

## WTO related issues

6.49 At Hong Kong, in December 2005, WTO Ministers had agreed to establish modalities for agriculture and Non-Agricultural Market Access (NAMA) by April 30, 2006, submit the draft Schedules by July 31, 2006 and conclude the negotiations across all areas of the Doha Round by the end of 2006. In respect of services, all Members were to file their revised offers by July 31, 2006 and submit the draft Schedules by October 31, 2006. These deadlines were missed despite intensive negotiations.

6.50 The intensive discussions through January to July 2006 had focused mainly on the triangular issues of Domestic Support, Agricultural Market Access (AMA), and NAMA. At the informal meeting of the Trade Negotiations Committee (TNC) held on July 24, 2006, the Director General, WTO, who is its Chairman, reported that "it remained clear that the gaps remain too wide", and

recommended that the only course of action would be to suspend the negotiations across the Round as a whole to enable serious reflection by participants. In the light of the impasse particularly in agriculture (Box 6.7), and ruling out the possibility of finishing the Round by the end of 2006, Members agreed to suspend the negotiations across all areas of the Doha Work Programme, and to resume them when the negotiating environment was right.

6.51 For India, the suspension has been a disappointment. It is an avoidable delay on the delivery of the development promises of the Round. India has welcomed the soft resumption of negotiations on November 16, 2006 and subsequently the full-scale resumption on February 7, 2007 on the principles that it preserves the architecture of the negotiations, inclusiveness, and the progress made so far, and leads to an outcome that is balanced, ambitious and pro-development.

### Box 6.7 : Agri-exports and India's stand on agricultural issues in WTO

India's total exports of agricultural and allied products including plantations at US \$ 10.5 billion in 2005-06 constitute 10.2 per cent of its export share. Developed country markets continued to account for nearly 35 per cent of India's agri-exports. However, its contribution to national economy is significant in terms of sustaining livelihood of a significant proportion of the population, including a large number of producers and landless agricultural labourers (characterized as low-income and resource-poor). This section of population lack skills and are not covered under any safety nets, which are essential for ensuring a minimal cross-sector labour mobility. Like India, most developing countries are in a similar situation in sharp contrast to the reality of the agriculture sector in developed countries. Apart from a number of agricultural crops, a number of other products, including livestock products, are produced in hilly/mountainous or other disadvantaged regions, or by tribal communities and women. India, and other developing countries, have, therefore, been insisting that special and differential treatment for developing countries must be integral to all aspects, including the negotiated outcome, on agriculture under the Doha Round in the WTO.

Mitigating the risks facing the low-income, resource-poor and subsistence farmers associated with price declines, price volatility and predatory competition and other market imperfections, including the huge amounts of production and trade-distorting subsidies provided by some developed countries to their agriculture sector, remains paramount. Therefore, along with other developing countries, particularly its alliance partners in the G-20 and G-33, India has been emphasizing that the Doha agricultural outcome must include at its core:

- removal of distorting subsidies and protection by developed countries to level the playing field, and
- appropriate provisions designed to safeguard food and/or livelihood security, and to meet the rural development needs in developing countries.

Apart from appropriate policy flexibilities to enable developing country governments to help the low-income and vulnerable producers absorb or insure themselves against risks, India has also taken the stand that governments must also be able to foster stable and remunerative prices for domestic producers in order to increase productivity and gradually move away from dependence on low-productivity agriculture. To these ends, meaningful and effective instruments (Special Products and the Special Safeguard Mechanism) are important for developing countries like India. At Hong Kong, it has been agreed that Special Products and the Special Safeguard Mechanism shall be an integral part of the modalities and the outcome of negotiations in agriculture. Moreover, developing countries shall have the right to self-designate an appropriate number of Special Products, guided by indicators based on the three fundamental criteria of food security, livelihood security and/or rural development needs. These designated products will attract more flexible treatment. Developing country Members will also have the right to have recourse to a Special Safeguard Mechanism based on import quantity and price triggers, with precise arrangements to be further defined.