

# Ensuring EU farm policy supports the Millennium Development Goals\*

International Centre for Trade and Sustainable Development (ICTSD)

## 1. What are the Millennium Development Goals?

The Millennium Development Goals (MDGs) form part of the Millennium Declaration that was agreed by 189 world leaders at the 2000 UN Millennium Assembly. The eight MDGs set out objectives which leaders agreed should be achieved by 2015, and included measurable targets for assessing progress. The goals are inter-related: achievement of any one goal should in principle lead to progress in achieving the others. However, two in particular are relevant to agriculture and trade<sup>1</sup>: goal 1, "eradicate extreme poverty and hunger," and goal 8, "develop a global partnership for development."

Progress towards the goals has been mixed. The UN's 2008 Millennium Development Goals Report observes that while the goal of reducing absolute poverty by half is within reach for the world as a whole, primarily due to progress in India and China, the proportion of people living on less than one dollar a day in sub-Saharan Africa is unlikely to be halved. Furthermore, the proportion of children under five who are undernourished has fallen from 33 percent in 1990 to 26 percent in 2006 - which, to the extent that this represents trends across the population as a whole, means that governments are still far from the target of halving the proportion of people who suffer from hunger. The report also notes that "international trade negotiations are years behind schedule and any outcome seems likely to fall far short of the initial high hopes for a development-oriented outcome" - a reference to the faltering Doha Round of global trade talks launched in 2001 at the World Trade Organisation (WTO).

## 2. How do agriculture and trade policies affect people in developing countries and the EU?

To be effective, aid needs to be supported by appropriate policies on agriculture and trade. In the poorest countries, agriculture continues to employ around 70 percent of the workforce<sup>2</sup>. Aid that governments provide as official development assistance to these and other developing countries can be undermined by inappropriate policies on farm subsidies, and by tariffs and non-tariff barriers to developing country exports. Development aid that supports local farmers producing products such as milk, maize, chicken or sugar is often directly counteracted by the agricultural policies of the EU and its member states.



International Centre for Trade  
and Sustainable Development

\* This information note is based on analysis conducted by ICTSD for the UN Millennium Campaign. It is intended as a contribution towards a campaign that the UN Millennium Campaign hopes to launch in autumn 2009 in several European Countries. For more information please see <http://www.endpoverty2015.org/>

While the EU's Common Agricultural Policy (CAP) was originally intended to address post-war food shortages, these have long since disappeared. Instead, CAP subsidies and price controls aimed at boosting production have led to surpluses and waste at home, and have perpetuated poverty and underdevelopment abroad.

Subsidies for EU producers lead to overproduction, pushing down world prices, and obliging the EU to 'dump'<sup>7</sup> production abroad in order to keep prices high at home. When subsidised products are dumped in this way at low prices on developing country markets, poor local farmers are unable to compete. At the same time, developing country farmers are denied access to the European market, which is protected behind high tariff barriers for many key products. EU citizens meanwhile pay more for the food they buy in the shops, and bear the burden of higher taxes resulting from the huge cost of maintaining the CAP.

Over the years, the CAP has expanded in size and scope so it now covers a wide range of products of critical importance to developing countries - often those that many developing countries would otherwise be able to produce more efficiently, such as cotton or dairy products (see graphs below).

*"Low world sugar prices and the dumping of sugar are a problem...I would like to see sugar subsidies cut and a global levelling of the playing field. European farmers should farm something more suitable to their climate. This would allow developing countries, particularly the small-scale growers, to grow more sugar cane for the world market, which would improve my situation. I can't grow anything other than sugar cane."*

*Mzo Mzoneli, smallholder sugar farmer, Kwa Zulu province, Natal, South Africa.<sup>6</sup>*

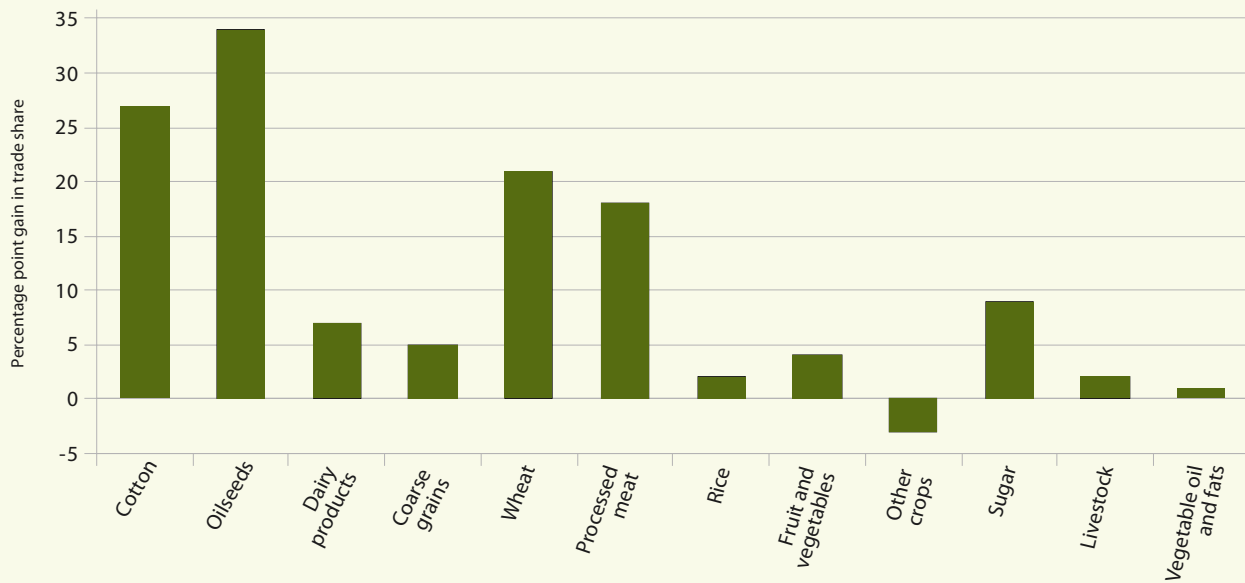
## If subsidies lower world prices, isn't that a good thing?

While subsidies do lower world prices, often benefiting poor people in developing countries such as urban consumers, this has to be weighed against the costs to farmers in rural areas that could potentially benefit from higher prices. Subsidies also lead to an inefficient allocation of resources, by discouraging farmers from producing what consumers actually want. Current price volatility underscores the need for governments to find durable solutions that support broader development objectives.

Decades of cheap, subsidised developed country products being systematically dumped on global markets have undermined developing countries' productive capacities and deterred public and private investment in developing country agriculture. Developed country barriers to imports, particularly for certain 'sensitive' farm products, have also played a role. While several factors have contributed to recent high prices and price volatility - harvest failures, fluctuating oil prices, poorly-designed biofuel policies, changing patterns of supply and demand, and historically low levels of food stocks - there is a clear need for trade policies to be reformed so that they do support long-term food security in both developed and developing countries.

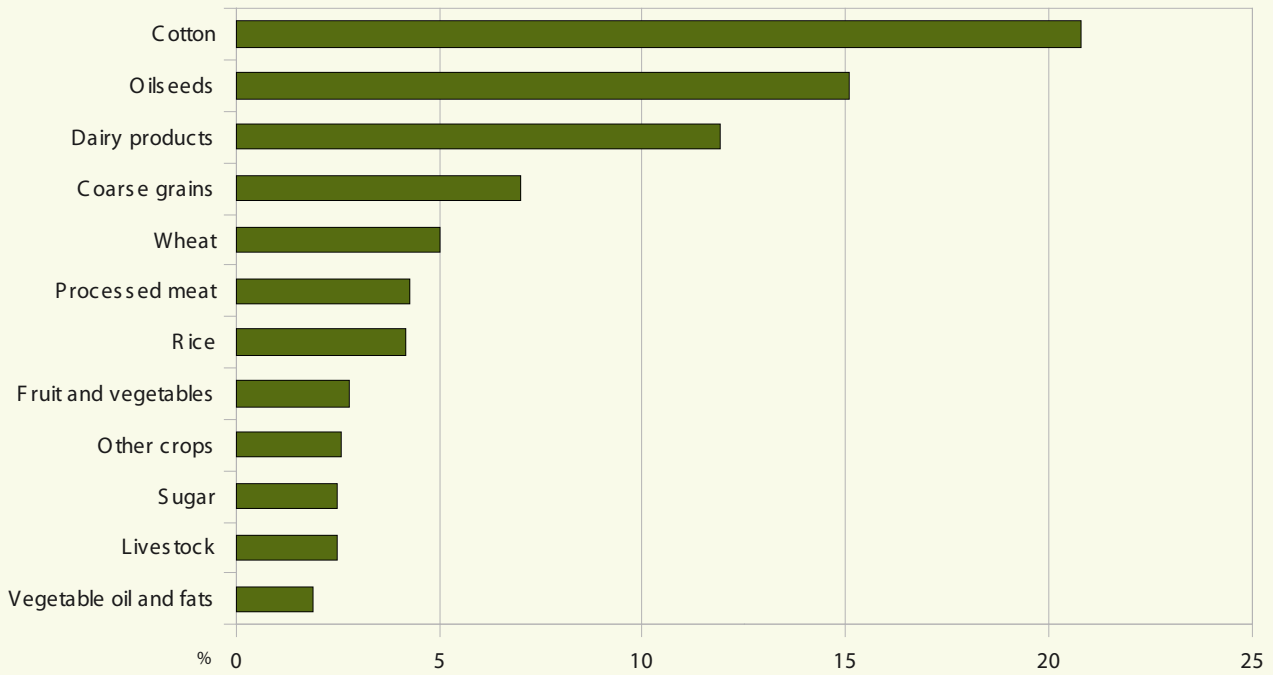


### How could trade reform affect developing countries' share of world trade?



Source: World Development Report 2008.

### Extent to which prices are distorted by current trade policies



Source: World Development Report 2008.

### 3. Policy coherence – for development

Policies on trade, agriculture and development need to be coherent, with internationally agreed development goals such as the MDGs providing the organising framework for reform. In 2005, the European Commission acknowledged as much in a 2005 “Communication” on Policy Coherence for Development<sup>8</sup>.

This recognised that more and better aid was “extremely important, but in itself not sufficient to enable the developing world to meet the Millennium Development Goals (MDGs) by the year 2015”. On agriculture, the document declared that the EU would “continue its efforts to minimise the level of trade distortion related to its support measures to the agricultural sector, and to facilitate developing countries’ agricultural development”.

### 4. Current agriculture policies in the EU

#### 4.1 Size, scope and type of subsidies in the EU

The EU is several years late in submitting to the World Trade Organisation (WTO) its official annual ‘notification’ of subsidy spending. However, according to the latest such report, which covers the 2005-06 marketing year, the EU and its member states provide a total of around EUR 83.2 billion in support to farmers<sup>10</sup>. This is over 70 percent more than the amount of EU development aid in 2006, which was EUR 48 billion<sup>11</sup>.

The EU agreed it would report on progress every two years. The first such report, from September 2007, notes some areas in which advances have been achieved, but also acknowledges that “*progress remains below the ambition set in the European Consensus on Development*”<sup>9</sup>.

*“There is no market for fresh milk. No processor in Jamaica has any contract with any dairy farmer. It’s a game of chance. Yes, [European] milk powder is cheaper than our local milk. But what you must realise is that imports of milk powder have export subsidies on them. The Jamaican farmer has no subsidies whatsoever. Our production figures are true cost.”*

*Aubrey Taylor, President of St. Elizabeth’s Dairy Co-operative, Jamaica.<sup>3</sup>*

The EU has tried to move away from subsidies that are directly linked to the amount a farmer produces of a particular agricultural product, and towards a system of direct payments (see box on ‘decoupling’).

Although recent reforms have begun to reduce the extent to which EU subsidies directly affect production and trade, the total amount of subsidies provided has remained broadly unchanged (see the following graph).

### Decoupling

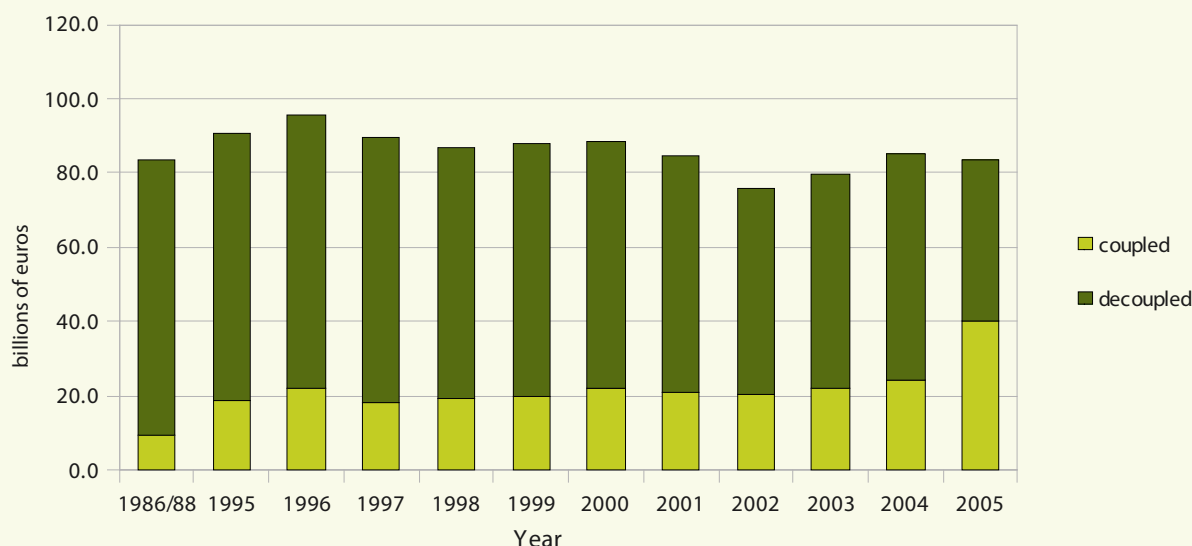
Support that is ‘coupled’ to production typically consists of a farm that produces wheat being paid (for example) ten euros per bushel of wheat, or a farm that produced beef being paid ten euros per cow. This type of support creates incentives to produce the maximum amount of wheat possible, or the maximum number of cows, using the available land, water and other resources required - resulting in the intensive use of fertilisers and other artificial inputs, causing overproduction, and isolating producers from market signals such as prices. Decoupled support, in contrast, involves farmers receiving ten euros no matter what they produced - or even if they choose not to produce anything at all.

The Organisation for Economic Cooperation and Development (OECD) has identified a spectrum of subsidy types that are more or less ‘decoupled’ from production: the most ‘coupled’ payments are those based on input use (such as chemical fertilisers), along with market price support or payments based on output, then payments based on area planted and - at the most ‘decoupled’ end of the spectrum - payments based on historical entitlements. However, because they maintain resources in this sector, even the most decoupled payments may still affect production decisions due for example to their effects in reducing producers’ risks, increasing producers’ wealth or by affecting expectations of future support.<sup>12</sup>





EU support to farmers: 'decoupling', and total support



Source: EU subsidy notifications to the WTO.<sup>13</sup>

Again, the EU's delay in reporting spending levels hampers accurate up-to-date comparisons. However, in 2005, over half of all EU subsidies were still coupled to production levels - considerably more than in the US, where the figure was around 8 percent, and also more than Japan, where it was 27 percent<sup>14</sup>. In absolute terms, the EU was also the largest subsidiser, providing as much as 14 percent more in total subsidies than the US did, and over four times the amount provided by Japan<sup>15</sup>.

EU member states retain some flexibility over the policies they pursue on agriculture, although these need to comply with agreements reached at the EU level and, in principle, with international agreements the EU has reached. In some cases, this flexibility may provide scope for EU member states to reintroduce a link between subsidies and the type and level of production (see section 6 below).

#### 4.2 Impact on taxpayers and consumers

The Producer Support Estimate (PSE)<sup>16</sup>, which is calculated by the Organisation for Economic Cooperation and Development (OECD), suggests that support to producers still amounted on average to around 25 percent of gross farm receipts in the EU in 2007. This figure represents the cost to taxpayers (who pay for the CAP through the EU budget) and to consumers (who pay more for their food). Due to policy reform, the figure has come down from 42 percent in 1986.

The CAP represented 43 percent of the EU's general budget in 2005 - a figure that has fallen from two thirds at the beginning of the 1980s, and is forecast to fall to one third by 2013.<sup>17</sup> At the same time, the share of the EU's population that is economically active in agriculture is at around 2.5 percent.

As the EU has moved away from measures such as 'market price support' towards direct payments to producers, the burden of the CAP on consumers has tended to decrease. The OECD's Percentage Consumer Support Estimate, which compares the value of transfers from consumers to the value of total consumption expenditure, has declined from nearly -40% in 1986 to around -10% in 2007.<sup>18</sup>

*"The EU provides support to its agriculture products in the way of domestic support and export subsidies. Some of the products that are provided support and that may therefore have unfair advantage over Ghanaian farmers are maize, rice, poultry and potatoes. The EU is a major source of imported chicken... The removal of import duties on imported chickens may make it difficult for the domestic industry to compete."<sup>4</sup>*

*Abena Oduro, author of ICTSD study on food and livelihood security in Ghana.*

#### 4.3 Export subsidies

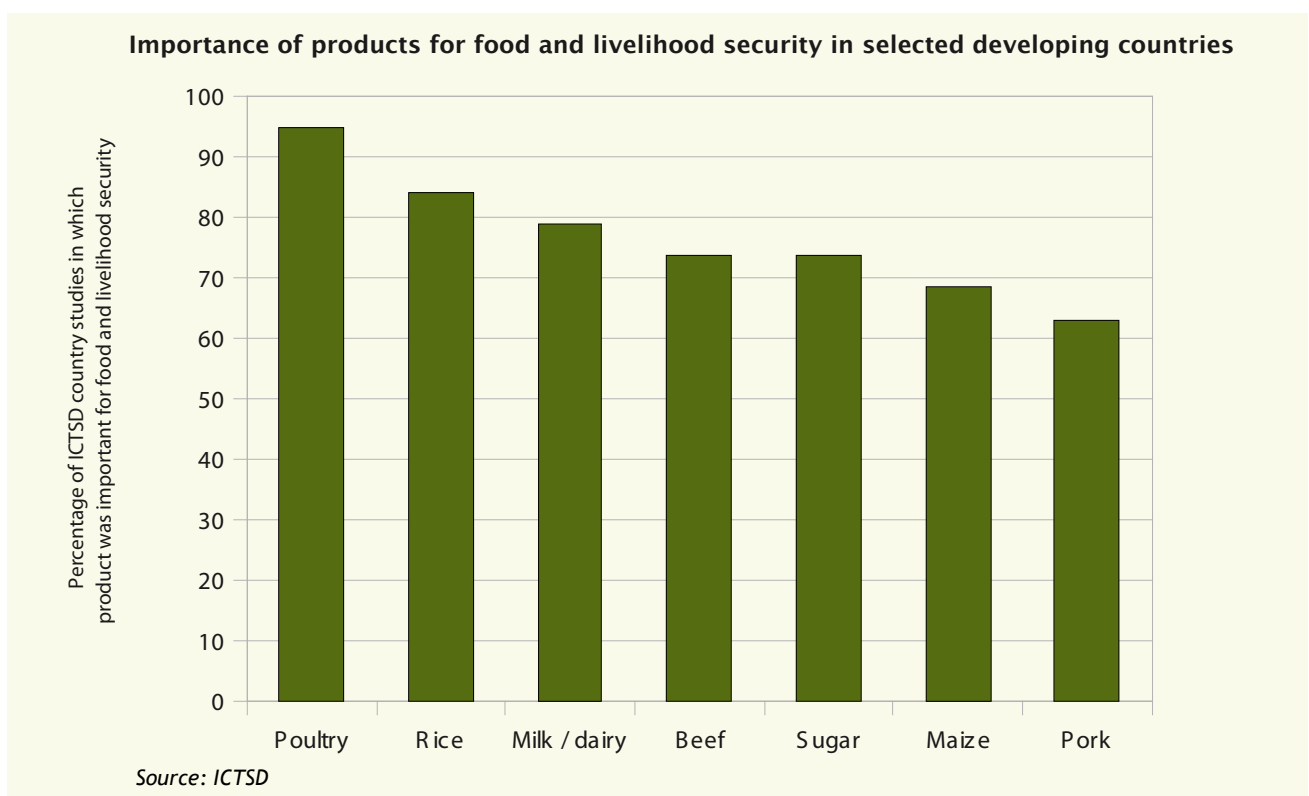
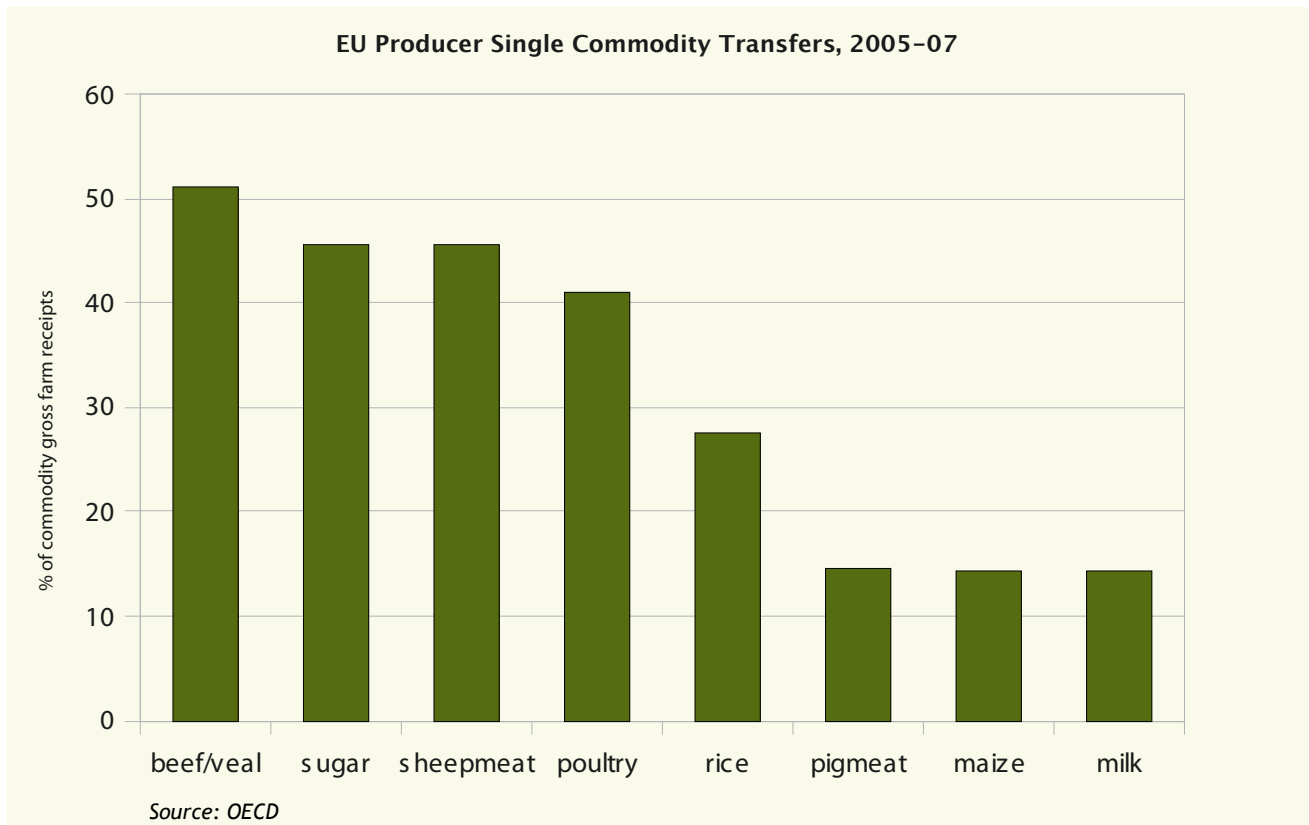
Export subsidies are the type of support that causes the most direct harm to developing country producers, and are due to be phased out completely under the current Doha Round of negotiations at the WTO. However, the EU caused widespread dismay when, in January 2009, it reintroduced export subsidies for dairy products, and increased the amount of export subsidies for frozen poultry and eggs. The EU provided 1.46 billion euros of export subsidies in 2006/07, of which about one third went to sugar and another third to dairy products<sup>19</sup>.

#### 4.4 Which products still receive support that is directly linked to production?

Where subsidies remain tied to production levels of a particular product, the OECD's Single Commodity Transfer records the value of transfers to producers.

These are often the same products that are most important to livelihoods and food security in developing countries. A series of studies conducted by ICTSD in

19 developing countries has found that, in order to safeguard livelihoods and food security, developing country farmers most needed protection from cheap imports of poultry, rice, milk and dairy products, beef, sugar, maize and pork. Sheep meat - another product that continues to benefit from EU subsidies that are coupled to production levels - was important for food security and livelihoods in just under half of all countries studied<sup>20</sup> (see graphs below).



#### 4.5 Market access

The EU's 2007 report on policy coherence for development states that "with low and zero tariffs, access to the EC market is generally favourable to developing countries". While tariffs on many products are indeed low, particularly for countries classed as least-developed countries (LDCs), a limited number of products continue to benefit from very high tariff protection, bureaucratic quota mechanisms, prohibitively high out-of-quota tariffs, and tariffs expressed in complex forms (such as by weight rather than the more straightforward percentage of the product's value).

Protection is concentrated in particular on sugar (with an import-weighted average bound duty of 129 percent), cereals (78.3 percent), meat and edible meat offal (67.3

percent), dairy produce (56 percent) and milling products and starch (44.4 percent)<sup>21</sup>. Because these figures are averages, they disguise even higher protection levels for specific products within these broad categories. The EU is expected to seek to maintain particularly high tariffs on 35 'sensitive' products in current WTO negotiations<sup>22</sup>.

For a few products - bananas and sugar in particular - developing countries differ over whether further cuts in EU tariffs would help their farmers. While more competitive Latin American producers have long sought faster liberalisation, this is opposed by others in the Caribbean, in Africa and in the Pacific. Any resolution to the controversy over these products must ensure that tariff cuts are phased in gradually, and that adequate adjustment aid is provided to help affected farmers and their communities.

#### Wouldn't CAP reform just help the bigger developing countries, not the poorest?

Large developing countries such as Brazil, Argentina and Thailand could indeed take advantage of new market access opportunities and higher world prices for agricultural products if the CAP was reformed. Some developed country exporters, such as Australia and New Zealand, could benefit too. However, ending the dumping of cheap, subsidised products on developing country markets would help farmers in both small and large developing countries - including in the very poorest ones. Smallholder farmers in countries such as Tanzania, Mali or Cambodia are unable to compete when subsidised EU milk powder or frozen chicken is sold on local markets - just as is the case for their counterparts in Brazil. Furthermore, even the largest developing countries are home to millions of very poor farmers, whose livelihoods are also affected by trade barriers and subsidies abroad.



## Doesn't increased trade harm the environment?

The environmental impact of farm production - on climate, biodiversity or sustainable land and water management - varies immensely within both developed and developing countries, from place to place and from product to product. However, consumers sometimes assume that imported products are necessarily worse for the environment because of the fact that transportation generates emissions of carbon dioxide - one of the gases that cause global warming. In fact, transport is generally a negligible component in the total 'life cycle' greenhouse gas emissions of many agricultural products. Other factors are often more important: methane emissions from livestock, fertiliser use, packaging, and energy use for processes such as storage or greenhouse cultivation.<sup>23</sup>

While there is a clear need to reform those EU policies that effectively incentivise greenhouse gas emissions, such as subsidies for livestock production or other policies that artificially inflate demand for chemical fertilisers, there is also a pressing need for governments to agree on an international action plan that takes a systemic approach to addressing the causes of climate change, as well as to mitigating its anticipated effects.

## 5. Reform has taken place....

The EU has taken a number of significant steps to move away from the grain and butter mountains of the 1980s towards a reformed regime. A series of reforms have been undertaken - in 1992, 1999 and 2003 - aimed at decoupling support from production, reducing surpluses and waste, improving the environmental impact of European agriculture, and ensuring that farmers become more responsive to consumers' needs.

## 6. ... but it's not gone far enough

There is considerable evidence that, despite reform efforts, EU subsidies continue to have a significant impact on farmers in other countries, including in the developing world, due to their effects on production and trade. As noted above, the EU continues to provide substantial amounts of coupled support to producers of beef and veal, sheep meat, poultry and pigmeat, as well as sugar, rice, maize and milk. These products are dumped at cheap prices in developing countries, undercutting local farmers.

Many Member States still retain substantial flexibility to continue providing coupled support for several commodities, even after the 2008 CAP 'health check'. In particular, the Health Check allows EU countries to provide subsidies at the national level to address disadvantages affecting the dairy, beef, sheep, goat and rice sectors in specific areas<sup>23</sup>. Because these types of payments potentially allow subsidies to be recoupled to production, they may again reintroduce trade distortions that affect developing country farmers - despite clauses aimed at circumscribing this flexibility.

### 6.1 Do decoupled EU subsidies still affect farmers in other countries, by influencing production and trade?

Big questions also still remain over whether the large volumes of supposedly 'decoupled' subsidies that the EU

Several factors were important in prompting these shifts: the growing cost to the EU budget and to consumers, increasingly unmanageable levels of waste and overproduction, the budgetary implications of EU enlargement, and pressure from the EU's trading partners. However, growing public concern and media exposure of the impact of the CAP on developing country farmers was also a factor in triggering reform.

provides actually have only a minimal impact on production and trade - as the EU claims. As developing countries have argued at the WTO, the billions of euros that the EU provides in decoupled support continue to affect farmers in the developing world, as these subsidies provide European producers with a competitive advantage that finance ministries in poor countries cannot hope to match.

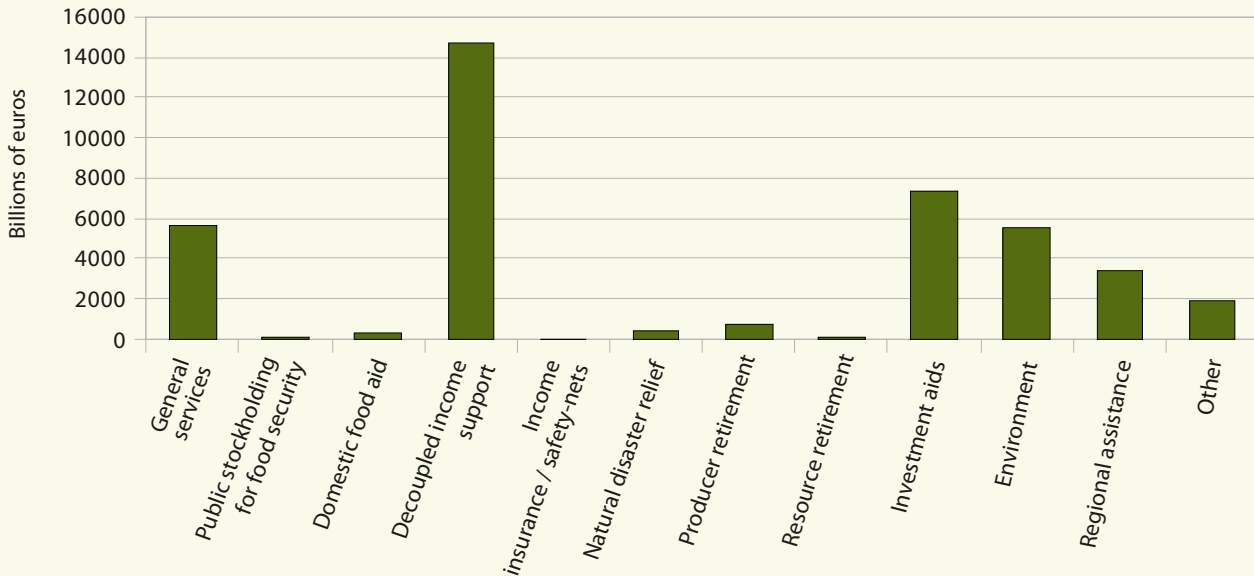
EU domestic support is focused primarily on 'general services' (such as research, or pest and disease control), 'decoupled income support' and investment aids. While support for general services is largely uncontroversial, developing countries have argued that the sheer scale of 'decoupled income support' payments and investment aids affects production levels in the EU and therefore also abroad. The EU has strenuously resisted any attempt to establish a cap on decoupled payments at the WTO, or even to link income support payments to farm income levels or size.

*"... Maize doesn't pay, maize is very cheap, and everything you need to buy is very expensive."*

*Miguel Ángel Barrios, maize producer in Vista Hermosa (Guatemala)<sup>5</sup>. Developed country subsidies for products such as maize have lowered world prices, pushing local farmers in many developing countries deeper into poverty.*



### EU decoupled subsidies 2005-06



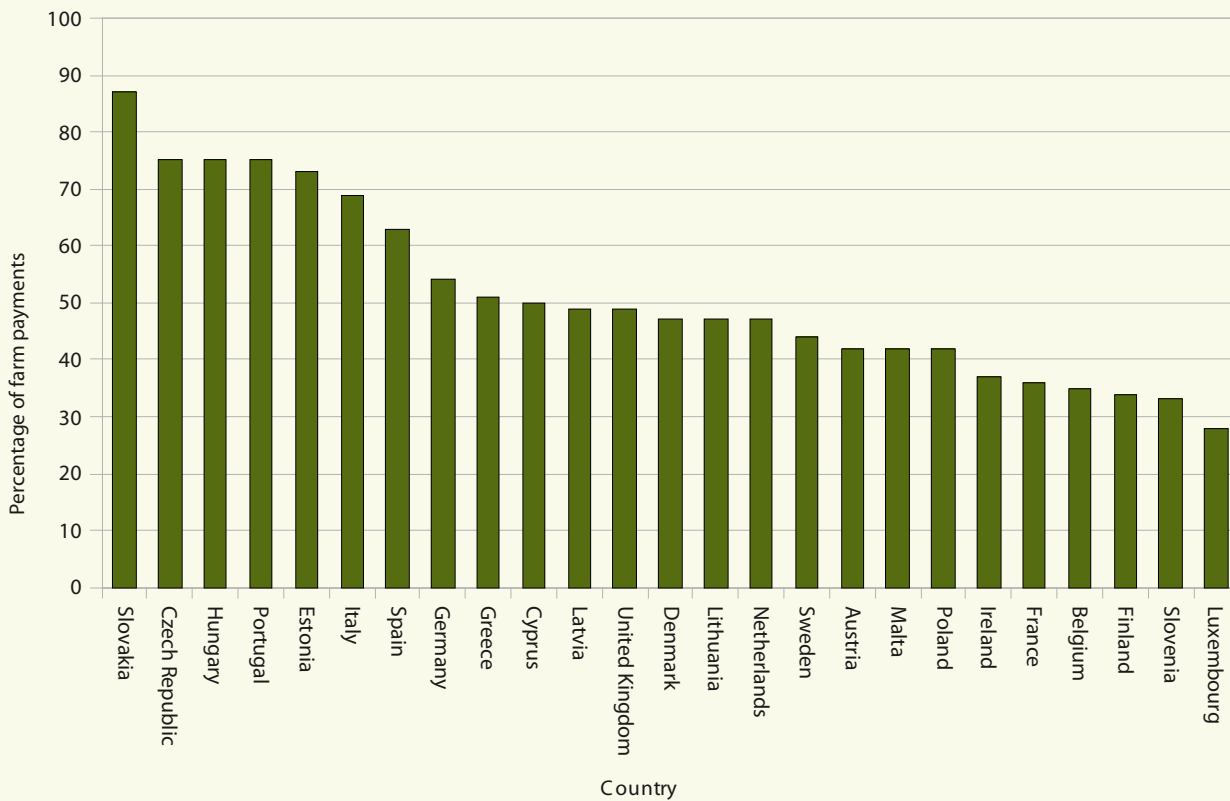
Source: EU domestic support notification to the WTO, G/AG/N/IEEC/59

### 6.2 Do EU subsidies primarily support small farmers or big agribusiness?

Although there is often a widespread assumption that farm subsidies are focused on supporting the poorest farmers, analysis of the distribution of support shows

that this is not in fact the case. The top ten percent of recipients receive a large share of payments in all EU countries:

### Share of farm payments going to top 10% of recipients



Source: www.farmsubsidy.org

## The distribution of farm subsidies in Spain

"The average amount of farm aid per recipient is 4,982 euros. Behind this average is a great deal of variation in payment levels and the fact that expenditure on farm subsidies heavily concentrated amongst larger recipients. Three quarters of all farms receive less than 5,000 euros. Together, these seven hundred thousand farms receive just 18 per cent of total expenditure on direct aids. At the other end of the scale, fewer than one per cent of recipients get more than 50,000 euros in aid but together these seven thousand largest farms receive 22 per cent of all farm subsidy expenditure. The top ten per cent of recipients get 61 per cent of the money. "

From "Uncovering farm subsidies in Spain: A dossier of a work in progress", Farmsubsidy.org.

As the farmsubsidy.org dossier argues, there is a perverse logic to this pattern of subsidy distribution: *"even though farm subsidies are often justified as 'income support' for European farmers, the highest level of support goes to the farmers with the largest incomes. This runs counter to the logic of traditional social welfare payments, in which government assistance is targeted at those in greatest need, not at those with the greatest wealth and highest income."*

### 6.3 Do EU subsidies help protect the environment?

While environmental conservation has increasingly been put forward as the justification for recent reforms, there is evidence to suggest that EU subsidy payments remain weakly tied to environmental goals, and that these goals themselves are often poorly defined. While a small proportion of EU environment payments are closely linked to real environmental benefits - such as preserving biodiversity associated with grazing areas or wetlands - many of the payments producers receive are disproportionate to the actual costs of environmental protection, and some payments - such as afforestation subsidies that reward producers for establishing intensive low-biodiversity forests - can even be harmful.

Some critics argue that the 'cross-compliance' payments that EU producers receive for complying with environmental standards are unrelated to the much lower actual costs of complying with these standards, meaning that in practice they are effectively a disguised form of income support.

*"The demand ['cross-compliance'] standards place on farmers, and consequently the benefits they deliver, are disproportionately small relative to payments. Thus, the bulk of the direct payment scheme is not about maintaining these standards but about improving farmer incomes. On a 181-ha arable farm in Cambridgeshire, England, for example, it was calculated that the costs of implementing cross-compliance were approximately €75 compared to €27,000 received in direct payments."<sup>24</sup>*

*Brunner, A, and Huyton, H, "The Environmental Impact of European Union green box subsidies".<sup>25</sup>*

In recent years, poorly thought out biofuel policies have increased subsidies for developed country producers (including in the EU), with little consideration of the impact this has on producers in developing countries, or even on the environment. The production of many temperate zone crops that are used to produce biofuels may even create as much greenhouse gas as is saved through avoiding fossil fuels.

As decoupled payments are often based on historical production levels, large farms and landowners continue to receive the bulk of EU payments. Often, these are the ones using the most intensive production techniques, and with what is arguably the least need for additional income support to survive.



## 7. Ways forward: how can agriculture and trade policies support development?

The economic crisis has led to many governments reviewing subsidy levels in an effort to control ballooning deficits and spending levels. At the same time, it has triggered a renewed public interest in reforming the increasingly evident injustices in the current economic system. Shedding a spotlight on the waste, inefficiencies and inequity of developed country farm policies is increasingly being seen as a crucial first step towards reform.

The next opportunity for EU citizens to engage in debate over the future direction of the CAP is likely to be the discussions over the EU budget. (The 2008 'health check' was intended to review progress achieved in implementing the 2003 reforms: it was not however meant to introduce extensive new reforms). At the same time, many Member States are reviewing their policies on agriculture, aid and development as part of their own national decision-making processes.

Continued ambiguity over the long-term objectives of the CAP continue to hold up progress on the direction that future reform efforts should take. Member States need to review the original goals agreed after the Second World War, and decide whether these should still provide the basis for agricultural policies in the twenty-first century.

In order to ensure that policy coherence for development moves from an aspiration to an integrated reality, development priorities - and in particular the MDGs - need to be main-streamed as the guiding framework for policies in a number of different areas. Agriculture, as the EU has already recognised, is one of these. However, as the 2007 report on policy coherence for development notes, "awareness and knowledge remain insufficient". There is also a need for high-level political engagement so as to ensure that all policies are constructed with the development dimension as a key consideration.

The economic crisis could nonetheless provide an opportunity for decision-makers to explore options for reforming agriculture and trade policies so as to support the achievement of the MDGs. In particular, the unprecedented nature of the current challenges are prompting a renewed, more critical examination of the established economic system, and of the way things have been done in the past. Politicians and policy-makers will however have to endorse a step change in the EU's approach to farm policy and development if the Millennium Development Goals are to be reached by the 2015 target date.





## Endnotes

- 1 Other goals that are particularly closely related to agriculture and trade policy include goal 3, 'promote gender equality and empower women', and goal 7, 'ensure environmental sustainability'.
- 2 UNCTAD, Least-Developed Countries Report 2006.
- 3 Cited in Oxfam (2002), "Stop the Dumping!". Oxfam Briefing Paper no. 31.
- 4 Oduro, A, (2008) "Special Agricultural Products for the WTO Negotiations and Sensitive Agricultural Products for the EPA Negotiations: Ghana's Choices". ICTSD, Geneva (unpublished study).
- 5 Cited in Oxfam (2005), "A Round for Free: How rich countries are getting a free ride on agricultural subsidies at the WTO". Oxfam Briefing Paper no. 76.
- 6 Cited in Oxfam (2004), "Dumping on the World: How EU sugar policies hurt poor countries". Oxfam Briefing Paper no. 61.
- 7 Defined here as "exporting agricultural surpluses on to world markets at less than the cost of production", as per Oxfam (2004) "Rigged Rules and Double Standards".
- 8 COM(2005)134, online at: [http://eur-lex.europa.eu/smartapi/cgi/sga\\_doc?smartapi!celexplus!prod!DocNumber&lg=en&type\\_doc=COMfinal&an\\_doc=2005&nu\\_doc=134](http://eur-lex.europa.eu/smartapi/cgi/sga_doc?smartapi!celexplus!prod!DocNumber&lg=en&type_doc=COMfinal&an_doc=2005&nu_doc=134)
- 9 EU Report on Policy Coherence for Development, 20.9.2007. COM(2007) 545 final. Online at: [http://ec.europa.eu/development/icenter/repository/eu\\_report\\_policy\\_coherence\\_COM\(2007\)\\_545\\_final\\_en.pdf](http://ec.europa.eu/development/icenter/repository/eu_report_policy_coherence_COM(2007)_545_final_en.pdf)
- 10 Provisional figures from the EU budget estimate CAP spending for 2008 at 54 billion euros, the same amount as was actually spent in 2006 (see [http://ec.europa.eu/agriculture/agrista/2007/table\\_en/341.pdf](http://ec.europa.eu/agriculture/agrista/2007/table_en/341.pdf)). The discrepancy between the budget figure and the figure the EU reported to the WTO is due to the fact that, at the WTO, the EU has to report on a broad range of policy measures which result in increased support to farmers - such as administered prices which may not involve budgetary outlays but which can still result in consumers effectively subsidising farmers by paying higher prices for their food. The EU's 2005/06 domestic support notification to the WTO (document symbol G/AG/N/EEC/59) is online at: <http://docsonline.wto.org>
- 11 Commission staff working paper "Where does the EU go from Doha? What prospects for meeting the EU targets of 2010 and 2015? Annual progress report 2009 on financing for development". SEC(2009)444, online at: [http://ec.europa.eu/development/icenter/repository/COMM\\_NATIVE\\_SEC\\_2009\\_0444\\_4\\_EN\\_AUTRE\\_DOCUMENT\\_TRAVAIL\\_SERVICE-Where-does-the-EU-go-from-Doha.pdf](http://ec.europa.eu/development/icenter/repository/COMM_NATIVE_SEC_2009_0444_4_EN_AUTRE_DOCUMENT_TRAVAIL_SERVICE-Where-does-the-EU-go-from-Doha.pdf)
- 12 See OECD (2006), 'Decoupling: Policy Implications'. OECD, Paris: <http://www.oecd.org/dataoecd/17/12/36298853.doc>
- 13 'Decoupled' refers to domestic support categorised as 'green box' at the WTO, and 'coupled' covers 'amber box', 'blue box' and 'de minimis' payments. Figures also exclude export subsidies, as these are notified to the WTO separately. Subsidies are considered as 'green box' at the WTO if they cause not more than minimal trade distortion. 'Amber box' and 'de minimis' subsidies are those that are most directly linked to production levels, while blue box subsidies are meant to cover production-limiting programmes that still distort trade. For more information, see: [http://www.wto.org/english/tratop\\_e/agric\\_e/agboxes\\_e.htm](http://www.wto.org/english/tratop_e/agric_e/agboxes_e.htm).
- 14 Source: US domestic support notification to the WTO for 2007, G/AG/N/USA/66.
- 15 According to EU, US and Japanese domestic support notifications to the WTO for 2005, and using average exchange rates for that year.
- 16 The PSE is an indicator of the annual monetary value of gross transfers from consumers and taxpayers to support agricultural producers, measured at farm gate level, arising from policy measures, regardless of their nature, objectives or impacts on farm production or income. The percentage PSE is the ratio of the PSE to the value of total gross farm receipts, measured by the value of total farm production (at farm gate prices), plus budgetary support.
- 17 Chatellier, V, "The distributional structure of green box support in the European Union and France". In "Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals" (2009), eds. Meléndez-Ortiz, R, Bellmann, C, and Hepburn, J, Cambridge University Press (forthcoming).
- 18 The Consumer Support Estimate (CSE) is an indicator of the annual monetary value of gross transfers to (from) consumers of agricultural commodities, measured at the farm gate (first consumer) level, arising from policy measures which support agriculture, regardless of their nature, objectives or impact on consumption of farm products. The percentage CSE is the ratio of the CSE to the total value of consumption expenditure on commodities domestically produced, measured by the value of total consumption (at farm gate prices) minus budgetary support to consumers (consumer subsidies).
- 19 Export subsidies notified to the WTO. Source: EU Trade Policy Review, trade policies by sector (WT/TPR/S/214)
- 20 The International Centre for Trade and Sustainable Development (ICTSD) conducted empirical studies in 19 countries: Barbados, China, Côte d'Ivoire, Ecuador, Fiji, Ghana, Honduras, Indonesia, Kenya, Mali, Nicaragua, Nigeria, Pakistan, Papua New Guinea, Peru, Philippines, Sri Lanka, Tanzania and Vietnam. The studies sought to determine which products should be shielded from tariff cuts on the basis of food security, livelihood security and rural development concerns. For more details, see "Indicators for the Selection of Agricultural Special Products: Some Empirical Evidence", ICTSD/FAO Information Note no. 1, July 2007.
- 21 Jean, S, Josling, T, and Laborde, D (2008), "Implications for the European Union of the May 2008 Draft Agricultural Modalities". ICTSD, Geneva.
- 22 These are: barley, corn, oats, rice, sorghum, starch, wheat; butter, cheese, other dairy products, skim milk powder, powdered whey, whole milk powder, yoghurt; processed eggs; hatching eggs and live chicks; fresh apples, fresh garlic, fresh grapes, fresh lemons, prepared or preserved agaricus mushrooms, prepared or preserved olives, prepared or preserved onions, fresh peaches, fresh pears, fresh plums, fresh tomatoes; beef and veal, meat offal, pork and wild boar, poultry meat, sheep meat; fructose, glucose and sugar. From Ibañez, A, Rebizo, M and Tejada, A, (2008) "Implications for Sensitive Products of the May 2008 Draft Agricultural Modalities". ICTSD, Geneva.
- 23 Food Climate Research Network, Centre for Environmental Strategy and University of Surrey (September 2008) "Looking for up a storm: food, greenhouse gas emissions and our changing climate."
- 24 See article 68 of Council Regulation (EC) No 73/2009, 19 January 2009: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:030:0016:0099:EN:PDF>; and also "Impact assessment of "Health Check" of the Common Agricultural Policy". UK Department for the Environment, Food and Rural Affairs (DEFRA), February 2009, online at: <http://www.defra.gov.uk/farm/policy/capreform/pdf/caphealthcheck-revised-ia-090216.pdf>
- 25 Information from the Royal Society for the Protection of Birds (RSPB) for RSPB Hope Farm, Cambridgeshire, UK.
- 26 In "Agricultural Subsidies in the WTO Green Box: Ensuring Coherence with Sustainable Development Goals" (2009), eds. Meléndez-Ortiz, R, Bellmann, C, and Hepburn, J, Cambridge University Press (forthcoming).

The International Centre for Trade and Sustainable Development ([www.ictsd.org](http://www.ictsd.org)) is an independent non-profit and non-governmental organisation based in Geneva. Established in 1996, ICTSD's mission is to advance the goal of sustainable development by empowering stakeholders to influence trade policy-making through information, networking, dialogue, well-targeted research and capacity-building. This Information Note is produced as part of ICTSD's Programme on Agricultural Trade and Sustainable Development. More information about ICTSD activities in this area can be found on: [www.ictsd.org](http://www.ictsd.org)