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## FIFTH SPECIAL SESSION OF THE COMMITTEE ON AGRICULTURE 5-7 FEBRUARY 2001

### Statement by India

#### **G/AG/NG/W/90 (Proposal by the EC)**

We would like to thank the European Communities for their comprehensive negotiating proposal. For the sake of brevity, we will not comment on those elements of the paper which have already been discussed in the earlier Special Sessions. For the same reason, I would also not repeat our reaction which is contained in the descriptive portions of our proposals circulated in document G/AG/NG/W/102 to some of the trade distorting practices resorted to by developed countries including EC.

We appreciate and thank the European Communities for recognizing that "the key is to create opportunities for increased market access for developing countries, while accepting the possible need for the most fragile developing countries to maintain protection in order to have adequate time for adaptation". While we look forward to engaging ourselves in discussions on translation of this objective into meaningful and implementable proposals, we are also inquisitive about the EC's criteria of categorizing the 'most fragile' developing countries. My delegation would also be interested in watching further developments in the proposal on 'disciplines on domestic support on products which are exported' as contained in paragraph 10 of the EC paper.

We may now turn to those elements in the proposal which seek to maintain 'status quo' or at best are in the nature of 'inching forward' on the path adopted in the Uruguay Round. We consider the proposal for reduction of the *de minimis* clause for developed countries meaningless in the way the EC proposal has been made, the major subsidisers providing support in some cases up to 50-60 per cent of their agricultural output exempt from the *de minimis* discipline.

Regarding the review of the Green Box, our position is that this must be revisited with the specific objective of circumventing or limiting the misuse of some of its provisions by the developed countries to transfer their support from other boxes to the Green Box. We do not support continuation of the Blue Box.

The approach to reduction in tariffs suggested by the EC will not help in bringing down tariff peaks and tariff escalation on products of interest to developing countries. Similarly, mere clarification of the rules of TRQ management would not be sufficient to address the problems faced by developing countries in seeking access under the TRQs. The problems of new and small agricultural exporters from developing countries must be adequately addressed in any proposal related to TRQ administration.

On non-trade concerns, we have already made a detailed statement in the last Special Session. At this juncture, it would suffice to say that these concerns of the developing countries are on a different footing and can not in any manner be compared with the ones articulated under the concept of multifunctionality by the EC. On the 'precautionary principle' reflected by the EC under the rubric of non-trade concerns, we are of the view that the negotiations on the Agreement on Agriculture is not the forum for discussion of this subject. The relationship between Environment and Trade and

precautionary principle and other principles of the Rio Declaration and also Food Safety should be discussed in the Committee on Trade and Environment and other relevant fora. These should not be allowed to dilute the focus on the core issues of the agricultural negotiations.

**G/AG/NG/W/91 (Proposal by Japan)**

We thank the delegation of Japan for their comprehensive proposal. We appreciate the recognition of the fact in the Japanese proposal that it is important to ensure a certain degree of self sufficiency in domestic food production in all countries and that the negotiations would need to provide adequate flexibility to developing countries to enable them to address their specific and characteristic problems.

Having said so, we do not want to repeat our concerns aired on several occasions about Japan's overemphasis on multifunctionality of agriculture. We would, however, reiterate that the non-trade, especially food security concerns in developing countries are on a separate footing than those in the developed world.

We are concerned about the proposals on importing the work undertaken in other fora, in the instant case, the work done on disciplining export credits in the OECD into the WTO. We can not accept that decisions taken in a group with exclusive membership are transposed to WTO without consensus amongst the WTO Members.

WTO is a Member-driven organization. We are of the firm view that it should be for the Members to take into account the views of their civil society while taking their positions. Therefore, we do not support the proposal of Japan in paragraph 7.4 for giving opportunities to NGOs to express their views in the WTO negotiating forum.

Furthermore, the continuation of the reform process in trade in agricultural products is mandated under Article 20 of the Uruguay Round Agreement on Agriculture. This is a stand-alone commitment made by Members during the Uruguay Round. We are surprised how Japan has proposed linking the mandated negotiations to and making them contingent upon a broad-based new round.

**G/AG/NG/W/92 (Proposal by Canada)**

We thank Canada for their proposal. We support the objective set out by Canada to remove disparities in support levels between countries, using a harmonizing formula as well as the proposal to have a review of the Green Box so as to remove such measures from the Green Box as have been found to be trade distorting. The approach proposed by Canada of an overall cap on domestic support will also help in checking the practice of shifting support from the prohibited to the permissible categories. It is a valuable suggestion and we will watch with interest any further developments in this approach.

We do not support the extension of the peace clause beyond December, 2003.

**G/AG/NG/W/96 (Proposal by Mauritius)**

We thank and appreciate Mauritius for their proposal underscoring the problems and special dispensation thus required for small economies. While we fully empathise with their proposals, we wish to point out that many developing countries are also similarly placed. We are, therefore, in favour of an appropriate dispensation for a broader group of developing countries where farming is characterized by small, family owned uneconomic land holdings, low productivity, dependence on

vagaries of nature including susceptibility to natural calamities and a sector providing employment to majority of their population.

We would like the S&D provisions in the ongoing negotiations made available to all developing countries as a group and not create sub categories of developing countries not known to this organization.

**G/AG/NG/W/102 (Statement by India introducing the Proposals in the areas of (i) food security, (ii) market access, (iii) domestic support and (iv) export competition)**

1. It gives me great pleasure to make a brief statement introducing the Indian proposals in the area of (i) food security, (ii) market access, (iii) domestic support and (iv) export competition.

2. All of us would recall that the objective of the Agreement on Agriculture is to establish a fair and market-oriented agricultural trading system and that the Agreement seeks to achieve this objective through substantial progressive reductions in agriculture support and protection. In brief, the Agreement on Agriculture seeks to remove trade distortions resulting from unrestricted use of production and export subsidies and import barriers, both tariff and non-tariff.

3. Experience during the last six years shows that the AoA has not brought about the anticipated deepening of world trade in agriculture or spatial re-distribution of agriculture production or improved returns to farmers in developing countries or greater transparency in agricultural trade. It is evident that a good number of provisions of the AoA lack the required degree of rigor or contain ambiguities leading to the possibility of varying interpretations. It is well known that the advantage of the lack of vigour and ambiguities in the Agreement have been accruing to those very Members who, at least in our assessment, are mainly responsible for the distortions in the international trade in agriculture. For example, tariffs continue to be quite high on products of interest to developing countries like sugar, rice or dairy products, because commitments under the AoA require reductions only on an un-weighted average basis.

4. Again, some developed countries have been able to effect an overall increase in the quantum of support for their agriculture sector without violating WTO commitments. This has been made possible by shifting subsidies from prohibited to non-prohibited categories.

5. The discussions in the Committee on Agriculture has also brought into sharp focus the fact that the subsidies given under the Blue Box and some categories of the Green Box are not as trade non-distorting as they are made out to be. Obviously, the ability of developing countries to provide support to agriculture is limited because of resources problem. This imbalance in the availability of resources between developed and developing countries is accentuated by the inequities in the AoA. One glaring example of the existing inequity in the AoA is Article 7.2(b). I am not going into details of this provision; but I am sure we will have an opportunity to comment on this during the discussions.

6. We are of the view that in the mandated negotiations on agriculture, special efforts should be made to ensure that those Members who contribute most to the prevailing distortions in agricultural trade are forced to remove measures contributing to distortions in as short a time as possible. It is obvious to us that those Members who distort international trade and those Members who are either victims of these distortions or do not contribute to these distortions cannot be treated alike in the ongoing mandated negotiations. Equity considerations demand that different disciplines should apply to those Members who distort and those Members who bear the consequences of these distortions or do not contribute to these distortions.

7. This is yet another important aspect which should not be lost sight of during negotiations. My delegation has pointed out on a number of occasions that there are two different types of agriculture being practised in this world. We have on the one hand, market oriented industrial type of agriculture practised by many developed countries and on the other, subsistence type of agriculture practiced by many developing countries. It is well known that constraints of the agricultural sector in most of the developing countries are small holdings, susceptibility to natural calamities, limited use of fertilizers, low levels of productivity and predominantly poor and uneducated farmers. The ongoing mandated negotiations in agriculture have to take into account differences in the type of agriculture being practiced by major developed countries and the agriculture as practiced by countries like India. We cannot afford to treat these two different types of agriculture on the same footing.

8. Our contribution on food security clearly brings out the fact that for agrarian developing countries like India, food security is vital and that it is an important component of national security.

9. In our view, the agriculture negotiations have to take into account the reality that developing countries can consider further liberalization only after the developed countries who contribute to distortions make clear as to what are going to be their commitments in the areas of market access, domestic support and export competition and in what time frame these commitments would be implemented. It is not fair or realistic to expect developing countries to come out with tariff reduction offers without letting them know in advance as to what type of subsidy/support regime their exports would face in developed country markets.

10. Keeping in view all these aspects, India has two broad categories of objectives/approaches in the ongoing negotiations:

- (a) To protect its food security and livelihood; in India 700 million people depend on agriculture
- (b) To create opportunities for agricultural exports by securing meaningful market access in developed country markets.

11. Indian proposals against this backdrop can thus be classified into two broad categories:

- (i) As far as protecting food security and livelihood is concerned, India, through its proposals, is seeking increased flexibility to take domestic policy measures for ensuring food security and for poverty alleviation, rural development and rural employment. Indian proposals also envisage further strengthening of the trade defense mechanism to protect the domestic producers from a surge in imports or a significant decline in international prices.
- (ii) As far as increased market access opportunities in developed country markets are concerned, India is proposing, as an obligation by developed countries, substantial and meaningfully reductions in tariffs including elimination of peak tariffs and tariff escalations. Indian proposals also envisage substantial reductions in domestic support and elimination of export subsidies by the developed countries.

12. The proposals in the first category include:

- Additional flexibility for providing subsidies to key farm inputs for agricultural and rural development.
- Clarifications on certain implementation issues such as offsetting of positive non-product-specific support with negative product-specific support, suitable methodology of notifying domestic support in stable currency to take care of inflation and depreciation.

- Maintenance of appropriate level of tariff bindings on agricultural products in developing countries, keeping in mind their developmental needs and high distortions prevalent in the international markets with a view to protect the livelihood of their farming population; also linking the appropriate levels of tariffs in developing countries with trade distortions in the areas of market access, domestic support and export competition.
- Rationalization of low tariff bindings in developing countries, which could not be rationalized in the earlier negotiations.
- Separate safeguard mechanisms on the lines of SSG including a provision for imposition of QRs in the event of a surge in imports or a decline in international prices, as an S&D measure.
- Measures taken by developing country Members for alleviation of poverty, rural development, rural employment and diversification of agriculture should be exempt from any reduction commitments.
- Rationalization of product coverage of the AoA by inclusion of certain primary agricultural commodities such as rubber, jute, coir etc.
- Product specific support given to low income and resource poor farmers should also be excluded from AMS calculations
- Flexibility enjoyed by developing countries in taking certain measures in accordance with other WTO covered Agreements should not be constrained by the provisions of the AoA.

Proposals in the second category include:

- Substantial reduction in tariff bindings, including elimination of peak tariffs and tariff escalations in developed countries.
- Expansion and transparent administration of TRQs pending their eventual abolition.
- Blue Box and de-coupled and direct payments in Green Box to be included in the Amber Box to be subjected to reduction commitments.
- Accelerated reduction in AMS so as to bring it below *de minimis* by the developed countries in 3 years and by the developing countries in 5 years.
- Elimination of export subsidies and disciplining of all forms of export subsidization etc.

13. Before I conclude, I would like to make one important point. Our papers deal with food security concerns as well as the need for special and differential treatment in favour of developing countries fairly elaborately. Our approach is that disciplines in the areas of market access, domestic support and export competition should be negotiated taking on board food security concerns of developing countries and also their entitlement for special and differential treatment. It is not as if disciplines in the three major areas could be negotiated first and later on food security and S&D treatment could be treated as some sort of "add-on". Our clear position is that food security concerns and need for S&D treatment should be part and parcel of negotiations aimed towards developing disciplines.

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