D Agricultural Export Subsidies
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D.1 Background

An export subsidy is a border measure that a country could use to control domestic market prices or to sustain global competitiveness.[6] Numerous countries have used these in the past, mainly in the agricultural sector.[7] Recently, there has been a campaign by WTO members towards total eradication of these subsidies.

D.2 Sources of Export Subsidies Data

Export subsidy data is primarily obtained from individual country notifications to the World Trade Organization (WTO).[8] Each year, countries send official notifications to the WTO detailing the breakdown of exports subsidies and other market incentives provided by individual country's government. The subsidy information is provided in form of volume and budgetary outlays. Subsidies records for each available year are available at the Agriculture Information Management System (AIMS) of the WTO. AIMS reports export subsidies information in two major categories: 1) members with reduction commitments, and 2) developing countries. Most export subsidies currently provided are by developing countries. The other group, members with reduction commitments, are often so-called developed countries who have agreed to reduce their export subsidies.

In Table 1, we provide information about officially reported and estimated (India) export subsidies. The values represented aggregated total subsidies towards agriculture between 2004 to 2017. Those represented by NA means there were no official report to the WTO. We have a zero (0) to show that the country officially reported to the WTO that they did not provide export subsidies that year. The European Union (EU) provides subsidy information for the entire bloc, including the United Kingdom before January 2020 - the official starting of Brexit. After joining the EU, individual countries stopped reporting subsidies—they are denoted in Table 1 as 'EU'. Since 2013, the EU has reported providing zero export subsidies. South Africa has also notified zero export subsidies. Note that Canada, South Korea, Morocco, Norway, Israel, and Tunisia are the countries that consistently provided export subsidies. Canada yearly subsidies are focused mainly on dairy products—which is linked to their supply management program.

Although it is mandatory for countries to report their export support measures to the WTO, in many cases the official numbers are either reported late or are not reported at all. One important

[6] FAO reported about $540 billion government support to the global agricultural annually, of which half of it were provided to farmers directly as price incentives and the rest in form of fiscal subsidies (price incentive; FAO, 2021).

[7] Apart from the mention here: `https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/october/united-states-wins-wto-challenge`, almost all export subsidies are in agriculture.

[8] For 2004, 2007, and 2011 reference years, GTAP 11 relies on previous contributions. This chapter pertains to reference years 2014 and 2017.

case of late or no report is India (last reported in 2013); although the popular press reports many instances of export subsidies, in particular for sugar (and India has never reported an export subsidy for sugar). Sugar subsidies from the government of India (GOI) have been a major issue protested by other major sugar exporters. The substantial number of subsidies (and other forms of support) provided by the GOI has led to the filing of multiple WTO cases by major sugar producers around the world against India. With the lack of official reported information to WTO, we estimate the total subsidies on sugar using multiple government and private sources.[9] As noted in Table 1, we estimate export subsidies for India sugar, but in 2017, India actually provided export taxes to keep product from being exported.

Australia did not report official subsidy numbers in 2016 and 2017. But, Australia's 2019 notification record to WTO indicated that, effective May 2017, the country has officially eliminated its export subsidy in 2017. Despite consistent reporting, we could not get any official reported subsidy by Tunisia for the calendar year 2015. Turkey last reported subsidy was in 2013.[10] Likewise, the United States has not reported any subsidy information to the WTO since 2015. After many years of no official export subsidies reported, Barbados officially notified the WTO that no export subsidies were provided to agricultural products during 2015/2016 and 2016/2017 financial years. Mexico last official record was submitted in 2014, covering export subsidies measures from 2008 to 2012. Recently, Mexico reported to WTO that it has not given any export subsidies.

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.

While some countries reported their export subsidies and other indirect measure in U.S. dollars, many reported in their domestic currency. We converted each domestic currency to dollar value using the exchange rate at the time reported (USDA, 2021).[11] For example, we converted

[9] India is the world largest producer and consumer of sugar. Because international prices can affect the domestic prices of sugar, the Government of India has been controlling the domestic supply and prices of sugar in India through several policies, including production and export subsidies.

[10] Turkey only reported to the WTO in 2019 the subsidies given to agricultural products during the calendar year 2013. Further information about export subsidies, notification of total exports, for the calendar years 2010, 2011, 2012, and 2013 numbers were provided in the recent official notification to WTO in 2020.

[11] `https://www.ers.usda.gov/data-products/agricultural-exchange-rate-data-set`

Tunisia export subsidy in 2013 using the average exchange rate value in 2013. This allows us to report all the amount in current dollar values. In addition to currency conversion, we aggregated up from individual commodity level to the GTAP commodity classification.

Table 11.10: Export Subsidies by Country, 2004-2017 (million $U.S.)

Country	2004	2007	2011	2014	2017
Australia	0	0	0	0	NA
Barbados	0.01	NA	NA	NA	NA
Brazil	0	0	0	0	0
Bulgaria	0.44	EU	EU	EU	EU
Canada	74.85	84.19	89.01	72.66	7.68
Cyprus	0.49	EU	EU	EU	EU
Czech	44.62	EU	EU	EU	EU
EU	3,341.72	1,171.63	187.27	NA	NA
Hungary	5.31	EU	EU	EU	EU
Iceland	0	0	0	0	0
India	12.99	28.60	23.93*	152.00*	NA
Israel	0.60	0	1.98	1.82	1.40
Korea	19.86	26.06	28.20	27.58	32.00
Mauritius	NA	0.09	NA	0.49	0.15
Mexico	3.10	21.30	11.03	NA	NA
Morocco	3.67	7.32	13.89	13.89	11.98
Norway	55.75	38.59	47.72	38.13	17.48
Pakistan	5.80	3.70	NA	NA	NA
Poland	28.83	EU	EU	EU	EU
Romania	0.14	EU	EU	EU	EU
Slovakia	116.29	EU	EU	EU	EU
South Africa	0	0	0	0	NA
Switzerland	161.89	87.63	83.58	69.97	NA
Tunisia	3.41	7.68	2.26	3.47	4.97
Turkey	10.76	10.90	19.75	NA	NA
Uruguay	0	0	0	0	NA
USA	276.50	0	0	0	NA
Total	4,167.03	1,487.69	484.69	228.01	75.66

NA represents that the country has not notified the WTO for that year.
(*) represents estimates of India's support.
Source: WTO (2021)