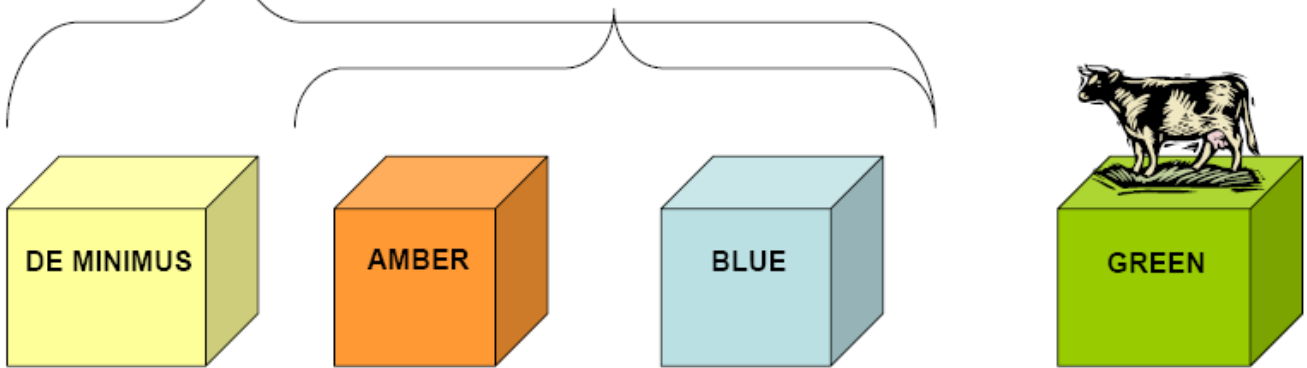


Classifying farm support programmes in the WTO

The WTO uses a box system to classify subsidies according to the extent to which they distort trade. AMS is the measure of agricultural support for any individual WTO member for which they are asked to propose reductions as part of the Doha Round. It is found by adding Blue Box and Amber Box payments. It excludes *de minimis* payments.

TOTAL TRADE-DISTORTING FARM SUPPORT

AGGREGATED MARKET SUPPORT (AMS) – TARGETED FOR REDUCTIONS UNDER THE TERMS OF THE DOHA ROUND



All WTO members are permitted to provide minimal agricultural supports, totalling no more than 5% of agricultural production for developed countries and 10% for developing countries. These allowances are not counted towards their **AMS**. As part of the Doha Round, the EU is proposing to reduce this allowance by at least 65%.

Amber box spending covers all support measures that distort trade: all WTO members are committed to reducing them. Examples include US **counter-cyclical payments** to farmers. Amber box payments are part of a state's overall **AMS**.

The **Blue box** applies only in agriculture. It refers to supports that would normally be classed as Amber but which are explicitly limited or in some way tailored to reduce trade distortion. The **July Framework Agreement** proposes that Blue Box payments be limited to 5% of a state's agricultural production. The EU has also called for greater clarity on how Blue Box subsidies are defined.

The **Green box** includes all subsidies that do not distort trade, or cause at most minimal distortion. They must be government funded and most not involve price supports. In agriculture, although green box supports can involve direct payments for farmers, they are "**decoupled**" from production – they do not pay for the production of produce or support price levels for goods farmed. This is the central element of the EU's current CAP reform which has moved 90% of EU farm support into the green box. Green box programs can include regional development and environmental protection programs – the EU is a strong defender of these forms of support for rural communities. There is no limit to green box spending.

