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WTO AND INDIAN AGRICULTURE: IMPLICATIONS FOR POLICY AND R&D



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WTO AND INDIAN AGRICULTURE: IMPLICATIONS FOR POLICY AND R&D

PREAMBLE

Agriculture will continue to remain at the centre stage of socio-economic development in India. Notwithstanding its outstanding performance in making the country self-sufficient in foodgrains, deceleration of its performance beginning with mid-nineties is of serious national concern. Two major developments impacting Indian agriculture during nineties have been: (1) the Agreement on Agriculture implemented from 1st January, 1995 under WTO, and (2) emergence of highly volatile price regime thereafter. Several recent studies, on the causes of poor performance of agriculture, often relate to WTO agreement on agriculture and its likely adverse implications against promise.

It is also a fact that WTO agreements are now a reality and these agreements can only be modified. The global scenario in future is going to become more competitive and the pressure for liberalisation of domestic market would also grow. In this context, India needs to follow two pronged strategy. **One**, based on the post WTO experience of last 10 years India should continue taking active part in negotiating agreement to its advantage with sound arguments. This would require objective understanding of the implications of the changed trade regime, promoted and planned under the auspices of WTO. Such an understanding is of critical importance to play an effective role in future negotiations as well as to plan adequately for designing our policies and economic activities including agricultural R&D programmes which are basic to accelerated sustainable agricultural development. **Two**, in order to effectively operate in the WTO driven environment, the member countries need to devise appropriate domestic policies and strategies. The crux of these policies should be to identify weaknesses and strengths of domestic produce *vis-a-vis* major competing players, and to improve competitive attributes of our produce, involving production, processing, marketing, trading practices and other processes from the farm to the final destination. Upgradation of competitive strength requires improvement in policies, infrastructure, institutions and technology. Out of these, the major role lies in technology and its favourable interplay with institutions and policies. India's agricultural research system has stood several tests successfully in the past and has helped the country to tide over formidable food crises and other challenges. To address WTO related challenges, research system should know what is precisely needed from it. Specifically, some of the questions that arise in this regard are: (i) **what is the nature of challenges in different enterprises, products and locations that agricultural research system should address to impart competitive strength to Indian agriculture comprising dominantly small and marginal farmers;** (ii) **what are the desirable attributes to make our products competitive;** and (iii) **what are the institutional and policy imperatives?** Recognizing the need to find answers to these questions, the NAAS organized a one-day workshop under the **Convener**ship of

Dr. Mruthyunjaya and Co- convenership of Dr. Ramesh Chand to discuss the above issues involving experts, policy makers, economists, leaders and other stakeholders in the national agricultural innovation system at New Delhi on December 23, 2005. The deliberations of the workshop were organised into two technical sessions followed by detailed discussion. This Policy Paper brings out some of the critical views and recommendations of this dialogue for larger public debate and policy action.

Uruguay Round Experience and Implementation

Agriculture was kept outside the purview of GATT till 1995. However, UR has succeeded in bringing agriculture on the main track of GATT and agriculture trade is now firmly within the multilateral trading system. All the member countries of WTO are committed to follow set of rules embodied in 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. It was projected that trade liberalisation and implementation of AOA would bring large benefits to the developing countries through improved access to the developed countries' markets, increased trade and better pricing environment for tropical and other products of interest to the developing countries.

The Uruguay Round AOA was first step towards the reforms in agriculture trade. The Article XX of the Uruguay Round agreement on agriculture 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 opportunity to review the effect of implementation of UR AOA, and, in the light of this experience, move further towards establishing free, fair, and market-oriented agricultural trading system. Negotiations for the next Round of AOA were started in March 2000 and have passed through several phases. Presently, there is a complete stalemate as the WTO members could not come to an agreement. The reason for the delay and stalemate in concluding the new round is the sharp differences among the members on various aspects of AOA. Implementation of UR commitments has been a tough task for several member countries and it has exposed vulnerability of various segments of agriculture to global market forces. In most of the cases expectations placed on UR AOA or promises related to this did not materialise. The promise was that trade liberalisation and implementation of AOA would bring large benefits to the developing countries through improved access to the developed countries' markets, increased trade and better pricing environment for tropical and other products of interest to the developing countries. However, there was a distinction between reality and the promise.

The biggest challenge to the developing countries' agriculture in the post WTO period was posed by unprecedented and unforeseen decline in international agricultural prices. The prices of cereals, fish, sugar, cotton and beverage started declining after 1996 and reached

historically almost the low level during last 25 years around year 2000 (Table 1). Though there is some recovery in the price cycle in the recent years, yet the current level of prices of above mentioned commodities is 15 to 44 percent lower than the prices prevailing in the beginning of WTO. Because of this decline in prices in post WTO period, developing countries' exports were badly hit and several countries like India were taken aback by import influx of commodities, in which they thought they had strong competitive edge. This caused adverse impact on farmers' income, employment and livelihood security.

Table 1. Export prices of primary agricultural commodities in post WTO period, base 1995=100

	1995	1996	2000	2005
Cereals	100	119	67	85
Fish	100	86	76	85
Shrimp	100	97	113	63
Sugar	100	92	66	81
Beverages	100	85	65	83
Cotton	100	82	60	56

Source: WTO International Trade Statistics 2006

The decline in international prices happened contrary to the projections that implementation of WTO AOA would result in reduction in subsidies and thus, increase in cost of production and prices. Developed countries responded to decline in global agriculture prices by providing huge support to their farmers to protect their incomes. However, the developing countries neither had mechanism nor resources to protect their agriculture and farmers against such adverse trading and pricing environment. As per the Uruguay agreement, the developed countries were committed to reduce base level of support (taken as average of years 1986-88) to agriculture by 10 percent by the year 2000. In reality, OECD countries on the whole, and EU and USA in particular, provided much higher level of subsidies to their farmers during most of the post WTO period as compared to the already very high base level (Table 2).

Table 2. Farm support in OECD countries before and after WTO

Value of output and PSE: \$ billion	1986-88	1995-97	2002-2004
1. Total value of production (at farm gate) OECD total	597.00	769.00	740.00
2. Producer Support Estimate (PSE) OECD total	243.00	252.00	254.00
3. Market price support: OECD total	188.00	170.00	156.00
Percentage PSE	37.43	29.62	30.35
PSE in EU \$ billion	101.70	117.60	114.27
PSE in USA \$ billion	36.40	26.30	40.41

Source: Agricultural Policies in OECD Countries, OECD, 2005

Further, more than 60 percent of this support was in trade distorting market price support.

There is a feeling that the developing countries did not bargain properly in the UR discussion, while the developed countries secured the balance of AOA in their favour. Besides being discriminatory, the agreement is said to be ably manipulated by the developed countries to benefit their agriculture at the cost of developing countries. Because of all these reasons, the developing countries have turned highly conscious and are very careful about the minute details of various provisions of any future AOA. This has led to hardening of the positions, particularly relating to the excessive support and export subsidies in OECD countries, access to developed countries' market, and special and differential treatment.

Post WTO Trade Regime: Lessons for India

Wide-ranging economic reforms introduced in India during 1991 boosted the agricultural trade (exports as well as imports), and the net trade surplus in agriculture increased from \$ 2 billion during 1992-93 to \$ 4.33 billion during 1995-96. The trade got a fillip with WTO agreement during 1995, thereby resulting in the net trade surplus reaching \$ 6.8 billion in 1996-97. However, the problems of downward trend in exports, increase in imports, sharp year to year fluctuations in net trade, erosion of self-reliance, etc., started soon thereafter, despite further liberalization of trade. These trends raise questions about further liberalization of trade in general and specific commodities in particular, and the implications of present agreement including ongoing negotiations on AOA in WTO, etc.

An analysis of the global trends after WTO indicates unprecedented decline in the global prices of agricultural commodities, severely hitting earnings from agricultural exports of the countries. India too could not gain much from WTO and global liberalization, though India generally performs better than the other countries when the international price situation is favourable. As the exports are becoming increasingly competitive, it is not possible to promote exports without improving produce quality, efficiency and cost reduction. From the analysis of the trade scene and suggested future strategy by commodities (Table 3), it is evident that: **India is facing challenges in traditional export items; the challenge is not from the developed countries, but from the developing countries; major import of vegetable oils are from the developing countries (Malaysia and Indonesia); and India has done well in export of high value products to the developed countries.**

Export of raw products like cotton, wheat, sugar, coffee and tea is likely to become very competitive and India would be required to relook into the benefit of promoting export of these commodities. Export prospects are brighter with soybeans, oilseeds, oil meal and cake, fruits and vegetables, and fruit preparations. Thus, high export prospects are seen with high value products, horticultural products, processed products, marine products and

Table 3. Post WTO trade scenario for major commodities and implications for future negotiations and strategy

Product(s)	Trade scene	Main factor	Future policy and strategy
Rice	Export adversely affected; Import threat	Increased competition from developing countries like Vietnam, Thailand	Improved competitiveness of domestic production
Wheat	Export adversely affected; Import Threat	Low prices and subsidies and support in EU and US	Seek elimination of export subsidies and domestic support in OECD
Oilcake	Export adversely affected	East Asia crisis and GM varieties in USA, Argentina and Brazil; Subsidies in USA	Improved varieties of oilseeds particularly soyabean; Seek reduction in subsidies in USA*
Sugar	Export adversely affected	Subsidies in EU and USA	Seek elimination of export subsidies and domestic support in EU and USA*
Cotton	Export adversely affected; Imports increased	Decline in domestic production and subsidies in USA	Seek elimination of domestic support in USA; Technologies to compete with Bt cotton *
Tea, coffee, spices	Export adversely affected	Competition from Vietnam, Indonesia, Sri Lanka and other developing countries	Improve competitiveness of domestic production; Do not seek too much protection for developing countries
Horticultural products	Exports increased; More scope	Rising demand for high value and processed food	Seek improved market access; Improve processing, packaging and transport of produce
Meat and meat products	Export increased; More scope	Preference for low cost and safe products	Seek reduction in subsidies in US and North America*
Dairy products	Imports possible; Checked through tariffs	Subsidies in EU, USA and Canada	Elimination of export subsidies and domestic support in EU, USA and Canada*
Soyabean oil and other vegetable oils	Serious import threat	Superior technology in other major producing countries	Improvement in domestic production technologies and processing
Palm oil	Very sharp rise in import which meets 40% domestic demand	Very cheap price and close substitution between different vegetable oils	Consumer awareness about quality; Prohibit blending; Upgradation of technology of oilseeds in the country
Wood and wood products	Sharp rise in import; Depressed domestic prices	Low duty	Raise duty

* Developed countries are not going to totally dismantle domestic subsidies of different class in the near future. They will only agree for marginal reduction. Hence, our competition in exportable items has to reckon this reality in addition to the market dynamics across products. By and large, the market price fluctuations in primary produce is far higher than in processed products. Our competitiveness should incorporate this component.

rice, provided global competitiveness in costs and quality is maintained in domestic production, marketing and supply.

India has to learn lessons from these trends and other experiences. The Agreement on Agriculture created an environment of [trade reforms](#) and initiated [trade liberalization](#) in agriculture. The other [lessons](#) include: (i) WTO seeks to remove the barriers of “our own market” and “their own markets”, (ii) [India need not be extremely defensive and inward looking, as our agriculture has demonstrated strength which needs to be appropriately used to compete in the global market, otherwise it will become a case of missed opportunity](#), (iii) as a net exporting country, India stands to gain from increase in international prices, which is possible only if we relentlessly fight for reduction of domestic subsidies and support and export subsidies in the developed countries (once this is done, the possibility of import threat for our key export products like dairy, wheat, cotton, sugar, etc. will disappear), (iv) import threat can be surmounted by general provision of raising tariff to bound level and of asking for special treatments / packages like S&D treatment, sensitive product, etc. and (v) to comply with quality standards to effectively compete in the global market, we must demand as a first step that all countries should notify their quality requirements clearly on WTO website.

[Recent Round of Negotiations \(13-18 December, 2005\) at Hong Kong](#)

It reaffirmed the declarations and decisions adopted at Doha as well as by the General Council in 2004 for full commitment to give effect to them. There is a general realization that agriculture remains the most distorted and difficult sector in the WTO. On trade distorting domestic support, rationalization was attempted by forming three bands with higher linear cuts in higher bands. The other decisions included developing discipline to achieve effective cuts in TDS (overall cut in TDS to be greater than the sum of individual cuts), exempting developing country members with no AMS commitments from reduction in *de minimis* and the overall cut in trade distorting domestic support, review of green box criteria to cover the interest of developing country members, parallel elimination of all forms of export subsidies by 2013, elimination of distorting trade practices of State Trading Enterprises, provision of special products and special safeguard mechanism to the developing member countries, elimination of export subsidies on cotton by 2006, and duty-free and quota-free access to cotton exports from LDC's.

The broad lessons from the Hong Kong negotiations are:

- ◆ [Single country has no power in negotiations but a group of countries have.](#)
- ◆ [There is a need to reorient and reprioritize R&D according to the global trends.](#)
- ◆ [Domestic reforms in Indian Agriculture should have been started much earlier to improve competitiveness.](#)

Enabling policy and institutional mechanism to safeguard agriculture under WTO Regime

Intellectual Property Rights (IPR) Issues

The technology must focus on the poor marginal and small farmers, who own nearly 80% of the farm holdings being less than 2 ha. Several national Acts have been passed and amended, and international treaties concluded over the years regarding IPR related issues. The scope of IPR covers seed, agri-chemicals, tools, input delivery, controlled systems, post-harvest agriculture, food products, non-food products etc. Now, prior approval of National Biodiversity Authority has been made mandatory for seeking IPR on innovations using national bio-resources and associated traditional Knowledge. Patenting is highly pervasive and all embracing, including plants and animals, gene sequence, single nucleotide sequences, etc. in the developed countries. The impact of such patenting is likely to cripple research on the patented biodiversity in the developing countries. Patenting has to go along with the socio-economic development as well as standard of science and technology development of a country. The patents have to benefit the public, and the patented products should be available to the public. While planning and protecting innovation, lot of protection, maintenance of IPR, evaluation of IPR assets, handling IPR infringements, full package vs. unitary package of technology, etc. become critical issues to the institutions.

Technical Barriers to Trade (TBT) and Sanitary and Phyto-sanitary (SPS) issues in food sector

The main objective is to protect risks to human beings, animals and plant life. The guiding principles should be transparency and avoidance of arbitrary SPS standards. In the negotiations, implementation issues are not adequately addressed. These mainly include reasonable interval / longer time frame for the developing countries to comply with other countries, new SPS measures, review of agreement at frequent intervals, participation of developing countries in setting SPS standards, technical and financial assistance to establish mechanisms, follow-up procedures, etc. The time framework for compliance for the developing countries should be raised from the present 6 months to 12 months. Similarly, 60 days period to react to revisions is a quite short for the developing countries. Equivalence is an important step for smooth implementation, but it is arbitrary at the moment. Equivalence issue should be a regular agenda in the SPS Committee, and agreement should be reached on the recognition of equivalence in accordance with the agreed procedure. There is lack of experts/specialists and lawyers knowledgeable about international law and science, and also non-availability of technology. Major steps should be to review SPS agreement at regular intervals, monitor the use of international standards, provide technical assistance to needy member countries and address the concerns of member countries in respect of special and differential treatment, regionalisation, specific trade concerns, use of *ad hoc* consultations, and to liaise with the Codex, OIE and IIPC.

The technical barriers to trade (TBT) like labeling, packaging, and specific nutritional attribute claims, are the other measures to protect consumer interests, and these are not restricted to food alone. In the US, there are about 26 TBTs, but no significant progress has been made in the recent negotiation, though at Doha it was decided to reduce and even eliminate TBTs. The major constraints in meeting food safety standards compliance include: poor raw material quality, costly laboratory tests, lack of hygiene awareness, lack of product and process standards, delay in cargo handling at the ports, etc. India may have to learn from success stories of other developing countries like Thailand and Malaysia, and soon gear up to address such issues.

State Level WTO issues

The states are important stakeholders in trade and therefore, should be regularly consulted in trade policy matters. The experience and views on trade were discussed with special reference to Karnataka state, which has made a mark in the export of silk products, Bangalore rose, onion, and Gherkins. The State, however, faces the usual constraints of quality raw material shortage, infrastructure bottlenecks, high interest rates for agricultural investments, in addition to inadequate availability of export finance, small and fragmented holdings, poor power supply, inefficient Agricultural Produce Market Committees (APMCs), lack of market intelligence, lack of international airports and good seaports, and poor co-ordination with the Centre. The State has developed clear-cut short-term, medium-term and long-term strategies to enhance the export performance. Keeping these strategies in view, the State has also outlined the specific initiatives required for exporting its different agricultural products. Active participation of the states in policy discussions at the Centre is required. There is a need to establish a mandatory Nodal Agency (WTO Cell) with a two-tier structure, one at the apex level with the Ministry of Agriculture, Government of India and another at each of the State Headquarters linking the export houses of the State with the Agriculture Ministry. The other action points are:

- ◆ SWOT analysis and prioritization of targeted export commodities
- ◆ Establishing Commodity Boards for the targeted export commodities
- ◆ State canalization in niche commodities
- ◆ Establishing export processing zones
- ◆ Bringing the agriculture sector under Concurrent list
- ◆ Strengthening the required homework and other detailed preparations both at Central and State level, before joining the negotiations at WTO

Response and Re-orientation of the R&D System

Response of R&D system to the changing trade scenario over the years was slow and less comprehensive. Recent experiences unequivocally suggest targeted approach to derive

benefit from WTO. For the re-orientation of R&D systems, following features of our R&D system should be kept in view:

- ◆ Size and spread of National Agricultural Research System (NARS)
- ◆ Inability to fully and effectively mainstream the demonstrated benefits through externally aided projects like National Agricultural Research Project (NARP), National Agricultural Technology Project (NATP), Agricultural Human Resource Development Project (AHRDP), etc.
- ◆ Poor research - extension - farmer-market - policy linkage
- ◆ State R&D system collapsing on account of sharp decline in State financial support
- ◆ Lack of co-ordination between departments and ministries dealing with agriculture both at the Centre and the State level
- ◆ Lack of effective public-private sector partnership

Suggested broad directions for the re-orientation are: (i) **System related efforts**, and (ii) **Programme related efforts**. System related efforts to retool and re-energize our NARS include wide range of organization and management reforms covering human resource development, providing further functional autonomy to our national institutes, infusing greater co-ordination among all development departments, research prioritization, monitoring and impact assessment, IPR management, etc. These efforts will impart efficiency and accountability. Programme (Science) related efforts include priority attention to targeted export commodities, pursuing research on production to consumption system, strengthening basic and strategic research in frontiers of agricultural sciences, etc.

POLICY RECOMMENDATIONS

WTO is receiving the deepest indulgence of everyone, as it is affecting the major sectors of Indian economy and agriculture in particular now, and more intensively in the coming years. A major concern growing with the increasing impact of WTO is, as to how the small and marginal farmers' who dominate the Indian agriculture, depend heavily on agriculture for their livelihood, have small marketable surplus and operate under heavy constraints to be competitive in a subsidized agriculture production and trade regime, could benefit from WTO. The concern more often swings to the other side that the spreading tentacle of WTO with reduced tariff regime and increased access to Indian market for the products from subsidized agriculture could severely damage the agriculture based livelihood of majority of Indian farmers. The challenge to policy makers is how to protect Indian agriculture from the impending WTO threat, enhance the competitiveness of Indian farming and make farming a viable and self sustaining enterprise to improve and ensure livelihood security of the farmers. A strategy to address this challenge shall necessarily involve re-orientation

and injection of market linked dynamism in Indian agricultural R&D, strengthening of supportive institutions to serve the resource poor farmers, and steering fast the change with appropriate policies and trained humanware. The deliberations of the workshop suggested the following policy initiatives and action points:

- ◆ India needs to devise appropriate domestic policies (extensive domestic market reforms, heavy investment in building and maintaining infrastructure, etc.) to improve efficiency and competitiveness of domestic produce.
- ◆ It should continue to play leadership role in negotiating agreements with sound analytical basis and support of other developing countries with similar interest. A dedicated group of about 100 experts, on full time basis, should work on the WTO issues to provide analytical basis for negotiations and to help in planning appropriate strategies to strengthen Indian agriculture to face increasing trade liberalization and globalization.
- ◆ Export of high value products, horticulture products, processed products, marine products and rice (details given in Table 1) should be promoted.
- ◆ India has to counter the challenges in the export of traditional items from the developing countries. In this regard, prioritization, enhancing production and processing efficiency, marketing and transport infrastructure, maintaining quality, stable supply etc. need immediate attention.
- ◆ There is a need to go whole hog in reforming domestic market as has been done by China. The constraints of multiplicity of laws in agricultural marketing, processing, storage, transport should be immediately addressed to impart simplicity, reduce transaction costs and attract private investments in post harvest management. Further, enforcement of Model APMC Act which encourages direct marketing and contract farming should be implemented in true spirit.
- ◆ There should be continuous insistence for reduction in domestic and export subsidies in the developed countries. Developing countries should put up a unified approach to ensure substantive reduction in subsidies by the developed countries.
- ◆ All countries should notify their quality requirements of agricultural produce clearly on the WTO website.
- ◆ There is a need to assess the priorities of our national projects including the R&D programmes, and to develop and maintain the quality of infrastructure at the highest level. There should be strict monitoring of the national projects to ensure expected output as per the time schedule.
- ◆ Since IPR is becoming an important issue, a clear-cut policy on IPR, its protection, maintenance, evaluation, handling of IPR infringements, etc. should receive priority attention at the Central, State and institutional levels.

- ◆ As regards SPS issues, India should demand reasonable internal / long time frame to comply with other country's new SPS measures, review of agreement at frequent intervals, providing technical and financial assistance to establish SPS testing / certification mechanisms, correctly defining the equivalence, capacity building for developing expertise in the area, etc.
- ◆ A special campaign is required to create awareness for appreciating quality aspects of farm produce among the farming community, traders, consumers and exporters.
- ◆ India has to learn from the experience of other developing countries like Thailand and Malaysia regarding compliance to food safety standards.
- ◆ The Centre should consult states and receive their active support for trade policy formulation, WTO negotiation, etc.
- ◆ There is necessity to establish Export Processing Zones and Commodity Boards for targeted commodities.
- ◆ Agriculture needs to be brought under the Concurrent list of the Constitution.
- ◆ There should be a merger of several related departments like irrigation, fertilizer, food, agriculture, etc. for better coordination and synergy.
- ◆ Public investment in agriculture has to be raised, particularly in R&D including extension.
- ◆ The system related efforts towards re-orientation of R&D system will include general moratorium on establishment of new institutions, development of first rate human resource through quality agricultural education, need-based training in India and abroad, coordination and convergence of all development departmental efforts, harnessing ICT for rural development, adequate funding of research programmes, project based funding / budgeting, rigorous monitoring and impact assessment, strengthening social science skills, promoting public-private sector partnership, building leadership skills, reforms in financial and procurement management with full decentralization, strengthening policy analysis and vision-oriented market-led intelligence analysis skills, strengthening agri-business development and IPR management, and campaigning for better awareness and compliance in respect of produce quality by the farmers, traders, exporters, importers and the general public.
- ◆ The programme related efforts towards re-orientation of the R&D system will include priority attention to targeted export commodities particularly high value processed products, strengthening basic strategic and anticipatory research at ICAR and downstream research at SAUs where 4/5 of the scientists of NARS work, agro-ecological targets and functioning rather than national targets and functioning by the R&D system, profitability besides productivity as indicator of success, linking production with processing, marketing and consumption with focus on small and marginal farmers and

farm workers, establishment of quality testing / referral labs, research on minimal non-renewable natural resource use, developing high yielding varieties which must combine high yields, high protein content and other characteristics demanded by the importing countries such as freedom from aflatoxins.

EPILOGUE

Post WTO trade liberalisation helped India to achieve small increase in agricultural exports, whereas it resulted in sharp and continuous increase in imports. This has adversely affected self reliance in agriculture. The foremost reason for this adverse effect is unprecedented decline in international prices, which in turn, was caused by attempts by almost all the countries to push exports and continuation of high level of domestic support and export subsidies by OECD countries. As a net exporting country India stands to gain from increase in international prices.

The last Ministerial meeting to discuss and finalize modalities of WTO agreements was held from 13-18 December, 2005 in Hongkong. However, no consensus could be reached once again, and the meeting ended up with a resolve to complete Doha Work Programmes and to conclude negotiations successfully in year 2006. Again, year 2006 is coming to an end and there is no sight of any progress in the negotiations. Serious differences persist between three main groups of WTO members, namely, developing countries led by G20, EU and USA on almost all the issues like reduction in domestic support and export subsidies in OECD countries, formula for tariff reduction and special and differential treatment for developing countries in almost all the commitments. Therefore, there is a stalemate which implies that imbalances of UR agreement would continue. This stalemate has given freedom to the developing countries not to further liberalize their markets. On the other hand, the delay in concluding new agreement is helping the developed countries in several ways. With postponement of negotiations, the dates for implementing fresh commitments to reduce domestic support and export subsidies are automatically getting shifted to distant future. Thus, countries like USA and EU, are free to follow trade distorting policies in the absence of fresh commitments. For instance, the offer of EU in year 2000 to phase out export subsidy in next 10 years and the consequent failure to reach any agreement in 2000, provided EU, freedom to continue with these subsidies. Further, the postponed negotiations, say in year 2007, equipped EU with better bargaining position, as it can now offer to phase out same subsidies in a much shorter periods and still have a better deal compared to the offer in year 2000. While it is highly desirable to eliminate export subsidies, phase out domestic support and have separate set of commitments for developed and developing countries, it is also important to recognise that the deadlock is not helping anyone to achieve these goals. India and other developing countries need to put pressure on the developed countries to have some interim agreement to at least reduce domestic support and export subsidies as per their initial offers.

NAAS Documents on Policy Issues*

1. Agricultural Scientist's Perceptions on National Water Policy - 1995
2. Fertilizer Policy Issues (2000-2025) - 1997
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