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CONFERENCE OF CHIEF MINISTERS ON WTO AGREEMENT ON AGRICULTURE & FOOD MANAGEMENT

A Conference of Chief Ministers was held in New Delhi on 21 May 2001 to discuss the WTO Agreement on Agriculture and Food Management. The Prime Minister, Mr. Atal Bihari Vajpayee, presided over the one-day Conference, which deliberated on the following subjects: (i) Agriculture production strategies: Diversification, post-harvest interventions and value-addition; (ii) Removal of restrictions on movement and stocking of food and agricultural produce; (iii) Operation of the Essentials Commodities Act, 1955, as applied to food and agricultural produce; (iv) Decentralisation of procurement and distribution; and (v) Impact of WTO on Indian agriculture. The Conference provided an opportunity for the Chief Ministers to air their views and express concerns on a variety of issues relating to the agricultural scenario.

In response to suggestions made by many of the Chief Ministers, **the Prime Minister announced the government's decision to form a Committee on Food Management & Agricultural Exports with the following terms of reference:** (1) Enhancing the efficiency of procurement and reducing the cost of distribution of foodgrains under PDS through decentralisation and the active involvement of the States; (2) Strategy for diversification in agriculture; (3) Risk management in agriculture through an effective Crop Insurance Scheme; (4) Review of the list of essential commodities and control orders to ensure free movement of agricultural products; (5) Implementation of Food for Work Programme and Grain Bank Scheme; and (6) **WTO agreement on agriculture-promotion of exports of agricultural products.** The Committee will comprise the Union Agriculture Minister, Commerce & Industry Minister, Finance Minister, Consumer Affairs, Food & Public Distribution Minister, Rural Development Minister and the Deputy Chairman, Planning Commission of the Government of India. The Committee also comprises Chief Ministers of 11 States, namely, Andhra Pradesh, Assam, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, West Bengal and Uttar Pradesh. Concluding the deliberations, **the Prime Minister described the Conference as very fruitful and said: "The nature and depth of participation has shown that, cutting across party lines, all of us can adopt a common approach to the problems of agriculture. This Conference has laid a strong basis for a national consensus an effective action plan for future..... Agriculture is a state subject. However, the**

IN THIS ISSUE

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|--|--|---|
| ☞ Conference of Chief Ministers on WTO Agreement on Agriculture & Food Management1 | ☞ Chief Ministers' Conference on WTO Agreement on Agriculture : Who said what8 | ☞ Group of Fifteen : The Summit Level Group of Developing Countries14 |
| ☞ Adequate measures taken to protect farmers interests: Prime Minister . . .4 | ☞ Monthly Report on Important Events for the Month of April, 200112 | ☞ Schedule of Meetings at the WTO/Geneva June 200120 |

challenges as well as the opportunities before Indian agriculture have made it imperative to have the closest possible cooperation between the Centre and the States on a continuing basis.... As regards the WTO, I agree that we should no longer discuss the past. Let us look to the future with confidence and a common resolve."

Earlier, **the Prime Minister, in his inaugural address**, said that he had convened this Conference to discuss pressing issues relating to agriculture and the food management scenario as also to discuss the challenge of WTO and to allay the fears and apprehensions regarding liberalisation of agricultural trade. **He said the government's approach to the WTO and agriculture was based on the conviction that the emerging world trade regime was both a challenge and an opportunity for India. Contrary to the misinformation being spread in some quarters, the track record shows that the government has taken adequate measures to protect the interests of Indian farmers.** He said that our hands were in no way tied nor was there any provision of WTO Agreement to prevent us from taking further protective and promotional measures for increasing exports. He outlined various steps taken by the government to protect Indian agriculture from surges in imports and to enhance their competitiveness in the global market. The Prime Minister drew attention in this regard to some of the bottlenecks that needed to be urgently addressed to improve our competitiveness. He pointed out that future increases in agricultural production had to come essentially through major improvements in productivity. This was necessary both to increase exports and to ensure affordable food to all households. This task called for significant increase in science and technology inputs in agriculture, improved extension services and raising educational levels of farmers. He also drew attention to the urgent need to step up public investment in agriculture, to encourage private investment and to promote efficient use of scarce resources. Pointing to the high levels of wastage

of agricultural produce, he urged State Governments to make full use of the ongoing schemes for construction of cold storages, rural godowns, etc. The Prime Minister also emphasised the importance of diversification in agriculture, particularly with a view to attaining self-sufficiency in pulses and edible oils as also called for diversification to horticulture and animal husbandry.

The Agriculture Minister, Mr. Nitish Kumar, said that though the WTO Agreement on Agriculture tended in many ways to favour the industrialised world, it did provide several mechanisms to protect the interests of farmers in our country such as calibration of applied tariffs within bound levels, anti-dumping and countervailing duties, and safeguard measures to give necessary protection to the domestic producers. He stated that the most fundamental issue, however, was to make Indian agriculture globally competitive by way of reduced cost of production, higher productivity/production and quality improvements. He also mentioned that increases in production in the future would mainly have to come not from area expansion, but from enhanced productivity through improved and sustainable agricultural practices. He said that in order to build on the gains of the Green Revolution, it was imperative for us to review prevailing systems and practices and come up with sustainable options. In order to achieve this objective he called for innovative packages which harness our traditional skills, strengths and advances in frontier sciences and technologies.

Mr. Murasoli Maran, Union Minister for Commerce and Industry, in his address informed that India was a founder member of GATT in 1947 and of the WTO in 1994 and has been a staunch supporter of multilateralism in trade. He said that the **alternative to multilateralism and WTO would be the signing of separate bilateral agreements with all our trading partners wherein the element of asymmetry and unequal relationship would be more pronounced.**

He stated that in the recent past there have been demands from some quarters that India should quit WTO. This is easy, but re-entry would involve intense lobbying and our having to concede more exacting concessions than as an original signatory. He quoted in this regard, the instances of China, Russia and several other countries who were trying to join the WTO for the past several years.

He stated that our commitment arising out of the Agreement on Agriculture related to the tariff bindings of 100% on primary agricultural products, 150% on processed food and 300% on edible oils except for some tariff lines which were bound at lower rates in earlier rounds. **These ceiling bindings allowed enough leeway to raise the applied tariffs up to the bound rates as and when required to protect the farmer. For 15 tariff lines, which were considered very sensitive, the Government were able to raise the tariff bindings in the recent past.**

He said that Government of India had been using all available trade defence measures such as calibration of applied tariffs within the bound levels, imposition of anti-dumping, countervailing or safeguard duties to protect local production. Government has also introduced a Bill for the amendment of Foreign Trade (Development and Regulation) Act, 1992 to allow for the imposition of temporary quantitative restrictions as a part of the safeguard action. **The Department of Commerce, he said, has already set up a Standing Group for tracking, collating and analysing data on 300 sensitive items so as to recommend appropriate remedial measures if warranted.**

He said that our experience over a number of years of phased removal of Quantitative Restrictions has shown that non-oil imports actually declined by around 15% in 2000-2001 vis-a-vis the previous year and India's import basket had also not been significantly changed with the Quantitative Restriction phase-out. **He asserted that the Agreement on Agriculture did not in any way require us to reduce our domestic subsidies. Support programmes for agricultural sector can continue as India's Aggregate Measurement of Support (AMS)**

was well below the de minimis level of 10% of its value of agricultural production. Internal and external handling and freight charges as well as the cost of marketing can also be reimbursed to increase our competitiveness in external markets.

The Commerce Minister said that ongoing negotiations in agriculture had given an opportunity to address the existing inequities in the WTO Agreement on Agriculture and seek immediate redressal. **The negotiations now continuing in Geneva are for future liberalisation of agricultural trade, from which India hoped to get greater market access. We should, therefore, attempt to use this opportunity to our advantage. The main objective of the Indian negotiating proposals filed with WTO was to ensure the food security and livelihood for its population and create meaningful opportunities for the export of its agricultural surpluses to improve returns to the farmers.**

He said that to create awareness and receive feedback and inputs from the various stakeholders on negotiations at WTO, a dedicated special cell in the Department of Commerce to liaise with the State/Union Territories had been constituted so that a regular two-way flow of information would be maintained. He advised the States to create similar WTO Cells in all the States.

The Conference was also addressed, among others by the Finance Minister, Mr. Yashwant Sinha, the Food Minister, Mr. Shanta Kumar and the Deputy Chairman of Planning Commission, Mr. K.C. Pant. A variety of issues were raised by the Chief Ministers in their individual presentations. Mainly, their focus was on apprehensions on account of WTO, declining prices of primary agricultural commodities, inadequacies in the pricing and procurement systems and impact of imports on local prices of edible oils.

(Extracts from the minutes of the Conference of Chief Ministers on WTO Agreement on Agriculture and Food Management - New Delhi, 21 May, 2001)

Adequate measures taken to protect farmers interests

(Speech of Prime Minister Vajpayee at the Conference of Chief Ministers on WTO Agreement on Agriculture and Food Management, New Delhi - May 21, 2001)

"Dear Chief Ministers,

I welcome you all to this important conference. It pertains to a subject, which both the Centre and all the State Governments regard as being central to the future direction of India's agriculture and our national economy.

It is also a subject that has engaged the attention of our kisans, like no other issue has done in the recent past. There are many apprehensions on how the unfolding WTO regime will impact Indian agriculture. Many of these apprehensions and fears are unfounded or exaggerated, as would become clear, I am sure, in the course of our discussions today.

At the same time, some of the concerns expressed by various socio-political organisations are indeed genuine. **As a responsible and responsive Government, we felt it to be our duty to both allay the fears as well as deal with the legitimate concerns that all of us share.**

It is out of this realisation that I felt that a conference of Chief Ministers on this vital subject was urgently necessary. I thank several Chief Ministers, belonging to different parties, who made the same suggestion on their own. Since our intent is the same, and since our purpose is uninfluenced by considerations of party politics, I am confident that we will reach a broad consensus on the necessary course of action at the end of this conference.

The Government's approach to WTO and agriculture is based on our conviction that the emerging world trade regime is both a challenge and an opportunity for India. The challenges arise out of the fact that the WTO bears the birthmarks of a deeply divided world, in which the developed countries have many unfair advantages over the developing countries. India is playing an active role in mobilising other developing countries for removing these disadvantages and establishing a truly just, equitable and fair world trading order.

Contrary to the wrong impression being spread by some people, the record of recent years clearly shows that the Government has taken adequate measures to protect the interests of our farmers. Our hands are in no way tied to prevent us from taking further protective and promotional measures.

Since there is so much misinformation on this matter, I would like to elaborate:

✍ Fears have been voiced that removing Quantitative Restrictions would dramatically increase agricultural imports. **There have been allegations that uncontrolled imports are hurting Indian farmers. These fears and charges have been proved unfounded.** Recent data released by the Commerce Ministry shows that removing QRs has not affected either our total imports or their

composition. Non-oil imports have actually decreased by 14.7 percent in 2000-01.

✍ **The Government has taken effective action by way of adjustment of tariff, imposition of safeguard duties, anti-dumping duties in a number of cases.** We have also established a Standing Group at the Centre to function as a "War Room" for tracking and analysing imports of three hundred sensitive items including several agricultural products.

✍ Since the present rates of import duty are less than the maximum possible rates, or what are called the bound rates, **we have ample scope to increase our import duty still further if necessary.**

✍ **For fifteen sensitive items, whose maximum import duty has been historically set at zero or a low level, India was able to raise the maximum import duty in 1999-2000.**

✍ **India has not committed itself to providing minimum market access to other countries.**

✍ The Agreement on Agriculture (AoA), came into force in January 1995. **It has not reduced India's domestic policy options in any way. Our Minimum Support Price Scheme and the Public Distribution Scheme can continue without any hindrance. India does not have to reduce her domestic support and subsidy to agriculture. The present level of support is below the permissible level of ten percent of the value of agricultural production.**

✍ India can continue to subsidise research, pest control, marketing and providing various infrastructural support and extension services.

✍ India has adequate provisions under the Agreement on Agriculture to take effective steps in case of a sudden surge in imports.

✍ **A new round of mandated negotiations on agriculture began on January 1, 2000. These negotiations will continue for two to three years. During these negotiations, we will argue strongly for complete level playing field in global trade so that domestic producers do not suffer from any disability. The fundamental requirement of the GATT agreement since its inception, and later of the WTO, is that imports should not be subjected to more stringent rules than those applicable to domestic goods. By the same logic, imports cannot have any inherent advantages over domestic goods.**

The main point I wish to make is: Let there be no doubt in anybody's mind that our national interests are supreme for our Government - and, indeed, for every other Government.

I say this with confidence because Indian negotiators at the WTO have developed sophisticated skills and sound knowledge of all the complex issues. This is in no small measure due to the intense debate that is taking place within the country on the various contentious issues thrown up by the WTO. Several State Governments have independently taken up in an in-depth study of the impact of WTO Agreement on Agriculture in their States. I particularly compliment Karnataka for its study, which makes many sound proposals to be implemented at the national, state, and sub-state levels. I urge other States to conduct a similar exercise, fully involving experts and all the social partners.

Dear Chief Ministers,

Liberalisation of world trade in agriculture has opened up new vistas of growth. Agriculture is one of the areas in which India has an inherent strength to dominate the global markets. As we move away from an economy of scarcity to an economy of plenty, it is now both possible and necessary for us to fix our sights on the vast opportunities in the export market. At the same time, our country also stands exposed to price fluctuations in the world markets.

We cannot effectively address the issues arising out of WTO's Agreement on Agriculture, without urgently removing the many bottlenecks in food management. The success of this effort depends on the closest possible cooperation between the Centre and the State Governments. I would, therefore, like our Conference to produce a consensus action plan on some of the crucial imperatives.

Productivity Increase : A major challenge before us is to reduce costs and raise the productivity and quality of agricultural produce to global standards. This is necessary both increase our exports and to ensure affordable food to our households, so that all our one billion people have nutritional security.

The possibilities of expansion of farm area are minimal. Hence, future increases in production have to come essentially through major improvements in productivity. For this, we need to quickly remove the obvious constraints such as scarcity of power, inadequate irrigation facilities, and poor rural infrastructure. This task also calls for a significant increase in science and technology inputs in agriculture, improved

extension services and raising the educational levels of our farmers.

It is highly disturbing that we waste enormous quantities of food grains, horticultural produce, vegetables and the produce of the livestock and fisheries for want of adequate storage, post-harvest and processing facilities. We can ill-afford to incur such huge losses. I would urge the State Governments to make full use of the many schemes for the construction of cold storages, rural godowns, etc. unveiled by the Centre recently, including the big opportunities in the National Storage Policy.

Falling public investment in agriculture is a matter of serious concern. Both the Centre and the States should use the available limited resources more efficiently, especially for capital formation. In addition, we must devise attractive policies to encourage private investment in agriculture, especially in extension services.

Crop diversification : Our strategy to raise food grains production has somehow remained confined to only two crops, namely wheat and rice. The production of coarse cereals has stagnated at about 30 million tonnes since the last thirty years. The production of pulses has in fact declined slightly since 1970. This is alarming. We need to revamp our strategy to attain self-sufficiency in pulses and edible oils.

Another attractive area of diversification is horticulture. The Government has recently approved a technology Mission for Integrated Development of Horticulture to foster the rapid growth of the North Eastern Region. Similarly, the

Eastern States, which have ample groundwater and fertile soil, need to be encouraged to become another national granary.

We have today surplus food stock in our godowns whose value is estimated to be over Rs. 50,000 crore. The cost of centralised procurement, storage and distribution is unacceptably high. This has resulted in both higher subsidies and higher issue prices. This has serious administrative and fiscal consequences, both for the Centre and for the States. Therefore, the time has come to look for better alternatives that will help the farmer, the consumer, as well as the Government.

As a first step, we propose to restructure the Food Corporation of India. This year's Budget has unveiled a new system of decentralised, stage-level procurement and distribution. Instead of providing subsidised foodgrains, financial assistance will be provided to the State Governments to enable them to procure and distribute foodgrains to BPL families at subsidised rates. Since many State Governments are still unclear about the advantages of this new initiative, I would like the Finance Minister to give an exposition to the Chief Ministers.

The eminent agricultural scientist, Dr. M.S. Swaminathan, has made an interesting suggestion on the setting up of community grain banks to be administered by panchayats. Such ideas also deserve our serious attention.

Restriction of movement and stocking of agricultural produce has prevented farmers from getting the best price. Therefore, we should review the operation of the Essential Commodities Act and remove all restrictions on

free inter-state movement of goods. Besides, the various Control Orders that limit the stocking of farm produce also require an urgent re-look

Asset creation in rural areas : We must find an effective solution to the present anomaly between surplus foodgrains and hungry stomachs. It is both possible and necessary to improve our implementation of "Food of Work" programmes to create durable rural assets. However, this cannot be done without strengthening our district administration and increasing the monitoring role panchayats. States need to learn from one another's success stories in this as well as in other areas.

A major programme where surplus foodgrains could be used for asset creation is the National Rural Roads Project. This is an ambitious attempt to achieve universal rural connectivity before 2007. It will also make a big contribution to employment generation and improving farm incomes. I appeal to all of you to extend your full support in this scheme's speedy and effective implementation. I would like to conclude by restating the obvious: India can avoid the pitfalls and seize the prospects of freer global trade in agriculture only if we treat this as a national mission. This calls for collective and coordinated action by the Central and State Governments and all those who are associated with agriculture and the food economy, like agricultural universities, Krishi Vigyan Kendras, farmers' cooperatives, credit institutions and of course our hard working and innovative kisans. Let us fully mobilise the vast pool of our people's traditional knowledge, just as we harness the latest advances in technology. Let us together resolve to make India a leading agricultural power in the world in the 21st century."

CHIEF MINISTERS' CONFERENCE ON WTO AGREEMENT ON AGRICULTURE : WHO SAID WHAT

(SOME EXTRACTS)

"Indian agriculture lags way behind China in terms of productivity of major crops like rice (2915 kg./ha against 6331 kg./ha), wheat 2654 against 4087, maize (1594 against 4481), groundnut (988 against 2574) and cotton (321 against 943). These gaps need to be quickly filled to improve our competitiveness... The alternatives available to India in the context of the WTO are either to walk out or to renegotiate the adverse provisions. As it is not practical to leave the WTO, there should be effective lobbying and preparation for the Doha Meet of WTO in November 2001. India has emerged as an acknowledged IT power house and therefore, must oppose restrictions on movement of persons and must encourage mutual recognition of educational, provisional and technical qualifications with other developed countries".

*- N. Chandrababu Naidu,
Chief Minister of Andhra Pradesh*

"It is highly regrettable that despite its being a question of life and death for our people in general and for our farmers and small scale entrepreneurs in particular, the question of joining the WTO was treated by the then government in a most casual manner. It is unbelievable that those at the helm did not consider it necessary to have a serious national debate on the subject before formulating our country's response to the issue. And the new system was imposed

upon the country even though the country was and still is ill-prepared for it. We have strong views on the subject. We find a lot of merit in the fear expressed in various circles that in submitting to the WTO in its present form, the then government virtually signed the death warrants of our farmers and small scale entrepreneurs... On the issue of agriculture production-strategies like diversification, post-harvest intervention and value-addition, we stand for state intervention in the form of direct and indirect support, including in the shape of subsidies to agriculture. Under the WTO, these come under "green box" category in which India is under no obligation to restrict subsidies. For sustainable agriculture development, it is necessary for the government to play proactive market role in favour of the farm producers so that the country does not touch a point of stagnation. On these and all other related matters, Punjab calls for a bold new approach through which our people, especially the farmers, small industrial producers, traders etc. can be saved from the crippling impact of the WTO. Let me say it like it is. The WTO in its present form spells doom for the economic well-being of our people. We call upon the Union Government to take effective and immediate steps to ensure that the negative fall-out of the system does not destroy our hard earned economic sustainability".

*- S. Parkash Singh Badal,
Chief Minister of Punjab*

"It is experienced that awareness about WTO Agriculture Agreement and its effect on agriculture is very low in the State. Government of India should do the needful for launching statewide awareness campaign and sensitization programmes. Simultaneously, Government of India should do the needful for conducting independent study on state-wise effect of various provisions under WTO Agreement on production, area, prices, export and profitability of various produces and outcome of such studies should be shared with State Governments on regular basis so that State Government can take necessary steps to safeguard the interests of farmers. Government of India may come out with programmes for optimum utilization of government assistance under "Green Box" and "S&D Box" mentioned under WTO agreement so as to ensure increase in production, improvement in quality and reduction in cost per unit. It is suggested that subsidy being given to small farmers should be covered under "Green Box" for increasing the production. Likewise, subsidy/assistance given to floods/drought affected areas should also be covered under "Green Box". Government of India should take up the matter for discouraging the use of the provisions mentioned in "Blue Box" by the developed countries. To increase the global competition, we have to continue the present system of subsidy for increasing the production keeping in view the weaknesses of agriculture in our country. It is suggested that Government of India should canvas for non-inclusion of subsidies payable on inputs especially meant for small and marginal farmers under "Aggregate Measure of Support" (AMS). As majority of our farmers are small & marginal, it becomes necessary that amount of subsidy on various inputs should be increased upto the agreed limits".

- Rajnath Singh,
Chief Minister of Uttar Pradesh

"I am happy to note that, in recent times, Government of India have made efforts to associate State Governments in identifying issues for WTO negotiations. This not only provides State Governments an opportunity to be familiar with the ongoing negotiations, but also enables them to contribute to the issues involved. The advantages and disadvantages of the WTO Agreement on Agriculture are, very often, discussed in general terms. It is necessary to analyse the likely impact for specific crops, agricultural products, processed items and so on with reference to various States and regions. Various farmers' organisations have expressed grave concern about the WTO Agreement on Agriculture. It is feared that large-scale import of agriculture commodities will destabilise the domestic market. There would be violent fluctuations in prices, which will adversely affect farmers. Farmers may not be able to get remunerative prices for their products. On the other hand, developed countries are not removing various restrictions imposed by them. In fact, they are imposing more restrictions citing sanitary and phytosanitary measures. This means our farmers will not get any benefit from WTO, but would only lose. At a later stage, there may be pressure to reduce various types of subsidies currently being given to farmers. Government of India should take measures to protect the interests of farmers under the WTO regime".

- Keshubhai Patel,
Chief Minister of Gujarat

"Regarding the impact of the WTO on Indian agriculture: here we are like the blind men and the elephant. I would suggest that the states should be closely involved in the forthcoming negotiations on the Agreement on Agriculture. Let us not read about decisions vital to the livelihood of our people in the newspapers and then wring of our hands in frustration. It has been suggested by many experts that we should insist on the right to livelihood in the WTO provisions. For us that is vital: agriculture is not only the largest provider of employment and livelihood, it is also a way of life. This way of life will change. But let the change be humane. The people must be prepared for change; they should be educated about it; and this has to be done by the Centre. So far the Centre has failed to do it. But let this Conference be the beginning of the process".

*- S.M. Krishna
Chief Minister of Karnataka*

"Farmers of cash crops including rubber, coconut, tea, coffee, cinnamon, cloves, etc., have suffered a loss of Rs. 6645 crore during 2000-2001 as a result of price fall, according to the estimate of the State Agricultural Prices Board. In the context of dismantling Quantitative Restrictions (QRs) on almost all cash crops, it is very necessary that the import duties of the above crops are raised to the maximum bound duty. We request the Central Government to negotiate with WTO and arrange to declare rubber and coir as agricultural products instead of their present status as industrial products".

*- A.K. Antony,
Chief Minister of Kerala*

"The Government of India have recently filed India's proposals for the ongoing mandated negotiations under the Agreement on Agriculture at the WTO. This would perhaps impose a degree of finality to what we propose to negotiate and achieve in the best interests of the country. However, in my opinion, the battle has just been joined. While the Commerce Minister shall be taking a measured stand in consultation with other developing countries at the negotiations, the Government of India should come out with a clear and transparent policy of continuous consultation within the country. Agriculture is a state subject and the state governments are as deeply concerned as the Union Government about the welfare and well-being of the farmers. I have in the earlier part of this address spoken of issues of equity and sustainability. Our negotiating position at Geneva should be informed by these countries".

*- Digvijay Singh,
Chief Minister of Madhya Pradesh*

"Agriculture is a subject in the concurrent list. The Government of India should, therefore, create WTO group consisting of the Central and State Government representatives. This group should be consulted at all the stages of WTO negotiations. The Agreement on Agriculture under WTO now seems to be a fait accompli. No doubt, though this Agreement poses serious threats to us, it has also opened many opportunities. Transparent policies, involvement of States in decision-making process and a strong political will, should transform the society in general and farming community in particular to face the challenges of the Agreement".

*- Vilasrao Deshmukh,
Chief Minister of Maharashtra*

"The Government of West Bengal has strong reservations about the signing of Agreement on Agriculture (AoA) under WTO. "Agriculture" is included as item 14 in the State list under Schedule VII of the constitution of India. Since agriculture is a State subject, all agreements, legislations etc., are within the exclusive domain of the State Governments. It is totally unacceptable to us that the Government of India had signed the AoA under WTO on such an important policy issue like agriculture without first arriving at a consensus among the State Governments. The contents of AoA, signed by the Government of India, will have far-reaching consequences in distorting the overall cropping pattern in the country. Even today more than 70 per cent of India's population live in the rural areas where agriculture is the primary occupation. Food security of the country is one of our major concerns and indiscriminate import and export of

agricultural produce on the pretext of gaining greater market access for our agricultural produce, will definitely jeopardize the food security of the country as well as the interests of the major foodgrain producing States. Consequently, both the rural areas and the urban and semi-urban areas of the country will be adversely affected. We strongly demand that the Government of India should not proceed with this withdrawal of QRs at all, and immediately set up a Committee with the Prime Minister as the chairman, and Chief Ministers of all the States as Members to review the entire issues on WTO, with respect to agriculture, before taking any action in the sphere of agriculture in relation to WTO. We demand a similar review of other issues in relation to WTO in terms of this High Level Committee of the Prime Minister and the chief Ministers as well".

- Views of the Government of West Bengal



Monthly Report on Important Events for the Month of April, 2001

HIGHLIGHTS

- ✍ DG, WTO convened an informal meeting on WTO's future work programme. **The Director General sought members' views on the preparatory process of Doha and on how to proceed on implementation issues.** Developing countries insisted that the implementation issues need to be addressed in a meaningful manner and resolved by the 4th Ministerial Conference. Developed countries wanted the issues to be categorised so that issues that would require re-negotiation to the agreements can be taken up after Doha. The developing countries continued to press that the implementation issues must be resolved by good faith efforts and that once a political will is shown to resolve the issue, suitable modus operandi can always be found to give effect to the decision.
- ✍ A Small Group informal meeting was convened by Chairman, GC to prepare for the special session on implementation. The developing countries stressed on the need (a) to abide by the mandate of 3rd May and (b) to have a clear work programme upto Doha aimed at deciding on the implementation issues by Doha. Developed countries wanted flexibility in the work programme. Stating that it would not be possible to address all the proposals by Doha, they wanted them to be 'categorised'. Many proposals can only be looked at in the wider context, they stressed. The US suggested 3 special sessions on implementation - one in the second half of June 2001, one towards end July, 2001 and one in autumn.
- ✍ **The Chairman clarified that further work will be guided by the General Council decision of 3rd May 2001 and the mandate therein. He called for constructive engagement by all the members. He proposes to hold a special session in end June, 2001/early July, 2001 and one or two additional sessions before Doha. Informal process of consultations including open-ended meetings will be held to prepare for the special session. Developing countries emphasised the need for upfront resolution to restore their confidence in WTO.**
- ✍ **QRs Dispute : During the Dispute Settlement Body (DSB) meeting on 5th April, 2001 India presented its final status report on the implementation of rulings and recommendations of the DSB in the (QRs) dispute. In our statement, it was highlighted that in accordance with the mutual agreement with the US on reasonable period of time under Article 21.3. (b) India has removed quantitative restrictions on imports in respect of 715 items. Thus, India has implemented the rulings and recommendations of the DSB in this matter within the reasonable period of time mutually agreed between India and the United States under Articles 21.3(b).**

- ✍ **An informal meetings having US, Brazil, EC, Japan, Canada Australia, Switzerland and India was held to discuss implementation issues, preparation for Doha Ministerial and TRIPS and access to drugs.** In the meetings, Permanent Representative of Hong Kong & the current Chairman, GC stated that on the 'implementation issues', developing countries do not want to slim down their agenda while developed countries are not willing to make down payment. Because of this, he felt that on the area of implementation, results would meagre. He mentioned that he has received suggestions that the implementation, proposals could be categorised to make progress. EC Ambassador mentioned that implementation issues should be brought into the broader process and it was wrong on the part of proponents to insist that implementation issues could be discussed in a separate track. Canadian Ambassador stated that the implementation proposals should be categorised into up to Doha, at Doha, and after Doha and mentioned that the implementation has the potential for a blow out.
- ✍ Swiss Ambassador stated that implementation cannot lead to rebalancing and that the developing countries should be flexible. Japanese Ambassador said that certain categories of issues can be addressed only after Doha. DPR of US stated that lot of good work has been done on implementation issues like customs valuation and TRIMS. The QUAD members and Switzerland were extremely aggressive in this luncheon meeting and the whole idea was to give a message that nothing will happen on the implementation front except in the context of a broad round.
- ✍ **Indian Ambassador mentioned that while the process set up to deal with implementation issues may be good, the results have been meagre and strongly opposed any categorisation by Chairman. He said that it is for US & EU to react to implementation proposals and categorisation could be one form of their reaction.**
- ✍ **A meeting was convened on 27th April, 2001 under the Chairmanship of Special Secretary, Ministry of Commerce & Industry with the representatives of Industry Associations to discuss and formulate strategies for the preparation of Doha Ministerial Conference. Special Secretary outlined India's approach to the Doha Ministerial. The representatives of Industry Associations supported the government's position with regard to opposition to New Round and exclusion of new issues and social issues in the agenda of WTO. It was decided that the government and industry should work more closely till the Ministerial Conference and more such meetings should be held.** A core group was constituted with JS (RPA), JS (VSS) and representatives of Industry Associations to organise meetings with media, economic editors and intelligentsia.



TEXT

GROUP OF FIFTEEN :
The Summit Level Group of Developing Countries
XI Summit of The Heads of State and Government
Of the Group of Fifteen
Jakarta, Indonesia, 30-31 May 2001

JOINT COMMUNIQUE

1. We, the Heads of State and Government of the Group of Fifteen, meeting in Jakarta, Indonesia, on 30-31 May 2001 for our Eleventh Summit, underscore our commitment to explore measures for harnessing the potentials of information and communications technology (ICT) for development in our countries and other developing countries. We resolve also to rededicate ourselves to deepening cooperation and collaboration among our countries and with the wider community of developing countries. We reaffirm our desire to engage our developed partners through effective dialogue and partnership towards creating an international economic environment conducive to development. We reiterate the need to maintain peace, security and stability, which are indispensable conditions for social and economic development and reaffirm our commitment to these objectives. In this context, we are fully committed to the advancement of the objectives of the Millennium Summit Declaration and the United Nations Year of Dialogue among Civilisations.
2. **We note that despite the rapid recovery of the global economy in 1999 and early 2000, the looming slowdown reduces prospects for sustaining this momentum.** This influences negatively, the projections for sustained economic growth and sustainable development in developing countries. **These developments highlight the need for a new global approach, to bolster cooperation and partnership to promote a more equitable sharing of the benefits of globalisation.** This is vital for the realisation of the enormous potentials of new technologies to reduce the widening gap between developed and developing countries.
3. We have sustained the momentum of the desired macro-economic and structural reforms aimed at sustaining economic growth and deepening our integration into the global economy. While such progress has undoubtedly improved the prospects for growth in our countries, we continue to face challenges and uncertainties, including the risk of further volatility in the financial markets, a slowdown in the growth of the world economy, increasing protectionism in developed countries, high levels of structural unemployment, poverty, and widening income gaps between countries. We, therefore recognise the need to have a higher degree of macro-economic coordination among developed countries to promote a conducive environment for growth and development and to minimise the adverse social and economic consequences of globalisation.
4. We recognise that information and communications technologies (ICT) are central to the emergence of the knowledge-based economy. We are, however, deeply concerned that the huge potential of ICT for advancing development is largely eluding

most developing countries resulting in a growing digital divide. We hold that there is an urgent need to develop a common vision and adequate as well as prompt international cooperation to bridge this divide, to allow the information and knowledge revolution to reduce economic inequalities among peoples, countries and regions of the world. With a view to contributing to, and benefiting from ongoing international initiatives as well as evolving a framework of cooperation among our countries, we have adopted the Jakarta Declaration on ICT.

5. **We note with concern that 1.2 billion of the world's population still live in conditions of abject poverty and deprivation, and the international community must therefore demonstrate greater commitment to making the right to development a reality.** We reaffirm our commitment to national, regional and international endeavours to fight poverty. To this end, our countries must be at the forefront of efforts to galvanise concrete international actions to attain the goals of the Copenhagen Declaration and Programme of Action of the World Summit for Social Development as well as the results of other UN global conferences of the 1990s that addressed poverty eradication in developing countries. In this context, we welcome the UN Millennium Declaration's reaffirmation of the resolve of the international community to halve, by the year 2015, the proportion of the world's population living in conditions of extreme poverty. We similarly consider the forthcoming World Food Summit: Five Years later, to be held on 5-9 November 2001 in Rome, as timely and deserving, and urge the full support and effective participation of the international community and relevant international institutions to ensure the attainment of food security for all.
6. We stress the urgent need for international measures to address pandemic and endemic diseases such as HIV/AIDS, Tuberculosis and Malaria that seriously accentuate poverty, as well as the need for financial resources and appropriate international rules to help developing countries to ensure the implementation of the necessary immunisation programme against communicable diseases. We welcome the adoption of the Commission on Human Rights Resolution 2001/33 on "Access to medication in the Context of Pandemics such as HIV/AIDS" as well as the world Health Assembly Resolutions on scaling up the response to HIV/AIDS and "WHO Medicines Strategy". The implementation of the Trade-Related Intellectual Property Rights (TRIPS) Agreement should in no way prevent developing countries from taking measures, such as compulsory licensing and parallel imports to ensure access to life-saving and essential drugs at affordable prices to overcome the hazards to public health and nutrition caused by HIV/AIDS and other diseases. We consider the forthcoming special discussion in the Council for TRIPS of the WTO as an opportunity for promoting a convergence of views in this regard.
7. **We welcome the adoption of a Plan of Action at the Third United Nations Conference on Least Developed Countries (LDCs) held in Brussels in May 2001,** and call on the international community, particularly the developed countries and relevant international institutions, to fulfil their commitments in the implementation of the Plan of Action.
8. In light of the significance of employment generation in alleviating poverty, we welcome the decision of the Special Session of the United Nations General Assembly on

World Summit for Social Development and Beyond held from 26-30 June, 2000 in Geneva, to convene a World Employment Forum, under the auspices of the International Labour Organisation (ILO), in November, 2001. We consider the Forum an opportunity for the formulation of a global framework for the realisation of a Comprehensive Employment Strategy. In preparations for the Forum, we urge the International Labour Office to take into consideration the G-15 initiative on a Comprehensive Employment Strategy and to ensure that the actual implementation programmes figure prominently in the ILO's programme and budget for the years 2002 - 2003.

9. Recent trend towards greater reliance on private capital flows in financing development and in the diminishing role of official development assistance accentuates the inequality in the distribution of resources among countries, while at the same time inducing more volatility in financial flows. Capital flows to many developing countries continue to be insufficient in spite of the bold steps taken to restructure and reform their economies with a view to attracting higher levels of foreign investment flows. We, therefore, call for a proactive approach to effective public and private partnerships in order to facilitate increased levels of resource flows to developing countries and, most particularly to the poor countries. We also call upon foreign investors to ensure that their activities taken into account the development objectives of their host countries.
10. External capital flows, including Foreign Direct Investment (FDI) and Official Development Assistance (ODA), for development remain a critical means for most of the developing countries to generate

sustained economic growth and sustainable development. We, therefore, express our deep concern on the dramatic decline, in real and nominal terms, in ODA flows to developing countries. We reiterate our call on the industrialised countries to strengthen their efforts to meet the United Nations agreed target of 0.7 per cent of their GDP for overall ODA, and the target of 0.15 per cent for flows to the Least Development Countries (LDCs), and that debt relief or emergency aid should not be provided at the expense of ODA. In this context, it is important to ensure an equitable distribution of resource flows among all developing countries.

11. The international community should address and urgently rectify all existing imbalances in the world economy to enable developing countries finance their development strategies. We emphasise that the reform of the International Financial Architecture (IFA) is long overdue and top priority should be given to measures by both the public and private sectors to prevent future crises. More meaningful and equitable participation, cooperation and consultation between developing and developed countries are required in the reform of the international financial system to ensure that the interests of all developing countries are safeguarded. While we welcome the advances made by national authorities in implementing reforms to strengthen their economic and financial systems as the best defence against future crises, we are concerned by the lack of progress in reforms in the international financial system to address the risks and challenges of highly volatile capital flows. In this regard, the G-15 has an important role in energising the moment for international financial reforms. The G-15 is ready to contribute to the international dialogue on

this issue to ensure that the concerns and interests of the developing countries in general, and the G-15 in particular, are adequately protected. We welcome Malaysia's offer to convene a meeting of G-15 experts to examine the current work on the IFA issues in order to better articulate positions in various international fora on IFA reforms, including the International Conference on Financing for Development. We call upon our developed partners in the spirit of shared responsibility to ensure international financial stability by pursuing macro-economic policies that do not have an adverse impact on international financial markets and by contributing positively and actively to the reform of the international financial system....

16. **We reaffirm that a rule-based, open, just, equitable and non-discriminatory multilateral trading system is a prerequisite for a sound and balanced international economy and the credibility of the multilateral trading system. In this context, greater inclusiveness, internal transparency and effective participation of all members in the decision making process in the World Trade Organisation (WTO) should be enhanced in order to accommodate the legitimate requirements and priorities of developing countries. We stress that the development dimension should constitute an overarching theme in the WTO agenda. We have sustained our efforts to open our markets, strengthen our institutions and orient our economies to the challenges of the new global economy. We note, however, that tariff peaks, tariff escalations and non-tariff barriers, including new restrictions under the pretext of sanitary and phytosanitary measures, persisting in industrial**

countries on products of export interest to developing countries, have adversely impacted on the export performance of these products and growth in developing countries.

17. We are against the use of subsidies, anti-dumping and safeguards provisions as protectionist and trade distorting measures by developed countries. It is also regrettable to observe that while negotiations in the WTO have significantly led to the liberalisation of trade in many sectors, equal attention has not been given to those sectors of particular importance to developing countries, such as textiles and agriculture. **We urge the developed countries to demonstrate their true commitment to free trade by promoting substantial liberalisation in agriculture and textiles and in other sectors and modes of supply of services of export interest to developing countries, in particular the movement of natural persons, as envisaged in the General Agreement on Trade in Services. Real progress in mandated negotiations and review are essential to the future of a fair and free trading system. We also stress the importance of commodities exports for the development of developing countries. In this regard, we call upon UNCTAD and other relevant organisations, as well as the Common Fund for Commodities, to identify measures aimed at promoting stability in prices of commodities and the transformation, value-addition and diversification of such products in the countries in which they are produced. We also strongly reiterate that non-trade issues such as labour standards and environmental conditionalities should not be included in the WTO agenda.**

18. **We strongly stress the need for a meaningful solution to the Implementation Issues pertaining to the Uruguay Round Agreements and Decisions by the IV Ministerial Conference in Doha, Qatar, in accordance with the decision of the General Council of the WTO, and for the operationalisation of the special and differential provisions in favour of developing countries as a binding commitment.**
19. **We urge developed countries to address development concerns of developing countries in international fora, and in particular, in the forthcoming Ministerial Conference of WTO. We emphasise the need to preserve a flexible policy space in which developing countries could pursue policies oriented to promote and sustain competitiveness and dynamism within their goods and services sectors.**
20. **In this context, the Trade-Related Intellectual Property Rights (TRIPS) Agreement should be implemented in a way that contributes to the promotion of technological innovation, transfer and dissemination of technology and social and economic welfare of developing countries.**
21. In the light of the commitment to the early accession of developing countries to the WTO: We reiterate the need for a transparent, non-discriminatory, streamlined and accelerated accession process that is in keeping with WTO rules and disciplines. They should be offered terms that do neither exceed nor are unrelated to the commitments of developing country and LDC members of WTO.
22. We further express our concern on the deterioration of preferential schemes, especially the imposition of additional conditionalities on developing countries under the Generalised System of Preferences (GSP). Accordingly, we call for the exclusion of conditionalities, particularly labour, health, safety and environmental standards in the implementation of GSP schemes. We also call upon the developed countries to provide necessary assistance to developing countries in dealing with their special difficulties in combating narcotic drug production and trafficking.
23. **A dynamic multilateral trading system should be responsive to the needs of developing countries, including, small and vulnerable economies as well as LDCs. We call for the creation of a favourable international environment to facilitate their beneficial integration into the global trading system. In this regard, we take note of the recent initiative to grant improved market access to products originating from LDCs. We note further that measures should be taken to avoid possible negative impact from these initiatives on other developing countries.**
24. **We emphasise the important role of the United Nations conference on Trade and Development (UNCTAD) in assisting developing countries in capacity building and in preparing them for future trade negotiations as well as ensuring that the development dimension is fully taken into account.**
25. We agree to strengthen the cooperation among our countries in matters concerning multilateral trade negotiations, including timely consultations at the appropriate levels, in order to contribute meaningfully to the safeguarding of the interests of developing countries in these negotiations.

26. In welcoming the forthcoming Rio + 10, we underline that its priority should be the identification of concrete measures to ensure that the developed countries in particular, fulfill their commitments under Agenda 21 and the Rio Declaration principles. We recognise the need to strike a balance between the sustainable use of natural resources and environmental protection, in the understanding that such a balance constitutes the very basis of sustained economic growth and development. To this end, we reaffirm our commitment, according to our capacities and resources, to the goals and principles enunciated in Agenda 21 and the Rio declarations. We note that the environmental consciousness and momentum generated by the United Nations Conference on Environment and Development (UNCED) held in 1992 in Rio de Janeiro have not been matched with adequate action by most industrialised countries, which bear responsibility for the greater share of environmental degradation, in failing to take any meaningful measures to reverse their unsustainable patterns of economic activity and consumption. Industrialised countries have not fulfilled their commitments to provide the necessary assistance, including new and additional financial resources, technical expertise and the transfer of environmentally friendly technology on favourable terms to developing countries. These factors are crucial to the implementation of national policies and multilateral environmental agreements as well as the improvement of the competitiveness of environmentally friendly goods and services of developing countries.
27. We reiterate, therefore, that global environmental problems should be addressed within the framework of the UNCED outcome, including in particular, the recognition of the principal of common but differentiated responsibilities. To this end, we agree that Rio+10 should exclude any attempt to renegotiate the commitments undertaken at UNCED 1992 and the introduction of new issues, including environmental standards as conditionality for trade. We also acknowledge the need to ensure the active participation of our countries in the Rio+10 preparatory process and consider it an opportune occasion to promote G-15 cooperation on environmental issues with a view to protecting our bio-diversity. It should also serve to enhance cooperation in the area of training for local and indigenous communities to improve their use of natural resources and explore ways for the protection of traditional knowledge, so as to upgrade their capacity to fully benefit therefrom. In light of the urgency for an effective international legal regime to control the impacts of climate change and to strengthen financial and technical cooperation between developed and developing countries in this field, we call for an early action by all Annex 1 Parties to operationalise the Kyoto Protocol. We reiterate the need to address institutional weaknesses and to develop options for strengthened international environmental governance in the broader context of sustained economic growth and development....
28. In welcoming Colombia and the Islamic Republic of Iran as new members of the Group of Fifteen, we express the conviction that both countries will make significant contributions towards furthering the attainment of the objectives of the Group.

(Excerpt from the joint communique of the XI Summit of G-15 held in Jakarta on 30-31 May, 2001)

Schedule of Meetings at the WTO/Geneva* June 2001

June	
05	TRADE POLICY REVIEW BODY - Review of the Organisation of East Caribbean States WTO Members
06	Committee on Trade in Civil Aircraft
07	TRADE POLICY REVIEW BODY - Review of the Organisation of East Caribbean States WTO Members
13 & 14	Working Group on Trade and Investment
13 & 14	Working Party on the Accession of Ukraine
15	Committee on Market Access
18 & 19	COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS
18 & 19	Textiles Monitoring Body
20	Committee on Trade and Environment
20 & 21	COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS
20	DISPUTE SETTLEMENT BODY
20 & 21	Textiles Monitoring Body
22	COUNCIL FOR TRADE RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS
22	Textiles Monitoring Body
25	TRADE POLICY REVIEW BODY - GABON
26 & 27	Working Party on the Accession of Russia
27 & 28	Committee on Trade and Environment
27	TRADE POLICY REVIEW BODY - GABON
28 & 29	Committee on Agriculture
28 & 29	Committee on Technical Barriers to Trade

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