



The developing country status of China and India at the WTO is largely justified

Jacques Berthelot (jacques.berthelot4@wanadoo.fr), July 25, 2021

Outlook

Summary

Introduction

I – Macro-economic indicators of the US, EU28, Japan, Canada, China and India

II – Social performance

III – Environment performance

IV – Trade performance

IV – Comparison of their agricultural supports

Conclusion

Summary

The present paper attempts to clarify the issue of self-determination of the WTO status of each Member as a developed country or developing country (DC), which has been challenged mainly by the US, followed by the EU, against China and India.

In her inaugural speech of 13 February 2021, the WTO new Director General, Dr Ngozi Okonjo-Iweala, said she wanted to take the WTO preamble seriously: "*The preamble of the Marrakesh Agreement states that the objectives of the WTO are to raise living standards, ensure full employment, raise incomes... The WTO is about people! It's about decent work!*". And, on 26 April 2021, she said that one of her three priorities will be to tackle agricultural subsidies, mostly given by developed nations including the US and the EU. It is why this paper makes its comparisons on a per capita basis of six WTO Members: four Western Members – USA, EU28, Canada, Japan –, China and India in 2019 and 2020, on five issues: income and wages; social performance; environmental performance; trade performance and agricultural support.

On all these issues China and India are justified to claim their developing country status. In few words: 1) the US per capita income at PPP (purchasing power parity) was in 2019 3.6 times higher than that of China and 9.3 times higher than that of India; 2) the Inequality-adjusted Human Development Index of the US and EU was 22% larger than that of China and 44% larger than that of India; 3) the cumulative CO₂ emissions of the US was twice that of China and 8.3 times that of India while those of the EU were 1.8 times that of China and 7.7 times that of India; 4) per capita US exports of all products were 2.4 times larger than those of China in 2020 and 21.7 larger than those of India and per capita US food exports were 9.5 times higher than those of China and 17.3 times higher than those of India; 5) the total agricultural support per agricultural working unit (AWU) was 8.3 times that of China for the US and 2.3 times for the EU28, and it was 11.1 times that of India for the US and the 3.1 times that of India for the EU28.

However, this justification of China's and India's status of developing economies should not be seen as an endorsement of many other aspects of their policies both internally – particularly in terms of undemocratic regimes and the persecution of Muslims in China with

Uighurs and in India since Narendra Mody – and externally, notably the development of Chinese economic imperialism with the Silk Roads, especially the risk of too large indebtedness of Africa to China.

* *
*

Introduction

The present paper attempts to clarify the issue of self-determination of the WTO status of each Member as a developed country or developing country (DC), which has been challenged mainly by the US, followed by the EU, against China and India, by comparing available official data of broad macroeconomic indicators and trade performance of six WTO Members: four Western Members – USA, EU28, Canada, Japan –, China and India in 2019 and 2020.

In her inaugural speech of 13 February 2021, the WTO new Director General, Dr Ngozi Okonjo-Iweala, said she wanted to take the WTO preamble seriously: "*The preamble of the Marrakesh Agreement states that the objectives of the WTO are to raise living standards, ensure full employment, raise incomes, expand production and trade in goods and services, and seek the optimal use of the world's resources in accordance with the objective of sustainable development. The preamble says it all! The WTO is about people! It's about decent work! Let's put its overarching objective at the forefront as the driving force behind everything we seek to achieve for the multilateral trading system... The WTO's work in new or innovative areas does not mean that traditional topics such as agriculture are forgotten. Agriculture is particularly important for many developing and least developing countries. Improving market access for export products of interest to these countries is of paramount importance, as is dealing with trade distorting domestic support. The growing domestic support entitlements of Members must be addressed to level the playing field, so as to provide opportunities for small scale farmers*"¹. And, in a videoconference organised by the European Commission on 26 April 2021), "Okonjo-Iweala said that one of her three priorities for this year will be to tackle agricultural subsidies, which are mostly given by developed nations including the US and the EU... She said Beijing wants to see progress on agricultural subsidies, which currently represent around €1 trillion and could double by 2030. "I would like to look at subsidies across the board" and see how "from all perspectives we are creating a level playing field" the WTO chief said"².

Taking Dr Ngozi Okonjo-Iweala seriously that WTO is about people, most comparisons will be made on a per capita basis. These analyses will cover five issues: levels of income and wages; social performance; environment performance; trade performance and agricultural support. On all these issues China and India are justified to claim their developing country status.

I – Macro-economic indicators of the US, EU28, Japan, Canada, China and India

As macroeconomic indicators for the EU28 are not available but only for the Eurozone, we use the data for the three main countries: Germany, France, United Kingdom (UK), together

¹ https://www.wto.org/english/news_e/news21_e/dgno_15feb21_e.pdf

² <https://www.euractiv.com/section/economy-jobs/news/wto-chief-targets-eus-farm-policy-as-part-of-global-discussion-on-subsidies/>

with the US, Japan, Canada, China and India. Table 1 shows that the US per capita income at PPP (purchasing power parity) was in 2019 3.6 times higher than that of China and 9.3 times that of India. In per capita nominal GDP the US level was 5.8 times higher than that of China and 31.2 times that of India. And the US average wage at PPP was 3.4 times higher in 2019 than in China and 8.1 times than in India.

The percentage of US employment in agriculture (without forestry and fishing) was 18.1 times lower than in China in 2019 and 30.4% lower than in India (25% lower than in Nigeria).

Those economic indicators justify the developing country status of China and India at the WTO.

Table 1 – Per capita income of main developed countries with China, India, Nigeria in 2019

	USA	Germany	Canada	France	UK	Japan	China	India
Population in 1,000 inhabitants in 2019								
UN	329065	83517	37411	65130	67530	126860	1433784	1366418
Per capita GDP at PPP level in US\$								
IMF 2021	68309	56956	51713	49492	47089	44585	18931	7333
WB 2020	63544	53694	48073	46227	44916	42197	17312	6454
Per capita nominal GDP in US\$								
IMF 2021	68309	51860	49222	44995	46344	42926	11819	2191
WB 2019	65134	46232	46250	40319	41855	40063	10004	2116
Average monthly wage at PPP level in 2019 in US\$								
Numbeo	3548	2985	2722	2716	2716	2808	1037	436
% of employment in agriculture in 2019 (modeled ILO estimate)								
WB, ILO	1,4%	1,2%	1,5%	2,5%	1,1%	3,4%	25,3%	42,6%

Source: IMF 2021, WB 2020 and 2019; WB: <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS>;
https://www.numbeo.com/cost-of-living/country_price_rankings?itemId=105; UN population data base 2019

II – Social performance

Table 2 rests mainly on the UNDP (United Nations Development Programme)'s Human Development Index (HDI) which is a statistic composite index of life expectancy, education and per capita income indicators, used to rank countries on human development. The Inequality-adjusted Human development index (IHDI) is the actual level of human development accounting for income inequality. The unweighted average HDI of the 6 developed countries of 0,926 in 2019 (which was also that of the US and of the three EU countries) was 21.7% larger than that of China and 43.6% larger than that of India. And the US IHDI was 26.4% higher than that of China and 70.1% than that of India. In fact the US income distribution is more unequal than those of China and India if we compare the income share of the 1% richest and of the 40% poorest: in the US the 1% richest gets 20.5% of national income while the 40% poorest get 15.4%, a gap of 5.1% between the two. In China the 40% poorest get 17.2% of national income and the 1% richest 13.9%, a gap of 3.3% between the two. And, if in India the 1% richest gets 21.3% of national income (more than in the US) against 18.8% for the 40% poorest, the gap between the two is of only 2.5%. Apart from the US these indicators are lower in the other 5 Western countries than in China and India.

Table 2 – Human development index of main developed countries with China and India in 2019

USA	Germany	Canada	France	UK	Japan	China	India
Human development index (HDI) and (rank) in 2019							
0,926 (17)	0,947 (6)	0,929 (16)	0,901 (26)	0,932 (13)	0,919 (19)	0,761 (85)	0,645 (131)
Inequality-adjusted HDI in 2019							
0,808	0,869	0,848	0,820	0,856	0,843	0,639	0,475
Income share of the 1% richest in 2010-17							
20,5%	12,5%	13,6%	11,2%	12,6%	10,4%	13,9%	21,3%
Income share of the 40% poorest in 2010-18							

15,4%	20,4%	19,1%	21,1%	19,0%	20,5%	17,2%	18,8%
Live expectancy at birth (years)							
78,9	81,3	82,4	82,7	81,3	84,6	76,9	69,7
Maternal mortality ratio (deaths per 100,000 live births)							
19	7	10	8	7	5	29	133
Infant (less than one year old) mortality rate (per 1,000 live births) in 2018							
5,6	3,1	4,3	3,4	3,6	1,7	7,4	29,9

Source: UNDP

Even if the US life expectancy at birth and maternal and infant mortality rates are significantly higher than in the 3 EU countries, Canada and Japan, they are much lower than in China and India. Again these two sets of indicators on income and health inequalities justify their developing country status at the WTO.

III – Environmental performance

Table 3 shows first the amount and share of each country (and EU28) in global cumulative greenhouse gas (GHG) emissions in CO₂ equivalent since 1751 and then in total and from agriculture emissions in 2019. For cumulative emissions the US 24.82% share was twice that of China and 8.3 times that of India while the EU28 22.0% share was 1.8 times that of China and 7.7 times that of India.

For 2019 the US total GHG was of 49% that of China and twice that of India and, per capita, 2.3 times that of China and 9.6 times that of India. For the EU28 the total GHG was 35% that of China and 1.4 times that of India and, per capita, 92% that of China and 3.8 times that of India. For the GHG emissions of agriculture the US level was 57% of that of China and 60% that of India but, per capita, it was 2.5 times higher than that of China and India. For the EU28 the EU emissions were at 60% of those of China and 64% of those of India but, per capita, they were 1,7 times higher than those of China and India.

Clearly on climate change China and India can claim their developing country status.

Table 3 – Greenhouse gas emissions in million tonnes CO₂ equivalent: total and from agriculture

	USA	EU28	Japan	Canada	China	India	US/China	US/India	EU28/China	EU28/India
Share of global cumulative CO ₂ emissions between 1751 and 2019										
Bn tonnes	399	353			200	48	199,5%	831,3%	176,5%	735,4%
World %	24,82%	22,0%	3,91%	2%	12,70%	3%	199,5%	831,3%	176,5%	735,4%
Annual CO ₂ emissions in 2019										
Total	5790	4059	1212	730	11711	2839	49,4%	204%	34,7%	143%
Agriculture	385,3	406,3	32,3	59,4	678,5	639,4	56,8%	60,3%	59,9%	63,5%
Population in 1,000 inhabitants										
UN	329065	513358	126860	37411	1433784	1366418	23,0%	24,1%	35,8%	37,6%
Per capita emissions in 2019 in metric tonnes										
Total	19,92	7,91	9,55	19,51	8,58	2,08	232,3%	959,2%	92,2%	380,6%
Agriculture	1,17	0,79	0,25	1,59	0,47	0,47	247,4%	250,2%	167,2%	169,1%

Source: <https://ourworldindata.org/contributed-most-global-co2>; UNFCCC for total GHG

(https://di.unfccc.int/detailed_data_by_party), OECD for agriculture excluding land use, land-use change and forestry (LULUCF). UNFCCC data are for 2019 except for 2014 for China and 2016 for India. OECD data are for 2018 except for 2017 for China and India. https://stats.oecd.org/OECDStat_Metadata/ShowMetadata.ashx?Dataset=AEI_OTHER&Coords=%5bINDICATOR%5d,%5bGHGAG%5d,%5bCOUNTRY%5d,%5bBGR%5d&ShowOnWeb=true&Lang=en

IV – Trade performance of the US, EU28, Japan, Canada, China and India: 2019&2020

Table 4 compares the exports of the main Western countries with those of China and India in 2019 (and 2020) for total products, food products and agricultural raw materials, and derives them per capita. If the US total exports accounted for only 66% of those of China in 2019 and 55% in 2020, per capita they were 2.87 times and 2.40 times larger, and if they were 5.08 times larger than those of India in 2019 (5.19 times in 2020), per capita they were 21.11 times

larger (21.65 in 2020). If the EU28 total exports accounted for only 91.6% of those of China in 2019 (81.6% in 2020), per capita they were 2.56 times and 2.29 times larger, and if they were 7.08 times larger than those of India in 2019 (7.67 times in 2020), per capita they were 18,86 times larger (20.64 times in 2020).

If the US food exports were twice higher than those of China in 2019 (2.08 times in 2020), per capita they were 8.3 times larger (9.5 times in 2020), and if they were 4.5 times larger than those of India in 2019 (as in 2020), per capita they were 17.0 times larger in 2019 (17.3 in 2020). If the EU28 food exports were 2.2 times higher than those of China in 2019 (2.3 times in 2020), per capita they were 6.1 times higher in 2019 (6.5 times in 2020), and if they were 4.73 times larger than those of India in 2019 (4.66 in 2020), per capita they were 12.6 times larger in 2019 (12.5 times in 2020).

Table 4 – Exports of all, food & ag. products of US, EU28, Japan, Canada, China, India:2019-20

\$1,000	USA	EU28	Japan	Canada	China	India	US/China	US/India	EU28/China	EU28/India
Exports of all products										
2019	1644276221	2290083301	705633027	446080890	2498569866	323250726	65,7%	508,3%	91,6%	708,4%
2020	1430253623	2124117174	641282568	389513174	2590600666	275488745	55,2%	519,2%	81,6%	767,4%
Exports of food products (basic food products + beverages)										
2019	134146554	154751446	7022113	49600308	70448109	32700284	190,4%	410,2%	220,0%	473,2%
2020	142894819	160025981	7530891	54579993	68832140	34341567	207,6%	414,1%	232,5%	466,0%
Exports of agricultural and food products (food products + agricultural raw materials)										
2019	162999463	181829694	11460369	64856279	80305173	36406205	203,0%	447,7%	226,4%	499,5%
2020	169448835	186370900	11409906	69682009	77372439	38024430	219,0%	445,6%	240,9%	490,1%
Population in 1,000 inhabitants										
2019	329065	513358	126860	37411	1433784	1366418	23,0%	24,1%	35,8%	37,6%
2020	331003	513136	126476	37742	1439384	1380004	23,0%	24,0%	35,6%	37,2%
Exports of all products per capita										
2019	4993,4	4460,8	5562,3	11923,8	1742,6	236,66	286,5%	2110,8%	256,0%	1885,6%
2020	4321,0	4120,0	5070,4	10320,4	1799,8	199,6	240,1%	2164,5%	228,9%	2063,8%
Exports of food products (basic food products + beverages) per capita										
2019	407,7	301,4	55,4	1325,8	49,1	23,9	829,7%	1703,5%	613,5%	1260,0%
2020	431,7	311,9	59,5	1445,9	47,8	24,9	902,8%	1734,8%	652,1%	1253,2%
Exports of agricultural and food products (food products + agricultural raw materials) per capita										
2019	495,3	354,2	90,3	1733,6	56,0	26,6	884,4%	1859,1%	632,4%	1329,4%
2020	511,9	363,2	90,9	1846,3	53,8	27,6	952,4%	1857,9%	675,7%	1318,2%

Source: <https://unctadstat.unctad.org/wds/TableViewer/dimView.aspx>

If the US exports of food + agricultural raw materials were twice those of China in 2019 (2.2 times in 2020), per capita they were 8.8 times higher in 2019 (9.5 times in 2020), and if they were 4.5 times larger than those of India in 2019 (as in 2020), per capita they were 18.6 times larger (as in 2020). If the EU28 exports of food + agricultural raw materials were 2.2 times those of China in 2019 (2.4 times in 2020), per capita they were 6.3 times higher in 2019 (6.8 times higher in 2020), and if the EU food + agricultural raw materials were 5.0 times higher than those of India in 2019 (4.9 times in 2020), per capita they were 13.3 times higher in 2019 (13.2 times in 2020).

Table 5 compares the imports of the main Western countries with those of China and India in 2019 and 2020 for total products, food products and agricultural raw materials, and derives them per capita.

Table 5 – Imports of all, food and ag. products of USA, EU28, Japan, Canada, China, India:2019-20

\$1,000	USA	EU28	Japan	Canada	China	India	US/China	US/India	EU28/China	EU28/India
Imports of all products										
2019	2567492197	2569705953	720858630	453359841	2068950255	478883729	124,1%	536,1%	124,2%	536,6%
2020	2405381558	2312046647	635402322	405390867	2055590612	367980364	117,0%	653,7%	112,5%	628,3%
Imports of food products (basic food products + beverages)										
2019	156486508	162898025	65306085	36880250	135618639	19023258	115,4%	822,6%	120,1%	856,3%
2020	160780951	163649082	61813623	37689261	158643853	19976168	101,3%	804,9%	103,2%	819,2%
Imports of agricultural and food products (food products + agricultural raw materials)										
2019	178892478	192648746	77118744	40579531	197379274	27528659	90,6%	649,8%	97,6%	699,8%
2020	183894885	189378041	71423725	40905926	214671511	25742053	85,7%	714,4%	88,2%	735,7%
Population in 1,000 inhabitants										
2019	329065	513358	126860	37411	1433784	1366418	23,0%	24,1%	35,8%	37,6%

2020	331003	513136	126476	37742	1439384	1380004	23,0%	24,0%	35,6%	37,2%
Imports of all products per capita										
2019	7802,4	5005,7	5682,3	12118,4	1443,0	350,5	540,7%	2226,3%	346,9%	1428,3%
2020	7266,9	4505,7	5023,9	10741,1	1428,1	266,7	508,9%	2725,3%	315,5%	1689,7%
Imports of food products (basic food products + beverages) per capita										
2019	475,5	317,3	514,8	985,8	94,6	13,9	502,8%	3415,8%	335,5%	2279,3%
2020	485,7	318,9	488,7	998,6	110,2	14,5	440,7%	3355,6%	289,4%	2203,2%
Imports of agricultural and food products (food products + agricultural raw materials) per capita										
2019	543,6	375,3	607,9	1084,7	137,7	20,1	394,9%	2698,4%	272,6%	1862,7%
2020	555,6	369,1	564,7	1083,8	149,1	18,6	372,5%	2978,3%	372,5%	1978,5%

Source: <https://unctadstat.unctad.org/wds/TableViewer/dimView.aspx>

If the US total imports were 1.24 times higher than those of China in 2019 (1.17 times in 2020), per capita they were 5.41 times higher in 2019 (5.09 times in 2020), and if they were 5.36 times higher than those of India in 2019 (6.54 times in 2020), per capita they were 22.3 times higher in 2019 (27.3 times in 2020). If the EU28 total imports were 1.24% higher than those of China in 2019 (1.13 times in 2020), per capita they were 3.47 times higher in 2019 (3.16 times in 2020), and if they were 5.37 times larger than those of India in 2019 (6.28 times in 2020), per capita they were 14,3 times larger in 2019 (16.9 times in 2020).

If the US food imports were 1.15 times higher than those of China in 2019 (1.01 times in 2020), per capita they were 5.03 times higher in 2019 (4.41 times in 2020), and if they were 8.23 times larger than those of India in 2019 (and in 2020), per capita they were 22.3 times larger (27.3 times in 2020). If the EU28 food imports were 1.24 times larger than those of China in 2019 (1.03 times in 2020), per capita they were 3.36 times higher in 2019 (2.89 times in 2019), and if the EU food imports were 3.2% higher than those of India in 2019 (8.19 times in 2020), per capita they were 22.8 times higher in 2019 (22.0 times in 2020).

If the US imports of food + agricultural raw materials were of 90.6% of those of China in 2019 (85.7% in 2020), per capita they were 3.95 times higher in 2019 (3.73 times in 2020), and if they were 6.50 times larger than those of India in 2019 (7.14 times in 2020), per capita they were 27 times larger (29.8 times in 2020). If the EU28 imports of food + agricultural raw materials were 97.6% of those of China in 2019 (88.2% in 2020), per capita they were 3.36 times higher in 2019 (2.89 times in 2019), and if the EU food imports were 8.56 times higher than those of India in 2019 (8.19 times in 2020), per capita they were 18.6 times higher in 2019 (19.8 times in 2020).

Table 6 on the trade balance (exports of table 4 minus imports of table 5) shows that China is the only of the 6 countries to have a large positive balance for all products in 2019 as for 2020 (Japan also in 2020). On the contrary China has the largest deficit in food imports (2.9 times that of the US in 2019 and 5 times in 2020).

Table 6 – Balance of all, food and ag. products of USA, EU28, Japan, Canada, China, India:2019-20

\$1,000	USA	EU28	Japan	Canada	China	India	US/China	US/India	EU28/China	EU28/India
Balance of all products										
2019	-923215976	-279622652	-15225603	-7278951	429619611	-155633003	-214,9%	593,2%	-65,1%	179,7%
2020	-975127935	-187929473	5880246	-15877693	535010054	-92491619	-182,3%	1054,3%	-35,1%	203,2%
Balance of food products (basic food products + beverages)										
2019	-22339954	-8146579	-58283972	12720058	-65170530	13677026	34,3%	-163,3%	12,5%	-59,6%
2020	-17886132	-3623101	-54282732	16890732	-89811713	14365399	19,9%	-124,5%	4,0%	-25,2%
Balance of agricultural and food products (food products + agricultural raw materials)										
2019	-15893015	-10819052	-65658375	24276748	-117074101	8877546	13,6%	-179,0%	9,2%	-121,9%
2020	-14446050	-3007141	-60013819	28776083	-137299072	12282377	10,5%	-117,6%	2,2%	-24,5%
Population in 1,000 inhabitants										
2019	329065	513358	126860	37411	1433784	1366418	23,0%	24,1%	35,8%	37,6%
2020	331003	513136	126476	37742	1439384	1380004	23,0%	24,0%	35,6%	37,2%
Balance of all products per capita										
2019	-2805,6	-544,7	-120,0	-194,6	299,6	-113,9	-934,3%	2461,4%	-181,8%	477,9%
2020	-2946,0	-366,2	46,5	-420,7	371,7	-67,0	-792,6%	4392,9%	-98,6%	546,2%
Balance of food products (basic food products + beverages) per capita										
2019	-67,9	-15,9	-459,4	340,0	-45,5	10,0	149,1%	-677,6%	34,9%	-155,0%
2020	-54,0	-7,1	-429,2	447,5	-62,4	10,4	86,5%	-516,8%	11,2%	-67,7%
Balance of agricultural and food products (food products + agricultural raw materials) per capita										
2019	-48,3	-21,1	-517,6	648,9	-81,7	6,5	59,1%	-742,7%	25,7%	-324,2%
2020	-43,6	-5,9	-474,5	762,4	-95,4	8,9	45,7%	-490,0%	6,2%	-65,9%

Hence the US deficit for all products of \$923bn in 2019 was 2.2 times larger than the China surplus of \$430bn (and the US deficit of \$975bn in 2020 was 1.8 higher than the China surplus of \$530bn) but per capita the US deficit of \$2,806 in 2019 (\$2,946 in 2020) was 7.9 times higher than the China surplus of \$300 and, in 2020, it was 7.9 higher than the China surplus of \$371. With India the US deficit of all products was 5.9 times higher in 2019 (10.5 times higher in 2020) and, per capita, the US deficit was 24.6 times that of India (43.9 times in 2020!). The EU28 deficit of all products of \$230bn in 2019 was 65% of the China surplus of \$430bn (the EU deficit of \$188bn in 2020 was 35% of the China surplus in 2020) and, per capita, the EU deficit of \$545 in 2019 (\$366 in 2020) was 82% higher than the China surplus of \$300 (98.5% higher in 2020). The EU deficit was 56% higher than that of India in 2019 (twice higher in 2020) and, per capita, it was 4.8 times higher in 2019 (5.5 times higher in 2020).

For food products as well as for food + agricultural raw materials Canada and India were the only of the 6 countries to have a positive balance in 2019 and 2020 (the EU balance is negative because of fish and preparations). The larger food deficit of China (\$65.2bn in 2019 and \$89.8bn in 2020) than those of the US (\$22.3bn in 2019 and 17.9 bn in 2020) implies it was 34.3% of that of China in 2019 (19.9% in 2020) but, per capita, the US food deficit was 1.5 times higher than that of China in 2019 (and 13.5% lower in 2020). Compared to India food surplus of \$13.7bn in 2019 and \$14.4bn in 2020 (despite its large number of undernourished people!), the US food deficit was 1.6 times lower than the India surplus in 2019 (1.3 times lower in 2020) and, per capita, it was 6.8 times lower in 2019 (5.27 times lower in 2020). The EU28 food deficit was only 12.5% that of China in 2019 (4.0% in 2020) but, per capita, it was 34.9% that of China in 2019 (11.2% in 2020). The EU28 food deficit was 6 times lower than the India food surplus in 2019 (29.5% lower in 2020) and, per capita, the EU food surplus was 59% higher than the Indian food surplus in 2019 (71.2 higher in 2020).

Finally, the US deficit in food + agricultural raw materials was of only 13.6% that of China in 2019 (10.5% in 2020) and, per capita, it was only lower by 59.1% in 2019 (45.7% in 2020). With India the US deficit was 1.63 times lower than that of China in 2019 (1.25 times lower in 2020). The EU balance of food + agricultural raw materials was 9.2% of that of China in 2019 (24.5% lower in 2020) and, per capita, (2.2% in 2020) but, per capita, of 34.9% of that of China in 2019 (11.2% in 2020). It was 121.9% lower than that of India in 2019 (24.5% lower in 2020) and, per capita, it was 324.2% lower than that of India in 2019 (65.9% lower in 2020).

V – Comparison of the agricultural supports of the 6 countries in 2019

Despite the theoretical and operational limitations of OECD indicators of agricultural supports, as they are used worldwide let us compare their levels in the major Western economies – USA, EU28, Canada, Japan – with those of China and India.

The OECD most significant indicator is the TSE (total agricultural subsidies) per agricultural working unit (AWU), but the MPS (market price support) is excluded because it concerns essentially import protection, particularly since 2014 when all explicit export subsidies were eliminated. In 2019 the US TSE-MPS was at \$92.966 billion (bn)³ which, divided by 2.363 million (mn) AWU, implied an average subsidy of \$39,342 per AWU. At the same time the

³ https://www.oecd-ilibrary.org/fr/agriculture-and-food/agricultural-policy-monitoring-and-evaluation-2021_2d810e01-en

EU28 TSE-MPS was of \$97.237 bn which, divided by 8.954 mn AWU, implied an average subsidy of \$10,860 per AWU. And China TSE-MPS was of \$93.386 bn which, divided by 211.780 mn AWU, implied an average subsidy of \$4,747 per AWU. In other words the US subsidy per AWU was 8.3 times that of China and that of the EU28 2.3 times. And the TSE-MPS per AWU was 11.1 times that of India for the USA and 3.1 times higher that to India for the EU28.

We could argue that we should delete the US domestic food aid but in that case we must do the same for India but here we have a problem of inconsistency between the data of OECD and the notifications made to the WTO for the US as for India: if the US domestic food aid was notified at \$94.618 bn in the WTO green box for 2018-19, the OECD data show that the US non-commodity specific transfers to consumers from taxpayers for domestic food aid were of \$40.192 bn in 2019. And if India has notified to the WTO \$17.212 bn of Public stockholding for food security purposes for 2019 in the green box (plus \$5.004 bn of market price support to rice in the AMS), the OECD data show that the same non-commodity specific transfers to consumers from taxpayers were of \$16.932 bn in 2019 (but jumped to \$58.148 bn in 2020). But China notified only \$1.149 bn of domestic food aid for 2016.

If we exclude from the US TSE-MPS the \$40.192 bn the subsidy per AWU falls to \$52.744 bn and the US (TSE-MPS)/AWU falls to \$22,333 so that the US agricultural subsidy was still 4.7 times larger than that of China and 6.3 times that of India. In the same way if we exclude from the Indian TSE-MPS its domestic food aid of \$16.932 its (TSE-MPS)/AWU falls to \$2,730 so that the US agricultural subsidy was 8.2 times that of India. On the other hand the EU28 domestic food aid is very low because most EU members have large social security benefits (of which minimal wages) and, furthermore, most EU direct payments are not notified to the WTO as they are allegedly decoupled and non-trade distorting.

Table 7 – OECD per capita agricultural supports of Western countries, China and India in 2019

	VOP	TSE	MPS	TSE-MPS	AWU	(TSE-MPS)/AWU				
						mn US\$	US/China	US/India	EU28/China	EU28/India
	In million US\$					1,000				
USA	316994	103083	10117	92966	2363	39342	USA and EU28 times China and India			
Canada	46409	5865	2707	3158	292	10815				
EU28	452697	117101	19864	97237	8954	10860				
Japan	84162	47739	29712	18027	217	83074				
China	1434460	213890	120504	93386	196774	4746	8.3		2.3	
India	451094	9581	-64967	74548	210989	3533		11.1		3.1

Source: OECD (https://www.oecd-ilibrary.org/agriculture-and-food/agricultural-policy-monitoring-and-evaluation-2021_2d810e01-en) and national sources; VOP: value of agricultural production; TSE: total support estimate (inflated for the US by domestic food aid); MPS: market price support (mainly by consumers); AWU: agricultural working units

Furthermore SOL has shown that the Agreement on Agriculture (AoA) methodology to assess the domestic food aid can be applied to the US instead of notifying all of it in the green box, so that, for 8 products only – three cereals (wheat flour, corn flour, rice), three meats (beef, pork, poultry), dairy in milk equivalent and eggs – the US should have notified to the WTO \$12.785 bn in 2012 for its product-specific AMS of its domestic food aid. This would have been 5.5 times larger than the Indian corresponding AMS for rice plus wheat. Yet it is India which is condemned by the WTO rules while the US notifies all its domestic food aid in the green box!⁴

⁴ *Reconciling the views on a permanent solution to the issue of public stockholding for food security purposes*, SOL, September 8, 2017: <https://www.sol-asso.fr/wp-content/uploads/2017/10/Reconciling-the-views-on-a-permanent-solution-to-the-issuue-of-public-stockholding-for-food-security-purposes-1.pdf>

Conclusion

It is clear that on the five issues – levels of income and wages, social performance, environment performance, trade performance and agricultural support – China and India are entitled to claim a status of developing country availing of a special and differential treatment under WTO rules.

Many other reasons plead for this status, which can be seen in the following papers below.

However, this justification of China's and India's status of developing economies should not be seen as an endorsement of many other aspects of their policies both internally – particularly in terms of undemocratic regimes and of the persecution of Muslims in China with Uighurs and in India since Narendra Mody – and externally, notably the development of Chinese economic imperialism with the Silk Roads, and the risk of too large indebtedness of Africa to China.

- *Do not abolish the WTO but its control by the US-EU duopoly, particularly on agricultural and food products*, SOL, March 6, 2021: <https://www.sol-asso.fr/wp-content/uploads/2020/01/Do-not-abolish-the-WTO-but-its-control-by-the-US-EU-duopoly-21-03-06.pdf>
- *The biased ruling of the WTO panel in the US-China case on Domestic Support for Agricultural Producers*, SOL, August 5, 2020: <https://www.sol-asso.fr/wp-content/uploads/2020/01/Biased-DSB-ruling-in-the-US-China-case-on-Domestic-Support-for-Agricultural-Producer-5-August-2020.pdf>
- *Rebuilding the WTO for a sustainable global development*, SOL, July 12, 2020: <https://www.sol-asso.fr/wp-content/uploads/2020/01/Rebuilding-the-WTO-for-a-sustainable-global-development-J.-Berthelot-July-12-2020.pdf>
- *Unifying the developing countries' stances on the Green and Blue Boxes*, SOL, December 13, 2019: <https://www.sol-asso.fr/wp-content/uploads/2019/12/Unifying-the-developing-countries-stances-on-the-Green-and-Blue-Boxes-SOL-12-13-2019.pdf>
- *From customs duties to total agricultural protection: the case of the European Union-West Africa trade*, SOL, April 19, 2018: <https://www.sol-asso.fr/wp-content/uploads/2019/01/From-customs-duties-to-total-agricultural-protection.-April-19-2018.pdf>
- *Lars Brink and David Orden at the rescue of the US claims that India and China have undernotified their market price support of rice and wheat*, SOL, September 8, 2018: <https://www.sol-asso.fr/wp-content/uploads/2017/01/L.-Brink-and-D.-Orden-at-the-rescue-of-the-US-proceeding-against-India-and-China-MPS-on-wheat-and-rice.pdf>
- *SOL's proposal to solve the Public Stockholding's impasse*, SOL, December 13, 2017: <https://www.sol-asso.fr/wp-content/uploads/2017/01/SOLs-proposal-to-solve-the-Public-Stockholdings-impasse-December-13-2017.docx.pdf>