



Agreement on Agriculture: WTO

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	▪ All domestic support	▪ This is the "amber box"

<p>distort trade, or at most cause minimal distortion.</p> <ul style="list-style-type: none"> ▪ 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. 	<p>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.</p> <ul style="list-style-type: none"> ▪ These include measures to support prices, or subsidies directly related to production quantities. 	<p>with conditions”. Such conditions are designed to reduce distortion.</p> <ul style="list-style-type: none"> ▪ 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.
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- **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).
- **Other Mechanisms of WTO**
 - **Trade Related Aspects of Intellectual Property Rights (TRIPS)**
 - **Trade Facilitation Agreement**
 - **General Agreement on Trade in Services (GATS)**
 - **Trade Policy Review Mechanism**

Source: IE

