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Abstract

AMS and the Agreement on Agriculture: The World Trade Organization's Flawed Treatment of Domestic Subsidization

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Until Both developing and developed countries allege that the Agreement on Agriculture's (AoA) treatment of domestic subsidization is flawed due to its treatment of Aggregate Measurement Support (AMS). AMS is the metric for determining the value of domestic subsidization a country may use. Despite the present consensus on its flawed nature, no consensus has been developed as to how it can be fixed.

This paper demonstrates how the current methodologies for calculating and classifying a countries' domestic subsidization allowance under the AMS system do not adequately account for their actual trade-distorting effects. These misclassifications detrimentally affect developing country agricultural producers in the international trading arena. While some countries have addressed this problem in joint submissions to the WTO, none have comprehensively dealt with all of the AoA's domestic subsidization issues in one proposal and in a politically viable manner. This paper seeks to go beyond what has been considered and proposes two simple solutions to modify AMS calculations that could solve AoA's domestic subsidization woes.

Keywords: agriculture, AMS, AoA, developing countries, subsidies

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