

## **NEGOTIATING FOR FOOD SECURITY**

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The Uruguay Round GATT negotiations went rather badly for India. This happened because Indian negotiating teams constituted solely of bureaucrats, were ignorant and ill-prepared and no experts were consulted either before or during the lengthy drawn out (1986 to 1994) negotiations. We were unable to protect our interests in any sector, not in the traditionally important area of textiles where we got clobbered, not even in the crucial and sensitive sectors of food and health.

In the Agreement on Agriculture (AoA), we have negotiated equally disastrously. Our efforts to protect agricultural products from imports, was pegged foolishly on our adverse Balance of Payments (BOP) position. This is permissible under GATT.

At the same time India pursued an aggressive strategy to increase its foreign exchange reserves and to seek as much Foreign Direct Investments as possible. Increasing Foreign exchange reserves cancelled out the BOP vulnerability and we had to lift QRs. The European Union on the other hand, negotiated QRs on agricultural produce of interest to it in the agriculture negotiations. So the European Union with its 365 bn dollar subsidy to agriculture will continue to impose their QRs but India has had to lift its restrictions. Fortunately for India, the AoA is being reviewed. The negotiations will in all likelihood stretch out over a number of years, so India should plan a long term strategy to push its interests, make alliances and participate vigorously, and what is more important, competently in the negotiations.

The first step of our AoA strategy will have to be a determined mobilisation of pressure to get the EU and the US to substantially reduce both their domestic and their export subsidies. This will not be easy but it is fundamental to reducing trade distortion. Of foremost concern to India and all developing countries seeking access to markets of developed countries, are the very high, clearly trade distorting subsidies given by the European Union and the US. Running into hundreds of billion dollars annually, these subsidies given for domestic agriculture production and for agriculture exports formally preclude any access to European and American markets. What is more, Indian produce can not compete with heavily subsidised American and European produce for third markets.

The other trade distorting aspect of the agriculture policy of developed countries, are the very high tariffs they impose on some important traded products. This 'dirty tariffication' (a commonly used term referring to the excessively high tariffs imposed by the US and EU) has set tariffs as high as 390 % for certain products! In effect this tariffication has emerged as far more protectionist than the non-tariff barriers of the earlier years. These tariffs will also have to be corrected if further negotiations on agriculture are to have any meaning for developing countries.

The AoA, with its emphasis solely on commercial agriculture, completely ignores the vulnerability of most developing countries where agriculture more than a commercial activity, is a livelihood and most farmers fall within the small to marginal range. In addition to this, almost all such countries have food security concerns. India must emphasise and insist that the AoA can not be allowed to come in the way of domestic food demands. The AoA should not be allowed to impact on food production for domestic consumption and it

should have mechanisms to protect small and household farmers who do not engage in commercial activity but produce for their own needs.

The notion that agriculture is a multifunctional activity, a concept floated by developed countries, suggests that apart from the production of food, agriculture also has other functions, all equally important. These include maintaining traditional cultures, affording recreation and keeping a balance in the environment. The multifunctionality concept must be resolutely opposed by India. It should propose instead that for developing countries, by far the most crucial aspect of agriculture is the production of badly needed food. The Indian position must insist that agricultural activity is primarily intended to ensure food and nutrition to impoverished communities and that food security, rural employment and rural development through agricultural activity, will be the foundation on which we will negotiate the Agreement on Agriculture. This central dogma must inform all the positions we take in the AoA.

India has officially proposed a Food Security Box along the lines of the Green, Blue and Amber Boxes relating to subsidies in its submission to the AoA negotiations. The Food Security box asks that measures for poverty alleviation, rural development and diversification of agriculture, should be exempt from reductions. The Indian submission has also asked for continuation of the safeguard mechanism allowed under article 5 of the AoA, to introduce quantitative restrictions in the event of import surges so as to protect domestic markets and domestic producers. These are good steps. Now only if the negotiators will stand by this position when they go to Geneva!

Also associated with agriculture is an area where India has been traditionally weak and now infamously tardy in adaptation. This refers to the conditions set out by the agreement on Sanitary and Phytosanitary Standards (SPS). SPS sets food standards so that food that is traded is safe for human consumption. SPS standards deal with the kind of chemicals, for example pesticide, residues that are permissible in foods. The SPS standards will determine what concentrations, for example, how many micrograms per Kg food of a certain chemical residue is allowed. Although the SPS is a separate agreement from the AoA, it is treated in tandem with it and the SPS standards are used as reference for the AoA. It is therefore very important for India to participate proactively in what is happening in the SPS negotiations.

Levels of residues, the chemicals considered safe or not, the extent of growth hormones allowed and other aspects like this are sometimes fixed arbitrarily. Although it is no one's case that food standards should be lax, these standards should not be allowed to become protectionist weapons, as they so often do. A clear case of protectionism was witnessed when the EU banned American beef because of the very high levels of hormones in the meat. When the case was taken to the WTO dispute settlement board, the Board ruled that the EU could not ban the high hormone beef of the US and would have to import it.

At the moment all food standards are being set in a body called the Codex Alimentarius which is completely dominated by developed countries. India should, together with other developing countries, press for Regional Centres to set standards for food. Developing countries should express their view point and bring their concerns into the standard setting process. The SPS is going to be a very important instrument for regulating food trade and should not be underestimated. The regional head of an international food agency was recently heard lamenting how shoddy and inadequate India's participation was in the SPS negotiations, and how this would go against India's interest in agriculture in the WTO.

Finally, another related but still nascent development which will relate to trade in agriculture is the question of setting up a Working Group on Biotechnology in the WTO. This issue is hanging fire but the developed countries, particularly the US are pushing it strongly. The reason is quite simple. The Americans are sitting on stocks of genetically modified food that nobody wants. Consumer resistance is pushing these foods off market shelves and countries are closing their doors to GM foods. Even the official Indian policy is not to allow the import of GM foods. India should oppose the setting up of a Biotech Working Group because it has no benefits, only drawbacks from it. If such a working Group indeed comes into being, countries like India with no tracing and monitoring facilities will become the dumping ground for such food. That is surely the last thing we want.