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WTO Agriculture Negotiations and South Asian Countries

CUTS Centre for International Trade, Economics & Environment

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1984 to 2003

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Preface

Agriculture, in all its manifestations, has always been a sensitive and emotional issue for all countries, but it is more so for the poor countries of the South. It is the source of livelihood and employment for millions of people. Therefore, the deadlock on this issue in the arena of trade negotiations comes as no surprise. From the time one can remember, there has been a tussle between the rich countries like the European Union and the US on the one hand, and the developing countries like Brazil, India and South Africa on the other , to discipline the farm regime in the WTO in their favour.

Agriculture came into the rules-based international trading system when the WTO was established in 1995. In 1947, when the General Agreement on Tariffs and Trade (GATT) was established, trade in agriculture was the last thing on the mind of the member countries. The countries were more concerned about promoting their domestic agriculture sector rather than cross-border trade in agricultural goods. On the insistence of the US, nations were granted exemption from Articles XI and XVI of GATT, which meant that they could freely support their farmers through subsidies and domestic aid. Hence, in the initial years of the rules-based international trading system, the US was more interested in protecting its own domestic market rather than engaging in trade, and followed policies of high tariffs and import quotas.

As regards South Asia, the region is the home of over 40 percent of the 1.2bn people living in poverty (measured as $1 a day). A vast majority of them live in rural areas, where farming is the main source of livelihood. Despite improvements in food security conditions over the last three decades, benefits have not yet reached the entire population of the region. The FAO (United Nations Food and Agriculture Organisation) estimates that 254mn people are still undernourished in this region. In view of these reasons the South Asian countries, while negotiating farm trade liberalisation in the WTO, have always shown keenness in seeking concessions for their millions of small farmers, rather than securing greater market access for them.

Further, in South Asia, four out of seven countries are least developed. Moreover, those who are developing – India, Pakistan and Sri Lanka – are also not big farm exporters. Therefore, unlike the Cairns Group (of primarily agricultural exporters) of countries, they do not favour complete trade liberalisation of the farm sector. India, the largest country in South Asia, has made one of the most comprehensive submissions to the WTO on agriculture. In its proposal, it has called for comprehensive measures to address the livelihood and food security concerns of developing and poor countries. All other South Asian countries have supported this.

While negotiating the "July Package" as a part of the Doha round of trade negotiations, India, despite working in tandem with Brazil, Argentina and South Africa, successfully negotiated the provisions of Special Products (SPs) and Special Safeguard Mechanism (SSM) in the framework agreement on agriculture.

Given this background, this paper looks into various commonalities in the economic situation of South Asian countries, their sensitivity attached to agriculture, and above all, a common approach to globalisation. In view of these realities, the paper tries to explore a common agenda that South Asian countries can follow during future negotiations on the WTO Agreement on Agriculture. Now the Doha Round of trade negotiations has entered into a crucial phase after the July developments. The "July Package" has resulted in agreement over the framework for establishing modalities in agriculture. In light of this, there cannot be a more opportune time for publishing this paper.

Jaipur, India **Bipul Chatterjee**
Director

Chapter 1

Introduction

All the member countries of WTO are committed to follow the set of rules embodied in the WTO Agreement on Agriculture which covers (i) domestic support, (ii) Market access i,e. tariffs, and restrictions on imports and exports and (iii) export subsidies

Agriculture has always been a very difficult sector in the GATT because of reluctance of governments to subject their agricultural policies to international discipline. It was because of this that agriculture was kept outside the purview of GATT till 1995. An enormous amount of effort was spent on preparing and negotiating "Agreement on Agriculture (AOA)" before the Uruguay Round(UR). There were apprehensions that the AOA would break down over the difficulties in its implementation. However, the UR has succeeded in bringing agriculture on the main track of GATT (Tangermann 2001) and agricultural trade is now firmly within the multilateral trading system. All the member countries of WTO are committed to follow the set of rules embodied in the WTO Agreement on Agriculture which covers (i) domestic support, (ii) Market access i,e. tariffs, and restrictions on imports and exports and (iii) export subsidies. The agreement sought reduction in trade distorting domestic policies like price interventions and subsidies; reduction in export subsidies; replacing quantitative restrictions on trade with tariffs and reduction in tariffs to encourage more and freer trade.

Article XX of the Uruguay Round AOA required WTO members to review the agreement after about five years, i.e. by the end of 1999 or beginning of 2000

The Uruguay Round AOA was the first step towards reforms in agriculture trade. Article XX of the Uruguay Round AOA required WTO members to review the agreement after about five years, i.e. by the end of 1999 or beginning of 2000, for continuing the reforms started with the Uruguay Round. This provided an opportunity to review the effect of implementation of the UR AOA, and, in the light of this experience, move further towards establishing a free, fair, and market oriented agricultural trading system. Negotiations for the next round of the AOA were started in March 2000 and have entered the fifth year now. During this period these negotiations have passed through several phases and failed attempts to reach a final agreement. The first phase began in early 2000 and ended with a stock-taking meeting on March 26-27, 2001. About 90 percent of member governments individually and/or in groups submitted 45 proposals and three technical documents containing their starting positions for the negotiations. From the South Asia region, India, Pakistan and Sri Lanka took active interest in putting forth their views for the new AOA and submitted their proposals along with a group of some other developing countries. These can be accessed at WTO sites at the following references:

1. Proposal on Green box/Annex 2 subsidies: G/AG/NG/W/14. 23 June 2000. Submitted by 11 developing countries including Sri Lanka and Pakistan.
2. Special and Differential Treatment and a Development Box: G/AG/NG/W/13. 23 June 2000. Submitted by 11 developing countries including Sri Lanka and Pakistan.

3. Proposal on Market Access: G/AG/NG/W/37. 28 September 2000. Submitted by 11 developing countries including India, Pakistan and Sri Lanka.
4. Proposal by India in the areas of (i) Food Security, (ii) Market Access, (iii) Domestic Support, and Export Competition: G/AG/NG/W/102. 15 January 2001.
5. Statement by India: G/AG/NG/W/33. 13 July, 2000.
6. Statement by Sri Lanka G/AG/NG/W/83. 12 December 2000.
7. Statement by Sri Lanka G/AG/NG/W/124. 1 March 2001.
8. Statement by India: G/AG/NG/W/177. 11 April, 2001.
9. Statement by Pakistan G/AG/NG/W/121. 10 May 2001.

These proposals and views were discussed in informal and formal meetings and special sessions. This enabled members to understand the positions of each other and the complexities involved in reaching a consensus on rules and commitments in agriculture. Specific proposals were developed and submitted by members to the WTO secretariat during 2001-02, based on which the Fourth WTO Ministerial Conference was held in Doha, November 9-14, 2001, to finalise the modalities for fresh negotiations. The Doha Declaration had laid down the new mandate (Doha Mandate) and set the following deadlines for further negotiations and conclusion of the round:

The differences prevailed over almost all the areas like various boxes of domestic support, tariff, tariff quotas, export credits, food aid and various provisions for developing countries

- Formulas and other modalities for countries' commitments: 31st March 2003
- Countries' comprehensive draft commitments: before 5th Ministerial Conference, 10-14 September 2003 in Cancun
- Stock taking: 5th Ministerial Conference, 10-14 September 2003 in Cancun
- Deadline: 1st January 2005.

The modalities programme began with technical work on the three elements of the AOA viz. Domestic Support, Market Access and Export subsidies/competition. Special treatment for developing countries was treated as an integral part of all the three pillars of the AOA and non-trade concerns were also included. Again, several meetings and sessions were held and efforts were made to come out with a consensus draft on modalities for further discussion by the deadline of 31st March 2003. But positions taken by different members remained wide apart and no consensus could be reached on the draft on modalities, and the deadline passed. The differences prevailed over almost all the areas like various boxes of domestic support, tariff, tariff quotas, export credits, food aid and various provisions for developing countries. In addition, countries that had recently joined the WTO asked for certain provisions.

Subsequently, agriculture and Doha Agenda issues were brought together for the 10-4 September Cancun Ministerial Conference. Hectic parleys were held again and there was some narrowing down of positions but not enough to reach a consensus. The EU and the United States negotiated a joint text and circulated it as restricted document [number JOB (03)/157]. This was followed by grouping among various members, who promptly circulated their drafts during the Ministerial Conference. One such group that emerged powerful and attracted the most attention consists of about 20 developing countries. This group, referred to as G-20, circulated it's draft on agriculture, which followed a proper framework structure [WT/MIN(03)/W6]. In the meantime, the Singapore issues (investment, competition policy, trade facilitation and transparency in government procurement) were pushed by the EU for being taken up in the discussion in the Ministerial Conference. As time was running out, the Conference Chairperson, Mexican Foreign Minister Luis Ernesto Derbez, compiled a revised annexe including selected parts of drafts on agriculture and Singapore issues and circulated these (Derbez text) on 13th September as the draft declaration. There were strong protests from several developing countries on the Singapore issues, followed by a deadlock, because of which no detailed negotiations could be held on the Derbez text before the meeting ended in a sort of stalemate.

"July Package", has now been selected as the basis for the next stage of negotiations, which will focus on finalising "modalities

The impasse continued for six months till March 2004. In the meantime several realignments took place among members; various positions are by and large represented by the following: (i) G-20 group of developing countries that include Brazil, India, South Africa and Pakistan (ii) G –33 group led by Indonesia including Pakistan and Sri Lanka and pressing for special and differential treatment for developing countries (iii) the African group (iv) the African-Caribbean-Pacific group (v) G-10, mainly developed countries including Switzerland, Norway, Japan (vi) G-90 comprising small, poor countries, LDC, ACP, and African groups (vii) the USA and (viii) the EU. A fresh round of negotiations on agriculture was taken up during 22-26 March 2004. There have also been interactions and discussions within countries, between countries and between capitals and Geneva process. As a result of the continued efforts of the WTO headquarters to strike a common ground, a meeting of the General Council was held during the last week of July 2004. After intense discussions for one week in this meeting, the WTO General Council reached some broad agreement on a framework for further negotiations. This framework, hereafter referred to as "July Package", has now been selected as the basis for the next stage of negotiations, which will focus on finalising "modalities.

The reasons for the delay in concluding the new round are sharp differences among members on various aspects of the AOA. Implementation of the UR commitments has been a tough task for several member countries and it has exposed the vulnerability of various segments of agriculture to global market forces. In most of the cases, expectations placed on the UR AOA or promises related to it did not materialise. There is a widespread view that the UR was a disappointment (Grimwade 2004). The promise was that trade liberalisation and implementation of the AOA would bring large benefits to developing countries through improved access to developed countries' markets, increased trade and better pricing environment for tropical and other products of interest to developing countries. However, there was a distinction between the reality and the promise.

The biggest challenge to developing countries' agriculture in the post WTO period was posed by an unprecedented and unforeseen decline in international agricultural prices

The biggest challenge to developing countries' agriculture in the post WTO period was posed by an unprecedented and unforeseen decline in international agricultural prices. As a result of this, developing countries' exports were badly hit and several countries were taken aback by an import influx of commodities in which they thought they had a strong competitive edge. This caused an adverse impact on farmers' incomes, employment and livelihood security. Developed countries could safeguard their agriculture against low global prices by providing huge support to their farmers, but developing countries neither had the mechanism nor the resources to protect their agriculture and farmers against such an adverse trading and pricing environment. The entire blame for this outcome is put on the UR AOA. There is a feeling that developing countries did not bargain properly in the UR round, and developed countries secured the balance of the AOA in their favour. Besides being discriminatory, the agreement is said to be ably manipulated by developed countries to benefit their agriculture at the cost of developing countries. Such threats and fears are further reinforced by the World Bank study (2002), which predicts that the greatest beneficiaries of the Doha Round of WTO negotiations would be the rich economies of Western Europe. Because of all these reasons the member countries have turned highly conscious and are very careful about the minute details of various provisions of any future AOA and they are trying hard to protect their interests adequately (Finger 2001 and Finger and Nogues 2002). This has led to hardening of positions, particularly relating to excessive support and export subsidies in OECD countries, access to developed countries' markets and special and differential treatment.

Developed countries could safeguard their agriculture against low global prices by providing huge support to their farmers

The WTO negotiations are now at a crucial juncture. The July Package and other proposals would now be taken up for finalisation of modalities. There would be new alignments and groupings of WTO members based on mutual interests and geographic (regional) considerations, to push their agenda in the finalisation of modalities and in the Agreement on Agriculture. At this stage it is quite important for South Asian countries (SACs) to join hands and promote a common format for the AOA. This is needed from a strategic point of view and also to increase the bargaining strength of the region in the negotiations. The countries in the region have a lot of commonality in their economic situation, agriculture concerns and interest in the global market. The present paper looks into these aspects and explores the common agenda that South Asian countries can and should follow during further negotiations on the AOA. The remaining paper is organised as follows. The first part analyses the trade performance of each country (Bangladesh, India, Nepal, Pakistan, and Sri Lanka) before and after the Uruguay Round and examines the impact of implementation of the AOA on trade in major farm products. A brief description of the agro economic profile of each country is also presented in this section. The second part of the paper discusses the contentious issues that arose from the implementation of the UR AOA and analyses the proposals and positions of South Asian countries on different aspects of the AOA. Proposals and suggestions made by other major members, groups and WTO committees on negotiations on agriculture, including the "July Package" and their implications for SACs are also examined in this section. The last section discusses the South Asian perspective on the AOA and explores the common agenda that South Asia should follow in the WTO with respect to the AOA, to address their short and long run concerns.

It is quite important for South Asian countries (SACs) to join hands and promote a common format for the AOA

Chapter 2

Agriculture Trade Before and After WTO

Agriculture is the mainstay of the economies of the South Asian Countries. About 20-41 percent of national output and 44 to 73 percent employment are contributed by this sector. Heavy dependence on agriculture combined with low productivity, low growth rate of economy and slow growth in employment opportunities in non agriculture sector are hallmarks of South Asian countries and are largely responsible for widespread poverty and under-nutrition in the region. As would be seen from Table 1, more than 30 percent rural population in India, 36 percent in Pakistan, 44 percent in Nepal and more than 50 percent in Bangladesh live under poverty. Similarly, incidence of under nutrition varies from 17 percent in Nepal to 32 percent in Bangladesh.

More than 30 percent rural population in India, 36 percent in Pakistan, 44 percent in Nepal and more than 50 percent in Bangladesh live under poverty

The agro economic profile of South Asian Countries indicates that low level of income, heavy dependence on agriculture for livelihood, widespread rural poverty, and under-nutrition are the common features of the region. Any adverse impact on agriculture sector in these countries, from forces like trade liberalisation, has widespread ramifications in terms of employment, nutrition, livelihood, and food security.

Historically, SACs followed inward looking trade policies. Sri Lanka was the first country in the region to undertake trade reforms. It initiated liberalisation in the late 1970s. Other countries initiated serious trade liberalisation policies during the early 1990s but these

Table 1: Agro economic profile of South Asian Countries

Particular	Ref. Year	Bangladesh	India	Nepal	Pakistan	Sri Lanka
Per capita gross national income $	2002	380	495	230	420	850
Income rank in the world	2002	171	161	191	168	142
Arable land: ha. Per capital	1999-01	0.06	0.16	0.13	0.15	0.05
Share of agriculture in GDP %	2002	23	23	41	23	20
Workforce in agriculture	Around 2000					
Male		53	58.4	NA	44	49
Female		77	(Total)	NA	73	38
Agriculture value added/worker 1995 $	2000-02	318	401	203	716	725
Population under poverty %	Late 1990s					
Rural		53.0	30.2	44.0	35.9	27.0
Urban		36.8	24.7	23.0	24.2	15.0
Undernourished population %	1999-01	32	21	17	19	25

Source: World Development Indicators 2004, The World Bank, Washington DC, USA remained confined to the non-agriculture sector. Reforms in agriculture trade remained missing or quite slow but the sector has been affected by the UR AOA, through its implementation in the domestic country and other countries and its impact on global markets. Agriculture has also been affected indirectly by liberalisation in other spheres like the exchange rate and the manufacturing sector. A broad idea about the impact of the UR AOA on agriculture trade of SACs can be obtained by looking at agricultural exports and imports before and after 1995, when the WTO agreement came into effect. This information was studied by taking four yearly averages of trade data, terming 1991-94 as before WTO, 1995-1998 as the launching years of WTO and 1999-2002 as post WTO. The same is presented in Table 2 while the annual series covering the period 1991 to 2002 for each country are presented in Fig. 1 to Fig 5.

The situation of agricultural trade in Bangladesh has deteriorated in the post WTO period - exports have been adversely affected, imports have shot up and the trade deficit has risen very high

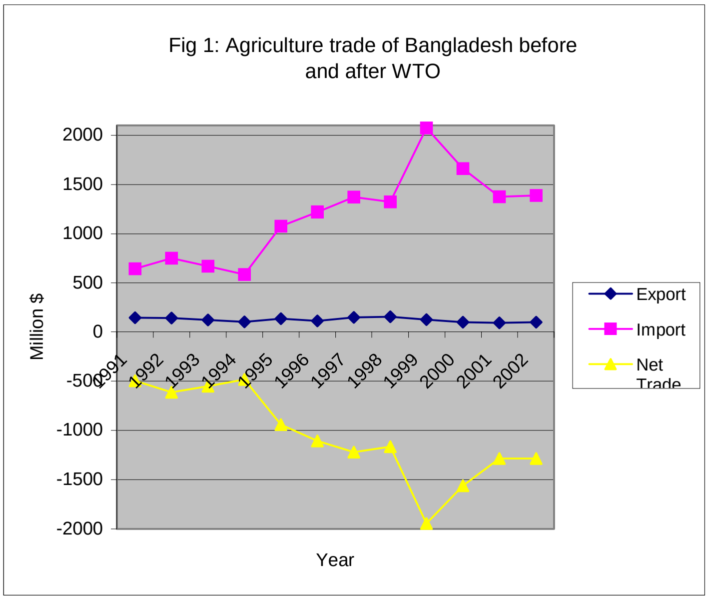
The agricultural exports of Bangladesh increased from $128mn in the four years before WTO to $139mn in the initial years of implementation of AOA. Post WTO period (1999-2002) saw a sharp fall in exports On the other hand, agricultural imports increased from $1.248bn to $1.623bn since the implementation of WTO. The net result has been that the trade deficit of Bangladesh rose by more than 38 percent with the implementation of AOA. Annual trade series depicted in Fig. 1 show a big jump in agricultural imports in 1995 and a rising trend since then, whereas exports witnessed some improvement during 1997 and 1998 but a steep fall afterwards. This clearly indicates that the situation of agricultural trade in Bangladesh has deteriorated in the post WTO period - exports have been adversely affected, imports have shot up and the trade deficit has risen very high.

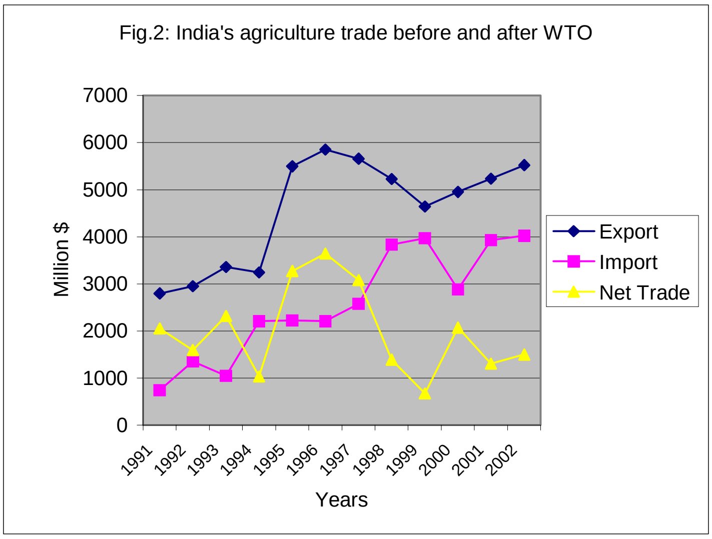
Table 2: Agriculture trade of South Asian Countries before and after WTO, mn $

Country	1991 to 1994 Before WTO	1995-1998 Start of WTO	1999-2000 After WTO
Bangladesh			
Export	128	139	105
Import	663	1248	1623
Net Trade	-535	-1109	-1518
India			
Export	3085	5557	5087
Import	1336	2711	3699
Net Trade	1749	2846	1388
Nepal			
Export	49	48	58
Import	141	217	194
Net Trade	-92	-169	-136
Pakistan			
Export	956	1101	1067
Import	1405	2135	1814
Net Trade	-448	-1034	-747
Sri Lanka			
Export	528	923	969
Import	500	779	766
Net Trade	29	144	202

Source of Basic data: FAOSTAT Database.

In the case of India, agricultural exports as well as imports showed substantial increase till 1998, after which exports fell by about 10 percent and imports increased by 37 percent (Table 2 and Fig.2). India's trade surplus, which increased from $1.7bn in the early 1990s to $2.8bn by 1998, dropped to $1.388bn in the post WTO period. Thus, India also witnessed an almost similar impact of the WTO on agricultural trade as experienced by Bangladesh.





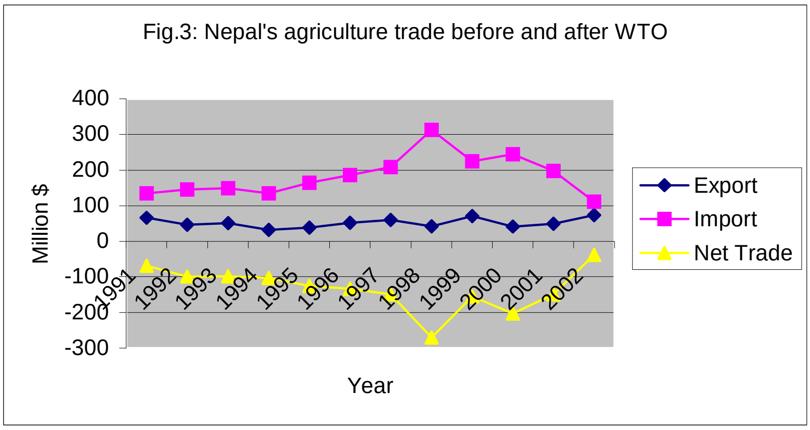


Fig.3: Nepal's agriculture trade before and after WTO
Million $
Year
Export
Import
Net Trade

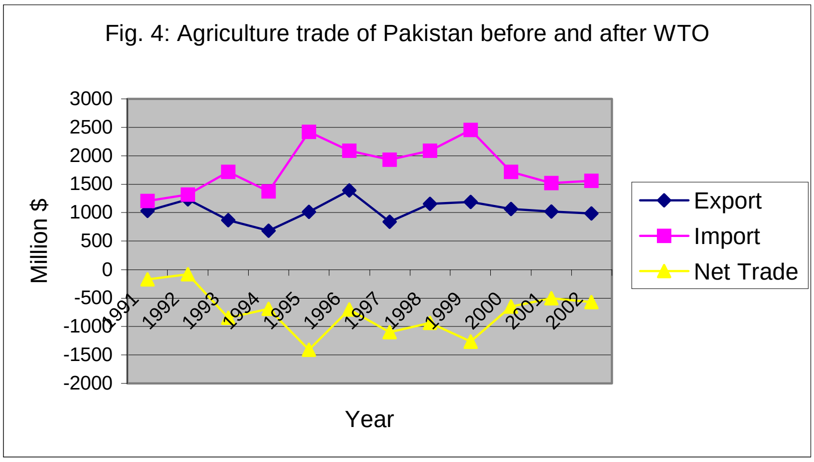


Fig. 4: Agriculture trade of Pakistan before and after WTO
Million $
Year
Export
Import
Net Trade

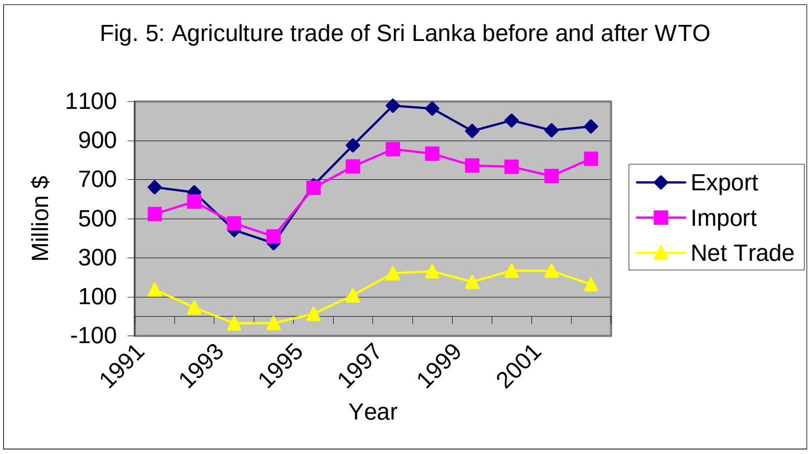


Fig. 5: Agriculture trade of Sri Lanka before and after WTO
Million $
Year
Export
Import
Net Trade

Official statistics on agricultural trade of Nepal showed that its agriculture trade behaved differently from other SACs. There was an increase in exports, a decrease in imports and a reduction in trade deficit in the post WTO period. However, a lot of commodities movement takes place between Nepal and India informally, due to a porous border that does not enter into official records. Therefore, trade figures for Nepal need to be interpreted with caution.

Agricultural exports of Pakistan, like those of India and Bangladesh, turned out to be lower in the post WTO period. However, its imports behaved differently as they declined from $2.135bn in the beginning of WTO to $1.814bn after WTO

Agricultural exports of Pakistan, like those of India and Bangladesh, turned out to be lower in the post WTO period. However, its imports behaved differently as they declined from $2.135bn in the beginning of WTO to $1.814bn after WTO (Table 2 and Fig.4). This helped Pakistan to reduce its worsening trade deficit that had reached a peak level during 1995, but the deficit remains quite higher in the post WTO years compared tothe pre WTO period. Thus, in the post WTO period agricultural exports of Pakistan were hit mildly but there was impressive improvement in reducing imports, which helped in bringing down the trade deficit.

Agricultural exports of Sri Lanka sharply deteriorated during 1991-94 and turned its trade surplus negative. The situation was reversed in 1995 with a large increase in exports, which continued till 1997 and resulted in a large trade surplus. Not much change was witnessed in agriculture trade after that.

Based on the above analysis the summary impact of WTO AOA on agricultural trade of South Asian countries can be generalised in Table 3 below.

Composition of Trade

Major items of exports and imports and changes in their trading volume during 1991 to 2002 in five South Asian Countries is presented in Tables 4 to 8.

Bangladesh

The biggest increase took place in the case of rice whose imports increased from $5.6mn before WTO to $186.7mn in the beginning years of WTO

Wheat, vegetable oil, oilseeds, cotton and rice are the major items of farm imports of Bangladesh. There was a substantial increase in the import of these items with the beginning of WTO and the increase continued at a moderate rate in the post WTO period. The biggest increase took place in the case of rice whose imports increased from $5.6mn before WTO to $186.7mn in the beginning years of WTO. Wheat has emerged as the largest item of import followed by soyabean oil. Bangladesh's import of vegetable oil has moved close to 1 lakh tonne

Table 3: Summary indicators of impact of WTO on agricultural trade of SACs

Country	Impact on Import	Impact on export	Net impact
Bangladesh	Highly adverse	Highly Adverse	Highly adverse
India	Highly adverse	Adverse	Adverse
Pakistan	Favourable	Slightly adverse	Slightly favourable
Sri Lanka	Slightly favourable	Slightly favourable	Slightly favourable
Nepal	Favourable	Favourable	Favourable

and constitutes 30 percent of its total agricultural imports in value terms. In addition, more than $100mn is spent on oilseeds and oilcake.Oilcake has emerged as a new item of imports in recent years.

Bangladesh has a very small volume of agricultural exports, which is less than one tenth of its imports. Exports of fruits and vegetables showed promising growth with the start of WTO but than stagnated around $12mn. Export of tea halved in the post WTO period and jute export dropped by about 16 percent.

Vegetable oil, cotton, and pulses are the major items of India's agricultural imports. In the last ten years, imports of vegetable oils and cotton have seen a more than ten fold increase, which looks amazing

India

Vegetable oil, cotton, and pulses are the major items of India's agricultural imports. In the last ten years, imports of vegetable oils and cotton have seen a more than ten fold increase, which looks amazing. The import bill of vegetable oil was $130mn in the early 1990s, i.e. before WTO, and now stands at $1632mn (Table 5). India's imports volume has exceeded 1mn tonnes of soyabean oil and three mn tonnes of palm oil. Cotton and pulses imports have reached $315mn and $387mn respectively.

During 1991 to 2002, export of rice, fruits and vegetables have seen substantial growth. In the case of rice, a major boost to export came from the domestic policy of removal of restrictions on export of non-basmati rice. Rice exports crossed the $1bn mark with the beginning of WTO. The later years of WTO turned out to be unfavourable for rice exports. In contrast to rice, exports of fruits vegetables and cashew nut have seen a smooth and steady growth, showing the favourable impact of WTO.

Export of oilcake, which was the most important item of agricultural exports during the early 1990s, has received a serious setback in the post WTO period. Coffee exports more than doubled in the beginning years of WTO compared to the quadrennial before 1995, but then faced a very sharp decline. Tobacco and spices were big beneficiaries of liberalisation but in the later years their export either stagnated or showed sluggish growth. India also exports some oilseeds and their

In the case of rice, a major boost to export came from the domestic policy of removal of restrictions on export of non-basmati rice. Rice exports crossed the $1bn mark with the beginning of WTO

Table 4: Changes in major agricultural exports and imports of Bangladesh, 1991 to 2002, mn $ per year

Trade	1991-1994	1994-1998	1999- 2002
Import			
Cotton Lint	89.8	167.6	197.9
Rice	5.6	186.7	193.4
Sugar (Raw Equiv.)	18.2	40.2	66.1
Wheat+Flour,Wheat Equiv.	164.2	185.5	259.5
Dairy Products+Eggs	69.0	58.0	84.5
Fixed Vegetable Oils	137.7	293.8	391.7
Oil of Palm	37.4	70.3	109.6
Oil of Soya Beans	94.6	217.1	273.8
Oilseed Cake Meal	0.1	1.7	19.1
Oilseeds	47.8	91.1	83.9
Export			
Fruit + Vegetables	5.9	11.3	12.1
Jute	75.2	82.4	69.2
Tea	39.7	35.0	16.6

export has risen steadily and reached close to mn$ 200 in the 2002 (quick estimate) as against $66mn before WTO. Exports of cotton have almost dried up and India has become a large importer of the commodity. Export of sugar has shown a rising trend.

Pakistan

Pakistan witnessed a substantial and steady increase in import of fruit and vegetables, pulses, cotton and oilseeds and sharp fluctuations in import of wheat, sugar and vegetable oils. The cotton crop was very badly affected even before WTO as its exports declined from more than $322mn in the early 1990s to $167mn by the quadrennial ending 1998 and imports increased from $24mn to more than $154mn. In the post WTO period imports increased further and exports declined very sharply.

Pakistan witnessed a substantial and steady increase in import of fruit and vegetables, pulses, cotton and oilseeds and sharp fluctuations in import of wheat, sugar and vegetable oils

Pakistan has succeeded in reducing its dependence on import of wheat and edible oil in the recent years. A closer look at vegetable oil import show that this decrease is purely because of decline in price, and the quantity of import remains at almost the same level. As is the case with India, export of horticultural crops showed a steadily rising trend. Rice exports remained above $500mn after the early 1990s. Sugar export shows large swings.

Nepal

Nepal's import of major agricultural products, namely fruits and vegetables and vegetable oil, showed substantial increase in the beginning years of WTO, after which there was a large decline. Import of rice has almost doubled in the post WTO period while oilseeds import increased seven fold. Import of palm oil more than doubled whereas soyabean oil showed a small decline. Sugar imports show a steady increase during the entire period after 1991. Fruits and vegetable remained the largest item of exports, followed by pulses. In both the cases exports show decline with the beginning of WTO and some recovery afterwards.

Nepal's import of major agricultural products, namely fruits and vegetables and vegetable oil, showed substantial increase in the beginning years of WTO

Table 5: Changes in major agricultural exports and imports of India, 1991 to 2002, mn$ per year

Trade	1991-1994	1994-1998	1999- 2002
Import			
Cotton Lint	63.2	70.5	314.8
Fixed Vegetable Oils	129.9	1047.2	1632.2
Oil of Palm	85.8	732.1	1045.9
Oil of Soya Beans	28.3	105.0	382.9
Pulses	159.4	254.8	386.9
Export			
Rice	369.5	1180.5	825.2
Sugar (Raw Equiv.)	63.5	106.9	211.5
Cotton Lint	108.9	174.4	10.2
Fruit + Vegetables	536.2	704.7	929.2
Tea	372.9	414.3	382.9
Coffee	194	430	256
Oilseed Cake Meal	571.1	775.4	411.6
Oilseeds	65.6	181.9	198.2
Spices	166	336	352
Tobacco	136	204	200
Cashewnut	308	374	452

Sri Lanka

Sri Lanka spent more than $100mn on import of sugar and wheat in the early 1990s. Their imports went up with the beginning of WTO and then decreased slightly. A similar kind of trend is observed in the case of pulses and rice. Import of milk and its products, pulses and oilseed cake saw significant increase in the initial years of WTO followed by slow increase in the post WTO period.

Tea alone accounts for more than two thirds of Sri Lankan agricultural exports. Its exports almost doubled with the beginning of WTO

Tea alone accounts for more than two thirds of Sri Lankan agricultural exports. Its exports almost doubled with the beginning of WTO. Exports continued to increase in the later years but at a slow rate. Rubber export received a serious setback in the post WTO period while there was a small adverse impact on fruits and vegetables.

Table 6: Changes in major agricultural exports and imports of Pakistan, 1991 to 2002, mn $ per year

Trade	1991-1994	1994-1998	1999- 2002
Import			
Fruit + Vegetables	94.0	139.7	198.6
Pulses	55.6	71.9	109.3
Sugar (Raw Equiv.)	60.2	31.8	138.7
Wheat+Flour,Wheat Equiv.	297.2	432.1	160.1
Cotton Lint	24.4	154.1	182.1
Fixed Vegetable Oils	474.3	864.6	528.4
Oil of Palm	354.0	702.4	410.9
Oil of Soya Beans	114.4	145.2	87.7
Tea	182.8	185.6	201.8
Oilseed Cake Meal	0.1	11.7	20.8
Oilseeds	19.7	36.0	124.2
Export			
Cotton Lint	322.0	167.3	59.8
Fruit + Vegetables	58.0	80.1	119.9
Rice	329.8	506.1	526.4
Sugar (Raw Equiv.)	9.9	85.9	65.8
Oilseeds	14.9	14.8	15.5

Table 7: Changes in major agricultural exports and imports of Nepal, 1991 to 2002, mn $ per year			
Trade	1991-1994	1994-1998	1999- 2002
Import			
Fruit + Vegetables	11.4	61.8	27.2
Fixed Vegetable Oils	24.4	41.5	33.1
Oil of Palm	7.7	8.0	20.7
Oil of Soya Beans	14.5	8.9	7.7
Rice	6.0	8.1	15.0
Sugar, Total (Raw Equiv.)	5.2	5.8	7.9
Oilseeds	2.6	2.6	18.2
Export			
Butter	0.5	0.6	3.1
Fruit + Vegetables	21.4	13.9	15.2
Pulses	15.8	13.8	14.1
Oilseed Cake Meal	2.1	1.8	2.8
Oilseeds	6.1	9.0	0.9

Table 8: Changes in major agricultural exports and imports of Sri Lanka, 1991 to 2002, mn $ per year			
Trade	1991-1994	1994-1998	1999- 2002
Imports			
Milk Equivalent	55.7	95.2	111.8
Rice	38.9	46.5	19.7
Fixed Vegetable Oils	18.2	37.8	42.1
Pulses	30.0	47.4	53.0
Sugar (Raw Equiv.)	102.5	141.9	127.1
Wheat+Flour, Wheat Equiv.	115.5	146.3	123.1
Oilseed Cake Meal	7.4	12.7	16.2
Oilseeds	1.8	1.5	4.2
Exports			
Fruit + Vegetables	56.0	86.7	83.5
Rubber Natural Dry	51.1	72.7	27.2
Tea	308.4	594.6	654.9
Oilseeds	3.9	6.2	8.3

Chapter 3

ContentiousIssues in AOA Concerning SACs

Prominent issues in the negotiations on agriculture are (1) reduction in domestic support (2) improved market access through substantial reduction in tariff and (3) export subsidies and competition. Besides, there are some non-trade concerns like food security, structural adjustment, poverty alleviation and safety net for the vulnerable population. Serious differences continue to prevail on a large number of issues, particularly between the EU, the USA and the G-10 group of developed countries including Switzerland, Norway and Japan and developing countries on the other side.

The initial position of various members on different aspects of the AOA can be seen from the proposals submitted by these members individually or in groups in the year 2000. There has been some change in the positions initially held as negotiations moved ahead, which can be seen from the statements on various proposals and subsequent proposals. We have generally considered the recent position taken by the member countries.

As most of the developing countries were familiar only with the support in the form of input subsidies and price and marketing support they got the impression that reduction in AMS would imply reduction in overall support to agriculture

Domestic Support

One of the most important goals of the agricultural package of the UR was the removal of trade distortions resulting from different levels of input subsidies, price and market support, and other kinds of trade distorting support across countries. The agreement allowed for support within some limits, known as de minimus level, but sought to reduce domestic support exceeding the exempted level.

In the WTO terminology, support to agriculture is put into three categories: (a) Amber box (b) green box support and (c) blue box support. Out of these, the WTO agreement requires reduction only in the amber box, whereas support under all other heads is exempted. Amber box, also known as "Aggregate Measure of Support", includes (a) sum total of subsidies on inputs like fertiliser, water, credit, power etc and (b) market price support measured by calculating the difference between domestic administered market price and external reference price (world price) multiplied by quantity of production eligible to get applied administered price. The term AMS gives the impression that it is the sum total of all kinds of support. As most of the developing countries were familiar only with the support in the form of input subsidies and price and marketing support, at the time of signing of GATT agreement they got the impression that reduction in AMS would imply reduction in overall support to agriculture. These countries were not quite familiar with the support in different forms of direct payment to producers, infrastructural services, pest control, environment programme, inspection and market intelligence etc., which, as per WTO agreement, are clubbed under green box and exempted from reduction commitments. With the implementation of the WTO agreement, several member countries realised the seriousness of green box subsidies, level of export subsidy and AMS in the developed countries' agriculture. It is now said that developed countries shifted support from non-exempt categories to exempt categories, which is providing their produce an unfair advantage over the produce of developing countries. When one considers several kinds of support extended to agriculture by developed countries, it looks more apt to term "Aggregate Measure of Support" as "Partial Measure of Support" (Chand 2002, Ch. 6).

There is enough evidence to show that developed countries have been maintaining high support to their agriculture by taking advantage of complex categorisation of support in exempt and non exempt categories

There is enough evidence to show that developed countries have been maintaining high support to their agriculture by taking advantage of complex categorisation of support in exempt and non exempt categories. The recent level of support to agriculture by OECD countries is higher than what it was in the base period (OECD 2002, Rice 2004, Gorter et.al. 2004). There has been a growing realisation among the members that the implementation of the AOA has not done much to reduce trade-distorting subsidies and provisions relating to domestic support do not provide a level playing field to developing countries. The subsidies given to agriculture in OECD countries are often reported in terms of total or absolute figures. This does not give a precise indication of the level of support to agriculture. A study reporting different kinds of support as a percent of GDP from agriculture, or on per unit of output (Chand and Phillip 2000), shows the seriousness of these subsidies in developed countries.

Current negotiations on domestic support seek to overcome the limitations arising from the categorisation of agricultural support in various boxes, and to bring down the support, particularly in OECD countries. Position of South Asian Countries and other selected country groups on various aspects of domestic support are presented in Table 9.

All developing countries' proposals suggest elimination of blue box or its merger with amber box so that blue box support is disciplined and contained. Japan wants to maintain blue box support while the US-EU draft suggests modification by limiting it to 5% of value of output. Some items included in the given box are also found to be trade distorting. All SACs are demanding limitations on the misuse of given box support by developed countries. Some countries have demanded that trade-distorting items should be moved to amber box and green box should be capped. The EU wants to maintain green box support to agriculture on the pretext of serving societal and environmental goals. Japan, Norway and South Korea, representing a group of 11 developed countries, opposes any change in green box.

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About 34 WTO members have a commitment to reduce amber box support while others are required to keep it at de minimum level which is 5 percent and 10 percent of the value of output for developing and developed countries. India wants exemption to product specific support for resource poor farmers. It further suggests adjusting negative product specific support against positive non-product specific support rather than the present practice of equating negative support to zero. The country favours reduction in de minimus to 2.5 percent for developed countries. Pakistan suggests complete elimination of all de minimums while Bangladesh and Nepal propose substantial reduction followed by complete elimination. All SACs want flexibility for developing countries for giving domestic support. Pakistan also suggests extreme measures to not allow export of subsidised products.

Till the meetings held on 2-4 June 2004, the EC remained adamant on green box and linked its action on blue box to counter cyclical payments made by the U.S. under this box.

Table 9: Position of SACs and other major WTO members/groups on various aspects of Domestic Support

Aspect ® Country groupings ¯	Amber box	Green box	Blue box	Total	Other aspects
India	Exempt product specific support given to resource poor farmers. Negative product specific support to be adjusted against positive non product support. De minimus at 2.5 percent for DD.	Direct payments, decoupled support distorts trade. Shift to Amber box. Capping.	Stop blue box support. Merge with Amber box.	Include all support affecting production and income in amber box and subject it to de minimus in 5years for DG and 3 years for DD.	Exempt all measures by DG for poverty, rural development, diversification
Pakistan	Initially support present framework of rules and discipline on domestic support. Then pleaded for elimination of de minimus.	Review and limit the misuse. Against multifunctionality as a pretext for more support in DD.	Merge with amber box and eliminate.		Flexibility to DG to use green box to address non trade concerns. Subsidised product should not be allowed to be exported.
Sri Lanka	Present framework of rules and discipline inequitable. Exempt DG from reduction commitment.	Limit misuse by DD	—	Include all support in DG in development box and exempt it as S&D.	DG need flexibility to address poverty and development.
Bangladesh/ Nepal LDCs	Substantial reduction with a view to phase out and eliminate.	Trade distorting green box measures of DD should be limited.	Substantial reduction with a view to phase out and eliminate.		
G 20 Developing Countries	Reduction on each product rather than sector. Capping AMS and de minimus.	Reduction and discipline on categories.	Scrap it.		
US - EU	Further reduction in AMS bound commitments. Reduction in de minimus for DD.	EU wants to maintain to meet societal and environmental goal	US-EU propose modification and limiting it to 5percent of output value by end of implementation.		
ASEAN	Radical reduction at disaggregate level for DD. De minimus for DG.	Review it to keep non distorting. Cap in DD.	Substantial reduction and then elimination.		Flexibility to DG under S&D.
Others		G 10 oppose limiting and reviewing.	Japan wants to maintain but willing to modify.	Some developed countries propose exemptions and flexibility on ground of multifunctionality for green and blue box support.	

DG- Developing countries
DD- Developed countries

Market Access

Negotiations on market access cover six aspects, namely, tariffs, tariff quotas, tariff quota administration, special safeguard and other issues. Some members feel concerned about non-tariff barriers on their exports into other countries on the ground of food security, consumer information and labeling.

A brief description of proposals by SACs and other major players, relating to various instruments of market access, is presented in Table 10. All the proposals seek reforms in border protection through tariff and special and differential treatment for developing countries.

A proposal by a group of developing countries recommends elimination of tariff peaks and escalation in developed countries and use of appropriate formula to bring down extremely high tariff, by larger amounts, to a reasonable level

Tariff Reduction

There is a strong demand for reduction in tariff and tariff escalation in developed countries, particularly for tropical products, from all except multi functionality groups. Proposals by developing countries and an independent proposal by India plead for allowing developing countries to readjust bound tariffs. A proposal by a group of developing countries recommends elimination of tariff peaks and escalation in developed countries and use of appropriate formula to bring down extremely high tariff, by larger amounts, to a reasonable level. The proposal wants tariff reduction to be weighted, rather than unweighted, to ensure that sensitive products in developed countries are not given protection. It advocates ad valorem tariff and elimination of variable tariff for developed countries while allowing it for developing countries.

Pakistan put a lot of emphasis on eliminating tariff escalation. It says that tariff escalation stifles diversification endeavours of developing countries and prevents them from escaping from the vicious cycle of producing and exporting primary commodities. Sri Lanka proposes harmonisation of high tariff and addressing tariff peaks and escalation. Its particular concern is that developing countries whose tariffs are below an agreed lower threshold should not be required to reduce tariffs. Tariff reduction should be formula based, starting with bound tariff. Bangladesh suggests duty free access in developed countries' markets, which is supported by G 20. As LDCs, Bangladesh and Nepal would not like any reduction commitment for them.

The CAIRN proposal is quite radical in demanding tariff reduction. It favours ad valorem tariff and a deep cut in all tariffs using the formula approach

The CAIRN proposal is quite radical in demanding tariff reduction. It favours ad valorem tariff and a deep cut in all tariffs using the formula approach. Japan and Korea differ with the CAIRN proposal and propose gradual and minimal tariff reduction with total exemption for some products from reduction in tariffs. The US –EC propose a blended formula for tariff reduction by dividing all tariff lines into three groups. The first group is to include the UR type approach and the second group is to have the Swiss formula for tariff reduction. The third category should include products on which there should be no duty.

Tariff Rate Quotas

India and Pakistan suggest a transparent administration and expansion of tariff quota in developed countries. Pakistan advocates MFN based TRQ on each product rather than on an aggregate group. Sri Lanka favours stable and predictable TRQ. ASEAN countries emphasise transparency and non-discrimination while India seeks exemption for developing countries. The CAIRN group pleads for substantial increase in TRQ volume and underscores the need for mechanisms to ensure full use of TRQ. Japan and the Republic of Korea favour transparency in TRQ but propose flexibility in administering quotas. The US –EC propose market access based on the UR formula and reduction for those ending up with tariff higher than maximum.

India suggests SSG for all products, which were under QRs and proposes use of QRs as an option under SSG. Pakistan is for scrapping of SSG for developed countries

Proposals from various groups of developing countries' includes several suggestions like: (a) TRQ to be transparent and simple to administer (b) common base for calculating domestic consumption for minimum access commitments (c) basing quotas on specific products rather than aggregated commodity group (d) mandatory filling of quotas in developed countries before imports are treated at above quota level (e) equal access to new suppliers in allotment within TRQ and regular enhancement of TRQs in developed countries to improve market access for developing countries. South Asian and other developing countries demand improved market access in developed markets but seek protection for their markets.

Special Safeguards

Special agriculture safeguards are the third important instrument for regulating imports. URAOA provides this safeguard for a limited number of products to only 38 WTO member countries that include Thailand, Malaysia, Philippines, Indonesia, Korean Republic and Japan from Asia. ASEAN group of countries proposes continuation of SSG for developing countries. India suggests SSG for all products, which were under QRs and proposes use of QRs as an option under SSG. Pakistan is for scrapping of SSG for developed countries. Sri Lanka favours SSG for all developing countries and for products where tariff is below threshold level. Bangladesh pleads for SSG for LDCs without conditions for all products.

The CAIRN group on the other hand proposes elimination of SSG for developed countries but favours its preservation for developing countries. Multifunctionality group is in favour of maintaining SSG and seeks special criteria, instead of quantity or price trigger, for taking safeguard on perishables and seasonal commodities. G 20 developing countries propose that developed countries be prohibited from using SSG and developing countries should be allowed to use SSG based on low price or excess volume.

G-20 developing countries propose that developed countries be prohibited from using SSG and developing countries should be allowed to use SSG based on low price or excess volume

Most of the developing countries seek exemption from market access commitments like tariff reduction and TRQ and protection of their market against imports, at least for special products. Bangladesh supports the concept of special products.

A proposal by the multi-functionality group, namely Japan and South Korea, is not so emphatic on S&D treatment for developing countries. It seeks special consideration to developing countries suffering from starvation and malnutrition, to provide flexibility in tariff. Similar provisions are sought for other countries also, to accommodate changes in domestic production and consumption and international supply, which dilutes the concern expressed by the multi-functionality group for developing countries.

Table 10: Position of South Asian countries and others related to Market Access aspect of WTO Agreement on Agriculture					
Aspect® Country/group ¯	Tariff cut	Tariff rate quotas	Special agriculture safeguard	Special and differential treatment	Role of STE
India	Flexibility to DG to readjust bound tariff. Lower bound tariff for tropical products in DD to improve market access for DG. Cap on tariff bindings and substantial reduction in all tariffs in DD.	Redesign rules to improve market access in DD for DG. Exempt DG from minimum market access	SSG to all products which were under QRs for longer period. SSG should also include QRs	Possibility to DG to set up ceiling binding for unbound tariff lines. Include Special Products and SSM.	Food security Livelihood concerns require STE.
Pakistan	Eliminate tariff escalation. Substantial reduction in in-quota and out quota tariffs	Transparency and uniformity. Periodic increase in DD for DG. MFN allocation. Quota based on products instead of group.	Eliminate SSG for DD.	SSG for DG as S&D.	
Sri Lanka	Consider bound not applied tariff for cut. Deep cut on all tariff using formula that apply greater cut on higher tariff. Establish minimum level of tariff below which no cut.	Stable and predictable.	SSG for all DG. Entitle DG to use SSG for products where tariff is below threshold.	SSG for all DG as S&D.	
Bangladesh/ Nepal LDC	Duty free access to LDC in DD market. No commitment from LDC to reduce tariff.	Duty free and quota free access for LDC in DD. Simplified and transparent.	SSG for LDC without condition for all products.	Welcome concept of special product.	
ASEAN	Eliminate tariff disparities. Higher reduction for DD. Tariff reduction and elimination of tariff peak and escalation for tropical products.	Ensure transparency and non discrimination	DG should continue to have flexibility in SSG.	Commitments on market access should apply to DD but should allow flexibility to DG.	Bring STE under discipline
G 20 Developing countries	Progressivity in tariff reduction with deeper cuts in higher tariff. Flexibility for sensitive products subject to food security, development and livelihood concerns in DG. Capping tariff except limited number. Convert non ad valorem to Ad valorem. Formula based tariff escalation.	DD should expand TRQ on MFN basis by a formula and eliminate in quota tariff.	Prohibit DD to use SSG Allow all DG to use SSG based on low price or excess volume.	Lower tariff reduction and over a longer period for DG. DG to have flexibility a % of tariff line as special product. DD should provide duty free and quota free access at least for some % of import from DG particularly to all tropical products.	
US –EC	Blended formula. Divide product in 3 groups. Apply UR approach to one, Swiss formula to second and keep third group duty free.	Market access based on UR formula reduction and for those ending up with tariff higher than maximum.	SSG for DG for import sensitive products.		Strengthen WTO rules for STE. Transparency. Discipline anti competitive activities of STE.
CAIRN	Deep cut in all tariff using formula approach. Greater cut in higher tariff, peaks and escalation. Establish maximum tariff for all levels. Reduction based on final bound rates. Ad valorem tariff	Substantial increase in TRQ volume. Mechanism to ensure market access provided under TRQ	Eliminate SSG for DD. Preservation of current SSG for DG.	Faster and deeper cut on tariff for exports from DG. Less restrictive tariff quota rules to promote DG export.	
Multifunctionality group (Japan and Korea Rep.)	Exempt some products from cuts. Gradual and minimal tariff reduction. Flexibility to tariff to accommodate changes in domestic production and consumption and international supply.	Administer in a flexible manner. Enhance transparency	Maintain SSG. Special criteria needed for SSG on perishables	Special consideration to key staple crops. Freedom to address food security.	State trading should be transparent and predictable. Food safety. Environment concerns.

The multifunctionality group highlights the disadvantages of food importing countries vis a vis food exporting countries. It contends that a food exporting country has the freedom to restrict export, which affects supply in the international market. The importing country, in such cases, has no choice to deal with the situation. This argument is used to buttress a case for freedom to pursue policies to maintain food security.

The Indian proposal lists a large number of measures, for safeguarding against import, to be clubbed under "food security box", exclusively for developing countries

The Indian proposal is very comprehensive and it strongly articulates the ground for special and differential treatment of developing countries. It lists a large number of measures, for safeguarding against import, to be clubbed under "food security box", exclusively for developing countries. A similar proposal comes from Pakistan and the/ a group of developing countries.

STE and other Non Trade Concerns

Some proposals call for reforms in state trading enterprises. The US–EC proposal and ASEAN want STEs to be brought under the discipline of market access, while Korea and Japan emphasise transparency and predictability in the conduct of STEs. India advocates the need for STEs to serve the goals of food security and livelihood.

Non-trade concerns are also raised by some of the proposals to seek exemption from market access reforms. India and developing country proposals cite food security, and role of agriculture in overall development and livelihood in developing countries to seek flexibility and exemptions from trade reforms.

Japan and Korea strongly support non trade concerns reflected in multifunctional characteristics of agriculture like, contribution to rural development, food security, protection of the environment, fostering water resources, and preservation of landscapes and traditional cultures

Japan and Korea favour a broad agriculture agenda that gives flexibility to deal with diverse situations characterising agriculture in various countries. They are seeking special protection for their agriculture on grounds of the multi-functional role of agriculture. It is contended by these countries that beyond providing food and fibre, agriculture generates positive external factors such as environment conservation, economic viability of rural communities and rural amenities. It is further added that blind trade liberalisation could seriously endanger the irreversible multiple functions of agriculture. Therefore, Japan and Korea favour special treatment of agriculture for each country to pursue policies that enable agriculture to perform multi functionally. The proposal also seeks strengthening of quarantine and inspection measures to ensure food safety. Japan and Korea strongly support non trade concerns reflected in multifunctional characteristics of agriculture like, contribution to rural development, food security, protection of the environment, fostering water resources, and preservation of landscapes and traditional cultures.

India, Pakistan and Sri Lanka are concerned with the effect of non-tariff barriers on their exports on the ground of food safety in developed countries.

Tariff Cutting Formula

Tariffs are the main instrument for regulating imports as quantitative restrictions for such purposes are now ruled out. Several approaches have been suggested to further liberalise trade in the post UR period by bringing down tariff and tariff dispersion on a mutually acceptable basis. These include reduction in tariff based on some formulae combining various approaches and logic. Broadly, four types of formulae were proposed for tariff reduction in the next Round (Gibson et. al. 2001). These are given in Table 11.

The first formula is named as sliding scale - it reduces tariff in a given range by a fixed percent and provides for specific treatment to duties below and above the given range. If the reduction coefficient is selected as 0.5, all duties within the range would be reduced by half. Any duty higher than the upper limit of range is also reduced to the same level as the reduced level of the upper limit. Similarly, any duty below the lower limit is brought to zero. The second formula is termed as linear harmonisation. It includes linear cut in tariff to the tune of 60 percent but adds 3 points to the reduced tariff. The difference between the first and the second formula is that the latter applies 60 percent cut, instead of 50 percent in Sliding scale formula, but uniformly adds 3 percent tariff to the reduced tariff in the range. Any duty higher than 105 percent gets reduced to 45 percent. There is a very small difference between the sliding scale and the linear harmonisation formula.

The first formula is named as sliding scale - it reduces tariff in a given range by a fixed percent and provides for specific treatment to duties below and above the given range. The second formula is termed as linear harmonisation

The third formula is known as Swiss formula. It takes the final tariff as the ratio of "initial tariff multiplied by parameter chosen for tariff ceiling" and "sum of initial tariff and the chosen parameter". It reduces higher tariff by higher percent and vice versa. Second, lower the value of chosen parameter higher would be the reduction. Third, as the value of chosen parameter declines, the relative cut at higher tariff becomes sharper compared to lower tariff. Swiss formula imposes automatic ceiling at chosen parameter.

The fourth formula is termed as Harmonisation/low ceiling. It proposes a highest ceiling of 25 percent in the final tariff. Any tariff above 50 percent is reduced to 25 percent level and tariff below 50 percent is reduced by same fraction as the initial tariff. This way there is greater reduction in higher tariff and lower reduction in lower tariff.

All the above formulae work out nicely for the tariffs that do not exceed 50 or 105 percent but show complete disregard for the tariffs exceeding these limits. There was a lot of disagreement over choosing a particular parameter for tariff reduction as in the Swiss formula and choice of upper limit chosen or imposed by a formula. To overcome this, the US – EC proposed a blended formula, which was further revised in the Derbez text in Cancun. The text distributes tariff lines over three categories like:

The third formula is known as Swiss formula. It reduces higher tariff by higher percent and vice versa The fourth formula is termed as Harmonisation/low ceiling

(a) [...] % tariff lines shall be subject to […] % tariff cuts and a minimum of [..] %
(b) [...] % tariff lines shall be subject to Swiss formula with a coefficient of […]
(c) [...] % tariff lines shall be duty free

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

The Derbez text further suggests that for tariff lines that exceeded a maximum of […] % tariff, developed countries members shall either reduce those to that maximum or ensure effective additional market access in these or other areas.

Table 11: Expression for different tariff cutting formulae			
Formula	Expression	Lower Range	Upper Range
1 Sliding scale	If $t_0 \leq$ 5%, t_1=0 If t_0 >100%, t_1=50% Otherwise $t_1 = t_0$*(0.5)	0%	50%
2 Linear/harmonisation	If $t_0 \leq$ 5%, $t_1 = t_0$ If t_0 >105%, t_1=45% Otherwise $t_1 = t_0$*(0.4) + 3%	5%	45%
3 Swiss formula	t_1= (a*t_0)/(a+t_0)		
4 Harmonisation/low	If t_0 >50%, t_1=25%	0	25%
ceiling	Otherwise $t_1 = t_0$*(1-t_0)		
Note: 1. 't_0' and 't_1' refer to initial and final tariff after reduction respectively.			

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

The Derbez text recognises the relevance of S&D treatment to developing countries for their development, food security and livelihood concerns and suggest a formula with lower reduction and longer adjustment period. The formula is as under:

(i) [...] % tariff lines shall be subject to […] % average tariff cuts and a minimum of [..] %. Within this DG shall have flexibility to designate special products, which would only be subject to linear cut of minimum […] percent? Where tariff bindings are very low, below […]% there shall be no cut.
(ii) [...] % tariff lines shall be subject to Swiss formula with a coefficient of […]
(iii) [...] % tariff lines shall be bound between 0 and 5 percent.

Export Competition and Subsidies

The G-20 at some stage proposed a two-track approach to phase out export subsidies phase out in a short period for products of interest to developing countries and phase out in a longer period for other products

Only 25 WTO member countries can subsidise exports but only for selected products. There were some temporary exemptions for developing countries to subsidise marketing, cost structure and transport.

Unlike the other two pillars there is less divergence of views on this pillar. One reason for this is that export subsidies very clearly and directly distort international prices and trade and there is no justification to continue with them in any fair trading system. There is a widespread demand for the complete elimination of export subsidies (Table 12). India advocates that developing countries should be allowed to continue subsidies on marketing, cost reduction and freight for export. Exports are also affected by other kinds of measures like export credit, credit guarantee, and insurance provided by the government. The large majority of members want these also to be eliminated like export subsidies. G-20 countries have not produced an official document on export subsidies but they have voiced the need to eliminate these.

The G- 20 at some stage proposed a two-track approach to phase out export subsidies:. phase out in a short period for products of interest to developing countries and phase out in a longer period for other products.

Export subsidies are concentrated mainly in the EU. The EU has recently shown a willingness to put "on the table" provided (i) there is parallel action on export competition state trading enterprises, export credits (ii) movement in domestic support and market access and (iii) results in other areas such as non agricultural market access.

Special and Differential Treatment

Export subsidies are concentrated mainly in the EU. The EU has recently shown a willingness to put "on the table" provided there is parallel action on export competition state trading enterprises, export credits

Almost all developing countries seek separate rules and treatment for developed and developing countries in the AOA. Agriculture in developing countries is of crucial importance for the livelihood of the vast majority of their population, for food security and for overall economic development. Also, the scale and method of farming are quite different in the two groups. It is because of such factors that special

Table 12: Position of South Asian countries and others related to Export competition and Subsidies

Aspect ® Country groupings ¯	Export subsidies	Other
India	Eliminate in two years. Export credit, guarantee, price discount and insurance should be treated as export subsidy in DD.	S&D for DG allowing them to subsidise marketing, cost reduction and freight should continue
Pakistan	Eliminate in 3-5 years. Strict discipline on other forms of export subsidies.	
Sri Lanka (as seen in DG proposal)	All forms of export subsidies by DD must be eliminated immediately.	
Bangladesh/ Nepal LDC	Reduce substantially with a view to phase out in specified period.	
ASEAN	DD should eliminate all forms of export subsidies. DG should continue to have flexibility.	Discipline in export credit, credit guarantee, insurance etc with flexibility to DG.
G 20 Developing countries	Phase out/elimination	
US –EC	US wants elimination of export subsidies over a fixed period including those to exporting STE from government in the form of financial support. EC willing to reduce if other kind of support by other members is reduced.	US: Prohibit export tax and restrictions. EC: Treat officially supported export credit as export subsidy.
CAIRN	Eliminate and prohibit all kinds of export subsidies. Substantial down payment not less than 50 % beginning 2000 for DD and 2004 for DG.	Eliminate all forms like subsidy through export credit, credit guarantee, insurance etc.

advantages and flexibility are sought for developing countries in respect of almost all the aspects of the AOA. Proposals for this are put under different names like S&D treatment, food security box, development box, and livelihood box. Besides developing countries the proposal is supported by the CAIRN group. The Doha Declaration makes special and differential treatment for developing countries an integral part of negotiations. However, views differ on what group of countries qualify for what kind of S&D treatment.

G-20, in which India is playing an active role, seeks S&D treatment for developing countries in all aspects of market access and domestic support

Many countries oppose the idea of different sets of rules for developed and developing countries. Some developed countries like the EU and Japan raise multi functional concerns of agriculture to seek a sort of special treatment for agriculture and to protect and support their agriculture.

In South Asia, Pakistan, India and Sri Lanka have joined a group of other developing countries in proposing S&D treatment for developing countries. Pakistan rejects the multifunctionality plea of the EC on the ground that the concerns of developed countries are different from those of developing countries. Sri Lanka proposed that only LDCs and IDA countries should be considered for S&D treatment. It further wants S&D to be specific, i.e. to provide answers to specific problems of specific groups of developing countries rather than a one size fits all approach. G- 20, in which India is playing an active role, seeks S&D treatment for developing countries in all aspects of market access and domestic support, as can be seen from Tables 9 to 11.

Developing countries should not put their entire wish list in S&D treatment. Instead, they should be pragmatic in seeking various provisions under S&D

A close look at the S&D provision sought by G- 20, India and some other developing countries reveals that these countries want complete freedom from rules and regulations and commitments for reducing domestic support and improving market access for themselves, and at the same time seek rigorous and radical changes in developed countries. Nobody denies that developing countries require flexibility in agricultural policy and in reforming their trade regime, and that developed countries distort trade and prices through high level of domestic support, export subsidies and protection. This requires more stringent commitments from developed countries and relatively lower and flexible obligations from developing countries. But seeking complete freedom from any kind of obligation for developing countries under the S&D provision seems to be too much and would go against the spirit of multilateral agreements. Some members even want a complete roll back to the pre- Uruguay Round situation and propose restoring QRs and unrestricted domestic support. Such proposals are retrogressive and against healthy trade liberalisation. Developing countries should not put their entire wish list in S&D treatment. Instead, they should be pragmatic in seeking various provisions under S&D. If they want strict discipline on support and subsidies and increased market access in developed countries' markets then they should also accept some discipline and reforms in their countries. It would be more responsible of developing countries to strike a balance by requiring developed countries to reform much more while agreeing to some reforms in their economies.

The July Package

The General Council of the WTO, in its meeting in the last week of July, has reached a broad agreement on a framework to move ahead on trade in agriculture. The framework will be the basis for the next stage of negotiations. One positive point of the agriculture framework agreement is the commitment to end export subsidies and to tighten disciplines on other forms of export subsidisation. The agreement includes Special and Differential Treatment for developing countries in each of the elements.

In the area of domestic support the package seeks reduction in the level of all trade-distorting domestic support according to a tiered formula. Under this formula, members having higher levels of trade-distorting domestic support will make greater overall reductions in order to achieve a harmonising result. As the first installment of the overall cut, in the first year and throughout the implementation period, the sum of all trade-distorting support will not exceed 80 percent of the sum of Final Bound Total AMS plus permitted de minimus plus the Blue Box which would be capped at 5% of average value of agricultural production.

Under Special and differential treatment developing countries would have longer implementation periods and lower reduction coefficients for all types of trade-distorting domestic support and continued access to the provisions under Article 6.2.

Blue Box support will not exceed 5% of a Member's average total value of agricultural production during a historical period. The historical period will be established in the negotiations

The package recognises the role of the Blue Box in promoting agricultural reforms so that Members may have recourse to direct payments under production-limiting programmes based on fixed and unchanging areas and yields; or number of heads of livestock. This and additional criteria will be negotiated. Any such criteria will ensure that Blue Box payments are less trade distorting than AMS measures. Blue Box support will not exceed 5% of a Member's average total value of agricultural production during a historical period. The historical period will be established in the negotiations. In cases where a Member has placed an exceptionally large percentage of its trade-distorting support in the Blue Box, some flexibility will be provided on a basis to be agreed to ensure that such a Member is not called upon to make a wholly disproportionate cut.

Green Box criteria will be reviewed and clarified with a view to ensuring that Green Box measures have no, or at most minimal, trade-distorting effects or effects on production.

Members have agreed to establish detailed modalities ensuring the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect by a credible end date. Similarly, export credits, export credit guarantees or insurance programmes with repayment periods beyond 180 days will be eliminated by the end date to be agreed upon. These would also apply to trade distorting practices with respect to exporting STEs including eliminating export subsidies provided to or by them, government financing, and the underwriting of losses. The issue of the future use of monopoly powers of STEs will be subject to further negotiation.

As a part of S&D treatment, developing country Members will benefit from longer implementation periods for the phasing out of all forms of export subsidies. STEs in developing countries, which enjoy special privileges to preserve domestic consumer price stability and to ensure food security, will receive special consideration for maintaining monopoly status.

Tariff reductions will be made from bound tariff through a tiered formula that takes into account different tariff structures. Each Member (other than LDCs) will make a contribution. Progressivity in tariff reductions will be achieved through deeper cuts in higher tariffs with flexibilities for sensitive products. Substantial improvements in market access will be achieved for all products. Members may designate an appropriate number, to be negotiated, of tariff lines to be treated as sensitive, taking account of existing commitments for these products.

STEs in developing countries, which enjoy special privileges to preserve domestic consumer price stability and to ensure food security, will receive special consideration for maintaining monopoly status

The principle of 'substantial improvement' will apply to each product. Substantial improvement' will be achieved through combinations of tariff quota commitments and tariff reductions applying to each product. Other elements that will give the flexibility required to reach a final balanced result include reduction or elimination of in-quota tariff rates, and operationally effective improvements in tariff quota administration for existing tariff quotas so as to enable Members, and particularly developing country Members, to fully benefit from the market access opportunities under tariff rate quotas. Tariff escalation will be addressed through a formula to be agreed upon. The issue of tariff simplification remains under negotiation. The question of the special agricultural safeguard (SSG) remains under negotiation.

Developing country Members will have the flexibility to designate an appropriate number of products as Special Products, based on criteria of food security, livelihood security and rural development needs. These products will be eligible for more flexible treatment. A Special Safeguard Mechanism (SSM) will be established for use by developing country Members. Fullest liberalisation of trade in tropical agricultural products and for products of particular importance to the diversification of production from the growing of illicit narcotic crops will be addressed effectively in the market access negotiations. Proportionality will be achieved by requiring lesser tariff reduction commitments or tariff quota expansion commitments from developing country Members.

Assessment of the July Package

Developing country Members will have the flexibility to designate an appropriate number of products as Special Products, based on criteria of food security, livelihood security and rural development needs

The July package is projected as a major gain for developing countries. The main achievement is in the area of export competition. The framework involves complete elimination of export subsidies and discipline on other types of support for exports. What would now matter is how soon this provision is implemented. In the area of domestic support the framework agreement, on the face of it, proposes immediate reduction in domestic support by 20 percent. But it may not happen like this as the reduction is to be effected on a much higher base, which would be the sum of trade distorting support, de minimus level, and permitted blue box. This in some cases may allow increase in amber box support. Second, when there is a separate box for blue box support the rationale of its inclusion in Final Bound Total AMS is not clear. The agreement institutionalises blue box to provide assistance upto 5

It needs to be noted that even in the UR agreement Green Box was defined only to include non or minimal trade distorting support but subsequently the box was used to shift amber box support to exempted green box

% of value of produce. The green box would also be there, though the package seeks only non-trade distorting or minimal trade distorting measures in it. It needs to be noted that even in the UR agreement Green Box was defined only to include non or minimal trade distorting support but subsequently the box was used to shift amber box support to exempted green box. Therefore Green box measure must be defined very clearly to avoid any ambiguity. In the area of market access, tariff reduction formula is yet to be decided. The framework permits developing countries to designate list of "Special Products" which would not be subject to market access commitments. In the same breathe the package retains a sort of special safeguard mechanism for "Sensitive Products" which would allow developed countries to deny market access in their countries to the products defined as sensitive.

Chapter 4

South Asian Perspective

Implementation of the UR AOA has been a mixed blessing for South Asian Countries. It helped in creating a favourable environment for trade reforms and for initiating trade liberalisation, which was considered highly desirable for these countries. However, what was projected as a benefit for SACs from AOA, and expectations based on that, did not come true. There are several reasons for this; the major ones are:

i. Volatility in international prices which further increased in post WTO period
ii. Unexpectedly low prices of agricultural commodities beginning late 1990s
iii. Intense competition among developing countries to promote export
iv. Heavy subsidies in OECD countries
v. Lack of promised market access in developed countries' markets

However, implementation of the UR AOA has provided SACs experience to operate in liberalised global trade and enabled them to know their major concerns relating to AOA. This experience should be used in the ongoing negotiations on the AOA so that concerns of SACs are adequately and appropriately addressed.

Domestic policies in South Asian Countries have been such that domestic prices of major agricultural produce were kept lower than global prices. This resulted in negative product specific support or net taxation on agriculture

Implementation Experience and Major Concerns

Domestic Support

Domestic policies in South Asian Countries have been such that domestic prices of major agricultural produce were kept lower than global prices. This resulted in negative product specific support or net taxation on agriculture. These countries provide some non-product specific support by subsidising inputs like fertilizer, irrigation, power and credit supplied to agriculture. The magnitude of non-product specific support remained quite small compared to the negative product specific support, which rendered AMS negative for these countries. So far AMS in South Asian Countries remained within permissible, de minimus, level of support as per the UR AOA. However, the situation may change with the change in fixed reference price, particularly because of volatility in international prices. As can be seen from Fig. 6 to 11, sometimes international prices turn out to be awfully low and they can deviate from the normal level by as much as 50 percent. If that level is used to compute AMS it can turn out to be highly positive and much more than the present de minimus level of 10 percent for developing countries. Thus, SACs need to have some cushion in this. There is also no justification for treating product specific negative support as zero in AMS computation. It should be counted as such so that any negative product specific support is adjusted against non product specific support.

Fig 6: International prices of wheat UH HRW

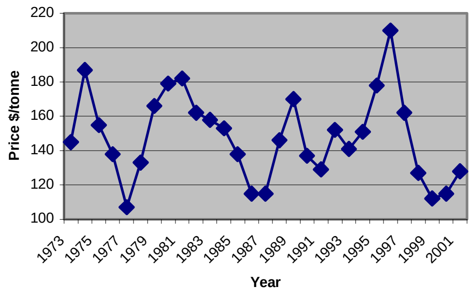


Fig 7: International prices of rice Thai

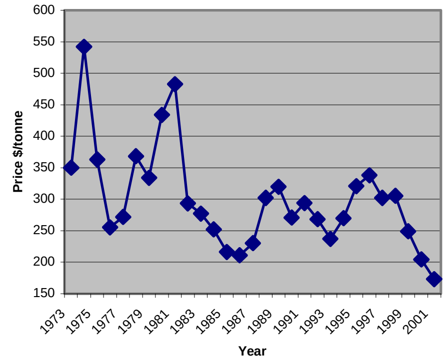


Fig 8: International prices of sugar Carribean port

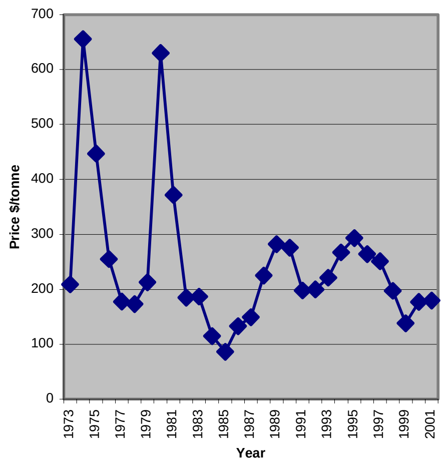


Fig 9: International prices of cotton, Liverpool index

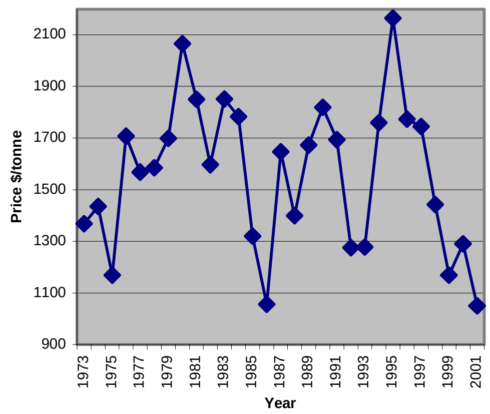


Fig 10: International prices of soyabean seed, US CIF Roterdom

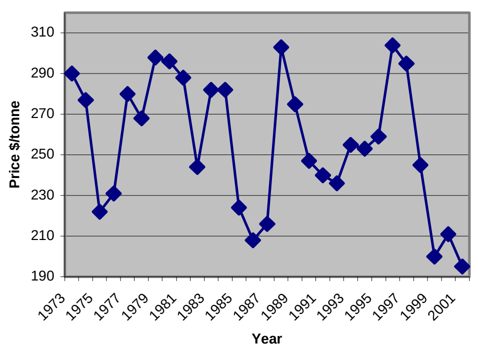
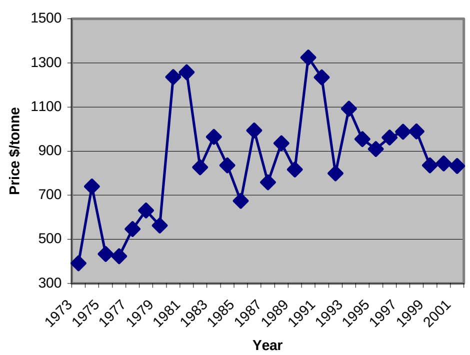


Fig 11: International prices of groundnut, Nigerian, London



Agriculture in South Asia is in a transitional stage. A large segment is still underdeveloped and requires a lot of government assistance in the initial stages for harnessing its potential and for development. Huge investments are required in infrastructure and institutional development even as farmers are generally resource poor and do not have enough capital for investing in agriculture. As markets are not well developed, in several cases government intervention is needed to ensure remunerative price environment that leads to adoption of improved technology. Therefore, SACs need provisions for product specific as well as non product specific support to its agriculture. Similarly, there are special needs of agriculture, which require assistance in the form of infrastructure development, research, extension, insurance, and market development. SACs need green box for providing such assistance.

there are special needs of agriculture, which require assistance in the form of infrastructure development, research, extension, insurance, and market development. SACs need green box for providing such assistance

In a liberalised trade regime, competitiveness is affected by both domestic policies and policies followed by others. Therefore, there is a need to see what are the commitments for you and what kind of rules and regulations govern other countries. In this context it is important to see how various provisions of domestic support have been used by other countries.

As discussed earlier, OECD countries, particularly EU members, USA, Canada, and Japan provide huge subsidies to their farmers, in various forms, that put their production in a advantageous position vis a vis farmers in developing countries. Moreover, green and blue boxes have been used to compensate for any reduction in Amber box. This support enables developed countries' farmers to reduce cost of production and to offer their produce at a lower price. The net result for developing countries is the disadvantage in exports and in competing with imports.

There is no justification for developed countries to provide such support to their farmers and to the agriculture sector because their agriculture is highly commercialised and at an advanced stage of development. Infrastructure and markets are well developed and farmers are resourceful and capable of operating without government assistance. Therefore, in the new AOA, developed countries should not be allowed to give any kind of support in green box and blue box. Some well-defined measures can be considered under green box but their level should be capped to avoid their misuse as in the past.

Market Access

There is no justification for developed countries to provide such support to their farmers and to the agriculture sector because their agriculture is highly commercialised and at an advanced stage of development

In the area of market access SACs have implemented their commitments by (a) replacing non tariff border measures with tariffs, (b) removing QRs and (c) liberalising their trade by lowering applied tariffs, even though these were below bound rates as can be seen from Table 13. Bangladesh bound its tariff on agricultural imports at 200 percent, except a few commodities with 150 and 50 percent tariff. As against this, average applied tariff has been kept below 21 percent. The tariff rates have been brought down to this level from 79.9 percent and 53.5 percent, respectively, in 1989. India has mainly three slabs of bound tariffs; 100-104 percent for raw products like cereals, most of the vegetables and fruits, oilseeds, pulses, 150 percent for semi processed products like tea, chicken, wheat flour and 300 percent for processed products like vegetable oils, fats. There is a deviation from these broad norms for some individual products. Simple mean and weighted average of applied tariff on agricultural imports was 69.5 percent during 1990, which was brought down to 28.2 percent in 1998. Pakistan bound its agricultural import tariff at 100 percent for most of the products. The bound tariff for wheat, sugar and tea was 150 percent. Its applied tariff was 46.3 and 24.0 percent, simple mean and weighted mean, during 1995. Present tariff rates are 17.9 and 11.2 percent. Among all SACs, Sri Lanka was the first to initiate trade liberalisation and progressively brought down its tariff rates even before the WTO. Accordingly, it bound all its tariff rates at 50 percent. Applied tariff rates were around 24 percent during 1993, which have been reduced to 13.9 percent on simple mean basis, and 11.3 percent on weighted mean basis.

Among all SACs, Sri Lanka was the first to initiate trade liberalisation and progressively brought down its tariff rates even before the WTO

Bound tariff in all SACs except Sri Lanka are exceedingly high on some items. There is no justification to have bound tariff above 100 percent, as this would provide adequate protection even when international prices go low.

Table 13: Changes in tariff barriers on primary products in South Asian Countries with WTO

Country	Year	Simple mean%	Weighted mean%
Bangladesh	1989	79.9	53.5
	1999	21.1	21.0
	2002	22.4	20.1
India	1990	69.6	26.0
	1997	25.7	22.6
	2001	32.8	22.7
Nepal	1993	15.7	14.2
	1998	16.2	12.0
	2002	16.0	8.3
Pakistan	1995	46.3	24.0
	1998	42.7	26.2
	2002	17.9	11.2
Sri Lanka	1993	24.2	23.0
	1997	24.0	20.7
	2001	13.9	11.3

Source: World Development Indicators, World Bank, Various Issues

Agricultural exports of India and Pakistan remained lower than the peak attained during 1996 and that of Bangladesh and Sri Lanka remained lower than the peak attained during 1998

Liberalisation of trade and removal of QRs in the initial years of implementation of WTO agreement did not cause much difficulty because international prices of bulk products were quite high in the first three post WTO years. Subsequently, as international prices declined to a very low level and developed countries responded to it by granting huge subsidies to their producers, then South Asian agriculture came under severe strain and threats. Agricultural exports of India and Pakistan remained lower than the peak attained during 1996 and that of Bangladesh and Sri Lanka remained lower than the peak attained during 1998 (Fig. 1 to 5). This has been a great disappointment for South Asian Countries, which expected big gains in export earnings in the post WTO period through increased market access into developed countries' markets.

Domestic production of staples also came under threat of disruption and some countries had to resort to desperate measures to keep a check on cheap imports. The important lesson from this experience is that due to high volatility in international prices SACs are not able to safeguard domestic production against imports with the usual tariff when international prices go down. In order to deal with this kind of situation, SACs need either very high bound tariff so that applied tariffs can be raised appropriately, o, special safeguards to regulate imports of sensitive products.

Developed countries have very high bound tariff for selected products and they also have special safeguard to stop imports of some products

Setback to export occurs because of poor or reduced access in other countries markets. Developed countries have very high bound tariff for selected products and they also have special safeguard to stop imports of some products (WTO, "Special Agriculture Safeguards" G/AG/NG/S/9/Rev.1). Some countries have variable tariff, which rises in response to fall in price. All these measures reduce access to developed countries' markets. When all such measures fail, then sometimes SPS measures are invoked without justification, to check imports.

Based on this experience, SACs strategy should be to get reasonable protection for their markets and seek more market access in developed countries' markets. Safeguarding own market against volatility and dumping requires adequate tariff and SSG.

Several formulae are suggested for reduction in tariff. Change in bound tariff of SACs based on each of these formulae is shown in Table 14. Among various formulae the Swiss formula with coefficient "a" close to one involves lower reduction compared to the other formulas and other variants of the Swiss formula. However, the maximum level of tariff allowed by this formula for the highest bound tariff line (300%) in South Asia gets reduced to about 75 percent even when the coefficient is taken at 1 (the highest value). This formula is too harsh to tariff on higher side, particularly those above 50%, which is the case in all SACs except Sri Lanka. SACs should support tariff reduction based on bound tariff and not applied tariff. For this, these countries may follow either of the two options for developing countries like (a) reduction based on Swiss Formula with coefficient = 1, or, (b) tariff reduction as follows:

UR Bound tariff	Proposed bound tariff	Reduction
Above 100 %	2/3rd of bound tariff with maximum100%	33% ormore
50 to 100 %	3/4th of bound tariff with maximum of 67%	25 -33%
Less than 50 %	4/5th of bound tariff with maximum 37.5 %	20-25%

Among various formulae the Swiss formula with coefficient "a" close to one involves lower reduction compared to the other formulas and other variants of the Swiss formula

Option (b) balances the interest of all SACs as it takes care of the high bound tariff of Bangladesh, India and Pakistan and requires Sri Lanka to make a very small reduction in its already low bound tariff. In addition to this, SACs should seek SSG and exemption from market access commitments for select list of special products, as S&D treatment, on which there should be flexibility to control import through appropriate measures.

For developed countries, SACs should agree to the blended formula proposed in the Derbez text or simply settle at reduction based on the Swiss formula with low coefficient (lower than 0.15).

India, Pakistan and Sri Lanka should accommodate LDC members, namely Bangladesh and Nepal, by seeking completely duty free access for their products in developed countries. These two countries have a very small quantity for export, which mainly consists of fruits and vegetable and pulses in the case of Nepal and fruits/vegetables, jute and tea in the case of Bangladesh. Special duty concession to Bangladesh and Nepal in developed countries' markets would not cause much adverse impact on the other three countries of South Asia.

Export Competition and Subsidies

The EU and the USA, which are among the big trading groups, along with 23 other countries, can subsidise exports. The EU export subsidies have particularly caused concern in developing countries. Among SACs, Pakistan occasionally resorts to freight subsidies on fruits and vegetables and undertakes state trading for cotton and rice. Sometime concession is given on export credit (Khan 2003). Sri Lanka provides limited subsidies for some agricultural export and duty concessions for exporters on import of capital goods. The Sri Lanka Export Credit Insurance Corporation provides export insurance and guarantees services for development of exports (Kelegama 2003). India provides income tax exemptions for profit from agricultural export and domestic and international freight subsidy for some export commodities. Bangladesh also extends assistance to agricultural export in the form of concessional interest rates and export credit guarantee. SACs provide only indirect support to some agricultural export that is allowed under the UR AOA to developing countries. These are not direct export subsidies, which are provided by industrialised countries (Gulati 2003).

India, Pakistan and Sri Lanka should accommodate LDC members, namely Bangladesh and Nepal, by seeking completely duty free access for their products in developed countries

Table 14: Changes in bound tariff (%) in SACs based on various tariff reduction formulas under negotiations in WTO

Country	Product/ category	Bound tariff%	Sliding scale	Linear/harmonisation	Swiss Formula a=0.15	Swiss formula a=0.50	Swiss formula a=0.90
Sri Lanka	All	50	25	23	10	25	32
Bangladesh	Paddy/some fruits	50	25	23	10	25	32
	Soft wheat	150	50	45	13	38	56
	All others	200	50	45	13	40	62
India	Soybean oil	45	22.5	21	10	24	30
	Raw Products	100	50	43	12	33	47
	Semi processed	150	50	45	13	38	56
	Processed	300	50	45	14	43	69
Pakistan	Wheat, sugar, tea	100	50	43	12	33	47
	Others	150	50	45	13	38	56
General		10	5	7	4	8	9
		20	10	11	7	14	16
		50	25	23	10	25	32
		100	50	43	12	33	47
		150	50	45	13	38	56
		200	50	45	13	40	62
		300	50	45	14	43	69

There is no divergence in the interest of SACs in export subsidies. These countries should strongly plead for immediate and complete elimination of export subsidies as they are highly trade distorting. Due to underdeveloped infrastructure, markets and trade institutions in SACs, sometimes government intervention in terms of providing freight subsidy, incurring some marketing cost and providing incentive for export in the initial stages becomes essential to develop export potential. SACs should seek exemption in these as a part of S&D treatment for them.

State Trading Enterprises

Main operations of STEs include price administration, procurement and sale of significant part of domestic production, maintenance of commodity stock, and monopoly in import and export

State trading enterprises have played an important role in all SACs in creating remunerative price environment for producers resulting in growth of output, commercialisation, promotion of trade in agriculture and in improving food security. Main operations of STEs include price administration, procurement and sale of significant part of domestic production, maintenance of commodity stock, and monopoly in import and export. Some operations of STEs are considered trade distorting while most of these were of regulatory and promotional categories. There has been considerable change in the role and importance of STEs in the recent past. Bangladesh has considerably diluted the role of Bangladesh Food and Allied Corporation, Trading Corporation of Bangladesh and other parastatals during the 1990s, but the country maintains a national food stock under the public foodgrain distribution system. In Pakistan, an increasing number of functions of PASCO are being commercialised and STEs like Rice Export Corporation, Cotton Export Corporation and Trading Corporation of Pakistan are operating on commercial lines. Sri Lanka has a couple of STEs in the food sector. Cooperative Wholesale Establishment (CWE) is the major STE entrusted with the task of price stabilisation and food security. The CWE undertakes bulk purchase of agriculture commodities and import with exclusive trading right over wheat import. Market intervention role of CWE and the other STE has diminished over time (Kelegama 2003). In India, the Food Corporation of India plays a predominant role in the price administration of wheat and paddy/rice in the country through bulk purchase of marketed surplus at pre determined price, maintenance of large stocks and release of stock for public distribution, open market sales and, of late, for exports. FCI has import monopoly through canalisation to import cereals, which was partly lifted in 1999 and resumed again after a short time as cheap imports hit India's coastal areas despite government having enough stocks in its warehouses. India has almost eliminated the role of several other STEs in import and export of vegetable oil, cotton, sugar etc.

It is in the long run interest of SACs to reduce the role of STEs and promote private enterprise in agriculture marketing and trade

It is in the long run interest of SACs to reduce the role of STEs and promote private enterprise in agriculture marketing and trade. However, due to volatility in prices, strong hold of commodity cartels over global trade, and its limited capacity to absorb big supply and demand shocks, makes the global market unreliable for meeting the food security concerns of low-income population of SACs. Therefore, SACs require some STE to address food security concerns, particularly of the weaker sections of society. These STEs should play a minimalist role and they should operate alongwith private trade without having a monopoly in domestic or international trade.

Food Security

While food security is a sensitive issue for the whole of South Asia, there are small differences in perception and proposals being made to the WTO. India advocates flexibility in domestic support, renegotiation and maintenance of appropriate tariff binding, SSG including QRs and several other ideas on grounds of food security. Bangladesh has apprehensions that proposed measures like reduction in domestic support and export subsidy in developed countries may increase international prices and lead to increase in its food import bill. This concern is also shared by Pakistan.

All SACs have striven hard to attain food security by acquiring food self sufficiency. A significant proportion of SACs population is not only dependent on grain production for their livelihood, but also for survival

All SACs have striven hard to attain food security by acquiring food self sufficiency. A significant proportion of SACs population is not only dependent on grain production for their livelihood, but also for survival. Therefore, domestic capacities in grain production need to be strengthened and further developed. However, these should be done in an efficient manner so that the domestic produce is capable of competing with normal international prices.

Acquiring a fair degree of grain self sufficiency would need domestic interventions and institutional support. To ensure these, developing and LIFDC countries should not compromise on institutional interventions in the grain sector. Trade has an important role in food security by way of stabilisation of domestic prices and in meeting food deficiency. In fact, meeting a small fraction of demand through trade can have a desirable impact on improving the efficiency of domestic production and should not be seen as a threat to domestic producers. However, dependence on trade should not stifle domestic capacity for food production. South Asian Countries need to strike a balance between grain self-sufficiency and trade by carefully weighing crop production choices which are going to differ across countries.

South Asian Agenda for AOA

The South Asian agenda for the new round of negotiations on agriculture in the WTO needs to pay equal attention to what each country should agree to do in its own market and economy and what the other countries should be doing in their markets. In liberalised trade both import and export are equally important. The nature of popular opinion in SACs is such that any deal that secures protection or freedom from commitment is considered as a great achievement. This is only one side of the story. The other side is what protection and freedom from commitment other countries get. Sometime it is beneficial to go for a tradeoff between say, making a commitment to reduce subsidies and reducing protection in one's own market, if it results in enough gain in market access in other countries. Further, SACs need not be extremely defensive and inward looking. South Asian agriculture has some strength, which needs to be appropriately used to compete in global trade. With this background, SACs should pursue the following agenda for negotiations in the AOA:

The nature of popular opinion in SACs is such that any deal that secures protection or freedom from commitment is considered as a great achievement

1. De minimus support in the case of developed countries should be fixed at 5 percent of value of output as product plus non-product support. In order to keep a check on concentrating support on only one or just a few products, AMS commitment should also apply at product level. Developing countries should be allowed to have 20

percent value of agriculture output as de minimum AMS including product specific and non-product specific support. Negative support should appear as such in computing AMS. Green box should include purely non-trade distorting measures like training, inspection, extension services, infrastructural services, and public stockholding for food security purpose. It should not include payment to producers in any form; all such payments should be included in Amber box. There should be a cap on green box assistance in developed countries. Developing countries should have the freedom to provide assistance under green box measures as the agriculture sector in these countries is in transition and it needs public support for harnessing its potential. Blue box should be scrapped.

There should be a cap on green boxassistance in developed countries. Developing countries should have the freedom to provide assistance under green box measures as the agriculture sector in these countries is in transition

2. All export subsidies should be eliminated at the earliest. Measures like export credit guarantee and insurance should be allowed only in developing countries.

3. Tariff reduction should be based on bound tariff and not applied tariff. SACs need not ask for unreasonably high tariffs, particularly those above 100 percent. For developing countries they should propose either tariff reduction in three slabs as:

UR Bound tariff	Proposed bound tariff
Above 100 %	2/3rd of bound tariff with maximum 100%
50 to 100 %	3/4th of bound tariff with maximum of 67%
Less than 50 %	4/5th of bound tariff with maximum 37.5 %

Or, reduction based on Swiss Formula with coefficient = 1. In addition to this, SACs should seek SSG and exemption from market access commitments for a select list of special products, as S&D treatment, in, which there should be flexibility to control import through appropriate measures.

Blended formula proposed in the Derbez text or reduction based on Swiss formula with low coefficient (lower than 0.15) seems appropriate for developed countries. Market access to developed countries' markets through TRQ causes several problems. In place of this, SACs should ask for duty free import of tropical products from developing countries to developed countries; such products should be included in the duty free lines suggested by the Derbez text. LDCs should have completely duty free access for their products in developed countries.

There should be no QRs except in the case of BOP problem in LDCs.

Blended formula proposed in the Derbez text or reduction based on Swiss formula with low coefficient (lower than 0.15) seems appropriate for developed countries

4. SACs require some STE to address food security concerns, particularly of the weaker sections of society. SACs should agree to abolish monopoly of STEs in domestic or international trade.

5. S&D treatment to developing countries is a must to provide flexibility and to address the livelihood concerns of the .vast majority of population dependent on agriculture. This should include (i) Enlarged green box for developing countries (ii) exemption to selected Special Products, related to food security and livelihood, from market access commitments (iii) Special Safeguard Mechanism to protect against flood of imports and injury to domestic product.

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CUTS' PUBLICATIONS
TRADE, ECONOMICS AND ENVIRONMENT

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)*

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   A study by noted scholars on the costs on consumers of the countries in South Asia due to economic non-co-operation among them. *(#9605, Rs.50/US$25)*

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   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.
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   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 percent 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. *(Rs.100/US$25, 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.
   (Rs.50/US$10, 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.
    (Rs.100/US$25, ISBN 81-87222-29-8)

11. **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. *(Rs.100/US$25, ISBN 81-87222-36-0)*

12. **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*)

13. **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)

14. **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)

15. **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)

16. 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)

17. 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 find an 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)

18. 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)

19. 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)

20. 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)*

21. Demystifying Agriculture Market Access Formula: *A Developing Country Perspective After Cancun Setback*

At the Cancún meeting, a draft ministerial text on agriculture emerged, known as the Derbez Text. 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 the paper, "Demystifying Agriculture Market Access Formula" tries to demystify.

(#0417, Rs. 100/US$25, ISBN 81-8257-033-6)

22. Trade-Labour Debate: The State of Affairs

The purpose of the study is not to rehearse the never-ending story on the pros and cons of the trade-labour linkage. It not only seeks to assess the current and possible future direction of the debate from the developing countries' perspective. It is hoped that this approach will provide developing countries with concrete policy suggestions in terms of the way Forward

(#0410, Rs. 100/US$25, ISBN81-8257-025-5)

23. Liberalising Trade in Environmental Goods and Services: *In Search of 'Win-Win-Win' Outcomes*

Trade in environmental goods and services has assumed a centre-stage position. The excellent analysis of this issue involved in environmental trade concludes with soundly reasoned policy recommendations which show the direction that future negotiations must take if the originally envisaged 'win-win-win' situation is to be achieved.

(#0402,Rs. 100/US$25, ISBN 81-8257-019-0)

24. Protectionism and Trade Remedial Measures

Many have argued that there is no economic rationale behind the use of trade remedial measures and therefore, they should be scrapped. In the WTO acquis, three types of trade remedial measures are recognised. These are anti-dumping, countervailing and safeguard measures.

This paper examines how protectionism has influenced the use of trade remedial measures. It examines the trends of imposition of trade remedial measures. This trend clearly shows that countries have found anti-dumping measures a safe haven for extending protection to domestic industries. In order to highlight the protectionist nature of anti-dumping measures, the paper looks at the manner in which the countries have interpreted the WTO agreement on anti-dumping. The paper also makes a comparison between anti-dumping measures and safeguard measures. It demonstrates that countries have preferred using anti-dumping measures over safeguard measures because the former can be easily used for extending protection to domestic industry for a longer time.

(#0420,Rs. 100/US$25, ISBN 81-8257-039-5)

25. FDI in South Asia: Do Incentives Work? A Survey of the Literature

Over the last two decades or so along with trade barriers, countries around the world have progressively dismantled restrictions on foreign direct investment (FDI). Apart from the main objective of increasing investment through inflow of foreign capital, the positive externalities of FDI to the host country are the other important reason for countries competing against each other for foreign direct investment.

The present paper has looked at the understudied issues of FDI policies in South Asia, particularly from the point of view of the effectiveness of performance requirements imposed by host countries and the costs of accompanying incentives. The survey of theoretical literature on performance requirements indicates that a case can be made for imposing such requirements in South Asia, particularly from the welfare point of view. As regards the costs of incentives, which a country offers to foreign firms, so far, only a few studies have tried to quantify them. These incentives are normally given as quid pro quo with performance requirements. But, in the bargain, it has been found, these incentives tend to be particularly costly over a period of time.

(#0403,Rs. 100/US$25, ISBN 81-8257-037-9)

26. WTO Agreement on Rules Of Origin: Implications for South Asia

The importance of rules of origin (RoO) has grown significantly over the years. The recent and rapid proliferation of preferential trading agreements and the increasing number of countries using RoO to discriminate in the treatment of goods at importation has focused considerable attention on this issue. RoO can be divided into two categories: non-preferential and preferential.

The paper tries to critically examine the WTO proposal on the harmonised rules of origin. The study has looked at its implications on South Asian countries, especially India. Further, in view of the contentious nature of the RoO pertaining to textiles, and the big stakes involved for South Asia, the study places special emphasis on textiles and clothing.

(#0422,Rs. 100/US$25, ISBN 81-8257-038-7)

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. 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)

3. 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 REPORTS

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 organised 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.
   (Rs.100/US$25, ISBN 81-87222-33-6)

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.50/US$10)*

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.50/US$10)

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. 50/US$10)

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. 50/US$10)

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 why's of regulation in a market economy.
   (34pp, #9814, Rs.50/US$10)

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.50/US$10)*

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.50/US$10).*

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.50/US$10)

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.50/US$10)*

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 rapidly 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 how's and why's 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.50/US$10)*

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.
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