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**Abstract**

**The Current Round of Agricultural Trade Negotiations:  
Should We Bother About Domestic Support?**

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The current WTO agricultural trade negotiations began in March 2000 and became part of the Doha Development Agenda in late 2001. The previous Uruguay Round reached agricultural agreements in the areas of market access, export competition and domestic support. The current round is seeking agreements under similar headings. The effort to reach agreement over reductions in domestic support to farmers is complicated by a number of factors, for example, the extent to which such support affects production decisions, the wishes of governments to support farmers for pursuing multifunctional outcomes from agriculture, and the categorisation of a myriad of policy instruments into green, blue and amber boxes. These complications pose the risk of considerably extending the negotiations and diverting attention away from other areas of reform. But the sustainability of many domestic support policies depends on trade barriers, and reform of these trade barriers may force governments into reforming domestic support without requiring specific international agreements. We use the GTAP applied general equilibrium model to quantify and analyse a number of trade reform scenarios, with and without specific changes in domestic support. We conclude that substantial trade expansion and welfare gains can be achieved, even when domestic support is excluded from the multilateral agreement. Improved

market access makes a far greater contribution to welfare gains than do reforms to domestic policies, and once substantive reforms to border policies have been achieved attention can then be turned to the lower-priority task of reforming domestic support.

Keywords: agricultural policy reform, CGE modelling, decoupled policies, domestic support, WTO