

IFPRI Shadow Notifications Project:

EU Domestic Support Notifications

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Outline

- Introduction: Domestic Support in the EU
- Notifications, 1995/96 to 2003/04
 - Consistency with WTO Limits
 - Impact of Enlargement
 - Replication of Recent Notification
- Shadow Notification to 2006/07
 - The Use of Split Notifications
- Projections of Domestic Support, 2007/08 to 2013/14
- Alternative Subsidy Notifications
- Other Support Estimates

Figure 1: Notifications of Domestic Support, EU, 1995/96 to 2003/04, with Shadow Notifications to 2006/07 and Projections to 2013/14

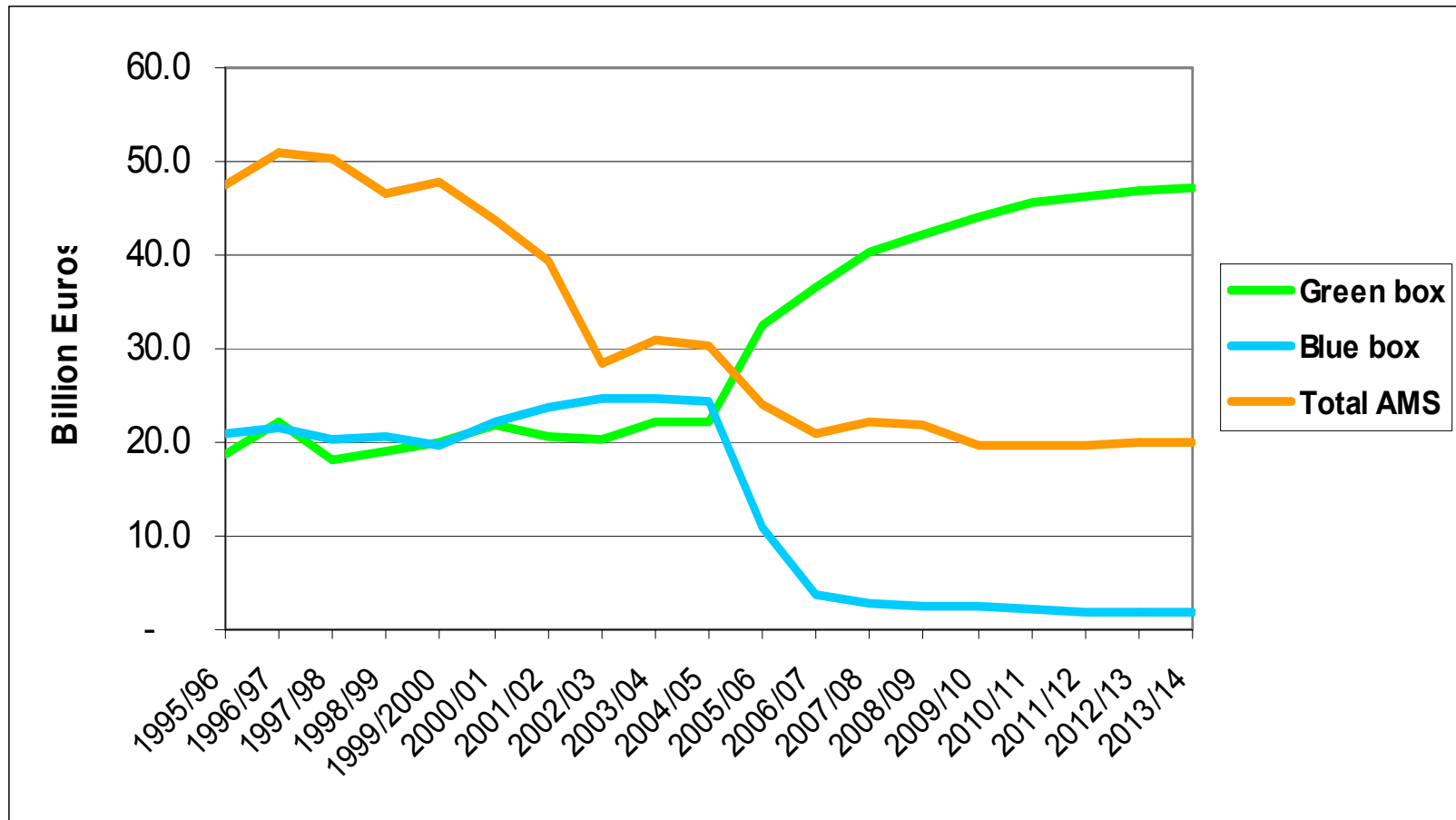
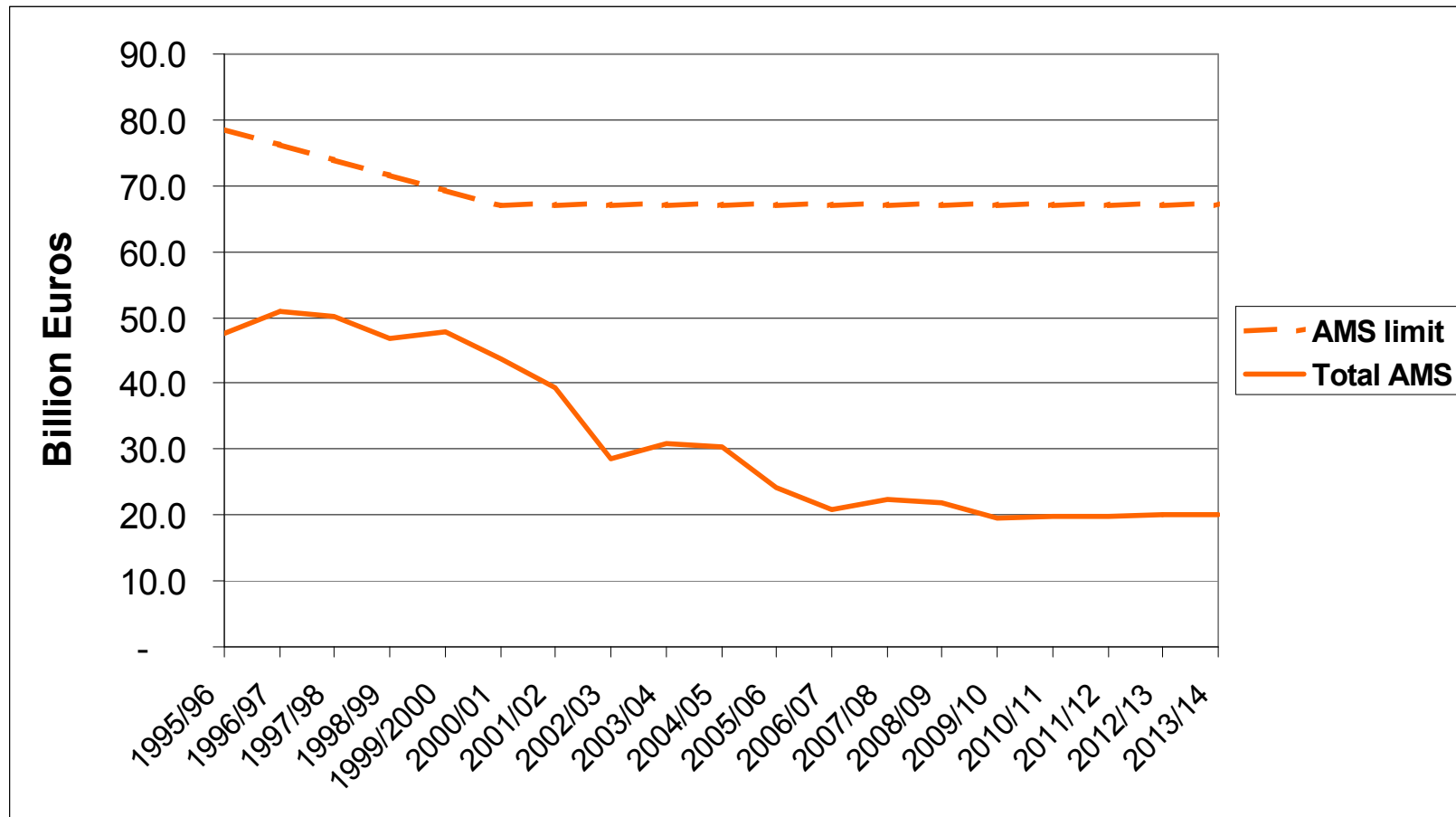


Figure 2: EU Notifications of Aggregate Measure of Support (Current Total AMS) and Limit Agreed in the Uruguay Round



**Table 1: Effect of EU Enlargement on Notified AMS
(billion euro)**

<i>Notification year</i>	EU 15	EU 27
<i>2004/05</i>	29.7	30.2
<i>2006/07</i>	18.3	20.9
<i>2008/09</i>	17.0	21.9
<i>2010/11</i>	16.2	19.7
<i>2012/13</i>	16.2	19.9

Table 4: EU Notifications of Domestic Support, by Box,
2003/04 - 2006/07

<i>Billion euro</i>	<i>2003/04</i>	<i>2004/05</i>	<i>2005/06</i>	<i>2006/07</i>
Green Box	22.1	22.1	32.5	36.6
Blue Box	24.8	24.3	11.0	3.6
Current total AMS	30.9	30.2	24.1	20.9

Table 6: Main Domestic Support Provisions of the Revised Draft Modalities (February 2008) as applied to the EU

Item	Initial Values	Reduction
Overall Trade-Distorting Domestic Support (OTDS)	Base OTDS=Final Bound Total AMS+10 percent of the value of production in the base period (1995-2000)+average Blue Box payments in base period (a)	Base level reduction of [75] [85] percent. Initial reduction of 1/3 in first year: remaining reductions in five equal steps
Total Aggregate Measure of Support (AMS)	Base level is Final Bound Total AMS (from Uruguay Round schedules)	Base level reduction of 70 percent. Initial reduction of 25 percent in first year: remaining reductions over five years.
Product-specific AMS	Base level is average of 1995-2000	Base period levels not to be exceeded (b)
<i>De minimis</i>	Base level is five percent of value of production for non-product specific support and five percent of the value of production of products that receive product-specific support	Reduction of [50] [60] percent [from the start of the implementation period] [in five equal steps].
Blue Box		Capped at 2.5 percent of value of production in base period (1995-2000) applied from start of implementation period.
Product-specific Blue Box		Product specific caps at average value in 1995-2000 period (c).
Cotton AMS		Reduced by 74.29 percent in two years, with a 25 percent reduction in the first year

**Table 7: OTDS, Total AMS, de minimis, and Total Blue Box Commitments
for the EU under Revised Draft Modalities**

URAA Final Bound Total AMS (million euro)	67,160.0
Value of Production (million euro)	222,576.5
10% value of production (1995-2000) (million euro)	22,257.7
5% value of production (1995-2000) (million euro)	11,128.8
Blue Box (in excess of 5% value of production) (a)	20,887.9
Base OTDS	110,305.6
OTDS (85% reduction) (million euro)	16,545.8
OTDS (75% reduction) (million euro)	27,576.4
DDA Final Bound Total AMS (70% reduction) (million euro)	20,148.00
AMS/production 1995-2000 (b)	21.5%
Total Blue Box	
2.5% value of production (1995-2000) (million euro)	5,564.41
Average Blue Box relative to Base OTDS (c)	19%
Cotton	
Base AMS for cotton (million euro)	752.7
Cotton AMS reduction (assuming 70% total AMS reduction) (d)	74.29
Note a: tests for Para 1 condition, picks up Blue Box when above 5% of production value	
Note b: this tests for application of paragraph 15, less than 40%, additional effort does not apply	
Note c: test for para 39: less than 40 percent so no phased reduction allowed	
Note d: Application of cotton reduction formula paragraph 55 for AMS	

Table 8: Phased Reduction of OTDS and AMS, and *de minimis* limits, EU, under Revised Draft Modalities

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Proportions of the base OTDS to be cut						
OTDS (85% reduction) (a)	0.33	0.43	0.54	0.64	0.75	0.85
OTDS (75% reduction) (a)	0.33	0.41	0.50	0.58	0.67	0.75
AMS (25% initial; 70% total reduction)	0.25	0.34	0.43	0.52	0.61	0.70
Cotton AMS (25% initial, 74.29% total) (c)	0.25	0.74	0.74	0.74	0.74	0.74
Scheduled Limits						
OTDS (85% reduction) (million euro)	73,904.7	62,432.	50,961.2	39,489.4	28,017.6	16,545.8
OTDS (75% reduction) (million euro)	73,904.7	64,639. ⁹	55,373.4	46,107.7	36,842.1	27,576.4
AMS (25% initial; 70% total reduction) (million euro)	50,370.0	44,325. ^d	38,281.2	32,236.8	26,192.4	20,148.0
Cotton AMS(25% initial; 74.29% total) (million euro)	564.6	193.6	193.6	193.6	193.6	193.6
De minimis						
50% immediate reduction de minimis	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
60% immediate reduction de minimis	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
50% phased (5 year) reduction de minimis	4.5%	4.0%	3.5%	3.0%	2.5%	2.5%
60% phased (5 year) reduction de minimis	4.4%	3.8%	3.2%	2.6%	2.0%	2.0%
Note a: Initial reduction of one third, with remainder phased-in in five equal steps (paragraph 5)						
Note b: Initial reduction of 25%, with remainder phased-in in five equal steps (paragraph 15)						
Note c: two year phase in period for cotton, with higher total reduction percentage						

Figure 3: Projected Notifications of Domestic Support, EU, 2007/08 to 2013/14 and Proposed Limits to OTDS, AMS and Blue Box (higher numbers in Draft Modalities)

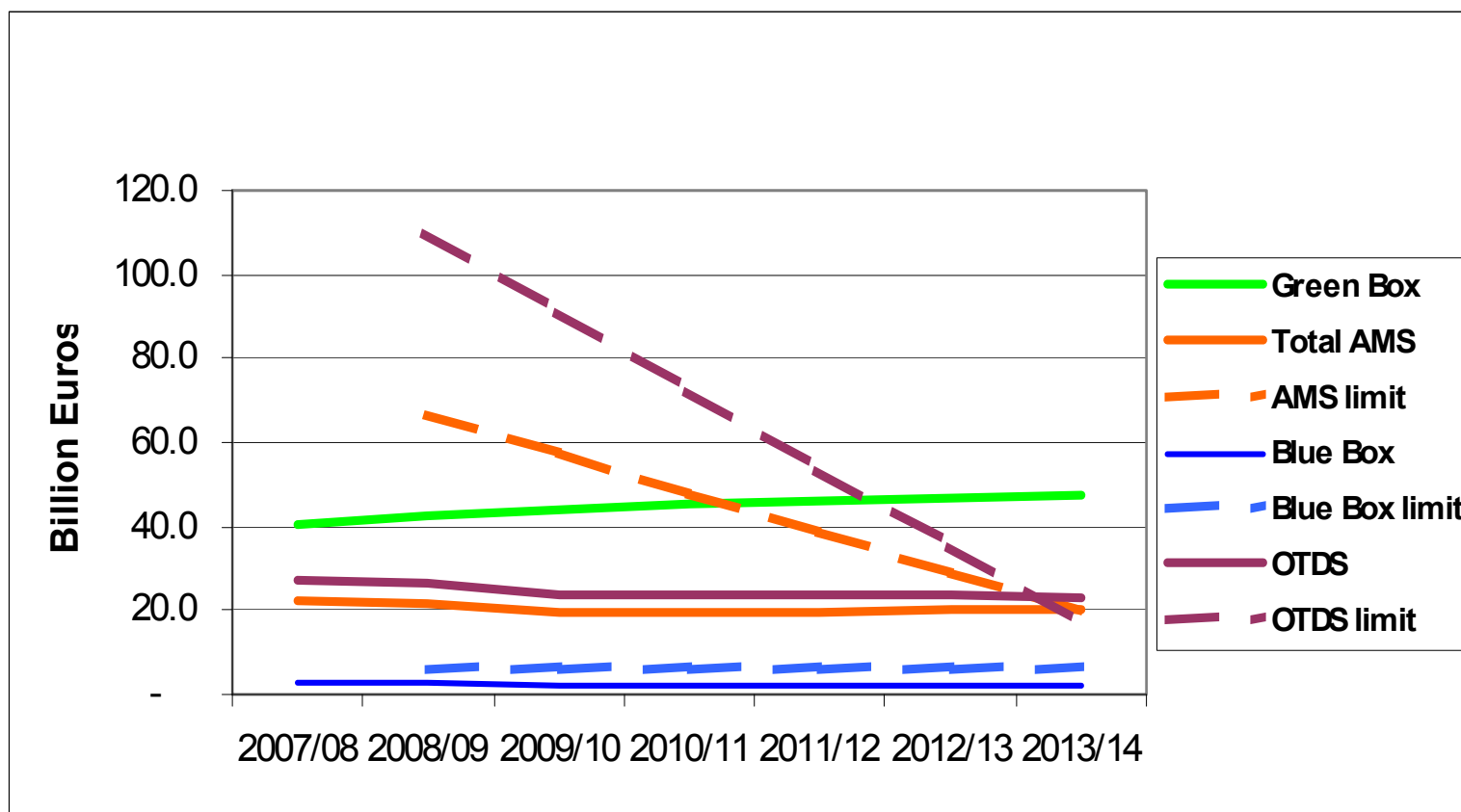


Table 9: Impact of Different Notification Assumptions for Direct Payments, EU Notifications, 2007 and 2013 (billion euro)

	Notification for 2007			Notification for 2013		
<i>DPs notified as included in:</i>	AMS	Blue Box	Green Box	AMS	Blue Box	Green Box
<i>Green Box</i>	18.1	0.2	55.2	16.4	0.2	57.9
<i>Blue Box</i>	18.1	31.3	22.1	16.4	34.0	22.1
<i>PS/AMS</i>	39.0	0.2	22.1	46.1	0.2	22.1
<i>NPS/AMS</i>	48.2	0.2	22.1	49.2	0.2	22.1
<i>Split notification</i>	18.1	7.3	46.7	16.4	3.2	54.7

Comparison of Measures of Support to EU Agriculture

