

Chapter 10.D

Agricultural Export Subsidies

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10.D.1 Background

Governments can intervene to both promote and restrain exports. Export-promoting policies include export subsidies, while export-reducing policies range from outright bans to export licensing regimes. Under the Uruguay Round Agreement on Agriculture (URAA), countries agreed to cap and reduce their export subsidies, and not to introduce new export subsidies. These rules have helped lead to a reduction in export subsidies. Governments may also introduce measures to reduce or control exports. Such policies are widely employed and do not appear to be disappearing over time.

10.D.2 Sources of Export Subsidies Data

Export subsidy data is primarily obtained from individual country notifications to the World Trade Organization (WTO).¹ All WTO members must notify the Committee on Agriculture annually with respect to export subsidies. There are a total of 25 members (counting the European Union (EU) as one) that have export subsidy reduction commitments, annual notifications must contain the annual use of subsidies in terms of both volume and budgetary outlays. All other WTO members often only submit a statement to the effect that export subsidies on agricultural products have not been used. Note that the EU provides export subsidy information for all 28 member countries as one, so extra information is needed to allocate subsidies across individual countries. For that we use the European Agricultural Guarantee Fund (EAGF), which details payments to agricultural producers. Unfortunately, the EAGF only provided the necessary export subsidy (noted as export refunds in the EAGF) for individual countries from 2010-2012. For all other years, all EU countries are assumed to have the same rate.

Most of the 25-member notifications are through 2014; however, developing countries have not notified as recently. India has notifications through 2009, South Korea has notifications through 2013, and Morocco through 2011. Table 1 indicates that export subsidies have decreased since the URAA. By 2014 exports subsidies totaled only \$394 million, of which, \$216 million is

¹ For 2004 and 2007 reference years, GTAP 10 relies on previous contributions. This chapter pertains to reference years 2011 and 2014.

attributable to India's sugar sector.

10.D.3 Export Subsidy Calculations

Agricultural export subsidies are reported as effective export subsidy rates using the value of export subsidy expenditures, as reported to the WTO or EAGF, and the f.o.b. value of exports using UNCOMTRADE trade data. For each of the reporting countries, export subsidy expenditures were converted to a common currency, the U.S. dollar, and were aggregated up to the GTAP commodity classification.

The per-unit export subsidy rate for sector i is calculated as follows:

$$S_i = XR_i / (XT_i * T_i)$$

Where S is the subsidy rate, XR is the value of export subsidies in US \$million, XT is the total value of exports, and T is the share of exports that is subsidized. The portion of T that is subsidized forms the trade-weighted subsidy rate for a given GTAP commodity.

Table 1. Export Subsidies by Country, 2001-2014 (million \$U.S.)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Canada	0	0	64	75	86	89	84	84	79	86	89	100	81	73
Columbia	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EU	2,763	3,541	3,674	3,421	2,415	1,845	1,172	658	519	230	187	77	0	0
Iceland	0	0	0	0	0	0	0	0	0	0	0	0	0	0
India	1	1	9	13	12	11	29	64	102	N/A	N/A	N/A	N/A	216*
Israel	5	6	4	1	1	0	0	0	1	2	2	1	1	2
Korea	19	20	20	22	27	29	30	28	31	34	32	33	29	N/A
Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Morocco	0	0	4	4	4	6	7	9	6	4	14	N/A	N/A	N/A
New Zealand	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Norway	33	34	47	56	51	53	40	35	39	45	40	39	44	30
Pakistan	0	0	0	6	18	0	4	0	0	0	0	0	0	N/A
Panama	10	0	0	0	0	0	0	0	0	0	0	0	0	0
South Africa	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Switzerland	150	156	172	162	121	114	88	97	112	74	84	65	70	70
Thailand	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tunisia	3	3	5	3	6	2	8	4	4	3	2	3	4	3
Turkey	0	0	0	0	0	0	0	0	0	0	0	0	0	0
U.S.	55	32	3	0	0	0	0	19	2	0	0	0	0	0
Venezuela	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	3039	3792	4002	3761	2742	2150	1460	999	895	478	450	317	228	394

Source: WTO (2017).

Note: Brazil, Indonesia, and Uruguay had commitments but did not notify their use in the time period. N/A represents that the country has not notified the WTO for that year. * represents estimates of India's support.