



WTO Agreement on Agriculture

WTO AGREEMENT ON AGRICULTURE (AoA)

A WTO treaty negotiated during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT); formally ratified in 1994 at Marrakesh, Morocco; Came into effect in 1995

FEATURES

- Market access (Promote market access for agricultural products by reducing trade barriers)
- Domestic support (Subsidy Boxes are included in this)
- Export subsidies (Reduce the use of export subsidies, which can distort trade)

SUBSIDY BOXES

Amber Box Subsidies:

- Can distort international trade by making a country's products cheaper in comparison to those of other countries
 - Examples: Subsidies for inputs such as fertilisers, seeds, electricity, irrigation, and Minimum Support Price (MSP)
- Amber box is used for all domestic support measures that are deemed to distort production and trade
 - As a result, the signatories are required to commit to reducing domestic supports that fall into the amber box
- Members who do not make these commitments must keep their amber box support within 5–10% of their value of production. (*De Minimis Clause*)
 - 10% for developing countries
 - 5% for developed countries
- India's MSP program remains under scrutiny, as it exceeds 10% ceiling

Blue box Subsidies:

- "Amber box with conditions" – designed to reduce distortion
- Any support that would normally be in the amber box is placed in the blue box if it requires farmers to limit production
 - These subsidies aim to limit production by imposing production quotas or requiring farmers to set aside part of their land
- At present there are no limits on spending on blue box subsidies

Green Box Subsidies:

- Domestic support measures that don't cause trade distortion or at most cause minimal distortion
- These subsidies are government funded without any price support to crops
 - Also include environmental protection and regional development programmes
- Allowed without limits (except in certain circumstances)

