

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

UNSTARRED QUESTION NO:918
ANSWERED ON:29.11.2005
G 20 COUNTRIES MEET
Scindia Shri Jyotiraditya Madhavrao

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

- (a) whether India and Group of 20 developing countries under the WTO held meeting in Bhurban (Pakistan) in September this year;
- (b) if so, the agenda discussed in the meeting;
- (c) the main trade distorting subsidies practised by developed countries to the detriment of the developing nations; and
- (d) the reaction and response of the WTO and the developed nations in this regard?

Answer

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

(a) and (b): Yes, Sir. The G-20 Ministers met in Bhurban (Pakistan) on 9-10 September 2005 primarily to take stock, and to discuss the future strategy of the Group, in the negotiations on agriculture in the World Trade Organization (WTO), covering all the three pillars of domestic support, export competition and market access. The G-20 also discussed briefly other areas of negotiation, including market access in non-agricultural products, services, trade facilitation, and rules, under the Doha Work Programme.

(c): Domestic support measures are categorized into the Amber Box, the Blue Box, or the Green Box depending upon their trade-distorting effects or effects on production. Green Box measures have no, or minimal, trade-distorting effects or effects on production and are exempt from curtailment, and typically include a government's general service programmes on research, pest and disease control, training, extension and advisory services, inspection services, marketing and promotion services, and infrastructural services, as well as public stock holding for food security purposes, domestic food aid and direct payments to producers, including for relief from natural disasters. Blue Box measures include direct payments under production-limiting programmes to producers. Amber Box measures, considered the most trade-distorting, include market price support, non-product-specific support provided through government expenditures on fertilizers, electricity, irrigation, etc., and non-exempt direct payments to producers, and are subject to reduction commitments and other disciplines as provided for in the Agreement on Agriculture of the WTO. Apart from such domestic support, export subsidies of all forms are considered trade-distorting.

(d): Under the on-going negotiations in the WTO, all WTO Members have agreed that all forms of export subsidies should be eliminated by a credible end date, and that substantial reductions in trade-distorting domestic support must be secured through a combination of cuts, disciplines and monitoring. It has further been agreed that Members with higher level of domestic support will undertake steeper cuts to achieve harmonization in the domestic support entitlements, and to cap Blue Box payments at 5% of the annual value of agricultural production. The detailed modalities for achieving these objectives are under negotiation based on proposals from both developed and developing Members. Divergences remain among Members on various aspects of these modalities, including on the quantum of reductions as well as the criteria and disciplines for domestic support measures classifiable under the Blue Box or the Green Box. The negotiations are expected to conclude by 2006.