



WTO and Indian Agriculture

KEYWORDS

Agreement on Agriculture, Agriculture Sector, India, World Trade Organization (WTO).

Mamta Ranga

Deepti Sharma

Research Scholar, Department of Commerce, Maharshi Dayanand University, Rohtak

Research Scholar, Department of Commerce, Maharshi Dayanand University, Rohtak

ABSTRACT GATT (1947) is replaced by the World Trade Organization in 1995 to govern the new global trade rules for international trade. Agriculture Sector is one of the areas of international trade. The Agreement on Agriculture (AoA) was not included in GATT rather it comes under WTO in 1986 (Uruguay). WTO gave hope to the developing nations like India, where agriculture will continue to remain at the center stage of socio-economic development that the opening up of the economy will help in removing inequity against tradable agriculture and would give vast benefits through increased exports, reduction in tariffs. Currently, India has improved its position in agricultural and food exports to 10th at global level (Economic Survey 2012-2013). The two rounds of GATT/WTO in which agriculture agreement included is discussed in the paper. The focus of the paper is on the impact of WTO's Agreement on Agriculture on Indian agriculture sector.

Introduction

The WTO Agreement came into force on 1st January, 1995. India became a founder member of WTO by passing WTO Agreement on 30th December, 1994. WTO is a new international organization set up as a permanent body. It is designed to play a vital role in different areas such as trade in goods, services, foreign investment, intellectual property rights, and anti-dumping laws, etc. Its key objective is to encourage free and fair trade. The execution of the Agreement on Agriculture started with effect from 1.1.1995. The objective of the Agriculture Agreement is to restructure trade in the sector and to make policies more market-oriented. This would improve certainty and security for importing and exporting countries alike. The Agreement on Agriculture shaped an environment of trade reforms and initiated trade liberalization in agriculture.

Objective of the paper

The objective of the paper is to analyze the trade rounds of WTO (Related to agriculture) on Agriculture. The focus of the paper is to see the effect of WTO's Agreement on Agriculture (market assess, domestic support, export subsidies) on Indian Agriculture.

The Uruguay Round

The Uruguay Round AOA was initial pace towards the reforms in agriculture trade. The Article XX of the Uruguay Round, agreement on agriculture required WTO members to evaluate the agreement after about five years (by the end of 1999 or beginning of 2000), for continuing the reforms started with the Uruguay Round. This provided opportunity to review the outcome of implementation of UR AOA, and, in the light of this knowledge, move further towards establishing free, fair, and market-oriented agricultural trading system. It was expected that trade liberalization and implementation of AOA would bring large benefits to the developing countries through improved access to the developed countries' markets, increased trade and better pricing environment for tropical and other products of interest to the developing countries.

The Doha Round

Because of the importance of agriculture to developing countries and questions left unanswered from previous negotiations, agriculture is at the centre of discussions. The consideration on agriculture concern three "pillars": market access measures, notably tariffs; trade-distorting forms of domestic support; and various forms of export subsidies. Beside agriculture, trade in goods (NAMA or Non-agricultural market

access) and services are important elements. WTO members agreed to commence the current "round" of WTO negotiations in November 2001, in Doha, Qatar. The Doha mandate on agriculture calls for ambitious reform. Members agreed to achieve considerable improvements in market access; reductions of, with view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. During the current Doha Development Round, India has become an important actor within the WTO negotiations.

Agreement on Agriculture

The agriculture products covers basic agricultural products such as wheat, milk and live animals, and the products derived from them such as bread, butter and meat, as well as all processed agricultural products such as chocolate and sausages. It also includes wines, spirits and tobacco products, fibers such as cotton, wool and silk, and raw animal skins destined for leather production. Fish and fish products are not included, nor are forestry products. As per the provisions of the Agreement, the developed countries would complete their reduction commitments within 6 years, i.e., by the year 2000, while the commitments of the developing countries would be completed within 10 years, i.e., by the year 2004. The least developed countries are not obligatory to make any reductions.

Numerical targets for agriculture

The reductions in agricultural subsidies and protection agreed in the Uruguay Round. Only the figures for cutting export subsidies appear in the agreement.

	Developed countries 6 years: 1995-2000	Developing countries 10 years: 1995-2004
Tariffs		
average cut for all agricultural products	-36%	-24%
minimum cut per product	-15%	-10%
Domestic support		
total AMS cuts for sector (base period: 1986-88)	-20%	-13%
Exports		
value of subsidies	-36%	-24%
subsidized quantities (base period: 1986-90)	-21%	-14%

The base level for tariff cuts was the bound rate before 1 January 1995; or, for unbound tariffs, the actual rate charged in September 1986 when the Uruguay Round began.

The other figures were targets used to calculate countries' legally-binding "schedules" of commitments.

Source: http://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm

Indian Agriculture and Agreement on Agriculture

Agriculture occupies a significant place in the growth of an economy and the improvement of agriculture is necessary for a balanced growth of an economy. The agriculture sector has acknowledged special treatment in all countries. This sector enjoys a vital position for both the developed and the developing countries, especially in the context of General Agreement on Tariff and Trade – GATT/WTO negotiations. For a developing country like India, this sector is an engine of economic growth due to livelihood & food security and its interdependence with industrial sector. In developing nations, economic growth to a great extent depends on agriculture sector. Two major developments impacting Indian agriculture during nineties have been: (1) The Agreement on Agriculture implemented from 1st January, 1995 under WTO, and (2) Emergence of highly volatile price regime thereafter.

TABLE 1: YEAR WISE EXPENDITURE OF DEPARTMENT OF AGRICULTURE AND COOPERATION (Rs. Crore)

Year	Budget Estimates	Actual Expenditure
1991-1992	1041.35	957.86
2001-2002	1985.00	1792.92
2004-2005	2650.00	2757.42
2009-2010	11307.07	10870.15
2010-2011	15042.00	17052.59
2011-2012	17122.87	16354.70
2012-2013	20208.00	17165.24

Source: http://eands.dacnet.nic.in/Publication122013/AgriculturalStats%20inside_website%20book.pdf

Table 1 shows the year wise expenditure of department of agriculture and cooperation. From this table it is clear that the actual expenditure is increasing year to year and it is highest in 2012-2013. And when we compared the actual expenditure with budget and revised estimate then it comes to know that the actual expenditure is less than the budget estimates in almost years.

TABLE 2: INDIA'S IMPORTS AND EXPORTS OF AGRICULTURAL COMMODITIES (Value Rs. Crore)

Year	Agriculture Imports	Total National Imports	% of Agriculture Imports to National Imports	Agriculture Exports	Total National Exports	% of Agriculture Exports to National Exports
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1990-91	1205.86	43170.82	2.79	6012.76	32527.28	18.49
1991-92	1478.27	47850.84	3.09	7838.04	44041.81	17.80
1992-93	2876.25	63374.52	4.54	9040.30	53688.26	16.84
1993-94	2327.33	73101.01	3.18	12586.55	69748.85	18.05
1994-95	5937.21	89970.70	6.60	13222.76	82673.40	15.99
1995-96	5890.10	122678.14	4.80	20397.74	106353.35	19.18
1996-97	6612.60	138919.88	4.76	24161.29	118817.32	20.33
1997-98	8784.19	154176.29	5.70	24832.45	130100.64	19.09
1998-99	14566.48	178331.69	8.17	25510.64	139751.77	18.25
1999-00	16066.73	215528.53	7.45	25313.66	159095.20	15.91
2000-01	12086.23	228306.64	5.29	28657.37	201356.45	14.23
2001-02	16256.61	245199.72	6.63	29728.61	209017.97	14.22
2002-03	17608.83	297205.87	5.92	34653.94	255137.28	13.58
2003-04	21972.68	359107.66	6.12	36415.48	293366.75	12.41
2004-05	22811.84	501064.54	4.55	41602.65	375339.53	11.08
2005-06	21499.22	660408.90	3.26	49216.96	456417.86	10.79
2006-07	29637.85	840506.31	3.53	6221142.4	571779.28	10.88
2007-08	29906.23	1012311.70	2.95	79039.52	655863.52	12.05
2008-09	37183.04	1374435.55	2.71	85551.67	840755.06	10.18
2009-10	59528.37	1363735.55	4.37	89341.50	845533.64	10.57
2010-11	57334.32	1683466.96	3.41	117483.61	1142921.92	10.28
2011-12	82819.15	2345463.24	3.53	187609.33	1465959.39	12.80
2012-13 (P)	109211.51	2669839.78	4.09	230141.13	1634672.95	14.10

(P) - Provisional

Source: <http://eands.dacnet.nic.in/Publication12-12-2013/Agricultureat%20a%20Glance2013/page186-255.pdf>

Table 2 shows the agricultural imports and exports of India as well as total national imports and exports. From the table it is clear that there is fluctuation in the percentage of agricultural imports to national import and also in the percentage of agriculture exports to national exports. One more thing, which is cleared from the table is that from the time period between 1995- 2004 (as per the provisions of the Agreement, the developing countries would complete their reduction commitments within 10 years,

i.e., by the year 2004,) the agriculture imports and agriculture exports were on increasing.

Conclusion

According to the post WTO experience of previous years, India should continue indulging in negotiating agreement to its advantage with sound arguments. To conclude, it can be said that WTO provisions pose no real threat to Indian agriculture though aspects related to IPR, removal of tariff and non-tariff barriers and market access need to be dealt with constant vigil and suitable know-how. Similarly import is the need to restructure, modify and revamp our agriculture sector so that it can rise up to the challenges thrown by growing integration with the rest of the world. The need of the time is to make it more efficient, modern diversified and competitive. The reduction in agricultural subsidies and barriers to export of agricultural products, agricultural exports from India will increase. The multilateral rules and disciplines relating to anti-dumping, subsidies and countervailing measures, safeguards and disputes settlement machinery will ensure greater security and predictability of international trade. This would be favorable environment for India's international business. India along with other developing countries has the market access to a number of highly developed countries due to the imposition of the clauses relating to trade without prejudice.

REFERENCE

- Akrani, Gaurav, "GATT Rounds -Emergence of World Trade Organization WTO" accessed on March 11, 2014 (12: 19 Pm) from URL <http://kalyan-city.blogspot.com/2011/03/gatt-rounds-emergence-of-world-trade.html> | • Dhar, Biswajit, "Agriculture and the WTO: An Indian Perspective" accessed on March 11, 2014 (11:57 Pm) from URL <http://wbwto.iift.ac.in/Downloads/WSII/WTO%20and%20Indian%20Agriculture.pdf> | • "Dispute Settlement World Trade Organisation 3.15 Agriculture"(2003) accessed on March 10, 2014 (4:56 Pm) from URL http://unctad.org/en/docs/edmmisc232add32_en.pdf | • "Economic Survey 2013: India World's 10th Global Agricultural Exporter" accessed on March 11, 2014 (11:23 Pm) from URL <http://profit.ndtv.com/news/budget/article-economic-survey-2013-india-worlds-10th-global-agricultural-exporter-318678> | • "From GATT to the WTO and Beyond Research Guide" accessed on March 11, 2014 (2*10 Pm) from URL <http://www.law.georgetown.edu/library/research/guides/FromtheGATTtotheWTO.cfm> | • <http://eands.dacnet.nic.in/Publication12-12-2013/Agricultureat%20a%20Glance2013/page186255.pdf> accessed on March 11, 2014 (2:49 Pm) from URL (<http://agricoop.nic.in/Agristatistics.htm>) | • Love, Patrick and Ralph, Lattimore (2009), "Trade Rounds and the World Trade Organization", in International Trade: Free, Fair and Open? Accessed on May 19, 2014 from the URL www.oecdilibrary.org/docserver/download/0109121ec006.pdf?expires=1400491377&id=id&accname=guest&checksum=C753D7997051D6605F390910D8B611FA | • "Pocket Book on Agricultural Statistics 2013" accessed on March 11, 2014 (4:39 Pm) from URL http://eands.dacnet.nic.in/Publication12-122013/AgriculturalStats%20inside_website%20book.pdf | • Ratan, RajanSudesh, Sharma, Sachin Kumar, Kallummal, Murali and Biswas Anirban (2010), "Agriculture Under WTO Regime Cross Country Analysis of Select Issues" Discussion Paper No.5, accessed on March 8, 2014 (3:20 Pm) from URL http://wtocentre.iift.ac.in/discussion_papers/05.pdf | • Sharmamba, Meenu (2009), "Impact of WTO on India" accessed on March 11, 2014 (3:48 Pm) from URL <http://courseblog-ib2208.blogspot.in/2009/02/impact-of-wto-on-india.html> | • Sharma, Sachin Kumar (2013), "Doha Negotiation and Domestic Support to Indian Agriculture Sector" accessed on March 11, 2014 (1:11 Pm) from URL <http://wtocentre.iift.ac.in/workingpaper/Working%20paper%2012.pdf> | • Sheshagiri, B., Honkan, G. G. and Vaikunthe, L. D. (2011) "Impact of W.T.O on Indian Agriculture: Performance and Prospects" International Journal of Current Research, Vol. 3, Issue, 10, ISSN: 0975-833X, pp.066-070. (<http://www.journalcra.com/article/impact-wto-indian-agriculture-performance-and-prospects>) | • Shiya, "Essay for students on WTO and Indian Agriculture" accessed on March 11, 2014 (3:56 Pm) from URL <http://www.preservearticles.com/201106087553/wto-and-indian-agriculture.html> | • "Understanding the WTO" accessed on March 8, 2014 (12:49 Pm) from URL http://www.wto.org/english/thewto_e/whatis_e/tif_e/htm.htm | • "WTO and Indian Agriculture Implications for Policy and R&D" (2006)", PolicyPaper38,National Academy Of Agricultural Sciences, New Delhi accessed on March 8, 2014 (12:27 Pm) from URL <http://naasindia.org/Policy%20Papers/policy%2038.pdf> | • "WTO Agreement on Agriculture and its Implications" (1999), India& the WTO, A Monthly Newsletter of the Ministry of Commerce, Vol. 1, No 5, accessed on March 10, 2014 (2:52 Pm) from URL <http://commerce.nic.in/writereaddata/publications/wto-may.pdf> |