

The Evils of Agriculture Subsidy

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EXECUTIVE SUMMARY

This paper examines why agricultural subsidies are so crucial and controversial for a successful outcome in WTO negotiations. We find that there remain serious structural flaws (such as scope for repackaging of subsidies from Yellow to Green or Blue to Green Box to disguise trade distorting subsidies) in the Uruguay Round Agriculture Agreement (URAA), which creates scope for WTO members to maintain their existing level of subsidies. The latest Doha Round talks collapsed because the developing world could not agree to see their markets as a dumping ground for developed countries' agricultural surpluses to the detriment of their local farmers.

Key words: Uruguay round agriculture agreement (URAA), distortion, subsidies