FACULTY OF JURIDICAL SCIENCES

Lecture-20

Features of WTO Agreement on Agriculture

The provisions of the WTO Agreement on Agriculture relate mainly to three broad categories of agriculture and trade policy, which are discussed below.

- **Market Access**
  - This includes:
    - Tariffication – implies all non-tariff barriers to be abolished and converted to tariffs. Non-tariff barriers include variable levies, minimum import prices, quotas, state trading measures, discretionary licensing, etc.
    - Tariff reduction – Developing countries were obligated to reduce tariffs by 24% in 10 years.
    - Access opportunities – Minimum access equal to 3% of domestic consumption in 1986-88 will have to be established for the year 1995 rising to 5% at the end of the implementation period.
  - This head includes improving access to markets by removing trade barriers.
- **Domestic Support**
  - This concerns the policy support and subsidies given by countries to enhance domestic production. WTO has classified agricultural subsidies and policies into different boxes, which are explained in a section below in detail.
- **Export Subsidies**
  - Here, there are provisions related to member countries' commitments to reduce export subsidies.
  - Developed countries are mandated to reduce their export subsidy volume by 21% and expenditure by 36% in 6 years, in equal installment (from 1986 –1990 levels).
  - Developing countries need to reduce export subsidy volume by 14% and expenditure by 24% over ten years in equal installments.

Agreement on Agriculture Criticism

Opponents of the Agreement say that it reduces tariff protection for small farmers, which is a major income source in developing countries, while at the same time, it allows rich countries to continue subsidizing their farmers.

- Through clever classification of the subsidies into trade-distorting (amber box) and non-trade distorting (green box), developed countries manage to heavily subsidize agriculture in their countries while targeting developing countries including India of indulging in trade-distorting practices.
- A collaborative India-China study has shown that developed countries such as the United States, Canada and countries of the EU give out several times higher subsidies to their farmers than the rest of the world.
- Developed countries continue to provide trade-distorting subsidies without attracting any penalties under the WTO.
- Under the Amber Box, developed countries were given the choice of either accepting a product-specific ceiling of 5 per cent, or an overall cap. By choosing the latter option, most developed countries have been able to better target sops for specific crops.
- Even with low subsidies, India should be worried of breaching the 10% limit on subsidies.
- The developed countries constantly take developing countries to task on policies like the Minimum Support Price (MSP) while they continue to support their farmers and also make barriers for trade and market entry.
- The WTO’s push towards globalization threatens three dimensions of a sustainable and equitable agricultural policy, namely, ecological security, livelihood security and food security. Globalization will adversely affect producers with low or no capital and investment.