

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2437

ANSWERED ON:23.07.2004

IMPACT OF WTO

Chowdhury Shri Adhir Ranjan;Purandeswari Smt. Daggubati

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the Government has conducted any study on the impact of WTO provisions in order to protect the interests of farmers;
- (b) if so, the details thereof;
- (c) whether the Government has taken up the matter in the WTO to safeguard the interests of farmers;
- (d) if so, the details thereof and how the Government is going to protect the interest of farmers from the WTO provisions;
- (e) the details on the WTO directions for continuing high subsidy under Green, Blue, Amber and Development boxes;
- (f) whether USA continues with high subsidies to farmers; and
- (g) if so, the reactions thereto?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

(a) & (b): Yes, Sir. The Government has commissioned studies to various research institutions on the impact of the Agreement on Agriculture of the World Trade Organisation (WTO). These include:

(i) 'The Impact of Trade Liberalisation on Prices of Agricultural Commodities in India' by the Centre for Monitoring the Indian Economy;

(ii) 'WTO: Competitiveness and Bound Tariff Requirements of Indian Agricultural Commodities' by the Indian Institute of Management, Ahmedabad;

(iii) 'The Uruguay Round Agreement and Indian Agriculture - Strategic Issues for the Future' by the National Council of Applied Economic Research; and

(iv) Research studies on market access, domestic support, export subsidies, and food security by the Indian Institute of Foreign Trade.

(c) to (e): As required by the exigencies of the on-going negotiations on agriculture, India has been submitting proposals in the WTO aimed at achieving substantial reductions in trade-distorting domestic support and elimination of all forms of export subsidies provided by developed countries and substantial market access improvements particularly in products of export interest to developing countries. Proposals submitted by India also aim to ensure that any further commitments in market access by developing countries fully take into account the rural development needs and food and livelihood security concerns of developing countries and that special and differential treatment for developing countries is an integral part of elements of the negotiations in agriculture. The negotiations are scheduled to conclude by 1 January 2005.

To protect the interests of farmers the Government has also put in place a suitable mechanism for monitoring the imports of sensitive items and are committed to providing adequate protection to domestic producers through WTO compatible measures, including appropriate calibration of applied tariffs within bound levels.

Under the existing provisions of the WTO Agreement on Agriculture, trade-distorting domestic support measured in terms of the 'Total Aggregate Measurement of Support' (AMS) is required to be reduced by 20 per cent for developed countries over 6 years (1995-2000) and by 13-1/3 per cent by developing countries over 10 years (1995-2004), taking 1986-88 as the base period. However, trade-distorting domestic support given to the agricultural sector up to 10 per cent of the total value of agricultural production in developing countries and 5 per cent in developed countries is allowed. Domestic support provided under production-limiting programmes as well as support which has no, or at most, minimal trade-distorting effects or effects on production and which meets

stipulated criteria are not required to be reduced. There is no Development Box under the Agreement on Agriculture, though special and differential provisions for developing countries are contained therein.

(f) and (g): In view of the continuing high level of domestic support and export subsidies in most of the developed countries, in the ongoing negotiations, India along with the G-20 alliance on agriculture and other like-minded countries has sought substantial reductions in trade-distorting support and elimination of all forms of export subsidies provided by the developed countries, including the United States.