

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

UNSTARRED QUESTION NO:632

ANSWERED ON:23.11.2009

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

- (a) whether large subsidy on agroproducts are being given in the United States of America (USA) and other European countries for getting advantages in the international markets;
- (b) if so, the details thereof including the annual subsidy provided in the United States and Europe during the last three years;
- (c) whether the USA has given positive response to India`s insistence on reducing and phasing out subsidies on agricultural products in that country;
- (d) if so, the details thereof;
- (e) whether the USA has also insisted upon the Government of India to reduce import duty on industrial products in India;
- (f) if so, the details thereof and the response of the Government thereto; and
- (g) whether any consensus has been reached on both the issues separately in the negotiations between member countries of the World Trade Organisation (WTO) and if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) to (d) Large agricultural subsidies are being given in United States of America (USA) and other European Countries for getting advantages in the international markets. Details of the annual subsidy provided in the United States and Europe during the last three years as per WTO are as follows.

Details of the annual subsidy provided in the United States and European Commission during the last three years

	United States of America (USD Million)	European Communities (Euro Million)
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	2005	2006	2007	2003/04	2004/05	2005/06
Current Total	12937	7742.017	6259.888	30880	31214.3	28427.1
AMS (Amber Box)						

Measures Exempt from reduction commitment (Green Box)	71829	76035	76162	22074	24390.6	40280.2
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Measures exempt from reduction commitment - Direct Payments under Production-Limiting Programme (Blue Box)	N.A.	N.A.	N.A.	24782	27236.6	13445.2
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In the agriculture negotiations, substantial and effective reductions in domestic support and tariffs in agriculture by developed countries, while enabling developing countries to protect and promote the interests of their low income and resource poor farmers, is a key priority for India. The G-20, group of countries in the World Trade Organisation (WTO) of which India is a member, has been pressing for substantial and effective reductions in OTDS by developed countries. As per the draft modalities text brought out by the Chair of the Negotiating Group on Agriculture on 6th December 2008, the US would take a 70% cut in their Overall Trade-distorting

Domestic Support (OTDS) which would reduce their ceiling level of OTDS from the current US\$ 48.2 billion to US\$ 14.5 billion which is still well above their actual applied levels, estimated at around US\$ 7 billion in 2007. The draft modalities can be accessed at the WTO websites www.wto.org. The multilateral process of discussion are still underway. A successful outcome of the Round would require reconciliation of the legitimate aspirations of the developing countries with those of the developed countries, including the United States and the European countries.

(e) to (g) Under the non agricultural market access (NAMA) negotiations pertaining to non agricultural products, the United States has been a proponent of sectoral initiatives for elimination of customs tariffs in chemical, electrical/ electronics, forestry, gems and jewellery, healthcare and industrial machinery. They have been soliciting support from other WTO Members including India for participating in these sectoral initiatives by agreeing to eliminating customs tariffs on these industrial products. Our negotiating position on sectoral initiatives has been that participation must be on a non mandatory basis based on good faith and without prejudgement of the final outcome. We have also sought for adequate and appropriate special and differential treatment for developing countries to participate in negotiating the terms of these sectoral initiatives. There has been no consensus in the WTO on sectoral initiatives.