

# **Part III: Export subsidies and domestic support**



## Chapter 7

### Removing the exception of agricultural export subsidies

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Agricultural support policies pursued by high-income countries—domestic production and export subsidies, as well as trade barriers—hurt developing country exporters of the affected commodities. They do so by boosting domestic production of the supported products, depressing international prices, exacerbating the volatility of world prices by insulating domestic markets, and reducing the scope for contesting markets. These policies may, however, benefit net importers of the products concerned by providing access to the subsidized commodities at lower prices. Thus, national interests regarding reform of agricultural trade and support policies may differ substantially, both across countries and within countries, depending on the pattern of production and consumption of the commodities involved.

To date, the Doha Round has been similar to the Uruguay Round in placing heavy emphasis on strengthening disciplines on a specific subset of the agricultural policy mix, namely export subsidies. Much effort has focused on obtaining agreement to ban export subsidies in this sector, bringing it into line with other sectors. This was finally accepted by those WTO members that are the most intensive users of export subsidies—most notably the EU—in the July Framework Agreement (WTO 2004). This spells out in some detail how liberalization is to occur: export subsidies are to be eliminated by a “credible” date, decreases are to be implemented in annual installments during the transition period, and an explicit link

is made between the abolition of export subsidies and the negotiation of equivalent disciplines on other forms of export support, in particular the subsidy component of export credits, subsidies granted by state trading enterprises (STEs), and food aid. Special and differential treatment for export support granted by developing countries will simply be limited to a longer transition period and “special consideration” for poorer countries’ state trading enterprises.

In contrast to the specificity with which export subsidies are treated, the Framework Agreement is much vaguer when it comes to other dimensions of agricultural support policies such as market access and non-export subsidies. It merely notes the need for “substantial improvements in market access for all products,” does not specify the formula to be used for cutting tariffs, and opens the door to many exceptions to tariff cuts, *inter alia* by accepting the possibility of countries to define sensitive and special products and allowing for safeguard measures (see Jean, Laborde and Martin 2005). From an economic perspective the emphasis on export subsidies is somewhat puzzling in that the available evidence and analysis suggests that domestic market price supports, especially via trade restrictions (tariffs, tariff rate quotas) can be expected to have the greatest impact on world prices (see Hertel and Keeney 2005).

The magnitude of export subsidies is determined by the gap between domestic and world prices. Export subsidies are used when high tariffs raise the domestic price of commodities as a result of which domestic output expands. If there are also domestic production support programs this output expansion will be greater, potentially impacting world prices through an artificially increased global supply. In principle it would be much more logical to see the elimination of export subsidies as a key *consequence* of reducing the gap between domestic and world prices created by border barriers and domestic support programs. Eliminating export support without reducing tariffs and domestic support would simply result in putting world agriculture in the situation (no export subsidies, high tariffs and

domestic support) faced by manufacturing at the dawn of the GATT in the late 1940s. That in itself would be an achievement, but from an economic perspective is likely to have a limited impact. How large the impact would be is of course an empirical matter, as is the incidence of the associated benefits and costs.

In this chapter we do not undertake a quantitative assessment but instead review the available information on the magnitude of export subsidies, the products that are subsidized, and the countries that are affected. The first section documents the trend in export subsidies in the world since the end of the Uruguay Round. The available information provides some evidence of a noticeable decline of export subsidies since 2000, as well as an interest on the part of middle-income and emerging market economies to be able to use export subsidies as well. The second section focuses on the use of export subsidies by the European Communities (EC), given that the EC is the WTO Member that dominates in this area. The data reveal that the use of export subsidies has declined significantly since 2000, suggesting that the EC may be selling a rapidly depreciating “asset”. The third section summarizes the available evidence on the other forms of export support (export credits, STEs and food aid) before some conclusions are presented.

### **Export subsidies: on a declining path?**

The Uruguay Round Agreement on Agriculture (URAA) allows 25 WTO Members to subsidize exports, but only for products for which they have made URAA “commitments” (in WTO parlance) regarding the maximum value and quantities of farm exports that can be subsidized. In other words, commitments establish the limits regarding Members’ capacity to subsidize their farm exports. Other WTO Members may not subsidize agriculture (or any other) exports at all. In the case of developing countries, subsidies are, however, allowed for

certain inputs. Para 4 of Article 9 permits developing countries to pay subsidies for internal transport and for marketing during the Uruguay Round implementation period. The July 2004 Framework envisages continuation of Article 9.4 “for a reasonable period.” Indirectly, therefore, developing countries will continue to be allowed to support exports insofar as the commodities involved are exported.

*An aggregate, country-based perspective*

The total amount of export subsidy “commitments” across WTO member amounted to \$80 billion in the period 1995-2000. High-income countries accounted for some 85 percent of the total export subsidy commitments, and middle-income economies accounted for the remainder. Least developed countries (LDCs) do not report any export subsidies. Table 7.1 lists the 25 countries, ranked by decreasing magnitude of their commitments in value terms (aggregated over the period 1995-2000).<sup>1</sup> Eight of the 25 WTO Members are developing countries—two of them (Brazil and South Africa) being leaders of the “G20” coalition that plays a key role in the Doha Round. As the URAA requires these 25 countries to notify the extent to which they actually use subsidies. Table 7.1 also reports notified use (in value terms) of these subsidies. The data suggest four observations.

First, the WTO notification procedure does not work well. There is no consolidated information on the actual use of subsidies after 2000, and almost no information for 2002 and after. For 2000 there is no information on some \$1.7 billion of commitments—an amount equivalent to one-fourth of total EC commitments or two-thirds of the amount notified as actually used by the EC in 2000. There is no information on subsidy uses after 1999 for 11 of the 25 Members. In a number of years Members did not notify the use of their commitments

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<sup>1</sup> After this paper was completed, two new documents were released by the WTO that update information to 2002 for 11 Members. See WTO document TN/AG/S/13.

for all their products. This is a poor record from a transparency perspective, and somewhat surprising given the high profile and contested nature of export subsidies. The lack of data may imply that the issue of monitoring use of export subsidies is not regarded as very important by WTO members, or that key players have the information through other channels. In any event, it is clear that the process is not working well. An implication of the data gap is that drawing inferences from what is reported should be done with some caution.

Second, Table 7.1 does not suggest a clear trend on the use of export subsidies: they increased up to 1999, but declined substantially in 2000. Although the aggregate decline for 2000 largely reflects the evolution of the EC export subsidies (the next section confirms this observation and extends the decline for 2001 and 2002 for the EC), it is interesting to note that a similar decline with respect to the level of subsidies actually used in 1999 is observed for all other Members for which data are reported.

Even if this decline is confirmed, it should be kept in mind that governments do not define/apply export subsidies on an *ad valorem* or percentage basis (e.g., a percentage of the world prices) but rather as an amount of money that is necessary to offset the gap between domestic and world prices. The low level of export subsidies in 1995-1996 reflects high world prices (relative to domestic prices) in key farm products such as cereals. Indeed, during a few months of this period, world prices were so high (relative to domestic prices) that the EC imposed export *taxes* on products traditionally benefiting from export subsidies. Declining world prices after 1996 automatically generated increasing export subsidies because domestic prices were held constant—as a result of insulation of markets through trade barriers and other forms of market price support. Between 2000 and 2004, world prices increased significantly for commodities such as wheat and maize. The former rose 40 percent from a

cyclical low in 1999, whereas the latter increased 30 percent relative to a cyclical low in 2000.<sup>2</sup>

Third, until 1999 utilization rates (defined as actually used subsidies as a percentage of the maxima permitted, i.e., the commitments) increased under the combined evolution of declining commitments and increasing use of permitted subsidies. These utilization ratios deserve two comments. First, there is only one instance where the ratio exceeds 100 percent at the aggregate country level. This can be regarded as reassuring because it shows that WTO Members appear to be abiding by their commitments. However, there are caveats: it remains to be seen whether the existing commitments impose effective disciplines (the next section below suggests doubts are in order); and it is also not evident that at the product level “utilization ratios” are below 100 percent (and here also the discussion in the next section reveals that this is not the case). Second, utilization rates vary a lot by country, but there is no clear correlation between the level of commitments and the level of subsidies granted.

Lastly, WTO notifications reveal that middle-income countries perceive an interest in having the ability to use export subsidies. The absence of information on actual use of subsidies again poses a problem: it is not known to what extent notifications lead to actual subsidies being applied. Even if in practice the countries concerned have not implemented much in the way of export subsidization, the fact that commitments were made suggests that an additional rationale for seeking to discipline the use of export subsidies is to prevent the gradual expansion of the use of these instruments. As discussed below, the poorest countries in particular appear to have a strong incentive to seek such disciplines, as the notified subsidy commitments pertain much more to products that they also export than is the case for high-income countries.

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<sup>2</sup> See World Bank Global Prospects website.

### *The incidence of notified export subsidy commitments*

The global pattern of protection and support to agriculture will have differential impacts on countries depending on whether they are net producers or consumers of the commodities affected. A first cut at identifying the likely implications of protectionist policies for individual countries is to calculate the relative importance of the products for which export subsidies have been notified to the WTO in terms of a country's exports and imports. This will provide a good indication of the likely impact effect of support policies and their removal. As farm export subsidies depress the prices of the targeted agricultural products, eliminating them will reduce the welfare of net importers and increase that of net exporters. It should be underlined, however, that the net trade status of countries will not necessarily be very informative of the longer run impacts, and that even in the short run negative impacts will be attenuated or reversed if market access is (seriously) improved (Anderson 2004). While a more precise assessment of the effects of agricultural support policy reforms requires formal modeling, as will be seen below, the (short run) impact effect that emerges from model-based analyses is quite consistent with the conclusions that emerge from a simple trade share-based analysis. At the same time, analysis of "affected" trade on a country-by-country basis has the advantage of allowing a determination of which export subsidies have the greatest relevance for (impact on) specific low-income economies.

The WTO notifications have a noteworthy feature: the products notified by middle-income countries are much more heavily concentrated in commodities that poor countries (LDCs) either export or import. Indeed, on average, the pattern of trade of developing countries is such that Quad (EU, US, Japan and Canada) subsidies appear to have less of a net negative impact on the poorest countries than do the agricultural support policies of middle-income countries. Around 17 percent of the value of LDC exports comprise products that are subject to an export subsidy in one or more WTO members (Hoekman, Ng, and Olarreaga

2004). In developing countries the numbers are 5 and 4 percent, respectively. Many African countries have more than half their exports affected by export subsidies in some WTO member. This is the case of Benin, Burkina Faso, Burundi, Chad, Côte d'Ivoire, Malawi, Mali, Rwanda, Tanzania and Uganda. However, most of these export subsidies are actually notified by other developing countries rather than developed countries. Indeed, the share of the above countries' exports that are potentially affected by an export subsidy in the Quad is below 1 percent. On the other hand, 6 percent of imports of LDCs are subject to an export subsidy in the OECD (5 percent by export subsidies in the Quad) and 2 percent of developing country imports are potentially affected by export subsidies in the Quad. Cuba, Algeria, Egypt, Iran, Jordan and Mauritania have more than 10 percent of their import bundle that is subject to an export subsidy in at least one developed country.

Figures 7.1 and 7.2 plot the relationship between the indicator  $I = s^x - s^m$  and the log of GDP per capita across countries, where  $s^x$  is the share of exports that is affected by an export subsidy and  $s^m$  is the share of imports that is affected by an export subsidy in each country (a large value for  $I$  suggests that the country is likely to benefit from the removal of export subsidies). Figure 7.1 plots these relationships for export subsidy notifications (commitments) across all WTO members, while Figure 7.2 plots a similar relationship for export subsidies of Quad members only.

As illustrated in Figure 7.1, the share of exports relative to imports that is affected by an export subsidy in at least one WTO member decreases with GDP per capita, suggesting that poorer countries tend to be disproportionately hurt by export subsidies. However, this is mostly driven by export subsidy notifications of other developing countries. Indeed, Figure 7.2 shows that the share of exports relative to imports that is affected by an export subsidy in one or more Quad members is increasing with GDP per capita. Thus, poorer countries tend to

be less hurt than richer ones by Quad export subsidies. Not surprisingly, for the Cairns Group<sup>3</sup> the indicator  $I$  is very high, at around 15. This suggests that the Cairns Group as a whole will probably experience large gains from the elimination of export subsidies. However, there is diversity within this group. Indonesia, Malaysia and the Philippines all have a negative value of  $I$ .<sup>4</sup>

### ***Export subsidies by product***

The information provided by (reported to) the WTO on export subsidies by product unfortunately is also problematic. Some WTO Members have defined their commitments in terms of very widely defined categories of products, whereas others have done it in terms of narrowly specified products. For instance, the EC uses two broad categories of fruits and vegetables (fresh and processed) while Bulgaria distinguishes no fewer than 28 types of fruits and vegetables (from cherries to cucumbers). This further reduces the transparency and surveillance value of the WTO in this area. Assessing the effects of export support on world markets requires information on the level of subsidies for a given product category, as the overall or aggregate amount of subsidies by country is not very informative. Reporting by broad category as is done by the EC potentially allows for substantial discretion in reallocating subsidies across products within an aggregate category. This permits the continued insulation of domestic markets (rigid domestic prices) from fluctuating world prices as long as the fluctuations are dispersed among specific products within a product category.

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<sup>3</sup> Members of the Cairns Group are Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay.

<sup>4</sup> This is consistent with the evidence in Hertel and Keeney (2005, Table 2.8). From a normative perspective the ability of a country to incur a possible negative terms of trade shock is important. Many of the countries that might incur a loss as the result of export subsidy elimination are middle-income and will have greater capacity to address the shocks than the poorest ones located in the bottom left corner of the Figures.

Table 7.2 reports a breakdown of the subsidies by product category reported by the EC. Table 7.2 is based on the same WTO data as Table 7.1 (maximum commitments and actually used subsidies). It reports the shares of each product category in the EC's total subsidy allocation, with categories sorted in decreasing order as a share of actually used export subsidies. It reveals an interesting feature for the six product categories that account for the largest "commitment shares" (arbitrarily defined as exceeding 6 percent). The six categories can be divided in two groups: three exhibiting a much larger use than the commitment level (processed products, other milk products, and sugar, in decreasing order) and three facing the converse situation (wheat, coarse grains, and butter). The latter two were subjected to a substantial decrease in price support as a result of the 1992 McSharry reform of the CAP, while butter was subject to a quota regime, which reduced the need to have recourse to export support. The fact that actual levels of intervention appear to exceed bound levels can be explained in part by the fact that the time periods for reporting differ (the WTO uses a different definition of the accounting year than the WTO), and, more important, that the commodity definitions are not the same.

Similar tables can be constructed for other countries on the basis of the notifications. A synthesis of aggregate subsidy figures across reporting WTO members is reported in Table 7.3 for 2000-01. However, the limited information content of the WTO commitments and notifications on the use of export subsidies prevent meaningful comparisons between countries on the basis of product categories. In our view such comparisons must be regarded as indicative only.

### **Export subsidies and EC farm trade policy: a depreciating negotiating asset?**

The severe limitations of the WTO data on export subsidies suggest that any assessment of trends in the use of these instruments should employ national data. What follows therefore focuses on national information for the EC, as the EC is by far the largest provider of export subsidies. The primary source of information on farm support (both domestic and export subsidies) is the European Agriculture Guarantee and Guidance Fund (EAGGF), the body responsible for providing all the EC-level farm subsidies. The EAGGF provides detailed reports on its activities.<sup>5</sup>

In the EAGGF parlance, export subsidies are recorded as “refunds.” Table 7.4 reports the aggregate data on refunds as well as data from the WTO and the OECD. It reveals some serious differences between the WTO and EC data for three years (1995, 1997 and 2000), with the EAGGF subsidies being systematically (and sometimes much) larger than what is reported by (notified to) the WTO. For the whole period 1995-2000, EAGGF refunds are 25 percent higher than the sum of what the EC notified to the WTO in terms of actual subsidization. While discrepancies might arise for any given year due to differences in period coverage (fiscal years, etc.) such a large difference over a five-year period cannot be due to such differences alone. Given that EAGGF reports are audited and that individual Member States have an incentive to monitor the distribution and use of refunds, there is a presumption that the EAGGF data are the more accurate ones.

Whatever source is used, however, the differences in magnitude of subsidization do not modify the conclusion that there appears to be a declining trend. The share of export subsidies in the OECD-based PSE estimates (which is the best estimate of the aggregate level of protection of farm production, and hence the best reference basis) falls by a factor of two between 1995 and 2000-01 (depending whether one uses the WTO or at the EAGGF data –

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<sup>5</sup> Individual EC Member States also provide subsidies, but these are either production or consumption-related, or horizontal in nature (e.g., broad infrastructure, or assistance to young farmers).

see Table 7.4). However, in sharp contrast to the observed decline in export subsidies, the PSE estimates for the EC are very stable over the sample period as a whole. In other words, the EC farm sector is as much protected at the end of the period as at its beginning. This suggests that while export subsidies may have been falling, protection has not, and that a significant decline in world prices could well lead to a subsequent rise in export subsidies.

The fact that the EC farm protection is stable during the 1995-2002 period, but is becoming “less aggressive” in terms of export subsidy use, can be seen as a positive development for the world trade regime, even if it is questionable that in itself it does much positive from an economic perspective. From a negotiating perspective it raises the question of whether the EC is selling its WTO partners a rapidly “depreciating” asset. As it is doubtful that the major WTO Members are unaware of the evolution of the use of export subsidies by the EC, the emphasis on the elimination of export subsidies may reflect the reluctance, by the EC as well as many of its trading partners, to address the core issue of market access (import protection and domestic support).

Alternatively, the stress that has been put on elimination of export subsidies may be explained by the fact that it is directed at specific products that are of prime importance for efficient exporters in the rest of the world and/or for powerful EC farm lobbies. EAGGF provides a relatively disaggregated breakdown of subsidies by product except for two large groups of products (cereals and dairy). In the case of cereals, this exception illustrates the fact that, during the period examined, production subsidies (a substantial portion of the EAGGF funds) were granted on a hectare basis, that is, independently from the type of cereals grown by the EC farmers.<sup>6</sup> In other words, the lack of disaggregated data in cereals reflects the fact that a limited decoupling regime was implemented for cereals. This is important to keep in

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<sup>6</sup> There were production subsidies strictly related to a specific kind of cereals, such as durum wheat or rye, but these were relatively limited.

mind when assessing the 2003 CAP Reform, because it implies that the reform is much more limited than it appears. In the case of dairy, the technical relations between milk and its derived products, such as cheese or milk powder, explain the difficulty in decomposing milk subsidies among dairy products.

### ***Export subsidies in the EC's overall subsidization scheme***

EAGGF data on subsidies by product categories are reported in Table 7.5. They show that export subsidies do constitute a large share of total EAGGF funds (Table 7.6), and hence are important for EC farmers, for a few products: sugar and rice, milk and dairy products, beef (until 2000, after which the emergence of the “mad cow” crisis in several EC Member States triggered bans on imports of beef from the EC in the rest of the world), pig meat, eggs and poultry. These few sectors presumably represent the core of the lobbies interested in keeping export subsidies, or, at least, in looking for compensation they are eliminated.<sup>7</sup>

Another way to assess the importance of export subsidies is to relate them to the corresponding EC farm production, to see whether they represent a significant share of production values. Although there are some difficulties and limits in matching the EAGGF product categories with the EC production classification, Table 7.7 offers a rather crude—but reasonably accurate—picture of subsidization rates based on production for the period 1995-2002. It suggests two conclusions. First, consistent with the OECD PSE numbers (Table 7.4), the total level of subsidization of the EC farm production (that is, including all EAGGF funds) has only marginally declined since 1995. It varies between 15 and 18 percent, with a peak in the late 1990s. However, this stability hides substantial changes at the level of product

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<sup>7</sup> Note that the two bottom rows of Table 7.4 suggest it is important to take into consideration additional farm products, such as those used as inputs for beverages, as well as in food aid (although this item includes food aid to European consumers). However, it is not possible to map these types of aid to products in a precise way. As a result, what follows ignores the figures reported in these rows, notwithstanding their relative importance.

categories: a strong decline in overall subsidization rates is observed for cereals, tobacco (but starting from a level higher than 100 percent), ovine meat, and milk and dairy products. In sharp contrast, some product categories have enjoyed an increasing level of subsidization, including fibre plants, wine, rice, and bovine meat. These are all products of prime interest for many developing countries.

If the focus is limited to export subsidization rates only (instead of total subsidies), the picture changes dramatically. The ratio of export subsidies to EC production has been declining to the point of becoming negligible (1 percent or less). There is one exception: sugar. This exception is clearly one of the key reasons for the continuing emphasis on export subsidies in the WTO negotiations.

Export subsidization rates can also be calculated as a share of actual exports. This approach is particularly interesting from a negotiating point of view (while from the perspective of typical individual farmers, the size of the total transfer from subsidies and border protection relative to production is probably more important in their decision-making). This indicator can be constructed by using the WTO and the EAGGF data. Fortunately, the problems of matching the various sources on a product by product basis are limited. There are no serious problems for data related to cereals, sugar, wine, rice milk and dairy products, bovine meat and poultry, which are the major subsidized commodities.

Table 7.8 reports the calculated export subsidization rates in terms of WTO commitments, WTO used subsidies and EAGGF refunds. It suggests that subsidization rates for animal products are a multiple of those applying to plant products, with the highest numbers for bovine meat and sugar.

**Should efforts in the Doha Round go beyond export subsidies?**

As part of the Doha Round discussions on export subsidies, the EC, supported by a number of Cairns Group/G20 members such as Brazil, has extended the principle of the elimination of export subsidies to all key existing “equivalent” forms of export subsidization: specifically to the subsidy component of official export credits, the activities of state trading enterprises (STEs) and food aid.<sup>8</sup> One interpretation of this linkage is that it is largely tactical. While the EC is by far the largest user of export subsidies, a number of traditional export-oriented and pro-liberalization countries make use of these alternative instruments. For example, the United States grants both export credits and food aid, and Canada has made long-standing use of STEs for specific commodities.<sup>9</sup> Alternatively, the focus on equivalent disciplines for alternative instruments that may give rise to export subsidies can be perceived as a necessary step to ensure that governments do not engage in “re-instrumentation” following a full-fledged WTO ban on explicit export subsidies on farm products.

Whatever the motivation, a pertinent question is how much importance should be given in the short run (i.e., the Doha Round) to an extension of the ban on export subsidies to all forms of export support. Given the myriad problems that will need to be addressed—how to define what is permissible and what is not when it comes to the financing of food aid or agricultural export credits, what constitutes an implicit or explicit subsidy, etc.—from an economic perspective a case can be made that going down this path only makes sense in the short run if the distortions associated with these other activities are significant. If so, a second question to be answered is whether the WTO is the appropriate forum for international

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<sup>8</sup> Note that this was also an objective during the Uruguay Round—Article 10 of the WTO Agreement on Subsidies and Countervailing Measures foreshadows the extension of export subsidy disciplines to similar instruments such as export credits.

<sup>9</sup> Although the objective in the case of STEs and food aid is generally not to subsidize exports, they may have that effect.

cooperation in these areas. Export credits have already been subjected to disciplines and surveillance in the OECD. An obvious question is why this is not or cannot be extended to agriculture, and indeed, whether there is anything specific to agriculture in terms of the allocation of official export credits.

How large is the subsidization component of these instruments? Unfortunately, very little good information exists that can be used to provide an answer. For instance, calculating the subsidy component of an export credit requires not only the amount of the credit, but also its terms—maturity, interest rate structure (which can be very complex), etc., information on the credit worthiness/risk profile of the borrower/recipient, and so forth. The counterfactual will be difficult to determine—would a bank or other financial services provider have lent at all? If so, at how many basis points higher? Can one use a “market reference interest rate”?

Inherently there will be a subjective element to any assessment of the export subsidy equivalent associated with export credits, the operation of STEs and food aid. In sum, one needs very detailed information on existing transactions and on the hypothetical market-based transaction. Another important issue concerns the ability of importers to borrow from intermediaries so as to finance their purchases. If they confront liquidity constraints there may be a welfare-based argument for export credits. Rude and Gervais (2004) argue that in a world where poor countries confront liquidity constraints and demand is very elastic, a ban on export credit interest rate subsidies may raise import prices.<sup>10</sup> However, the fact that most credits are extended to other OECD countries, and that available estimates of subsidy equivalents are quite low (see below), suggest that any such effects will be small.

Table 7.9 reports the results of an attempt by the OECD to calculate the export subsidy equivalent of these other instruments for affected products in Australia, Canada, the EC and the US during 1995-98 (OECD 2001). The US is the largest provider of export credits—data

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<sup>10</sup> See also Hyberg et al. (1998).

on US allocations by product and recipient are available from FAS (2004). For the four countries mentioned, ad valorem subsidy equivalents do not exceed 7 percent for any of the instruments considered. In terms of the overall impact, it is important to recognize that the share of total agricultural exports to which these instruments apply is small, ranging from less than 2 percent for the EC to around 5 percent for Canada and the US. It is highest for Australia (15 percent). Bulk cereals were found to account for almost half of the total subsidy element of export credits granted. When used in a simulation model to assess the impact of these programs on prices, it was found that US export and domestic prices would be only 2 and 1 percent lower, respectively, following a ban on export credits. Moreover, the bulk of export credits apply to intra-OECD trade. In the case of the US, for example, South Korea and Mexico are the major recipients. It would appear therefore that these are of second-order importance compared to export subsidies proper (which in turn are second order compared to market price support).

### **Concluding remarks**

The forgoing has sought to provide an overview of the available information on export subsidies. Rather than summarize the findings here, we conclude with some policy recommendations.

First, the WTO “machinery” for compiling and reporting data on the use of export subsidies should be strengthened. In all instances where “commitment notifications” are made, these should be accompanied by information on the actual use of subsidies.

Second, effective monitoring and surveillance (and analysis of the impacts of) export subsidies requires that WTO members all use the same product classification. That

classification should be as disaggregated as possible, both to constrain more tightly the capacity to continue to subsidize exports and to allow more effective analysis of their impacts.

Last but not least, the evidence suggests that the subsidy element of export credits is much less of a problem in terms of distorting world markets than direct export subsidies. Assessing the magnitude of the associated distortions and determining the subsidy equivalent is difficult, however, and much more work is required to understand better the prevailing situation and the possible benefits and costs of alternative types of multilateral disciplines. One way forward would be to delegate a program of technical work to, for example, the OECD's Agricultural Directorate or the FAO to provide a better of the effects of the programs concerned.

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**Figure 7.1: The “incidence” of all notified export subsidies**

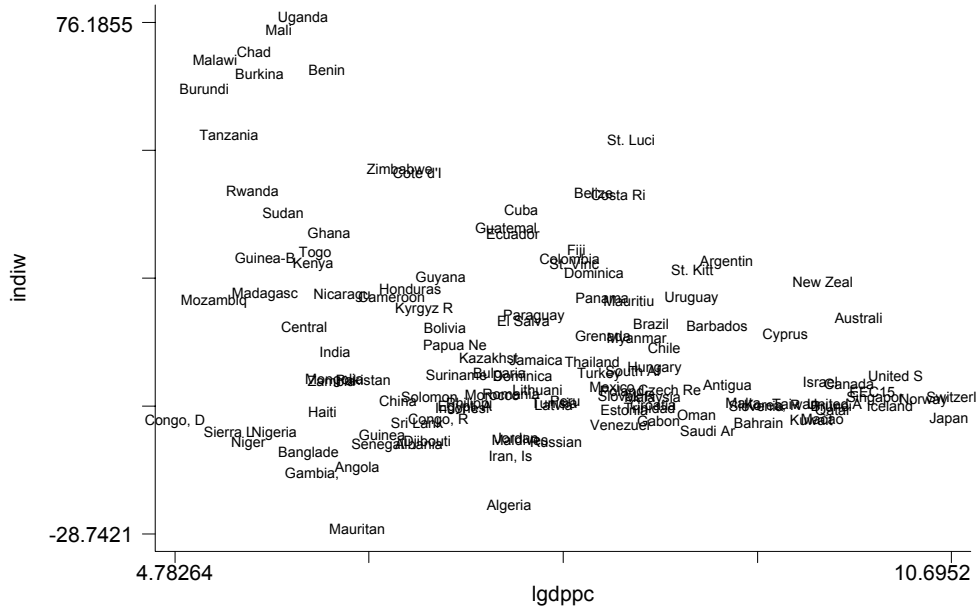
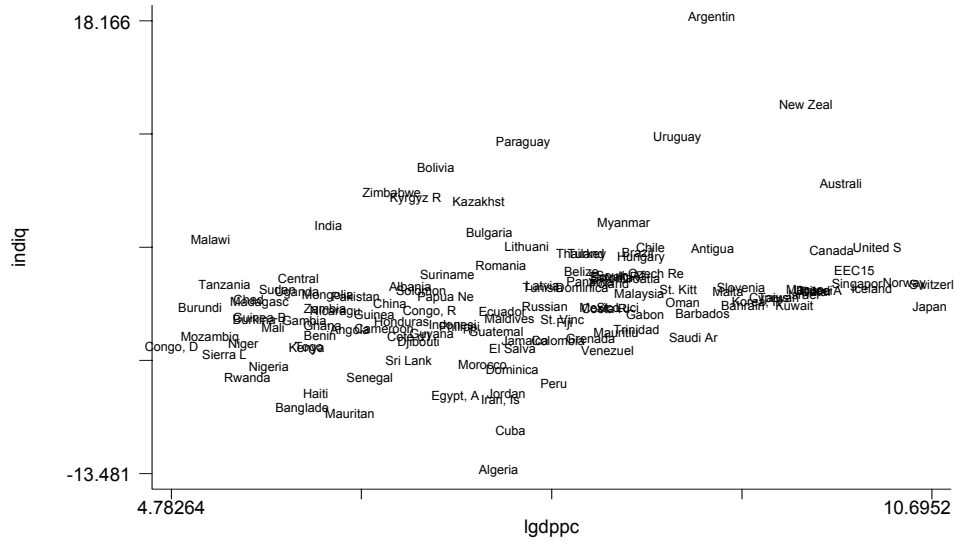


Figure 7.2: The “incidence” of Quad export subsidy commitments



**Table 7.1: WTO commitments and notifications of used export subsidies, 1995-2000**

	No. of products	Commitments (mln USD)								Used subsidies (mln USD)								Utilization rates (%)						
		1995	1996	1997	1998	1999	2000	all	avg [a]	1995	1996	1997	1998	1999	2000	all	1995	1996	1997	1998	1999	2000	all	
Eur. Community	20	15371	13809	11374	10269	8848	6859	50526	2526	6390	7057	4946	5976	5978	2544	25353	41.6	51.1	43.5	58.2	67.6	37.1	50.2	
USA	13	1168	1053	939	824	709	594	5288	407	26	121	112	147	80	--	486	2.2	11.5	12.0	17.8	11.3	--	9.2	
Mexico	5	728	708	689	670	650	631	4076	815	0	0	14	2	--	--	15	0.0	0.0	2.0	0.2	--	--	0.4	
Turkey	44	872	787	702	617	532	446	3956	90	30	17	39	29	28	27	170	3.4	2.2	5.5	4.7	5.3	6.1	4.3	
Poland	17	737	690	643	596	549	500	3713	218	0	16	9	14	55	37	130	0.0	2.3	1.4	2.3	10.0	7.4	3.5	
Canada	11	502	466	420	356	320	284	2348	213	37	4	0	0	0	--	42	7.5	0.9	0.0	0.0	0.0	--	1.8	
Colombia	18	367	367	357	347	337	327	2101	117	15	19	23	20	0	0	77	4.0	5.2	6.4	5.8	0.0	0.0	3.6	
Switzerland	5	547	490	399	361	--	--	1798	360	447	369	296	292	--	--	1403	81.7	75.2	74.1	80.8	--	--	78.0	
Czech Rep.	16	240	220	175	160	137	112	1045	65	40	42	40	42	35	24	223	16.7	19.0	22.9	26.2	25.2	21.6	21.3	
South Africa	62	232	183	159	123	103	83	883	14	40	42	18	3	5	3	111	17.3	22.7	11.4	2.7	4.8	3.8	12.6	
Bulgaria	44	195	175	146	133	118	94	657	15	0	0	0	0	0	--	0	--	--	0.0	0.0	0.0	--	0.0	
Norway	11	151	134	109	90	75	56	614	56	83	78	102	77	128	--	470	55.3	58.6	94.0	86.0	171.2	--	76.5	
Hungary	16	167	129	98	79	66	51	591	37	41	18	10	12	13		94	24.6	14.0	9.9	14.8	20.0	--	15.9	
New Zealand	1	140	138	123	92	84	0	577	577	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	16	94	92	89	87	85	82	529	33	0	0	0	0	--	--	0	0.0	0.0	0.0	0.0	--	--	0.0	
Australia	5	101	99	87	67	63	51	468	94	0	0	0	1	2	0	4	0.0	0.0	0.0	1.9	3.8	0.0	0.8	
Slovakia	17	82	74	63	56	44	36	355	21	8	8	13	12	12	12	65	10.2	11.0	19.9	22.0	27.1	32.3	18.3	
Israel	6	55	53	52	51	49	48	308	51	19	13	6	1	1	0	40	34.4	23.7	11.3	1.9	2.9	0.0	12.9	
Venezuela	72	34	33	33	32	31	30	193	3	3	20	2	6	--	--	31	9.4	60.0	7.3	17.3	--	--	16.2	
Indonesia	1	28	27	26	26	25	24	156	156	0	0	0	0	0	0	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Iceland	2	26	24	21	19	18	16	124	62	5	1	0	0	0	--	6	20.7	3.1	0.7	0.0	0.0	--	5.1	
Uruguay	3	2	2	2	2	2	2	10	3	0	0	0	0	0	--	0	0.0	0.0	0.0	0.0	0.0	--	0.0	
Panama	1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	
Cyprus	9																					--	--	
Romania	13											0	0		--								--	
<b>Sum</b>		<b>15476</b>	<b>14577</b>	<b>14168</b>	<b>12925</b>	<b>12843</b>	<b>10325</b>	<b>80316</b>	<b>--</b>	<b>4573</b>	<b>5213</b>	<b>4539</b>	<b>5409</b>	<b>6338</b>	<b>2648</b>	<b>28720</b>	<b>29.5</b>	<b>35.8</b>	<b>32.0</b>	<b>41.8</b>	<b>49.4</b>	<b>25.6</b>	<b>35.8</b>	

Source: WTO TN/AG/S/8, 2002.

Note [a]: average commitment value per product.

**Table 7.2: WTO commitments and notifications of the EC, by product, 1995-2000 (ranked by decreasing utilization rate)**

Product Categories	Commitments (shares in total commitment)							Used subsidies (share in total used subsidies)							Utilization rates (%)						
	1995	1996	1997	1998	1999	2000	all	1995	1996	1997	1998	1999	2000	all	1995	1996	1997	1998	1999	2000	all
Alcohol	1.20	1.21	1.23	1.25	1.27	1.29	1.24	1.05	2.13	2.42	2.27	3.89	3.46	2.59	36.3	89.6	85.6	106.1	208.0	99.5	104.9
Processed products	6.11	6.03	5.95	5.84	5.72	5.57	5.88	10.05	10.17	12.68	10.75	12.82	14.98	11.75	68.5	86.2	92.7	107.0	151.3	99.8	100.2
Sugar	6.24	6.30	6.38	6.46	6.57	6.70	6.43	7.76	9.43	17.86	14.89	8.37	13.49	11.65	51.7	76.5	121.8	134.1	86.1	74.7	90.9
Other milk products	8.72	8.81	8.91	9.04	9.18	9.37	8.99	14.89	13.15	17.34	14.22	16.13	14.84	15.12	71.0	76.3	84.6	91.6	118.6	58.8	84.4
Rice	0.46	0.47	0.47	0.48	0.49	0.49	0.48	0.62	1.30	0.75	0.48	0.47	1.17	0.75	55.5	141.3	68.6	58.3	65.3	87.8	79.1
Wine	0.49	0.49	0.50	0.51	0.52	0.53	0.50	1.05	1.07	0.85	0.55	0.47	0.86	0.77	88.9	110.6	74.1	63.0	61.2	60.5	76.8
Poultry meat	1.16	1.17	1.18	1.19	1.20	1.22	1.18	2.37	1.31	1.74	1.68	1.34	2.06	1.69	85.0	57.4	64.5	82.4	75.3	62.6	71.5
Fruit and vegetables, processed	0.10	0.10	0.11	0.11	0.11	0.11	0.11	0.23	0.18	0.13	0.08	0.10	0.14	0.14	92.6	89.5	53.3	45.5	60.4	47.0	65.3
Pigmeat	2.46	2.47	2.49	2.51	2.54	2.57	2.50	2.06	1.28	1.71	6.67	4.33	1.22	3.18	34.8	26.4	29.8	154.6	115.3	17.7	63.8
Fruit and vegetables, fresh	0.66	0.67	0.67	0.68	0.70	0.71	0.68	1.44	1.11	0.60	0.59	0.66	0.98	0.87	90.7	85.1	38.4	50.4	64.4	51.1	63.8
Beef meat	16.36	16.43	16.50	16.59	16.70	16.83	16.56	30.84	27.43	19.28	12.05	12.93	13.87	19.04	78.4	85.4	50.8	42.3	52.3	30.6	57.7
Cheese	5.06	4.99	4.92	4.83	4.72	4.59	4.86	8.96	4.88	4.04	2.79	4.20	8.61	5.18	73.7	49.9	35.7	33.7	60.1	69.7	53.5
Skim milk powder	3.46	3.49	3.53	3.58	3.63	3.70	3.56	2.88	3.06	2.67	3.59	6.02	0.95	3.56	34.7	44.8	32.9	58.4	111.9	9.5	50.2
Coarse grains	13.66	13.72	13.78	13.86	13.95	14.06	13.83	6.21	6.99	6.26	14.32	13.01	6.93	9.55	18.9	26.0	19.8	60.1	63.0	18.3	34.7
Butter and butter oil	11.85	11.97	12.11	12.28	12.48	12.72	12.21	5.24	9.92	7.12	5.35	5.94	12.23	7.23	18.4	42.3	25.6	25.4	32.2	35.7	29.7
Olive oil	0.68	0.69	0.69	0.70	0.71	0.73	0.70	1.27	0.70	0.18	0.00	0.00	0.00	0.34	77.8	52.2	11.2	0.0	0.0	0.0	24.3
Eggs	0.52	0.53	0.54	0.55	0.57	0.59	0.55	0.26	0.12	0.30	0.32	0.25	0.29	0.26	21.3	12.0	24.1	34.3	29.9	18.5	23.5
Wheat and wheat flour	19.65	19.33	18.96	18.51	17.97	17.32	18.68	2.43	5.71	4.07	9.38	9.07	3.92	6.27	5.1	15.1	9.3	29.5	34.1	8.4	16.8
Raw tobacco	0.82	0.78	0.74	0.68	0.62	0.54	0.70	0.37	0.06	0.00	0.00	0.00	0.00	0.07	18.8	4.0	0.0	0.0	0.0	0.0	4.7
Rapeseed	0.35	0.35	0.35	0.36	0.36	0.37	0.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0

**Table 7.3: Export subsidy rates, by GTAP Agricultural and food commodity and region**

	Switzerland	Czech Rep	Hungary	EU15	SKorea	Poland	Slovakia	Turkey	USA	Israel	Norway
Wheat	0.00	0.00	0.00	<b>6.12</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Grains	0.00	0.00	<b>0.36</b>	<b>10.79</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fruit Vegetables	<b>162.44</b>	0.00	0.00	<b>2.73</b>	<b>7.39</b>	0.00	<b>0.28</b>	<b>0.33</b>	0.00	<b>1.40</b>	0.00
Cattle	<b>37.17</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other livestock	0.00	0.00	0.00	<b>0.38</b>	0.00	0.00	0.00	<b>0.23</b>	0.00	0.00	<b>2.20</b>
Bovine meat	0.00	0.00	0.00	<b>39.73</b>	0.00	0.00	0.00	0.00	0.00	0.00	<b>10.30</b>
Non-bovine meat	0.00	<b>0.16</b>	<b>1.28</b>	<b>10.15</b>	<b>0.35</b>	<b>3.03</b>	0.00	<b>0.93</b>	<b>0.19</b>	<b>0.17</b>	<b>7.22</b>
Vegetable oils	0.00	0.00	0.00	0.00	0.00	0.00	0.00	<b>2.12</b>	0.00	0.00	0.00
Dairy	<b>30.19</b>	<b>11.63</b>	0.22	<b>56.52</b>	0.00	<b>1.57</b>	<b>14.59</b>	0.00	<b>1.36</b>	0.00	<b>39.99</b>
Rice	0.00	0.00	0.00	<b>15.05</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sugar	0.00	0.00	0.00	<b>72.76</b>	0.00	<b>18.28</b>	0.00	<b>1.44</b>	0.00	0.00	0.00
Beverages Tobacco	0.00	0.00	0.00	<b>2.72</b>	0.00	0.00	0.00	0.00	0.00	0.00	<b>0.12</b>
Other food	<b>5.01</b>	<b>0.64</b>	<b>0.11</b>	<b>1.70</b>	0.00	<b>0.13</b>	<b>0.31</b>	<b>0.42</b>	0.00	0.00	0.00

Source: Elbehri, Aziz, ERS/USDA [year\*\*] based on WTO notification. Subsidy rates are based on 2000/2001 WTO Member States notifications.

**Table 7.4: EC export subsidies and PSEs, 1996-2002**

	1995	1996	1997	1998	1999	2000	2001	2002	1995-2000
in millions of euros									
WTO commitments	11751	10890	9605	9169	8848	6859	--	--	57122
WTO notified uses	4885	5565	4361	5336	5978	2544	2297	--	30966
EAGGF refunds	7802	5903	6020	5070	5572	5646	3401	3432	36013
PSE estimates	102728	98463	97313	105869	108103	97092	99295	100577	609568
in percent of PSE									
WTO commitments	11.4	11.1	9.9	8.7	8.2	7.1	--	--	9.4
WTO notified uses	4.8	5.7	4.5	5.0	5.5	2.6	--	--	4.7
EAGGF refunds	7.6	6.0	6.2	4.8	5.2	5.8	3.4	3.4	5.9

Sources: WTO, TN/AG/S/8, EAGGF annual reports, OECD estimates of PSEs.

**Table 7.5: EAGGF subsidies, 1995-2002, Euro million**

	1995	1996	1997	1998	1999	2000	2001	2002	1995	1996	1997	1998	1999	2000	2001	2002
	All subsidies ("intervention and refunds")								Export subsidies ("refunds")							
Cereals	15018.3	16372.3	17414.1	17945.3	17865.9	16663.1	17466.2	18590.1	1092.7	312.8	532.3	478.9	883.1	823.6	259.8	99.3
Wheat & flour	--	--	--	--	--	--	--	--					376.2	409.2	106.2	18.7
Barley & malt	--	--	--	--	--	--	--	--					357.9	253.2	33.3	3.3
Durum wheat	--	--	--	--	--	--	--	--					2.0	2.2	0.5	0.6
Other cereals	--	--	--	--	--	--	--	--					146.9	158.9	119.3	76.8
Sugar	1831.0	1711.3	1607.8	1776.6	2112.8	1910.2	1497.1	1395.9	1312.1	1230.0	1015.7	1370.2	1591.1	1438.0	1008.2	1151.6
Olive oil	807.1	1988.1	2196.0	2266.7	2091.8	2210.1	2523.8	2329.3	38.2	59.3	42.7	24.9	2.5	0.0	0.2	0.1
Dried fodder	342.0	365.2	367.4	377.5	376.4	381.3	374.8	388.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fibre plants	887.7	851.7	906.9	869.8	1027.1	991.4	826.3	816.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cotton	846.5	762.7	800.0	761.0	903.2	854.7	733.0	804.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fruit Vegetables	1826.2	1589.3	1555.3	1509.5	1454.1	1551.3	1558.0	1551.4	239.5	98.4	84.0	58.3	40.4	46.1	50.8	46.4
Fresh	891.3	678.3	655.5	840.7	682.1	832.9	965.5	804.0	203.0	73.4	67.0	40.8	23.2	32.8	36.1	29.3
Processed	934.9	902.8	902.2	670.0	774.7	720.5	597.8	757.9	36.5	25.0	17.0	17.5	17.3	13.3	14.8	17.1
Wine	850.1	776.9	1030.1	700.0	614.6	765.5	1196.7	1348.7	36.7	40.8	59.7	41.2	27.4	21.0	22.5	23.8
Tobacco	993.0	1025.6	998.0	870.3	911.1	987.7	973.4	963.2	35.1	2.4	-2.7	0.4	0.0	0.0	0.0	0.0
Other plants	276.9	204.5	187.4	271.9	285.3	350.0	297.3	303.0	0.0	0.0	0.0	0.0	30.2	38.4	38.7	41.1
Rice	49.6	33.3	82.2	166.1	164.8	228.4	182.3	232.7					30.2	38.4	38.1	41.1
<b>All plant products</b>	<b>22832.3</b>	<b>24884.9</b>	<b>26263.0</b>	<b>26587.5</b>	<b>26739.2</b>	<b>25812.3</b>	<b>26713.5</b>	<b>27686.2</b>	<b>2754.3</b>	<b>1743.7</b>	<b>1731.7</b>	<b>1973.9</b>	<b>2574.7</b>	<b>2368.6</b>	<b>1380.2</b>	<b>1362.3</b>
Milk & dairy products	3891.0	3441.2	2984.9	2596.7	2510.1	2544.3	1906.6	2360.0	2267.1	1605.2	1753.3	1426.7	1439.2	1670.9	1106.5	1159.6
Milk	--	--	--	--	--	--	--	--					788.0	831.1	452.9	498.9
Butter & butter oil	--	--	--	--	--	--	--	--					297.8	337.8	335.6	382.0
Skimmed milk powder	--	--	--	--	--	--	--	--					196.5	275.9	81.7	57.7
Cheese & others	--	--	--	--	--	--	--	--					156.9	226.1	236.2	221.1
Bovine	4090.8	6797.0	6580.4	5160.6	4579.0	4539.6	6054.0	7071.9	1761.0	1559.4	1496.9	774.5	594.9	661.0	362.6	386.7
Ovine	2203.0	1681.1	1424.9	1534.6	1894.3	1735.6	1447.3	552.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pig, Eggs & Poultry	343.8	262.9	557.5	327.9	432.8	435.2	137.1	107.2	318.7	240.1	151.7	165.2	385.5	348.0	115.7	104.4
Pigmeat	143.3	124.2	479.2	238.3	320.9	354.2	69.7	30.0	118.2	101.4	72.2	74.5	275.0	263.0	55.2	27.3
Eggs	28.6	12.2	8.7	13.6	17.6	12.9	9.0	6.0	28.6	12.2	8.7	13.6	17.6	13.0	8.6	5.9
Poultry	171.9	127.0	70.8	77.1	92.9	72.8	60.5	71.0	171.9	127.0	70.8	77.1	92.9	73.0	51.9	71.1
Other animals	0.9	0.9	5.6	1.4	16.0	11.7	0.0	12.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fish	28.2	25.3	21.8	10.4	7.8	9.4	13.3	15.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>All animals</b>	<b>10558.6</b>	<b>12208.4</b>	<b>11575.1</b>	<b>9631.5</b>	<b>9440.1</b>	<b>9275.7</b>	<b>9558.3</b>	<b>10118.8</b>	<b>4346.8</b>	<b>3404.7</b>	<b>3401.9</b>	<b>2366.4</b>	<b>2419.9</b>	<b>2680.5</b>	<b>1584.8</b>	<b>1650.7</b>
Other products	574.3	491.0	566.0	553.0	573.0	572.2	435.6	409.7	574.3	491.0	566.0	553.0	573.0	572.2	435.6	409.7
<b>Food aid (domestic)</b>						<b>309.4</b>	<b>281.8</b>	<b>242.7</b>						<b>100.8</b>		<b>5.6</b>
<b>Total</b>	<b>34501.7</b>	<b>39107.8</b>	<b>40675.1</b>	<b>38748.1</b>	<b>39876.3</b>	<b>40466.0</b>	<b>42083.0</b>	<b>43214.3</b>	<b>7675.4</b>	<b>5705.0</b>	<b>5883.9</b>	<b>4286.3</b>	<b>5572.8</b>	<b>5646.2</b>	<b>3401.0</b>	<b>3432.3</b>

Source: EAGGF Annual Report, various years.

**Table 7.6: EAGGF subsidies, 1995-2002**

	1995	1996	1997	1998	1999	2000	2001	2002
<b>Share of export subsidies in all subsidies in percent</b>								
Cereals	7.3	1.9	3.1	2.7	4.9	4.9	1.5	0.5
Wheat & flour	--	--	--	--	--	--	--	--
Barley & malt	--	--	--	--	--	--	--	--
Durum wheat	--	--	--	--	--	--	--	--
Other cereals	--	--	--	--	--	--	--	--
Sugar	71.7	71.9	63.2	77.1	75.3	75.3	67.3	82.5
Olive oil	4.7	3.0	1.9	1.1	0.1	0.0	0.0	0.0
Dried fodder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fibre plants	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cotton	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fruit Vegetables	13.1	6.2	5.4	3.9	2.8	3.0	3.3	3.0
Fresh	22.8	10.8	10.2	4.9	3.4	3.9	3.7	3.6
Processed	3.9	2.8	1.9	2.6	2.2	1.8	2.5	2.3
Wine	4.3	5.3	5.8	5.9	4.5	2.7	1.9	1.8
Tobacco	3.5	0.2	-0.3	0.0	0.0	0.0	0.0	0.0
Other plants	0.0	0.0	0.0	0.0	10.6	11.0	13.0	13.6
Rice	0.0	0.0	0.0	0.0	18.3	16.8	20.9	17.7
<b>All plant products</b>	<b>12.1</b>	<b>7.0</b>	<b>6.6</b>	<b>7.4</b>	<b>9.6</b>	<b>9.2</b>	<b>5.2</b>	<b>4.9</b>
Milk & dairy products	58.3	46.6	58.7	54.9	57.3	65.7	58.0	49.1
Milk	--	--	--	--	--	--	--	--
Butter & butter oil	--	--	--	--	--	--	--	--
Skimmed milk powder	--	--	--	--	--	--	--	--
Cheese & others	--	--	--	--	--	--	--	--
Bovine	43.0	22.9	22.7	15.0	13.0	14.6	6.0	5.5
Ovine	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pig, Eggs & Poultry	92.7	91.3	27.2	50.4	89.1	80.0	84.4	97.4
Pigmeat	82.5	81.6	15.1	31.3	85.7	74.3	79.2	91.0
Eggs	100.0	100.0	100.0	100.0	100.0	100.8	95.6	98.3
Poultry	100.0	100.0	100.0	100.0	100.0	100.3	85.8	100.1
Other animals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fish	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>All animals</b>	<b>41.2</b>	<b>27.9</b>	<b>29.4</b>	<b>24.6</b>	<b>25.6</b>	<b>28.9</b>	<b>16.6</b>	<b>16.3</b>
Other products	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Food aid (domestic)</b>						<b>32.6</b>		
<b>Total</b>	<b>22.2</b>	<b>14.6</b>	<b>14.5</b>	<b>11.1</b>	<b>14.0</b>	<b>14.0</b>	<b>8.1</b>	<b>7.9</b>

Source: EAGGF Annual Report, various years.

**Table 7.7: EAGGF subsidies, in percent of EC farm production, 1995-2002**

	1995	1996	1997	1998	1999	2000	2001	2002	1995	1996	1997	1998	1999	2000	2001	2002
	All subsidies							Export subsidies								
	in percent of EC production							in percent of EC production								
Cereals	82.3	76.0		93.4		48.1	52.4	53.9	6.0	1.5		2.5	2.7	2.4	0.8	0.3
Wheat & flour	--	--		--		--	--	--	--	--		--	2.3	2.3	0.6	0.1
Barley & malt	--	--		--		--	--	--	--	--		--	4.4	3.0	0.4	0.0
Durum wheat	--	--		--		--	--	--	--	--		--	0.2	0.3	0.0	0.1
Other cereals	--	--		--		--	--	--	--	--		--	2.0	2.1	1.6	0.9
Sugar	35.3	32.5		33.3		40.9	33.1	29.3	25.3	23.3		25.7	32.9	30.8	22.3	24.2
Olive oil	32.4	53.2		59.0		44.7	49.6	37.8	1.5	1.6		0.6	0.0	0.0	0.0	0.0
Dried fodder	13.7	13.9		11.8		7.3	7.4	8.7	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Fibre plants	71.3	64.6		67.9		90.2	73.1	291.1	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Cotton	--	--		--		--	--	--	--	--		--	--	--	--	--
Fruit Vegetables	5.9	4.6		4.5		3.6	4.0	3.8	0.8	0.3		0.2	0.1	0.1	0.1	0.1
Fresh	2.9	2.0		2.5		2.0	2.5	2.0	0.7	0.2		0.1	0.1	0.1	0.1	0.1
Processed	--	--		--		--	--	--	--	--		--	--	--	--	--
Wine	6.9	5.4		4.9		5.0	8.3	9.4	0.3	0.3		0.3	0.2	0.1	0.2	0.2
Tobacco	159.6	155.6		101.9		89.9	86.2	85.9	5.6	0.4		0.0	0.0	0.0	0.0	0.0
Other plants	1.5	1.4		1.6		1.3	0.9	0.9	0.0	0.0		0.0	0.1	0.1	0.1	0.1
Rice	6.0	3.0		19.4		27.7	21.5	27.7	0.0	0.0		0.0	3.7	4.7	4.5	4.9
<b>All plant products</b>	<b>25.0</b>	<b>25.2</b>		<b>26.9</b>		<b>18.8</b>	<b>19.7</b>	<b>19.9</b>	<b>3.0</b>	<b>1.8</b>		<b>2.0</b>	<b>1.9</b>	<b>1.7</b>	<b>1.0</b>	<b>1.0</b>
Milk	10.1	9.0		6.8		6.7	4.7	6.0	5.9	4.2		3.7	3.8	4.4	2.7	3.0
Milk	--	--		--		--	--	--	--	--		--	--	--	--	--
Butter & butter oil	--	--		--		--	--	--	--	--		--	--	--	--	--
Skimmed milk powder	--	--		--		--	--	--	--	--		--	--	--	--	--
Cheese & others	--	--		--		--	--	--	--	--		--	--	--	--	--
Bovine	17.8	31.6		24.2		16.5	23.6	25.5	7.6	7.2		3.6	2.2	2.4	1.4	1.4
Ovine	62.5	38.3		35.9		28.7	25.6	8.2	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Pig, Eggs, Poultry	0.9	0.6		0.9		1.1	0.3	0.3	0.9	0.5		0.4	1.1	0.9	0.3	0.3
Pigmeat	0.6	0.5		1.1		1.5	0.2	0.1	0.5	0.4		0.3	1.4	1.1	0.2	0.1
Eggs	0.6	0.2		0.3		0.3	0.2	0.1	0.6	0.2		0.3	0.4	0.3	0.2	0.1
Poultry	1.9	1.1		0.7		0.6	0.5	0.6	1.9	1.1		0.7	0.9	0.6	0.4	0.7
Other animals	0.0	0.0		0.0		0.1	0.0	0.1	0.0	0.0		0.0	0.0	0.0	0.0	0.0
Fish	0.7	0.8		0.3		0.2	0.2	0.2	0.0	0.0		0.0	0.0	0.0	0.0	0.0
<b>All animals</b>	<b>9.0</b>	<b>10.1</b>		<b>8.5</b>		<b>6.8</b>	<b>6.5</b>	<b>7.1</b>	<b>3.7</b>	<b>2.8</b>		<b>2.1</b>	<b>1.9</b>	<b>2.0</b>	<b>1.1</b>	<b>1.2</b>
Other products	--	--		--		--	--	--	--	--		--	--	--	--	--
Food aid	--	--		--		--	--	--	--	--		--	--	--	--	--
<b>Total</b>	<b>16.6</b>	<b>17.8</b>		<b>18.2</b>		<b>14.8</b>	<b>14.9</b>	<b>15.4</b>	<b>3.7</b>	<b>2.6</b>		<b>2.0</b>	<b>2.1</b>	<b>2.1</b>	<b>1.2</b>	<b>1.2</b>

Sources: EC Commission, The Agricultural Situation in the EC, annual reports. EAGGF annual Reports, various years. Author's calculations.

**Table 7.8: EAGGF refunds, in percent of EC farm exports, 1995-2002**

	1995	1996	1997	1998	1999	2000	2001	2002
Cereals	42.7	11.4	24.2	28.4	40.2	37.0	17.9	7.3
Wheat & flour	--	--	--	--	--	--	--	--
Barley & malt	--	--	--	--	--	--	--	--
Durum wheat	--	--	--	--	--	--	--	--
Other cereals	--	--	--	--	--	--	--	--
Sugar	9679.3	20646.4	16396.2	18654.7	24283.6	16272.7	18353.0	14424.3
Olive oil	15.8	15.2	11.7	7.4	0.8	0.0	0.1	0.0
Dried fodder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fibre plants	--	--	--	--	--	--	--	--
Cotton	--	--	--	--	--	--	--	--
Fruit Vegetables	53.2	18.8	20.1	15.4	11.3	14.3	16.1	12.1
Fresh	64.1	19.3	24.5	18.2	12.2	16.5	18.8	13.0
Processed	27.4	17.4	11.8	11.3	10.4	10.9	12.0	10.9
Wine	1.5	1.5	2.0	1.2	0.9	0.8	0.9	0.8
Tobacco	11.0	0.6	-1.0	0.2	0.0	0.0	0.0	0.0
Other plants	--	--	--	--	--	--	--	--
Rice	--	--	--	--	--	--	--	--
<b>All plant products</b>	<b>44.8</b>	<b>24.5</b>	<b>26.4</b>	<b>31.0</b>	<b>38.8</b>	<b>40.2</b>	<b>27.8</b>	<b>23.9</b>
Milk	119.7	113.4	131.8	149.4	154.7	175.0	163.6	164.1
Milk	--	--	--	--	--	--	--	--
Butter & butter oil	--	--	--	--	--	--	--	--
Skimmed milk powder	--	--	--	--	--	--	--	--
Cheese & others	--	--	--	--	--	--	--	--
Bovine	26149.7	42982.5	66139.5	31237.0	15586.8	18647.5	28462.0	5493.7
Ovine								
Pig, Eggs, Poultry	137.9	105.3	75.1	68.8	193.1	227.5	66.4	51.0
Pigmeat	390.5	232.7	154.7	123.9	819.3	735.2	106.0	52.1
Eggs	15.9	7.5	6.4	8.3	11.6	12.3	7.8	4.3
Poultry	832.5	596.8	373.8	502.4	649.7	653.4	430.3	498.8
Other animals	--	--	--	--	--	--	--	--
Fish	--	--	--	--	--	--	--	--
<b>All animals</b>	<b>204.0</b>	<b>206.7</b>	<b>221.7</b>	<b>197.5</b>	<b>213.5</b>	<b>241.2</b>	<b>186.1</b>	<b>179.7</b>
Other products	--	--	--	--	--	--	--	--
Food aid	--	--	--	--	--	--	--	--
<b>Total</b>	<b>92.7</b>	<b>65.0</b>	<b>72.7</b>	<b>56.6</b>	<b>71.7</b>	<b>80.7</b>	<b>58.5</b>	<b>51.8</b>

Sources: EAGGF annual Reports, various years. Comtrade. Author's calculations.

**Table 7.9: Export subsidy equivalents for major users (%)**

	USA	EC	Canada	Australia
Export credits (all destinations)	6.6 <sup>a</sup>	2.0	1.2	0.3
STEs (all destinations)			4.6	
Food aid (DC destinations)	1.0	0.5	0.2	0.1
TOTAL				
To non-DCs	6.6	2.5	5.8	0.3
To DCs	7.6	2.5	6.0	0.4
Share of exports benefiting from export credits	5.2	1.9	5.4	15.1

Source: OECD 2001

Notes: a: 6.6% also applies to US dairy exports to all destinations.

b: Estimates range from 0.6-1% for Austria, Belgium, Finland, Germany and the Netherlands;  
For France the estimate is 3.8%.