

Economics Class 16

9th August, 2023 at 9:00 AM

AGREEMENT ON AGRICULTURE (AoA) (09:05 AM)

- Signed by the end of the Uruguay round.
- Provides a framework wrt long-term reforms related to agricultural trade and agricultural policy so that market orientation for agriculture can increase gradually.
- **Agreement on agriculture has 3 components under it:**
 - 1) Reduction in export subsidy.
 - 2) Reduction in Domestic subsidy.
 - 3) Free trade or improved market access.
- **Reduction in domestic subsidy:**
 - **The agreement mainly divides subsidies into:**
 - Trade distorting and nontrade distorting subsidies.
 - These were categorized under **3 different boxes:**
 - 1) **Amber box:**
 - All trade-distorting subsidies are part of the amber box.
 - The total reduction commitment in the amber box is expressed in terms of a total aggregate measure of support which includes all support given for a specific product.
 - This agreement stipulates the reduction of total AMS by 20 per cent for developed countries over a period of 6 years while developing countries were required to reduce the total AMS by 13 per cent over 10 years.
 - If a member nation wants to avoid reduction commitment under AMS, the total subsidy given under AMS must be less than 5 per cent of the total value of production for developed countries and 10 per cent for developing countries.
 - Such a level of subsidy is called the **De minimus level of subsidy.**
 - 2) **Green Box:**
 - The subsidy under this box is considered completely under nontrade distorting subsidies and hence it is excluded from reduction commitments.
 - Mainly contains fixed payments to producers for environmental programs, rural infrastructure, protection of plants and animals, etc.
 - As long as these programs do not affect the current production levels.
 - 3) **Blue Box:**
 - The exception to All subsidies linked to production should be kept at the de minimus level.
 - Related to production limiting agreements whose origin can be traced back to Uruguay round negotiations between EU and US.

REDUCTION IN EXPORT SUBSIDIES (10:05 AM)

- Apart from domestic subsidies, Developed countries also give export subsidies to enable their farmers to export their agricultural products at lower prices which makes the competition tougher for LDC farmers.
- The AOA required developed countries to reduce their export subsidies by at least 36 per cent by value or by 21 per cent by volume over a period of 6 years.
- For Developing countries, it is 24 per cent by value or 14 per cent by volume over 10 years.
- **Improved Market Access**
 - Market access refers to the abolition of existing nontariff barriers in agriculture and converting them into tariff barriers.
 - It also requires progressive reduction of tariff barriers also.
 - Developed countries are required to reduce their tariff line by 36 per cent in 6 years and the corresponding reduction for developing countries is 24 per cent for 10 years.

SINGAPORE MINISTERIAL CONFERENCE (10:39 AM)

- Investment- minimum amount of restrictions wrt investments.
- Government procurement- Transparency in government procurement.
- Trade facilitation- Rules and regulations followed wrt countries.
- Competition policy- ensuring fair competition.

DOHA DEVELOPMENT AGENDA (DDA) (11: 06 AM)

- Most important trade negotiation under WTO.
- **Main agreements:**
- **Agriculture:**
- A most important and controversial issue.
- The Doha declaration called for strict implementation of the agreement on agriculture.
- The US was opposed by developing countries to significantly reducing their domestic support for agriculture.
- The US was insisting upon a reduction in tariffs and limiting the number of import-sensitive and special products that would be exempted from tariff cuts.
- **Special products:**
- These agro products are of particular importance to farming.
- **NAMA (Non-Agricultural Market Access):**
- These are products that are not covered under AOA and GATTs.
- In practice, NAMA products include manufacturing goods, fuel, fisheries, etc.
- NAMA products are important as they account for almost 80 per cent of the world's merchandise exports.
- DDA called for a reduction of tariffs and non-tariff barriers on these products by May 2003.
- **Implementation issues:**
- Related to effective implementation of all aspects discussed during the Uruguay round.
- Developing countries claim that they had problems implementing agreements because of limited capacity.
- They also claim that they have not realized certain benefits which were expected.
- **TRIPS and Public Health:**
- Balance of interest between pharma companies of developed countries and public health issues in developing nations.
- Draft prepared by TRIPS council chairman which allowed the government to issue compulsory licensing.
- **Special and Differentiated (S and D) Treatment:**
- The conflict between developed and developing nations on how S and D provisions will be put into practice.
- While developing countries wanted to negotiate, the developed countries wanted to study them further.
- **India and Doha round:**
- India supported SSM to protect its farmers from an influx of imports.
- **SSM (Special safeguard mechanism):**
- It will allow developing countries to temporarily increase import duties on farm products so as to counter a sudden increase in imports due to price falls.
- This mechanism will empower developing countries to impose additional duties on farm products when their imports breach specified ceilings and prices.
- India needs a long-term solution wrt public stockholding.
- India wanted developed countries to cut their farm subsidies.
- India also stated that GI IPR protection should not be confined to wine and spirits but should be expanded to other products like basmati rice.

- India advocated for limits on the use and misuse of biological and genetic resources and traditional knowledge.
- India supported duty-free and quota-free-market access for LDC exports.

NAIROBI CONFERENCE, 2015 (11:52 AM)

- Acceptance of SSM.
- New issues also emerged between developing and developed countries.
- Rich countries wanted to revitalize WTO by introducing new issues called emerging trade issues.

TOPIC OF THE NEXT CLASS- DISCUSSION ON NAIROBI CONFERENCE WILL CONTINUE