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Abstract

**Food Security, Strategic Stockholding
and Trade-Distorting Subsidies: Is
There a Permanent Solution?**

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In 2013 the Bali Package was agreed by members of the WTO. One aspect of the Bali Package dealt with the acquisition of stockholdings of agricultural products for food security purposes. India, in particular, had been pushing hard for an exemption for these purposes from the limits on domestic support for agricultural producers it had agreed in the Uruguay Round. India wanted no limits on its use of such subsidies; some other members of the WTO rejected open-ended subsidies. The members of the WTO, including India, agreed that the larger Bali Package could go ahead, with the provision that there would be a moratorium on the launching of countervail suits against subsidies for acquiring stockholdings while a permanent solution was negotiated by the WTO Ministerial in 2017. The moratorium would end in 2017 even if a permanent solution were not yet agreed. India subsequently changed its stance, instead demanding that the moratorium on countervailing actions remain in place until a permanent solution could be negotiated. The Bali Package was held up until almost the end of 2014, when members agreed to India's demand. Thus, finding a permanent solution becomes central to disciplining domestic agricultural support provided by developing countries. The likelihood of a permanent solution being found is investigated in the article and no obvious solution identified. Thus, developing countries appear no longer constrained by trade law when making expenditures to support farmers. This is a major retreat from the achievements of the Uruguay Round Agreement on Agriculture.

Keywords: Bali Package, domestic support, food security, India, stockholdings, trade distortion

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