a purpose of the MSP programme is to minimize imports of pulses and oilseeds. Furthermore, are decreased imports the aim of MSP programmes for other commodities in India?

1.23 India's importation of apples

1.23.1 Question by New Zealand (AG-IMS ID 83056)

New Zealand has been informed that the ports of Visakhapatnam and Tuticorin continue to be closed to apple imports. These ports have been closed since September 2015.

- a. Can India provide New Zealand with an update on the rationale for the continued closure of these ports to imports of apples, including whether the closure is due to SPS concerns?
- b. Now that 18 months has passed since the ports were initially closed, is India able to advise when New Zealand can expect to see the ports reopen to apple imports?
- c. Can India provide an indication of when it intends to notify the WTO of these closures?
- d. How are these closures consistent with Article 4.2 of the Agreement on Agriculture which states that "Members shall not maintain, resort to, or revert to any measures of the kind which have been required to be converted into ordinary customs duties"?

1.24 India's sugar export subsidies

1.24.1 Question by Australia (AG-IMS ID 83105)

Australia thanks India for answers provided to Australia's questions on the Minimum Indicative Export Quota Scheme raised at the 82nd Committee on Agriculture (AG-IMS ID 82024). In India's response to question e), it said that 1.67 million MT of sugar had been exported up until 19 May 2016 "the date on which the scheme was withdrawn". In relation to the withdrawal of this scheme, what replacement measures have been put in place, including any production subsidies?

Australia notes India's most recent export subsidy notification for implementation years 2004-2009 was lodged in 2012. Australia looks forward to reviewing a more recent notification when it becomes available.

1.25 India's wheat stocks and exports

1.25.1 Question by the United States of America (AG-IMS ID 83042)

In AG-IMS ID 74048 and repeated below, the United States details the estimated handling and transport costs of the wheat India exported from government-held stocks procured under its market price support programme in 2013. India responded that because the tender process was on-going, other details of the cost cannot be provided because of commercial consideration. Now that the tender process is complete, please confirm the accuracy of the U.S. estimate.

Furthermore, while question AG-IMS ID 74048 concerned wheat exported in 2013, India indicated in response to a question from Australia in the STC Committee (16-2318) that in 2014/15 an additional 3.2 million tonnes of wheat were exported from government stocks. Please provide the information related to those exports, including any subsidy afforded.

The United States has calculated the cost to the government of India of exported wheat as follows, using information provided by India and applying it to a delivery from Karnal, Haryana, to Kandla port as an example. The United States has also used the following information derived from "Report of the Comptroller and Auditor General of India on Storage Management and Movement of Food Grains in Food Corporation of India, Report No 7 of 2013"^[1].

"Statutory charges include mandi charges (Market fee, Dami/Arhatia Commission, Rural Development Cess, Auction fee), purchase/trade tax and gunny costs. Statutory charges (except gunny cost) are levied by the State Governments as a fixed percentage of the MSP. Non-statutory charges include mandi labour, transportation costs, drilage losses, custody and maintenance charges, interest and milling charges, etc.

Mandi labour charges ranged from rupees 9.47 per quintal to rupees 14.09 per quintal in respect of wheat in major procuring states (Punjab, Haryana, UP and MP) during the period 2006-07 to 2011-12.

Transportation and handling charges ranged from rupees 11.83 per quintal to rupees 27.98 per quintal in respect of wheat in major procuring states (Punjab, Haryana, UP and MP) during the period 2006-07 to 2011-12. These charges, however, ranged from rupees 11.56 per quintal to rupees 17.97 per quintal in respect of Rajasthan during the same period."

Table 1: Estimates for delivery of Haryana 2013 crop wheat to Kandla port in 50-car unit trains

Item	Rupees per metric tonne	Dollars per metric tonne ¹	Source and comments
Cost of wheat	13,500	221.31	IFY 2013/2014 minimum support price
Storage charges	368.4	6.04	3.07 rupees/month/50-kg bag at CWC warehouse Karnal
Handling charges (mandi and warehouse labor)	301	4.93	Karnal CWC labor costs, 40-45 rupees/metric ton per movement, times 4 movements (~170 rupees total), plus mandi labor costs per Haryana State Agricultural Marketing Board, ² 6.55 rupees per 50 kg. bag, or 131 rupees per metric ton
Gunny cost	600	9.84	Price of jute bags at Karnal, 30 rupees/bag times 20 bags per ton
Administrative charges	334.68	5.49	http://fciweb.nic.in/finances/view/9 , Procurement incidentals, wheat
Statutory taxes	1,417.5	23.24	Haryana tax rate of 10.5% times MSP, which includes market fees, market cess, VAT
Rail transportation	1,486.08	24.36	http://www.fois.indianrail.gov.in/
TOTAL	18,008	295.21	

1 Exchange rate 61 rupees per dollar.

2 "Market charges (payable by the Buyer per unit for 50 kg)". See page 2 of Memo No ME(I)-A-III-2013/76955-7706 dated 3 December 2013, <http://hsamb.gov.in/notification.pdf>

The United States notes that by this estimate the cost of wheat ex FCI's warehouse in Kandla would exceed the minimum export price established by India of \$260 per metric tonne by \$35.21.

Table 2: Estimated the cost to India of a 30,000 metric tonne shipment of FCI wheat exported from Pipava port following the tender that closed on 3 February 2014

Item	Rupees per metric tonne	Dollars per metric tonne ¹	Source and comments
Cost of wheat	13,500	217.74	IFY 2013/2014 minimum support price
Storage charges	368.4	5.94	3.07 rupees/month/50-kg bag at CWC warehouse Karnal
Handling charges (mandi and warehouse labor)	298	4.81	Ludhiana CWC labor costs, 40-45 rupees/metric ton per movement, times 4 movements (~170 rupees total), plus 11.80 rupees per quintal at the mandi per http://dfpd.nic.in/fcamin/policy/Punjab.pdf
Gunny cost	646.8	10.44	64.68 rupees/quintal per http://dfpd.nic.in/fcamin/policy/Punjab.pdf
Administrative charges	334.68	5.40	http://fciweb.nic.in/finances/view/9 , Procurement incidentals, wheat
Statutory taxes	1,957.5	31.57	Punjab tax rate of 14.5% times MSP
Rail transportation	1,841	29.69	http://www.fois.indianrail.gov.in/ , Ludhiana-Pipava
TOTAL	18,946	305.59	

1 Exchange rate average of 62 rupees per dollar in February 2014.

Note: According to press reports, the price of that wheat as awarded was \$275.20/metric tonne. The United States of America has assumed for purposes of this estimate that the wheat was of Punjabi origin and was shipped by 50-car unit train ("50-wagon rake") from Ludhiana.

According to this estimate, this shipment of wheat was exported at a price \$30.39 below the total cost to the Indian government. Please confirm the accuracy of these estimates. If they are incorrect, please explain how and provide an accurate estimate.

1.26 Switzerland's export subsidy budget

1.26.1 Question by New Zealand (AG-IMS ID 83057)

New Zealand thanks Switzerland for its continued transparency in the Committee on Agriculture on its export subsidies on processed agricultural products, including its foreshadowing in 2015 of the recently notified increase in outlays of CHF 26 million in 2015 as compared to 2013 and 2014. New Zealand recalls its concerns about this increase of nearly 30% given the trade distorting effects of export subsidies and Ministers' commitments in the Bali Declaration on Export Competition, reaffirmed at MC10 in the Nairobi Decision on Export Competition, to exercise utmost restraint with regard to any recourse to all forms of export subsidies. At the 78th meeting of the Committee on Agriculture, in response to New Zealand's question (AG-IMS ID 78025) Switzerland reported that the Swiss government intends to respect the export competition commitments that it made in Bali and that for 2016 it had submitted to Parliament a reduced budget which allocates CHF 68 million for contributions to exports of processed agricultural products. Can Switzerland provide the Committee with an update on its budget for 2016 and 2017 and outlays for 2016?

1.27 Thailand's rice policies

1.27.1 Question by the United States of America (AG-IMS ID 83046)

On-Farm Rice Pledging Program

Thailand's On-Farm Rice Pledging Program, which started in November 2016, currently includes pledging for up to 1 million metric tonnes (MMT) of white rice with an intervention price of 200 USD/MT and 2 MMT of fragrant and glutinous rice with an intervention price of 270 USD/MT. According to the Ministry of Commerce, the programme received around 1 MMT of paddy rice between November 2016 and February 2017, of which approximately 80% was fragrant

paddy rice, with the remainder being glutinous paddy rice, Pathum fragrant paddy rice, and white paddy rice.

- a. Please confirm the prices used and quantities procured by the government of each type of rice under this programme.
- b. Are there any plans to extend or modify the pledging programme? If so, are there plans to increase the eligible quantity of rice or the intervention price of rice under the programme?

Interest Rate Subsidy Program

Thailand's Interest Rate Subsidy Program for rice millers, traders, and farmer institutions supports the production of white rice varieties.

- c. Besides the On-Farm Rice Pledging Program and the Interest Rate Subsidy Program, are there any other rice support programmes in place that benefit white rice? Does the government of Thailand have any plans to implement new programmes that would include support for white rice?
- d. Please provide details on any other programmes that are currently in place or that are expected to be implemented that would include white rice.

Public Tenders for Government Inventories

In January 2017, the Thai Prime Minister reported that the government would dispose of all of its existing rice stocks in 2017. At that time, it was understood that 2.87 MMT of the government stocks were food-quality rice, approximately 3.15 MMT were feed-quality, and 1.85 MMT were non-edible, but could still be used for industrial purposes as ethanol use.

On 16 February 2017, the government of Thailand announced a tender for 2.87 MMT of food-quality rice and received qualified bids for 2.03 MMT. It is the United States' understanding that the stocks auctioned were primarily accumulated under the rice pledging scheme offered in MY 2012/13 and MY 2013/14. On 1 March 2017, the Ministry of Commerce finalized the sale of a portion of the 2.87 MMT food-quality rice tendered on 16 February. Even though qualified bids were received for approximately 2 MMT, only approximately 1 million metric tonnes were sold. The sale consisted of 0.5 MMT of 5% grade white rice and 0.5 million metric tonnes of fragrant and glutinous rice.

- e. How does the government set the benchmark prices (minimum bidding prices) for its rice stocks in tenders? Is the benchmark price of food-grade rice stocks set based on domestic prices or competitors' export prices, such as Vietnamese and Indian rice prices? What other factors are taken into consideration while setting the price?
- f. In the most recent sale of food-grade rice stocks, the government sold rice 20-40% below current market prices. What factors drove these sales to occur at below market prices, as well as below the acquisition price under the rice pledging scheme?
- g. What steps are being taken to ensure the food-quality rice is not sold below the original acquisition price?
- h. Please confirm the quantity of stocks remaining after the March auction that are food-quality. If any food-quality rice remains, what is the government's plan for disposal?
- i. Of the Government of Thailand's stocks, an estimated 1.85 MMT have been in storage for more than 5 years and likely have deteriorated significantly. The United States understands the Thai Commerce Ministry is considering industrial uses for these non-edible stocks, such as biomass and ethanol production. Please provide an update on how the disposition of these stocks will be managed.

1.28 Turkey's subsidies aimed at incentivising the use of domestic dairy

1.28.1 Question by New Zealand (AG-IMS ID 83058)

At the 81st and 82nd meeting of the Committee on Agriculture (AG-IMS ID 81065 and AG-IMS ID 82067) New Zealand raised its concerns with the regulations issued by the Ministry of Food, Agriculture and Livestock (Communique on Fundamentals of Support and Practice for the Utilisation of Raw Milk). The regulations appear to create a subsidy directed at the use of domestic powdered and/or raw milk used as raw material in processed export products, which in turn suggests Turkey is incentivising the use domestic goods over that of imported goods. New Zealand welcomes the responses provided in previous meetings but notes that answers are yet to be provided to the questions, which for completeness we pose again in the 83rd meeting:

- a. Can Turkey inform the Committee of how such a subsidy is consistent with its WTO obligations, including Article 3.1(b) of the SCM Agreement?
- b. If the subsidy is WTO inconsistent, what steps is Turkey taking to rectify the situation?
- c. Can Turkey also explain in detail the policy objectives of the "Fundamentals of Support and Practice for the Utilisation of Raw Milk" subsidy programme?

1.29 Zambia's public stocks and exports of maize

1.29.1 Question by the European Union (AG-IMS ID 83014)

The European Union repeats its question to Zambia (AG-IMS ID 81033) from the last meeting since no reply has yet been received.

The Food Reserve Agency, according to EU information, is responsible for ensuring a food security stock of 500,000 tonnes (= 3 months of food consumption). During the 2014/15 marketing year, the Food Reserve Agency seems to have bought in the order of 1.2 million tonnes, of which part seems to have been exported at prices below the price at which it was bought-in.

Could Zambia indicate the prices at which maize was bought-in during the 2014/15 marketing year and the average selling price in the internal market as well as the quantities sold on export markets from the Food Reserve Agency stocks?

2 POINTS RAISED IN CONNECTION WITH INDIVIDUAL NOTIFICATIONS

2.1 IMPORTS UNDER TARIFF AND OTHER QUOTA COMMITMENTS (TABLE MA:2)

2.1.1 Iceland (G/AG/N/ISL/37)

AG-IMS ID 83040: Question by the United States of America - Transparency issues

Iceland's recent MA2 notifications for 2014 and 2015 report 100% quota fill for a number of products, such as fresh meat and eggs.

Please provide a list of countries that contributed to the TRQ fills along with correlating import volumes by country for the following TRQ product areas for 2014 and 2015?

- Meat and edible offal of bovine animals;
- Meat and edible offal of swine;
- Meat and edible offal of poultry; and
- Eggs.

2.1.2 Moldova, Republic of (G/AG/N/MDA/7)

AG-IMS ID 83015: Question by the European Union - Tariff quota fill

In this notification, Moldova does not indicate the quota fill for three TRQs on sugar. Could Moldova correct its notification and notify the quota fill rates?

2.2 SPECIAL AGRICULTURAL SAFEGUARDS (TABLES MA:3 to MA:5)

2.2.1 Japan (G/AG/N/JPN/214)

AG-IMS ID 83016: Question by the European Union - Transparency issues

Japan notifies a volume-based SSG on food preparations of flour for the period 1 October 2016 to 31 March 2017 with a very low trigger volume of 43 tonnes. Could Japan supply information or explanation on how such negligible quantities could be a threat to the Japanese market for these products?

2.2.2 Chinese Taipei (G/AG/N/TPKM/141)

AG-IMS ID 83048: Question by the United States of America - Transparency issues

Chinese Taipei reported that imports of chicken cuts averaged 1,426.9 tonnes between 2012-14, while average consumption levels were 211,794.4 tonnes over the same period. Using these two data points yields a very low import penetration level (0.67%). Please provide a justification for invoking the volume-based special safeguard with such a low level of import penetration.

2.2.3 Chinese Taipei (G/AG/N/TPKM/142)

AG-IMS ID 83053: Question by the European Union - Transparency issues

In this notification, Chinese Taipei notifies that it invoked the volume-based SSG on persimmons. In its notification G/AG/N/TPKM/148, Taipei indicates no imports under the persimmon TRQ. Could Taipei explain this apparent discrepancy?

2.2.4 United States of America (G/AG/N/USA/111)

AG-IMS ID 83017: Question by the European Union - Other implementation issues

For the 2015 calendar year, the United States notifies that both the price- and volume- based SSG were applied to butter.

Paragraph 1(a) and 1(b) of Article 5 of the Agreement on Agriculture provides that both types of SSG cannot be simultaneously applied: "... (a) the volume of imports ... exceeds a trigger level which relates to the existing market access opportunity as set out in paragraph 4; or but not concurrently: (b) the price at which imports ..."

Could the United States explain how it avoids applying both the price- and volume-based SSG to the same imports?

2.3 DOMESTIC SUPPORT COMMITMENTS (TABLE DS:1)

2.3.1 Argentina (G/AG/N/ARG/36)

AG-IMS ID 83020: Question by the European Union - Transparency issues (including Table DS:2)

Could Argentina explain in more detail whether and to what farm sectors, debt relief has been applied under the credit schemes for farmers. If debt relief has been applied, how has this been accounted for in the notification?

AG-IMS ID 83049: Question by the United States of America - Transparency issues (including Table DS:2)

The United States noted the significant steps taken by Argentina to bring its notifications up to date. Since 2013, Argentina has notified eight years of domestic support measures, providing a significant improvement in transparency.

- a. Argentina appears to be notifying two measures as meeting the criteria of paragraph 5 of Annex 2 of the Agreement on Agriculture; however, paragraph 5 does not itself contain any specific criteria other than a reference that payments made to producers must meet both the criteria of paragraph 1 and relevant criteria in paragraphs 6-13. Please clarify, for each measure, which exemption criteria from the Agreement on Agriculture are being met.
- b. Argentina submitted a DS:2 notification in 2003 for measures that went into effect in December 2000. Noting the large fluctuations in budgetary outlays for many measures, is any measure notified by Argentina in Supporting Table DS:1, either in this notification or previous notifications, new or modified since December 2000? If so, when will Argentina be submitting its DS:2 notification?

AG-IMS ID 83051: Question by the United States of America - Transparency issues (including Table DS:2)

Argentina's Special Fund for Tobacco appears to be multifaceted with numerous measures that have been notified across much of the Green Box. The United States notes that according to the website for the Special Fund for Tobacco Administration in Salta Province, the Special Fund for Tobacco "was created to ensure that the producer receives a premium, based on the latter providing high quality tobacco". The website argues that the costs borne by the tobacco producer exceed the import price of the good. The website further states that the Special Fund for Tobacco funding is provided under Law 19800, with 80% of the funding being provided to provincial governments of tobacco-producing provinces. The provincial governments determine the use of the funds according to given priorities.

- a. The United States seeks a better understanding of what the Special Fund for Tobacco is and how the fund is generally structured. In providing an explanation of the Fund, please elaborate on the following:
 - i. Whether there is any requirement to produce tobacco or other commodities to be eligible for payments for any measures under the Fund.
 - ii. How the government of Argentina ensures funding provided to provinces is in conformity with the Green Box criteria under which support is notified?
 - iii. Any other information that would help provide a better understanding of the structure, function, and implementation of the Fund.
- b. A number of measures including training services, extension and advisory services, inspection services, infrastructural services, and direct payments to producers, notified under the Special Fund for Tobacco, saw significant changes in outlays from 2009/10 to 2010/11.
 - i. Please explain the cause for the change in outlays for each of the listed services.
 - ii. Were these changes accompanied by any changes in how the programmes operate?

AG-IMS ID 83050: Question by the United States of America - General services: pest and disease control

From 2009/10 to 2011/12, budgetary outlays for animal health measures notified under pest and disease control increased significantly. Please provide an explanation for this increase in outlays.

AG-IMS ID 83019: Question by the European Union - Other product-specific AMS/EMS

Could Argentina explain in more detail the wine sector measures "programa de asistencia para la cadena de valor vitivinicola argentina" as well as and conditions for receiving support and the method used to calculate the support level?

AG-IMS ID 83052: Question by the United States of America - Other product-specific AMS/EMS

The United States notes that Argentina's notified Total AMS is typically close to Argentina's commitment levels as a result of support provided to a single commodity: tobacco. What steps does Argentina take on an annual basis to ensure its product-specific support for tobacco remains below its Total AMS commitment levels?

2.3.2 Brazil (G/AG/N/BRA/41, G/AG/N/BRA/40, G/AG/N/BRA/32)**AG-IMS ID 83018: Question by the European Union - Transparency issues (including Table DS:2)**

Concerning G/AG/N/BRA/41, according to the Memorandum of Understanding between the United States and Brazil to settle dispute DS267 (United States — Subsidies on Upland Cotton), the United States has paid Brazil USD 300 million. Part of this money is administered by the private fund BR Advisory Partners Participacoes SA. According to press reports this fund has received USD 234 million and at least half of this amount has been used for loans to cotton farmers.

- a. Can Brazil describe more in detail how the USD 300 million compensation received from the United States under the Memorandum of Understanding on cotton is distributed and which entities benefit from these amounts? Can Brazil also clarify the criteria for distribution to the recipients?
- b. Can Brazil indicate whether this support has been included in the DS:1 notification G/AG/N/BRA/41?

AG-IMS ID 83074: Question by the United States of America - Transparency issues (including Table DS:2)

Concerning G/AG/N/BRA/41, the United States notes that in response to AG-IMS ID 79038, Brazil confirmed that no programme of the states has been included (rural development, technical assistance or otherwise) in its previous notification (G/AG/N/BRA/40). It is the United States understanding that because Federal government outlays constitute the vast majority expenditures Brazil does not intend to include state level outlays in its notifications.

- a. Please explain what the state money is used for.
- b. Please explain how "negligible" is defined/determined.
- c. Please inform whether State expenditures are always considered negligible.

AG-IMS ID 83075: Question by the United States of America - Transparency issues (including Table DS:2)

Supporting Table DS:1 (G/AG/N/BRA/41)

The United States notes some significant changes in budgetary outlays from 2014 to 2015 in Brazil's Green Box measures for a number of categories including, but not limited to:

- 1) research declined from USD 163.6 million to USD 82.1 million,
- 2) extension and advisory services declined from USD 906.6 million to USD 57.6 million,
- 3) infrastructural services declined from USD 497.4 million to USD 30.4 million,
- 4) marketing and promotion services declined from USD 29.0 million to USD 3.5 million, and

- 5) public stockholding for food security purposes declined from USD 371.7 million to USD 123.6 million. This has resulted in a significant overall decrease in Brazil's Green Box outlays.
- a. What was the reason for these significant declines in expenditures in 2015?
 - b. If the declines were not part of a single overall change in Brazilian agricultural policy or situation, please provide, for the above identified categories, the main reason for changes in each.

AG-IMS ID 83076: Question by the United States of America - Market price support

In 2014/15 (G/AG/N/BRA/41), Brazil notified Minimum Support Prices for edible beans and maize. In the previous year (G/AG/N/BRA/40), Brazil notified Minimum Support Prices for edible beans, maize, and wheat, as well as Public Option Contracts for coffee and maize. The United States notes Brazil's response to AG-IMS ID 66002, which states that MAPA allocates budget funds according to current needs and conditions to decide which programmes to use. Further, Brazil clarified that in order for any of the relevant Minimum Support Price programmes to be activated by MAPA then the following two conditions would need to be met: 1) market prices should be markedly below the minimum price and 2) the budget is available.

- a. Please describe the difference between the two notified Market Price Support programmes: 1) Minimum Support Price and 2) Public Options Contract.
- b. Please explain how MAPA determines when or if either programme is activated in a given year.
- c. Please detail the criteria upon which MAPA determines that market prices are "markedly below the minimum price".
- d. For both 2013/14 and 2014/15, please detail what level of budgetary outlays were available for each notified commodity procured. Please indicate in the response whether a set budgetary limit is predetermined when the applied administered price is announced for each programme and if so, what that value is. If no predetermined budgetary limit is set, please explain what determines the limit that may be procured in a given year.

AG-IMS ID 83073: Question by the United States of America - Other product-specific AMS/EMS

The United States understands that notified data can be affected by definitions of marketing years and lags in reporting; however, the United States notes that the marketing/agricultural year used for notifying wheat in Brazil's notifications appear to be for the following year (e.g., 2014/15) rather than the marketing/agricultural year covered by the notification (e.g., 2013/14). For example, in G/AG/N/BRA/40, Brazil states that the beginning of the agricultural year for wheat is March 2014, indicating that the year runs from March 2014 through February 2015; however, the notification is for 2013/14. All other commodities appear to be notified starting with a date occurring in 2013 and, as such, matching the 2013/14 year for the notification.

The United States' understanding appears to be consistent with data published on official Brazilian websites. For example, official statistics show PEPRO payments for wheat in agricultural year 2014, but not 2015. This appears to be consistent with Brazil's 2013/14 notification (G/AG/N/BRA/40) showing PEPRO wheat payments starting in 2014, but not for Brazil's 2014/15 notification (G/AG/N/BRA/41), which do not show PEPRO wheat payments starting in 2015.

Please explain the basis for notifying wheat on an agricultural year starting in the year following the period covered by the notification.

AG-IMS ID 83077: Question by the United States of America - Non-product-specific AMS

Concerning G/AG/N/BRA/41, from 2013/14 to 2014/15, notified budgetary outlays for Insurance Programmes declined from USD 434 million to USD 56 million. These programmes are footnoted as the "Programme of Support to Rural Insurance Premiums (PSR)" for 2014/15 and no longer

includes the footnoted reference to the "Agricultural Livestock Guarantee Programme (PROAGRO)" listed for 2013/14.

- a. Has the PROAGRO been discontinued?
- b. If so, does the termination of PROAGRO account for the full decline in notified outlays?
- c. Please provide details as to how the PSR operates. Please also indicate any changes in the programme since 2013/14.
- d. Did the PSR replace the "Risk Minimizing Agribusiness Program" last notified in G/AG/N/BRA/37?
- e. The United States would appreciate any other details regarding how all of these programmes relate to one another.

2.3.3 Canada (G/AG/N/CAN/113)

AG-IMS ID 83078: Question by the United States of America - Transparency issues (including Table DS:2)

The United States notes that Canada has listed sugar beets in Supporting Table DS:4 with a footnote stating that no existing product-specific support measures are provided to sugar beets and that sugar beets are not referenced elsewhere in the notification. It is also noted that chicken, turkey, and eggs are all also identified in Supporting Table DS:4 without any associated budgetary values. These products are also listed in Supporting Tables DS:6 and DS:7. Do any product-specific measures exist for chicken, turkey, and eggs despite no payments in the covered period?

AG-IMS ID 83079: Question by the United States of America - Market price support

The United States notes that Canada continues to exclude butter and skim milk powder for further processing under Classes 4m (powder) and 5 a, b, and c and for exports from eligible production. Moreover, the United States takes note that the volumes marketed through these classes have been rising.

In response to the European Union's question (AG-IMS ID 70066), Canada stated that "Those quantities of butter and skimmed milk powder are not eligible to benefit from the applied administered prices under the system and therefore as excluded from the total production. The calculations are consistent with paragraph 8 in Annex 3 of the Agreement on Agriculture."

- a. Please provide the regulation that establishes the level of annual butter and skim milk powder production that is eligible to receive the applied administered price.
- b. When the Canadian Dairy Commission announces the applied administered prices for butter and skim milk powder, does it also announce the level of butter and skim milk production that is eligible to receive the applied administered price?

AG-IMS ID 83080: Question by the United States of America - Non-product-specific AMS

Noting the details already provided by Canada in G/AG/N/CAN/91, the United States would appreciate a greater understanding of how the AgriStability programme operates. It is the United States' understanding that the Stabilization component of AgriStability compensates at a rate of 70% for margin declines from 15% to 30%, while the Income Disaster component of AgriStability compensates at a rate of 80% for declines greater than 30%. It is also the United States' understanding that there is a fee to participate in the AgriStability programme.

- a. Please confirm if this understanding is correct.
- b. Are the Stabilization and Disaster components separate programmes with separate fee rates, or must producers enroll in both components to be eligible?

- c. Please explain what the notified AgriStability enhancements are and how they relate to the "Stabilization Component of AgriStability" also notified in Supporting Table DS:9.

In both 2012 and 2013, the United States notes that Canada notified negative budgetary outlays for "AgriStability enhancements" and these are not notified as associated fees/levies.

- d. Please explain what these negative values represent.
- e. Was this outlay subtracted from the total non-product-specific AMS?

2.3.4 Chile (G/AG/N/CHL/48)

AG-IMS ID 83085: Question by the United States of America - Non-product-specific AMS

The United States notes that Chile reports Irrigation Law No. 18450 under both Supporting Table DS:1 and Supporting Table DS:9.

- a. Please explain the measures under Irrigation Law No. 18450 that are notified in Supporting Table DS:9.
- b. Please explain how the notified value is calculated in Supporting Table DS:9.
- c. Please explain the relationship between the parts of the law reported in Supporting Tables DS:1 and DS:9.

AG-IMS ID 83125: Question by Canada - Classification of measures

Canada notes that in its most recent domestic support notification covering 2014 and 2015 (G/AG/N/CHL/48), Chile continues to notify an agricultural insurance programme that, "allows the agricultural sector to protect itself against economic losses resulting from natural disasters" under paragraph 5, Annex 2.

Questions regarding the classification of this insurance scheme have been raised at previous meetings (AG-IMS ID 71038, AG-IMS ID 66047 and AG-IMS ID 38011) and suggestions that classification under paragraph 8, Annex 2 would be a more appropriate.

- a. What is the current rate of the government subsidy of a producer's insurance premiums?
- b. Could Chile elaborate on the differences between "Agricultural insurance" notified under Measure 2.5 and the "Agricultural Emergency Fund" notified under Measure 2.8 as both appear to provide coverage to address losses due to unforeseen events such as climatic events or other natural disasters.

2.3.5 European Union (G/AG/N/EU/34)

AG-IMS ID 83082: Question by the United States of America - Transparency issues (including Table DS:2)

In 2013/14 the European Union notified no expenditures for the transitional fruit and vegetables payments. Why were no expenditures notified?

AG-IMS ID 83081: Question by the United States of America - Direct payments: decoupled income support

In 2013/14 the European Union notified EUR 31.8 billion in decoupled income support under a number of listed measures. It is also understood that the Single Payment Scheme (SPS) was replaced as part of the 2013 CAP reform.

- a. Please provide a breakdown of the expenditures for each measure.
- b. What are the general impacts of the 2013 reform on expenditures of SPS and its successor programme(s)?

AG-IMS ID 83126: Question by Canada - Market price support: Eligible production

In the European Union's most recent DS: 1 notification, Canada notes that eligible production for wheat increased by 10,251 thousand tonnes in 2013-2014 compared to the 2012-2013 year.

Could the European Union please explain this significant increase in eligible production?

AG-IMS ID 83109: Question by Australia - Other product-specific AMS/EMS

Australia thanks the European Union for its domestic support notification (G/AG/N/EU/34). Australia notes that the EU wine market has been under reform since 2008. Spending on "Restructuring of the Wine Market" continue to be in excess of EUR 500 million each year.

Can the European Union please provide Members with an update of the process of the wine market reform and restructuring, and when it is likely to be completed?

AG-IMS ID 83083: Question by the United States of America - Other product-specific AMS/EMS

- a. In 2013/14 the European Union notified EUR 16.6 million in 'other product-specific budgetary outlays' for beef, as well as market price support where the notified applied administered price was below the fixed external reference price. In Supporting Table DS:4, the European Union notified zero support for comparison against the permitted *de minimis* level.
 - i. Please detail what was the EUR 16.6 million measure for beef in 2013/14.
 - ii. The European Union's notification indicates this measure was offset by a negative market price support measure that had no associated fees or levies. Please explain the rationale for zeroing out actual budgetary outlays that benefited beef producers in Supporting Table DS:4. Further, please indicate how the negative market price support for beef notified by the European Union was a negative benefit, tax, or other cost born by beef producers resulting in the negation of actual support provided.
- b. The equivalent measure of support for wine in 2013/14 increased nearly fourfold to EUR 188.1 million from EUR 49.6 million in the previous year. Please explain the reasons for the increased expenditures.

AG-IMS ID 83108: Question by Australia - Non-product-specific AMS

Australia thanks the European Union for its domestic support notification (G/AG/N/EU/34). Australia notes that spending on the measure 'National support measures: insurance subsidies' has been trending up in recent years (EUR 419.3 million in 2011/12, EUR 500.7 million in 2012/13, and EUR 683.8 million in 2013/14).

Can the European Union outline:

- a. the reason for this increasingly upward trend;
- b. the effect of the 2013 CAP reform on this measure.

AG-IMS ID 83127: Question by Canada - Non-product-specific AMS

Under Supporting Table DS:9, non-product specific support for Insurance Subsidies increased substantially going from EUR 500.7 million in 2013-2014 to EUR 683.8 million in 2014-2015.

Could the European Union please provide details on the conditions that lead to this significant increase in expenditures?

AG-IMS ID 83084: Question by the United States of America - Non-product-specific AMS

The European Union notified "other" under "National support measures" in Supporting Table DS:9.

Please explain what measures are contained within the category "other."

2.3.6 Jordan (G/AG/N/JOR/19, G/AG/N/JOR/20)

AG-IMS ID 83087: Question by the United States of America - Transparency issues (including Table DS:2)

According to the FAO (http://www.fao.org/giews/countrybrief/country/JOR/pdf_archive/JOR_Archive.pdf), following the price hikes of 2007/08, Jordan increased its strategic reserve of wheat from 3 to 10 months of consumption in country and contracted or on the sea, equal to 450,000 MT in silos and 200,000 MT on sea and at the Aqaba port, as a precaution against future increases in food prices.

According to U.S. data, as of 2015, Jordan continues its policy of maintaining strategic stocks at 10 months of consumption to avoid any shortages, equivalent to 400,000 MT in storage silos and 200,000 MT on sea and at port.

- a. Please confirm whether Jordan does maintain such reserves.
- b. How does Jordan acquire the wheat for strategic reserves? What, if any, role does the market price support programme play in the acquisition?
- c. Does Jordan notify this measure in its domestic support notification? If so, where? If not, why?

AG-IMS ID 83089: Question by the United States of America - Other product-specific AMS/EMS

The United States seeks to gain a better understanding of Jordan's programme for livestock feed subsidies. In response to AG-IMS ID 77086, Jordan stated there is no limitation on the type of livestock eligible to receive subsidized feed under the Government feed sales measure notified. In response to AGIMS 64071, Jordan states that this measure provides only feed barley and wheat bran to livestock. According to the FAO (http://www.fao.org/giews/countrybrief/country/JOR/pdf_archive/JOR_Archive.pdf), subsidized barley is distributed to herders according to actual numbers of tagged sheep and goats. It is the United States' understanding that upon the adoption of the animal tag system in 2007 by the Government of Jordan, only sheep and goat owners receive subsidized barley, and that the program excludes cattle and poultry farmers from receiving the subsidy.

- a. Please confirm if this understanding is correct.
- b. Please clarify if livestock other than sheep and goats are included in the value of production figure for livestock.

AG-IMS ID 83090: Question by the United States of America - Non-product-specific AMS

For non-product specific payments, what percentage of the producers are eligible to receive assistance?

AG-IMS ID 83128: Question by Canada - Excessive rates of inflation

Canada notes that Jordan has adjusted the fixed external reference price (FERP) for wheat in G/AG/N/JOR/19 and G/AG/N/JOR/20 however, in its earlier notification for calendar years 2011 and 2012 (G/AG/N/JOR/17) Jordan provided unadjusted figures in Supporting Table DS:5.

Canada regrets that Jordan's most recent notification is not as informative or transparent as its earlier one. Canada remains of the view that in accordance with paragraph 8 of Annex 3 of the Agreement on Agriculture the external reference price is fixed and unchanging. Where a Member's ability to respect its domestic support commitments is affected by excessive rates of inflation, Canada notes that Article 18.4 refers to the Committee on Agriculture to consider the resulting effects. The Central Bank of Jordan has not published its official inflation rate figures for 2013 and 2014, but the World Bank reports inflation rates of 4.8% in 2013 and 2.9% in 2014. Could Jordan provide the official Bank of Jordan inflation rates for the years in question?

AG-IMS ID 83059: Question by New Zealand - Excessive rates of inflation

New Zealand appreciates Jordan's commitment to transparency in submitting its most recent DS:1 notifications to the Committee on Agriculture for the years 2013 and 2014. New Zealand shares the concerns expressed in previous meetings of the Committee on Agriculture over how Jordan has adjusted its external reference price on the basis of "excessive inflation". New Zealand shares the view that Article 18.4 does not provide a methodology or a legal basis through which a Member's fixed external reference prices may be adjusted for inflation, and does not give any consideration for a methodology which would account for accumulated inflation after the reference period of the fixed external reference price(s). Rather, under Article 18.4 it is Members (i.e. the Committee) that shall give due consideration to the influence of excessive rates of inflation on the ability of a Member to abide by its domestic support commitments.

New Zealand notes that the footnotes in Supporting Table DS:5 for 2013 and 2014 state that the inflation rate in the two years was 77% based on average consumer price from 1997 to 2013 and from 1997 to 2014 respectively (Jordan Central Bank, Statistics Department). New Zealand therefore asks that Jordan submits amended notifications, and future notifications, with data that has not been adjusted for inflation; and submit supporting documentation, which can include domestic support data that has been adjusted for inflation, as well as other information pertaining to the nature and magnitude of inflation and demonstrating its impacts on the ability of the Member in question to abide by its domestic support commitments. As examples of what such supporting documentation may include, New Zealand recalls the communication from Canada, Argentina, Paraguay, Colombia, New Zealand and Norway on "Article 18.4 of the Agreement on Agriculture. Best practices in notification" (G/AG/W/122).

AG-IMS ID 83088: Question by the United States of America - Excessive rates of inflation

The United States notes that Jordan adjusted its Fixed External Reference Price (FERP) for wheat in both 2013 and 2014, citing a high level of inflation from 1997 through 2014. The United States compared inflation rates of Jordan, as measured by the Consumer Price Index, with several other countries and aggregated groupings published by the International Monetary Fund. This data shows that Jordan's rates of inflation since 1997 and through 2015 are on par with that of the Middle East and North Africa region, below the average inflation of the world as well the Low and Middle Income grouping. Inflation, indexed to 1997 prices, in fact shows that Jordan's level was below that of the OECD countries, including the United States, until the late 2000's. Further, the United States would note that Jordan's *de minimis* level already largely takes into account inflation, since the *de minimis* is based on the value of production, which rises with higher inflation rates.

- a. Please explain what Jordan considers to be excessive inflation considering that, on average, Jordan's annual inflation rate was only 1.27 percentage points above that of the United States for the 1997-2015 period.
- b. Given that inflation is inherently taken into account by the *de minimis* level and the above information, please explain Jordan's basis for asking Members to give Jordan "due consideration" due to existence of excessive inflation.

The United States notes that in Jordan's notifications it only includes an inflation adjustments in its market price support calculations in years Jordan would appear to have exceeded its Final Bound Total AMS commitment, which has not been every year for wheat or barley. In fact, in Jordan's previous notification for 2011, neither barley nor wheat were adjusted, while both had been adjusted in 2009 and 2010.

- c. Does Jordan consider excess inflation to have not occurred for barley or wheat in 2009 or 2010?
- d. What steps has Jordan taken to maintain market price support measures that are within its WTO commitments and without the use of an inflation adjustment?

The United States appreciates Jordan's past commitment to transparency in providing both unadjusted and adjusted numbers in its 2009 and 2010 notifications (G/AG/N/JOR/16) to the Committee for its review and consideration of the influence of excessive rates of inflation on the ability of Jordan to abide by its domestic support commitments.

- e. The United States would appreciate it if Jordan would provide unadjusted numbers for its 2013 and 2014 notifications (G/AG/N/JOR/19 and G/AG/N/JOR/20).

In response to AG-IMS ID 77085, Jordan noted that the quantity purchased by the Jordanian government under the market price support schemes "must meet special standard and requirement, such as purity, injury percentage, and not all the quantity produced are purchased by government."

- f. Please confirm whether Jordan sets any predetermined limit on the quantity of commodities to be purchased at the applied administered price.
- g. For barley and wheat in 2013 and 2014, please indicate the quantity of each produced nationally and the estimated quantity produced that meets the set standards referenced by Jordan.

2.3.7 Mali (G/AG/N/MLI/8)

AG-IMS ID 83021: Question by the European Union - Transparency issues (including Table DS:2)

- a. Input Subsidies:

The European Union understands that Mali is supporting the use of certain inputs in agriculture, such as fertilizers, seeds and feedstuffs.

- i. Can Mali confirm that it is using such input subsidies and whether it intends to notify such Article 6.2 subsidies in a DS:2 notification?
- ii. Can Mali indicate the amount spent on these input subsidies each year?

- b. Cereals sold for food aid with government subsidy:

The European Union understands that legislation in place allows the government to sell subsidized cereals as food aid.

- i. Can Mali indicate whether such sales took place in the period covered by this notification?

AG-IMS ID 83091: Question by the United States of America - Transparency issues (including Table DS:2)

The United States would like to note the steps taken by Mali over the past few years to bring its domestic support notifications up to date, and Mali's continued efforts to notify this Committee of its measures on a regular basis. This step towards increased transparency is to be commended.

The United States notes that Mali had a number of domestic support measures from 2004 to 2012 (see notification G/AG/N/MLI/2), some of which included seeds, fertilizer, rural equipment; however, in subsequent years 2014 and 2015 in G/AG/N/MLI/7 and 2016 in G/AG/N/MLI/8, Mali notified no domestic support measures.

- a. To gain a better understanding of Mali's agricultural situation, please explain the reason for the elimination of all domestic support measures since 2012.

The United States understands that, in 2015, a number of measures were approved by Mali's Council of Ministers. One example is the Ministry of Rural Development's Irrigation Development programme in the Bani Basin and Selingue with an objective of building hydro-agricultural infrastructure to allow for the development of land for agricultural production of crops including rice.

- b. Have any of these measures related to agriculture been implemented since being approved by the Council of Ministers?
- c. If so, in what year(s) did implementation of these measures begin?

2.3.8 Moldova, Republic of (G/AG/N/MDA/6)

AG-IMS ID 83092: Question by the United States of America - Transparency issues (including Table DS:2)

The United States would first like to recognize the work put in by Moldova to bring its notifications up to date. Prior to January 2015, Moldova's last notification covered the period through 2004. Since then, Moldova has brought its notifications up to date by providing more than a decade worth of data in the last two years. This is to be commended.

- a. The United States notes that in Moldova's first domestic support notification, Moldova included the exchange rates for the local currency to SDRs. However, in Moldova's last two notifications, no exchange rate was provided.

Please provide the annual exchange rates used to notify support in G/AG/N/MDA/6, as well as G/AG/N/MDA/3.

- b. In 2014 Moldova notified, for the first time, "Expenditures for exceptional situations and mitigation of the consequence"; however, no Table DS:2 notification has been submitted.
 - i. When will Moldova submit the DS:2 notification?
 - ii. Please provide a brief description of this programme and how it meets the requirements of Annex 2 paragraph 8.

AG-IMS ID 83093: Question by the United States of America - Public stockholding for food security purposes

Moldova maintains a state reserve for wheat as notified under Public Stockholding for Food Security. The United States appreciates the fulsome response provided by Moldova in AG-IMS ID 69064.

- a. What are the predetermined targets for the quantities of wheat that Moldova will maintain in reserve?
- b. Noting Moldova's previous response, how often are the reserves renewed (i.e., how long is wheat usually kept in reserve before being replaced to ensure the appropriate quality)?

2.3.9 Russian Federation (G/AG/N/RUS/11)

AG-IMS ID 83022: Question by the European Union - Transparency issues (including Table DS:2)

- a. Recapitalisation of RosSelkozBank and RosAgroLeasing: The 2016 OECD report on Russia notes the recapitalisation of the agriculture bank (RosSelkozBank) and the state agriculture leasing company (RosAgroLeasing). Have these financial institutions granted subsidies to farmers and are these subsidies included in the notification?
- b. Subsidy for fruit and vegetables: The notification does not mention any subsidy for fruit and vegetables, whilst the 2016 OECD report states that grants for setting up fruit and vegetable greenhouses, storage facilities and processing were available. Can the Russian Federation give more details about its support to fruit and vegetable producers and how this support is included in the notification?
- c. Wholesale and distribution centres and domestic food aid system: The 2016 OECD report also notes the availability of investment grants for setting up wholesale and distribution centres and domestic food aid systems. Was any support granted, and, if so, how is it included in the notification?

AG-IMS ID 83111: Question by Australia - Public stockholding for food security purposes

Australia thanks the Russian Federation for its domestic support notification (G/AG/N/RUS/11). Can the Russian Federation outline the programmes included in the Public Stockholding for Security Purposes measure?

AG-IMS ID 83025: Question by the European Union - Public stockholding for food security purposes

State Grain Intervention from the Intervention Fund : Are funds for State Grain Intervention from the Intervention Fund included in the line on "Public stockholding for food security purposes" on page 5?

AG-IMS ID 83026: Question by the European Union - Direct payments: decoupled income support

Could the Russian Federation explain in more detail what types of decoupled payments are paid and in particular the eligibility criteria and conditions for farmers to receive such payments?

AG-IMS ID 83110: Question by Australia - Direct payments: payments for relief from natural disasters

Australia thanks the Russian Federation for its domestic support notification (G/AG/N/RUS/11). Australia notes that there is a substantial rise in payments for relief from natural disasters in the 2015 notification (USD 138.98 million in 2015 compared with USD 34.24 million in 2013).

Can the Russian Federation:

- a. provide details for the events or circumstances behind this rise in spending?
- b. provide details of the programmes included in this measure?

AG-IMS ID 83024: Question by the European Union - Other product-specific AMS/EMS

- a. "Milk - output subsidies": Is the subsidy to milk producers per liter of marketed milk included in the line "Milk - output subsidies" on page 14 of the notification? Could the Russian Federation explain in more detail the types of subsidies granted at sub-federal levels?
- b. Support for "Pigs and poultry": Notified product specific AMS for pig and poultry gradually has decreased from US\$ 208.14 million and US\$ 82.76 million respectively in 2012 to US\$ 10.65 million and US\$ 7.67 million respectively in 2015. Could the Russian Federation explain the reasons behind these decreases in support?

AG-IMS ID 83023: Question by the European Union - Non-product-specific AMS

Interest subsidies: Between 2014 and 2015 Russia's non-product-specific AMS in the form of "Subsidies of interest rate on short term credits and investment" decreased from USD 2,609.03 million to USD 1,419.63 million. The support in question was relatively stable during 2012-2014. What are the reasons for this decrease in support?

2.3.10 Togo (G/AG/N/TGO/8)**AG-IMS ID 83094: Question by the United States of America - Input subsidies available to low-income or resource-poor producers**

The United States would like to recognize Togo for the steps taken in recent years to bring its notifications up to date.

Togo has notified subsidies for fertilizers classified as meeting the criteria of Article 6.2. Please explain how the fertilizer subsidy is implemented, how the monetary value notified is calculated, and how Togo defines "low-income or resource-poor producers".

2.3.11 United States of America (G/AG/N/USA/109)

AG-IMS ID 83036: Question by China - Transparency issues (including Table DS:2)

- a. As the United States notified in its latest notification (G/AG/N/USA/109), the total amount of Amber Box subsidy is USD 13.6 billion, with a market price support of USD 1.5 billion for sugar. The 2012 Census of Agriculture shows that there were 2.1 million farms in total, among which, 788,310 farms had value of sales less than USD 2,500, 191,422 farms had value of sales between USD 2,500 to USD 4,999, 214,245 farms had value of sales between USD 5,000 to USD 9,999, 244,954 farms had value of sales between USD 10,000 to USD 24,999, 152,873 farms had value of sales between USD 25,000 to USD 49,999, 129,366 farms had value of sales between USD 50,000 to USD 99,999, 232,955 farms had value of sales between USD 100,000 to USD 499,999, and 155,178 farms sold more than USD 500,000. Could the United States provide how much Amber Box subsidies each group of farms got in 2014?
- b. According to the notification mentioned above, USD 2.26 billion in total was provided for corn production in 2014, USD 956.4 million for cotton, USD 145.8 million for soybean, and USD 923.0 million for wheat. The 2012 Census of Agriculture indicates that 348,530 farms of various scales were engaged in the production of corn for grain, 18,155 farms were engaged in cotton production, 302,963 farms were engaged in soybean production, and 147,632 farms were engaged in the production of wheat for grain. Could the United States provide the amount of subsidies each group of farms got in 2014, by scale of farm size as listed in the census?

AG-IMS ID 83065: Question by Japan - Transparency issues (including Table DS:2)

The budgetary outlays regarding the ALC and the PLC appear both in Supporting Table DS:6 and Supporting Table DS:9. Could the United States provide information on what kind of difference exists between the ALC/PLC calculated as Product-Specific AMS and those counted as Non-Product-Specific AMS?

AG-IMS ID 83066: Question by Japan - Transparency issues (including Table DS:2)

The price support for dairy products is no longer reported in this notification. Could the United States explain how the stabilization of dairy prices and management of dairy farmers could be ensured?

AG-IMS ID 83112: Question by Australia - Market price support

In Supporting Table DS:5 related to sugar market price support, the United States calculates its applied administered price on the basis of the average national loan rate for cane sugar at 18.75 cents per pound. The United States sugar programme however supports the production of both cane and beet sugar. Australia notes that the national average beet sugar loan rate for 2014 was at the higher price of 24.09 cents per pound. Given that U.S. beet sugar regularly accounts for over 50% of U.S. sugar production (refer table 16 of US Sugar and Sweeteners yearbook tables, <https://www.ers.usda.gov/data-products/sugar-and-sweeteners-yearbook-tables/>), why has the United States used the lower cane sugar loan rate as its applied administered price, and will the United States adjust its notification to take full account of the higher support price paid to beet sugar?

AG-IMS ID 83113: Question by Australia - Market price support

Australia thanks the United States for its domestic support notification (G/AG/N/USA/109) and welcomes the lower AMS spending recorded in Marketing Year 2014. Australia notes that market price support for dairy fell by 99.6% in MY 2014, with spending of USD 14.170 million, compared with USD 3,209.344 million in MY 2013 and USD 3,335.804 million in MY 2012. Can the United States explain:

- a. the reason for this significant reduction in spending in MY2014,
- b. the effect of the 2014 US Farm Bill on this amount, and
- c. whether this lower spending will be sustained?

AG-IMS ID 83114: Question by Guatemala - Market price support

Regarding Supporting Table DS:5 (Market Price Support), Guatemala has an interest in understanding the programme, which the United States has used for the first time and which exceeds the 5% *de minimis*.

- a. Guatemala would appreciate if the United States could advise whether this specific programme for sugar was used after 30 September 2015.
- b. Guatemala's understanding is that the United States is taking steps to avoid eroding the domestic sugar market. Would the United States please indicate how this programme is intended to operate over the coming years?

AG-IMS ID 83115: Question by Australia - Other product-specific AMS/EMS

Notified AMS spending for livestock fell by 43.8% in MY 2014, with spending of USD 922.986 million, compared with USD 1,641.985 million in MY 2013 and USD 2,581.784 million in MY 2012. Can the United States explain:

- a. the reason for this significant reduction in spending in MY 2014;
- b. the effect of the 2014 US Farm Bill on this amount; and
- c. whether this lower spending will be sustained?

AG-IMS ID 83117: Question by Australia - Other product-specific AMS/EMS

Notified AMS spending for cotton rose by 66.8% in MY 2014 to be USD 956.408 million, compared with spending of USD 573.534 million in MY 2013. In MY 2014 spending on cotton accounted for 15.5% of the value of cotton production. Can the United States explain:

- a. the reason for this significant rise in spending in MY 2014;
- b. the effect of the 2014 US Farm Bill on this amount; and
- c. whether this higher spending will be sustained?

AG-IMS ID 83070: Question by Brazil - Other product-specific AMS/EMS

- a. Notified product-specific AMS for cotton increased more than 65% from 2013 to 2014, reaching a total of USD 956.4 million or 15% of the cotton's value of production. Could the United States explain the reason for such a significant increase in AMS support provide for cotton producers?
- b. Notified product-specific AMS for soybeans decreased more than 90% from 2013 to 2014, from USD 1.5 billion in 2013 to USD 145 million in 2014. Could the United States explain the reason for such a significant decrease in AMS support provide for soybeans producers?

AG-IMS ID 83130: Question by Canada - Other product-specific AMS/EMS

In reviewing the United States' revised notification for 2008, Canada notes some reporting inconsistencies in Supporting Table DS: 6 and DS: 7 when compared to its previous notification G/AG/N/USA/77/Rev.1.

- a. In the United States' previous notification (G/AG/N/USA/77/Rev.1), Supporting Table DS: 6 listed an amount of USD 16.210 million for Livestock under the Livestock forage payments (LFP). That programme is no longer listed in the newly revised 2008 notification but the amount of USD 16.210 million is now listed under the Livestock indemnity payments. Could the United States please explain this discrepancy?

- b. In the previous 2008 notification (G/AG/N/USA/77/Rev.1) under Supporting Table DS: 7, the amounts for the following products were listed under Commodity Loan Interest Subsidy. However, in the revised 2008 notification (G/AG/N/USA/77/Rev.2), they are now listed under Crop Insurance Premium Subsidy:
- Honey \$0.101 million
 - Lentils \$0.008 million
 - Mohair \$0.001 million

Could the United States please explain this change?

AG-IMS ID 83071: Question by Brazil - Classification of measures

- a. Could the United States explain why it has classified Agriculture Risk Coverage, county based (ARC-CO) and Price Loss Coverage (PLC) payments as non-product-specific AMS and how this classification is consistent with Article 1 of the Agreement on Agriculture which specifies that non-product-specific support is "support provided in favour of agricultural producers in general", particularly in light of the fact that there are distinct target prices for the different programme commodities and farmers were given the option to update their base-acres?
- b. Information available at the USDA website indicates that "[ARC-IC] payments are made on base acres in proportion to the planting of covered commodities on the farm". Could the United States explain the reason for payments under the ARC-IC were notified as non-product specific AMS if payments are made in proportion to the planting of covered commodities?

AG-IMS ID 83129: Question by Canada - Classification of measures

Canada notes that the newly notified Price Loss Coverage (PLC) and County Agriculture Risk Coverage (ARC-CO) are notified as non-product specific in the United States' 2014 notification. The United States Department of Agriculture (USDA) website describes these programmes as follows: The ARC-CO programme provides revenue loss coverage at the county level. ARC-CO payments are issued when the actual county crop revenue of a covered commodity is less than the ARC-CO guarantee for the covered commodity. The PLC programme payments are issued when the effective price of a covered commodity is less than the respective reference price for that commodity. The effective price equals the higher of the market year average price (MYA) or the national average loan rate for the covered commodity.

- a. Given that ARC-CO and PLC cover specific commodities (i.e. Wheat, corn, grain sorghum, barley, oats, long grain rice, med. grain rice, soybeans, other oilseeds, peanuts, dry peas, lentils, small chickpeas and large chickpeas), payments are triggered based on the reference price and the historical planted acreage of those specific commodities, could the United States explain why these programmes were classified as non-product specific and not as product specific support?
- b. In addition, could the United States describe how these two programmes meet the criteria under Article 1 which states that non-product specific support is "provided in favour of agricultural producers in general"?

AG-IMS ID 83027: Question by the European Union - Classification of measures

- a. Agriculture Risk Coverage, county-based (ARC-CO): The United States notifies Agriculture Risk Coverage, county-based (ARC-CO), Price Loss Coverage (PLC) and Agriculture Risk Coverage, individual farm (ARC-IC) programmes in Table DS:9 under non-product specific AMS. However, as explained under the comments column, these programmes are specific to certain commodities - wheat, feed grains, soybeans, peanuts, other oilseeds, rice, and pulses. In the light of this, could the United States explain why it has not instead notified the spending under these programmes as product specific AMS for each product benefitting from the programmes? According to Article 1(a) of the Agreement on Agriculture, non-product specific AMS is provided in favour of agricultural producers in general, which does not appear to be the case with the programmes in question, as all products concerned have specific trigger levels (i.e.

reference prices for the PLC programme; and crop revenue in case of the ARC programme) as a basis for programme spending.

- b. Dairy Product Donation Program: According to the information provided by the United States, the "Dairy Product Donation Program" is "triggered to last for one month following a period of two consecutive months during which the dairy margin (the difference between milk price and feed costs as determined by FSA) falls below \$4.00 per hundredweight." This trigger appears to provide an incentive for dairy producers to keep up production levels during periods of relatively low profitability. How does the United States consider this to meet the general criteria of Annex 2 of the Agreement on Agriculture of having "no, or at most minimal, trade-distorting effects or effects on production"?

2.4 NEW OR MODIFIED DOMESTIC SUPPORT MEASURES (DS:2)

2.4.1 Canada (G/AG/N/CAN/114)

AG-IMS ID 83095: Question by the United States of America - Transparency issues (including Table DS:2)

- a. Regarding the AgriMarketing programme on page 4, there are two funding streams that have not yet been operationalized, breaking down trade barriers and building market success.
 - i. What is the timing for these funding streams to be operationalized?
 - ii. Please provide more information about the objectives and design of these funding streams?
- b. The United States takes note that certain elements of the following programmes were not included in the Green Box because they did not meet the criteria for exemption: Market Development projects in Ontario (p. 14), Growing Competitiveness (Manitoba) (p. 15), Growing Assurance (Manitoba) (p. 19), and Ontario Foods (p. 24).
 - i. Where are the direct payments for these programmes notified in G/AG/N/CAN/113? The entry for Growing Competitiveness refers to relevant figures reported as non-product-specific support, but there is no explanation for the other programmes.
 - ii. Are there any other programs in Growing Forward 2 that have some elements notified as Green Box and other elements notified as Amber Box?

2.4.2 European Union (G/AG/N/EU/35)

AG-IMS ID 83116: Question by Guatemala - Transparency issues (including Table DS:2)

Producers are eligible for the European Union's domestic support programmes, in particular the Basic Payment Scheme. Please clarify the following:

- a. Are producers eligible for various payments under the BPS, i.e. the greening payment, the payment for young farmers and the redistributive payment, or are they entitled to only one payment under the BPS?
- b. Under the Young Farmers Payment Scheme, young producers receive support for a maximum of five years. Could the European Union please specify the minimum and maximum amounts granted per producer, on an annual basis or the maximum amount for the five years?
- c. Are the EU programmes inclusive or exclusive, i.e. may the producers opt for various programmes at the same time, for example the BPS and rural development programmes?

AG-IMS ID 83097: Question by the United States of America - Transparency issues (including Table DS:2)

It is noted that various measures, including those notified as Rural Development by the European Union, include provisions that, to varying degrees, allow member States to "design their own multi-annual programmes on the basis of the EU Legal framework set."

What specific steps does the European Union take to ensure measures are implemented in a manner compatible with WTO obligations as notified?

Please explain how this process of review is carried out by the European Union. Has the European Union ever required a member State to modify a programme to come into compliance with the European Union's WTO obligations?

AG-IMS ID 83098: Question by the United States of America - General services: pest and disease control

The EU notification of "Management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material" states that these expenditures are exempt under Annex 2 paragraph 2(b) (e.g., "pest and disease control"). The notification states "payments related to the food chain, [etc...]". Please explain how payments are made related to the food chain and how they meet the criteria of Annex 2 paragraph 2(b).

AG-IMS ID 83121: Question by Australia - Direct payments: decoupled income support

Australia thanks the European Union for its domestic support notification for new measures (G/AG/N/EU/35). Australia notes that in order to receive the 'greening' direct payments under the 2013 Cap Reform, there are 'three obligatory agricultural practices, namely maintenance of permanent grassland, ecological focus areas and crop diversification', with the crop diversification criteria related to production. Can the European Union please provide information on:

- a. how this measure is non-trade distorting given the crop diversification criteria are related to production.
- b. the relationship between the payments made to farmers versus the cost to farmers to undertake this 'greening' activity, and how this amount was decided.

AG-IMS ID 83118: Question by Australia – Article 6.5 (Blue Box)

Australia thanks the European Union for its domestic support notification for new measures (G/AG/N/EU/35). Australia is interested in more information on the Rural Development programmes under the 2013 CAP Reform measure. Can the European Union provide information on:

- a. the specific Rural Development programmes included in this measure,
- b. the criteria for accessing these programmes, and
- c. the areas and people eligible to access these programmes?

AG-IMS ID 83119: Question by Australia - Article 6.5 (Blue Box)

Australia thanks the European Union for its domestic support notification for new measures (G/AG/N/EU/35). Regarding the crop specific payment for cotton notified as an Article 6.5 measure under the 2013 CAP Reform measure, can the European Union provide information on:

- a. how the production of cotton provides a benefit "in regions of the European Union where it is important for the agricultural economy", compared with the production of another commodity.
- b. Which areas are eligible to receive this 'aid'.

AG-IMS ID 83120: Question by Australia - Article 6.5 (Blue Box)

Australia thanks the European Union for its domestic support notification for new measures (G/AG/N/EU/35). Australia is interested in more information on the Voluntary Coupled Payments notified as an Article 6.5 programme under the 2013 CAP Reform measure. Can the European Union provide information on:

- a. specific programmes included in this measure,
- b. the criteria applied to these programmes, and
- c. how these programmes limit production, noting that the measure states that 'payments shall be granted to the extent necessary to create an incentive to maintain current levels of production'?

AG-IMS ID 83096: Question by the United States of America - Article 6.5 (Blue Box)

- a. The European Union's notification of Voluntary Coupled Support (VCS) explains that the level of support is limited, and that payments are based on a fixed area and yields or on a fixed number of animals; however, it is unclear what measures are taken to limit quantity of production. Further, it is noted that "Payments shall be granted to the extent necessary to create an incentive to maintain current levels of production".
 - i. Please explain how VCS meets the production-limiting criteria of Article 6.5 of the Agreement on Agriculture, including the steps taken to ensure producers benefiting from the programme do not expand production.
 - ii. Please describe how payments are calculated, including any relevant formulas used in calculating support levels.
- b. The European Union's Crop specific payment for cotton is notified as meeting the criteria of Article 6.5 and must therefore include criteria to limit production. The European Union's notification appears to state that production vis-à-vis area can be expanded beyond base levels and continue to receive payments albeit at a reduced rate.
 - i. Please explain how the crop specific payment for cotton meets the production-limiting criteria of Article 6.5, including the steps taken to ensure producers benefiting from the programme do not expand production.
 - ii. Please describe how payments are calculated and provide any relevant formulas used in calculating support levels.
 - iii. How are authorized lands determined by member States for purposes of this measure?

AG-IMS ID 83131: Question by Canada - Classification of measures

On page 7 of the European Union's DS:2 notification, the European Union reports different elements/measures of the new rural development programmes under paragraph 7, Annex 2 i.e., risk management and income stabilisation tool. Information provided in the following document <http://capreform.eu/use-of-risk-management-tools-in-the-cap/> entitled "Use of risk management tools in the CAP", states that although conditions set out in the Regulations for the above mentioned programmes meets the policy specific criteria of Annex 2, the Guidelines for State Aid removes the threshold for losses. As a result, the author suggests that these State payments would no longer meet the policy specific criteria of Annex 2.

- a. Could the European Union provide details on if/how the risk management and income stabilization tools differ at the State level from those of European Union?
- b. If changes are made at the State level that would modify the criteria for a payment from the EU Regulation, how would state level programmes be treated in the European Union's DS:1 notification?

2.4.3 Mexico (G/AG/N/MEX/33)

AG-IMS ID 83072: Question by Ukraine - Domestic food aid

Regarding the three domestic food aid programmes in G/AG/N/MEX/33, could Mexico please provide additional background information to these following points:

- a. Do targeted households or populations have access to all three programmes? If yes, can Mexico provide a sense of the degree of overlap?
- b. Does legislation or other implementing regulations provide more details relative to the nutritional objectives in terms of clearly-defined criteria? Can Mexico please provide a summary of these nutritional objectives for each programme?

AG-IMS ID 83132: Question by Canada - Direct payments: structural adjustment assistance provided through investment aids

Based on an online description of the Productive PROAGRO programme linked to the SAGARPA website, the main objective of this programme is to: "Contribute to increasing production and productivity of agricultural rural economic units through incentives for: the integration of production chains (product systems), development of agro clusters; investment in physical, human and technological capital, productive restructuring, agricultural inputs, post-harvest management, efficient use of energy and sustainable use of natural resources." In Mexico's current DS:2 notification (G/AG/N/MEX/33), this programme is classified as Green under paragraph 11, Annex 2, of the Agreement on Agriculture.

In light of the change under the Productive PROAGRO programme so that it now aims to contribute to increasing production and productivity could Mexico please provide details on how this programme meets the policy specific criteria of paragraph 11 under Annex 2 of the Agreement on Agriculture?

2.4.4 Peru (G/AG/N/PER/16)

AG-IMS ID 83099: Question by the United States of America - Transparency issues (including Table DS:2)

The United States would like to thank Peru for its submission of this Table DS:2 notification, which includes notification of several new or modified exempt measures, which were overdue. The United States looks forward to more regular submissions by Peru.

Peru has notified the Payments for Competitiveness Programme (AGROIDEAS) as meeting the criteria of Annex 2 paragraph 2. Peru notifies that the programme "grants funding to support business management, creation of producer associations and adoption of technology to sustainable businesses involving small and medium-sized agricultural, livestock or forest producers that form part of an organization, with a view to enhancing their competitiveness and strengthening their market share," which, among other things, provides financing for technological improvement of production.

- a. Paragraph 2 of Annex 2 states that payments "shall not involve direct payments to producers or processors." Please clarify how this measure meets the criteria of paragraph 2.
- b. Please clarify what is meant by "technological improvement of production."

Peru has notified the Special project for the Provinces of Datem del Marañon, Alto Amazonas, Loreto and Condorcanqui (PEDAMAALC) and noted that the program includes activities for "development and implementation of public investment project with a view of ensuring the food security of less economically developed communities."

- a. Please clarify what is meant by "... with a view of ensuring the food security..."

2.4.5 United States of America (G/AG/N/USA/110)

AG-IMS ID 83060: Question by Canada - Domestic food aid

Title I – Dairy Product Donation Program, Sec.1431 of the U.S. Agricultural Act of 2014 stipulates that one of its objectives is to address low operating margins experienced by participating dairy operations while the programme trigger and termination thresholds involve factors such as dairy margin, as well as prices of cheddar cheese and non-fat dry milk.

According to the Act, the Secretary makes purchases when the dairy margin is no more than \$4.00 per hundredweight. Furthermore, the Secretary ceases purchasing activities when the domestic prices for cheddar cheese and non-fat dry milk become 5% above the world prices. Given this information, can the United States explain how the DPDP does not function to provide price support to dairy producers?

AG-IMS ID 83086: Question by Japan - Domestic food aid

In the DS:2 notification, the United States explains that Dairy Product Donation Program meets the criteria of Annex 2, paragraph 1 which requires "no trade-distorting effects or effects on production." Could the United States explain the concrete rationale for this?

AG-IMS ID 83061: Question by New Zealand - Domestic food aid

New Zealand notes that in January 2017 the United States submitted its DS:1 and DS:2 notifications for the marketing year 2014, the year that the current Farm Bill was established. The notification is welcome but the United States continues to be behind in its WTO domestic support notifications. Given the significant size of the U.S. agriculture industry and its exports and government support New Zealand urges the United States to bring its notifications up to date and seeks further information on the implementation of the US Farm Bill:

- a. how much has been spent to date on the Dairy Product Donation Program since the programme's period of application began?
- b. how many times has the Dairy Product Donation Program been triggered since the programme's period of application began in September 2014?

AG-IMS ID 83063: Question by New Zealand - Direct payments: payments for relief from natural disasters

Please provide more detail about any claims made on the Non-insured Crop Disaster Assistance Program (NAP) in each of the crop years 2015 and 2016.

AG-IMS ID 83064: Question by Canada - Direct payments: payments under environmental programmes

The U.S. DS: 2 notification states that the National Organic Certification Cost-Share Program, classified under paragraph 12, Annex 2, is implemented through two programmes: the Agricultural Management Assistance (AMA) Organic Certification Cost Share Program and the National Organic Certification Cost Share Program (NOCCSP). Both programmes assist certified organic operations in defraying the costs associated with organic certification.

The eligibility criteria in paragraph 12, Annex 2 states that eligibility for payments "...shall be determined as part of a clearly-defined government environmental or conservation programme...". Could the United States please elaborate as to how a production decision to grow organic crops is considered a meeting a "clearly-defined government environmental or conservation programme"?

AG-IMS ID 83062: Question by New Zealand - Direct payments: payments under environmental programmes

- a. How much has been spent to date on the Agriculture Conservation Easements Program (ACEP) since programme sign-up began in May 2014?
- b. How much has been spent to date on the Regional Conservation Partnership Program (RCPP) since programme sign-up began in May 2014.

- c. How much has been spent to date on the Environmental Quality Incentives Program (EQIP) since it incorporated the functions and funding of the repealed Wildlife Habitat Incentive Program (WHIP)?

AG-IMS ID 83133: Question by New Zealand - Other

Please provide more information about the nature of the agricultural research activities, if any, that have received funding from the Foundation for Food and Agriculture Research programme.

2.5 EXPORT SUBSIDY notifications (TABLES ES:1, ES:2 AND ES:3)

2.5.1 Switzerland (G/AG/N/CHE/79)

AG-IMS ID 83028: Question by the European Union - Transparency issues

- a. Switzerland has increased the amount of export subsidies granted to processed products by 36% in 2015 compared to 2014. How would Switzerland see the increase as complying with the Bali Ministerial Declaration on Export Competition according to which Members committed to exercise utmost restraint with regard to any recourse to all forms of export subsidies and undertake to ensure to the maximum extent possible that the level of export subsidies will remain significantly below the Members' export subsidy commitments?
- b. Could Switzerland confirm that no export subsidies for cattle for breeding and horses were granted after 19 December 2015?

AG-IMS ID 83029: Question by the European Union - Incorporated products

According to press reports, the new Swiss Chocolate Law voted by Parliament in December 2016 maintains the level of export subsidies for chocolate producers using Swiss produced milk and cereals. Following the Nairobi Decision, cereals can no longer benefit from any export subsidies in the form of primary products. Also "eggs," "oils and fats" and "sugar" cannot benefit from any export subsidies in the form of primary products. However the content of these primary products affects the amount of export subsidies granted to processed products, according to the export subsidy notification.

How would Switzerland see this as complying with Article 11 of the Agreement on Agriculture which states that the per-unit subsidy paid on an incorporated agricultural primary product shall not exceed the per-unit export subsidy that would be payable on exports of the primary product as such?

AG-IMS ID 83030: Question by the European Union - International food aid

In the ES:3 notification, Switzerland notifies that 3,149.86 tonnes of milk powder has been granted as food aid. Could Switzerland specify if these in-kind amounts have been provided under emergency or non-emergency programmes?

3 OVERDUE NOTIFICATIONS

3.1.1 Egypt

AG-IMS ID 83031: Question by the European Union

Could Egypt update Members on the progress made since the June 2015 Committee meeting on its outstanding notifications on domestic support?

3.1.2 India

AG-IMS ID 83100: Question by the United States of America

The United States notes that India has not notified domestic support in Table DS:1 notifications for any year since 2010 and has never notified any Table DS:2 notification since joining the WTO. Please provide an update on when Members can expect to see up to date notifications for review by this Committee.

3.1.3 Indonesia

AG-IMS ID 83032: Question by the European Union

The latest notification from Indonesia dates back to 2013 and covers 2009 to 2011. Could Indonesia inform Members as to when notifications for more recent years will become available?

3.1.4 Thailand

AG-IMS ID 83033: Question by the European Union

The latest notification from Thailand dates back to 2014 and covers 2008. Could Thailand inform Members as to when notifications for more recent years will become available?

AG-IMS ID 83101: Question by the United States of America

As the world's historically largest rice trader, transparency with regards to current and past agricultural policies is vital. In June 2016, Thailand stated it was consulting its domestic agencies regarding prior notifications (AG-IMS ID 80082).

- a. As previously noted, Thailand's last domestic support notification was in 2008. When can an update be expected?
- b. If a time frame still cannot be set, greater clarity regarding the impediments would be helpful. Also, an interim partial notification should be considered, as other Members have provided that in the past.

3.1.5 Turkey

AG-IMS ID 83034: Question by the European Union

At the 82nd meeting of the Committee on Agriculture (AG-IMS ID 82019), Turkey indicated that it had created a WTO Committee within the Ministry of Food, Agriculture and Livestock and was hoping to make their decision about updating notifications.

- a. Can Turkey please inform Members as to what progress the Committee has made? Further, when does Turkey expect to complete the overdue export subsidy and domestic support notifications?

AG-IMS ID 83102: Question by the United States of America

A number of Members have repeatedly requested clarification as to why Turkey has not notified its domestic support for more than a decade. In November 2016, Turkey noted that it had established a committee in the Turkish Ministry of Food, Agriculture, and Livestock to address this issue (AG-IMS ID 82019, AG-IMS ID 82043, and AG-IMS ID 82044).

- a. Please provide an update to the work that has been done by this committee to address this serious issue.
- b. Is Turkey considering providing partial notifications to provide information as it is made available?
- c. What, if any, limitations has this committee found in terms of the factors that limit Turkey's ability to make a notification?
- d. Please indicate what the next steps of this committee are to address this issue.

4 OTHER

4.1.1 New Zealand AG-IMS ID 83037: Question by Chile

New Zealand clarified in its replies to Chile's questions (AG-IMS ID 82065, document G/AG/W/159) in the CoA Meeting in November 2016 that the amendments to the Regulations are expected to take place before the start of the 2017 kiwifruit export season. Chile kindly asks New Zealand to

update on whether the changes to the Kiwifruit Export Regulations 1999 have taken place, and to provide the new legislation, if any.

Specifically, concerning the KNZ's Board composition and based on the answer provided by New Zealand, Chile understands that there are five board members plus the KNZ Chair, with three board members elected by the kiwifruit growers. Could New Zealand clarify further on whether Chile's understanding is correct? If so, how can the New Zealand government guarantee the impartiality of the new KNZ Board?
