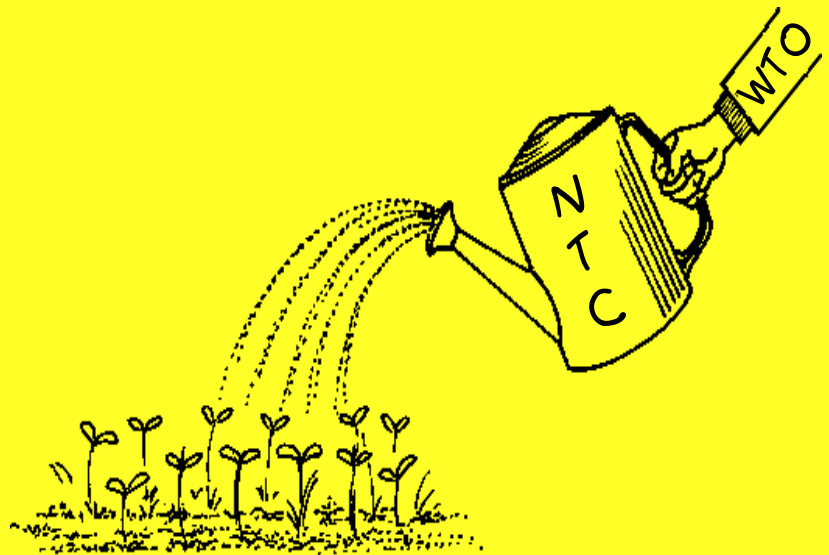


CUTS Centre for
International Trade,
Economics & Environment
Research Report

The Non-Trade Concerns in the WTO Agreement on Agriculture



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This study has been researched and written by Biswajit Dhar & Sachin Chaturvedi of the Research and Information System for the Non-Aligned and Other Developing Countries. The opinions expressed in the paper, and any errors of fact or interpretation or omission are the responsibility of the author, and do not reflect the agreed policy positions of the publishers. The Prologue is however written by the publishers.

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Bipul Chatterjee

Layout by:
Mukesh Tyagi
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Prologue

Agriculture was introduced in the WTO system to reduce its politicisation, particularly in developed countries. Article 20 of the Agreement on Agriculture mandates that countries initiate new negotiations towards further reform not later than January 01, 2000. This involves studying the (a) experience to date of the implementation of the reduction commitments, (b) effects of the reduction commitments on trading in agricultural products globally.

But as we approach the first review of the Agreement on Agriculture one finds that agriculture still remains to be a bastion of protectionism. In fact no subject has created as much bad blood in the run up to the Seattle Ministerial Conference. Political parties, such as those in France or Norway could win or lose elections on the basis of how they defend the 'sacred' livelihoods of their farmers.

Realising the domestic political implications of multilateral negotiations in agriculture, governments of the European Union (EU) countries have been forced to be innovative in coining terminologies to protect the interest of the powerful farm lobby. The latest effort in this regard has been the invention of the term, 'multifunctionality'.

As one started inching towards the inbuilt review of the Agreement on Agriculture, negotiators from the EU, South Korea, Japan and Norway have suddenly realised that agriculture played a multifunctional role! Agriculture is also about saving the environment, they say. The natural corollary of this argument being that farmers who live on land are therefore saviours of environment and hence need to be sustained. And what is the best way of sustaining the interests of farmers in agriculture? Of course by continuing to subsidise them.

Welcome to another piece of sophistry. The EU has put forward a position that environment is itself an 'externality' for the population in general, but is also dependent on other externalities. And guess who are these? Of course the 'poor' farmers of the region, enjoying bloated subsidies.

Defending its stand, Norway has argued that non-trade concerns are closely related to the concepts of externalities and market failures; hence subsidies hinged to production may be needed to protect rural farmers and bio-diversity since food and environment are 'public', not private goods.

What is the ultimate aim of these countries? They want 'non-trade' multifunctionality concerns to be included under the Annexure 2 of the Agreement on Agriculture, which lists the so-called "green box" subsidies. Important support schemes in the "green box" include, pest and disease control measures, training facilities and courses, extension and advisory services, inspection services, including health and safety, marketing and promotion advice supports that do no impact price and public stockholding for food security purposes.

According to EU and its allies, Annexure 2 should be expanded to include government support to environmentally-sound agricultural production, preservation of agrarian landscapes and other environment related concerns that would supposedly not distort trade.

The US and the Cairns Group (alliance of 15 developed and developing agro-exporting countries) argue that all industries, not agriculture alone, play a multifunctional role in society and that invocation of 'non-trade' concerns by the EU is a ploy to justify protectionism.

Interestingly, developing countries also seem to have picked up certain amount of skills in the area of linguistic sophistry. Witness the "market-plus" approach that has been put forward by India. According to India, a 'market-plus' approach would focus around non-trade concerns such as maintenance of livelihood of agrarian peasantry and production of sufficient foods to meet domestic needs. To accomplish this, one needs to exempt domestic support measures that go towards food self-reliance, according to India.

US finds the present structure of "green box" to be sufficient for addressing the non-trade concerns. The developing countries do not agree to this viewpoint. Some are of the opinion that the "green box" as it stands provides "food security" to the North while ignoring the non-trade concerns of the South, who in fact lack the financial resources to implement support schemes mentioned under the "green box" measures.

For many poor agrarian countries in which more than half the labour force is employed in agriculture, non-trade concerns in agriculture are linked to issues relating to how their agriculture can sustain high employment levels given the fluctuation in international food prices that feed into returns. For countries that are net food importers the non-trade concerns boil down to their capacity to buy food grains in an increasing price regime.

Importantly, the second draft Ministerial Declaration (dated October 19, 1999) under the broad heading, "Implementation of Existing Agreements and Decisions mentions that "developing countries with predominantly rural agrarian economies shall have sufficient flexibility in the green box to adequately address their non-trade concerns such as food security and rural employment." But once again the benefits accruing to this clause (if accepted) would depend on how a "predominantly rural agrarian economy" is defined.

Will multilaterally negotiated solutions to such issues at least partially satiate the needs of concerned constituencies, is the question on which we need to ponder.

Jaipur
November 1999

Pradeep S. Mehta
Secretary General

Executive Summary

Policies governing the agricultural sector are currently going through a series of changes the world over as countries make attempts to fulfil their commitments under the Uruguay Round Agreement on Agriculture (AoA). The central focus of the AoA is clearly on the introduction of mechanisms, would ensure a better climate for agricultural trade.

However, the AoA also made references to several non-trade concerns (NTCs) that would have to be taken on-board while the Agreement is being implemented by the Member countries of the World Trade Organisation (WTO). These NTCs include food security and protection to the environment, among others. Over the past couple of years, since the WTO Committee on Agriculture (CoA) began the process of informal consultations in preparation for the review of the AoA due to start not later than January 01, 2000, considerable attention has been paid to the NTCs in the interventions that countries have made.

This research report provides a detailed analysis of the NTCs, covering the various dimensions indicated by the AoA. The first section describes the NTCs included in the AoA. Although the AoA emphasises the importance of trade in improving the agricultural sector in the WTO Member countries, it nonetheless highlights the need to give due recognition to the various NTCs in this sector.

The preamble to the AoA provides some indication as to what can be treated as the NTCs. Food security and protection of the environment have been identified as the major NTCs that the AoA was mandated to address. The NTCs also find a mention in Article 20 of the AoA, wherein the need to continue the reform process that it has initiated has been emphasised.

These references to the NTCs notwithstanding, existing provisions in AoA do not provide clear guidelines with which to address these concerns. Only the food security issue has found a mention and that too in a very perfunctory manner. For example, the expenditure which is made on accumulation and holding of stocks of food grains would be exempt from the Aggregate Measure of Support (AMS) only if these activities form an integral part of a food security programme identified by national legislation.

But the stockholding activities for food security have been subjected to several additional conditions. According to the Agreement, countries will be allowed to make use of public stockholding of grains for food security purposes "provided that the difference between the acquisition price and the external reference price (i.e. the ruling international price) is accounted for in the AMS". This raises several crucial questions for countries like India where the acquisition price for building food stocks had been lower than the international price for a long time before the latter registered steep decrease in the recent past.

The second section provides various country positions on NTCs. The discussions in the CoA on the NTCs have brought out two clear

dimensions of the NTCs. The first is the issue of the “multifunctional character” of agriculture. This included protection of the environment in general and conservation of biodiversity in particular. The second aspect of NTCs is that of food security.

Norway, Japan and the European Union (EU) have provided an elaborate view of what they perceive as the multifunctional character of agriculture. They have raised two substantive issues in presenting what can be termed as the developed country perspective on the multifunctional character of agriculture. The first pertains to ensuring the viability of the rural areas, which, in their view, provides sustenance to a sizeable section of the population. The second is the support provided by agriculture to the preservation of the environment and that of the rural landscape. Australia, however, contended the view that there exist strong links between agricultural activity and rural landscape as the habitat for biodiversity is an attempt to justify subsidisation of agriculture in a selective, and at times, misleading way.

On a different plane, Mauritius has tried to indicate the significance of multifunctionality for a small island developing country, which is dependent on single crop.

On the issue of food security, there are four strands of arguments put forward by WTO Member countries. Norway focuses on the role of domestic production in ensuring food security. Japan and Republic of Korea have presented the perspective of the large net importers of food grains as regards food security. In view of Switzerland, the question of supply of food grains needs to be formulated not just in quantitative terms but also in qualitative terms. The latter, quite clearly, encompasses the genetically modified foods, one of the raging controversies of late.

The developing countries perspective on food security has been emphasised by India. The points made by India address two characteristic features of developing countries, which are pertinent in the context of the issue of food security. These are (i) dependence of a large proportion of the population on the rural economy, in particular, agriculture and (ii) high incidence of poverty.

The third section analyses perspectives on improving food security through trade, including country experiences with respect to trade liberalisation and food security. It has been found that in the past decade the increasing degree of trade liberalisation has put the trade sector in the primordial position in all countries. But while trade may not help in meeting the food gaps in the deficient countries, excessive reliance on trade may be counterproductive for the food sector. For example, the impact of trade liberalisation on food security was negative in Mexico, all Central American countries and the Philippines.

An attempt is also made to analyse the relationship between global food stocks and food security. The trends indicate that quite contrary to what has been argued, the prospects for global food stocks do not appear to be very promising.

Finally, the concluding remarks argued that it is necessary to focus on the domestic food grains sector in ensuring food security. This would require a reorientation of the AoA, which would be a major challenge for the review process.

I. Introduction

The Uruguay Round Agreement on Agriculture (AoA). Seeks primarily to remove the distortions existing in agricultural trade by introducing two sets of disciplines.

Policies governing the agricultural sector are currently going through a series of changes the world over as countries make attempts to fulfil their commitments under the Uruguay Round Agreement on Agriculture (AoA). The AoA seeks primarily to remove the distortions existing in agricultural trade by introducing two sets of disciplines. In the first instance, the barriers affecting market access are to be lowered. This involves elimination of all non-tariff barriers and replacing them with tariffs. The latter would, in turn, have to be progressively reduced. As a measure to give further fillip to agricultural trade in general, provisions for establishing minimum access opportunities for imports have also been provided for in the AoA. The second set of disciplines that the AoA seeks to introduce is in the area of the market distorting subsidies. Both domestic support as well as export subsidies are to be also to be reined in within specified time frames.

The central focus of the AoA is on the introduction of mechanisms, which would ensure a better climate for agricultural trade.

The central focus of the AoA is thus clearly on the introduction of mechanisms, which would ensure a better climate for agricultural trade. But while it has emphasised the realisation of the above-mentioned as its objectives, the AoA also made references to several non-trade concerns (NTCs) that would have to be taken on-board while the Agreement is being implemented by the Member countries of the World Trade Organisation (WTO). These NTCs include food security and protection to the environment, among others.

The AoA also made references to several non-trade concerns (NTCs) that would have to be taken on-board while the Agreement is being implemented by the Member countries of the World Trade Organisation (WTO).

What needs to be mentioned here is that the references to the NTCs made in the AoA appear to be no more than the best endeavour clauses which do not have the same weight as do the provisions relating to the two major objectives referred to above. However, over the past couple of years, since the WTO Committee on Agriculture (CoA) began the process of informal consultations in preparation for the review of the AoA due to start no later than January 01, 2000, considerable attention has been paid to the NTCs in the interventions that countries have made.

This report provides a detailed analysis of the NTCs, covering the various dimensions indicated by the AoA.

This report provides a detailed analysis of the NTCs, covering the various dimensions indicated by the AoA. It has three main parts. The first section describes the NTCs included in the AoA. The second part would focus on the discussions that have taken place in the WTO where the Member countries have presented their views on the NTCs. Two sets of issues have been emphasised by the countries participating in these discussions while describing what constitute the NTCs. The first is what may broadly be termed as the multifunctional character of agriculture, where the range of functions that agriculture performs, apart from providing food and fibres, has been enunciated. The second is the more critical aspect of food security. This discussion would draw upon the developments that have taken place in other multilateral fora, which have helped clarify the issues involved.

The third section makes an attempt to take the discussion on food security further. The basic argument that has been presented here is that food security must clearly be set as a goal in itself in which countries primarily concentrate on their domestic production capabilities for ensuring assured supplies of food grains. In other words, food security needs to have a non-trade perspective. Several country experiences have been cited to support this view. It has been shown that if trade is made the singular basis of policy making in the agricultural sector in particular, domestic production of food grains could be seriously undermined, which, in turn, threatens the realisation of food security.

II. Dimensions of Non-Trade Concerns in the AoA

As was indicated in the introduction although the AoA emphasises the importance of trade in improving the agricultural sector in the WTO Member countries, it nonetheless highlights the need to give due recognition to the various NTCs in this sector. References to the NTCs have been made while setting the broad objectives of the Agreement in the preamble as also in the provisions that seek to chart out the future of the reform process in the sector that the AoA has initiated.

The preamble to the AoA provides some indications as to what can be treated as the NTCs.

The preamble to the AoA provides some indications as to what can be treated as the NTCs. It states that “commitments under the reform programme should be made in an equitable way among all Members, having regard to non-trade concerns, including food security and the need to protect the environment, having regard to the agreement that special and differential treatment for developing countries is an integral element of the negotiations, and taking into account the possible negative effects of the implementation of the reform programme on least-developed and net food importing developing countries”. Food security and protection of the environment have thus been identified as the major NTCs that the AoA was mandated to address. The NTCs also find a mention in Article 20 of the AoA, wherein the need to continue the reform process that it has initiated has been emphasised.

Food security and protection of the environment have been identified as the major NTCs that the AoA was mandated to address.

These references to the NTCs notwithstanding, existing provisions in AoA do not provide clear guidelines with which to address these concerns. Among the dimensions that the preambular statement considers as being part of the NTCs, only the food security issue has found a mention and that too in a very perfunctory manner. The only support for measures aimed at ensuring food security appears in the form of an exemption from the calculation of Aggregate Measure of Support (AMS), the expenditure which is made on public stockholding of food grains. Expenditure made for accumulation and holding of stocks of products would, however, be exempt from AMS only if these activities form an integral part of a food security programme identified by national legislation. This may include government aid to private storage of products as a part of such a programme.

These references to the NTCs notwithstanding, existing provisions in AoA do not provide clear guidelines with which to address these concerns.

The stockholding activities for food security have been subjected to several additional conditions. According to the Agreement, countries will be allowed to make use of public stockholding of grains for food security purposes “provided that the difference between the acquisition price and the external reference price (i.e. the ruling international price) is accounted for in the AMS”. This raises several crucial questions for countries like India where the acquisition price for building food stocks had been lower than the international prices for a long time before the latter registered steep decrease in the recent past.

Among the dimensions that the preambular statement considers as being part of the NTCs, only the food security issue has found a mention and that too in a very perfunctory manner.

There is another provision, that is included in the context of using public stockholding for food security purposes, that the beneficiaries will have

to be targeted. Countries have been given the liberty to give food aid to the poor, but the poor will have to be identified on the basis of “clearly-defined criteria related to nutritional objectives”. This proviso implies that the criteria adopted for identifying the poor must have the approval of the WTO and that the eventual decision, as to who should receive food aid, will be made *de facto* by the multilateral organisation.

It is thus quite clear that the AoA is considerably limited in its scope on issues pertaining to the NTCs. This inadequate rendering of the NTCs in the Agreement has resulted in an active discussion on these in the WTO Committee on Agriculture (CoA).

It is thus quite clear from the above that the AoA is considerably limited in its scope on issues pertaining to the NTCs. This inadequate rendering of the NTCs in the Agreement has resulted in an active discussion on these in the CoA. Most countries have presented their views on the NTCs in the informal process of analysis and information exchange, which the CoA had initiated more than two years ago for a better understanding of the issues of concern in preparing for the review of the AoA due to start no later than January 01, 2000.

III. Country Positions on NTCs

The discussions in the CoA on the NTCs have brought out two clear dimensions of the NTCs. The first is the issue of what has been generically described as the “multifunctional character” of agriculture.

The discussions in the CoA on the NTCs have brought out two clear dimensions of the NTCs. The first is the issue of what has been generically described as the “multifunctional character” of agriculture. This term has been used to signify that the agricultural sector performs several other functions besides providing food and fibres. This included protection of the environment in general and conservation of biodiversity in particular. Besides, these tangible benefits, it has been argued that the rural landscapes also have an intrinsic value for the society at large.

The second aspect of NTCs is that of food security.

The second aspect of NTCs is that of food security. Countries participating in the discussion provided a clearer rendering of all dimensions of food security in an attempt to re-define the parameters of the AoA on this score.

The first set of arguments presented by the US and supported by Argentina indicates that the substantive provisions of the AoA are quite adequate to address all the NTCs.

Two broad set of views have been presented by the countries in the discussion centring on the NTCs. The first set of arguments presented by the US¹ and supported by Argentina² indicates that the substantive provisions of the AoA are quite adequate to address all the NTCs. In view of the US, the Annex 2 provisions, which include the forms of domestic support that are exempt from the reduction commitments, can be used to address all the NTCs that the AoA refers to. Several other countries, on the other hand, have maintained that specific aspects of the NTCs, in particular, the multifunctional character of agriculture and food security, have to be given more attention by the AoA. Below we would give details of the country positions in respect of these two NTCs.

It is important to note here that the CoA process has provided an impetus towards the adoption of a more holistic approach in some of the key areas included in the NTCs. In the recent past, there have been a few significant initiatives at the multilateral level which have tried to address these concerns. The two key initiatives that we have referred to include the OECD Ministers’ meeting in 1998 and the World Food Summit in 1996. The discussion below situates the country positions in light of these initiatives.

The Multifunctional Character of Agriculture

Several other countries, on the other hand, have maintained that specific aspects of the NTCs, in particular, the multifunctional character of agriculture and food security, have to be given more attention by the AoA.

The multifunctional character of agriculture was cogently put forth by the OECD Ministers in their communiqué at the conclusion of their meeting in March 1998:

“Beyond its primary function of supplying food and fibre, agricultural activity can also shape the landscape, provide environmental benefits, such as land conservation, the sustainable management of renewable natural resources and the preservation of biodiversity, and contribute to the socio-economic viability of many rural areas. In many OECD

countries, because of this multifunctional character, agriculture plays a particularly important role in the economic life of rural areas. There can be a role for policy where there is an absence of effective markets for such public goods, where all costs and benefits are not internalised.”³

Two facets of NTCs are clearly mentioned by the OECD Ministers. The first is the preservation of the environment and biodiversity in particular, which is seen to contribute to the maintenance of the “economic life in the rural areas”.

Two facets of NTCs are thus clearly mentioned by the OECD Ministers. The first is the preservation of the environment and biodiversity in particular, which is seen to contribute to the maintenance of the “economic life in the rural areas”. The second is the emphasis on the role of policy to achieve the broader objectives in the agricultural sector, given that in areas such as environmental protection market failures are quite typical.

Norway, Japan and the European Union (EU) have provided an elaborate view of what they perceive as the multifunctional character of agriculture. On a different plane, Mauritius has tried to indicate the significance of multifunctionality for a small island developing country, which is dependent on a single crop.

The second is the emphasis on the role of policy to achieve the broader objectives in the agricultural sector, given that in areas such as environmental protection market failures are quite typical.

Norway has focused on the point regarding market failures. It has been indicated that all NTCs may be characterised as positive external effects of agricultural production for which economic theory generally recommended subsidies in order to correct the market failure and restore efficiency. Negative externalities are also frequent in agriculture, for instance, water and air pollution, soil erosion and loss of biodiversity. These externalities, as has been pointed out, can be corrected by using taxes or other appropriate measures. Norway presents the view that internalisation of both positive and negative externalisation should be a central element in agricultural policy. In the presence of the multilateral trading system, however, there is a distinction between the positive and the negative externalities. While the latter can be handled by using national measures on which there are no limits or restrictions in multilateral commitments, in case of the former, the correction of market failure by using subsidies, for instance, could be in conflict with the WTO discipline.

Norway, Japan and the EU have raised two substantive issues in presenting what can be termed as the developed country perspective on the multifunctional character of agriculture.

Norway, Japan and the EU have raised two substantive issues in presenting what can be termed as the developed country perspective on the multifunctional character of agriculture. The first pertains to ensuring of the viability of the rural areas, which, in their view, provides sustenance to a sizeable section of the population. The second is the support provided by agriculture to the preservation of the environment and that of the rural landscape. The latter has been especially emphasised by the countries in view of the cultural content that it encompasses.

Viability of Rural Areas

The first pertains to ensuring of the viability of the rural areas, which, in their view, provides sustenance to a sizeable section of the population. The second is the support provided by agriculture to the preservation of the environment and that of the rural landscape.

Norway⁴ and the EU⁵ have, in particular, emphasised the point that it is important to ensure viability of the rural areas since they not only constitute a large proportion of their landmasses but also support a variety of activities that contribute to a balanced territorial development⁶. The population based on land is engaged in localised and site-specific activity of particular importance to rural development and policies. But at the same time there exist rural areas, which have developed no significant linkages with the urban centres, and thus have few possibilities of diversification.

Norway has argued that as remote rural areas often have production costs above average, rural agriculture frequently requires substantial support, partly coupled to production.

The pressures that the rural population faces have resulted in large-scale out-migration. This has raised questions regarding the viability of the rural areas considering that a minimum population level of a community is required, below which infrastructure and service institutions cannot be maintained, leaving entire communities at risk. Several countries are therefore currently intensifying the efforts to ensure the viability of rural areas, and in this context, promotion of agricultural activities plays a chief role.

Norway has argued that as remote rural areas often have production costs above average, rural agriculture frequently requires substantial support, partly coupled to production. This, in other words, represents a case for the retention of subsidies which, according to the AoA, need to be eliminated because of their distortionary impact.

Protection of the Environment and Agricultural Landscape

Agriculture may have both positive and negative effects on the environment. Support for this view has come from Norway, the EU and Japan, who argue that while the environmental benefits contributed by agriculture must be recognised and developed, the environmentally harmful impact of the sector should be reduced to a minimum.

Agriculture is intrinsically embedded into the natural environment through its harvesting of natural resources and its close relationship to the soil, water and habitats. Agriculture may have both positive and negative effects on the environment. Support for this view has come from Norway, the EU and Japan⁷, who argue that while the environmental benefits contributed by agriculture must be recognised and developed, the environmentally harmful impact of the sector should be reduced to a minimum.

The agricultural landscape is generally defined as landscape created or modified by agricultural activity. While it is the result of thousands of years of farming, the agricultural landscape may vary between countries, depending on natural conditions and farming practices. The society's valuing of agricultural landscape relates to (i) its contribution to human health and welfare (the recreational value); (ii) its aesthetic, cultural and historic qualities; and (iii) its biological and ecological characteristics.

Australia has however contended that the view of WTO members like Norway and the EU that there exist strong links between agricultural activity on the one hand and rural landscape as the habitat for biodiversity on the other, is an attempt to justify subsidisation of agriculture in a selective, and at times, misleading way.

The agricultural landscape generally includes elements such as farmland, meadows, pastures, stone fences, farm roads, waterways, animals and farm buildings. However, the concept of agricultural landscape is comprehensive and holistic and goes beyond the sum of the single elements. More importantly, the value of the agricultural landscape is related to its genuine farming origin. As much as natural wilderness cannot be manmade, but finds its value in being native and untouched by man, the agricultural landscape is by definition closely related to agriculture's primary function of producing food and fibre, from which it cannot be detached. Therefore, the agricultural landscape is not only a decorative scenery, but its aesthetic and recreational values are closely contingent upon the landscape's authenticity as a food producer with its own life. Besides, there is an intrinsic value attached by the society at large to a well-managed agricultural landscape, which needs to be taken into consideration. Agriculture thus has a larger cultural context that has to be given due recognition in the emerging multilateral discipline.

Australia has however contended that the view of WTO members like Norway and the EU that there exist strong links between agricultural activity on the one hand and rural landscape as the habitat for biodiversity on the other, is an attempt to justify subsidisation of agriculture in a selective, and at times, misleading way⁸. Australia has argued that while agricultural landscapes may support the existence of

Mauritius has brought forth the perspective of a small island developing country as regards the multifunctional character of agriculture.

The arguments for retaining the multifunctional character of agriculture provided by the countries, is aimed at significantly enlarging the scope of the AoA.

What the arguments do indicate is that the future course of the negotiations in the WTO on agriculture would certainly have to contend with more than the limited set of objectives that exist now.

The issue of food security has been identified as a major objective to be pursued by the global community by the Rome Declaration on World Food Security and the World Food Summit Plan of Action in 1996.

Food security, the World Food Summit concluded, exists when all people at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

biodiversity, this does not imply that more agricultural production would mean more landscape and hence biodiversity. In fact, there is evidence to the contrary, Australia maintains. More agricultural production may often mean degraded agricultural landscapes and waterways, less biodiversity with the clearing of habitats.

Multifunctionality: A Developing Country View

Mauritius has brought forth the perspective of a small island developing country as regards the multifunctional character of agriculture⁹. According to this view, cane cultivation, which takes up about 86 percent of the country's arable land, help support the economy in several ways. First, cane cultivation and the downstream sugar production facilities, have provided substantial employment to the local population and have consequently prevented out migration. Second, the sugar industry through its research activities has contributed towards the maintenance of phytosanitary environment. And, finally, cane cultivation has helped in the generation of a significant amount of electricity in an SIDC devoid of fossil fuels.

Mauritius has pointed to the inadequacies of the world market to protect the interests of the commodity producers, which in turn affect, the viability of their production systems. The single most vexed problem that these countries face is regards the volatility of commodity prices. This is a problem, which in view of Mauritius, needs to give due attention in the AoA.

The arguments for retaining the multifunctional character of agriculture provided by the countries referred to in the foregoing, is aimed at significantly enlarging the scope of the AoA. These arguments may not appear as persuasive so as to justify the unravelling of the text of the AoA at the present juncture. But what the arguments do indicate is that the future course of the negotiations in the WTO on agriculture would certainly have to contend with more than the limited set of objectives that exist now. This becomes at once clear if the support provided by countries for the other NTC; viz. food security is taken into consideration. More importantly, since the conclusion of the Uruguay Round negotiations, there has been at least one important international initiative under the FAO which has dwelled on this issue.

Food Security

The issue of food security has been identified as a major objective to be pursued by the global community by the Rome Declaration on World Food Security and the World Food Summit Plan of Action in 1996. Food security, the World Food Summit concluded, exists when all people at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. The Rome Declaration took into consideration the multifaceted character of food security and emphasised that "concerted national action, and effective international efforts" were needed to "supplement and reinforce national action."

The Plan of Action adopted by the World Food Summit proposed that "each nation must adopt a strategy consistent with its resources and capacities to achieve its individual goals and, at the same time, co-operate regionally and internationally in order to organise collective

The discussions in the CoA have revealed the diverse ways that countries have sought to realise the objectives of food security.

solutions to global issues of food security.” Besides emphasising the importance of national policies, the Rome Declaration and the Plan of Action presented an interesting perspective on the role of trade in the pursuit of food security. The participating countries expressed their commitment to “strive to ensure that food, agricultural trade and overall trade policies are conducive to fostering food security for all through a fair and market oriented world trade system.” Thus, quite in contrary to the spirit of the global trading regime where the imperatives of trade have often been given primacy over all other objectives, the World Food Summit emphasised that food security should be the primary concern of the global community.

The importance of food security as a policy objective is borne out from the findings of some of the more recent studies. The findings of an USDA study¹⁰ covering 66 developing countries, across all continents, make quite interesting reading in this context.

Four strands of arguments can be deciphered from the presentations made by the countries on the issue of food security.

This study reports an evaluation of the future food availability of low-income developing countries, which indicates that the per capita food consumption in many of the countries would decline by the year 2007 (the terminal year chosen for the evaluation). The study reports that although food supplies are projected to increase faster than population growth in higher income developing countries, many lower income countries remain vulnerable to food insecurity. Making projections of the likely food gaps by the year 2007, the study indicates that even if the per capita consumption during the period 1994-96 were to be maintained, the additional food grains requirements for the sample countries as a whole would increase to 8.5mn tonnes by 1997 and to 18mn tonnes by 2007. If, on the other hand, the minimum nutritional requirements in terms of calories of food intake were to be the basis for estimating food requirements, the additional grain requirements would be 15mn tonnes in 1997 and 24mn tonnes in 2007. These estimates help in putting the problem of food insecurity in developing countries in perspective.

The discussions in the CoA have revealed the diverse ways that countries have sought to realise the objectives of food security. One of the common elements in the approaches suggested by countries who have emphasised the importance of food security has been a tacit questioning of the role trade plays in meeting this objective.

Country Positions on Food Security

Norway has indicated that although under ordinary circumstances reliance on the world market to provide food to its population would have been the more cost-efficient alternative for the countries suffering from high domestic production costs, practical consideration militate against adopting this approach.

Four strands of arguments can be deciphered from the presentations made by the countries on the issue of food security. The first is a developed country perspective presented by Norway¹¹. The second is the perspective of two large importers of food grains, Japan¹² and Korea¹³. The third is an interesting point made by Switzerland¹⁴ wherein it alludes to a possible inclusion of issues of food safety in this discussion. And, finally, the developing perspective presented by India¹⁵.

Norway focuses on the role of domestic production in ensuring food security. This perspective is in fact similar to the ones presented by both Japan and Korea, as also India, as we shall discuss below. Norway has indicated that although under ordinary circumstances reliance on the world market to provide food to its population would have been the more cost-efficient alternative for the countries suffering from high domestic production costs, practical consideration militate against adopting this approach. Both historical experience as well as the

Japan and Korea have presented the perspective of the large net importers of food grains as regards food security. Both these countries indicate that there is need to bolster domestic production of food grains in view of the declining domestic supplies of grains.

The question of supply of food grains, in view of Switzerland, needs to be formulated not just in quantitative terms but also in qualitative terms. This is because the consumers want not only to have high quality products but also to be fully informed about the nature of products that are being offered.

The points made by India address two characteristic features of developing countries, which are pertinent in the context of the issue of food security. These are (i) dependence of a large proportion of the population on the rural economy, in particular, agriculture and (ii) high incidence of poverty.

uncertainties associated with future international supplies demand that national production policies must remain as the central element of a national food security policy. The uncertainties, Norway argues, stem from a rupture in international supplies, which could be caused by war or different kinds of crisis in peacetime, such as ecological crisis, discusses on plants and animals, extensive radioactive fall-out, or substantial changes in global demand and supply.

However small the above mentioned risks may be, policies in response to such concerns are legitimate in Norway's opinion given the strategic role food plays in every society. Food security policies would thus have to be regarded as a risk insurance and public costs related to such policies would be a function of the population's risk aversion and its willingness to pay for the insurance. Norway opines that in view of the above factors, trade policies conducive to food security must allow room for manoeuvre to foster domestic production, particularly in the net-food importing countries.

Japan and Korea have presented the perspective of the large net importers of food grains as regards food security. Both these countries indicate that there is need to bolster domestic production of food grains in view of the declining domestic supplies of grains. Japan has emerged as the largest net importer of food grains consequent upon significant deterioration of the self-sufficiency ratios in food grains that the country has experienced over years. Japan points out that its grain self sufficiency was about 28 percent compared to over 80 percent in most countries having a population of 100mn or more. This has brought the country to a situation that the country cannot tolerate any further decline in food supply capability if it is to remain prepared for unexpected shortages.

Korea bases its arguments in favour of domestic production system to provide the food security on the limited capacity of the global market to provide adequate supplies of its principal staple, viz. rice. It points to the fact that 47 percent of the country's nutritional intakes is provided by rice but only five percent of the global total rice production is traded in the international markets. A further problem for the country is the Japonica rice; the country's preferred rice variety, accounts for only nine percent of the world rice production.

Switzerland has made a pointed intervention on the debate on food security in its submission to the General Council¹⁶. The question of supply of food grains, in view of Switzerland, needs to be formulated not just in quantitative terms but also in qualitative terms. This is because the consumers want not only to have high quality products but also to be fully informed about the nature of products that are being offered. The latter, quite clearly encompasses the genetically modified foods, one of the raging controversies of late.

The developing countries perspective on food security has been emphasised by India. The points made by India address two characteristic features of developing countries, which are pertinent in the context of the issue of food security. These are (i) dependence of a large proportion of the population on the rural economy, in particular, agriculture and (ii) high incidence of poverty. It has been pointed out that ensuring food security, which is defined as the access of the population to sufficient food to meet its nutritional requirements, is a basic objective of governmental policies in developing countries. India

has argued that food security issues cover not only issues related to the availability and stability of food supplies but also the issues of access to the available supplies of food-grains. This is an extremely important dimension concerning developing countries where the poor find it difficult to access food due to the lack of purchasing power.

Relying on global stocks of food-grains cannot attain food security, in India's view.

Besides the point regarding access to food, the livelihood of the people dependent on the rural economy is also extremely relevant. India argues that given this structure of the work force, developing countries would need a degree of autonomy in policy making to take into account the specific needs of the working population engaged in the agricultural sector. Policies would be necessary towards improving productivity, enhancing income levels reducing vulnerability to market fluctuations and ensuring stability of prices of agricultural commodities, among others.

This, in other words, implies that attention must be focused on the domestic production systems in the developing countries. India's contention is that the potential of the domestic production system in the agriculture sector to address some of the critical problems facing these countries resulted in the fact that production policies based on the domestic system became the primary focus of agricultural policies in developing countries.

Relying on global stocks of food-grains cannot attain food security, in India's view. This view challenges the arguments presented by the proponents of rapid liberalisation of the agricultural sector who maintain that countries should produce the commodities in which they find themselves relatively more efficient. If food-grains are not part of the basket of commodities that the countries must produce on grounds of efficiency, they should not produce food-grains and should instead import either the whole or a part of their food requirements. This argument, India has pointed out, assumes that the countries in question have the necessary foreign exchange to procure the necessary food-grains from the international markets. However, the limited foreign exchange resources that the developing countries have does not leave these countries in a position to take recourse to imports without endangering their external payments position, even if the grains are available at competitive prices.

The limited foreign exchange resources that the developing countries have does not leave these countries in a position to take recourse to imports without endangering their external payments position, even if the grains are available at competitive prices.

Given these imperatives to increase their levels of self-sufficiency in food-grains to ensure attainment of the objective of food security, India has proposed measures that would help improve the economic viability of the small and marginal farmers who constitute the bulk of producers in developing countries. The limited capacity of these farmers is a major constraint to their adoption of modern inputs which could improve their on farm viability. The only way thus can be achieved is through a increased government support in the use of inputs, particularly in terms of irrigation, electricity, pesticides, technical know-how, improved varieties of seeds, adequate infrastructure and market support.

Adoption of such measures would imply that the so-called discipline in the area of domestic support that the AoA seeks to introduce would have to be relaxed in case of developing countries in order that the crucial non-trade concern pertaining to food security is adequately addressed. The justification of this derogation, as India puts, it should be the nature of agriculture in developing countries, which caters

primarily to subsistence requirements of farming communities and not of the market as is the case in the developed countries. It is therefore important to make a distinction between support measures, which are aimed at increasing international trade and those which allow developing countries to improve their degree of food security.

Several country-specific studies have brought forth compelling evidence to show that trade could seriously impair the domestic food-grains production capacity of developing countries.

While the importance of domestic production systems for attaining the objective of food security, particularly in developing countries, highlighted in the on-going discussions in the AoA, a wide spectrum of studies have tried to argue that food security can in fact be addressed through trade. However, several country-specific studies have brought forth compelling evidence to show that trade could seriously impair the domestic food-grains production capacity of developing countries.

IV. Perspectives on Improving Food Security through Trade

The major contribution of trade to food security has been that it has permitted food consumption to grow faster than domestic production in countries where there are constraints on increasing the latter.

Improved availability of food aside, the arguments in favour of trade supporting food security have also been made using the economies of domestic production in developing countries as the basis, that the cost of self sufficiency policies can be high.

However, FAO has also indicated that the costs of importing food-grains has been found to be onerous for countries than has other wise been assumed.

There may, however, be some risks associated with the policy of relying on trade as a part of the food security strategy. The first and the foremost are that a large number of developing countries have limited capacities to maintain food imports at the desired levels. The second issue is one of reliability of supplies of food-grains.

Support for the view that trade improves food security in countries has come among others from the United Nations Food and Agricultural Organisation (FAO)¹⁷. The major contribution of trade to food security, according to this view, has been that it has permitted food consumption to grow faster than domestic production in countries where there are constraints on increasing the latter. It has been shown that during the period 1970 to 1990, gross agricultural production in 93 developing countries included in a study conducted by the FAO, grew by 3.3 percent per annum, while domestic production increased by 3.6 percent per annum. Since domestic production constraints to food consumption could be in part be relieved through food imports, per capita availability of food increased from 2120 calories in 1969-71 to 2470 calories in 1988-90. Alongside, the proportion of the chronically under nourished in the total population fell from 36 percent to 20 percent.

Improved availability of food aside, the arguments in favour of trade supporting food security have also been made using the economies of domestic production in developing countries as the basis, that the cost of self sufficiency policies can be high has been shown by the differences in prices of domestic and international rice in Japan, or in the domestic and international prices of wheat experienced by Saudi Arabia. From this evidence it has been concluded that domestic food consumption can be met more cheaply by relying on less costly imported supplies.

However, FAO has also indicated that the costs of importing food-grains has been found to be onerous for countries than has other wise been assumed. Thus, despite increases in the total imports of food-grains by developing countries resulting in increases in the value of imports in absolute terms, the share of food import expenditure in total imports has decreased in most developing countries regions. In South and South East Asia, the decrease was substantial, from 16 percent in 1970 to six percent in 1991. Latin America and West Asia registered marginal decreases in import share during the same period while in case of the former; it was from 11 to 10 percent in case of the latter the decrease was from 14 percent to 12 percent. Africa was the only region to experience an increase, from 14 percent to 15 percent.

There may, however, be some risks associated with the policy of relying on trade as a part of the food security strategy. The first and the foremost are that a large number of developing countries have limited capacities to maintain food imports at the desired levels. The second issue is one of reliability of supplies of food-grains.

Food import capacity of a country depends not only on the price of food-grains, but also on the availability of foreign exchange. This is a point that India has highlighted in the AoA discussions, as mentioned above. The availability of foreign exchange in developing countries is contingent upon the behaviour of the export sector of these countries.

Considering that a sizeable proportion of developing countries are exporters of agricultural commodities, the prices of these commodities assume critical importance in determining the extent to which the countries concerned can benefit from their respective export sectors.

That domestic production is a vital element in the strategy to ensure food security, particularly in developing countries, has been indicated in some of the more recent studies.

The prices of agricultural commodities tended to fall throughout the 1980s while those of manufactured commodities rose. The net barter terms of trade between agricultural commodity exports and imports of manufacturers and crude petroleum declined by close to 40 percent for developing countries exporters between 1979-/81 and 1990-92. It has also been estimated that the decline in prices was so large that it has generally offset the expansion of production, thus actually reducing overall earnings.

That domestic production is a vital element in the strategy to ensure food security, particularly in developing countries, has been indicated in some of the more recent studies. The USDA study referred to in the foregoing provides telling pointers in this direction. It reports that in Pakistan, where per capita consumption is expected to decrease by 0.6 percent by 2007, the inability of the domestic production system to respond to the increases in the absolute levels of food grains requirements would increase the country's import dependency from eight percent in 1996 to 12 percent in 2007¹⁸. A more direct reference to the importance of the domestic production system is made in the study in case of the countries in the Sub-Saharan Africa, which, according to its findings are expected to see the significant deterioration in their net food availability. The study states that "given that food aid from the donors has fallen during the 1990s, these countries must find ways of raising their domestic supplies – principally through domestic production as a first step towards improving the nutritional status of their people"¹⁹.

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The points made by the study referred above are significant in indicating that specific measures need to be taken to encourage domestic food production and thereby the realisation of the objective of food security. This, in other words, implies that reliance on trade cannot be seen as a vehicle to meet the food gaps in the deficient countries for the reasons. One, the supplies be available in the global market may not be adequate and two the countries may not be able to garner the resources to being the grains from the market. While the latter was alluded to in the studies referred to in the foregoing, we will deal the former in a subsequent section.

But while trade may not help in meeting the food gaps in the deficient countries, excessive reliance on trade may be counterproductive for the food sector. In the past decade, the increasing degree of trade liberalisation has put the trade sector in the primordial position in all countries. Policies of liberalisation have been adopted to facilitate expansion of trade and this, as several studies have shown, have affected the domestic production systems in many countries.

But while trade may not help in meeting the food gaps in the deficient countries, excessive reliance on trade may be counterproductive for the food sector.

Trade liberalisation and Food Security: Country Experiences

Let us first discuss the case of Mexico, a country that has witnessed several episodes of external sector liberalisation since the mid-1960s²⁰. The country, which had preserved the high yielding varieties, had carried out the green revolution in the 1960s. However, self-sufficiency in food-

The impact of trade liberalisation on the agricultural sector was quite dramatic.

grain that the country had successfully achieved was lost by the early 1970s. This was as a result of a major programme initiated to promote agri-exports, which displaced food-grains relative to exportables. Thus, while the exportables registered healthy growth, the production of maize grew by only 0.7 percent per annum between 1965-67 and 1976-78, and in case of beans there was a decline in output by 1.7 percent annually in the same period. But despite the rapid increases in the export sector, Mexico had large trade deficits by the mid-1970s, mainly because imports of food-grains had to be stepped up.

The impact of trade liberalisation on the agricultural sector was quite dramatic. The countries, which were already net importers of staples when they adopted this policy, experienced substantial increases in imports in the recent years.

Nearly three decades later, Mexico's food-grains sector faced another squeeze, and this time due to the commitments of the country to the North American Free Trade Agreement (NAFTA), although initial assessments of Mexico joining NAFTA showed that there would be net benefits for the country. This was expected to be at the expense of the producers of maize, the country's staple food. More importantly, maize accounted for around one-half of Mexico's agricultural land area and maize production was an integral part of rural livelihoods. Some studies estimated that between 700,000 and 800,000 livelihoods would be lost as maize prices fell in the domestic economy as a result of cheap imports finding their way in the Mexican economy consequent upon external sector liberalisation. Thus, besides the impact on domestic production, the disruption in the agricultural sector could bring serious problems of adjustment for the economy as a whole as farmers look for alternative sources of livelihood.

An equally important aspect of the experience of all the Central American countries, with the exception of Costa Rica, in the agricultural sector has been the decreasing volume of exports in the period when the food-grains imports have been rising.

The experiences of Mexico's close neighbours in Central America with trade liberalisation and the consequences of domestic production of foodgrain have been quite similar. This has been revealed in a recent study covering five countries, viz. Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua²¹. These countries, with the exception of Costa Rica, adopted policies of trade liberalisation by the mid-1980s (Costa Rica had begun in the early 1980s), and by the beginning of the 1990s, they had progressed sufficiently in their chosen direction.

The impact of trade liberalisation on the agricultural sector was quite dramatic as is shown in Table 1. The countries, which were already net importers of staples when they adopted this policy, experienced substantial increases in imports in the recent years. In case of maize, the import dependence of these countries as a percentage of their total domestic production increased from about nine percent to 25 percent and in case of rice, the corresponding figures were 20 percent and 38 percent, respectively.

The Philippines presents an interesting case of an exporter of agricultural commodities whose domestic food grain production system seems to have been significantly eroded over the past decade.

An equally important aspect of the experience of all the Central American countries, with the exception of Costa Rica, in the agricultural sector has been the decreasing volume of exports in the period when the food-grains imports have been rising. The decrease in export earnings was particularly striking in case of El Salvador where the earnings in the first half of the 1990s were less than a fourth of the level the country had reached in the late 1980s (See Table 2).

The Philippines presents an interesting case of an exporter of agricultural commodities whose domestic food grain production system seems to have been significantly eroded over the past decade²². Analysts have also pointed out that the weakness of the food-grains sector has been exposed quite significantly since the mid-1990s when the country at

the behest of the International Monetary Fund (IMF) adopted a new structural adjustment package²³.

In 1994, the Philippines adopted the Medium Term Agricultural Development Plan (MTADP) 1993-98, as a major component of the overall economic programme, Philippines 2000. The central concept of the agricultural plan was the "key production area", which prioritised high value crops over those that fetched lower prices in the world market. As a result, area under food-grain was reduced to 1.9mn hectares from five million hectares.

The impact of the changes taking place in Philippine agriculture can be seen in the steady marginalisation of the foodgrains sector. Productions of both rice and corn have fluctuated in the 1990s and have shown signs of adjusting downward (See Table 3). And, while production has fluctuated, the imports of the two commodities have been increasing (See Tables 4.1 and 4.2). Rice imports reached more than 20mn in 1998, the highest in recent decades, and its share in the total agricultural imports was as high as 35 percent in the year in question.

The studies referred to above are significant in that they indicate that the food sector can be subjected to vulnerability in countries, which attempt unqualified trade liberalisation, of the agricultural sector in particular. It has, however, been argued that even if trade liberalisation results in a worsening of the prospects for the foodgrains sector in a given country, the foreign exchange earnings of the country from increased exports would allow the country to import from the surpluses in the global markets and make good the shortfall. But this argument has to be validated against the extent of stocks that are available globally.

Global Food Stocks and Food Security

The prospects of having to depend on global buffers for countries with as large a domestic consumption as India should be viewed with a certain degree of trepidation, in our view. We had discussed in the preceding part of the study that the global food scenario does not look encouraging for most countries in the South Asian region.

Several factors can be cited in support of this view. One, the global food stocks have been continuously below than the level which can be considered as the minimum for safeguarding world food security. The FAO, which has been monitoring the global food stocks, has indicated in its most recent quarterly report that globally, forecast for the ratio of end-of-season stocks in 1998 to trend utilisation in 1998/99 is 15.7 percent, and this is somewhat less than the safe levels from the point of view of food security.

The already inadequate availability of food stocks have been periodically put under strain by the fact that adverse environmental conditions have affected agricultural production in several of the populous Asian countries in recent years. In many Asian countries such losses are quite rapid and sometimes of very large magnitude. For instance, a flood in Bangladesh in 1987 reduced rice production by 35mn tonnes, which was 82 percent of the normal national output; in 1991, five percent

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The factor that could have the most far-reaching implications for the attainment of global food security is the entry of China in the world cereals market as an importer. Concerns about how China's ability to meet its food requirements escalated recently when China shifted from being a minor net exporter of cereals in 1992-94 to a substantial net importer in 1995.

If along with China, India too appears in the global food market, the impact this situation would have for the availability and prices of foodgrains is indeed difficult to perceive.

One additional point of concern has been the level of food stocks that have been available during the past few years. The global food stocks have been continuously below than the level, which can be considered as the minimum for safeguarding world food security.

of China's annual harvest was destroyed by floods as 4000 state grain warehouses were washed away and another 3400 were swamped by water. According to an Asian Development Bank study, the physical losses from natural disasters in Asia and the Pacific were estimated to be close to \$10bn in 1990-91²⁴. Faced with such prospects of tapering domestic production, achieving domestic food security by these countries is becoming a near impossibility.

The factor that could have the most far-reaching implications for the attainment of global food security is the entry of China in the world cereals market as an importer. Concerns about how China's ability to meet its food requirements escalated recently when China shifted from being a minor net exporter of cereals in 1992-94 to a substantial net importer in 1995. Recent studies have made several projections regarding the net demand from the Chinese economy into the next century. According to an IMPACT study the total cereal import demand in China would increase by 42 percent to 490mn tonnes, between 1993 and 2020, and cereal production by 31 percent to 449mn tonnes. At 41mn tonnes, China's net cereals imports in 2020 would represent 18 percent of the projected net cereal imports from the developing countries²⁵. This would greatly influence not only the global food availability but also the prices of the grains. However, if along with China, India too appears in the global food market, the impact this situation would have for the availability and prices of foodgrains is indeed difficult to perceive.

One additional point of concern has been the level of food stocks that have been available during the past few years. The global food stocks have been continuously below than the level, which can be considered as the minimum for safeguarding world food security.

The above trends indicate that quite contrary to what has been argued, the prospects for global food stocks do not appear to be very promising. In fact, there could be a squeeze on the available supplies if China, as projected, becomes a net food importer in not too distant future. This is a situation, which will adversely affect the existing net-food importing countries, a sizeable proportion of which are least developed countries.

V. Conclusions

The impending review of the AoA is at an interesting juncture given the state of discussions on the NTCs. Even on these early days of the next set of negotiations on agriculture, a considerable amount of weight has been brought on by the countries to argue for expanding the objectives that the AoA should set for itself. The multifunctional character of agriculture and food security have been the two most important issues that have been raised in this context.

For developing countries, in particular, providing food security to their population is among the most critical of the problems that they are faced with. Although there have been arguments that focus on trade alone would help realise the objective of food security, there are evidences that were provided in this paper which show that this may not be the case.

This research report has argued that it is necessary to focus on the domestic foodgrains sector to ensure food security. This would require a reorientation of the AoA, which would be a major challenge for the review process.

Table 1: NET AGRICULTURAL EXPORTS BY PERIOD, 1965-95

Millions of current US dollars (annual averages)

Countries:	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Central America	Excluding Costa Rica
<i>Periods:</i>							
1965-69	98	103	143	101	103	548	450
1970-74	179	172	232	117	158	858	679
1975-79	464	493	658	285	401	2300	1837
1980-84	519	401	708	441	225	2293	1774
1985-89	641	288	648	535	108	2220	1580
1990-95	853	67	563	408	45	1936	1083

Notes and Sources: Maximum value in bold, FAO 1996 (exports and imports) and World Bank 1995 (GDP).

Table 2: NET EXPORTS OF STAPLES, 1970-74**A. Maize**

Countries:	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Central America	Excluding Costa Rica
<i>Periods:</i>							
1979-79	-18.8	-2.0	-4.4	-1.3	-4.5	-5.7	-3.6
1980-84	-70.5	-10.8	-2.9	-5.2	-36.4	-10.5	-8.0
1985-89	-88.9	-8.9	-2.4	-4.3	-14.2	-8.9	-5.3
1990-85	-568.9	-20.5	-12.4	-13.4	-8.9	-24.6	-14.1

B. Rice

Countries:	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Central America	Excluding Costa Rica
<i>Periods:</i>							
1979-79	7.7	1.5	12.2	-15.3	6.9	-2.3	-4.8
1980-84	15.9	-13.9	-7.4	-3.8	-21.8	-1.0	-13.5
1985-89	-9.1	-20.3	-14.1	-4.4	-53.1	-20.4	-27.6
1990-85	-27.5	-43.7	-84.0	-35.4	-40.5	-37.8	-44.6

C. Beans

Countries:	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Central America	Excluding Costa Rica
<i>Periods:</i>							
1979-79	-37.4	-7.3	-3.1	10.9	8.0	-3.2	6.1
1980-84	-97.3	-0.1	-0.9	3.4	-22.2	-9.4	-4.4
1985-89	.6	-5.3	-1.9	-3.4	-25.4	-6.6	-8.0
1990-85	-38.3	-17.1	-3.3	-5.4	3.6	-23.2	-.35

Sources: Weeks, John, *Trade Liberalisation, Market Deregulation and Agricultural Performance in Central America, The Journal of Development Studies*, vol. 35, no. 5, June 1999.

Table 3: Production of Palay and Corn 1990 to 1998

(in thousand metric tons)

Year	Palay	Corn	Total	Inc./(Dec.)
1990	9319	4854	14173	1%
1991	9673	4655	14328	1%
1992	9129	4619	13748	(4%)
1993	9434	4798	14232	4%
1994	10538	4519	15057	6%
1995	10541	4128	14669	(3%)
1996	11284	4151	15435	5%
1997	11269	4332	15601	1%
1998	8554	3823	12377	(21%)

Source: IBON Foundation, The Philippines**Table 4.1: Volume of Corn Imports 1990-1998**

(in thousand metric tons)

Year	Volume	Inc./(Dec.)
1990	344.21	124%
1991	0.31	(100%)
1992	0.60	94%
1993	0.65	8%
1994	0.89	37%
1995	208.02	23273%
1996	402.34	93%
1997	300.73	(25%)
1998	462.12	54%

Source: IBON Foundation, The Philippines**Table 4.2: Volume of Rice Import 1990-1998**

(in thousand metric tons)

Year	Volume	Inc./(Dec.) (%)
1990	620.79	182
1991	no importation	-
1992	no importation	-
1993	209.99	-
1994	no importation	-
1995	257.26	-
1996	873.94	240
1997	722.40	(17)
1998	2170.83	201

Source: National Food Authority (NFA) of the Philippines and IBON Foundation, The Philippines

Endnotes

- 1 Non-Trade Concerns and Agriculture, paper from the United States, AIE/34, September 1998. See also, The “Multifunctional” Character of Agriculture, Food Security and Other Non-Trade Concerns, paper from the United States, AIE/64, June 1999.
- 2 Non-Trade Concerns in the Next Agricultural Negotiations, informal paper by Argentina, AIE/32, July 1998.
- 3 OECD, Meeting of the Committee for Agriculture at Ministerial Level: Communiqué, 5-6 March 1998.
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- 5 Contribution of the European Community on the Multifunctional Character of Agriculture, AIE/40, September 1998.
- 6 In Norway, the agricultural sector consisted of 79,400 farms, which directly employ around 5 per cent of the total working population. Including upstream and downstream activities, at least ten percent of the total working population depend on the agricultural sector. The EU maintains that almost 80 percent of its territory are made up of the rural areas.
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- 9 Multifunctional Role of Agriculture in Small Island Developing States, paper by Mauritius, AIE/51, March 1999.
- 10 USDA, Economic Research Service, Food Security Assessment, GFA 9, November 1997.
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- 12 Food Security, paper submitted by Japan, AIE/61, June 1999.
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‘CUTS’ PUBLICATIONS

TRADE, ECONOMICS AND ENVIRONMENT

EVENT REPORTS

1. **Too Big for Rules**

A report of the IOCU-CUTS International Conference on Fairplay in Global Business, February 14-15, 1994, New Delhi which contains several documents relating to trade and TNCs, a comparative Statement of the draft UN Guidelines for Transnational Investment, the International Chamber of Commerce's (ICC) Guidelines for Investment and the OECD Declaration for Multinational Enterprises. It also contains the Delhi Declaration adopted in the conference. (pp 105 #9409 Rs. 50/US\$ 25)

2. **The UN Code of Conduct for TNCs: Why it collapsed...The Way Ahead**

Evidence submitted at the Permanent Peoples' Tribunal, London, November, 1994. Contains a statement with supporting enclosures which include several original documents. An extremely good resource material for anyone interested in the issues of regulation of global business. (#9401 Rs. 30/US\$ 15)

3. **The Pains of Transition**

A report of the Consultation on South Asia Watch on Trade, Economics and Environment (SAWTEE) held at Nagarkote, Nepal, 8-10, December, 1994 which witnessed the launch of the SAWTEE network. (22pp #9411 Rs. 10/US\$5)

4. **Liberalised Trade & Fair Competition**

A report of the IOCU-CUTS International Conference on Competition Policy in the Context of Liberalisation, New Delhi, 20-21, January, 1995 containing 19 papers from eminent competition practitioners and economists from all over the world. The recommendations include calling upon the WTO and UNCTAD to develop work programme on trade and competition and governments to involve public interests groups in policy making. A good documentation for anyone interested in trade and competition issues. (144pp #9501 Rs.100/US\$25)

5. **The United Nations Guidelines For Consumer Protection - Taking Them Forward**

A Report of the lobbying visit to Geneva during the ECOSOC meeting 14-17 July 1995 and its outcome containing the Resolution of 28th July of the ECOSOC seeking expansion of the UN Guidelines for Consumer Protection into the areas of sustainable consumption patterns, UN Secretary General's Reports of 1995 and 1992 reviewing the implementation of the Guidelines and the Guidelines itself. An updated documentation for persons

interested in all the documentation on the international work on consumer protection compiled in one place. (116pp #9503 Rs 30/US\$ 15)

6. **Liberalisation Yes, But with Safety Nets**

A report of the deliberations of SAWTEE's India-Nepal Training Seminar cum Summit held at Dhulikhel, Nepal October 13-15, 1995 which came out with recommendations supporting liberalisation but urged both the governments to develop adequate safety nets concomitantly with reforms. (15pp #9502 Rs 10/US\$ 5)

7. **Implication of Non-Cooperation**

A report of the proceedings of the South Asia Conference on International and Regional Trade held at Kathmandu, Nepal during December 11-12, 1995. Meeting just after signing of SAPTA, the conference was inaugurated by the Prime Minister of Nepal, while the Secretary General of SAARC delivered the Keynote address. The event focussed the attention of the region on the huge costs of non-cooperation among the countries in the region, including the need to take a common stand at the WTO. (25pp # 9514 Rs 10/ US\$ 5)

8. **Investments: Consumers, Development and the Environment**

A report of the CI-CUTS International Seminar on Multilateral Frameworks for Investment, Geneva 18-19 October, 1996. The report contains 10 papers from eminent experts of different viewpoints. The report covers issues concerning investment liberalisation and its impact on consumer, development and environment. A must reading for those following international investment agreements. (93 pp # 9602 Rs. 50/US\$ 15)

9. **The Ecofrig Revolution**

Concerned with the ozone depleting effects of chloro-fluoro-carbons (CFCs) etc. the international community entered into an agreement: The Montreal Protocol for the Protection of the Ozone Layer in 1987. This agreement seeks to inter alia phase out the use of CFCs in several applications. One major application of CFCs is in the refrigeration and cooling sector. In order to address the issue, Consumer Unity & Trust Society of India and the Swiss Coalition of Development Organisations got together. This collaboration resulted in the organising of an International Consultation: "10 years of Montreal Protocol: The Ecofrig Revolution" at Zurich-Rüschlikon, Switzerland on September 2/3 1997. This is a report of the meeting. (#9706 Rs.100/ US\$25)

10. **Ecofrig: Make the Right Choice Now!**

A report of two-day national consultation on Ecofrig campaign, which was launched in New Delhi, on the International Ozone Day, i.e. 16 September. The consultation take stock of the growth of Ecofrig in India and evolve a strategy to promote this environment friendly refrigerator among consumers in India and elsewhere. (76pp #9813 Rs. 100/\$25)

11. **Report of the Regional Workshops on Sustainable Consumption and Ecofrig**

This is a consolidated report of the workshop on sustainable consumption and ecofrig held in three major cities of India in early 1999. The workshop deliberated upon the strategies to reach out to consumer and environment groups based in different regions of the country. The report provides brief description of various multilateral agreements pertaining to protection of environment. This document is very useful for policy makers, civil society representatives, industry, media and researchers. (80pp #9904 Rs100/\$20.

12. **Training Workshop on Sustainable Consumption and Ecofrig**

A report of the proceedings of the national workshop held in Jaipur in 1999, which evolved a comprehensive strategy to deepen the campaign on sustainable consumption and ecofrig in India. It provides beautiful explanation for sustainable consumption and in the context of India. The report is good asset for anyone who wants to know more about ecofrig and sustainable consumption. (48pp #9911 Rs100/\$20.

13. **Agenda for India at the WTO - Need to be Proactive**

A consolidated report of four seminars on international trade policy organised by CUTS in May and October 1996 and March and October 1997. The report is a step towards informing and consensus building on India's approach to the new world trade order. A reader-friendly documentation for policy makers, business representatives, social activists and media persons. (38pp #9711 Rs.20/US\$5)

14. **International Trade Policy and Negotiations**

A summary report of The South Asian Regional Training Seminar organised by the CUTS Centre for International Trade, Economics & Environment in July 25-27, 1997.

15. **Creating Young GATT Practitioners in South Asia**

A consolidated report of three South Asian Regional Training Workshops on International Trade Policy organised by the CUTS Centre for International Trade, Economics & Environment in 1998.

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 30/US\$ 15)

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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 abovementioned 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 Rs200/\$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-cooperation among them. (#9605 Rs.50/\$25)

5. **Tariff Escalation—A Tax on Sustainability**

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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. (\$10/Rs.20) ISBN 81-87222-01-8

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The study shows, with some evidence, that the provisions in the TRIPs agreement concerning biotechnology are of great concern to the developing world. According to the new GATT agreement, all bio-technology products may be patented. Nearly 80% of all biotechnology patents are currently held by large multinationals. (\$10/Rs.20) ISBN 81-87222-02-6

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In the scenario of a growing interest in banning child labour this research report argues that the 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. (\$25/Rs.100) ISBN 81-87222-23-9

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 10/US\$5)
2. **Consuming Our Common Future - Greening the UN Guidelines for Consumer Protection and Taking Them Forward**
“The Earth provides enough to satisfy every man’s needs, but not for anybody’s greed”: Mohandas Karamchand Gandhi. Anchored on this immortal quotation, the paper written by Pradeep S Mehta and Shivani Prasad discusses the need for amending the UN Guidelines for Consumer Protection to cover sustainable consumption patterns, and other measures necessary for governments to promote better protection of consumers in the era of globalisation and liberalisation. (No.1/October [revised February 1997], 1995 free of cost)
3. **Sarificing Our Future - The New Economic Policy and The Environment**
A collection of three articles documenting the impact of new economic policy on the environment during the periods 1991-93, 1993-94 and 1994-95 written by Ashish Kothari with Miloon Kothari which critically analyses the economic policy of the Govt of India since reforms were adopted in 1991 and their adverse impact on the ecology, and suggests ways out. (25pp #9510 Rs 20/US\$ 10)
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The paper written by Pradeep S Mehta and Raghav Narsalay analyses the past, present and future of investment liberalisation and regulation. It also contains an alternative draft International Agreement on Investment. (#9807, Rs.100/\$25)
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Bipul Chatterjee and Raghav Narsalay analyses 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/\$25)

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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. (25 pp, # 9803 Rs.15/US\$5)
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The central question is whether poor labour standards results in comparative advantage for a country or not. The document analyses the political economy of the debate on trade and labour standards. (14 pp #9804 Rs.15/US\$5)
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Analyses of strategic and WTO-related issues under two broad heads, international agenda and domestic agenda.

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

EcoConsumer

A quarterly newsletter of the International Campaign on Sustainable Consumption for private circulation among interested parties/network. Contributions are welcome: RS.50/\$15 p.a.

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A quarterly newsletter in Hindi gives report on projects and their outcome dealing with various problems concerning women.(Rs. 30 p.a.)

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