CUTS Centre for
International Trade,
Economics & Environment
Research Report

Demystifying Agriculture Market Access Formula:

A Developing Country Perspective After Cancún Setback

CUTS Centre for International Trade, Economics & Environment

कट्स CUTS
Twenty Years of
Social Change
1984 to 2003

#0417

Demystifying Agriculture Market Access Formula:

A Developing Country Perspective After Cancún Setback

This paper was researched and written by **Rajesh Mehta,** Senior Fellow, Research and Information System for the Non-Aligned and other Developing Countries (RIS), New Delhi, **J. George,** Senior Consultant, RIS, New Delhi [Professor and Head, Faculty of Economics and Development Planning, HIPA, Gurgaon (on leave)], and **Pooja Agarwal,** Research Assistant, RIS, New Delhi. Comments on the draft received from anonymous referees and others are gratefully acknowledged and have been suitably incorporated. The preliminary results of an unedited earlier version of this study were shared in the *Technical Session II* on *WTO and South Asian Agriculture* on 27 March 2004 at the International Seminar on **WTO and Implications for South Asia** held at Andhra University, Vishakhapatnam, India.

Published by:

कट्स CUTS

CUTS Centre for International Trade, Economics & Environment
D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India
Ph: 91.141.228 2821-3, Fax: 91.141.228 2485
Email: citee@cuts-international.org
Website: www.cuts-international.org

With the support of:

International Development Research Centre, Canada
Under the South Asian Civil Society Network on International Trade Issues (SACSNITI) Project

Cover Illustration:
Courtesy – The Hindu Business Line

Printed by:
Jaipur Printers P. Ltd.
Jaipur 302 001, India

ISBN 81-8257-033-6

0417, Suggested Contribution: Rs.100/US$25

Contents

Tables

Figures

Boxes

Preface

"Negotiate, not litigate," reacted Robert Zoellick, US trade representative after a WTO panel decided that US cotton subsidies were WTO-incompatible in a dispute brought by Brazil and others. This sums up the US mood before the crucial trade negotiations, which will be held in July this year.

On the other hand, European Union's trade commissioner, Pascal Lamy was more hopeful about pushing the WTO negotiations forward after meeting his counterparts from Australia, Brazil, India and the US on the eve of the 11th Session of the United Nations Conference on Trade and Development in São Paulo, Brazil.

The ministers of the so-called "five interested parties" "found enough convergence to instruct officials to urgently continue the work," according to Brazil's foreign minister Celso Amorim. EC trade commissioner Pascal Lamy explained it was "clear that export support has to be phased out".

Agriculture continues to dog the debate at the World Trade Organisation (WTO), with a knock-on effect on nearly all other issues under negotiations. Following the Cancún debacle, negotiators are locked in at Geneva to move the agenda forward. There is a 20-yard movement, but it is slow. Therefore, one needs to understand why agriculture trade talks drag all the time and how they always feature as the make or break of the international trading system.

To move forward on the farm agenda, and kick-start the stalled Doha Round, the WTO members met in Geneva in March this year. Different viewpoints have emerged regarding the outcome of this meeting. While it is easy to say that the talks failed, what we need to keep in mind is that agriculture is an extremely sensitive issue and every little step taken is worth the bit.

The WTO Committee on Agriculture (CoA) has been meeting every month since March 2004 and will have a final meeting in July 2004 where effort will be made to conclude a final deal.

Many have argued that one of the major reasons for the failure of the Cancún meeting was the joint "framework paper" on agriculture submitted by the European Commission and the US just before the ministerial. This was followed by the submission of another "framework paper" by the G-20+ group of developing countries.

From these papers, at the Cancún meeting, a draft ministerial text on agriculture emerged, known as the Derbez Text (named after Luis Ernesto Derbez, Mexico's foreign minister and the Chairman of the Cancún ministerial). It was not surprising that at Cancún the WTO members failed to accept a ministerial text on agriculture. The Derbez Text had made the framework very complex, which this paper tries to demystify.

It argued that the future negotiation on agriculture must focus on the G-20+ framework, as only then the developed countries can be persuaded to reduce extremely high tariffs on specific products (tariff peaks). This is one of many issues hindering better market access potentiality (in agriculture) of developing countries. Secondly, the formula for tariff reduction adopted in G-20+ framework has taken into account special concerns of developing countries.

While this paper is restricted to the market access aspects of agriculture negotiations, one needs to read this by taking into account the other two pillars of the WTO Agreement on Agriculture, viz. domestic support and export subsidies. Any progress on agriculture negotiations can be achieved through a balanced move on all the three pillars.

Last month, the EU Trade Commissioner, Pascal Lamy suggested a major cut in the subsidies given to domestic farmers in the EU. He has also made specific offers to Mercosur countries (Argentina, Brazil, Paraguay and Uruguay). Some experts describe this as efforts to split the opposition (to EU's agriculture regime), while many others have welcomed the move (cut in domestic support in the EU) as a "significant step".

Either way, the month of July will be crucial for moving the agriculture negotiations forward and consequently, the Doha Round. The bottomline is that no country will be willing to budge an inch, which could adversely affect the livelihoods of their farmers. The challenge is to see how best the WTO members accommodate the concerns of diverse nations in arriving at a final deal on agriculture.

If a deal on agriculture is reached at Geneva, the Doha Round of trade talks would be salvaged and will move on. Otherwise, there will be a time lapse, as after August 2004, the EU will be busy in appointing its new Commission and the US will have its presidential election. Also, it will be interesting to see how the Group of 20 developing countries will maintain their solidarity during the course of these negotiations. If they succeed, that will herald a new era of multilateral trading system.

Jaipur
July 2004

Bipul Chatterjee
Director

Executive Summary

The WTO Cancún Ministerial Text issued by the Conference Chair, Mr. Derbez leaned heavily on the joint EC-US "framework paper" on agriculture. This bias complicated the negotiation process by mystifying the approach to the agriculture market access pillar. The developing countries are being squeezed to provide better market access to the developed countries' agricultural produce. For example, India will have to reduce her average bound tariff in agriculture anywhere in the range 45-83 percent depending on the blended combination of the formula (suggested for core modality) and the chosen value of "B" coefficient (for the Swiss element) in the blend formula.

Further, Harbinson's formula also expected the developing countries to make huge reductions in their bound tariffs, but not to the same extent. For example, India was expected to make about a 37.5 percent reduction in the average bound rates, while use of the "Derbez Draft" made the expected reduction significantly higher. The developed countries, on the other hand, would not provide higher market access under the "Derbez Formula", as compared to the reduction based on Harbinson's formula. Such a contrasting and disparate scenario consequent to using a formula with a large number of unknowns indeed needs to be factored into the market access discourse.

One glaring gap that emerges in the blended formula is that in order to attain a similar level of average reduction as obtained by Harbinson's core modality, one scenario requires India to use 300 as the "B" coefficient value in the Swiss element of blend formula based on the "EC-US framework" paper or "Derbez Draft". Our study indicates that the negotiation must focus on the G20+ framework as this provides for the removal of "import sensitive lines" from the blended formula, for developed countries. The developed countries must be persuaded to commit deeper cuts in their top tariff lines. The market access pillar in the agriculture negotiations plays a crucial role and the bargaining terrain has to impart a sufficient level of confidence and comfort to the developing countries. The G20+ framework apparently leads towards the right co-ordinates of this bargaining terrain in WTO.

What should be the position of India and other developing countries *vis-a-vis* the US and other developed countries in terms of the bargaining terrain on agricultural market access during the next round of the Geneva Meeting of the General Council?

Based on this study the bargaining strength of India, in particular, and developing countries in general, lies in steadfastly holding on to the removal of the "import sensitive" phrase from the "Derbez Draft". Secondly, the developed countries must agree to subject their top peak tariff (agricultural) lines to reduction using the Swiss formula. For example, the US peak tariff of 822 percent on application of the Swiss formula will get reduced to about 15 percent in the case of the "B" co-efficient being 15, and to 42 percent in the case the "B" co-efficient is 45.

The developed countries, on the other hand, may insist on retaining the "import sensitive" element in the "Derbez Draft" so that these countries could use the linear cut on them, in which case, the peak tariff of 822 in the case of USA may stand reduced at 534 percent. In the event that they use the first slab of Harbinson's formula, 822 percent peak tariff may get reduced to 452 percent.

CHAPTER-1

Introduction

The Cancún Ministerial Conference in mid-September 2003 did show that the developing countries could partake in negotiations with informed discussion. The engagement between the developing and developed countries therefore was indeed a serious business. The coalition of developing countries (Annex 1) could appreciate the negotiating positions of alliance members as well as identify various implications in quick real time that served their own countries' interest. Agricultural negotiations in this context are a case in point.

The point being raised after the Cancún setback is whether or not India should have agreed to reduce her agricultural average final bound tariff by 37.5 percent as per Harbinson's' formula or get constricted into a tight bargaining terrain. The coordinates of this later terrain, dictated by the EC-US joint text proposal, expected an unjustifiable reduction in the range of 40-78 percent in the worst case scenario or 45-83 percent in the most likely case scenario of India's average bound tariff in agricultural products.

According to Harbinson's' formula. India will have to reduce her farm average bound tariff by 37.5 percent .... the EC-US joint text proposal, expected an unjustifiable reduction in the range of 40-78 percent in the worst case scenario or 45-83 percent in the most likely case scenario of India's average bound tariff in agricultural products.

However, what was agreed upon at the Doha Ministerial is not the direct premise for this paper. As the agriculture negotiations have since resumed in the form of "agriculture week" format of informal consultations (Annex 2), some queries need to be raised, in order to prepare for these discussions. Notably, the market access pillar in the agriculture negotiations plays a crucial role and the bargaining terrain has become extremely tight for developing countries. Therefore, issues that arise, for example are, what are the coordinates of this tight bargaining terrain for India in WTO? Will it be possible to get into serious engagement with other states towards an amicable outcome? And, what options and range of market access choices are available to the developing countries in the current negotiations, etc. These questions, among others, have acquired a mystical air after the December 2003 General Council decision to use the "Derbez Draft" text as the premise to carry forward the agriculture negotiations.

The Doha Ministerial Declaration, however, in November 2001 gave 31 March 2003 as the deadline (that was missed) along with a host of other tasks. Consequently, the Harbinson Draft modalities paved the way during mid-August 2003 for a series of "framework papers" leading to the General Council Chair, Carlos Perez del Castillo's [Castillo Draft] suggestion of a draft Cancún Ministerial Text on 24 August 2003. Harbinson's revised modalities, it may be recalled, did not result in agreement amongst members regarding formula-based commitments to the three pillars of Agreement on Agriculture (AoA), namely, domestic support, market access and export competition. The inherent balance between these pillars, especially in terms of the expected ambitious reduction commitments from developing country members *vis-à-vis* the industrialised developed country members has been at the centre of the discussion.

The multilateral trading framework of the WTO has come to characterise the market access and dispute redress mechanisms that may not be effective in some of the alternate frameworks. In this paper, therefore, we are concentrating our attention on the market access reduction commitments. We plan to concentrate on the most contentious issue of market access, namely, reduction to tariff levels. In this respect, we would like to trace the expected scenario from the developing countries' perspective in the journey starting from the draft 'modalities' of Harbinson to the Cancún Conference Chair, Mr. Luis Ernesto Derbez's draft text on agriculture tabled on 13 September 2003 in Cancún. This topic is going to remain significant because the members have to continue with their engagements in pursuit perhaps of reaching some conclusions. In the absence of a clear understanding about the implications of the suggested framework in the Derbez Draft, a proactive agenda unfortunately cannot be framed. We hasten to add that the remaining two market access issues, namely, special safeguards (SSG) and tariff rate quotas (TRQs), though important, require independent treatment and will be taken up separately.

The market access modalities as proposed in Harbinson's draft are examined in Section II with respect to some select developing and developed country cases. The seminal importance of market access in relation to the other two pillars, namely domestic support and export competition is reflected upon to reinforce our argument. This is followed in Section III by a scrutiny of the framework paper submitted jointly by EC-US on 13 August 2003 during a meeting of the heads of delegations (HODs) in Geneva. We generate a simulated scenario in Section IV since the EC-US framework paper does not specify any numbers for working out commitment levels by the member countries. Section IV also brings in the market access parameters of the "Derbez Draft." The concluding observations and policy recommendations are contained in Section V.

CHAPTER-2

Market Access Modalities

The multilateral trade negotiations are primarily aimed at ensuring market access to all members and at putting in place an effective dispute settlement mechanism. The market access pillar in this context for agricultural products has special significance because many countries did not have an appropriate tariff schedule. After the Uruguay Round this was attempted. These were expressed as commitments by different member countries under the AoA. Since 2000 these AoA commitments are under review.

Following Paras 13 and 14 of the Doha Ministerial Declaration (DMD), the Special (negotiating) Session of the WTO Committee on Agriculture submitted the first "modalities for the further Commitments" on 12 February 2003. The revised version of the First Draft of Modalities for further Commitments', with respect to tariffs, has proposed a core modality of differing sets of reduction in tariffs, based on a linear reduction formula, along with bands/slabs, one for the developed countries and the other for the developing countries. This has come to be referred to as Harbinson's Revised Draft Modalities.

The revised version of the First Draft of Modalities has proposed a core modality of differing sets of reduction in tariffs, based on a linear reduction formula, along with bands/slabs, one for the developed countries and the other for the developing countries. This has come to be referred to as Harbinson's Revised Draft Modalities.

2.1 Harbinson's Revised Draft Modalities

The major stipulations with respect to type of tariffs, base period and time frame can be summarised as follows:

- tariffs, except in-quota tariffs, should be reduced by a simple average for all agricultural products, subject to a minimum reduction per tariff line;
- the base for the reductions should be the final bound tariffs, as specified in the schedules of Members; and
- the time period for tariff reduction, except for the preferential schemes should to be implemented in equal annual instalments over a period of five years for the developed countries and ten years for the developing countries.

The core modality formula for the developed countries stated in the revised First Draft of Modalities (Box 1) can be mathematically denoted in the following way:

$$T_1 = T_0 * (1\text{-}A/100), \qquad \ldots\ldots\ldots (1)$$

where, $A = 60$ if $T_o > 90$

$A = 50$ if $15 < T_o \leq 90$

$A = 40$ if $T_o \leq 15$

T_o & T_1 = Uruguay and post-Millennium final bound tariffs

A = tariff reduction (linear) percentage in slabs

A clear indication is also provided for processed products. The rate of tariff reduction for the processed products is expected to be equivalent to that of the relevant product in its primary form, multiplied at a minimum by a factor of 1.3. The scope for raising this factor, we suppose, could be available, as we shall see below in the "Castillo Draft". The proposal by the Chairman, Stuart Harbinson, however, is silent on it.

Box 1: Harbinson Revised Market Access Modalities – March 2003

Developed Countries

(i) tariffs greater than 90% *ad valorem* – a simple average reduction rate of [60] percent subject to a minimum cut of [45] percent per tariff line.

(ii) tariffs lower than, or equal to 90% *ad valorem* and greater than 15 percent *ad valorem* – a simple average reduction rate of [50] percent subject to a minimum cut of [35] percent per tariff line.

(iii) tariffs lower than or equal to 15% ad valorem – simple average reduction of [40] percent subject to a minimum cut of [25] percent per tariff line.

(iv) where the rate of tariff reduction for the processed product shall be equivalent to that of the product in its primary form, multiplied at a minimum by a factor of [1.3].

Developing Countries

(i) tariffs greater than [120% *ad valorem*] – simple average reduction rate of [40] percent, subject to a minimum cut of [30] percent per tariff line.

(ii) tariffs lower than, or equal to [120% *ad valorem*] and greater than [60 percent *ad valorem*] – simple average reduction rate [35] percent, subject to a minimum cut of [25] percent per tariff line.

(iii) tariffs lower than, or equal to [60% *ad valorem*] and greater than [20% *ad valorem*] – simple average reduction rate – [30%], subject to a minimum cut of [20] percent per tariff line.

(iv) tariffs lower than, or equal to [20% *ad valorem*] – simple average reduction rate – [25%] subject to a minimum cut of [15] percent per tariff line.

(v) for all SP products, simple average reduction [10%], subject to a minimum cut of [5%] per tariff line.

Against the provision of three slabs for developed countries, four slabs have been provided for in the case of developing countries. For all SP products, a simple average reduction of 10 percent, subject to a minimum cut of 5 percent per tariff line, has also been envisaged.

Similarly, Para 12 of the revised First Draft of Modalities elaborates on the formula for reduction commitments by the developing countries, except 'SP' products, which is mathematically presented below:

$$T_1 = T_0 * (1\text{-}A/100), \qquad \ldots\ldots\ldots (2)$$

where, $A = 40$ if $T_o > 120$

$A = 35$ if $60 < T_o \leq 120$

$A = 30$ if $20 < T_o \leq 60$

$A = 25$ if $T_o \leq 20$

Thus, we can notice that, against the provision of three slabs for developed countries, four slabs have been provided for in the case of developing countries. Remarkably, three slabs for the developed north and four slabs for the developing south were purported to address all the pointed submissions by member countries. Besides, for all SP products, a simple average reduction of 10 percent, subject to a minimum cut of 5 percent per tariff line, has also been envisaged.

A close look at these slabs, along with an examination of the minutes of the Special Session of the Committee on Agriculture, becomes necessary, so as to understand why such a formula was recommended. The examination reveals that the issue at stake is whether or not the primary premise of the core method, namely, "the higher the tariff, the greater the required average reduction rate" serves the greater interests of the developing member countries.[1] There have been repeated articulations in these meetings of occurrences of developed country overexploitation of the inherent market access clause in the special and differential treatment, especially with respect to lower tariff reduction targets and a longer implementation period.

One of the important queries about the revised formula would be regarding its strong reservations. This will arise as a natural corollary. We have attempted to examine this query after applying the minimum simple average reduction stipulated in different slab-specific averages to a few select countries that represent both the developed and developing countries.[2] The select countries are Brazil, South Korea, India, Australia and the USA.

Developed countries like Australia and the US record a low final bound average, in comparison to the developing countries. Such low tariff levels in the US have not been attained in a short span, but over longer periods, through a combination of factors.

These countries have been selected for the ease in their data availability and handling, since what we attempted to do was a test case. Besides, these countries do represent different agricultural growing landscapes, as well as country alliances. In this regard, it is worth mentioning that, due to non-availability of the bound *ad valorem* equivalents of the developed countries, our exercise became all the more difficult. Such non-transparency in the relevant information domain by the developed countries is indeed unfortunate, despite the clear instructions of the WTO Secretariat. Also, since the base year is not very clear in the draft modalities, we faced many problems while converting specific duties into their *ad valorem* equivalents.

For illustration, in Table 2.1 below, we present a picture of simple average tariffs and the range of final bound rates for select countries. Two things are worth noticing in this Table. First, that developed countries like Australia and the US record a low final bound average, in comparison to the developing countries. Such low tariff levels in the US have not been attained in a short span, but over longer periods, through a combination of factors. The historical bearings of highly protective tariffs in the US, interestingly, need to be recalled in the contemporary discourse.[3] Similarly, the post-World War II determination of the EU towards food self-sufficiency laid the foundation for agricultural protectionism. The EU farmers, by the end of 70s, fully entrenched their agriculture sector with guaranteed high prices for crops, along with enormous production subsidies and high tariff barriers. The Common Agricultural Policy (CAP), thus, was already established as a powerful European Social Model. The evolutionary benefits of these kinds can, surely be experienced by developing countries and opportunities should be provided.

The EU farmers, by the end of 70s, fully entrenched their agriculture sector with guaranteed high prices for crops, along with enormous production subsidies and high tariff barriers. The Common Agricultural Policy (CAP), thus, was already established as a powerful European Social Model.

Secondly, the US has a very wide range of tariff bindings, in comparison to other countries like Australia, Brazil, and India. The dispersion being so huge in the case of the US, subsequent reduction commitments in the bound rates have to be worked out carefully for a meaningful outcome.

Table 2.1: Simple Average and Range of Uruguay Round Final Bound Rates for Select Countries

Country	Final Bound Average (%)	Range of Bindings (%)
U.S.A	9.5	0-822.9
Australia	3.8	0-29
Brazil	36.6	0-55
Korea	63.8	0-887.4
India	114.5	0-300

Source: Computed by authors from www.amad.org

2.1.1 Methodology

Calculations of the reduction in final bound averages are based on the formula stated in the draft of modalities, "TN/AG/W/1/Rev.1". The data on bound rates for the selected countries has been taken from www.amad.org. For the USA, the bound rates, which were stated in the form of specific duties, were converted into their *ad valorem* equivalents, using the following formula:

Final bound *Ad valorem* equivalence = (*Ad valorem* equivalence of 1999/ Specific duty of 1999) * Final specific duty.

For developed countries like USA and Australia, the simple bound average has been estimated for all commodities. Alongside, calculations based on the three slabs, as indicated in equation (1) above, have been carried out separately with respect to agricultural tariffs as follows:

(i) greater than 90 percent *ad valorem*;
(ii) lower than, or equal to 90 percent *ad valorem* and greater than 15 percent *ad valorem*; and
(iii) lower than, or equal to 15 percent *ad valorem*.

This was done after excluding in-quota tariffs. Then, we arrived at three averages for these slabs, which were subject to reduction by 60 percent, 50 percent and 40 percent, respectively, which gave us the three post Doha-Ministerial average values for the developed countries.

In our limited test case using Brazil, Republic of Korea and India, the highest (43) percentage point decline in average bound rates from the base year is expected to be made by India in the post-Doha Ministerial.

Similarly, for developing countries, the simple bound average for agricultural tariffs is calculated separately for all commodities and for four slabs in the following four categories:

(i) greater than 120 percent *ad valorem*;
(ii) lower than, or equal to 120 percent *ad valorem* and greater than 60 percent *ad valorem*;
(iii) lower than, or equal to 60 percent *ad valorem* and greater than 20 percent *ad valorem*; and
(iv) lower than or equal to 20 percent *ad valorem*.

Then, we arrived at four averages for these slabs that were subject to reduction by 40 percent, 35 percent, 30 percent and 25 percent, respectively, which gave us the four post-Doha Ministerial average values in the case of developing countries.

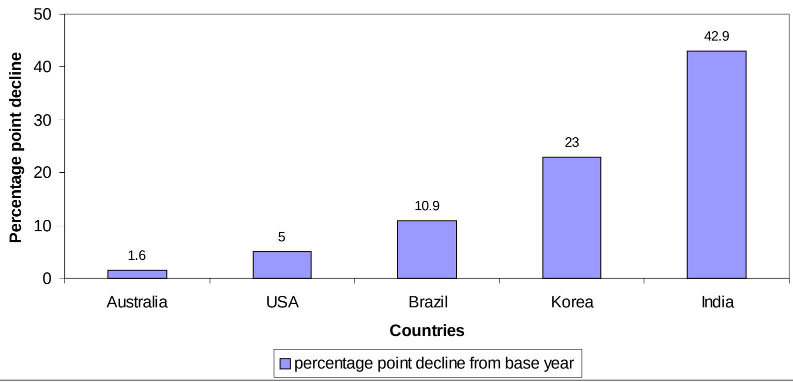
Later, we found out the weighted average of these averages, i.e., three averages in the case of developed countries and four averages in the case of developing countries, by multiplying the average values with the number of commodities falling in that slab. This weighted average is our final bound average for the post-Doha Ministerial negotiations of all agricultural commodities. This value is used to find out the percentage point decline in the final bound averages depicted in Fig. 2.1

It is now apparent that the developing country negotiators were able to crack the "mathematical wizardry" of the revised modality formula and see through the game plan for agricultural products. For example, in our limited test case using Brazil, Republic of Korea and India, the highest (43) percentage point decline in average bound rates from the base year is expected to be made by India in the post-Doha Ministerial. The Republic of Korea and Brazil follow, in that order, with about a 23 and 11 percentage point decline, respectively.

USA with a 5 percentage point and Australia with a meager 1.6 percentage point decline from the base year in the respective agricultural commodities average bound rates in the post-millennium round stand in stark comparison.

That USA with a 5 percentage point and Australia with a meager 1.6 percentage point decline from the base year in the respective agricultural commodities average bound rates in the post-millennium round stand in stark comparison. The irony of the lopsided implication of these modalities is highlighted when we consider the myriad agricultural landscapes prevailing in the developing countries and compare these with the precision farming system of the developed north.

Fig.2.1: Percentage point Decline in average Agriculture Bound Rates (from base year) in post-Doha Ministerial Negotiations



Notwithstanding the low base year tariff values in countries with high merchandise trade, another elaboration of a "bad deal" for the developing countries in the revised modalities framework can be provided by looking at the estimated percentage decline in the average bound rates during pre and post-millennium rounds. This is borne out by a number of empirical studies that support the view that developing countries have not been protecting their agriculture.[4] The averages of the tariff lines, in fact, are indeed deceptive.

Table 2.2: Percentage decline in Pre and Post-Doha Ministerial Bound Averages in Agriculture Products

Countries	No. of TL	% Decline
USA	1611	52.3
Australia	780	42.1
Brazil	1423	29.8
Korea	1307	36.1
India	666	37.5

Source: Calculated by authors based on binding rate data from www.amad.org

Elaboration of a "bad deal" for the developing countries in the revised modalities framework can be provided by looking at the estimated percentage decline in the average bound rates during pre and post-millennium rounds.

Table 2.2 presents the case to illustrate that the averages of decline, though more in the case of developed countries (USA and Australia), as compared to developing countries (Brazil, S. Korea and India), is, in fact, an easy ploy to camouflage reductions across tariff lines. The picture becomes clearer if we recall from Table 2.1 that the final bound average in the USA was at 9.5 with a wide range. Since averages denote the level of tariff where imports are *de facto* taking place, the standard trade statistical kit would attempt to greatly lower the presence of highly protective tariffs.

India, in particular, and the developing countries in general, with a relatively high bound average and narrow range would be required to make deeper cuts in the tariff that is depicted in Fig.2.1. This means that the formula is more advantageous to the developed countries as it underplays very high tariffs and tariff escalation within a commodity. Despite a greater number of bands/slabs for the developing countries, the flexibility and comfort levels of the developing countries appear to be diminishing under this formula. We will examine this in greater detail in Section IV. However, it needs to be recalled that a group of developing countries, including India, in their joint submission did point this out very clearly.[5]

The formula is more advantageous to the developed countries as it underplays very high tariffs and tariff escalation within a commodity. Despite a greater number of bands/ slabs for the developing countries, the flexibility and comfort levels of the developing countries appear to be diminishing.

This is yet another instance that highlights the "unfairness" of a global trading system that gives only a few members better access, at the cost of excluding a large number of developing countries. The overall balance in terms of international trade gets disturbed for many first time players in the world market for agriculture products. In the case of sensitive food products for which tariffs are higher than average, the destabilising instruments of the domestic markets do not lend themselves to easy address.

2.1.2 Why Focus on Tariffs

Tariffs, undoubtedly, play a much wider and more significant role in the developing countries and, therefore, the heightened significance of the bound rates. In the absence of other horizontal as well as vertical trade instruments, including institutional arrangements, bound rates do provide some respectability and, therefore, confidence to developing countries to continue with the market engagements. Alongside, the unilateral liberalisation embarked upon by the developing countries is to be appreciated and encouraged in the multilateral framework. The Uruguay Round (UR) commitments do not allow for any flexibility to the developing countries in the domestic support as well as export subsidy pillars. The national governments are pledged as well as better placed to safeguard their smallholder farmers and their small and medium-scale enterprises through appropriate regulations.

The Uruguay Round (UR) commitments do not allow for any flexibility to the developing countries in the domestic support as well as export subsidy pillars.

However, a combination of low prices in commodity markets and high costs of engagement in the higher-value segments of the food chain has already marginalised the primary agricultural producers and the associated landless labourers. It has, in fact, jeopardised the poverty alleviation efforts of the millennium development goals. Both the domestic support mechanism as well as the export subsidies in the developed countries have been shown to leave their disastrous imprint on the market access outcome for the developing countries. For instance, Hoekman, Ng and Olarreaga highlighted the dismal plight of the disproportionately affected developing and least developed countries by agricultural support policies. In fact, Anderson estimated that if Organisation for Economic Co-operation & Development (OECD) countries remove their subsidies at one point of time, an increase of 5 percent in the international food prices over the next decade could be reaped. According to the International Food Policy Research Institute (IFPRI) study, protectionism and subsidies by industrialised countries put a burden on the developing countries, amounting to roughly US$24bn annually, in lost agricultural and agro-processed income. The same study empirically demonstrated that the net agricultural trade in developing countries would triple, if protectionism and subsidies in the industrialised countries were eliminated.[6]

Protectionism and subsidies by industrialised countries put a burden on the developing countries, amounting to roughly US$24bn annually, in lost agricultural and agro-processed income.

The extent and magnitude of the export subsidies granted by the industrialised countries also influence the depressed world price of primary agricultural commodities. The main beneficiaries of the export subsidies are food exporters in 25 WTO member countries. In fact, four countries account for 97percent of all the export subsidy expenditures, namely, Norway, EU, Switzerland and US. This is also tantamount to dumping on the developing countries; namely, wheat was exported at an average price 43 percent below the cost of production, and rice at an average price 35 percent below the cost of production.[7] While developing countries cannot indulge in this luxury due to lack of funds, a high tariff, or an adjustment to their current tariff limits is the only available measure to protect the livelihood interests of the smallholder producers. In this respect the G-20 proposal seeks elimination of both subsidies and subsidised credit while safeguarding the interests of net-food importing and least developed countries. Hence, the plea for establishing a firm date to eliminate all forms of subsidised export competition.

Four countries account for 97percent of all the export subsidy expenditures, namely, Norway, EU, Switzerland and US. This is also tantamount to dumping on the developing countries; namely, wheat was exported at an average price 43 percent below the cost of production, and rice at an average price 35 percent below the cost of production.[7]

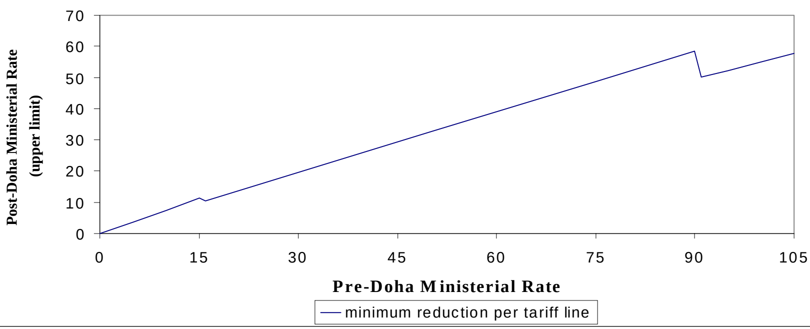
2.2 Stipulated Minimum Reduction in Tariff Rates Across Different Slabs

The application of the formula to developed countries, when plotted with relevant pre-Doha Ministerial and post-Doha Ministerial rates in Fig. II.2 with the minimum stipulated cuts in tariff, shows a notable pattern. Indeed, this is a cause of serious concern to the developing countries since many other important issues of tariff rates quota, domestic support and export subsidy get woven around this reduction commitment. While the three slabs are prominently captured, the concentration of tariff lines in the second slab, especially, is expected to occupy a wide range of tariffs, say 13-60 percent in case the Draft modalities come into operation in the near future.

The point to note here is that against the backdrop of experience gained during the implementation period, the new round is not expected to show a marked decline in the minimum cuts for the developed countries, in general, and is clearly depicted in Fig. 2.1.

Against the backdrop of experience gained during the implementation period, the new round is not expected to show a marked decline in the minimum cuts for the developed countries, in general.

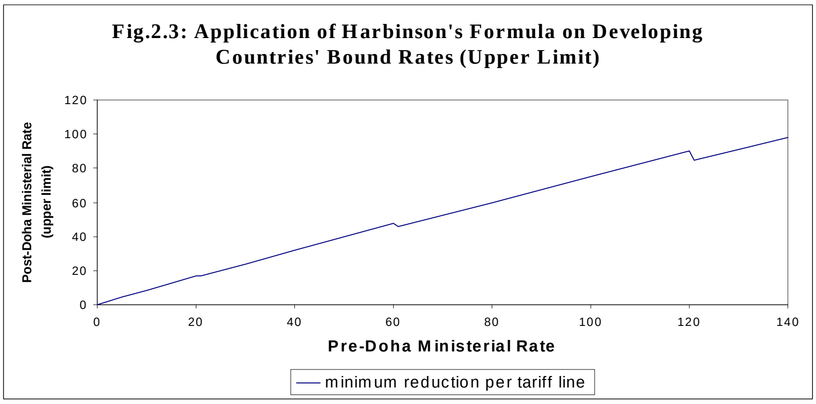
Fig.2.2: Application of Harbinson's Formula on Developed Countries' Bound Rates (Upper Limit)



This, in fact, reinforces the practices of OECD countries whereby during the pre-Doha Ministerial high tariffs on products, which they produced, were reduced by a smaller percentage, on the one hand, and low tariffs were reduced by a larger percentage on the other. Such mathematical jugglery with tariff lines and percentage cuts gets compounded when non-*ad valorem* tariff forms are frequently used. The net result that could be expected under this scenario is that of an extremely limited market access to the developing countries' agricultural exports.

For the developing countries (Fig. II.3), the middle two slabs could be expected to have a minimum cut in the new set that would range between 20-40 and 40-85 percent, respectively. This is tantamount to the developing countries losing the flexibility of the bound rates available during the pre-Doha Ministerial. As developing countries are small players in the international trade in agricultural products, they do require special safeguards, as regards market access, before they get fully integrated into the world market machinations. Therefore, the delicate overall balance of the package appears to get distorted in this suggested formula.[8]

As developing countries are small players in the international trade in agricultural products, they do require special safeguards, as regards market access, before they get fully integrated into the world market machinations.



These expected cuts in the new round, in another sense, have their own sensitivity and get reflected in a different manner. For instance, reductions in the final bound rate weighted averages presented in Table II.2 above keep varying across the test country cases. The sum total of such a loop would amount to naught, if sufficient allowances were not provided to countries to ensure livelihood options dependent on the agricultural sector.

CHAPTER-3

Market Access in "Framework Papers"

Having missed the 31 March 2003 deadline for arriving at modalities, the Chair of the General Council, Carlos Perez del Castillo, in mid-July, proposed a series of initiatives, in order to come out with the first draft of a Ministerial text for the Cancún meeting. The EC-US jointly placed a text for members' consideration, in order to arrive at a consensus. This joint text is called the "framework paper" and does not specify any numbers. The "joint text" brought a counter response in a series of frameworks by different coalition groups. The coalition of developing countries, now known as G20+, in a detailed framework paper, succinctly brought out the primary concerns of the developing countries. The G20 was very clearly arguing for an enhanced market access to the developed country markets for their agricultural produce. This was based on a clear understanding that the tariff profiles are different in different countries. For instance, about 10.1 percent of the total tariff lines in the US are above 30 percent. In the case of the EU and Japan, 27.1 percent tariff lines and 16.2 percent tariff lines, respectively, have tariffs more than 30 percent.

The EC-US framework paper suggested a blended formula approach. The blend was between the elements of linear reduction and Swiss formulae. The framework paper denotes a minimum percentage reduction in "import-sensitive tariff lines", subject to a percentage average tariff cut.

3.1 EC-US Joint Text

The EC-US framework paper suggested a blended formula approach. The blend was between the elements of linear reduction and Swiss formulae. Here, we must recall that on EU's demand, the elements of the linear reduction formula, as desired by the US, the Swiss formula was brought to the table in the blended form. The framework paper denotes a minimum percentage reduction in "import-sensitive tariff lines", subject to a percentage average tariff cut. The coefficient in the Swiss formula is unknown and leads to heavy speculations before any Ministerial meeting could be persuaded to a firm commitment. Lastly, certain unknown percentages of tariff lines are to be made duty-free. In addition, the members are expected to ensure "effective additional market access through a request-offer process" on certain tariff lines.

The skilful use of "import-sensitive tariff lines" was against the grain of submissions made by a large number of developing country members, which talked about provision on special products (SPs).

The joint text not only proposes a blended formula, a combination of tariff cuts and TRQs is also proposed.

The joint text was greeted with dismay, as it specifically served the interests of both the members and was wide off the mark in the context of the Doha Declaration. The skilful use of "import-sensitive tariff lines" was against the grain of submissions made by a large number of developing country members, which talked about provision on special products (SPs).

Box 2: EC-US Joint Framework Text on Agriculture Market Access – 13 August 2003

2. The Doha Declaration calls for "substantial improvements in market access". Negotiations should, therefore, provide increased access opportunities for all and, in particular, for the developing countries most in need and take account of the importance of existing and future preferential access for developing countries.

   To achieve this, commitments shall be based on the following parameters:

2.1 The formula applicable for tariff reduction shall be a blended formula under which each element will contribute to substantial improvement in market access. The formula shall be as follows:
   - (i) […]% tariff lines subject to a […]% average tariff cut and a minimum of […]%; for these import sensitive tariff lines, market access increase will result from a combination of tariff cuts and TRQs.
   - (ii) […]% tariff lines subject to a Swiss formula coefficient […].
   - (iii) […]% tariff lines shall be duty-free.

2.2 For the tariff lines that exceed a maximum of […]%, members shall either reduce them to that maximum, or ensure effective additional market access through a request: offer process that could include TRQs.

2.3 The use of the special agricultural safeguard (SSG) remains under negotiation.

2.4 A special agricultural safeguard (SSG) shall be established for use by developing countries as regards import-sensitive tariff lines.

2.5 All developed countries will seek to provide duty-free access for at least […]% of imports from developing countries through a combination of MFN and preferential access.

2.6 Having regard to their development and food security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods.

The use of the phrase "import-sensitive" and the unspecified percentage put in the brackets [ ] in the formula becomes very deceptive and, therefore, the dismay at the blended formula for the agriculture sector.

Since some agricultural tariffs are recorded to be very high, they vary across countries and commodities. As a result, the global average agricultural tariff is estimated at 62 percent, with the global median at 40 percent. It is also estimated that in South Asia, Central America and South America, the average tariffs across the commodity groupings are also relatively close to the overall regional averages. The European regional coalition (EU 15), along with North America (constituting Canada, Mexico and United States), specifically shows a high dispersion rate across the commodity mean.[9] In this context, the use of the phrase "import-sensitive" and the unspecified percentage put in the brackets [ ] in the formula becomes very deceptive and, therefore, the dismay at the blended formula for the agriculture sector.

3.2 G-20 Framework Paper

The diverse grouping of countries, called G-20+, tabled the most significant proposal on 19 August 2003, after the EC-US joint text was put on the table, preparatory to the Cancún Ministerial. This submission came as a counter proposal to the EC-US framework paper for developed countries, without any specific numbers. This grouping, using the three-pronged EC-US blended framework exclusively for the developed countries, suggested several significant initiatives to enhance market access by the developing country members. For instance, it suggested that only linear formula be used for estimating the reduction levels of the developing countries. Some other salient features of the proposal can be gathered in Box 2 below.

For example, given the skewed tariff profile of the developed members, the linear cut and tariff escalation was to be addressed in the first band. The term "import-sensitive" in the first band has been replaced with "tariff escalation" as well as an unspecified factor to account for processing of primary food products. The tariff rate quota was to be expanded and the in-quota tariffs were to be brought down to zero. In addition, it was proposed to discontinue the Special Safeguards (SSGs). It requested the developed countries to provide duty-free access to all tropical products and others mentioned in the Preamble of the Agreement on Agriculture (AoA).

Given the skewed tariff profile of the developed members, the linear cut and tariff escalation was to be addressed in the first band. The term "import-sensitive" in the first band has been replaced with "tariff escalation" as well as an unspecified factor to account for processing of primary food products.

Box 3: Agriculture Market Access Framework Proposal by G20+ 20 August 2003

2.1 The formula applicable for tariff reduction in developed countries shall be a blended formula and shall be as follows:
  (i) [...]% of tariff lines subject to a [...]% tariff cut. With a view to addressing tariff escalation, a factor of [...] will be applied to the tariff rate cut of the processed product, in case its tariff is higher than the tariff of the product in its primary form.
  (ii) [...]% of tariff lines subject to a Swiss formula coefficient [...].
  (iii) [...]% of tariff lines shall be duty-free.

2.1.1 The total average tariff cut of items i) and ii) above shall be at least [...] % and, in any event, significantly higher than the tariff cut in i).

2.2 For the tariff lines that exceed a maximum of [...]% members shall reduce them to that maximum.

2.3 Tariff rate quotas shall be expanded by [...]% of domestic consumption and in quota tariff rates shall be reduced to zero. Strict rule for their administration will be agreed to. Larger expansion or creation of TRQs could be the result of a request and offer process.

2.4 The Special Agricultural Safeguard (SSG) for developed countries shall be discontinued.

2.5 All developed countries shall provide duty-free access to all tropical products and others mentioned in the Preamble of the Agreement on Agriculture as well as to other agricultural products representing at least [...]% of imports from developing countries.

Special and Differential Treatment

2.6 Having regard to their rural development and food security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods, as well as from the establishment of Special Products (SP), under conditions to be determined in the negotiations. The formula applicable for tariff reductions shall be as follows:
  (i) all tariff lines subject to a [...]% average tariff cut and a minimum cut of [...]%.
  (ii) There will be no commitments regarding TRQ expansion and reduction of in-quota tariff rates for developing countries.

2.7 Under conditions to be determined in the negotiations, a special safeguard mechanism (SSM) shall be established for use by developing countries, the scope of which would depend on the impact of tariff cuts as per 2.6 above.

3.3 Cancún Ministerial Text

As the date for the fifth Ministerial came closer, efforts by the General Council increased, in order to hammer out a Ministerial text. Many countries, interestingly in groups, made a number of framework suggestions, albeit, using either the EC-US joint text or the G20+ text. For example, nations from the coalition AU/ACP/LDC[10] emphasised measures to tackle "tariff peaks" and 'tariff escalation', along with ensuring improved market access for agricultural products from the developing countries. This group also requested the developed countries to commit a fixed time schedule for tariff reduction as well as non-tariff barriers to be addressed in a serious manner. The detailed proposal was submitted in response to the draft text of the Ministerial circulated by the General Council Chair, Carlos Perez del Castillo. The consolidated written statement by the coalition is significant as many members are looking forward to concluding a type of economic partnership agreement with the EU.

3.3.1 Castillo Draft

The "Castillo Draft" heavily borrowed from the EC-US joint text and, for cosmetic effect, incorporated a few points from various other "framework paper texts" circulated by the coalition of members.

A detailed exposition on the agricultural framework for establishing modalities was contained in the Annex A of the revised draft Cancún Ministerial Text. The "Castillo Draft" heavily borrowed from the EC-US joint text and, for cosmetic effect, incorporated a few points from various other "framework paper texts" circulated by the coalition of members.

The "Castillo Draft", specifically on the market access, borrowed everything from EC-US joint text. As an after thought, the draft added a best endeavour provision to "effectively address" tariff escalation. Similarly, the G20 provision for duty-free access to tropical products was also reproduced. However, the "Castillo Draft" took the initiative of introducing Special and Differential Treatment (S&DT) options under each of the three pillars of AoA. Interestingly, these provisions do correspond with the G20 framework text.

Innovations, though complex, are offered under the market access pillar. The "Castillo Draft", in this respect, provides for two options in an "either/or" format for the developing countries. The first option provides for three band formula meant for the developing countries as proposed in the Harbinson draft modalities. The second option is a new blend (on the lines of EC-US joint text) of linear reduction and Swiss formulae without a zero duty category choice. However, under both choices and within the linear reduction formula band, the developing countries were given an additional flexibility to denote special products (SP) with a lower reduction commitment.

Box 4: Revision 1 "Castillo Draft" (JOB(03)/150/Rev.1 24.8.03)

Market Access

2. The Doha Ministerial Declaration calls for "substantial improvements in market access". Negotiations should, therefore, provide increased access opportunities for all and, in particular, for the developing countries. To achieve this, commitments shall be based on the following parameters:

2.1 The formula applicable for tariff reduction by developed countries shall be a blended formula under which each element will contribute to substantial improvement in market access. The formula shall be as follows:

(i) […]% of tariff lines shall be subject to a […]% average tariff cut and a minimum of […]%; for these import-sensitive tariff lines, market access increase will result from a combination of tariff cuts and TRQs.

(ii) […]% of tariff lines shall be subject to a Swiss formula coefficient […].

(iii) […]% of tariff lines shall be duty-free.

2.2 For the tariff lines that exceed a maximum of […]% developed-country participants shall either reduce them to that maximum, or ensure effective additional market access in these or other areas through a request-offer process that could include TRQs.

2.3 The issue of tariff escalation will be effectively addressed.

2.4 The use and duration of the special agricultural safeguard (SSG) remains under negotiation.

Special and Differential Treatment

2.5 Having regard to their development, food security and/or livelihood security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods.

2.6 The formula applicable for tariff reductions by developing countries shall be as follows:

(i) […]% of tariff lines shall be subject to a […]% average tariff cut and a minimum of […]%; for these import-sensitive tariff lines, market access increase will result from a combination of tariff cuts and TRQs. Within this category, developing countries shall have additional flexibility under conditions to be determined to designate Special Products (SP) which would only be subject to a linear cut of a minimum of […}% and no new commitments regarding TRQs.

(ii) […]% of tariff lines shall be subject to […]% average tariff cut and a minimum of […]%.

(iii) […]% of tariff lines shall be subject to […]% average tariff cut and a minimum of […]%.

Or in place of (ii) and (iii) above

(iv) […]% of tariff lines shall be subject to a Swiss formula coefficient of […].

2.7 The applicability and/or extent of the provisions of paragraph 2.2 above to developing countries remains under negotiation, taking into account their development needs.

2.8 A special agricultural safeguard (SSG) shall be established for use by developing countries subject to conditions and for products to be determined.

2.9 All developed countries will seek to provide duty-free access for at least […]% of imports from developing countries through a combination of MFN and preferential access.

2.10 Participants undertake to take account of the importance of preferential access for developing countries.

3.3.2 "Derbez Draft" on Agriculture Market Access

The Cancún Conference Chair, Luis Ernesto Derbez, tabled a draft text on 13 September 2003, attempting to make some so-called "significant modifications" to the "Castillo Draft". The significant modification under the market access pillar is two-fold. Following the strong demand by the AU/ACP/ LDCs coalition, two parts were added to the market access pillar.

Firstly, members were required to set a "resulting simple average tariff reduction for all agricultural products". Secondly, a very limited number of products be designated on the basis of non-trade market access, if their tariffs exceeded a certain maximum. The reason and grounds for such provisions apparently suggest that Japan, with a very high out-of-quota tariff in rice, would be the major beneficiary. It is important to remind ourselves that the coalition of AU/ACP/LDC was represented by Mauritius, a member country that is also part of the "Friends of Multi-functionality"(MF). The original MF6 members are EU, Japan, Korea, Mauritius, Norway and Switzerland.

Firstly, members were required to set a "resulting simple average tariff reduction for all agricultural products". Secondly, a very limited number of products be designated on the basis of non-trade market access, if their tariffs exceeded a certain maximum.

Box 5: Revision 2 "Derbez Draft"(JOB(03)150/Rev.2 13.9.03)

Market Access (Significant changes have been emphasised/highlighted/struck out)

2. The Doha Ministerial Declaration calls for "substantial improvements in market access". Negotiations should, therefore, provide increased access opportunities for all and, in particular, for the developing countries. To achieve this, commitments shall be based on the following parameters:

2.1 The formula applicable for tariff reduction by developed countries shall be a blended formula under which each element will contribute to substantial improvement in market access for all products. The formula shall be as follows:

   (i) […]% of tariff lines shall be subject to a […]% average tariff cut and a minimum of […]%; for these import-sensitive tariff lines market access increase will result from a combination of tariff cuts and TRQs.
   (ii) […]% of tariff lines shall be subject to a Swiss formula with a coefficient […].
   (iii) […]% of tariff lines shall be duty-free.

[The resulting simple average tariff reduction for all agricultural products shall be no less than […]%.]

2.2 For the tariff lines that exceed a maximum of […]% developed-country participants shall either reduce them to that maximum, or ensure effective additional market access in these or other areas through a request-offer process that could include TRQs. [Within this category, participants shall have additional flexibility under conditions to be determined for a very limited number of […] products to be designated on the basis of non-trade concerns that would only be subject to the provisions of paragraph 2.1 above.]

2.3 The issue of tariff escalation will be effectively addressed by applying a factor of […] to the tariff reduction of the processed product, in case its tariff is higher than the tariff for the product in its primary form.

2.4 I n-quota tariffs shall be reduced by […]%.. Terms and conditions of any TRQ expansion/opening remain under negotiation.

2.5 The use and duration of the special agricultural safeguard (SSG) remains under negotiation.

Special and differential treatment

2.6 Having regard to their development, food security and/or livelihood security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods.

2.7 The formula applicable for tariff reductions by developing countries shall be as follows:

(i) […]% of tariff lines shall be subject to a […]% average tariff cut and a minimum of […]%; for these ~~import-sensitive~~ tariff lines market access increase will result from a combination of tariff cuts and TRQs. Within this category, developing countries shall have additional flexibility under conditions to be determined to designate Special Products (SP) which would only be subject to a linear cut of a minimum of […}% and no new commitments regarding TRQs; however, where tariff bindings are very low (below […]%), there shall be no requirement to reduce tariffs.

(ii) […]% of tariff lines shall be subject to a Swiss formula with a coefficient of […]. ~~[…]% average tariff cut and a minimum of […]%.~~

(iii) […]% of tariff lines shall be bound between 0 and 5%, taking into account the importance of tariffs as a source of revenue for developing countries. ~~Subject to […]% average tariff cut and a minimum of […]%.~~

~~**or in place of (ii) and (iii) above**~~

~~**(iv)** […]% of tariff lines shall be subject to a Swiss formula coefficient of […].~~

In implementing tariff reductions under paragraphs 2.7(ii)and 2.7(iii) above, developing countries should benefit from an additional implementation period of […].

2.8 The applicability and/or extent of the provisions of paragraph 2.2 above to developing countries remain under negotiation, taking into account their development needs.

2.9 A special agricultural safeguard (SSM) shall be established for use by developing countries, subject to conditions and for products to be determined.

2.10 All developed countries will seek to provide duty-free access for at least […]% of imports from developing countries through a combination of MFN and preferential access, including particularly all tropical and other products referred to in the preamble of the Agreement on Agriculture.

2.11 Participants undertake to take account of the importance of preferential access for developing countries. The further consideration in this regard will be based on paragraph 16 of the revised First Draft of Modalities for the Further Commitments (TN/AG/W/1/Rev.1 refers).

A complex market access formula, it must be pointed out, diverts the focus away from this primary concern of the developing countries. Therefore, the suggested framework for modalities is neither warranted nor expected for leading to a final decision .

The failure of member countries to converge on an acceptable Ministerial text on agriculture, in general, and market access, in particular, after the Derbez Text is not surprising. Both the texts (i.e., "Castillo" and "Derbez") have made the framework very complex with blended formulae and conditionalities in an either/or format. We must recognise the fact that livelihood options, indeed, were the issues of greater interest to a majority of member countries.

A complex market access formula, it must be pointed out, diverts the focus away from this primary concern of the developing countries. Therefore, the suggested framework for modalities is neither warranted nor expected for leading to a final decision in a "single undertaking" decision-making framework. The "Derbez Draft", indeed, requires simplification and demystifying before the mid-December discussion in Geneva is started.[11] We can, however, attempt to summarise the core modality of various proposals to market access negotiations discussed above in a tabular format for ease and ready reference (Table 3.1).

Table 3.1: Comparison of Market Access Core Modality for Agriculture Products Proposed in Different Submissions

Proposal	Core Modality	Developed Countries	Developing Countries
Harbinson's Modalities Revised Draft Text	Multi-slab Linear Reduction Formula	$T_1 = T_0 * (1\text{-}A/100)$, Where A=60 if $T_o>90$ A=50 if $15<T_o \leq 90$ A=40 if $T_o \leq 15$	$T_1 = T_0 * (1\text{-}A/100)$, Where, A=40 if $T_o>120$ A=35 if $60<T_o \leq 120$ A=30 if $20<T_o \leq 60$ A=25 if $T_o \leq 20$
EC-US-Joint Frame-work Text	Blend of Linear Reduction, Swiss Formula and Zero Tariffs	$T_1=W_1 * T_0 * (1\text{-}A/100) + W_2*(B*T_O/B+T_O) + W_3*0$	$T_1=W_1 * T_0 * (1\text{-}A/100) + W_2*(B*T_O/B+T_O) + W_3*0$
G-21 Framework Text	Blend Formula for developed, and Simple Linear Reduction Formula for developing countries	$T_1=W_1 * T_0 * (1\text{-}A/100) + W_2*(B*T_O/B+T_O) + W_3*0$	$T_1 = T_0 * (1\text{-}A/100)$,
Castillo Draft Text	Blend Formula for developed and Multi-slab Linear Reduction Formula OR Blend formula for developing countries	$T_1=W_1 * T_0 * (1\text{-}A/100) + W_2*(B*T_O/B+T_O) + W_3*0$	$T_1 = T_0 * (1\text{-}A/100)$, Where A=60 if $T_o>90$ A=50 if $15<T_o \leq 90$ A=40 if $T_o \leq 15$ **Or** $T_1=W_1 * T_0 * (1\text{-}A/100) + W_2*(B*T_O/B+T_O) + W_3*0$
Derbez Draft Text	Blend of Linear reduction, Swiss Formula and Zero Tariffs	$T_1=W_1 * T_0 * (1\text{-}A/100) + W_2*(B*T_O/B+T_O) + W_3*0$	$T_1=W_1 * T_0 * (1\text{-}A/100) + W_2*(B*T_O/B+T_O) + W_3*0$

Where,
T_1 = Proposed Bound Rate in Post Millennium Round Negotiations
T_0 = Base Rate of Negotiation (i.e., Uruguay Round Final Bound Rate)
A = A Coefficient representing % Linear cuts
B = A Constant Value , commonly known as Swiss Coefficient
W_1, W_2, W_3 = Weight of Agricultural Tariff Lines such that $W_1+W_2 + W_3= 1$.

CHAPTER-4

Simulated Market Access Scenario Based on "Derbez Draft"

As we know, agriculture is the largest income-generating sector for the developing countries. The coalition of developing countries unequivocally proved that this important sector remained untouched by a number of trade liberalisation initiatives since 1995. The special and differential treatment (S&DT) provisions for developing countries incorporated in the Draft Ministerial text, in fact, was perceived to serve the interests of powerful developed nations. The possible implications of such a complex formula, proposed as the market access modality in the agriculture sector, can be explained with the help of a few simulations. This is of immense value to negotiators, in particular, and the populations, at large, in the country dominantly occupied in farming operations. However, efforts are required to make the methodology of market access calculations more transparent and simple. We can enumerate a number of horizontal actions that limit market access to a great extent.[12]

4.1 Simulation Methodology

The final bound tariffs in the case of India, though high, were reportedly never applied. About 83 percent of tariff lines were seen to be at least 50 percent lower than the bound rates. Similarly, in the case of the USA it has been shown that high tariffs in the agricultural sector caused distortions.

The simulation exercise is based on an analysis of the bound rates of USA, selected to represent the case of the developed countries. India has been selected to represent the developing countries. The base rates (i.e., UR final bound rates) are the same as used for estimating the impact of Harbinson's formula carried out in an earlier section. The contrast in tariff profiles within these two selected countries is unmistakably illustrative of the developed and the developing country approach to the activities typical to the agriculture sector. For instance, the final bound tariffs in the case of India, though high, were reportedly never applied. About 83 percent of tariff lines were seen to be at least 50 percent lower than the bound rates.[13] Similarly, in the case of the USA it has been shown that high tariffs in the agricultural sector caused distortions. It restricted trade in agricultural products, especially those that originated from the developing countries.[14] In addition, it was found that sanitary and phytosanitary (SPS) measures also limit market access. Thus, stringent SPS measures often act like "market access plus" provisions.

The formula proposed in the "Derbez Draft" talks about three slabs of reduction. Although the percentages of tariff lines in each slab are yet to be decided, we conducted our analysis on some assumptions under the alternate scenario. We have taken various combinations for the number of tariff lines on which the first two modes of reduction will be applied. We have ruled out the case of duty-free imports from our analysis for simplicity and ease in cognition.

We can notice that the first slab is quite similar to Harbinson's three-slab reduction. We have chosen the middle slab of Harbinson's formula with slight modifications. It is important to recall here that this middle slab, i.e., "all agricultural tariffs …. simple average reduction rate shall be [50] percent …..

per tariff line". The 50 percent cut is applied on all tariff lines that are supposed to fall under the first slab of revised Ministerial formula. This is with respect to analyses conducted for the USA.

India, being a developing country, is obliged to apply provisions of the special and differential treatment. Notably, a separate four-slab tariff reduction formula was proposed in Harbinson's revised draft modalities. And, in this Ministerial text also, giving due regard to the developmental and security needs of developing countries, the same formula has been proposed. However, the percentage of tariff lines to be included in at least three slabs would differ. Taking this into consideration, the tariff cutting analysis of India in the first slab of the revised Ministerial text have been carried out by using the second slab of Harbinson's reduction commitments for developing countries. "For all agricultural tariffs …… the simple average reduction rate shall be [35] percent …… per tariff line". The modification here pertains to all tariffs to be covered in this slab and have been reduced by 35 percent. Since the Ministerial draft text offers a number of combinations to the developing countries for effecting tariff reductions, we decided to work out certain likely combinations for our simulation exercise.

4.1.1 Combinations

If the Swiss formula is applied to a higher tariff, i.e., peak tariffs, etc., the tariff average gets reduced drastically. This fact is quite evident in test case of USA. It occurs because there is a high dispersion rate across commodity means in most of the North American countries as also in the EU.

The different combinations of number of tariff lines to be included in first two slabs can be assumed as follows (without taking the third slab of zero duties):

1. Top 10% of high tariffs as per Linear formula and rest 90% of tariffs as per Swiss formula.
2. Top 25% of high tariffs as per Linear formula and rest 75% tariffs as per Swiss formula.
3. Top 50% of high tariffs as per Linear formula and rest 50% tariffs as per Swiss formula.
4. Top 60% of high tariffs as per Linear formula and rest 40% tariffs as per Swiss formula.
5. Top 75% of high tariffs as per Linear formula and rest 25% tariffs as per Swiss formula.
6. Top 10% of high tariffs as per Swiss formula and rest 90% of tariffs as per Linear formula.
7. Top 25% of high tariffs as per Swiss formula and rest 75% tariffs as per Linear formula.
8. Top 50% of high tariffs as per Swiss formula and rest 50% tariffs as per Linear formula.
9. Top 60% of high tariffs as per Swiss formula and rest 40% tariffs as per Linear formula.
10. Top 75% of high tariffs as per Swiss formula and rest 25% tariffs as per Linear formula.

The results of the Swiss formula are calculated by taking different values of the B coefficient. The selected B coefficient values are 15, 20, 25 and 30.

4.1.2 Simulation Results/Observations

We are aware of the fact that a reduction in tariffs is larger and deeper with the application of the Swiss formula, as compared to the linear reduction formula. So, if the Swiss formula is applied to a higher tariff, i.e., peak tariffs, etc., the tariff average gets reduced drastically.[15] This fact is quite evident in our test case of USA. Expectedly, it occurs because there is a high dispersion rate across commodity means in most of the North American countries as also in the EU.[16]

The present bound tariff average of USA was found to be at 9.5 percent. After applying the Swiss formula for different values of B to the top 10 percent tariffs and linear reduction to the remaining 90 percent tariffs, the estimated average was found to range between 2.4 to 3 percent.

The present bound tariff average of USA was found to be at 9.5 percent. After applying the Swiss formula for different values of B to the top 10 percent tariffs and linear reduction to the remaining 90 percent tariffs, the estimated average was found to range between 2.4 to 3 percent (Table 4.2). Whether or not the developed countries will accept this option or combination is not worth speculating, as the decline in average is around 70 percent. Alternatively, when the top 10% of tariffs were reduced by the linear reduction formula for different values of B the average ranged around 5.2 to 5.6 percent showing (depicted in Table 4.1) the magnitude of decline comes to about 40 percent from about 70 percent.

Table 4.1: USA Proposed Bound Averages as per "Derbez Draft" for Agriculture Products Swiss Formula

		Swiss Formula				
	% of lines used as per Harbinson Second Slab	**B=15**	**B=20**	**B=25**	**B=30**	**% of lines used as per Swiss formula**
Simple average linear reduction of 50% cut per tariff line. (Harbinson's second slab for developed countries) top10% of lines	top 10% of lines	5.2	5.4	5.5	5.6	90% of lines
	25% of lines	5.1	5.2	5.2	5.2	75% of lines
	50% of lines	4.9	4.9	4.9	4.9	50% of lines
	60% of lines	4.8	4.8	4.8	4.8	40% of lines
	75% of lines	4.8	4.8	4.8	4.8	25% of lines

Note: Total number of lines used for this analysis is 1611.

Since this is a most likely scenario, as sensitive items are the ones with high tariffs, the post-millennium average tariff of the US will be in the range 5.2-5.6 percent. The choice of tariff lines, if the "import-sensitivity" argument of the developed countries were to be upheld, we suspect would be focused on effecting a shallow cut in the tariffs. The developing countries, in that case, will have to watch out for the actual numbers put on the table during the negotiations.

An opposite trend was observed in the case of Indian agricultural tariffs. The present bound average of India was estimated at 114.5 percent. After applying the Swiss formula for different values of B to the top 10 percent tariffs and linear reduction to the remaining 90 percent tariffs, the average was estimated to range between 62.1 to 63.2 percent.

An opposite trend was observed in the case of Indian agricultural tariffs. The present bound average of India was estimated at 114.5 percent. After applying the Swiss formula for different values of B to the top 10 percent tariffs and linear reduction to the remaining 90 percent tariffs, the average was estimated to range between 62.1 to 63.2 percent (Table 4.3). The reduction is around 50 percent. On the other hand, when the top 10 percent of tariffs were reduced by the linear reduction formula for different values of B and the rest by the Swiss procedure, the average ranged around 25 to 33 percent, showing a decline of 70 percent.

Table 4.2: USA Proposed Bound Averages as per revised Cancún Draft for Agriculture Products						
		Swiss Formula				
	% of lines used as per Swiss formula (lines with higher tariff Rates	B=15	B=20	B=25	B=30	% of lines used as per Linear formula
Simple average Linear reduction of 50% cut per tariff line. (Harbinson's second slab for developed countries)	Top 10% of lines	2.4	2.7	2.8	3.0	90% of lines
	25% of lines	2.6	2.9	3.1	3.4	75% of lines
	50% of lines	2.8	3.2	3.5	3.7	50% of lines
	60% of lines	2.9	3.3	3.6	3.8	40% of lines
	75% of lines	2.9	3.3	3.6	3.8	25% of lines
Note: Total number of lines used for this analysis is 666.						

Table 4.3: India's Proposed Bound Averages as per "Derbez Draft" for Agriculture Products						
		Swiss Formula				
	% of top lines used as per Swiss formula	B=15	B=20	B=25	B=30	% of lines used as per linear reduction formula
Simple average Linear reduction of 35 % cut per tariff line.(Harbinson's second slab for developing countries)	10% of lines	62.1	62.4	62.8	63.2	90% of lines
	25% of lines	49.6	50.6	51.6	52.5	75% of lines
	50% of lines	32.8	34.8	36.6	38.4	50% of lines
	60% of lines	27.6	29.9	32.1	34.2	40% of lines
	75% of lines	19.8	22.6	25.3	27.9	25% of lines
Note: Total number of lines used for this analysis is 666.						

Unlike USA most of the Indian tariffs are on the higher side, the reduction of the top 75 percent of tariffs as per the Swiss formula and the remaining (lower range) tariffs by linear reduction is leading to a drastic 80 percent decline in the average.

The contrasting trends in the decline of averages in the cases of USA and India, with the application of the same procedure of tariff reduction, can also be explained in terms of the degree of the skewedness in the tariffs of both countries. In the case of USA, the number of lines with high tariffs is very low and a majority of its tariffs, i.e., 1330 out of 1611, lie between the 0 to 10 percent range. Since most of the Indian tariffs are on the higher side, the reduction of the top 75 percent of tariffs as per the Swiss formula and the remaining (lower range) tariffs by linear reduction is leading to a drastic 80 percent decline in the average (see Table 4.3). Remarkably, the decline ranged from 19.8 to 27.9 percent for different values of B.

We may note that a decline in the bound average of Indian agricultural products is around 40 percent only when the top 75 percent of tariffs are reduced by the linear reduction formula and the remaining lower range of tariffs by Swiss reduction method (Table 4.4). In this case, averages are lying between 67.4 percent and 69.2 percent, considering four different values of the "B" coefficient. In the same range, when the value of the Swiss formula coefficient was taken as 300, the estimated average was recorded at 76.5 percent.

Table 4.4 India's Proposed Bound Averages as per "Derbez Draft" for Agriculture Products						
		Swiss Formula				
	% of top lines used as per Harbinson's Second slab	**B=15**	**B=20**	**B=25**	**B=30**	**% of lines used as per Swiss formula**
Simple average linear reduction of 35% cut per tariff line. (Harbinson's second slab for developing countries)	10% of lines	25.1	28.2	31.0	33.7	90% of lines
	25% of lines	37.6	40.2	42.5	44.6	75% of lines
	50% of lines	54.3	55.9	57.3	58.6	50% of lines
	60% of lines	59.6	60.8	61.8	62.8	40% of lines
	75% of lines	67.4	68.1	68.7	69.2	25% of lines

Note: Total number of lines used for this analysis is 666.

A comparison of both the scenarios indicates that the developing countries, no matter which combinations are used, would be required to make larger reductions from their respective average bound rates. The case in point is available in, say, the first row of Table 4.1 for various combinations of the Linear and Swiss method application. The negotiating space appears to have drastically shrunk for the developing countries. For example, the reduction level attained using the Harbinson formula would be reached under the blended formula only if the "B" coefficient is taken to be 300. This implies a 43 percentage point decline in the average bound tariff that was pointed out in Section II.2. Fig. 2.1 provides a visual for five other countries.

A comparison of both the scenarios indicates that the developing countries, no matter which combinations are used, would be required to make larger reductions from their respective average bound rates. The negotiating space appears to have drastically shrunk for the developing countries.

These tables also provide us with the possible coordinates of the negotiating strategy that would follow, if the blended formula as tabled by the "Derbez Draft" were taken up for further discussion. The futility of pursuing this further is empirically demonstrated using the test case of India and the USA. In this context, the pointer from the developing country perspective is to carry out this exercise on a wider scale for other countries and to compare it with the obtaining scenario under the G20+ framework.

4.1.3 Agricultural Tariff Peaks and Highs

We have seen in preceding analyses that between Harbinson's revised draft and the "Derbez Draft", a meaningful engagement with the issue of tariff peaks and highs has been consciously obfuscated, in the first instance. The other instance is of unduly emphasising on the modalities for reduction in final bound tariff averages. As we have demonstrated in Table 2.1 the tariff averages, being a derived element, would be dependent on the number of lines. Here, the higher the numbers of lines, the lower are the averages. For instance, consider the US tariff peak at 822 percent. In the event of applying Harbinson's formula, the range of reduction would be 0-452. The 822 percent peak, however, will be subject to a minimum average reduction and may be estimated at about 328 percent (see Table 3.1). In the event of applying the "Derbez Draft" and taking the top 10 percent lines to be "import-sensitive" for linear reduction, the range of tariff cut could result into 0-534 percent (see Table 3.1 and Box 4). The tariff peak of 822, in this case of a minimum average reduction, will be reported at 411 percent. In case the developing countries persuade the US to apply the Swiss formula on the peak, we can notice a sharp reduction to 15-42 percent, depending on the "B" coefficient value. These simulation results have been summarised in the Table 4.5 below. Based on the above analysis, the query: what should be the position of India and other developing countries *vis-à-vis* USA and other developed countries in terms of the bargaining terrain on agricultural market access, can be attempted for suitable responses.

Table 4.5: Impact on US Peak Tariffs as per Different Formulae (in percent)

Present range of US bindings		0-822
Use of Harbinson's multi slab linear reduction formula would result in	Range	0-452
	Average reduction in peak	328
Top 10% of tariffs by linear reduction and rest by Swiss		
	Range	0-534
	Average reduction in peak	411
Top 10% of tariffs by Swiss with B=15	Peak Tariff	15
Top 10% of tariffs by Swiss with B=45	Peak Tariff	42

The bargaining strength, of India in particular and of developing countries in general, lies in steadfastly holding on to the removal of the phrase "import-sensitive" from the "Derbez Draft". The developed countries, on the other hand, most probably would insist on retaining the "import sensitive" element

The bargaining strength, of India in particular and of developing countries in general, lies in steadfastly holding on to the removal of the phrase "import-sensitive" from the "Derbez Draft". Secondly, the developed countries must agree to subject their top peak tariff lines to reduction using the Swiss formula. The developed countries, on the other hand, most probably would insist on retaining the "import sensitive" element in the "Derbez Draft" so that these countries could use the linear cut on them. Understandably, the arithmetic of the blend formula favours the developed countries by making the tariff level highly flexible and "sensitive imports" dependent. The interests of the developing countries, as we have already demonstrated, are severely compromised under such a blended framework.

CHAPTER-5

Concluding Observations and Policy Recommendations

The post- URAA experience of the developing countries with trade liberalisation and oscillations in the domestic economies notwithstanding, the Doha Development Round negotiations did set an ambitious mandate. The developing countries, undoubtedly, have realised the long-term potential of the trade, and reflections of the high expectations at Doha were found in the mandate.

The Fifth Ministerial (highest decision making body of the WTO) during 10-14 September 2003 in Cancún, Mexico did not come out with any decision nor direction. However, the need for a concerted engagement to accommodate the sovereign aspirations of the developing countries was indeed clearly visible at the Cancún meeting. The large number of "framework paper" submissions by different coalitions and the alliances of member countries are pointing towards this aspiration and ambition.

Simulations conducted on the basis of that formula brought out the fact that the present bound average of India would get reduced from 114.5 percent to 71.6 percent.A similar exercise conducted for USA showed a decline from bound tariff of 9.5% to 4.5%.

There is no denying the fact that the "Single Undertaking" framework of the Doha mandate should neither leave anybody unhappy nor be the cause of imbalances in any of the three sectors, namely, agriculture, non-agriculture and services. And, within any one of these sectors the pulls and pressures of the three pillars, namely, market access, domestic support and export competition should not be allowed to fluctuate wildly between the developed North and the developing South. The ease with which consumers and producers can be separated in the developed countries is not possible in the developing South where the producer-cum-consumer category dominates.

The market access of agriculture products, against this backdrop, has gone through a lot of remarkable changes in the past few months. The revised draft modalities of agriculture[17] submitted by the Chairman, Harbinson, suggested a multi-slab linear reduction formula for tariffs, with certain special provisions for developing countries. Simulations conducted on the basis of that formula brought out the fact that the present bound average of India would get reduced from 114.5 percent to 71.6 percent. The decline in the average was about 37.5 percent.

A similar exercise conducted for USA showed a decline of 52.3 percent in the bound average. The weighted average of the proposed bound tariff averages stood at 4.5 percent while the current bound average of agriculture products in USA is around 9.5 percent.

Since the draft Ministerial text (Castillo Draft) was silent on the issue of peak and specific duties on tariffs, it was perceived to provide the developed countries a fertile space to aggressively promote their own imbalances, within and amongst the three pillars. The position on reduction in peak tariffs and conversion of specific duties into their *ad valorem* equivalents by the developed nations needed to be made clear to meaningfully continue with the engagements.

The revised Cancún Ministerial text (Derbez Draft), however, removed the option for multi-slab linear reduction. This has severely limited the options for developing countries. In addition, both the "Drafts" (Castillo & Derbez) are silent on a number of crucial parameters that go into the formula. The simulated estimates, based on these drafts suggest varying pictures for developing and developed nations.

The revised Cancún Ministerial text (Derbez Draft), removed the option for multi-slab linear reduction. This has severely limited the options for developing countries. In addition, both the "Drafts" (Castillo & Derbez) are silent on a number of crucial parameters that go into the formula.

One of the coordinates emerging from our limited case study shows that, in the case of USA, the decline in average tariff ranges between 5.1-5.6 percent, depending on the combination. In addition, there will not be a substantial reduction in peak and high tariffs. Therefore, the suggestion is made that, for developed nations, the lower range of 90 percent of tariffs should be reduced by a simple linear reduction of 50 percent per tariff line. The "import sensitive" term should be removed from this slab. For the top 10 percent of the tariffs (i.e., peak tariff), the reduction could be subject to the Swiss formula, with 15 as the coefficient. The third slab in the formula may not be required, since the imports of many products are already free of any duty in developed countries. Besides, OECD countries must aim at providing more than 50 per cent lines under duty-free in comparison to the present level, if true liberalisation is indeed to be effected.

In the case of developing countries, a multiple scenario is obtained. The proposed average tariff for India declines from 114.5 percent to a range between 19.8-63.2 percent, depending on the combinations used. Obviously, this is too large a range for any developing country. Notably, the proposed range is dependent on many factors that have not been spelt out, like 'import-sensitive items' in the Swiss element of blend formula, the number of lines subject to linear cuts and values for "B" coefficient.

Consider, for instance, the top 75 percent of tariff lines that could be subject to a simple linear reduction. The remaining lower range of 25 percent tariff lines will have to be adjusted using the Swiss formula, with 300 as the coefficient to reach the reduction level attained using Harbinson's formula. Frankly, this asking rate of "B" coefficient is unimaginable and outrageous. The slab, asking for duty-free imports, could be deleted from here also, since agriculture is the core sector for these countries and it is not feasible, economically as well, for them to allow any agricultural product to be imported freely. Thus, it is clear that this is not in any case acceptable to developing country.

The caution and restraint shown by the group of developing countries during the series of discussions amply justify that complex formulae to address trade distortions are highly impractical and adversely impact the distributional capabilities of the national governments.

Our analysis of the core modalities formula that is expected to lay the foundation for the post-millennium round commitments bears out that this is the main cause of concern. The caution and restraint shown by the group of developing countries during the series of discussions amply justify that complex formulae to address trade distortions are highly impractical and adversely impact the distributional capabilities of the national governments.

The greatest cause of imbalances has been identified in our study to be pivoted on the formula. Expecting the developing countries to peg their commitment levels significantly lower than the currently prevailing unweighted average applied tariff levels, because it is much lower than the committed average bound rates, is unfair. The averages during the pre-Doha Ministerial period conceal a great deal of craft and caprice of the developed north. In our limited exercise, we have brought out that the issues of "tariff peak" and "tariff escalations", indeed, are real regressive practices. That they unduly tilt the balance in favour of a few countries in the first instance and, therefore, the need for a fresh look at the whole issue of special safeguard measures. We have shown that, given the tariff profile, the higher reductions at higher levels of tariffs are deceptive. The preponderance of non-*ad valorem* tariffs in the northern developed country Members' schedules is a clever ploy to conceal the ground realities, and therefore, the intentions. The developing countries are, indeed, constrained by shallow and almost empty treasury chests to enhance investment in technology and infrastructure in order to garner the benefits of trade in agricultural products. However, with comparable level of applied tariff averages, the developing countries are willing and conscientious players in the agriculture trade arena. In this respect, the market access plus scenario, in the form of stringent sanitary and phytosanitary (SPS) measures, needs to be taken on board the discussion table in Geneva.

The issues of "tariff peak" and "tariff escalations", indeed, are real regressive practices. They unduly tilt the balance in favour of a few countries in the first instance and, therefore, the need for a fresh look at the whole issue of special safeguard measures.

The much acclaimed value-added agricultural product export models, to start with, are not feasible in the post-Doha Ministerial discussions, if the concealed protection currently in vogue in the OECD countries is to continue. The fact that tariff peaks, tariff escalation and specific duties (non-*ad valorem* duties) all find easy and dominant use in agricultural products is not to be taken as residual or insignificant. A pro-active and serious engagement with these issues, at the least, has become imminent at this juncture to redeem the Doha Declaration to ensure an optimistic outcome to market access in agricultural products. In this respect, further detailed studies, with respect to the G20+ framework, have become important as we endeavour to conclude a final negotiation on agriculture market access. The need for asymmetric trade liberalisation, therefore, can be underscored. The livelihood options available to the smallholder producers in the developing countries in this milieu have to be taken on board, albeit to serve the interests of the developed countries. We must remember that agriculture activities based on smallholder producers in developing countries are more liberalised than available in the developed industrialised countries and have to be the engine of growth as well as the most powerful catalysts for poverty reduction.[18]

The much acclaimed value-added agricultural product export models, to start with, are not feasible in the post-Doha Ministerial discussions, if the concealed protection currently in vogue in the OECD countries is to continue.

Annex-1
Coalition of Member Countries at a Glance for Agriculture Negotiation

Coalition of Members			
Cairns Group Argentina Australia Bolivia Brazil Canada Chile Colombia Costa Rica Guatemala Indonesia Malaysia New Zealand Paraguay Philippines South Africa Thailand Uruguay	**G-20** Argentina Bolivia Brazil China [Colombia]* [Costa Rica]* Cuba Ecuador Egypt [El Salvador]* [Guatemala]* India Indonesia Mexico Nigeria Pakistan Paraguay [Peru]* Philippines South Africa Thailand Venezuela Zimbabwe *These members have left the G-20 since its formation, due to the CAFTA negotiations with the US.	**EC – US** Austria Belgium Denmark Finland France Germany Greece Ireland Italy Luxembourg Netherlands Portugal Spain Sweden United Kingdom United States	**G-35** Barbados Botswana China Cuba Congo Cote d'Ivoire Dominican Republic Haiti Honduras Indonesia Jamaica Kenya Korea Mauritius Mongolia Mozambique Nicaragua Nigeria Pakistan Panama Peru Philippines Senegal Sri Lanka Tanzania Trinidad and Tobago Turkey Uganda Venezuela Zambia Zimbabwe Alliance for SP/SSM
Recently Acceded Members Albania China Croatia Georgia Jordan Moldavia Oman	**G-10** Bulgaria Chinese Taipei Iceland Israel Japan Korea Liechtenstein Switzerland Mauritius Norway	**Countries Acceding to the EC** Cyprus Czech Republic Estonia Hungary Latvia Lithuania Malta Poland Slovak Republic Slovenia	**AU/ACP/LDC** This is a combination of the 54 African Union countries, 77 African, Caribbean and Pacific (ACP) countries and 49 least-developed (LDCs) WTO Member countries.

Annex-2

"Agriculture Week" Format of the WTO Committee on Agriculture (CoA)

Special Session

Chair of the Special (Negotiation) Session:
Ambassador Timothy Groser (New Zealand)

New negotiations format focuses on informal and intensive consultations among Members over a week in bilateral and plueri-lateral mode. First "agriculture week" consultations were held during 22-26 March 2004. The Second "agriculture week" consultations, held during 19-23 April 2004, attempted to bring in some momentum in the agriculture negotiations by focusing on 'Market access' issues. Similar 'agriculture week' meetings have been planned for June 2004 (2-4 and 23-25) and July 2004 (14-16). The Chair hopes that by July-end a negotiating framework might emerge that would later be utilised to bring out the full modalities.

The Chair refers to these weeklong consultations as 'circuit breaker' by getting into a 'listening mode'. This is considered crucial to get into a 'problem-solving' phase subsequently. The series of 'agriculture week' interactions allows space for the political processes in member countries and the Geneva processes to appreciate each other, so that a 'working hypothesis' for the framework could be developed. The framework is to deal with underlying concepts and the modalities will deal with 'levels of ambition'. The 'political anchor' role of agriculture for the negotiation, thus, is underscored in this new format of negotiation.

Endnotes

1 See WTO (2003) 'Committee on Agriculture: Special Session Negotiations on Agriculture – Report by the Chairman to TNC, TN/AG/10 (03-3669) 7 July, Geneva. In this respect, document number TM/AG/9 dated 8 April 2003 and TN/AG/R/7 dated 24 March 2003 are very informative. However, for details of background discussion that provided valuable inputs to the Chairman, see overview in WTO (2002) TNIAG/6, 18 December (02-6943).

2 It is made clear in the following section that explains finer points in methodology of the tariff reduction calculation based on the suggested modality.

3 See Kaplan, Edward S. and Thomas W. Ryley (1994) Prelude to Trade Wars: American Tariff Policy, 1890-1922, Greenwood Press, Westport, Connecticut & London and Irwin, Douglas A (2002) 'Interpreting the tariff-growth correlation of the late 19th century', The American Economic Review, Vol. 92, No.2, May: 165-169.

4 Hanumantha Rao, C.H. (2001), 'WTO and Viability of Indian Agriculture', Economic and Political Weekly, Vol.36, No.36, 8 September, pp. 3453-3457.

5 See WTO (2000), Committee on Agriculture – Special Session – Market Access – Submissions…" G/AG/NG/W/37, 28 September (00-3944), Geneva, p.3.

6 Hoekman, Bernard, Francis Nag and Marcelo Olarreaga (2002) 'Reducing Agricultural Tariffs versus Domestic Support: What's More Important for Developing Countries'? World Bank Policy Research Working Paper 2918, The World Bank, October [http://econ.worldbank.org] and Anderson, Kym (2003) 'Trade Liberalization, Agriculture, and Poverty in Low-income Countries', Discussion Paper No. 2003/25, UNU-WIDER, March [www.wider.unu.edu] and IFPRI (2003) 'How much does it hurt?-The impact of Agricultural trade policies on developing countries', International Food Policy Research Institute, Washington, DC:August.

7 IATP (2004)United States Dumping on World Agricultural Markets, Cancún series Paper # 1 February 2004 update, Institute for Agriculture and Trade Policy, Minneapolis, Minnesota: p 3 [www.tradeobservatory.org]

8 Many other serious concerns were communicated to all participating members by a joint submission made by 27 countries. For details, see WTO (2003), The Doha Agenda: Towards Cancún, Trade Negotiations Committee, TN/C/W/13, 6 June (03-2980), Geneva.

9 Gibson, Paul, et.al. (2001) 'Profiles of Tariffs in Global Agricultural Markets', Market and Trade Economics Division, ERS, USDA, **Agricultural Economic Report # 796**, January: Washington, DC.

10 AU/ACP/LDC coalition has more than 70 WTO members and observers who are very poor and are reported to be net food importing nations. AU – African Union has a total of 54 member states. ACP – African Caribbean and Pacific group countries consist of about 77 signatories of the Cotonou Agreement with EU. LDC – Least Developed Countries, out of a total of 49 LDCs, 30 are members of WTO with Nepal and Cambodia as the newly acceded members.

11 Fortunately, demystification exercise is not insurmountable, as the following helpful leads are available. WTO (2003). "Formula Approaches to Tariff Negotiations", Negotiating Group on Market Access, TN/MA/S/3/Rev.2, 11 April (03-1988) Geneva. Mehta, Rajesh (2003) Industrial Tariffs: Towards WTO Round Negotiations, RIS, New Delhi. UNCTAD (2003) Back to Basics: Market Access Issues in the Doha Agenda, UNCAD/DITC/TAB/Misc.9. Bacchetta, M. and B. Bora (2003). Industrial Tariff Liberalisation and the Doha Development Agenda, WTO Discussion Paper No.1 and Francois, Joseph and Will Martin (2003) 'Formula Approaches for Market Access', The World Economy, Vol.26, No.1, January, pp.1-28.

12 The theme has been elaborated in Mehta, Rajesh and J. George (2003), 'Implementation Issues in SPS: A Developing Country Perspective for Development Agenda on the Meandering Pathways from Doha to Cancún', RIS Discussion Paper # 58, Research and Information System for the Non-Aligned and Other Developing Countries, September: New Delhi.

13 There is economic logic in this gap. For details see FAO (2003), Agricultural Commodities: Profiles and Relevant WTO Negotiating Issues, Rome. [www.fao.org/es/esc/common/ecg/27655_en_profiles.pdf].Also see FAO (2000), 'Country Case Studies: Agriculture, Trade and Food Security: Issues and Options in WTO Negotiations', Rome. [www.fao.org/DOCREP/003/X8731e00.htm] and Gulati, Ashok, Rajesh Mehta and Sudha Narayanan (1999), 'From Marrakesh to Seattle: Indian Agriculture in a Globalising World', Economic and Political Weekly, 9 October, pp.2931-2942.

14 For instance, see Gibson, Paul et al. (2001), ibid and Burfisher, M. et al.(2001) Options for Agricultural Policy Reforms in the WTO Negotiations, Economic Research Service, USDA, **Agricultural Economic Report # 797**, January: Washington, DC.

15 The expected deeper cut in the case of Swiss formula is a well-recognized empirical fact. For details see WTO (2003) ibid.

16 Gibson, Paul, et. al. (2001), ibid.

17 Section II.1 above has discussed it in greater details. For original text see WTO (2003), "Negotiations on agriculture: First draft of modalities for further commitments", TN/AG/W/1/Rev.1, Geneva, 18 March.

18 Details can be found in UNDP (2003) **Making Global Trade Work For People**, Earthscan Publications Ltd., London and Sterling, Virginia: 109-146. Also see Watkins, Kevin and Joachim von Braun (2003) 'Time to stop dumping on the world's poor', **2002-2003 IFPRI Annual** Report Essay, available at http://www.ifpri.org/pubs/books/ar2002/ar2002_essay01.htm.

CUTS-CITEE Publications

STUDIES

1. **Policy Shift in Indian Economy**
   A survey on the public perceptions of the New Economic Policy in the states of Maharashtra, Rajasthan, Tamil Nadu and West Bengal in India conducted during June/July 1995 and recommendations to the government which were discussed at the above mentioned India-Nepal Training Seminar.
   (100pp #9512 Rs.100/US$25)

2. **Policy Shift in Nepal Economy**
   A survey on the public perceptions of New Economic Policy in Nepal conducted during June/July 1995 and recommendations to the government which were discussed at the above mentioned India-Nepal Training Seminar.
   (80pp, #9513 Rs.30/US$15)

3. **Environmental Conditions in International Trade**
   A study on the impact on India's exports in the area of Textiles and Garments including Carpets, Leather and Leather Goods, Agricultural and Food Products including Tea and Packaging, for the Central Pollution Control Board, Ministry of Environment & Forests, Government of India.
   (39pp #9508 Rs.200/US$50)

4. **Costs on Consumers due to Non-Cooperation Among SAARC Countries**
   A study by noted scholars on the costs on consumers of the countries in South Asia due to economic non-cooperation among them.
   (#9605 Rs.50/US$25)

5. **Tariff Escalation—A Tax on Sustainability**
   The study finds that the existence of escalating tariff structure, particularly in developed countries, results in "third-best" allocation of resources. It also harms both environment and development, and crucially the balance of trade.
   (Rs.100/US$25) ISBN 81-87222-00-X

6. **Trade, Labour, Global Competition and the Social Clause**
   The social clause issue has remained one of the most heated areas of international debate for a number of years. The study says that the quality of that debate has not met its volume and the real issues underlying the issue have rarely been analysed as a whole. It attempts to string the various debates together.
   (Rs.100/US$25) ISBN 81-87222-01-8

7. **TRIPs, Biotechnology and Global Competition**
   The study shows, with some evidence, that the provisions in the TRIPs agreement concerning biotechnology are of great concern to the developing world. According to the new GATT agreement, all bio-technology products may be patented. Nearly 80% of all biotechnology patents are currently held by large multinationals.
   (Rs.100/US$25) ISBN 81-87222-02-6

8. **Eradicating Child Labour While Saving the Child**
   In the scenario of a growing interest in banning child labour this research report argues that trade restricting measures have every potential of eliminating the child itself. The report provides logical arguments and a case study for those groups who are against the use of trade bans for the solution of this social malaise. It also makes certain recommendations for the *effective* solution of the problem.
   (US$25/Rs.100) ISBN 81-87222-23-9

9. **Non-trade Concerns in the WTO Agreement on Agriculture**
   This research report written by Dr. Biswajit Dhar and Dr. Sachin Chaturvedi of the Research and Information System for the Non-aligned and Other Developing Countries, New Delhi, provides a detailed analysis of non-trade concerns, covering the various dimensions indicated by the Agreement on Agriculture of the World Trade Organisation.
   (US$10/Rs.50) ISBN 81-87222-30-1

10. **Liberalisation and Poverty: Is There a Virtuous Circle?**
    This is the report of a project: "Conditions Necessary for the Liberalisation of Trade and Investment to Reduce Poverty", which was carried out by the Consumer Unity & Trust Society in association with the Indira Gandhi Institute for Development Research, Mumbai; the Sustainable Development Policy Institute, Islamabad, Pakistan; and the Centre for Policy Dialogue, Dhaka, Bangladesh, with the support of the Department for International Development, Government of the UK.
    (US$25/Rs.100) ISBN 81-87222-29-8

11. **Analyses of the Interaction between Trade and Competition Policy**
This not only provides information about the views of different countries on various issues being discussed at the working group on competition, but also informs them about the views of experts on competition concerns being discussed on the WTO platform and the possible direction these discussions would take in near future. It also contains an analyses on the country's presentations by CUTS.
(US$25/Rs.100) ISBN 81-87222-33-6

12. **The Functioning of Patent Monopoly Rights in Developing Economies: In Whose Interest?**
Advocates of strong international protection for patents argue that developing countries would gain from increased flows of trade, investment and technology transfer. The paper questions this view by examining both the functioning of patents in developing economies in the past and current structural trends in the world economy in these areas. The historical research revealed no positive links between a strong patent regime and FDI and technology transfer. Current trends are largely limited to exchanges amongst the industrialised countries and to some extent, the newly industrialising countries. While increased North/South trade flows are expected, negative consequences are possible.
(US$25/Rs.100) ISBN 81-87222-36-0

13. **Negotiating the TRIPs Agreement: India's Experience and Some Domestic Policy Issues**
This report shows particularities about the subject that distinguished the TRIPs (Trade Related Aspects of Intellectual Property Rights) negotiations from other agreements that make up the Uruguay Round results. It also analyses the way in which the TRIPs Agreement was actually negotiated and handled.

The author finds that many of the lessons that can be drawn from India's experience with the TRIPs negotiations are the same as those that can be drawn from the negotiations more generally and true for many other countries. It goes beyond a narrow analysis of events relating strictly to the negotiations during the Uruguay Round and looks at the negotiating context in which these negotiations took place.
The research findings draw lessons from what actually happened and suggest how policy processes can be reformed and reorganised to address the negotiating requirements in dealing with such issues in the future.
(Rs.100/US$25) ISBN 81-87222-50-6

14. **Multilateral Environmental Agreements, Trade and Development: Issues and Policy Options Concerning Compliance and Enforcement**
The latest report of CUTS on Multilateral Environmental Agreement, Trade and Development, examines the role of provisions for technology and financial transfer as well as capacity building as an alternative to trade measures for improving compliance and enforcement. It acquires specific significance in the light of the fact that the WTO members for the first time, in the trade body's history, agreed to negotiate on environmental issues at the Fourth Ministerial Conference of the WTO at Doha.

This study also examines pros and cons of Carrots and Sticks approaches, and analyses incorporation of these approaches in three major MEAs, the Montreal Protocol, The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the Basel Convention, to find out which approach has been more successful in ensuring enforcement and compliance.

A must read for different stakeholders involved in this process, as this study would provide useful inputs towards trade and environment negotiations.
(Rs. 100/US$25) ISBN 81-87222-58-1

15. **Market Access Implications of SPS and TBT: Bangladesh Perspective**
As both tariffs and other traditional trade barriers are being progressively lowered, there are growing concerns about the fact that new technical non-tariff barriers are taking their place, such as sanitary and phytosanitary measures (SPS) and technical regulations and standards.

The poor countries have been denied market access on quite a number of occasions when they failed to comply with a developed country's SPS or TBT requirements or both. The seriousness of this denial of market access is often not realised unless their impact on exports, income and employment is quantified.

In this paper, the author focuses on the findings of a 1998 case study into the European Commission's ban of fishery products from Bangladesh into the EU, imposed in July 1997.

This research report intends to increase awareness in the North about the ground-level situation in poor and developing countries. At the same time, it makes some useful suggestions on how the concerns of LDCs can be addressed best within the multilateral framework. The suggestions are equally applicable to the developing countries.
(Rs. 100/US$10) ISBN 81-87222-69-7

16. **Voluntary Self-regulation versus Mandatory Legislative Schemes for Implementing Labour Standards**
Since the early 1990s, globally there has been a proliferation of corporate codes of conduct and an increased emphasis on corporate responsibility. The idea is that companies voluntarily adopt codes of conduct to fulfil their social obligations and although

these companies are responsible only for a fraction of the total labour force, they set the standards that can potentially lead to an overall improvement in the working conditions of labour.

These voluntary approaches are seen as a way forward in a situation where state institutions are weakened with the rise to dominance of the policies of neo-liberalism, and failure of the state-based and international regulatory initiatives.

Given this background, this paper examines how the failure of 1980s codes, regulated by international bodies, resulted in the proliferation of corporate codes of conduct and an increased emphasis on corporate social responsibility.

This paper further tries to explore whether voluntary codes of conduct can ensure workers' rights in a developing country like India.
(Rs.100/US$25) ISBN 81-87222-76-X

17. **Child Labour in South Asia: Are Trade Sanctions the Answer?**
South Asian Countries have the highest rates of child labour practices in the world. As a result of the advocacy by powerful political lobbying groups supported by Europe and the US, the trade sanction approach to encounter the issue of child labour has gained influence since the nineties.

These sanctions were exercised to alleviate the problem of child labour by US policy-makers and also by some countries in the EU. But, the question arises – have the trade sanctions imposed by these countries in any way helped eliminate this problem? This research report of CUTS Centre for International Trade, Economics & Environment tries to address this question.

It has explored the impact of these trade sanctions and finds that these sanctions resulted in the contradiction of the basic objective, i.e., elimination of child labour. By banning the import of those goods in the production process of which child labour was used wholly or partly, the developed countries have aggravated the sufferings of child labour and their families.

Besides highlighting the causes of child labour, the report makes some very useful recommendations on how the issue of child labour can be addressed best at the domestic as well as international level.
(Rs.100/US$25) ISBN 81-87222-82-4

18. **TRIPs and Public Health: Ways Forward for South Asia**
Trade Related Aspects of Intellectual Property Rights—or TRIPs—has always been one of the most contentious issues in the WTO. Several studies have been conducted on the political economy of TRIPS *vis-à-vis* WTO, the outcome of which are crucial to the policymakers of the developing economies more than those in the rich countries. Increasing realisation of the poor countries' suffering at the hands of the patent holders is yet another cause of worry in the developing and poor countries.

This research document tries to reach the answer to one specific question: what genuine choices do policymakers in South Asian developing nations now have, more so after the linkage between the trade regime and pharmaceuticals? Starting with a brief overview of the key features of the corporate model of pharmaceuticals, the paper provides some insight into the challenges faced by the governments in South Asian countries. The aim is to anchor the present discussion of public health and the impact of TRIPs in the socio-cultural environment of this region.
(Rs.100/US$25) ISBN 81-87222-83-2

19. **Putting our Fears on the Table: Analyses of the Proposals on Investment and Competition Agreements at the WTO**
"Let them put their fears on the table and that should guide the negotiations." The UNCTAD Secretary General, Rubens Ricupero, made this comment just after the Doha ministerial meeting of the WTO held in November 2001.

He was referring to India's stand at Doha on the 'Singapore issues' and arguing that it was pointless in just opposing the 'new' issues at the WTO without putting forward constructive arguments.

"Putting our Fears on the Table" is the title of a recently published report of the CUTS Centre for International Trade, Economics & Environment. It provides analyses of the proposals on investment and competition agreements at the WTO, especially in the areas taken up and/or proposed at Doha for possible future negotiations.

This volume is a product of comprehensive research and dialogue of leading international experts, practitioners and other stakeholders. It will really help developing countries to comprehend and deal with the issues in the WTO context.
(Rs.300 for India/US$25 for OECD Countries/US$15 for other) ISBN 81-87222-84-0

20. **Bridging the Differences: Analyses of Five Issues of the WTO Agenda**
This book is a product of the project, EU-India Network on Trade and Development (EINTAD), launched about a year back at Brussels. CUTS and University of Sussex are the lead partners in this project, implemented with financial support from the European Commission (EC). The CUTS-Sussex University study has been jointly edited by Prof. L. Alan Winters of the University of Sussex and Pradeep S. Mehta, Secretary-General of CUTS, India.

The five issues discussed in the book are Investment, Competition Policy, Anti-dumping, Textiles & Clothing, and Movement of Natural Persons. Each of these papers has been co-authored by eminent researchers from Europe and India.
(Rs.350/US$50) ISBN 81-87222-92-1

21. **Dealing with Protectionist Standard Setting: *Effectiveness of WTO Agreements on TBT and SPS***
Sanitary and Phytosanitary Safeguards (SPS) and Technical Barriers to Trade (TBT) Agreements — enshrined in the WTO — are meant to keep undesirable trade practices at bay. These Agreements try to ensure adherence to standards, certification and testing procedures, apart from technical protection to the people, by countries while trading in the international arena.

This research report is a sincere attempt to fathom the relevance of SPS and TBT Agreements, their necessity in the present global economic scenario and, of course, the development of case law related to the Agreements, along with a brief description of the impact of this case law on developing countries.
(Rs.100/US$25) ISBN 81-87222-68-9

22. ***Competitiveness of Service Sectors in South Asia:* Role and Implications of GATS**
This research report attempts to emphasise on the relevance of GATS for developing economies, particularly in South Asia. It also examines the potential gains from trade liberalisation in services, with a specific focus on hospital services, and raises legitimate concerns about increases in exports affecting adversely the domestic availability of such services. It highlights how the ongoing GATS negotiations can be used to generate a stronger liberalising momentum in the health sector.
(Rs.100/US$25) ISBN 81-8257-000-X

23. **Capacity Building on Infrastructure Regulatory Issues**
The role of civil society is critical in shaping regulatory capacity. It helps in resource mobilisation and experience sharing, which in turn, helps regulatory agencies to form a strong platform from where they can build further. This document is intended to kick-start debate among the stakeholders – Government, regulatory bodies and civil society – to catalyse an appropriate regulatory environment in India.
(Rs.100/US$50) ISBN 81-8257-020-4

DISCUSSION PAPERS

1. **Existing Inequities in Trade - A Challenge to GATT**
A much appreciated paper written by Pradeep S Mehta and presented at the GATT Symposium on Trade, Environment & sustainable Development, Geneva, 10-11 June, 1994 which highlights the inconsistencies in the contentious debates around trade and environment.
(10pp #9406 Rs 30/US$5)

2. **Multilateralisation of Sovereignty: Proposals for Multilateral Frameworks for Investment**
The paper written by Pradeep S Mehta and Raghav Narsalay analyses the past, present and future of investment liberalisation and regulation. It also contains an alternative draft, International Agreement on Investment. *(#9807, Rs.100/US$25)*

3. **Ratchetting Market Access**
Bipul Chatterjee and Raghav Narsalay analyse the impact of the GATT Agreements on developing countries. The analyses takes stock of what has happened at the WTO until now, and flags issues for comments.
(#9810, Rs.100/US$25)

4. **Domestically Prohibited Goods, Trade in Toxic Waste and Technology Transfer: Issues and Developments**
This study by CUTS Centre for International Trade, Economics & Environment attempts to highlight concerns about the industrialised countries exporting domestically prohibited goods (DPGs) and technologies to the developing countries that are not capable of disposing off these substances safely, and protecting their people from health and environmental hazards.
(ISBN 81-87222-40-9)

EVENT REPORT

1. **Challenges in Implementing a Competition Policy and Law: An Agenda for Action**
This report is an outcome of the symposium held in Geneva on "Competition Policy and Consumer Interest in the Global Economy" on 12-13 October, 2001. The one-and-a-half-day event was organized by CUTS and supported by the International Development Research Centre (IDRC), Canada. The symposium was addressed by international experts and practitioners representing different stakeholder groups viz. consumer organisations, NGOs, media, academia, etc. and the audience comprised of participants from all over the world, including representatives of Geneva trade missions, UNCTAD, WTO, EC, etc. This publication will assist people in understanding the domestic as well as international challenges in respect of competition law and policy.
(48pp. #0202, Rs.100/US$25)

2. **Analyses of the Interaction between Trade and Competition Policy**
   This not only provides information about the views of different countries on various issues being discussed at the working group on competition, but also informs them about the views of experts on competition concerns being discussed on the WTO platform and the possible direction these discussions would take place in near future. It also contains an analyses on the country's presentations by CUTS.
   ($25/Rs.100) ISBN 81-87222-33-6

3. **Multilateral Environmental Agreements, Trade and Development: Issues and Policy Options Concerning Compliance and Enforcement**
   The latest report of CUTS on Multilateral Environmental Agreement, Trade and Development, examines the role of provisions for technology and financial transfer as well as capacity building as an alternative to trade measures for improving compliance and enforcement. It acquires specific significance in the light of the fact that the WTO members for the first time, in the trade body's history, agreed to negotiate on environmental issues at the fourth Ministerial Conference of the WTO at Doha.

   This study also examines pros and cons of Carrots and Sticks approaches, and analyses incorporation of these approaches in three major MEAs, the Montreal Protocol, The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the Basel Convention, to find out which approach has been more successful in ensuring enforcement and compliance.

   A must read for different stakeholders involved in this process, as this study would provide useful inputs towards trade and environment negotiations.
   (Rs. 100/US$25) ISBN 81-87222-58-1

MONOGRAPHS

1. **Role and the Impact of Advertising in Promoting Sustainable Consumption in India**
   Economic liberalisation in India witnessed the arrival of marketing and advertisement gimmicks, which had not existed before. This monograph traces the the impact of advertising on consumption in India since 1991.
   (25pp, #9803 Rs.15/US$5)

2. **Social Clause as an Element of the WTO Process**
   The central question is whether poor labour standards result in comparative advantage for a country or not. The document analyses the political economy of the debate on trade and labour standards.
   (14pp #9804 Rs.15/US$5)

3. **Is Trade Liberalisation Sustainable Over Time?**
   Economic policy is not an easy area for either the laity or social activist to comprehend. To understand the process of reforms, Dr. Kalyan Raipuria, Adviser, Ministry of Commerce, Government of India, wrote a reader-friendly guide by using question-answer format.
   (29pp #9805 Rs.15/US$5)

4. **Impact of the Economic Reforms in India on the Poor**
   The question is whether benefits of the reforms are reaching the poor or not. This study aims to draw attention to this factor by taking into account inter-state investment pattern, employment and income generation, the social and human development indicators, the state of specific poverty alleviation programmes as well as the impact on the poor in selected occupations where they are concentrated.
   (15pp #9806 Rs.15/US$5)

5. **Regulation: Why and How**
   From consumer's viewpoint, markets and regulators are complementary instruments. The role of the latter is to compensate in some way the failings of the former. The goal of this monograph is to provide a general picture of the whys of regulation in a market economy.
   (34pp, #9814, Rs.15/US$5)

6. **Snapshots from the Sustainability Route — A Sample Profile from India**
   Consumption is an indicator of both economic development and also social habits. The disparity in consumption pattern has always been explained in the context of the rural urban divide in India. The monograph analyses the consumption patter of India from the point of view of the global trend towards sustainable consumption. *(16pp, #9903, Rs.15/US$5)*

7. **Consumer Protection in the Global Economy**
   This monograph outlines the goals of a consumer protection policy and also speaks about the interaction between consumer protection laws and competition laws. It also highlights the new dimensions about delivering consumer redress in a globalising world economy, which raises jurisdictional issues and the sheer size of the market.
   (38pp, #0101, Rs.20/US$5).

8. **Globalisation and India – Myths and Realities**
   This monograph is an attempt to examine the myths and realities so as to address some common fallacies about globalisation and raise peoples' awareness on the potential benefits globalisation has to offer.
   (40pp, #0105, Rs.30/US$5)

9. **ABC of the WTO**

This monograph is about the World Trade Organisation (WTO) which has become the tool for globalisation. This monograph is an attempt to inform the layperson about the WTO in a simple question-answer format. It is the first in our series of monographs covering WTO-related issues and their implications for India. Its aim is to create an informed society through better public knowledge, and thus enhance transparency and accountability in the system of economic governance.

(36pp, #0213, Rs.30/US$5)

10. **ABC of FDI**

FDI — a term heard by many but understood by few. In the present times of liberalisation and integration of world economy, the phenomenon of Foreign Direct Investment or FDI is fast becoming a favourite jargon, though without much knowledge about it. That is why CUTS decided to come out with a handy, yet easy-to-afford monograph, dwelling upon the "hows" and "whys" of FDI. This monograph is third in the series of "Globalisation and India – Myths and Realities", launched by CUTS in September 2001. "How is FDI defined?" "What does it constitute?" "Does it increase jobs, exports and economic growth?" Or, "Does it drive out domestic investment or enhance it?" are only some of the topics addressed to in a lay man's language in this monograph.

(48pp, #0306, Rs.30/US$5)

11. **WTO Agreement on Agriculture: Frequently Asked Questions**

As a befitting reply to the overwhelming response to our earlier three monographs, we decided to come out with a monograph on *WTO Agreement on Agriculture* in a simple Q&A format. This is the fourth one in our series of monographs on *Globalisation and India – Myths and Realities*, started in September 2001.

This monograph of CUTS Centre for International Trade, Economics & Environment (CUTS-CITEE) is meant to inform people on the basics of the WTO Agreement on Agriculture and its likely impact on India.

(48pp, #0314, Rs.50/US$10)

12. **Globalisation, Economic Liberalisation and the Indian Informal Sector – A Roadmap for Advocacy**

India had embarked upon the path of economic liberalisation in the early nineties in a major way. The process of economic liberalisation and the pursuit of market-driven economic policies are having a significant impact on the economic landscape of the country. The striking characteristic of this process has been a constant shift in the role of the state in economic activities. The role of the state is undergoing a paradigm shift from being a producer to a regulator and facilitator. A constant removal of restrictions on economic activities and fostering private participation is becoming the order of the day.

Keeping these issues in mind, CUTS, with the support of Oxfam GB in India, had undertaken a project on globalisation and the Indian informal sector. The selected sectors were non-timber forest products, handloom and handicraft. The rationale was based on the premise that globalisation and economic liberalisation can result in potential gains, even for the poor, but there is the need for safety measures as well. This is mainly because unhindered globalisation can lead to lopsided growth, where some sectors may prosper, leaving the vulnerable ones lagging behind.

(ISBN 81-8257-017-4)

13. **ABC of TRIPs**

This booklet intends to explain in a simple language, the Trade-Related Intellectual Property Rights Agreement (TRIPs), which came along with the WTO in 1995. TRIPs deals with patents, copyrights, trademarks, GIs, etc. and countinues to be one of the most controversial issues in the international trading system. The agreement makes the protection of IPRs a fundamental part of the WTO. This monograph gives a brief history of the agreement and addresses important issues such as life patenting, traditional knowledge and transfer of technology among others.

(38pp Rs. 50/$10, #0407) ISBN 81-8257-026-3

GUIDES

1. **Unpacking the GATT**

This book provides an easy guide to the main aspects of the Uruguay Round agreements in a way that is understandable for non-trade experts, and also contains enough detail to make it a working document for academics and activists.

(US$5, Rs.60)

2. **Consumer Agenda and the WTO—An Indian Viewpoint**

Analyses of strategic and WTO-related issues under two broad heads, international agenda and domestic agenda.

(#9907)

NEWSLETTERS

Economiquity

A quarterly newsletter of the CUTS Centre for International Trade, Economics & Environment for private circulation among interested persons/networks. Contributions are welcome: Rs.50/$15 p.a.

ReguLetter

A Quarterly Newsletter covering developments relating to competition policy and economic regulations. The purpose of this newsletter is to provide a forum, in particular to civil society, to understand the issues clearly and promote a healthy competition culture in the world.

Contributions are welcome: Rs.50/$15 p.a.

BRIEFING PAPERS

Our Briefing Papers inform the layperson and raise issues for further debate. These have been written by several persons, with comments from others. Re-publication, circulation etc. are encouraged for wider education.
Contributions towards postage (Rs.5/$5) are welcome.

1995

1. GATT, Patent Laws and Implications for India
2. Social Clause in the GATT - A Boon or Bane for India
3. Greening Consumer Choice? - Environmental Labelling and the Consumer
4. Trade & Environment: the Inequitable Connection
5. Anti-Dumping Measures under GATT and Indian Law
6. Rational Drug Policy in South Asia - The Way Ahead
7. No Patents on Life Forms!
8. Legislative Reforms in a Liberalising Economy

1996

1. The Freezing Effect - Lack of Coherence in the New World Trade Order
2. Competition Policy in a Globalising and Liberalising World Economy
3. Curbing Inflation and Rising Prices - The Need for Price Monitoring
4. Globalising Liberalisation Without Regulations! - Or, How to Regulate Foreign Investment and TNCs
5. The Circle of Poison - Unholy Trade in Domestically Prohibited Goods
6. Swim Together or Sink – Costs of Economic Non-Cooperation in South Asia (revised in Sept. 1998)
7. Carrying the SAARC Flag - Moving towards Regional Economic Cooperation (Revised in Oct. 1998)
8. DPGs, Toxic Waste and Dirty Industries—Partners in Flight
9. WTO: Beyond Singapore - The Need for Equity and Coherence

1997

1. The Uruguay Round, and Going Beyond Singapore
2. Non-Tariff Barriers or Disguised Protectionism
3. Anti-Dumping Under the GATT - The Need for Vigilance by Exporters
4. Subsidies & Countervailing Measures
5. Textiles & Clothing - Who Gains, Who Loses and Why?
6. Trade in Agriculture—Quest for Equality
7. Trade in Services-Cul de Sac or the Road Ahead!
8. TRIPs and Pharmaceuticals: Implications for India
9. Movement of Natural Persons Under GATS: Problems and Prospects

1998

1. TRIPs, Biotechnology and Global Competition
2. Tariff Escalation—A Tax on Sustainability
3. Trade Liberalisation, Market Access and Non-tariff Barriers
4. Trade, Labour, Global Competition and the Social Clause
5. Trade Liberalisation and Food Security

1999

1. The Linkages: Will it Escalate?
2. Trade and Environment—An Agenda for Developing Countries
3. Dispute Settlement at WTO—From Politics to Legality?
4. TRIPs and Biodiversity
5. Eradicating Child Labour While Saving the Child—Who Will Pay the Costs?
6. Overdue Reforms in European Agriculture—Implications for Southern Consumers
7. Liberalisation and Poverty: Is There a Virtuous Circle for India?
8. The Non-trade Concerns in the WTO Agreement on Agriculture
9. Negotiating History of the Uruguay Round
10. Professional Services under the GATS–Implication for the Accountancy Sector in India

2000

1. Implementation of the WTO Agreements: Coping with the Problems
2. Trade and Environment: Seattle and Beyond
3. Seattle and the Smaller Countries
4. Dispute Settlement under the GATT/WTO: The Experience of Developing Nations
5. Competition Regime in India: What is Required?
6. Biosafety Protocol: Sweet 'N' Sour
7. Process and Production Methods (PPMs)–Implications for Developing Countries
8. Globalisation: Enhancing Competition or Creating Monopolies?
9. Trade, Competition & Multilateral Competition Policy
10. The Functioning of Patent Monopoly Rights in Developing Countries: In Whose Interest?

2001

1. Trade and Sustainable Development: An Outline of a Southern Agenda
2. Contours of a national Competition Policy: A Development Perspective
3. Human Rights and International Trade: Right Cause with Wrong Intentions
4. Framework for Fair Trade and Poverty Eradication
5. Implementation of the Uruguay Round Agreements: Need for a Frontloaded Agenda

6. Proactive Agenda for Trade and Poverty Reduction
7. *WTO Transparency and Accountability: The Need for Reforms*
8. EU's Environmental Agenda: Genuine Concern or Pitching for Protectionism?

2002

1. *Amicus Curiae* Brief: Should the WTO Remain Friendless?
2. Market Access: The Major Roadblocks
3. Foreign Direct Investment in India and South Africa: A Comparison of Performance and Policy
4. Regulating Corporate Behaviour
5. Negotiating the TRIPs Agreement: India's Experience and Some Domestic Policy Issues
6. Regulatory Reforms in the Converging Communications Sector
7. Market Access Implications of SPS and TBT: A Bangladesh Perspective
8. Multilateral Environmental Agreements, Trade and Development: Issues and Policy Options Concerning Compliance and Enforcement
9. Multilateral or Bilateral Investment Negotiations: Where can Developing Countries make Themselves Heard?

2003

1. How Mining Companies Influence the Environment
2. Labour Standards: Voluntary Self-regulation vs. Mandatory Legislative Schemes
3. Child Labour in South Asia: Are Trade Sanctions the Answer?
4. Competition Policy in South Asian Countries
5. India Must Stop Being Purely Defensive in WTO
6. IPRs, Access to Seed and Related Issues
7. TRIPs and Public Health: Ways Forward for South Asia

2004

1. Farm Agenda at the WTO: The 'Key' to Moving the Doha Round.
2. "TRIPs-Plus": Enhancing Right Holders' Protection, Eroding TRIPs' Flexibilities

For more details, visit our website at www.cuts-international.org.

CUTS Centre for International Trade, Economics & Environment

Mission

Pursuing economic equity and social justice within and across borders by persuading governments and empowering people

Goals

Enable and empower representatives of the civil society, from developing countries in particular, to articulate and advocate on the relevant issues at the appropriate fora.

Create a questioning society through empowerment of civil society representatives thus ensuring transparency and accountability in the system.

Promote equity between and among the developed and developing countries through well-argued research and advocacy on the emerging and relevant issues.

ISBN 81-8257-033-6

कट्स CUTS

CUTS Centre for International Trade, Economics & Environment
D-217, Bhaskar Marg, Bani Park, Jaipur 302 016, India
Ph: 91.141.228 2821-3, Fax: 91.141.228 2485
Email: citee@cuts-international.org, Web Site: www.cuts-international.org