They and regular assistance programmes. thus, the

They also include direct payments to farmers that “ do not stimulate production’”, such as, payments in the form of direct income supplements to help farmers for restructuring agriculture, or direct payments under environmental and regular assistance programmes. Thus, the coverage of Green Box Subsidies is so wide that it can include a large variety of Government subsidies. Another category of subsidies is termed “ Blue Box Subsidies” which can be given subject to certain limitations. These subsidies are those which are given directly to farmers for either (a) limiting production or (b) increasing it. This category of subsidies also includes government assistance (i) under programmes to encourage agriculture and rural development in developing countries, and (ii) under some other programmes. But the assistance must be on a small scale.

The total value of the subsidised products must be 15% or less of the total value of the products in the case of developed countries and 10% or less in the case of developing countries. It should be noted that the original drafting is highly complex and involved and permits a great deal of latitude in interpretation. As regards export subsidies, developing countries are not allowed to increase them even though they are already at a negligible level.

In contrast, the developed countries are allowed to maintain export subsidies at 64% of their subsidy outlay in the base period. Consequently, developed countries are able to sell their agricultural exports at prices much below the domestic prices in developing countries, with the result that availability of cheaper imports seriously hurts their poor farmers. The inequity of this state of affairs was illustrated by the Human Development Report of UNDP for 1997 which quoted OECD data to show that the subsidies received by a US farmer were roughly 100 times the income of a maize farmer in the Philippines. The Report highlighted the obvious when it said that “ In the real world, survival in agricultural markets depends less on comparative cost advantage than on comparative access to subsidies. Liberalising local food markets in the face of unequal competition is not a prescription for improving efficiency, but a recipe for the destruction of livelihood”.