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Agriculture: New Blue Box

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"New" Blue Box:

Summary 1

- **New blue box** category would introduce payments related to prices – countercyclical payments of US – into the blue box, which **currently fall under the Amber Box.**
- Would weaken current WTO domestic support disciplines and it may permit **"box shifting"** without having to change the form of actual level of support.



"New" Blue Box:

Summary 2

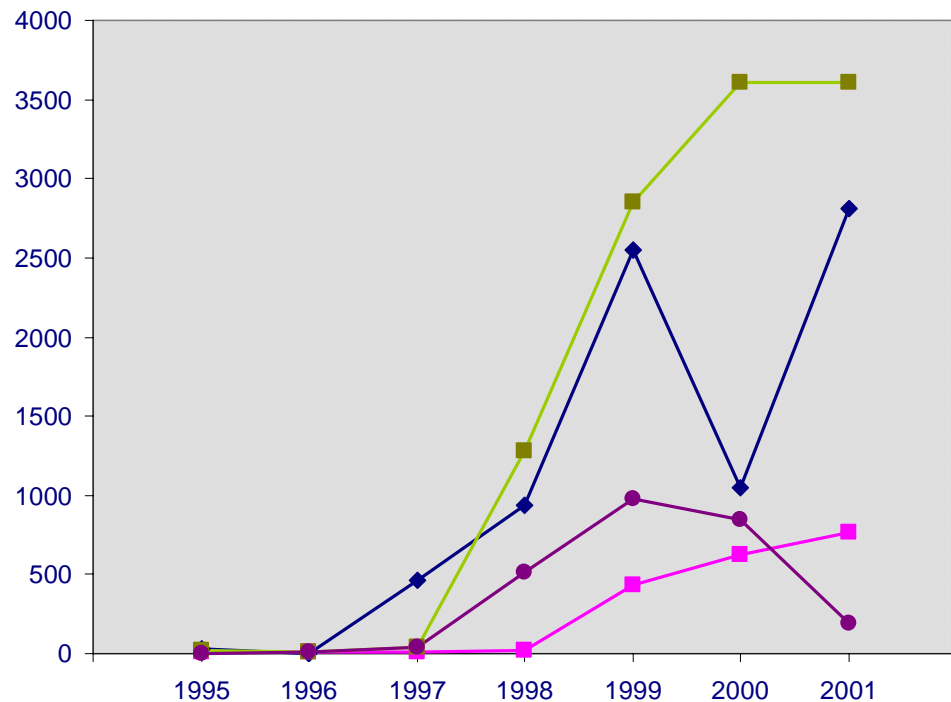
- Weakening of the WTO domestic support rules could be limited by **placing further controls** on such support.
- Further controls should be on **Product Specific** basis.



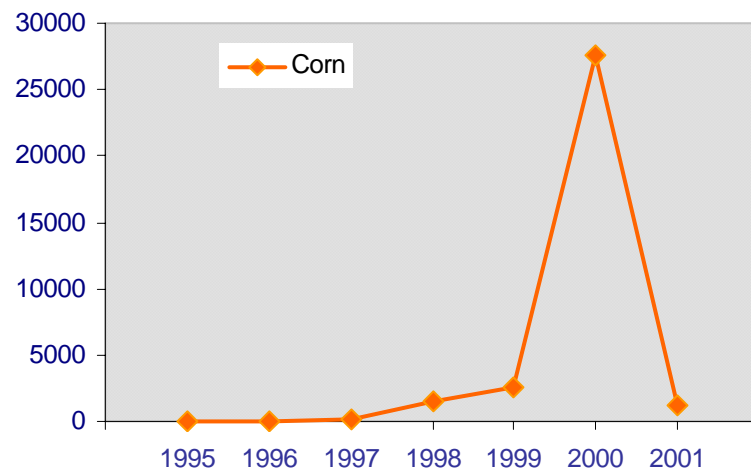
Domestic support

USA

€ Million Product Specific AMS:



€ Million Product Specific AMS:



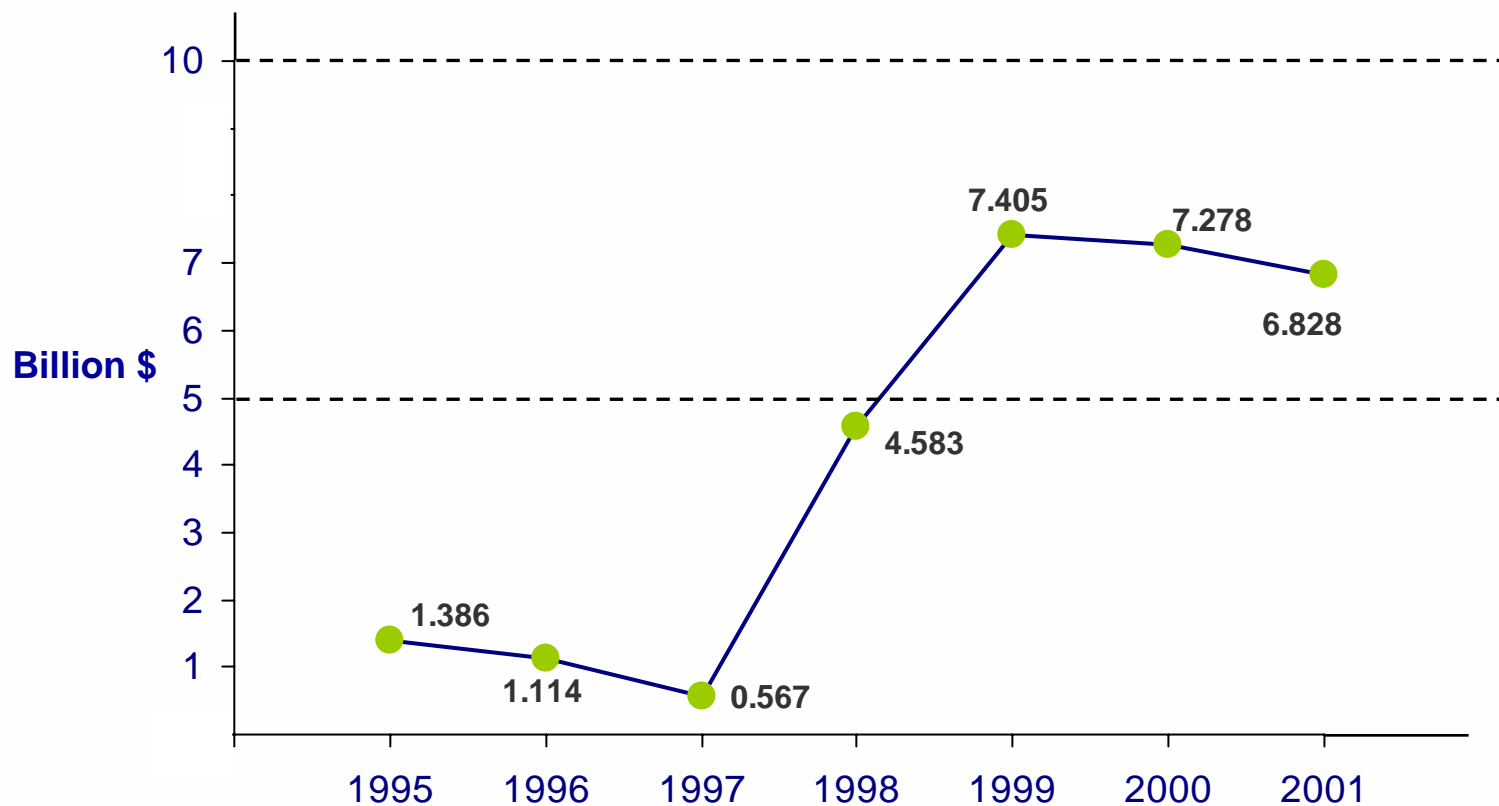
- ◆ Cotton
- Rice
- Soybeans
- Wheat



Domestic support (cont)

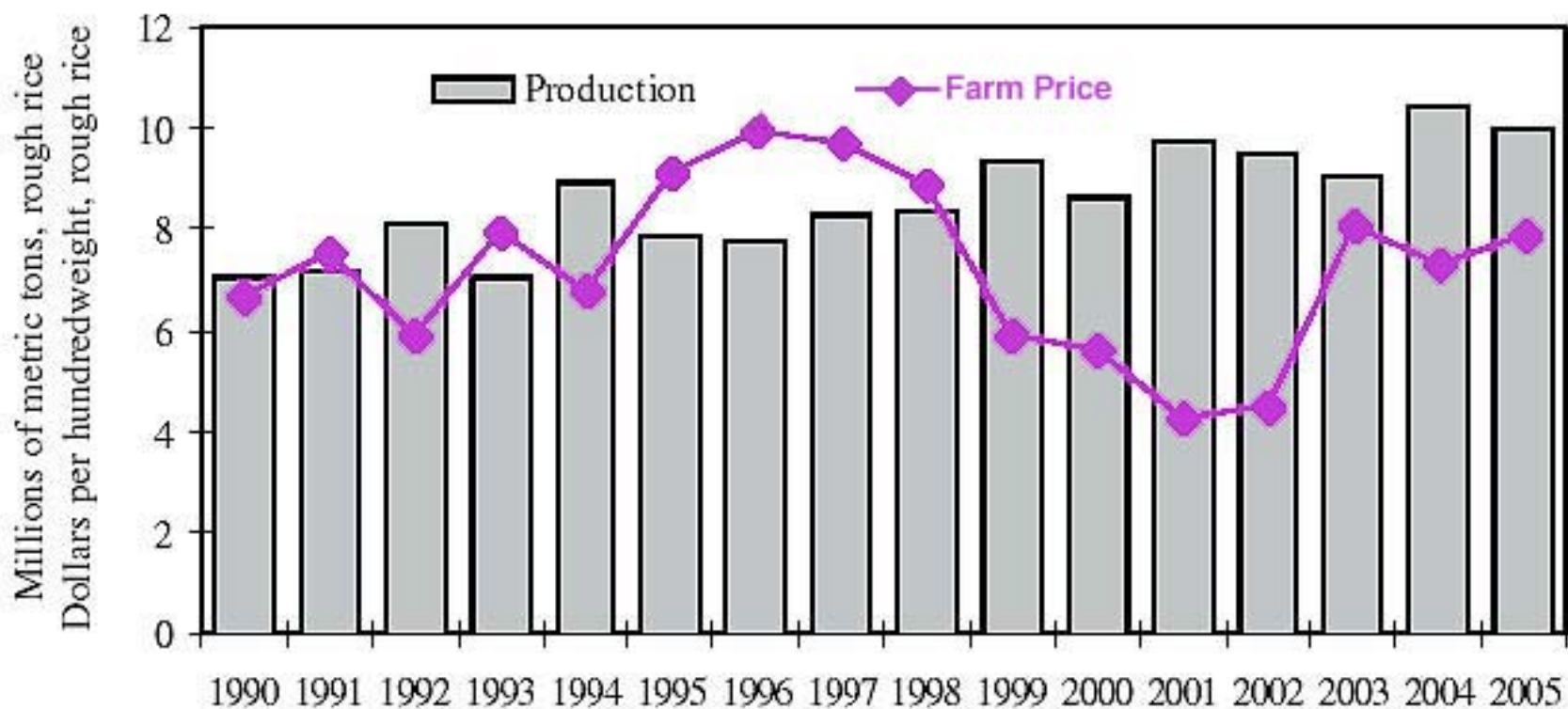
U.S.A

Non product specific support (de-minimis)





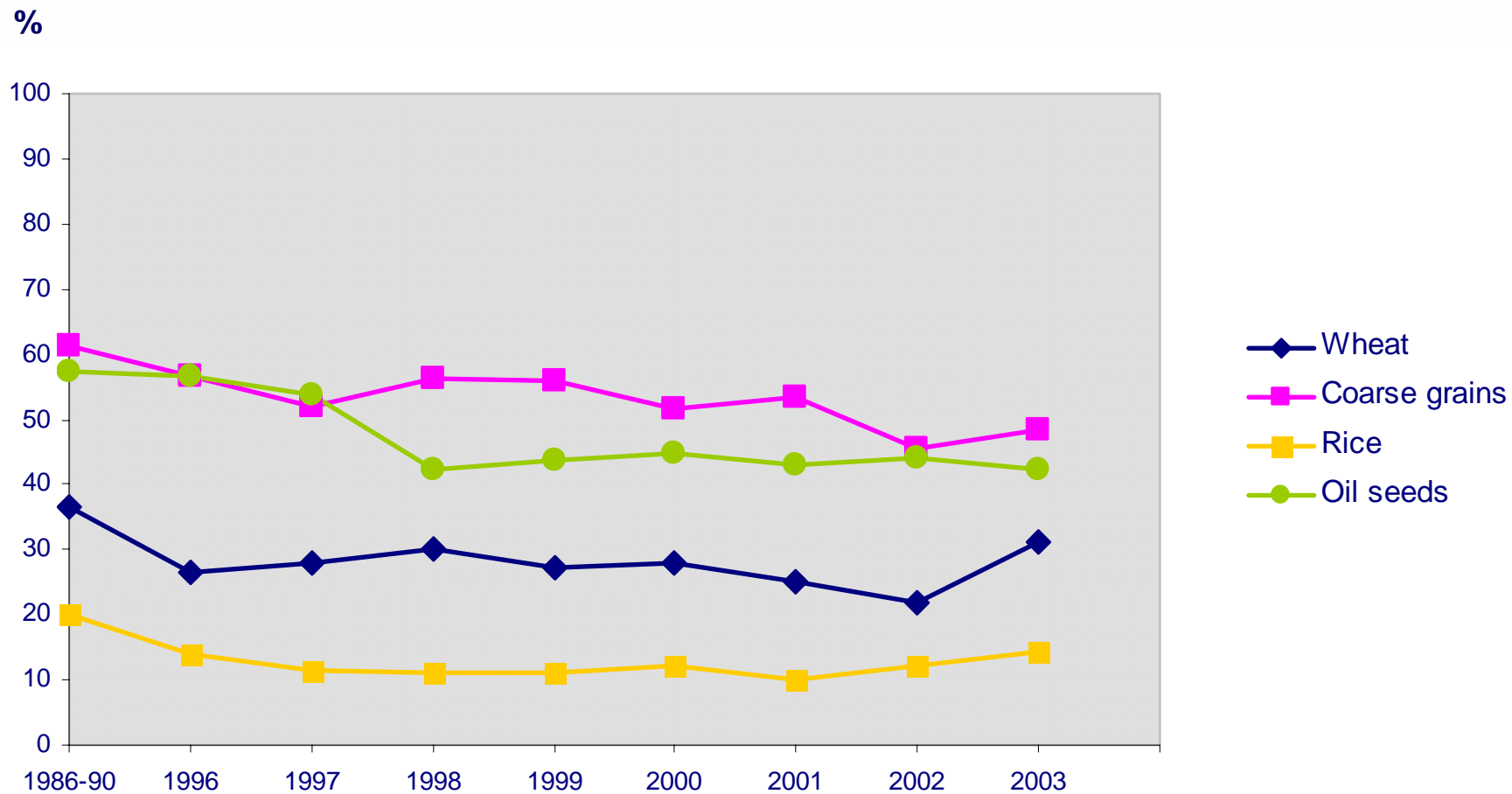
U.S. Rice Production and Prices, 1990–2005



Source: U.S. Department of Agriculture.



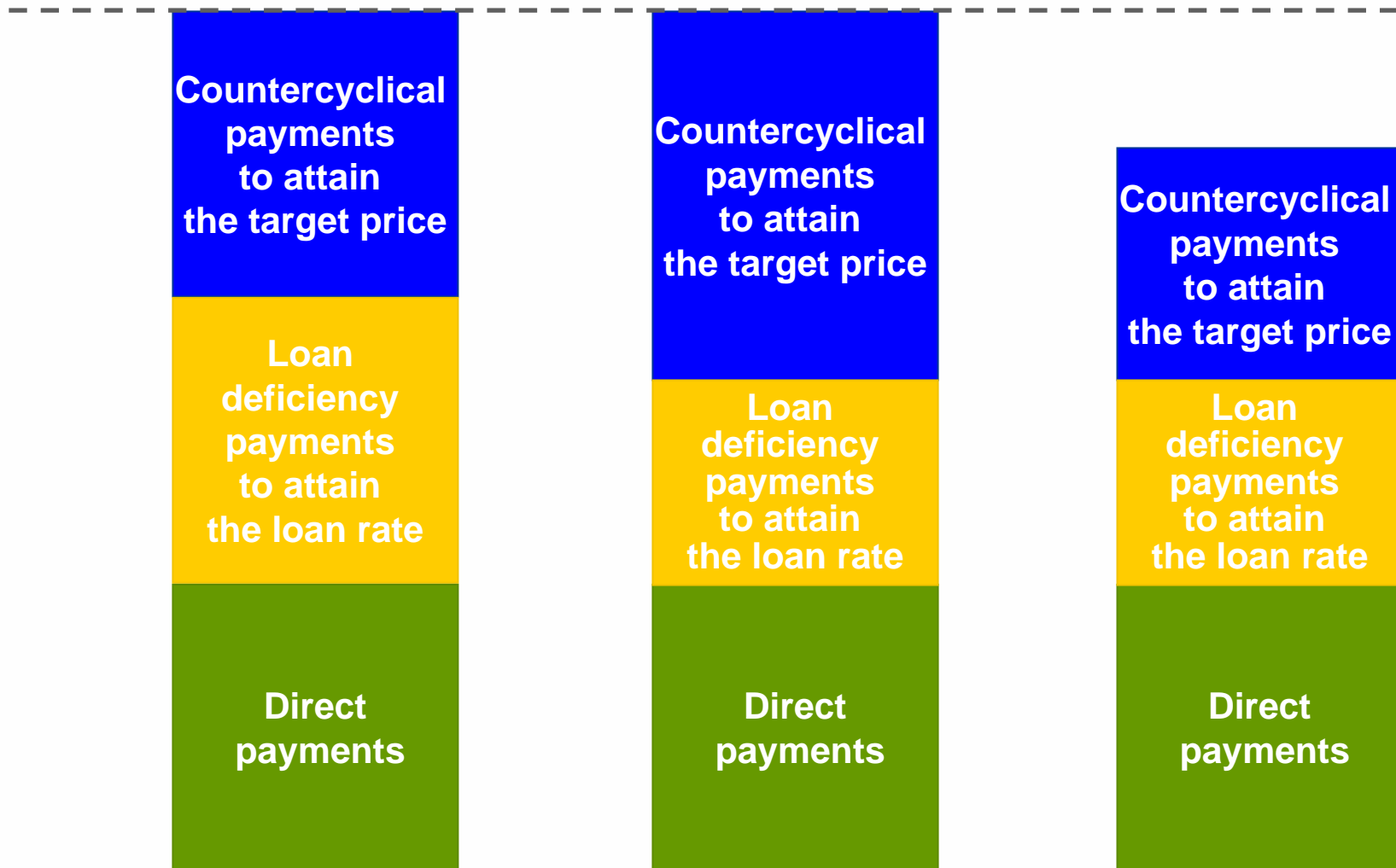
Exports: USA





Operation of U.S farm payments:

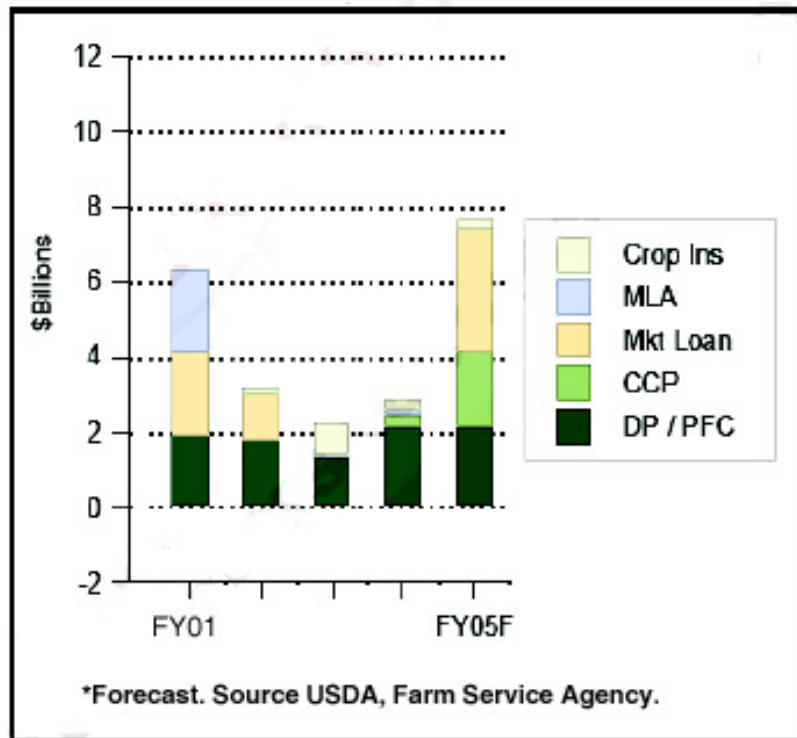
Target Price



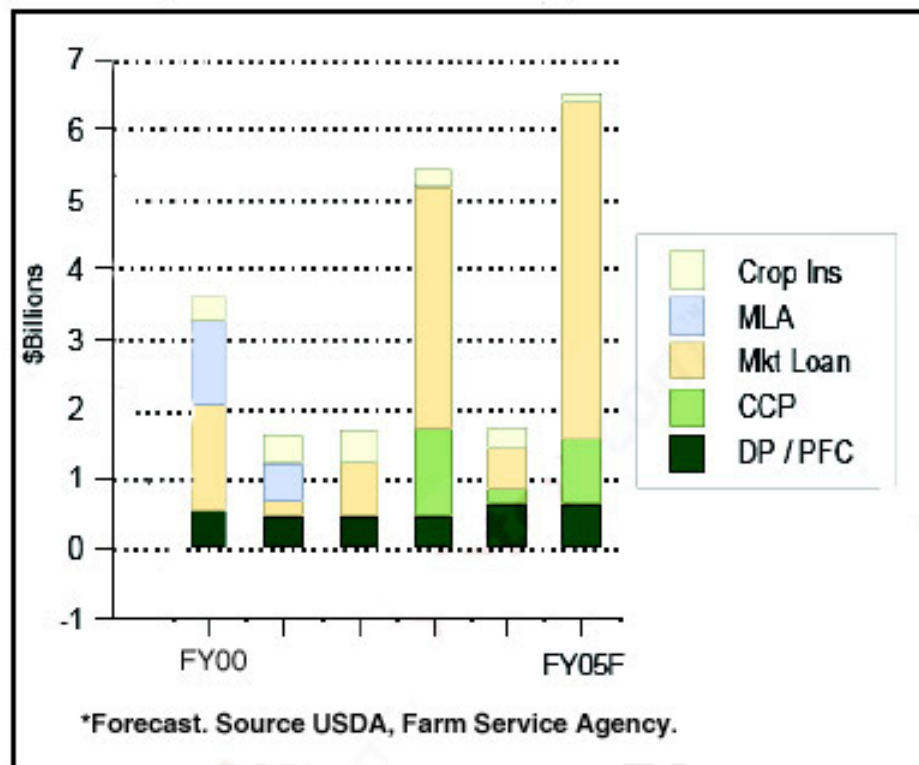
Accumulation of support



US Corn Subsidies, FY2001 to 2005*

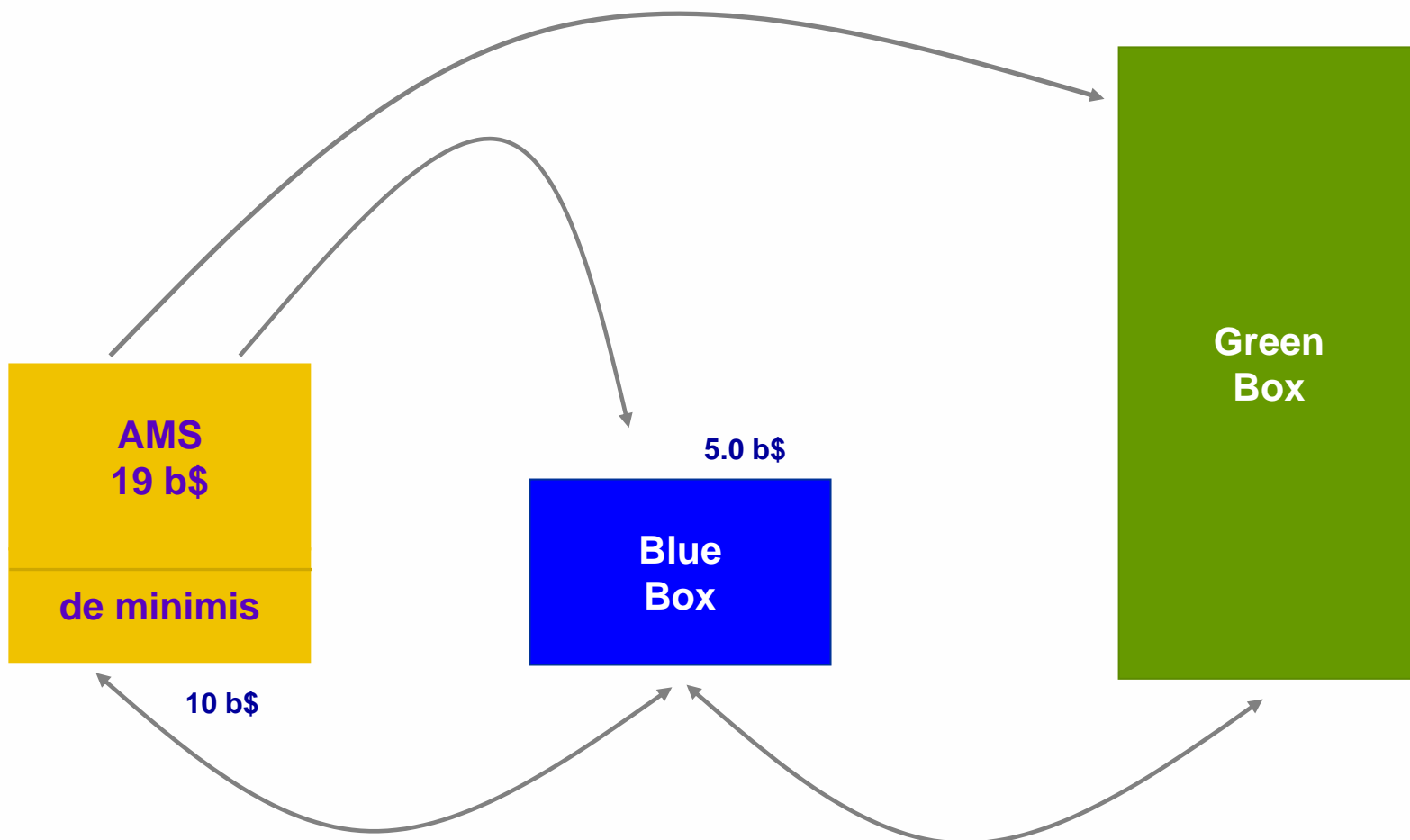


US Upland Cotton Subsidies, FY2000 to 2005*





U.S (Domestic Support):



Shift in domestic production is contingent on strictness of disciplines on Blue Box and Green Box

Proposed Product Specific disciplines on New Blue Box.

- [The value of support provided to an individual product under Article 6.5 (b) shall:
 - a. not exceed [] per cent of the value of the overall Blue Box ca; [and
 - b. not exceed [] per cent of the value of production of the product concerned in the period [].]]

- Direct payments under Article 6.5 (b) that are based on compensation for differential between prices actually received as compared to a price benchmark [shall use a historical or specified reference period] [and] [shall not compensate for more than [] per cent of the differential in prices.]]