

Committee on Agriculture  
Special Session

**OUTLINING THE DATA NEEDED FOR CALCULATING  
BASE PRODUCT-SPECIFIC BLUE BOX LIMITS**

**STEP 1 FOR PRODUCT-SPECIFIC BASE BLUE BOX LIMITS**

Communication by the Cairns Group

The following communication, dated 30 September 2009, is being circulated at the request of the Cairns Group.

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1. The present communication is being circulated in order to contribute to the ongoing discussion on data and templates that, once modalities are agreed, will facilitate the verification and scheduling processes and does not prejudice either the Cairns Group or its individual Members' negotiating positions on any of the issues listed below or included in the Doha Mandate.

A. INTRODUCTION

2. The purpose of this note is to identify the data needed to calculate each Member's product-specific Blue Box limits, based on paragraphs 40-50 of the revised draft modalities (TN/AG/W/4/Rev.4). The identification is needed for what JOB(09)/99 and JOB(09)/104 call Step 1.

B. IDENTIFICATION AND ASSEMBLY OF NECESSARY DATA

3. The analysis carried out in the Appendix to this note shows that diverse data sets are needed for the Step 1 calculation of Members' product-specific Blue Box limits. The necessary data sets vary depending on which paragraphs of the draft modalities a Member invokes when calculating the limits.

- (a) A central data set is the yearly notified product-specific Blue Box support for each product in 1995-2000. It serves both paragraphs 40 and 41. For most Members this data set will show nil support but it will nevertheless be necessary to assemble it. Designing a suitable template for this would seem to be a straightforward task.
- (b) The particular data set necessary to calculate the product-specific Blue Box limits for the United States (paragraph 42) is available in Annex A of the draft modalities.
- (c) The data set needed under paragraphs 47 and 50 is the amount of the limit itself for each product. It would seem possible to accommodate this in the template.
- (d) The data sets needed to calculate product-specific Blue Box limits under paragraphs 43-44 are internal to the calculations of other Bases in Step 1 and do not require separate assembly. They are the product-specific Blue Box limit under paragraphs 40-42, and the product-specific AMS limit calculated under paragraphs 21-29. A process for transferring these amounts from their respective calculations to Base product-specific Blue Box limits will need to be designed.

C. SUMMARY OF APPENDIX TO THIS NOTE

4. The provisions of paragraphs 40-50 identify the following necessary data sets.

- (a) Para. 40: Yearly notified product-specific Blue Box support for each product in 1995-2000 (all Members other than the United States).
- (b) Para. 41: Yearly product-specific Blue Box support for each product in 1995-2000, with such support in one or two years being shown as nil and for the other years being shown as the notified amount.
- (c) Para. 42: Overall Blue Box limit calculated as per paragraph 38 (or the data underlying that calculation), and "the legislated maximum permissible expenditure under the 2002 Farm Bill for specific products" (United States only).
- (d) Paras. 43-44: Product-specific Blue Box limit calculated under paragraphs 40, 41, or 42, and the product-specific AMS limit calculated under paragraphs 21-29.
- (e) Para. 47: Amount of the product-specific limit for each product and overall Blue Box limit calculated in Step 1.
- (f) Para. 50: Amount of the product-specific limit for each product and overall Blue Box limit calculated in Step 1.

## APPENDIX: ANALYSIS TO IDENTIFY NECESSARY DATA FOR CALCULATING PRODUCT-SPECIFIC BLUE BOX LIMITS

### Para. 40

1. All Members other than the United States calculate all the product-specific Blue Box limits for each product as the average Blue Box support provided to the product in 1995-2000, consistent with notifications (para. 40). The necessary data set is thus the yearly notified product-specific Blue Box support for each product in 1995-2000.

### Para. 41

2. If the Member did not provide Blue Box support for all years in 1995-2000 but still notified Blue Box support for at least three consecutive years in 1995-2000, paragraph 41 applies. In such a case, the product-specific Blue Box limit is calculated as the average Blue Box product-specific support (other than nil) for the years notified in the 1995-2000 period. In order to make it possible to see that the Member qualifies for using paragraph 41, the necessary data set is yearly product-specific Blue Box support for each product in 1995-2000, with such support in one or two years being shown as nil and for the other years being shown as the notified amount.

### Para. 42

3. The United States (paragraph 42) calculates all its product-specific Blue Box limits under paragraph 35(b) (which is sometimes called new Blue Box) for each product by:

- (a) calculating the overall Blue Box limit as per paragraph 38;
- (b) calculating a percentage for each product, where the numerator is "the legislated maximum permissible expenditure under the 2002 Farm Bill for specific products" (which is interpreted as the average maximum counter-cyclical payment for the 2002-07 crop years for each crop), and the denominator is the sum of all such payments;
- (c) multiplying the overall Blue Box limit (from (a) above) by the percentage from (b) above for each product, which generates an average product-specific amount; and
- (d) multiplying the average product-specific amount from (c) above by a percentage, expressed as "[ (110)(120) ] per cent" in the draft modalities. This generates the product's Blue Box limit.

4. The necessary data set consists of (i) the Overall Blue Box limit calculated as per paragraph 38 (or the data underlying that calculation), and (ii) "the legislated maximum permissible expenditure under the 2002 Farm Bill for specific products". Annex A of the draft modalities includes the data necessary for the calculation of the product-specific Blue Box limits for the United States as well as the results of the calculations.

### Paras. 43-44

5. The product-specific Blue Box limits calculated under paragraphs 40, 41 or 42 can under certain conditions be overridden for one or more individual products, specified in paragraph 43. The larger limit calculated under those conditions is called an entitlement. The difference between the limit and the larger entitlement is equal to a reduction in the product's product-specific AMS limit, i.e. the limit calculated under paragraphs 21-29. For cotton that difference is half of any reduction

undertaken under paragraphs 43-44 in the product-specific AMS limit for cotton calculated under paragraphs 21-29.

6. Paragraphs 43-44 require full documentation of what is called the "transfer" or the increase from the product-specific Blue Box limit for a product to the corresponding entitlement. The necessary data set thus includes, for a product, both the product-specific Blue Box limit calculated under paragraphs 40, 41, or 42, and the product-specific AMS limit calculated under paragraphs 21-29. Both of those calculations rely on data identified in this note and in the companion note on product-specific AMS limits.

Para. 47

7. A developed country Member with old Blue Box payments may in certain circumstances calculate a non-zero product-specific Blue Box limit even though applying paragraphs 40-44 does not allow the calculation of such a limit. Paragraph 47 allows this if there was no Current AMS support in the base period for the product. The base period would be 1995-2000, since this is the base period referred to in the paragraphs on product-specific Blue Box limits (paragraphs 40-46).

8. Any product-specific Blue Box limit a Member may calculate under paragraph 47 is not necessarily derived from any particular data set. Still the amount of the limit itself for each product is needed to complete Step 1. This amount needs to be contained within certain limits, which can be calculated from the overall Blue Box limit calculated under paragraph 48 (the limit under paragraph 47 for each product cannot exceed 2.5 per cent of the overall Blue Box limit; the sum of the limits calculated for all products under paragraph 47 cannot exceed 5 per cent of the overall Blue Box limit).

Para. 50

9. Developing country Members in certain situations can calculate non-zero product-specific Blue Box limits also in some cases where they otherwise would not be able to do so under paragraphs 40-49. If the developing country Member has no product-specific entitlement to a Blue Box limit for a product under paragraphs 40-49, and "no Current AMS in the base period for it", the Member can still calculate a product-specific Blue Box limit for the product.

10. The phrase "no Current AMS in the base period for it" may be interpreted as no Current AMS for the product in the Member's base period for product-specific AMS limits, which is 1995-2000 as per paragraph 40 (Other interpretations are also possible. This might be an instance where the draft modalities could have been imbued with somewhat greater precision).

11. Any product-specific Blue Box limit a developing country Member may calculate under paragraph 50 is not necessarily derived from any particular data set. Still the amount of the limit itself for each product is needed to complete Step 1.

12. This amount needs to be contained within certain limits, which can be calculated from the overall Blue Box limit calculated under paragraph 48 (the limit under paragraph 50 for each product cannot exceed 10 per cent of the Overall Blue Box limit; the sum of the limits calculated for all products under paragraph 50 cannot exceed 30 percent of the overall Blue Box limit; for Least-Developed Countries and Net Food-Importing Developing Countries these percentages are 75 and 25 per cent). The calculation of product-specific limits under paragraph 50 thus needs to proceed in parallel with the calculation under paragraph 48.

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