



Agreement on Agriculture: WTO

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Why in News

Recently, while addressing the **G-33** Virtual Informal Ministerial Meeting, India's Commerce and Industry Minister pointed out the imbalances in the **Agreement on Agriculture** at the **World Trade Organization (WTO)**.

- He claimed that it was in **favour of developed countries** and historical asymmetries and imbalances must be corrected to ensure a **rule-based, fair and equitable order**.
- He urged that G33 must strive for positive outcomes on a permanent solution to **Public Stockholding (PSH)** for food security purposes, finalization of a **Special Safeguard Mechanism (SSM)** quickly and a balanced outcome on Domestic Support.

G-33

- It is a **forum of developing countries formed during the Cancun ministerial conference of the WTO**, to protect the interest of the developing countries in agricultural trade negotiations.
 - **India is a part of the G33**, which is a **group of 47 developing and least developed countries**.
- It was created in order to **help group countries** which were all **facing similar problems**. The G33 has **proposed special rules for developing countries** at WTO negotiations, like allowing them to continue to restrict access to their agricultural markets.

Key Points

- **About:**
 - It is aimed to **remove trade barriers and to promote transparent market access and integration of global markets**.
 - The **WTO's Agriculture Committee** oversees implementation of the Agreement and provides a forum for members to address related concerns.

- **Three pillars of Agreement on Agriculture:**

Domestic Support: It calls for **reduction in domestic subsidies** that distorts free trade and fair price.

- Under this provision, the **Aggregate Measurement of Support (AMS) is to be reduced by 20%** over a period of 6 years by developed countries and 13% over a period of 10 years by developing countries.
- Under this, Subsidies are categorized into:

Green Box

Amber Box

Blue Box

- Subsidies that **do not distort trade**, or at most cause minimal distortion.
- They are **government-funded** and must not involve price support.
- They also include **environmental protection and regional development programmes**.
- “Green box” subsidies are therefore **allowed without limits**, provided they comply with the policy-specific criteria.

- All domestic support measures considered to **distort production and trade (with some exceptions) fall into the amber box** as all domestic supports except those in the blue and green boxes.
- These include **measures to support prices, or subsidies directly related to production quantities**.

- This is the “**amber box with conditions**”. Such conditions are designed to reduce distortion.
- Any support that would normally be in the amber box is placed in the blue box if the support also requires farmers to limit production.
- At present, **there are no limits on spending on blue box subsidies**.

- **Market Access:** Market access for goods in the WTO means the **conditions, tariff and non-tariff measures, agreed by members** for the entry of specific goods into their markets.

Market access requires that **tariffs fixed (like custom duties) by individual countries be cut progressively to allow free trade**. It also required countries to remove non-tariff barriers and convert them to Tariff duties.

- **Export Subsidy:** Subsidy **on inputs of agriculture**, making export cheaper or other incentives for exports such as import duty remission etc are included under export subsidies.

These can **result in dumping of highly subsidized** (and cheap) products in other countries and damage the domestic agriculture sector of other countries.

World Trade Organization

- It came into being in 1995. The WTO is the successor to the **General Agreement on Tariffs and Trade** (GATT) established in the wake of the **Second World War**.
 - Its objective is to help **trade flow smoothly, freely and predictably**.
 - It has **164 members**, accounting for **98% of world trade**.
- It was developed through a series of trade negotiations, or rounds, held under the GATT.

GATT is a set of multilateral trade agreements aimed at the **abolition of quotas and the reduction of tariff duties** among the contracting nations.
- The WTO's rules – the agreements – are the **result of negotiations between the members**.

The current set is largely the outcome of the **1986- 94 Uruguay Round negotiations**, which included a major revision of the original GATT.
- The WTO **Secretariat** is based in **Geneva** (Switzerland).

Source: IE