

# **The WTO Agreement on Agriculture: Free Trade Vis-a-Vis Food Security**

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**Sikkim University**



In Partial Fulfilment of the Requirement for the

**Degree of Master of Philosophy**

**By**

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**February 2017**

## DECLARATION

Date: .....

I declare that the dissertation entitled “**The WTO Agreement on Agriculture: Free Trade Viz-a-Viz Food Security**” submitted to Sikkim University for the award of the degree of **Masters of Philosophy in Law** is my original work. This dissertation has not been submitted for any other degree of this University or any other university.

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## **CERTIFICATE**

This is to certify that the dissertation entitled “**The WTO Agreement on Agriculture: Free Trade Viz-a-Viz Food Security**” submitted to the Sikkim University in partial fulfilment for the requirement of the degree of **Master of Philosophy in Law** is embodies the results of the research work carried out by **Mr. Ajeet Kumar Pandey** under my guidance and supervision.

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- **Ajeet Kumar Pandey**

**Declaration**

**Certificate**

**Plagiarism Report**

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## LIST OF ABBREVIATIONS

GATT	General Agreement on Tariff and Trade
AC	Atlantic Charter
UNC	United Nation Conference
UNES	United Nations Economic and Social Council
ITO	International Trade Organization
WB	World Bank
IMF	International Monetary Fund
WTO	World Trade Organization
AOA	Agreement on Agriculture
SPS	Sanitary and Phytosanitary agreement
TBT	Technical Barriers to Trade
AMS	Aggregate Measurement of Support
EC	European Community
FAO	Food and Agricultural Organization
LDCs	Least Developed Countries
MFN	Most Favoured Nation
NFIDC	Net Food-Importing Developing Countries
NTCs	Non Trade Concerns
OECD	Organization for Economic Corporation for Development
SCM	Subsidies and Countervailing Measures
URAA	Uruguay Round Agreement on Agriculture
UNCTAD	United Nation Conference on Trade and Development
DDA	Doha Development Agenda
EU	European Union
RDPs	Rural Development Programmes

SSM	Special Safeguard Measures
TRQ	Tariff Rate Quota
TRIPS	Trade Related Intellectual Property Rights
HYV	High Yield Variety
UNDP	United Nations Development Programme
US	United States
UK	United Kingdom
MDEC	Ministerial Decision on Export Competition
FCI	Food Cooperation of India
MTS	Multilateral Trading System
USA	United States of America
ICITO	Interim Committee of the International Trade Organization
PPA	Protocols of Provisional Application
TNC	Trade Negotiation Committee
IPPC	International Plant Protection Convention
SMEs	Small and Medium Enterprises
STS	Special Trade Concerns
NTB	Non-Tariff Barriers
QRs	Quantitative Restrictions
GDP	Gross Domestic Products
NFIDC	Net Food Importing Developing Countries
PDS	Public Distribution System
BPL	Below Poverty Line
UPDS	Universal Public Distribution System
NFS	National Food Security
MES	Middle Eastern Countries
CAT	Comparative Advantage Countries

# CHAPTER 1

## INTRODUCTION

The Second World War has played a very significant role in the establishment of the General Agreement on Tariff and Trade. Eventually, the origin of the GATT i.e. General Agreement on Tariff and Trade was traced back in the year 1941 during the Atlantic Charter which was actually developed by the president of United States, Franklin Roosevelt along Winston Churchill, the then British Prime Minister. The Atlantic Charter of the 1941 was developed with an idea to promote an international trading system for the benefit of all the countries or nations with a purpose that all nations can have equal access to it. Discussions in order to establish the international trading system included countries such as US, UK and Canada and discussion was based upon to elaborate the elements with regard to the trading system. Further in the year 1945, a meeting with regard to the United Nations Conference was called upon with the purpose to have discussions over the international trade charter alongside to set up an organization with regard to the international trade. The original GATT text (GATT 1947) is still in effect under the WTO framework, subject to the modifications of GATT 1995<sup>1</sup>. But later agreement on International trade was more liberal on the point of tariff and more compulsory on the point of execution. Presently, there is no formal institutional link between human rights and the WTO. There is no specific mandate under any of the WTO Agreements to promote or protect human rights although there may be some indirect references to human rights through the WTO stated objectives of promoting principles of non-discrimination, rule of law, economic liberalism and peaceful dispute settlement. The WTO and GATT are more connected. There have been eight rounds in context of trade settlement during 1947<sup>2</sup>. One to five were of a comparatively short duration, basically focus on tariff reductions. Kennedy Round (1963-67) was sixth round, deeper and more extensive tariff reduction especially in Industrial tariffs and bestowed developing country

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<sup>1</sup>Most of the WTO agreements are the result of the 1986–94 Uruguay Round negotiations, signed at the Marrakesh ministerial meeting in April 1994. There are about 60 agreements and decisions totalling 550 pages. WTO legal texts. Available at.

[https://www.wto.org/english/docs\\_e/legal\\_e/legal\\_e.htm#GATT94](https://www.wto.org/english/docs_e/legal_e/legal_e.htm#GATT94)(Last visited on November 5, 2016).

<sup>2</sup>Kevin R Gray, (2003), Right to Food Principles Vis a Vis Rules Governing International Trade, *available at*: <http://www.cid.harvard.edu/cidtrade/Papers/gray.pdf>. Last visited on November 6, 2016).

concerns to the fore. Tokyo Round was the seventh round which lasted in six years (1973-1979), cut tariffs but also present a series of codes on non-tariff barriers (NTBs). The WTO was the final stage of notification acknowledged as the Uruguay Round (1986-93).

The main difference between of opinion between GATT and WTO are following;

1. The GATT was hesitant. Its abridging parties never ratified the General Agreement, and it contained no planning's for the creation of an organization.
2. The WTO and its agreements are permanent in nature. As a globally institution, the WTO has a legal basis because total members ratified Agreement of WTO and the agreements also describe how the WTO is to operate.
3. Basically GATT has contracting parties while WTO has members, underlying the facts the officially the GATT was legal text.
4. The GATT tackled with trade in goods. The WTO contracted with trade in services and intellectual property as well in detailed from and extended.
5. The WTO dispute closure system is speedier and more credible than the old GATT system.
6. The WTO has encircled a review function of trade policy that increases the transparency of members' national trading policy and exercises.

The scheme of replacing agricultural price support with direct payments to agriculturist non-combined from production dates back to the late 1950s agricultural protectionism<sup>3</sup>, fluctuating commodity prices and the failure of export earnings were checked by **Gottfried Haberler** as chairperson of panel experts in the twelfth session of GATT.

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<sup>3</sup> In economics, protectionism is the economic policy of restraining trade between states (countries) through methods such as tariffs on imported goods, restrictive quotas, and a variety of other government regulations. Protectionist policies protect the producers, businesses and workers of the import-competing sector in a country from foreign competitors. According to proponents, these policies can counteract unfair trade practices, to allow fair competition between imports and goods and services produced domestically. Protectionists may favour the policy in order to decrease the trade deficit, maintain employment in certain sectors, or favour the growth of certain industries. *available at: <http://www.ictsd.org/downloads/2012/02/agricultural-subsidies-in-the-wto-green-box-ensuring-coherence-with-sustainable-development-goals.pdf>*, (last view on 10 November,2016)

In the 1980's a large crop surpluses was occurred, and due to only government payments to agricultural producers in industrialised countries which were focused the world market by means of export subsidies, food prices down. The fiscal burden of punitive measures increased, due both to fewer receipts from import duties and higher domestic expenditure. In that duration, the global economy had gone through a cycle of recession, and the perception that opening up markets could improve economic conditions approach a new round of multilateral trade negotiations. The round would open up markets in services and high-tech goods, ultimately creating much needed efficiency gains. In order to engage developing countries, many of which were "demanders" of new disciplines, agriculture, textiles, and clothing at international level, were added to the grand bargain<sup>4</sup>.

In 1986 GATT Ministerial Conference was held in Punta del Este, Uruguay, farm lobbies in developed countries strongly resisted compromises on agriculture. Firstly the idea of exempting production and "trade-neutral" subsidies from WTO commitments was first proposed by the United States in 1987, and repeated soon after by the (European Union).By guaranteeing farmers continued support, it also counterbalanced opposition<sup>5</sup>. The developed countries would be allowed to retain subsidies that cause "not more than minimal trade distortion" in order to deliver various public policy objectives, only for two reasons ;

1. In exchange for bringing agriculture within the disciplines of the WTO<sup>6</sup>,
2. Committing to future reduction of trade-distorting subsidies.

Prior to the Uruguay round, agricultural commodities were largely exempt from the application of GATT requirements as multilateral trade rules applied predominantly to manufactured goods.<sup>7</sup>

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<sup>4</sup> The state of food and agriculture, 1995 available at; <http://www.fao.org/docrep/v6800e/V6800E01.htm>

<sup>5</sup> Food and Agriculture Organization of The United Nations Rome, 2007, *available at:* <http://www.fao.org/3/a-a1477e.pdf> (Last visited on September 2, 2016).

<sup>6</sup> Agreement on Agriculture, available at [https://web.archive.org/web/20110928055726/http://www.oxfam.org/en/news/pressreleases2005/pr051218\\_wto\\_betrayal](https://web.archive.org/web/20110928055726/http://www.oxfam.org/en/news/pressreleases2005/pr051218_wto_betrayal). (Last visited on 3, September, 2016).

<sup>6</sup>Ibid

<sup>7</sup>Ibid

Developing countries are not very supportive in nature and badly depend upon agriculture sector for needed revenue, whereas industrialized countries used a variety of apparatus to promote agricultural production, including export subsidies, import tariffs, import quotas, and other non-tariffs barriers. The European Union (E.U) and United States (U.S) for example insisted on exemption and waivers from GATT to allow them to continue providing massive subsidies to their agricultural sectors.<sup>8</sup> This would result in artificial maintenance of high levels of production which would eventually lead to sale of agricultural surplus on the world market at prices below their cost of production, a practice known as dumping. These types of distortions in agricultural trade is what led to pressure from many countries in the 1980's to push for the establishment of multilateral trade rules in order to create a more fairer market.<sup>9</sup>

At the time many developing country markets were already open to cheap and dumped agricultural products from the U.S and E.C, due to International Monetary Fund and World Bank structural adjustment programs.<sup>10</sup> The programs required developing countries to liberalize their economies and open their markets to foreign products in order to gain access to developed country markets but that never happened.<sup>11</sup> Developing countries look forward to that a multilateral trade agreement would provide additional export earnings to deaden poverty as it would open up new market opportunities for their agricultural products. It is very good for agriculture products. Unluckily 15 years down the line since the AOA came into force and developing countries still feel themselves on outside. Developing countries have no capacity to access a greater market. To amplify in liberalization of agriculture in the last half-century has not caused assemble of the traditional world structure of food production. In the first session of the United Nation Conference, the UNES i.e. United Nations Economic and Social Council set up an introductory committee for the purpose of drafting the charter of the organization with

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<sup>8</sup> Carmen G. Gonzales,( 2002) *Institutionalizing Inequality: the WTO, Agriculture and Developing Countries*, 27COLUM. J. ENVTL. L. 433

<sup>9</sup>Sophia Murphy, Benlilliston and Mary Beth Lake(2005). *WTO Agreement on Agriculture: A decade of dumping, United States dumping on agricultural markets*, publication No. 1, A series of assessing the World Trade Organization first ten years 1995 – 2005, Minneapolis, Minnesota: iatp.

<sup>10</sup>Ibid.

<sup>11</sup>World Trade Organization, *Understanding (2005) WTO,3rd edition previously published as "Trading into the Future" September 2003*, revised October 2005, Genève 21, Switzerland.



regard to the international trade also known as International Trade Organization along with twenty three countries.

After the three countries i.e. United States, United Kingdom and Canada, had their discussion over the matter of international trading system, the United States finally had submitted its proposals in the year 1945.

The main purpose of establishing the system with regard to the international trade, commonly known as international trading system were as follows-

The international trading system was established in order to,

- Upgrade the living standard of every individual
- Guarantee or in other words to ensure employment to the maximum
- Expand the making of the products
- To exchange products at the global level

Finally the General Agreement on Tariff and Trade i.e. GATT got set up in Geneva in the year 1947 along with its non-partial motive to set up the international trading system. Two separate organizations i.e. World Bank (WB) and Indian Monetary Fund (IMF) were set up in order to deal with the matter regarding international finance. Along with that an ITO i.e. International Trade Organization was also set up for the purpose of administering the trade at the international level. This International Trade Organization had kept its foot in a meeting in Havana in the year 1946.

GATT generally was administered by the interim as well as provincial measures and it did not even require any formal organization to enforce it.

The Agreement initially was comprised of principles such as, no partiality, reduction of tariffs, and transparency along with reciprocity.

The most important part comes here, the General Agreement on Tariff and Trade had organized almost eight conferences. These conferences or the rounds started up with the Geneva Round which was held in the year 1947 and finally ended up in the year 1994

with the Uruguay Round. With the implementation of the General Agreement on Tariff and Trade in the year 1948, there were eight major rounds held all across the worlds.

The eight major rounds with regard to the General Agreement on Trade and Tariff. They were,<sup>12</sup>

1. First Round held in Geneva
2. Second Round held in Annecy
3. Third Round held in Torque
4. Fourth Round again in Geneva
5. Dillon Round held in Geneva
6. Kennedy Round in Geneva
7. Tokyo Round
8. Uruguay Round

With the beginning of the Rounds in Geneva as the first Round with regard to the General Agreement on Tariff and Trade. It was held in Switzerland. Almost 23 states were associated with it as its member and it formed altogether 123 negotiations.

Moving on to the Second Round of the GATT which was held in Annecy in France in the year 1994. This round was based upon the negotiations with regard to trade. Around 5000 negotiations were by the parties in this round.

In the Third Round with regard to GATT was held between 1950 and 1951 in Torque in Britain. Around 36 members had participated in it. In the third round, tariff up to 3700 were exchanged with the tariff reduction of 25%.<sup>13</sup>

The Fourth Round was held again in Geneva between 1955 and 1996. It consisted of 26 countries.

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<sup>12</sup> World Trade Organization (1995), The WTO Agreement Series – General Agreement on Tariff and Trade, Geneva: WTO

<sup>13</sup> The GATT's contribution to economic recovery, *available at*:<http://www.dartmouth.edu/~dirwin/docs/GATT-%20contribution.pd>. (Last visited on 1 Sep 2016 ).

The fifth round was the Dillon Round held again in Geneva. It ended in the year 1962 and it resulted in almost 4400 concessions over the tariffs.

Moving on to the sixth round with regard to the GATT which is also known as Kennedy Round. It took place between 1965 and 1967. Around 50 countries took part in this round.

The seventh round with regard to the GATT was the Tokyo Round. In the negotiations of the seventh round i.e. Tokyo Round around 99 countries had participated. There were two important results of the Tokyo Round, they include- decline with regard to the import duties and secondly, decline with regard to the trade barriers on products imported by the developing nations.

The ending round with regard to the GATT was the Uruguay Round. The round was held in the Punta Del Este in Uruguay. Around 124 countries had participated in the round.

The WTO is an organization, an international organization that is responsible to promote trade global. WTO is generally an organization where the countries which are associated to it come up to negotiate over the agreements with regard to trade. On a general basis, it functions by settling down the problems or the disputes with regard to the trade. The head office of WTO is situated in Geneva in Switzerland. The WTO was set up in the year 1995 and was associated with 160 members.

Everything that has been discussed above is either directly or indirectly, associated with the agriculture. Agriculture that has been considered as the ancient and one of those occupations feeding all the households in and outside our country. Without agriculture, I don't think if anyone can imagine about food. There have been certain provisions that are related to the agriculture such as-

1. Agreement on Agriculture
2. Agreement on Sanitary and Phytosanitary Measures, and
3. Agreement on Technical barriers to Trade

Generally, Agreement on Agriculture is a treaty of the World Trade Organization at the global level and was negotiated during the Uruguay Round of General Agreement on Tariff and Trade. The agreement on Agriculture provided with the rules and regulations in order to administer the trade with regard to the food, as well as agriculture at the international level. It was formed in the Year 1995, 1<sup>st</sup> of January.<sup>14</sup> The main purpose of the Agreement on Agriculture is to establish a fair and market oriented trading system with regard to agriculture.

The agreement on agriculture basically includes concerns with regard to free trade along with food security.

The Agreement on Agriculture has been divided into three broader parts which is also known as three important pillars of Agreement on Agriculture.<sup>15</sup> They are-

1. Market Access
2. Domestic Support and
3. Export Subsidies or Export Competition

Basically, the fundamental object of the first pillar of the Agreement on Agriculture i.e. Market Access is to convert the tariff or the non-tariff barriers with regard to trade. Under this all the developed as well as developing countries are required to convert their non-tariff a barrier to the simple tariff and this process is known as tariffication. Market Access is nothing but the rights of the exporters to have contact or to have access to the markets at the global level. The tariff reductions with regard to the Market Access is as follows-

- Developed countries to reduce import by 36% over 6 years along with the tariff reduction of 15%.<sup>16</sup>

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<sup>14</sup>Uruguay Round Agreement on Agriculture, *available at:* [https://www.wto.org/english/docs\\_e/legal\\_e/14-ag\\_01\\_e.htm](https://www.wto.org/english/docs_e/legal_e/14-ag_01_e.htm). (Last visited on 5 Dec 2016 )

<sup>15</sup> The WTO Agreements Series Agriculture, *available at:* [https://www.wto.org/english/res-e/booksp\\_e/agric\\_agreement\\_series\\_2.pdf](https://www.wto.org/english/res-e/booksp_e/agric_agreement_series_2.pdf). (Last visited on 5 Dec 2016 )

<sup>16</sup>The implication of the Uruguay Round Agreement on Agriculture for developing Countries, *available at:* <http://www.fao.org/docrep/004/w7814e/w7814e04.htm>. (Last visited on 5 Dec 2016 )

- With regard to the developing countries it is 24% over the 10 years with the tariff reduction of about 10%.<sup>17</sup>

However the tariff reductions with regard to the developed countries were excluded but they required changing their non-tariff barriers to tariff barriers.

Now we can see in the case of Domestic Support, which is also a pillar of the Agreement on Agriculture. Basically Domestic Support is the subsidies given by a member country to promote their agricultural sector. Domestic Support basically contains the regulations with regard to the provisions of Domestic Support or the subsidies by the member country on their farmers. The Domestic Support has been grouped under three boxes, they are- Amber Box, Blue Box and lastly the Green Box.

Now moving on to the Export Competition which is also termed as Export Subsidies. They generally restrict the member countries to restrict the member countries to give subsidies for the promotion of the agricultural export.

Agreement on Sanitary and Phytosanitary Measures is also an international treaty formed by the World Trade Organization. It basically came into force in the year 1995. The agreement deals especially with the policies with regard to the safety of the food, plants as well as animals in the context of bacterial constraints, harmful chemicals such as pesticides etc. along with its inspection and it also labeling. The SPS Measure is however related to the TBT Agreement.

Technical Barriers to Trade is a treaty which has been formed internationally and it is looked up by the World Trade Organization. The agreement generally formed in the context of the formality of the products those talks about the size, shape, design, labeling or packaging of the product along with its functionality and its performance. The TBT Agreement is formed keeping in mind the health and safety of the humans, plants as well as animals.

Chapter 5 deals in details of the Food Security and Free Trade. Food Security is a major concern especially in those nations which still at the stage of development. In other words

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<sup>17</sup> Ibid

we can say that the Food Security is to keep security of the food. From the term itself we can make out that the maximum poor people are residing in the developing countries hence it appears as an important concern in the developing countries.

The term Food Security in general means the availability of sufficient amount of food to all the individual at all the times to live a healthy life. Basically, the concept “Food Security” brings about two major points that-

- Firstly that the food according to the concept should be available at the three different levels i.e. at the local, national and the international level.
- Secondly the entitlement to those food in the context of the individuals capacity to have access to the food.

Food Security should be taken care in the places booked by food insecurity. Now food insecurity deals with those places which are deprived or is suffering for not having sufficient or adequate amount of food to feed the basic requirement of an individual. Therefore it becomes more important to maintain food security in a country.

Free Trade is another context which goes hand-in-hand by food security. Actually Free Trade plays a vital role in maintain the food security of a country. Every country in the world is not self-sufficient. In fact no country is self-sufficient. Every country has to depend on other country in order to meet their basic needs and demands.

The concept of Free Trade is quite a relaxing one and it helps the countries in the field of import and export.

## **STATEMENT OF PROBLEM**

The capacity of access food is unevenly distributed across the globe. The emergence of international trade in food was thought to solve the problems of uneven distribution of food. However, in spite of the emergence of free trade, the problem of food insecurity has grown and has in some countries of the world has assumed scar y structures. The World Trade Organization in its Nairobi Package has brought out the Ministerial Decision on

Export Competition includes a commitment to eliminate subsidies on farm products. The second decision that has been adopted was on Public Stockpiling for Food Security Purposes. The decision commits members to engage constructively in finding a permanent solution to this issue. Under the Bali Ministerial Decision of 2013, developing countries are allowed to continue food stockpile programs, which are otherwise at risk of breaching the WTO's domestic subsidy cap, until a permanent solution is found by the 11th Ministerial Conference in 2017. It is necessary for the above context to examine how the provisions of the Agreement on Agriculture are interfering with the task of achieving food security for developing countries and to further examine what other provisions may be incorporated in the Agreement on Agriculture to ensure food security for developing countries.

Eat food is a necessity for living like air and water. It is more than getting two meals. It has three attributes-<sup>18</sup>

- 1) Food accessibility i.e. total food output in the country plus the imported food plus stocks food maintained in govt. granaries like FCI in previous years.
- 2) Food accessibility i.e. food should be within the limit reach of each person.
- 3) Food affordability i.e. an individual should have enough money to buy proper, safe and nutritious food to meet his recommended dietary needs.<sup>19</sup> The need for achieving food security is felt importantly in the recent years due to tremendous pressure from the ever increasing population in India.

After 70th year of independence, India is not only seen development and progress but also becoming one of the best raising economies in the world. But out of the estimate 1.27 billion population, a total of 77% are considered poor, underprivileged and helpless, and millions of people fail to get two times meals a day. According to global Hunger Index of 2013, India ranked 63rd out of 120 countries and this report is quite amazing

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<sup>18</sup> Freezing of fruits and vegetables, *available at*:  
<http://www.fao.org/docrep/008/y5979e/y5979e03.htm>. (Last visited on 8 Dec 2016 )

<sup>19</sup> *ibid*

because India is one of the largest producers of food in the world. This problem is not merely limited to rural areas but also extend to urban area. To combat this recurrent problem, Government did commence some major programme such as 1.Public food distribution system (PDS), 2. The Integrated Child Development System (ICDS), 3. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGS), 4.Antyodaya Anna Yojana (AAY) etc. These major programmes fail to break in in every section of the society and starvation continues to boom among the poor people. The dissatisfaction in the breakdown of this programme can mainly be endorsed to the prevalence of discrimination among the society, failure in delivery of public services, pitiable liability system and infringement in the implementation of pro-poor policies. In this backdrop, the National Advisory Council (NAC) drafted a "Food Security Bill" in 2010, which is considered for laboratory experiment in the realm for distributing highly subsidized food for any government through a "rights based" approach . The National Food Security Bill after parliamentary procedures, much debate and analysis was passed and became a law on 12th September 2013. According to this new Act, Food Security is defined as the availability of sufficient food grains to meet the domestic demand as Challenges to Food Security in India<sup>20</sup>

## **LITERATURE REVIEW**

The WTO i.e. World Trade organization is an association formed at the international level and it is situated in Geneva in Switzerland. The main function of the World Trade Organization is to monitor along with that it also implements the rules and regulations that is required to administer trade at the global level. The World Trade Organization basically is formed in order to lessen the complications or the difficulties with regard to free trade.

The agreements contained in the World Trade Organization basically provides with the legal ground-rules with regard to the trade at the international level.

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<sup>20</sup> The Food Security Bill, 2013 available at:  
<http://www.prsindia.org/uploads/media/Food%20Security/Food%20Security%20Bill,%202013.pdf>, ( Last Visited on Sep 4.2016)



Under the World Trade Organization, Agriculture has been regarded as one of the main issues be tackled, taking along the strength that is required to effect the discussions or the negotiations in there, also taking in account the conferences held by the ministers under it.

India, in a way is very much honored to have founder members in the form of World Trade Organization (WTO) and also the General Agreement on Tariff and Trade (GATT).

In the passing years and till date, the discussions with regard to the World Trade Organization (WTO) has been regarded as playing the vital role in a way for the reason of properly structuring the system known as Multilateral Trading System which we can see is existing today also. In the context of our country (India), is regarded to be the most sensitive topic to deal with. In order to fully understand the areas of these sensitivities. India, looked up to its matter of self-sufficiency which deals in a greater manner with the shortage of the food in the country which was faced in the year 1950's and 1960's along with the fact that 69 percent of the total population in the country is wholly depended upon, for the purpose of their livelihood over the rural economy.

Based on present literature over the concerned topic, the chapter in continuation basically focuses on the part to provide with brief review of the performances with regard to the recent development in context of agriculture in the country. And some of these policies with regard to the agriculture has its extreme effect over the matter of agriculture. Basically this book deals exclusively with the negotiations of the World Trade Organization (WTO) with regard to agriculture. It also review the status of the country in the areas of these negotiations. The chapter provided in this book deals exclusively with matters related to World Trade Organization (WTO), General Agreement Tariff and Trade (GATT), TRIPS, SPS, TBT.

Agreement on Agriculture (AOA), Food Security and Free Trade along with several other related topics.

**Rais Ahmad**

He deals with the multi-faceted dimensions of Indian agriculture and our relationship with WTO through his edited book “WTO and Indian Agriculture”. The positive and negative aspects of WTO regulations starting with the Uruguay round agreement and extending up to the present day have been brought up very clearly. It also dealt with great clarity, the various implications of farm exports and imports for the well-being of farmers as well as the Indian economy as a whole.

WTO is basically an international organization situated in Geneva that supervise and enforces rules governing global trade. The WTO intervenes when trade disputes arise, and generally reduces obstacles to free trade.

The agreements in WTO provide the legal fundamental-rules for global trade, commerce, agriculture and Intellectual property which are very supportive for global economy. But there will be a big chasm between what developing countries requirements from the agriculture negotiations and what they will get, but they are working together better than they ever have before to achieve common goals.

India has proud to have been a founder Member both of GATT and of WTO. It is equally sensitive in the Indian context. To understand these sensitivities fully, including India’s emphasis on self-sufficiency, it is important to keep in mind the extreme shortage of food grain that the country faced in the 1950s and 1960s and a little over 700 million people that is about 69% of the population, are dependent on the rural economy for their livelihood. There are several credible information about the problem are taken which are mention in for coming writing.

**David Blandford**, the Food and Agriculture Organization (FAO) of the United Nations held a World Food Summit that developed a Plan of Action for food security, so that “all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.”<sup>21</sup> We have seen from past experience in Europe and the United States that this type of

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<sup>21</sup>United Nations, 1975, *Report of the World Food Conference, Rome 5-16 November 1974*. New York, available at: <http://www.fao.org/docrep/005/y4671e/y4671e06.htm#fn25>. (Last visited on September 15, 2016).

policy is economically inefficient, and a potential source of tension among trading partners because of resulting distortions in international markets. A subsidy war between the European Union and the United States during the 1970s and 1980s was one the major reasons why countries thought it was necessary to bring agricultural policies under international disciplines in the Uruguay Round. It would be unfortunate for the world's trading system if a loosening of these disciplines resulted in renewed conflicts over agricultural policies in the future.

**Jona Aravid Dohrmann and Sukhadeo Thorat**, in their work on the food security and discrimination in India attempted to create the foundation and justifications for the food security .In the article the writers expound on the basics of food security, using India as the case study. India has accepted the concept of a food through its constitution, and its legislation and broadest legal meaning to this indispensable right at the practical level. India has achieved independence regarding its food supply and is even able to export excess food grain today.

The study will also look at the different international agreement on agriculture instruments that establish the food security. The establishment of the free trade is even more controversial as many scholarly writings seem to concentrate on the dichotomy of trade and food security, choosing to look at them as different entities. **Qingjiang Kong** makes the argument that there is no dichotomy between trade and food security because their already exists such a thing as the free trade.

**Carmen G. Gonzalez (2005)** The reason for this focus is to avoid the danger that the upcoming WTO agricultural negotiations fail to contribute as strongly as they might to the promotion of food security precisely because the two areas of work and study overlap only at the margins. Those concerned with issues of livelihoods and food security are not always attuned to the ways in which changing trade policy could have an effect (for example by making favored approaches less feasible or unfavorable tendencies more likely). On the other side, since international trade negotiations are between states, whereas food security is primarily an individual or group concern, they may fail to consider the multiple, overlapping ways in which food security may be affected, with the

result that is exemplified by the tendency to equate food security with national agricultural import capacity.

While the objective of the study is to identify ways in which multilateral trade liberalization could affect food security policies, this broader approach to the concept of food security suggests that it is desirable to place the analysis within the wider context of the ways in which security is enhanced or reduced. There are many factors affecting an individual's food (in) security other than the influence of government actions described as food security policies.

The concept of food security raises numerous questions about the concrete obligations of the respective duty holders. Without such concrete definitions the whole concept is weakened. Nothing will happen as long as responsibilities and corresponding duties are not defined clearly.

India has accepted the concept of a right to food through its constitution, and its legislation and broadest legal meaning to this indispensable right at the practical level. India has achieved independence regarding its food supply and is even able to export excess food grain today. In the article by **Christine Braining Kaufman** on the food security and trade in agriculture makes a strong case for the food security arguing that culture, tradition and history of all human civilizations across the world have been deeply influenced by agriculture, which over centuries evolved from subsistence farming to barter and trade with neighboring communities. Christine further makes the argument that food is a most essential good, and therefore plays important part in each society culture and policies: embedded in several international human rights instruments. It is a cultural statement and a biological necessity. The study will also look at the different international human rights instruments that establish the food security.

The establishment of the concept of free trade is even more controversial as many scholarly writings seem to concentrate on the dichotomy of trade, choosing to look at them as different entities. The WTO Agreement on Agriculture, Food security, and Developing countries by **Carmen Gonanzalez** is also well written paper, that clearly

highlights the various articles in the AOA that are discriminative in nature, when dealing with food security and free trade. His article will be the starting point in identifying how the concept food security and free trade are discriminatively provided for within the AOA when dealing separately with developing and developed countries.

**Further, Dani Rodrik (2015)** provides an analysis of the strengths and weakness of the existing trading system. The assumptions underlying trade liberalization and its relationship with growth and poverty are critically analyzed.

## **OBJECTIVES**

The major objectives of this work to short out the problems of agricultural trade with world trade. The inadequacies in the WTO Agreement on Agriculture (AOA) are to be identified in the interface of providing food security and encouraging free trade, when dealing with developing countries.

- I. To illustrate the fact that the food security and free trade are both institutionalized within the Agreement on Agriculture (AOA).
- II. To expose the fact that the Agreement on Agriculture (AOA) is discriminatory in nature in its application of both the free trade and the food security when dealing with developing countries.
- III. To document the contribution and effects of the Agreement on Agriculture (AOA) in the last 21 years on developing countries.

## **RESEARCH QUESTIONS**

There are several research questions of my dissertation,

- a) Has the Agreement on Agriculture (AOA) institutionalized inequality with regard to its provisions protecting the free trade *vis-a-vis* food Security?
- b) What has been the contribution and effects of the AOA in the last 21 years on developing countries with regard to food security?
- c) Is the creation of Agreement on Agriculture (AOA) a deliberate attempt by

- developed countries to take advantage of developing nations?
- d) How is free trade affecting the food security of people in developing countries?
  - e) What changes should be incorporated in the Agreement on Agriculture to ensure food security for developing countries?

## **HYPOTHESIS**

- There may be existence a conflict between food security and the free trade in agreement on agriculture on account of predominance of developed countries interest.
- Agreement on Agriculture (AoA) provisions and principles are drafted in a manner that is more favorable to developed countries interests at the expense of developing countries.

## **RESEARCH METHODOLOGY**

For the present study, in view of the topic the methodology followed in the entire research work is the doctrinal method of research. This involves data collection from both primary as well as secondary sources. The primary sources are Rules, Regulations etc. and the secondary sources are Books, Securities laws, Bare Acts, Law dictionaries, Magazines and Newspapers etc.

## **CHAPTERIZATION**

- My chapterization is going through several heads. The first chapter is an introductory chapter which contains statement of problems, research questions, objectives & hypothesis and research methodology.
- The second chapter is regarding historical perspective of international document of world trade and agriculture.
- The third chapter is comprehensive study of provision related of agriculture embodied in international trade especially in context of function.

- In the fourth chapter we discussed on brief agreement on agriculture.
- Where five chapters is study the scope of agriculture in free trade in the light of food security.
- Where chapter six is only discussed about the Indian context on agriculture and food security.
- The chapter seven is my conclusion and suggestion.

## **CHAPTER 2**

### **HISTORICAL EVOLUTION OF WORLD TRADE**

#### **2.1 GATT AND AGRICULTURE**

The Second World War was instrumental in establishment of GATT. The GATT's origins can be traced back to the Atlantic Charter of 1941, developed by the then US President Franklin Roosevelt and British Prime Minister Winston Churchill. In order to counter the US isolationism the principle of the Atlantic Charter stood for an international trading system with equal access to trade for all nations<sup>22</sup>. On this ground, the discussions were made mainly between the following countries namely, the United States, the United Kingdom and Canada at that time when the war was in progress to further elaborate the most important elements of a new international trading system. In the year 1945, the United States called for the meeting of a United Nations Conference with the motive to negotiate an international trade charter and also for setting up of an international trade organization. In February 1946, at its first session, with twenty three countries, the United Nations Economic and Social Council set up an introductory committee to draft the charter of the International Trade Organization. Thus, the International Trade Organization was considered as the final leg of a Triad of post-war economic agencies (rest two were the International Monetary Fund and the International Bank for Reconstruction and Development- later the World Bank).

After having a long term session with the United Kingdom and Canada, the United States submitted its ideas and proposal in December 1945, into a detailed draft trade charter. This proposed charter was adopted as a basis for discussion for its first session held in London during October November of 1946<sup>23</sup>. "The Protocol of provisional application under the General Agreement on Tariffs and Trade (GATT)" was signed by 23 countries

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<sup>22</sup> Bhagirathi Lal Das.(2005) The Current Negotiation in the WT: Option Opportunity and Risks for Developing Country. Publication (London New York)

<sup>23</sup>M.B. Rav, WTO and International Trade, (New Delhi: Vikas Publishing House Pvt. Ltd.2000.)



at the Palais des Nations at Geneva. This agreement on “the Protocol of provisional application under the General Agreement on Tariffs and Trade (GATT)” contained tariff concessions that were agreed to in the negotiations of first multilateral trade and new a set of rules were set up to avoid these concessions from being discouraged because of the restrictive trade measures. The 23 origin members were: Australia, Belgium, Brazil, Burma, Canada, Ceylon, Chile, China, Cuba, Czechoslovakia, France, India, Lebanon, Luxembourg, Netherlands, New Zealand, Norway, Pakistan, Southern Rhodesia, Soria, South Africa, United Kingdom and the United States<sup>24</sup>. On 1<sup>st</sup> of January 1948, the General Agreement on Tariffs and Trade came into existence. From February to March, the first Session of the Contracting Parties took place in Havana. The secretariat of the interim commission for the International Trade Organization, which also served as the secretariat of GATT on ad hoc basis, moved, to Geneva from Lake Placid, New York.

Between 1948 and 1994, the General Agreement on Tariffs and Trade (GATT)<sup>25</sup>. The ultimate aim of establishing such a liberal world trading system was to raise living standard, ensure full employment through a steadily growing effective demand and real income, develop fully the resources of the world, and expand the production and exchange of goods on a global level<sup>26</sup>. The failure of the United States Congress to ratify the Havana Charter for World Trade, which would have established an International Trade Organization (ITO), had a profound effect on the post-war regulation of international trade in agricultural products.<sup>27</sup> The bifurcation of treatment in international trade between industrial and agricultural products, occasioned by the failure of the ITO and events in the early history of the GATT, has only recently begun to be eliminated.<sup>28</sup> “Only one of the provisions of the GATT, Article XI: 2 (c), would specifically refer to agriculture. The different as for the history of this provision, during the drafting of the

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<sup>24</sup>N. Gopalsamy, *GATT/WTO, TRIPS, TRIMs and TRADE in Services*, (New Delhi: Wheeler Publishing, 1998.)

<sup>25</sup>*General Agreement on Tariffs and Trade*, 30 October 1947, 58 UNTS 187 (entered into force 1 January 1948) [*GATT 1947*] available at: WTO <[https://www.wto.org/english/docs\\_e/gattdocs\\_e.htm](https://www.wto.org/english/docs_e/gattdocs_e.htm)>.

<sup>26</sup>Ratnesh Kumar, *WTO Structure, Functions, Tasks and Challenges*, (New Delhi: Deep and Deep Publication Pvt. Ltd, 2001)

<sup>27</sup>For a discussion of the Havana Charter, see C Wilcox, *A Charter for World Trade* (Macmillan, 1949) and R Gardner, *Sterline Dollar Diplomacy in the Current Perspective* (Columbia, 1980).

<sup>28</sup>Joseph McMahon, *The WTO Agreement on Agriculture* (United States By Oxford University Press, New York, First Published 2006)

GATT the United States (US) insisted that in the face of the general ban on quantitative restrictions contained in Article XI, a provision be included that permitted the retention of quantitative import restrictions when necessary to enforce domestic agricultural programmes- Article XI:2 (c).<sup>29</sup>

In the year 1947, the General Agreement on Tariffs and Trade (GATT) got established in Geneva.<sup>30</sup> It had a fair motive to establish a system that would operate the trade internationally and also to inspire the commerce internationally. In the year 1944, two organizations were established namely, World Bank and International Monetary Fund (IMF) in Bretton Woods to deal in the field of international finance. Adding to the above-mentioned organizations, the policy makers also envisioned the formation of an International Trade Organization (ITO) that would administer the international trade and also carry out a framework of rules.<sup>31</sup> A charter of ITO emerged in Havana in a conference held in the year 1946.

General Agreement on Tariffs and Trade (GATT) was governed by "provisional" and "interim" measures and remained an agreement without a formal organization to enforce it.<sup>32</sup> The signatories to the GATT, known formally as contracting parties (rather than members) applied the GATT according to the Protocols of Provisional Application (PPA), and the secretariat that administered the GATT kept the title of Interim Committee of the International Trade Organization (ICITO).<sup>33</sup> These "provisional" arrangements persisted up until 1994 when the Final Act of the Uruguay Round eventually brought the World Trade Organization (WTO) into global trade thereby expanded.<sup>34</sup> In order to facilitate this, the agreement contained within its text some basic principle and plans that have

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<sup>29</sup> Ibid

<sup>30</sup> Supra note 1

<sup>31</sup> What is the WTO available at: [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact1\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact1_e.htm). (Last visit on 12 Jan 2017).

<sup>32</sup> The implication of the Uruguay Round Agreement on Agriculture for developing Countries, available at: <http://www.fao.org/docrep/004/w7814e/w7814e04.htm>. (Last Visit on 21 Jan 2017)

<sup>33</sup> Ibid

<sup>34</sup> Ibid

been built on over straight rounds of negotiation.<sup>35</sup> The most important elements of the Agreement included those of:<sup>36</sup>

- Non-discrimination: the Most Favored Nation (MFN) principle;
- tariff reduction;
- Transparency;
- Reciprocity.

Most Favored Nation (MFN)	A fundamental standard of the GATT, each abbreviating party to the GATT is commanded to provide all other contracting parties with the same terms and conditions of goods trade as the easiest terms it gives, i.e., each contracting party is demanded to treat all contracting parties in the same way that it treats its "most favored nation".
Tariff reduction	With the introduction of GATT tariffs were the main form of trade right protection, and negotiations in the ahead of time centered primarily ontariff-reducing. The text of the 1947 GATT lays out the responsibilities of the concentrating companies in this regard. <sup>37</sup>
Transparency	The key to a transparent system of trade is the need to accord the system of import protection so that barriers to trade can then be reduced through the process of negotiation. The GATT, therefore, limited the use of quotas, except in specific conditions widely used by agriculture. <sup>38</sup>
Reciprocity	The benefits of any bilateral agreements between contracting parties, regarding tariffreductions and market access, are extended simultaneously to all other contracting parties. The principle of

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<sup>35</sup> *ibid*

<sup>36</sup> *ibid*

<sup>37</sup>R. Sharma, Agriculture in the GATT: A Historical Account, FAO Corporate Document Respository, *available at:* <http://www.fao.org/docrep/003/x7352e/x7352e04.htm>. (Last Visited on November 8, 2016).

<sup>38</sup> Stephen Healy, Richard Pearce, Michael Stockbridge, The implications of the Uruguay Round Agreement on Agriculture for developing countries, (Food and Agriculture Organization of the United Nations, Rome 1998 reprint 2000), *available at:* <http://www.fao.org/docrep/004/w7814e/w7814e00.htm>. (Last Visited on November 9, 2016).

	reciprocity relates to the requirement to reciprocate the treatment provided by other contracting parties. It is closely associated with MFN. <sup>39</sup>
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The agreement also recognized that there are circumstances in which strict adherence to these principles would be inappropriate. The GATT therefore provided for exceptions and waivers.<sup>40</sup> In particular:

- Developing countries were to be given special status;
- Countries that offer each other more favorable treatment within a customs union were allowed to waive full adherence to the MFN clause;
- Agricultural trade was given special treatment, especially with regard to nontariff barriers.<sup>41</sup>

**To achieve these objectives, the Agreement provided for:**

- (a) Multilateral trade negotiations,
- (b) Consultation and settlement of disputes, and
- (c) Waivers to be granted in exceptional cases.

**2.2 CONFERENCES HELD ON GENERAL AGREEMENT ON TARIFF AND TRADE**

The important mechanism for an advance on trade liberalization within the GATT has been occasional many-sided negotiating rounds. In all, there have been eight such rounds, starting with the Geneva Round of 1947 that demonstrated the GATT, and final with the Uruguay Round that ended in 1994 after having based the WTO.<sup>42</sup> The basic focus of the majority of rounds has been the promotion of multilateral tariff diminutions, and the

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<sup>39</sup>Alice Landau, *Redrawing the Global Economy: Elements of Integration and Fragmentation*, (Palgrave Hound mills, New York, 2001).

<sup>40</sup>Supra note 10

<sup>41</sup> ibid

<sup>42</sup>R. Sharma, *Agriculture in the GATT: A Historical Account*, *available at*: <http://www.fao.org/docrep/003/x7352e-x7352e04.htm> , (Last visited on November 10, 2016).

extension of the agreed reductions to all members in accordance of rights with the MFN clause.<sup>43</sup> Since GATT came to be implemented in 1948, there were eight major trade rounds held in different parts of the world, under the auspices of the GATT.

## **2.3 THE GATT NEGOTIATIONS ROUND**

**Let us describe the major features of the above said rounds.**

<b>Round</b>	<b>Date</b>	<b>No. of member countries</b>	<b>Value of trade (\$US billion)</b>	<b>No. of tariff Concessions</b>
Geneva	1947	23	10	45,000
Annecy	1949	33	-	5,000
Torquay	1950	34	-	8,700
Geneva	1956	22	2.5	-
Dillon	1960-61	45	4.9	4,400
Kennedy	1962-67	48	40	-
Tokyo	1973-79	99	300	-
Uruguay	1986-93	118	-	-

### **2.3.1 FIRST ROUND (GENEVA)**

In the year 1947, the first round of General Agreement on Tariff and Trade was held and it took place at Geneva in Switzerland. In this round, 23 member states had participated and it made around 123 negotiations. It also established 20 schedules which contained the tariff reductions and the bindings which were considered as an integral part of the General Agreements on Tariffs and Trade. The schedules under this round covered tariff reductions worth 45,000 and \$10 billion in trade. It was signed in the year 1948.

### **2.3.2 SECOND ROUND (ANNECY)**

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<sup>43</sup>Supra note 10

It was in the year 1949, the second round of GATT was held at Annecy in France. This was a round which was made upon the trade negotiations. This round took place from the April until August. In this round around 5000 tariff concessions were exchanged by the contracting parties. This round also emphasized upon the accession of 10 more countries.

### **2.3.3 THIRD ROUND (TORQUAY)**

The third round of GATT was held in the year 1950 and 1951 at Torquay in Britain. In this round, 36 member countries had participated. The negotiations in this round were held from September 1951 until April 1952. In this round around 3700 tariff concessions were exchanged by the contracting parties with 25 per cent of tariff reduction.

### **2.3.4 FOURTH ROUND (GENEVA)**

The fourth round of GATT was held in the year 1955 and 1956 at Geneva. Participants included 26 member countries and the outcome was around \$2.5 billion worth of tariff reduction.

### **2.3.5 DILLON ROUND (GENEVA)**

During 1960 and 1962 another round was held in the same country, Geneva which was also known by the name as Dillon Round and it was the fifth round of GATT. This round was divided into two phases, in which the first round dealt, for the creation of a single schedule of creations for the community based on as Common External tariff through negotiations held with EEC member states, the second was a further general round of tariff negotiations. This round was named in honor of Douglas Dillon who had proposed for the negotiations. The round ended in the year 1962 in July and had resulted in about 4400 concessions on tariffs which had covered about \$4.9 billion of trade. In this round, 26 member countries had participated.

### **2.3.6 KENNEDY ROUND (GENEVA)**

During 1964 and 1967, another round was held again in Geneva. This was the sixth important round of the General Agreement on Tariffs and Trade i.e. GATT and was popularly known as Kennedy Round. In this round, more than 50 countries had participated.

Countries accounting for 75 percent of the world trade, participated in this round. For the first time negotiations departed from the product-by-product approach used in the previous rounds to an across-the-board or linear method of cutting tariffs for industrial products. The working hypothesis of a 50 per cent target cut in tariff levels was achieved in many areas. Concessions covered an estimated total value of trade of about \$ 40 billion.<sup>44</sup> They also signed an agreement on grains, chemical products and also a code on Anti-Dumping measures.

### **2.3.7 TOKYO ROUND**

The seventh round of the General Agreement on Tariffs and Trade got its name as Tokyo Round. In this round around 99 countries had participated in the negotiation. This seventh round on GATT was put into motion by the ministers with amotive to negotiate a complete and detailed agreement dealing with both, tariff and non-tariff matters.

This agreement followed up in the following areas such as, technical barriers to trade, subsidies, areas of countervailing measures, areas dealing with government procurement, areas of customs valuation, areas dealing with the import licensing procedures, trade in civil aircraft, area of a revised anti-dumping code, areas dealing with trade in bovine meat, and also in trade in dairy products.

There were two most important results of the Tokyo Round they were,

- Decline of import duties and,

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<sup>44</sup> WTO News, Press, 5 February 1998. available at:  
[https://www.wto.org/english/news\\_e/pres98\\_e/pres98\\_e.htm](https://www.wto.org/english/news_e/pres98_e/pres98_e.htm).  
( Last Visited on 23 Nov 2016)

- The decline in other trade barriers on the tropical products exported by developing countries by the industrial countries.

At the end of the Tokyo Round in November 1979 participants exchanged tariff reductions and bindings which covered more than \$ 300 billion of world trade.

### **2.3.8 URUGUAY ROUND**

The eight and the last round of General Agreement on Tariff and Trade were held in Punta Del Este in Uruguay. The round is popularly known as “Uruguay Round”. Though Uruguay Round was introduced in the year 1985 but it was formally put into motion in the year 1986 in September. It had multilateral negotiations on trade. In this Round, 125 countries had participated. Finally, the Uruguay Round came to an end in December in the year 1993.

### **2.4 THE URUGUAY ROUND NEGOTIATIONS**

The eight and the last round of General Agreement on Tariff and Trade was held in Punta Del Este in Uruguay. It had multilateral negotiations on trade. The round is popularly known as “Uruguay Round”. In this “Uruguay Round” 125 countries had participated. Though Uruguay Round was introduced in the year 1985 but it was formally put into motion in the year 1986 in September.

The Round was launched in that period when certain significant shifts took place in most of the industrialized countries, at the time when the service industries had already grown and were still expanding and alongside the communication technologies were also getting revolutionized. And it was also a time when the international agricultural markets were suffering ascertain degree of crisis (for e.g. declining in the earning of the agricultural export).



Uruguay Round is considered to be a most ambitious form of trade rounds under the General Agreement on Tariff and Trade as because it does not limits itself to the issues related to the trade but it also takes over to the issues concerning intellectual property rights and services.

At the time when Uruguay Round was initiated, a committee was formed to draw up an agenda and obtained two major and basic drafts- first from the Organization for Economic Cooperation and Development (OECD) countries and second from the developing countries.<sup>45</sup>

During the establishing and introduction of the eight round i.e., Uruguay Round, the United States had advised that the services related to intellectual property and also foreign investments restrictions to also be included on the agenda. In addition to this, the Organization for Economic Cooperation and Development (OECD) was coaxed for including agriculture in the agenda.

Agriculture dominated the ongoing discussions of the Uruguay Round. Agriculture remained as a protected industry even when it accounted for 13 per cent (approx.) of the world merchandise trade. The dairy sector which was considered as most protected was the greatest opposition against the liberalization of trade in agriculture. Despite the opposition, within ten years, the United States had proposed for a plan to eliminate all the farm subsidies. But OECD rejected that proposal by the United States.

There were many disputes on agriculture and these disputes over agriculture also had its impact by preventing agreement Over several other issues. However, the United States and E.C. had agreed over the matter of reducing E.C. exports of subsidized farm good in the year 1992. It provided for a way to have more discussion over the negotiations on agriculture and several other issues. A committee was set up to monitor the overall negotiations known as the Trade Negotiation Committee (TNC). Arthur Dunked as being the Director General of GATT was also the chairman of the Trade Negotiation

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<sup>45</sup> GATT and The Uruguay Round, *available at*: [http://www.eccb-centralbank.org/Rsch\\_Papers/Rpmar94.pdf](http://www.eccb-centralbank.org/Rsch_Papers/Rpmar94.pdf). (Last visited on November 12, 2016).

Committee (TNC) at the official level. Finally, the Uruguay Round came to an end in December in the year 1993.

The main objectives of the Uruguay round with regard to the agriculture are discussed as follows-

The most important objective of the Uruguay Round with regard to agriculture was to gain Greater liberalization of trade in agriculture to incorporate all the general measure were affecting implication access and exportation competitor under toned up and more operationally effective GATT rules and discipline.

The basic and very important element of the declaration is its complete and clear credit of the effects that domesticated agricultural policies have on the deal. The Round would not only focus on the important issues of border-related and export but it also on a broader range of domestic agricultural policy issues. Policies that subsidized producers would be subject to close scrutiny and negotiation.<sup>46</sup>

The Concentrating Parties accord that there is an urgent need to bring more correct and predictability to world agricultural trade by adjusting and keeping confinements and aberrations admitting those related to structural surpluses so as to reduce the uncertainty, imbalances, and instability in world agricultural markets.<sup>47</sup>

Negotiations aimed to achieve a greater relaxation of trade in the field of agriculture and incorporate all the measures that affect the import access and also the export competitor under fortified and best GATT rules and disciplines, taking into condition the general principles administration the negotiations in certain ways, for example by-

- (1) Ameliorating market accession through the reduction of trade barrier,

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<sup>46</sup> *ibid*

<sup>47</sup> *Supra* note 2

- (2) Denigrating the adverse effects that healthful and Phytosanitary regulations and barriers can have on trade related in agriculture, taking into account the relevant global agreements.<sup>48</sup>
- (3) Ameliorating the competitor environment by increasing field on the use of all direct and indirect grants and other amounts affecting directly or indirectly agricultural trade, including the phased reduction of their damaging effects and conducting with their causes;<sup>49</sup>

By a decision of 28 January 1987, the negotiating structure and plans were agreed for all the areas outlined in the Punta Del Este Declaration.<sup>50</sup> In the case of agriculture, the initial phase would take into account the basic principles to govern world trade in agriculture and this would take along the identification of major problems and how is it caused and submission of the information regarding measures and policies that effect agricultural trade. The process of negotiation would include an examination of proposals and negotiations to secure the agreement on strengthened and more operationally effective GATT rules, those specific multilateral commitments that is to be undertaken and the exchange of concessions. It was said that by the end of 1987 the initial phase would be completed.

## **2.5 WORLD TRADE ORGANIZATION - WTO (1995)**

World Trade Organization (WTO) is an International organization for the Trade opening at the global level; a platform for the member countries for the negotiation of Trade agreements; a forum to settle all the trade disputes with rule and regulation; an international body to maintain a system regarding rule and regulation of International Trade etc. Thus WTO is an International body of Trade regulation at the global level. WTO office is situated at Geneva, Switzerland. This organization was established on 1 January 1995. Till the date, WTO has its 160 member countries. Yemen is the 160<sup>th</sup>

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<sup>48</sup>General Agreement on Tariffs and Trade GATT *available at:* <http://www.iatp.org/files/Pu.htm>, ( Last visited on 19 November 2016).

<sup>49</sup> *ibid*

<sup>50</sup> T Stewart, *The GATT Uruguay Round: A Negotiating History (1986-94) Vol III*, (Publisher. Kluwer Law International; 1 edition (November 1, 1993)

member country joined WTO on 26th June 2014 and almost 25th other countries are the observers and they may be also a member country of WTO in future.

## **CHAPTER 3**

### **WORLD TRADE ORGANIZATION PROVISIONS RELATED TO AGRICULTURE**

#### **3.1 AGREEMENT ON AGRICULTURE (AOA)**

The Agreement on Agriculture (AOA) is basically a global treaty by the World Trade Organization (WTO) which has been negotiated at the time of the Uruguay Round of the GATT.<sup>51</sup>

The Agreement on Agriculture introduced the first effective rules that were formed with an intention to govern the international trade in agriculture and food. Following the negotiations of the Uruguay Round, all the agricultural products were brought under the rules of multilateral trade which was initiated by the WTO's Agreement on Agriculture.<sup>52</sup>

The Agreement on Agriculture basically came into force on 1<sup>st</sup> of January, 1995. The preamble of the Agreement on Agriculture recognizes that the main objective of the process of reform which was initiated in the programme by the Uruguay Round is to set up an agricultural trading system which is fair and market oriented. The programmes of reform included certain specific commitments such as reduction of protection and support

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<sup>51</sup> Supra note 7

<sup>52</sup> The WTO Agreement on Agriculture, *available at*: [https://www.actionaid.org.uk/sites/default/files/doc\\_lib/51\\_1\\_agreement\\_agriculture.pdf](https://www.actionaid.org.uk/sites/default/files/doc_lib/51_1_agreement_agriculture.pdf). (Last Visited on January 5, 2017).

in the areas of common domestic support, export subsidies on goods, and also market access. This agreement over agriculture considers the non-trade concerns, it also included food security and the necessity to save and protect the environment. It also provides with certain special and different kinds of treatment in favor of the developing countries.<sup>53</sup>

One of the most important feature of the Agreement on Agriculture is that, it has helped in bringing uniformity in the field of Agriculture. Another unique feature of the Agreement on Agriculture is that “even such measures as subsidies have been covered by the specific commitment of reduction from year to year. In other areas of goods, trade generally, only tariffs fall within the coverage of reduction commitments.

Despite having such above mentioned positive features, this Agreement on Agriculture also compromises of certain flaws and imbalances (discussed in chapter 3).

The Agreement on Agriculture is divided into three main sections of the Agreement which includes: Market Access, Domestic Support and also Export Subsidies. These three section of the Agreement acts in a manner of guide to the Articles which are relevant to the Agreement and also to the Annexes of the Agreement. It helps in examining the manner in which different paragraphs and also the clauses have to be interpreted. These three pillars are-

### **3.1.1 MARKET ACCESS**

Market access fundamentally means the change in reduction of tariff or non-tariff barriers to trade by the members of the WTO. The Agreement on Agriculture needed tariff reductions of the followings<sup>54</sup>,

- In case of developing country average reduction is 36 % in last 6 years, with a minimum per-tariff line reduction of 15%<sup>55</sup>.

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<sup>53</sup> Agriculture: Explanation, Introduction, *available at:* [https://www.wto.org/english/tratop\\_e/agric\\_e/ag\\_intro01\\_-intro\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/ag_intro01_-intro_e.htm). (Last Visited on January 6, 2017).

<sup>54</sup> Introduction of the Agreement in the WTO, *available at:* [https://ecampus.wto.org/admin/files/Course-\\_385/Module\\_1515/ModuleDocuments/AG-L1-R1-E.pdf](https://ecampus.wto.org/admin/files/Course-_385/Module_1515/ModuleDocuments/AG-L1-R1-E.pdf). (Last visited on 10 November 2016).

<sup>55</sup> *ibid*

- Average reduction of 24% by countries over ten years with a least per-tariff line reduction of 10%<sup>56</sup>.

The Least developed countries (LDCs) were excused from the tariff reductions, however they either had to change to the non-tariff barriers to tariffs - a process known tariffication- or "bind" their tariffs, building a upper limit that could not be amplified in the future<sup>57</sup>.

### 3.1.2 DOMESTIC SUPPORT

Domestic support is one of the pillars of the Agreement on Agriculture. The different types of support built-in amber box are calculated using the Aggregate Measurement of Support (AMS) and are subject matter to reduction<sup>58</sup>. Developed countries are obliged to lessen this support by 20% over the six years and developing countries are required to cut it off by 13.3% over 10 years. Under the rule of De Minims, countries are excused from cutting product-specific affirm that does not go beyond the level of 5% of the total value of output of that product (average 10% for different developing countries) and non-product specific support that does not go beyond 5% (10% for developing countries) of the value of total agricultural end product. The developing countries are also excluded from reducing the support for the investment in the agriculture, input subsidies for low-income farmers and support to give confidence with regard to variegation from arising illicit crops. These types of support are allowed for under special and derivative treatment.<sup>59</sup>

### 3.1.3 EXPORT SUBSIDIES

Export subsidies are considered as the third pillar of the Agreement on Agriculture. The Agreement on Agriculture of 1995 needed developed countries to cut on export subsidies

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<sup>56</sup>ibid

<sup>57</sup>Supra note 1

<sup>58</sup>ibid

<sup>59</sup> WTO Agreement on Agriculture: A Developing Country Perspective, *available at*: <http://www.ccsenet.org/journal/index.php/jpl/article/viewFile-/733/705>, (Last visited on January 7, 2017).

by at least 36% (by product value) or by 21% (by product volume) over 6 years. For the developing countries, the essential cuts were made 14% (by product volume) and 24% (by produce value) over last 10 years.<sup>60</sup>

If we examine, then around three-quarter people who are poor lives in the rural areas in the different corners of the world and the proportion in the developing countries as high as around 96%. This provides us with the conclusion that agriculture is an urgent and a very important problem for the developing countries.

The Uruguay Round Agreement on Agriculture came into being on the 1<sup>st</sup> of July, in the year 1995. The Agreement on Agriculture had called for the discussion on the non-tariff barriers over the products related to agriculture to tariffs as well as their reduction. The agreement also called for the discussion with regard to the cuts on both the export subsidies and domestic support subsidies. Generally, the developing countries enjoyed the reduction over the schedules but the countries which were least developed could not get the opportunity to enjoy these cuts and reductions, they were exempted from these cuts. It generally take into account the interest of the developing countries to some level and it also provide the developing countries with certain special and differential treatment.<sup>61</sup>

#### **3.1.4 SPECIAL AND DIFFERENTIAL TREATMENT**

The Agreement on Agriculture is expected to affect the policies related to agriculture in the developing countries in several ways according to which these developing countries may get an opportunity to put into practice this agreement for a period of 10 years and also that the reduction commitments in the areas of the agreement with regard to the developing countries is about two-thirds of those for the developed countries. These special and differential treatment mainly spot the three main issues with regard to the

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<sup>60</sup> Supra note 1 and 4

<sup>61</sup> Journal of Politics and Law June 2008, WTO Agreement on Agriculture: A Developing Country Perspective *available at*: <http://www.ccsenet.org/journal/index.php/jpl/article/viewFile/733/705>, (Last visited on January 7, 2017).

agriculture and which are also the important pillars of the agreement, i.e., Market Access, Domestic Support and Export Subsidies (discussed above).<sup>62</sup>

### **3.2 BASIC AGREEMENT ON SANITARY AND PHYTOSANITARY MEASURES (SPS MEASURES)**

The Agreement with regard to the measures of Sanitary and Phytosanitary consist of 14 Articles which contains rights and obligation over which the members of World Trade Organization have agreed upon. The SPS Agreement basically sets out the basic rules and regulations with regard to the safety of the food along with the safety of the animals and also regarding the health standards of the plant and basic health management system of plant for proper growth and survival.

The measure with regard to the sanitary and Phytosanitary (SPS Measures) allows a nation to position and its standards. Alongside it also provides that the guidelines or the principles must be related to the science. It shall be used or applied to a level up to which it becomes essential to safe guard the life and health of humans, animals and plants. And they also must not randomly or unreasonably categorize between the countries where identical or similar circumstances exist.

The member countries to this agreement are also encouraged to make use of the international standards, strategy and also the recommendations where ever they are present. On the other hand, the members can also make use of the measures which ends up in higher standards if there exist any of the scientific reason. Alongside they even can put higher standards based upon the suitable evaluation of risks to an extent where the approach is reliable but it should not be arbitrary.

The World Trade Organization (WTO) Agreement on the Application of Sanitary and Phytosanitary Measures (the SPS Agreement) basically aims to make available the stability among the right of governments for the purpose to protect the safety of the food,

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<sup>62</sup>*ibid*



plants and also the health of the animals. It also prevents these sanitary and Phytosanitary measures from being unsubstantiated trade barriers.<sup>63</sup>

### **3.3 AGREEMENT WITH REGARD TO THE APPLICATION OF SANITARY AND PHYTOSANITARY MEASURES**

Agreement with regard to the Application of Sanitary and Phytosanitary Measure is an international treaty formed by the World Trade Organization. It came into being with the formation of the World Trade Organization with the starting of the year 1995.<sup>64</sup> Under this agreement, World Trade Organization arranges certain kinds of constraints over the member-states' policies which relates to the safety of the food (with regard bacterial contaminants, pesticides, inspection and also from labelling along with the health of the animals and plants with regard to the imported pests and diseases. There are three principles organizations which set out the standards according to which the members of the WTO must base their SPS methodologies on. As per Article 3 of the agreement, they are considered as the Codex Alimentarius Commission (Codex), World Organization with regard to the health of the Animals (OIE) and lastly, the Secretariat of the International Plant Protection Convention (IPPC).<sup>65</sup>

This international treaty of the WTO aims to target the barriers to the trade which is hidden as the health and safety regulations.<sup>66</sup>

Agreement with regard to the Sanitary and Phytosanitary commonly Measures is inter related with the Agreement on Technical Barriers to Trade, it is also signed in the same

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<sup>63</sup>The SPS Agreement: WTO agreement on the application of sanitary and Phytosanitary measures, International trade Forum Magazine, *available at*: <http://www.tradeforum.org/The-SPS-Agreement-WTO-Agreement-on-the-Application-of-Sanitary-and-Phytosanitary-Measures/>. (Last Visited on January 12, 2017)

<sup>64</sup> *ibid*

<sup>65</sup>WTO E-Learning Copyright *available at*: [https://ecampus.wto.org/admin/files/Course385/Module\\_1509/ModuleDocuments/SPS\\_Risk-L2-R1-E.pdf](https://ecampus.wto.org/admin/files/Course385/Module_1509/ModuleDocuments/SPS_Risk-L2-R1-E.pdf). (Last Visited on January 12, 2017).

<sup>66</sup> Robert Cunningham, 'The ABC of GMOs, SPS & the WTO: An analysis of the application of the Agreement on Sanitary and Phytosanitary Measures within the context of biotechnology and international trade', (2005) 9 Australian Southern Cross University Law Review, 19-37, 24.

year and has same targets as of SPS Agreement. The TBT originated out of the Tokyo Round of WTO negotiations and it was negotiated with the intention to ensure non-discrimination in the in the field of adoption and also execution of technical regulations and standards.<sup>67</sup>

### **3.3.1 SANITARY AND PHYTOSANITARY MEASURES**

Sanitary and Phytosanitary (SPS) measures are those measures which aim to secure or to protect the humans, animals, and plants from any kind of diseases, pests, or contaminants.

These SPS measures consist of all kinds of laws (which are related to it), decrees, regulations, necessities and actions. SPS measures can be applied with a purpose to protect the life and also the health of the human, animals within the terrain of a country from any kind of risks which may arise from plant pests (insects, bacteria, virus), additives, residues (of pesticides or veterinary drugs), contaminants (heavy metals), harmful toxins in the foods, beverages and infections passed on by the creatures.<sup>68</sup>

Agreement on the Application of Sanitary and Phytosanitary Measures is considered as one of the finishing documents permitted at the wrapping up of the Uruguay Round of the Multilateral Trade Negotiations. It applies to all the sanitary and Phytosanitary measures that had a direct and indirect impact over the international trade. The SPS agreement basically contains a chain of understandings on how these SPS measures can be set up and also put in used by countries when they are launched. The SPS agreement makes sure that these SPS measures do not arbitrarily or without any reason neither discriminates against the trade of certain other members nor it be used to cover up the trade restrictions. Under this SPS agreement, the countries have to standardize the case right in order to provide with the level of health major protection they consider fit, but it also has to be agreed upon that this right must not be misused.<sup>69</sup>

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<sup>67</sup> Kasturi Das, 'Coping with SPS Challenges in India: WTO and Beyond', (2008) 11(4) Journal of International Economic Law, 971-1019, 973-974, 973.

<sup>68</sup> Supra note 12

<sup>69</sup> *ibid*

### **3.3.2 SANITARY AND PHYTOCANITARY COMMITTEE**

The Agreement on Sanitary and Phytosanitary is measure of basically administered by a committee which is known as SPS Committee. It is a committee in which all the members of the WTO can participate. The SPS Committee is basically a forum generally for the purpose discussion, in which the members of the WTO can sit together and discuss over the SPS Measure and also about the effects of it over the trade<sup>70</sup>.

The SPS committee looks after the accomplishment of the SPS agreement and also provides a forum for discussion on plant health and food safety measures pretending basic trade of importance. Generally, The SPS Committee meets three times in a whole year at the headquarters of the WTO situated in Geneva for discussion of reverent issue. It also provides with a forum for all the members WTO in order to have discussions over the implementation of the SPS agreement, which also includes sharing of their experiences, raising concerns with regard to the activities of other members and also mounting directions with regard to the implementation of the SPS agreement<sup>71</sup>.

### **3.4 AGREEMENT WITH REGARD TO TECHNICAL BARRIERS TO TRADE (TBT)**

The Agreement on Technical Barriers to the Trade, generally denotes the TBT Agreement, which is an international treaty administered by the World Trade Organization. The Arrangement was last negotiated at the time of Uruguay Round of the General Agreement on Tariffs and Trade. It came into enforcement with the starting of 1995 and the agreement is binding on all the members of the WTO.<sup>72</sup>

“The word "Technical Barriers to Trade" (TBT) refers to technical regulations which is of a compulsory nature and also standards that describe exact distinctiveness that a product is supposed to have, for example, the size of the product, shape of the product, design of the product, labeling of the product / its marking / its packaging, and also functionality or performance of it.

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<sup>70</sup>ibid

<sup>71</sup> ibid

<sup>72</sup> ibid

There are some of the procedures according to which the products are analyzed in a proper manner and along with that these procedures are also used to make sure if a manufactured product is in compliance with the following necessities are also enclosed by the meaning of the term Technical Barriers on Trade. Therefore these so-called "conformity assessment procedures" may comprise of activities related to product testing, inspection and certification.

Technical Barriers To Trade are generally brought in front by the authorities of the government along with a objective of lawful public policy in the minds –such as, securing the health of the human along with their safety, life of animal and plant- their health and also their environment, or protecting the consumers from making any misleading practices. However, Technical Barriers on Trade most of the time have its impact on trade and the competitiveness with regard to the exporters, and also with regard to specifically small and medium enterprises (SMEs). Adjusting products and also the process of the production for the purpose of complying with certain other necessities in export markets, at the same time demonstrating compliance with these necessities, increase the cost of the product and also time-to-market, and can eventually harm the competitiveness of the exporters of EU. This is the only reason as these exporters locate technical necessities at or close to the peak of their concerns with regard to trade barriers<sup>73</sup>.”

### **3.4.1 OBJECTIVE OF AGREEMENT ON THE TECHNICAL BARRIERS TO TRADE**

First and foremost objective of the World Trade Organizations (WTOs), Agreement on Technical Barriers to Trade (TBT) is to make sure that the technical regulations, standards of the product and also the "a conformity assessment procedure does not generate any of the unnecessary obstacles with regard to trade."<sup>74</sup>

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<sup>73</sup>ibid

<sup>74</sup> Enforcement and compliance, WTO AGREEMENT ON TECHNICAL BARRIERS TO TRADE, *available at:* [http://tcc.export.gov/Trade\\_Agreements/Exporters\\_Guides/List\\_All\\_Guides/WTO\\_barriers\\_to\\_trade\\_AG\\_guide.asp](http://tcc.export.gov/Trade_Agreements/Exporters_Guides/List_All_Guides/WTO_barriers_to_trade_AG_guide.asp). (Last Visited on January 12, 2017).

Along with that, it also foresees certain rights of the members of the World Trade Organization such as, right to put into practice the measures to attain lawful policy objectives, for example securing or in other words protecting the health of the human and also providing safety to them, or protection with regard to the environment.<sup>75</sup>

### **3.4.2 PURPOSE OF TECHNICAL BARRIERS TO TRADE**

Basically the Technical Barriers to Trade is there to make sure that the technical regulations, standards, testing, and certification procedures do not generate any kind of obstacles with regard to the trade. In general, the agreement prohibits technical necessities which are formed with a reason to limit the trade, as divergent to the technical necessities which are created to obtain lawful purposes for example consumer protection or environmental protection.<sup>76</sup> In reality the main reason for it is to keep away from unnecessary obstacles with regard to trade at the international level and at the same time to provide recognition to all the members of the World Trade Organization for a reason to guard or to protect lawful interests as per own regulatory autonomy, even though promoting the exercise of the international standards. The series of lawful interests which can properly give good reason with regard to restriction in the trade is not comprehensive and at the same time it also includes security of humans, environment, and also animal health and safety.<sup>77</sup>

### **3.4.3 STRUCTURE WITH REGARD TO AGREEMENT ON TBT**

The Agreement with regard to the Technical Barriers to Trade can be categorized under five different heads. The first head provides with the scope of the Agreement which covers products, which are both industrial products as well as agricultural products” but not sanitary and Phytosanitary measures. The second head provides with the principles as well as the obligations that concerns with the technical regulations. The third head brings forward the conformity along with the assessments of conformity. The fourth head deals with the

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<sup>75</sup> Supra note 19.

<sup>77</sup> Eric R. Lowe, “Technical Regulations to Prevent Deceptive Practices: Can WTO Members Protect Consumers from [un] Fair-Trade Coffee and [Less-Than] Free-Range Chicken?” (2014) 48(3) Journal of World Trade, p. 593 628.

knowledge as well as support, which includes duty of the nations for the reason to offer support to each other with regard to the drafting of the technical regulations. Lastly the fifth head of the Agreement demonstrate the formation of the Committee on Technical Barriers to Trade and it also lays down the procedures with regard to the dispute settlement.<sup>78</sup>

#### **3.4.4 FUNCTIONS OF TRADE COMMITTEE WITH REGARD TO TBT**

”The functions of the committee on the Technical Barriers to Trade includes two broader areas, they are-

##### **1. Review of specific measures**

The TBT Committee generally used by the members of the WTO for a reason to discuss about various concerns with regard to trade which are known as Specific Trade Concerns (STCs) — these concerns with regard to trade provide with specific laws, regulations and also procedures that have an effect on their trade, frequently in reply to the notifications. Basically, members raise these Specific Trade Concerns in order to discover more with regard to the scope and execution of each other's regulations in light of the core TBT obligations. The debate here is more often with regard to the measures in the pipeline, but it can also be with regard to the execution of measures which are existing.

##### **2. Strengthening implementation of the TBT Agreement**

Under this part the members usually switch over or we can say exchange their experiences on the execution of the Agreement with a sight to make execution more successful and resourceful at the same time. This conversation revolves

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<sup>78</sup> Supra note 21

around the generic, cross-cutting themes, including transparency, standards, conformity assessment and good regulatory practice.”<sup>79</sup>

## **CHAPTER 4**

### **AGREEMENT ON AGRICULTURE**

#### **4.1 INTRODUCTION TO AGREEMENT ON AGRICULTURE**

The World Trade Organization got established in the year 1995, 1<sup>st</sup> of January<sup>80</sup>. The WTO Agreement on Agriculture is one of the most important treaties with regard to the Organizations of the World Trade. The negotiations with regard to that took place during time last round of General Agreement on Tariff and Trade. The WTO introduced the first effective rules and regulations which governed the trade at the international level in the field of agriculture and food. Subsequent to the Uruguay Round negotiations all the products related to the agriculture were put under the multilateral trade rules through the WTOs Agreement on Agriculture.

Within the system of WTO, agreement on Agriculture is the key Agreement on Agriculture. The importance of Agreement on Agriculture is reflected by its presence as the first Agreement annexed to the Marrakesh Agreement establishing the WTO.

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<sup>79</sup> *ibid*

<sup>80</sup> The GATT years: from Havana to Marrakesh, *available at*:[https://www.wto.org/english/thewto\\_e/whatis-\\_e/tif\\_e/fact4\\_e.htm](https://www.wto.org/english/thewto_e/whatis-_e/tif_e/fact4_e.htm), (Last visited on 13 October. 2016).

## **4.2. POSITIVE FEATURES OF AGREEMENT ON AGRICULTURE**

The topmost and very important feature of the Agreement on Agriculture has been discussed in the following terms; a serious start has been made to bring the field of agriculture into a proper and normal discipline as per the international trading rules. We can also say that it has helped in bringing uniformity in the field of agriculture. For a long period of time, some of the developed countries tend to subsidize their agricultural products which have resulted in putting the other agricultural exporters into a great disadvantage. But now, as per Agreement on Agriculture, there is a regulation on cutting down of subsidies on both exports and production.

Another unique feature of the Agreement on Agriculture is that “even such measures as subsidies have been covered by the specific commitment of reduction from year to year. In other areas of goods, trade generally, only tariffs fall within the coverage of reduction commitments.”<sup>81</sup>

## **4.3 MAIN FLAWS AND IMBALANCES OF THE AGREEMENT**

Main flaws and imbalances of the agreement on agriculture are discussed as follows-

### **1) Unfair obligation**

Under the Agreement on Agriculture, the common scheme of commitment is that, those countries which have been practicing the measure for the purpose of import restraint were required to limit their level by 36% and those countries which have been practicing domestic subsidies were needed to limit their level by 20%. The budgetary outlay and the quantity of exports falling under the export subsidies were expected to be deducted or limited by 36% and 21% respectively.<sup>82</sup>

By our understanding, it can be said that those countries which were using these measures would be able to take back a big portion of them by the end of the period of

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<sup>81</sup> Supra note 45

<sup>82</sup> Agreement on Agriculture, *available at*: [https://www.wto.org/english/res\\_e/booksp\\_e/analytic\\_index\\_e/agriculture\\_01\\_e.htm](https://www.wto.org/english/res_e/booksp_e/analytic_index_e/agriculture_01_e.htm). (Last visited on January 17, 2016).



implementation. Those countries which are not using the measures mentioned before are strictly prohibited from using them in future beyond the De Minimis limits. It can be said that this is unfair in a sense that those countries which had been misleading the market in the past will be given allowance to mislead it to a substantial extent, but in case of those countries which had been refrained from doing so will be strictly prohibited from using these measures in future also.

## **2) Need for domestic food production**

The agreement on agriculture is based upon the explanation related to the international trade in the field of agricultural sector. It thus presupposes the supremacy of the price system and the comparative advantage operating in this sector.<sup>83</sup> From this we can make an inference that a country should import the agricultural products only from those countries which are able to produce those agricultural products cheaply than it can produce it domestically. In theory it may seem to be reasonable but at the same time it can prove to be disastrous for the food security of the developing countries. Those countries which have sufficient amount of foreign exchange may depend upon the import of food products which are cheap, but those countries having a short in the foreign exchange will face serious difficulties if they are always depending upon the imports of the essential and staple food items. There are many developing countries which is persistently having shortage in the foreign exchange. Under such a condition, if these countries tend to rely only upon the import of food then the population of those countries may even face starvation at times as because they do not have sufficient foreign exchange to purchase or to buy food from other countries. A country can only put a hold on or can delay the import of industrial products just for some time but it cannot put a hold on the provisions relating to the food products or food items of its people. Under such circumstances, for these countries, it may be wiser to have domestic production of the important food items as much their land resources permit.

## **3) Non-commercial farming**

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<sup>83</sup> ibid

In many of the developing countries having agricultural land, in those countries the field of agriculture usually is not taken up as a commercial venture, even if there are some small pockets of commercial farming. Many farmers tend to cultivate the land they possess as because that land they had obtained in the form of ancestral property and they do not have any other profession also.

It is very difficult to make peace with these characteristics in many of the developing countries along with the operation of price mechanism and also commercial agriculture, which are also the basic principles of the Agreement on Agriculture. In the developing countries the livelihood of the households of the farmers may be threatened on a large scale if these farmers are exposed to any competition at the international level.

#### **4) High tariffs in developed countries**

In the process of tariffication, several developed countries have kept the tariffs in their schedules very high, dimming import prospects.<sup>84</sup>

#### **5) Net food-importing developing countries**

There are some problems relating to the net food-importing developing countries, and these problems have been recognized in the Ministerial Decision of the World Trade Organization (WTO), but there is no concrete action mentioned in the decision. As a result of which so far no specific action has been taken on that part.

#### **6) Correctness of schedules**

“Modality paper” (which designed the basis for the calculation made by the commitments of the countries) has not been brought under the part of the Agreement on Agriculture; in a manner that the provisions which have been included are not enforceable. One relied upon the countries to prepare their schedules by their own self based upon the relevant and important facts. At the same time it has been indicated that some of these calculations might not be totally correct or accurate. Everything was done in such a hurry that it was very likely that the countries did not have sufficient resources to come up with accurate

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<sup>84</sup> *ibid*

schedules in such a short period of time. The time provided for the verification of those schedules were also very less. As a result of which one cannot be sure that the provisions laid down in the modality paper has been fully implemented.

## **7) Tariff quotas**

The tariff quotas in the Agreement on Agriculture has to be allocated for three purposes-

- a) Current access opportunity- it means to provide equal opportunity to the annual imports as equal to the average annual imports for the years 1986-1988. At the same time, to protect the opportunities of import in the bilateral agreements and plurilateral agreements.
- b) General minimum access opportunity- it provides with the opportunity of a minimum percentage of domestic consumption for imports for the years 1986-1988.
- c) Minimum access opportunities as a result of special treatments- according to this only four countries in the world have access to the special treatment which is mentioned in point (c) and that too is only for one or two products. Other opportunities which are mentioned above in point (a) and point (b) has to be provided with low tariffs only up to a certain quantity of imports. The tariff quotas to protect the access as a result of bilateral or plurilateral agreements will naturally be country-specific.<sup>85</sup> But in some of the other cases relating to the access opportunities, the tariff quota should be at the global level and it should not be in a manner specifying any particular countries as because every should get an opportunity of enjoying and utilizing quotas. If we talk about quotas in the field of agriculture there are some of the developed countries who have mixed up the various elements of access opportunities and have liberally provided for country-specific tariff quotas. Thus, other countries do not have the possibility of utilizing these access opportunities.<sup>86</sup>

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<sup>85</sup> ibid

<sup>86</sup> ibid

## **8) Uncertainty about specific domestic support**

As it is mentioned above, that the main purpose of the commitments related to the domestic support is to limit it under a roof as per mentioned in the schedule of the country. A country, depending upon its own need or requirement can adjust or modulate the choice of the products and the rate of subsidy. This would result by keeping the exporters of others countries in a state of uncertainty or in other words we can say that they somehow will be handicapped in the planning of their own exports.

## **9) Subsidized food stock of developing countries**

The subsidy which is given by developing countries while purchasing food for the purpose of public distribution and stocking does not count under reduction commitment but what is included in the calculation of the Aggregate Measurement of Support is the difference between the purchase price and the external reference price. (The Annual Bound Commitment Level of the AMS, which is mentioned in the schedule of the country, signifies that the country's provision of domestic support cannot exceed the leveling that year.).<sup>87</sup> As it is mentioned before, that countries which are choosing to subsidize the food purchase for the purpose of stocking, those countries deduct or reduce the subsidies on some other products or items for the purpose of limiting the overall subsidies to the bound level of the AMS in that particular year.

## **10) Discrimination in due restraint provision**

The Agreement on Agriculture provides with the due restraint against subsidies. As per the provisions there are two categories of subsidies. One set is covered under article 6 of the Agreement on Agriculture which consist of items as follows, for example, input subsidies and investment subsidies of the developing countries.

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<sup>87</sup> ibid

The other set falls under Annex 2 of the Agreement on Agriculture which includes items as follows, for example, government services programmes, direct payment to the producers, income insurance programmes, crop insurance programmes, structural adjustment assistance , and many more items. The other set of the agreement is prevalent in the developing countries.

#### **4.4. PILLARS OF AGREEMENT ON AGRICULTURE**

**The WTO Agreement on Agriculture formed out of three important pillars namely,**

1. Market Access
2. Domestic Support, and
3. Export competition

##### **4.4.1. MARKET ACCESS**

In simple words we can frame an explanation for the term “Market Access” saying that Market Access is the right of the exporters to contact or to access the foreign market. Under this the WTO agreements gives permission to the members of the WTO for the protection of their markets. If we look into the practice, “Market Access” refers to those ways in which that protection can be implemented.

Market Access in general means the reduction of tariff barriers by the members of the World Trade Organization. The Agreement on Agriculture needed tariff reduction in the year 1995 of the following:

- 36% of average reduction by the countries which are developed, with the minimum per-tariff line reduction of 15 percent for six years.<sup>88</sup>
- 24% of average reduction by the countries that are considered to be developing along with the minimum pre-tariff reduction of about 10 percent in 10 years.<sup>89</sup>

The countries which were exempted from the tariff reductions were the least developed countries (LDCs) but at the same point of time they were left with options such as, they had to convert their non-tariff barriers to tariffs, this process is known as tariffication or else bind their tariffs for The WTO Agreement consist of the rules which are related to the Market Access that applies both to the agricultural products and as well as nonagricultural products.

As we can see that, there are huge variability's in the measures which are responsible to influence one of the pillars of the AOA i.e. Market Access with regard to the products. The two most important groupings of barriers that is related to market access with regard to the products are as follows–

1. Tariffs, and
2. Non-tariff barriers(NTBs)

Along with the non-discrimination and transparency, the progressive reduction of tariffs and non-tariffs form, one of the important objectives of the World Trade Organization (WTO).

### **Tariff barriers**

Tariffs are regarded as one of the most important and most widely used barriers to the Market Access for the goods, under the World Trade Organizations. The World Trade Organization does not prohibit anyone from the use of the Tariffs. But soon the members could make out that the tariffs can often become a n obstacle in a trade. Tariffs are nothing but they are subject to the negotiations which at most of the times have led to

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<sup>88</sup>Supra note 7

<sup>89</sup>ibid

successive reductions of the tariffs. The negotiations on tariff shall be conducted on the basis which is advantageous in both the reciprocal and mutual terms. But in case of countries which are still considered to be developing countries, and the Least Developed Countries as its members, they are not required to make any kind of full reciprocal concessions, as it is made by the members of the developing countries.

The members also gave their consent with the purpose to bind their tariffs at the reduced levels and also to record the tariff bindings that are contained in the Schedules of concessions, which is also signified as their legal commitments over the tariffs in the World Trade Organization (WTO) (in Article II of the GATT in the 1994). The members of the World Trade Organization were given an option in which they may apply to the tariff which is lower than that of the bound level, but they are not permitted to exceed the specified bound levels in their schedules of concessions. As a result of which the applied tariff of a particular product or item can differ from other -lower- than the bound tariff rate for that particular product as specified in the Schedules of concessions in WTO. Because of the constant changing of circumstance for a period of time, it will be too difficult to maintain the negotiated tariff bindings. The members of the World Trade Organization (WTO) were permitted to modify the concessions in their Schedules with the help of the renegotiation procedures which is outlined in the General Agreement on Tariffs and Trade (GATT) of 1994, which provided that they only compensate to those members who hold special rights.

With the operation of the provisions of the GATT, the value of the tariff concessions is also protected – including Article III of the General Agreement on Tariff and Trade of 1994. (National treatment on internal taxation and regulation) and the other multilateral Agreements on trade in goods included in Annex 1A of the Agreement Establishing the WTO.<sup>90</sup>

### **Non-tariff barriers (NTB)**

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<sup>90</sup>Introduction to market Access in Trade in Goods in the WTO, *available at*: [https://ecampus.wto.org/admin/files-/Co-Urse\\_385/Module\\_157](https://ecampus.wto.org/admin/files-/Co-Urse_385/Module_157), (Last visited on January 18, 2017).

In addition to the tariffs, different other forms of non-tariff measures can also form various kinds of obstacles to market access for goods. There is no proper definition as to what constitute a Non-Tariff Barriers (NTB). As per the principle, they include all kinds of measures other than tariffs which are used with the purpose to protect a domestic industry.

### **Quantitative restrictions (QRs)**

A Quantitative Restriction is one of the best-known Non-Barriers. Quantitative restrictions enforce specific kinds of limits on the quantity or we can say to the value of goods which can be imported (or exported) during a specific period of time.

Whereas tariffs are permitted only to a limit as long as they do not go beyond the scheduled bound levels and are functional on the basis of Most Favoured Nation. In general the members are prohibited to apply to the Quantitative Restrictions. In general, the general prohibition of Quantitative Restrictions reflects the preference for tariffs over Quantitative Restrictions among different types of border protection. While Quantitative Restrictions inflicts absolute restrictions on the imports but at the same time tariffs do not put any restrictions over import. Article XI: 1 of the GATT 1994, provides with the general elimination of the Quantitative Restrictions which refers to the limitations which is made effective with the help of quotas, imports or export licenses or other measures. The list of measures which is included in Article XI is not comprehensive. It becomes very important to differentiate between the Quantitative Restrictions and tariff-rate-quotas (TRQs), which are allowed.<sup>91</sup>

Despite of the general rule which is prohibiting the Quantitative Restrictions, there are some of the particular exceptions which have allowed the imposition of Quantitative Restrictions in some of the circumstances and which have also subject to certain situations. If such type of situation arises then in such cases, Quantitative Restriction

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<sup>91</sup> A TRQ is a tariff system under which lower-tariff rates are applied to imports within an specified quantity ("In-Quota Rate") while higher-tariff rates are applied to imports beyond the specified quantity ("Out-of-Quota Rate"). Contrary to QRs, TRQ do not prohibit the importation of products once the quota has been filled (one can continue to import the product, although at a higher tariff rate).



must be applied as per Article XIII of the General Agreement on Tariff and Trade (GATT) 1994. This conditional applies equally to the allocation of Tariff Rate Quotas.

### **Other NBTs**

On adding to the Quantitative Restrictions, Non-Tariff Barriers ( for e.g. such as, lack of transparency in the trade regulation, unfair application of trade regulations, formalities of the custom, technical barriers to trade and arbitrary practices of customs valuations) can also add on to restrict the market access of goods. Many provisions of the World Trade Organization (WTO) are aimed at eliminating or minimizing the effects of the trade on non-tariff measures. In such type of cases, where the non-tariff measures are based upon a legitimate target (for e.g. measures on food safety – sanitary and Phytosanitary measures (SPS) - or technical standards), here the members need to go after certain specific provisions to make sure their compatibility with the World Trade Organizations rules. In general, the disciplines of the Non-Tariff Barriers are set out in the various Agreements of WTO which is contained in Annex 1A of the Agreement establishing the WTO (multilateral Agreements on trade in goods).

### **Tariff reduction**

As laid down in Article 4.1 of the Agreement on Agriculture the commitments of Market Access which is there in the schedules and it relates to the bindings and the reductions of the tariffs and also to the other Market Access commitments in the same manner as it is mentioned in the schedule. The commitments of the reduction apply both to the traditional tariff as well as new tariffs that is the tariff which results from the process of tariffication. As mentioned before, the average reduction the for the developed countries was up to 36% over six years, but in case of developing countries the average reduction was to be up to 24% over the period of ten years. The member countries which were least developed were not required to undertake any commitments of reductions, they were only required to tariff and bind their own tariffs. To overlook the overall nature of the negotiations of the Market Access, all the member countries participating in the negotiations were required to make minimum reductions on each tariff line, such as, for

the developed countries the tariff-line was up to 15 percent, and for the developed countries the tariff line was up to 10 percent.<sup>92</sup> All these commitments were recorded in each Member's Schedule of Commitments.

As per the Appellate Body in the EC-Computer Equipment, each of the Member's Schedules of the commitments is the integral part of the GATT (General Agreement on Tariff and Trade). Therefore, the concessions which are provided for in that schedule are the important part of the terms of that treaty. Now, the only rules and regulation which can be applied for the purpose of interpreting the true meaning of a concession are the general rules of the treaty interpretation which has been laid down in the Vienna Convention. These rules which are set out in the Vienna Convention require an interpreter for the purpose of finding out the ordinary meanings of terms which have been used in the treaty in their own context. In the subsequent dispute of Korea-Dairy, the Appellate Body had noted that the facts that all the WTO Agreement has been viewed as a treaty indicated that all the provisions, also including Members Schedules, has to be interpreted in a harmonious manner and in a way that will make sure that no clause or provision there is reduced or is made limited to inutility. A different issue arose in the EC-Bananas III, in which the Appellate Body had stated that,

“In our view, Article 4.1 does more than merely indicate where Market Access concessions and commitments for agricultural products are to be found. Article 4.1 acknowledges that significant, new market access concessions, in the form of new bindings and reductions of tariffs as well as other market access commitments, were made as a result of the Uruguay Round negotiations on agriculture and also included in the members GATT 1994 Schedules. These concessions are fundamental to the agricultural reform process that is a fundamental objective of the Agreement on Agriculture”<sup>93</sup>.

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<sup>92</sup> Market Access for Developing Countries, *available at*: <http://www.imf.org/external/pubs/ft/fandd-/2002/09/lankes.htm>, (Last visited on October 19, 2016).

<sup>93</sup> Joseph McMahon, *The WTO Agreement on Agriculture*, p.no.(31),Oxford University Press, New York, 2006

The EC's made an argument over asserting the prime position or importance of its Market Access commitments as per article XIII of the GATT (General Agreement on Tariff and Trade) using article 21.1 of the Agreement on Agriculture was refused by both, the panel and by the Appellate Body all these commitments were taken under the schedules annexed to the Marrakesh Protocol which had made the schedules to the GATT 1994. In this dispute, the Appellate Body had approved the decision of the panel under the United States-Sugar Head note dispute, which has noted that, according to Article II of the General Agreement on Tariff and Trade (GATT) according to which it permits members to bring under Schedules acts yielding rights under the General Agreement. In case of Appellate Body: for the Market Access concessions and the also for the commitments for agricultural products which is there in the Schedules annexed to the GATT of 1994, this principle is equally valid in both the cases.

In a feedback to EC Argument, as it is a fact that several other member countries had used tariff quotas, with the help of the country-specific allocations and also with the help of others category gives a signal that such a practice was considered to be acceptable as per the Agreement on Agriculture and also suggested that it may destroy a big portion of that which would come out as a solution of the Uruguay Round negotiations on the part of agriculture that relates to tariffication. The Appellate Body responded by stating that - we do not see anything in Article 4.1 to suggest that market access concessions and commitments made as a result of Uruguay Round negotiations on agriculture can be inconsistent with the provisions of Article XIII of the GATT 1994. There is nothing in Article 4.1 or 4.2, or in any other article of the Agreement on Agriculture, that deals specifically with the allocation of tariff quotas on agricultural products.<sup>94</sup>

The main problem of the EC was that the provisions that were dealing with the allocation of the tariff quotas were to be found in the Modalities document not in the Agreement on Agriculture and also agreement on agriculture had no reference to the Modality document. In the same manner, the tariff reduction commitments were recorded in the Modalities, and not in the Agreement on Agriculture.

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<sup>94</sup>ibid

The above mentioned paragraph, which is stating the importance of the Modalities, in actual raises an interesting issue regarding the position or we can say, the status of the Modalities, as especially because the preamble of that Agreement on Agriculture they were re-issued on the part of the understanding of the participants in the Uruguay Round negotiations according to which it stated that these negotiating modalities should not be used as a base for the settlement of the dispute proceedings which is laid down under (WTO) Agreement. It may be in the manner that, the modalities may not have been the base for the settlement of the dispute settlement proceeding, they are still regarded as useful for the purpose of interpretation of the commitments under the Agreement on Agriculture.

### **Tariffication**

Prior to the Uruguay Round, the border defenses for agricultural products were not every time provided in the form of tariffs. In addition to the tariffs, there were several other non-tariff border measures which were applied. An important element of the Uruguay Round negotiations was the agreement to convert these other types of border protection. Mechanisms into the tariffs. This whole process is known as tariffication.

In other words we can say that tariffication is the process of converting all the non-tariff market protection measures into the tariff equivalent. Now the tariff which is equivalent to the non –tariff barrier is the categorization of the average domestic price and the average world market price.

The procedure of tariffication is not so straight forward. Various economists have argued with regard to the appropriate methodology. Tariff which is equivalent to the non-tariff border measure is the main difference between the world market price and the domestic market price for any particular product.

Even though it is not so simple to agree on that the world market or the domestic market price, or how these prices can be measured and up to what time should the measurement take place. Again, it is no clear as to what extent the geographic costs and the transport costs has to be take into consideration.

Article 4 of the Agreement on Agriculture, which is based upon Market Access providers with no knowledge as to how this process of tariffication has to be undertaken and also as to how the members schedules of concessions has to be established. Now the Agreement on Agriculture which falls under Article 4 provides with the knowledge that the members of the WTO should not slip back to those earlier border measures which were to be changed into normal or ordinary customs or the duties. The particulars or the details as to how this market access should be enhanced were provided in the provisional document entitled “Modalities for the Establishment of Specific Binding Commitments under the Reform Programme”.<sup>95</sup> It was decide amongst those who negotiated that the law supposition with regard to this file or document must finish with the wrapping up of the Round. One of the most significant and important promise or commitment were undertaken up by the members of the WTO at the time of the Uruguay Round within the area of the market access and it was considered as the most comprehensive tariffication with regard to all border measures. Now the non-tariff border measures which were needed to be changed into tariffs have been put in a footnote with regard to Article 4 of the Agreement on Agriculture.

They include:

- quantitative import restrictions;
- minimum import prices;
- variable import levies;
- discretionary import licensing;
- voluntary export restraints, and
- Non-tariff measures maintained through state trading enterprises.

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<sup>95</sup>Modalities for the Establishment of Specific Binding Commitments under the Reform Programme, MTN.GNG/MA/W/24, 20 December 1993.

#### **4.4.2. DOMESTIC SUPPORT**

The Agreement on Agriculture in a general manner seeks to make sure that the agricultural trade is not indistinct because of the use of subsidies. The Agricultural support measures are generally categorized as the belonging to two broader groups, these broader groups include-

1. domestic support and general support; and
2. Export subsidies.

One of the most important features of the Agreement on Agriculture is that, to permit the members of the WTO to make proper use subsidies with respect to derogation from the SCM Agreement. One of the key objectives of the Agreement on Agriculture is to regulate discipline and to reduce all the subsidies, again, putting forward certain scopes for the government to plan successful and effective policies related to agriculture. Export subsidies basically are regulated by way of Articles 8, 9, 10 and 11 whereas, Domestic subsidies are regulated by the means of Articles 6 and 7 along with Annexes 2, 3 and 4.

In non-legal terminology of the World Trade Organization, domestic subsidies with regard to products related to agriculture are recognized by particular “boxes” which are provided with the three different colors of the traffic lights: In which, color “Green” which means allowed or permitted since it does not have any minimal, or distortive consequence over the trade colour “Amber” sense perhaps legal or unlawful as because of their trade is of distortive nature; and lastly color “Blue” denotes most probably trade-distorting but is allowed because of the measures or the events are associated to the production limitation programmes.<sup>96</sup>

#### **➤ AMBER BOX MEASURES**

All the measures with regard to the domestic support which in real do not correspond with regard to the extraordinary preparations which denotes the “Green” and “Blue”

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<sup>96</sup>The colours are not mentioned in the legal texts

boxes, and are considered to be disfigure distort or production and trade and as a result which it fall under the category of “Amber Box”. Measures with regard to the “Green Box” are put in Annex 2 of the Agreement on Agriculture.

## **1. Reduction Commitments**

The domestic support reduction commitments with regard to each of the members related to the World Trade Organizations are enclosed in the Schedules of Concessions under Section I, Part IV. The members of the World Trade Organization took on the task of disciplining the trade-distorting domestic support to agriculture in the Uruguay Round through capping it at the standard or the average levels, and also dropping it by 20% up to 2000, for the coming six years, for the member countries which are developed and by 13% for the coming 10 years up to 2004 for the member countries which are still developing.

The reduction with regard to the Domestic Support deals with the total agriculture spending and it does not concern with the reductions made on commodity-by-commodity (commodity-by-commodity reductions). In simple words, the members of the World Trade Organization do not take on to lessen the support which has been given to each and every product. Therefore, under the Agreement on Agriculture, the members of the World Trade Organization, who save upon the subsidies in one sector of the agricultural may effect by increasing the domestic subsidies in the other sector for the time in which the overall subsidization does not go beyond the overall limit made on the subsidization according to which a member of a WTO has dedicated itself for the schedule of the country.

The maximum levels of domestic support are bound in the WTO, and 30WTO Members have made commitments to reduce their trade-distorting domestic supports in the “Amber Box”.<sup>97</sup>

If we see the case where the members of the World Trade Organization do not have scheduled reduction commitments, under such circumstances the value of domestic

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<sup>97</sup>See more information on: <http://www.wto.org>, “Trade topics”, “Agriculture”, “Domestic support in agriculture”.

support which is not roofed by one or the other categories of exceptions must not exceed the specific level which has been provided as 5 percent and 10 percent of the value of production in case of developed and developing countries respectively.

Countries which are under developed, for them it is not compulsory to make any reductions in the value of production.

## **2. Aggregate Measurement of Support**

The “Aggregate Measurement of Support” (AMS) was prepared in order to calculate the trade-distorting support. Rules for the purpose of calculating the Aggregate Measurement of Support (AMS) are provided under Annex3.<sup>98</sup>

## **3. Total Aggregate Measurement of Support**

The Total Aggregate Measurement of Support can be calculated by the summing up all the domestic support which is given in favour of the producers of agricultural products, it is generally calculated as the sum of all the Aggregate Measurement of Support (AMS) at the same time as Equivalent Measurement of Support (EMS) with regard to the agricultural products.

## **4. Equivalent Measurement of Support**

Rules for the purpose of measuring the “Equivalent Measurement of Support” (EMS) are located in Annex 4 of the Agreement on Agriculture. These rules or the regulations are used at the time when it is not possible to compute or in other words analyze a product-specific AMS by the way of using the methodology which is set out in Annex 3 of the Agreement on Agriculture.

The Equivalent Measurement of Supports generally considered as the fallback notion or the idea which is in employment at the when the AMS cannot be used. Generally,

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<sup>98</sup>Appellate Body Report, Korea – Measures affecting imports of fresh, chilled and frozen beef (“Korea–Various Measures on Beef”), WT/DS161/AB/R and WT/DS169/AB/R, adopted 10 January 2001, para. 46.



Equivalent Measurement of Support has been defined as the annual level of support, which is expressed in monetary terms, and at the same time which is provided to producers of a particular agricultural product by the way of application to one or more support measures, which is quite difficult to get calculated in terms of Aggregate Measurement Support methodology.

## ➤ **EXEMPTED MEASURES**

The Domestic Support measures which are considered to be exempted from the reduction commitments are provided under Article 6 and in Annex 2 of the Agreement on Agriculture. The Exempted Measures are also considered to be expelled or in other words excluded from the calculation of the Aggregate Measurement Support.<sup>99</sup>

This Exempted Measure includes the following, they are-

### **1. “Green Box” Exemption**

The “Green Box” Measures that falls under the terms of Annex 2 are considered as the “Green Box” Exemption. This “Green Box” support measures are deemed to be economically neutral. Hence, the World Trade Organization does not force any kind of financial limitation to this type of domestic support.

There are certain types of fundamental requirement which has to be fulfilled in order to qualify for a “Green Box” exemption.

**Following are the basic “general” criteria for the “Green Box” Exemption.**

**They are as follows-**

- ✓ The support must be provided by the means of government programmes which are publicly funded not it must not include any transfer from the consumers.

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<sup>99</sup> Domestic support, *available*  
at: [https://www.wto.org/english/tratop\\_e/agric\\_e/ag\\_intro03\\_domestic\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/ag_intro03_domestic_e.htm), (Last visited on October 20, 2016).

✓ The support must not include the result of providing price support to the producers.

- **General applicable government programmes**

Above all, there are government programmes which offer services in favour of agriculture and also to the rural community. The general applicable government programmes consist of pest and disease controls, support for training and information, infrastructure (such as, water, electricity supply, etc.) or research programmes.

- **Domestic food aid programmes**

Domestic food aid programmes are considered to be the second type of aid which is prepared with the domestic food aid programmes for those people who are in need. Aid for public storage with regard to the agricultural products for the purpose of food security is classified in the similar group.

- **Direct payments**

The third type aid under the Green Box Measure is represented by the way of the direct payments. An unlimited number of different forms of direct payments are made possible or in other words we can say, are granted under the Agreement on Agriculture (AOA) which provides that the agricultural producers to be exempted from reduction commitments.<sup>100</sup>

- **Environmental aid and regional assistance**

Aid with regard to the Environment and the regional assistance which are given to the farmers in the areas or the regions which are underprivileged or deprived is included in

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<sup>100</sup> Domestic support: Amber, Blue, and Green Boxes, *available at*: [https://www.wto.org/english/tratop\\_e/agric\\_e/-negs\\_bkgnd13\\_boxes\\_e.htm](https://www.wto.org/english/tratop_e/agric_e/-negs_bkgnd13_boxes_e.htm), (Last visited on October 24, 2016).

the “Green Box”. Each of the deprived or the disadvantaged areas or the regions has to be designated adjacent or in other words contiguous (neighboring, adjoining) geographical regions along with economic and administrative character or identity which is measured as disadvantaged on as per the neutral and objective criteria which is visibly provided under the law or regulation and along with that it indicates the difficulties or the problems in the area or the region that happens because of the temporary situation.

- **Relief from natural disasters**

Payments in order to get aid from natural disasters are included within the “Green Box”. These payments are permitted only when the producers show with regard to production a loss that exceeds over 30 per cent of the production in average and it will also pay compensation for the overall cost of replacing the production loss, not more than that.

Agreement on Agriculture, Article 7.1, brings foreword that members of the World Trade Organization are below the compulsion to make sure that all the measures with regard to the “Green Box” are properly maintained in conformity with regard to the circumstances or conditions which are put under Annex 2. Any of the measure which are not exposed with a purpose to satisfy or please the circumstances or the conditions for the purpose of exemption or release is required otherwise necessary, under Article 7.2 of the Agreement on Agriculture.<sup>101</sup>

## **1. “Blue Box” Measures**

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<sup>101</sup> Agreement on Agriculture, *available at*: [https://www.wto.org/english/docs\\_e/legal\\_e/14-ag.pdf](https://www.wto.org/english/docs_e/legal_e/14-ag.pdf), (Last visited on October 23, 2016).

The exception or the exemption with regard to the category of “Blue Box” is provided under Article 6.5 of the Agreement on Agriculture. It generally covers up any kind support measure which is normally contained in the “Amber Box”, however it is located in the “Blue Box” in a condition where the support also requires the farmers to cut off their production.

As a result, Article 6.5 of the Agreement on Agriculture excludes itself from the reduction commitments on certain direct payments to the farmers who are attached to the programs with regard production limiting.

Following are the criteria which have to be fulfilled:

- The payment has to be paid directly to the producers from the budget of the government.
- These payments are conditional over some form of requirement with regard to production-limiting which are forced over the receiver or the recipient of the support,
- These are the payments based over the fixed area and the yields
- These payments are prepared over the 85 per cent or less with regard to the base level of the production.
- And also the payments over the live stocks are prepared over a fixed number of head.

Presently, there is not a limit over the spending for the subsidies with regard to the “Blue Box”.

The “Blue Box” subsidies are understood to be perhaps the trade-distorting although they are granted over the Agreement on Agriculture. Accordingly, it is understood that they are not protected from the challenge as per the proceedings with regard to the dispute settlement of the WTO or also under and multilateral remedies.<sup>102</sup>

## **2. Developmental Measures**

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<sup>102</sup>However, this challenge is subject to certain conditions. Note the provisions of Article 13 “Due Restraint” of the Agreement on Agriculture. See Section “Peace Clause” of this Module.

Agreement on Agriculture, Article 6.2, excludes itself from the reduction commitments measures with regard to the support or the assistance which is planned in order to encourage and upgrade with regard to agricultural and also with regard to rural development, which constitute as an important and integral part of the development programmes with regard to the countries which are still developing.

Measures with regard to the development are as follows, they are-

- Investment subsidies which in general is accessible with regard to agriculture in the countries which are developed.
- Agricultural input subsidies which in general inaccessible to the group of low-income.

Domestic support to all the producers' in order to give confidence to the diversification from the growing illicit narcotic crops.

### **3. De Minims Support**

The members of the World Trade Organization are not gratified or in other words obliged to take in the De Minims support in their Current Total AMS De Minims support which is defined as:

De Minims support is defined as-

- ✓ The product-specific domestic support which does not exceed the 5 per cent of the total value of production of the agricultural product of the members of the WTO which is in question throughout the related year.<sup>103</sup>

#### **4.4.3. EXPORT COMPETITION**

Export competition came up as one of the three pillars of the Agreement on Agriculture on which the trade liberalization on agriculture was built in the Uruguay Round on

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<sup>103</sup>Article 6.4 of the Agreement on Agriculture.

Agriculture (URAA). Export Competition as a pillar is not only addressed as one of the direct export subsidies but it is also considered as one of the most distortionary policy instruments which is put on trade in agricultural and also to the institutional relationships according to which the implicit export subsidies may occur: food aid which is officially supported by the export credit and also by exporting state trading enterprises. Taxes on export, activities related to export promotion and other arrangements regarding certain domestic policy which may be equivalent to the export subsidies are brought before the World Trade Organization (WTO) in the Doha Round Negotiations in a variety of venues.

Export subsidies are the kinds of incentives which is given by the government in order to support and encourage the increased foreign sales.

These subsidies which are dependent on the performances of the export which may take the form of the followings:

- Cash payments
- Subsidies for commodities contingent on their on their incorporation in exported products
- Marketing subsidies
- Transportation and freight subsidies
- Disposal of government stocks at below market prices
- Disposal of government stocks at below market prices

As per Article XVI of General Agreement on Tariffs and Trade (GATT), 1994 is based on subsidies according to which it allows the GATT contracting parties to subsidies the export on the export of products of primary agriculture only if they are not able to result in the category of the exporting country which is having more than an equitable share of world the trade.<sup>104</sup>

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<sup>104</sup> ibid

As per article 3 of the WTO Agreement on Subsidies and Countervailing Measures or the SCM Agreement prohibits all the subsidies on exports based upon the exports of agricultural items and products except as provided in the Agreement on Agriculture.<sup>105</sup>

There is no definition provided for the term subsidy in the Agreement on Agriculture.

To find out if an export support measure form a subsidy which is a subject that relates the disciplines based of Agreement on Agriculture, the Appellate Body, in its report in a case named, Canada-Dairy Case<sup>106</sup> had referred to the definition of the term subsidy which is provided under part I of the SCM Agreement.

As per the Agreement on Subsidies and Countervailing Measures a subsidy can only exist following conditions appear:

- If there is any financial contribution by the government or any other public body within the territory of a member
- If in case where there is any form of income or price support in the sense of Article XVI of the GATT 1994
- Or if a benefit is there by conferred.<sup>107</sup>

In the case of Canada-Dairy report, the Appellate Body had conferred that to decide if a subsidy exists within the meaning of the Agreement on Agriculture, it must have been shown that all the constituent components of a subsidy should have been defined in the manner by the SCM Agreement exists.

Again in the third report of the Canada- Dairy case, it was found out that the milk export was subsidized by the milk farmers at a low rate as because their original costs were

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<sup>105</sup> *ibid*

<sup>106</sup> Appellate Body Report, Canada – Measures Affecting the Importation of Dairy Products (“Canada–Dairy”), WT/DS103/AB/R and Corr.1, WT/DS/113/AB/R and Corr.1, adopted 27 October 1999, para. 85.

<sup>107</sup> Articles 1 of the SCM agreement

covered by the domestic milk support system which was imposed by the action of the government.

Article 8 of the Agreement on Agriculture the members of the WTO from granting the export subsidies that do not act in accordance with the Agreement on Agriculture and also with the commitments in their schedules.

### **List of Export Subsidies in the Agreement on Agriculture**

Article 9 of the Agreement on Agriculture provides with the sort of subsidies according to which the members of the WTO are obliged to reduce in accordance with their Country Schedules:

- Direct export subsidies
- Subsidies to reduce the cost of marketing exports which includes the cost of handling, processing and other costs of processing and also cost of international transport and freight.
- The government exports and the non-commercial stocks at a lower price as compared with the prices of goods on the domestic market
- Export payments which are financed by the virtue of the action of the government which includes payments financed by a levy on the product
- Charges on internal transport and freight on the terms which is more favorable than for the domestic shipments, if it is provided or mandated by the government
- And lastly the subsidies on the agricultural products contingent on their incorporation in the export products.



## **CHAPTER 5**

### **FOOD SECURITY AND FREE TRADE**

#### **5.1 FOOD SECURITY**

Food Security is a very important concern for a developing country like India, where hunger and nutritional deficiency is suffered by millions of people. There are two major concerns namely, food availability and food stability which are considered to be good measures of food security. Since a large category of poor people in developing countries like India dwell in the countryside, therefore the policies relating to the rural development in its comprehensive (complete/ broad) form circles around the development of agriculture, health, nutrition, education, literacy, etc. and this would alone lead to provide a solution of the food security, poverty, unemployment and social tensions in the region. Growth of agriculture is the primary factor in food security and therefore has been accorded top priority in the ensuring food security. There are three major goals for agricultural development which are-

1. Firstly, to achieve 4% growth in agriculture to raise income by productivity, say from land or from labor.<sup>108</sup>

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<sup>108</sup>What is the Future of Agriculture in India?, *available at:*<https://thewire.in/52228/what-is-the-future-of-agriculture-in-india/>, (Last visited on October 26, 2016).

2. Secondly, sharing growth by giving more importance to the small farmers and also to the marginal farmers, focusing on regions which are lagging etc., and
3. Thirdly, by maintaining the sustainability of agriculture especially focusing upon the concerns of the environment.

### **5.1.1 WHAT IS FOOD SECURITY?**

The word food security can be better understood as the availability of the adequate amount of basic foodstuffs at all the times to sustain a life.

This concept of food security first emerged at the FAO, i.e. Food and agricultural organization in the world's food conference in the United States in the year 1974. This concept food security basically points on two sub concept that is-

1. Food availability which means the supply of food at three different levels, they are
  - a. Local level
  - b. National level and
  - c. the international level
2. Secondly, it is food entitlement now this means the capacity of an individual of a household to obtain food.

According to FAO, 1996. the only reason that emerges for food security or in others words for securing food at individual, household, regional, and global level is when people at all the times have physical and economic access to the sufficient, safe and nutritious food to meet their dietary needs and food preferences for running an active and healthy life.

Food security as being very major concern is related to the issues such as,

1. availability of food,
2. Accessibility of food, and

3. Affordability of food, to all the people in a year.

## **5.2 PILLARS OF FOOD SECURITY**

World Development Report (1986), defined food security as the required amount of food at all the time that should be taken by all to live a healthy life. Food and Agricultural Organizations (1983) defined food security as<sup>109</sup>

### **Food availability**

It means that the required amount of food should be available to all the individual at all the times so that all the people will can have access to it at any times and can live a healthy life.

### **Food accessibility**

The access of food by individual requires adequate resources. These resources are primarily monetary. It depends on household incomes and individual wages, food prices, consumer credit, etc.

### **Food utilization**

The utilization of food through adequate diet, water, sanitation and health care brings forth the importance of non-food input in food security. Food security means minimizing the probability that in difficult times, food consumptions might fall below requirements.

### **Food stability**

The purchasing power of the people should be given specially in the hands the people from the marginalized line so that they can afford purchasing food in terms of adequate quantity and nutrition. In addition to that a proper distribution networks should be made to make the food accessible to all the people.

If we talk about India which is also counted among one of the deficient nation in the world, India, achieved the food security in the year 1970s due to the Green Revolution

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<sup>109</sup>FAO Corporate Document Repository, [Economic and Social Development Department](http://www.fao.org/docrep/005/y4671e/y4671e06.htm), available at: <http://www.fao.org/docrep/005/y4671e/y4671e06.htm>. (Last visited on January 19, 2017).

which was the overall outcome of the introduction of the package program. what happens is in the initial stage or at the very beginning, the use of chemical fertilizer and pesticides and also the method of irrigation have tremendous impact over the fertility of the soil but due to excessive use of inputs resulted in the decline of the productivity of the agriculture causing problem which such as degradation of the soil quality or the fertility of the soil, Salinization, water logging, etc. The food production has also marked a declining trend because of the commercialization of the agriculture because the importance is given more to the growing the cash crops for the industrial purposes. Also, more of the land is used for the purpose of constructing houses, factories or big Industries, therefore because of the Rapid organization it has resulted in the availability of less net sown areas.

Now, the time has come to achieve the goals of the food security in a country having more than population of 26% living below the poverty line and also to promote sustainability of agriculture.<sup>110</sup> Now to achieve the goals of the food security it becomes very important to focus. Upon the organic farming in real does not affect the Quality and the fertility of the Soil in long run. It cannot be said that the food security is entirely dependent on the distribution of the network but yes it is largely dependent on the distribution network of the food rather than the total production in the agriculture.

It has been observed that there is adequate food stock at the national level but when it comes to the household level, there is a gross inadequacy and iniquity.

It has also been observed at the rural urban level that, despite of surplus food grain food grain production there is still chronic as well as seasonal hunger because of lack affordability and access ability.

Food in(security) is basically a phenomenon which relates to the individuals and it can be determined by Certain factors that are Concerned with, the supply of food, access to the food, and lastly guarantees to the food. Food security considered as a state affair and

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<sup>110</sup> Food security and nutrition and sustainable agriculture, *available at*: <https://sustainabledevelopment.un.org/-topics/foodagriculture>. ( Last visited on October 26, 2016).

the discussion over such a Concept that mainly focuses upon the supply of foods that are imported. Food security can be determined by certain factors that main include-

1. Production based on the entitlements which will be influenced by the policies that will affects the demand and supply of the factors that affecting the production Out of which some will relate to the trade internationally.
2. Entitlement based on trade, which will again be influenced by Certain policies that affects the level the variability of the food prices as compared to the prices of what the individuals are able to pay in exchange of food. If there is any cases where there is an export on substantial agriculture then the entitlements based on agriculture is likely to get affected by the policies on either sides of trade balance.
3. Labor based entitlement which gets influenced by the level and also by the Location where there are employment opportunities which can be influenced by the trade policies in return.
4. Transfer based entitlement, it includes transfer from the government in a form always and also from the aid donors that may be influenced by the agreement on multilateral trade.

For an instance food security of a state can depend upon certain factors, that includes-

1. Production entitlement, it states that the quantity of food that can be produced domestically in a state.
2. Secondly it also depends upon the trade entitlement that reflects the ability of a state to earn foreign exchange with the export to purchase imported food.

And its entitlements made on transfer, by which the food can be obtained through semi-commercial imports either directly or indirectly which is financed through financial aid.

Those states are considered as food insecure states where both the production and the trade entitlement are in the problematic condition. A country where the production of the agriculture is not sufficient or in a country, where the system is to irregular or is not able to provide with adequate supply of food per year, also where export revenue is

not sufficient to upgrade the confidence that, regardless of the world market conditions. “The global food economy that began with the food price crisis of 2006”. Food shortages and a dramatic rise in food prices led to a significant increase in the number of people globally who were undernourished, either because they could not produce enough food for themselves and their families or because they could not purchase enough food for an adequate diet.<sup>111</sup>

It has been analyzed that there are basically three criteria’s derived in order to demonstrate certain common characteristics of the states suffering from food insecurity, firstly it relates to the GDP of a state, secondly, it is the vulnerability status of the state and lastly, it is the dependence of the state on the imported food products.

The study on food security can be made on three different levels, i.e. “At the individual level, national level, and at the international level”. The concept of food security has been defined by several institutions in several ways at different times (Maxwell 1990). The definition of food security which is used very frequently at the individual level is the definition given by WTO, secure access by all times to enough food for healthy, active life (IBRD 1986).<sup>112</sup> This definition provided by WTO includes three very important elements which are considered very important for food security:

- Enough food for active healthy life,
- Having access to that food, and
- The guarantee of having access to that food.

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<sup>111</sup>The definition of food security commonly used by international organizations is that adopted by the World Food Summit in Rome in 1996 and reaffirmed in the Declaration of the World Summit on Food Security in Rome in 2009: “Concept of Food Security: Food security exists when all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life. The four pillars of food security are availability, access, utilization and stability. The nutritional dimension is integral to the concept of food security”: Declaration of the World Summit on Food Security, Rome, 16-18 November 2009, WSFS 2009/2. Food security understood in relation to individuals thus refers to the capacity of people to have physical and economic access to sufficient quantities of safe and nutritious food to meet their dietary needs and food preferences on a consistent basis, while food security understood in relation to states refers to the capacity of the state to ensure adequate food supplies to feed its population, whether through domestic production, food imports, or food aid.

<sup>112</sup> Christopher Stevens, Romilly Greenhill, et.al., *The WTO Agreement on Agriculture and Food Security*, Chameleon Press Limited, London, 2000).

Now, if we talk about the National level, the debate on food security which was held during the 1970s and 1980s set a clear picture about what is food security at the national level: food security at the national level does not require to achieve self-sufficiency in its food production. Depending upon the factor endowments of a country, a more safer as well as more profitable option would be to produce high-value crops and to export high value crops and manufactured goods and also to purchase some staple food requirements on global market. A country at the national level can fulfill its requirement of being self-sufficient but at the same time it also contain some food secure individuals also and the reason is unequal distribution of food within a country.

Lastly, in the multilateral level, the definition of food security given by WTO gives a different and narrower sense.

The nature of the issue that is conveyed by the term food security is well summed up in the title and content of the Uruguay Round Decision on Measures Concerning the Possible Negative Effects of the Reforms Program on Least Developed and Net Food-importing Developing Countries and in Article 16 of The Agreement on Agriculture.

### **5.3. ENTITLEMENT APPROACH TO FOOD SECURITY**

This topic on entitlement approach on food security places the subject in its wider context by putting forward the important findings in this approach of food security. This has been properly designed to highlight those important factors that are most likely to be affected by the trade liberalization either directly or indirectly.

For the first time ever, the entitlement approach to food security was developed in the year 1981. His theory on this entitlement approach to food security had replaced the other theories that stressed upon the idea that shortages in food security is a cause of food insecurity. At the same point of time, Sense approach focuses upon household access to food.

“According to Sense entitlement approach to food security, there are four types of entitlement in this relation”. They are,

- Production based entitlements
- Trade-based entitlements
- Labor -based entitlements, and
- Title-based entitlements

### **5.3.1 PRODUCTION-BASED ENTITLEMENTS**

In a developing country, for the majority of the people, the most important determinant of the production based entitlement is to have productive assets for example- land, trees and livestock’s depending upon the ownership and other rights- the very good example for this would be usufruct rights over land, this right is the legal right to use and derive profit or benefit from property that belongs to another person as long as the property is not damaged. If it is for a short period of time than it is more likely to be fixed but in a long run, it may change as a result of policies such as land reforms and also decisions on household investments. The investments in return will get affected by the price levels and variability of what is produced which may get affected by the policies on trade.

Entitlements based on production get affected by the access of a household to the agricultural inputs for example seeds and fertilizers.<sup>113</sup> This gets influenced by the price and also by those available inputs which may in return get affected due to liberalization. There are certain government policies which may also have an impact over the prices of the prices of inputs due to subsidies and control over the prices and also on the availability of the parastatals which means a company, agency or an intergovernmental organization, that possesses political influence and is separate from the government, but whose activities serve the state, in the manner directly or indirectly. In a manner the level of production can also get impacted due to technology and so the production based

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<sup>113</sup>Trade-Related Agenda, Development and Equity, available at: [http://focusweb.org/publications-/2001/agriculture\\_which\\_way\\_forward.html](http://focusweb.org/publications-/2001/agriculture_which_way_forward.html), (Last visited on 23 Jan 2017)



entitlements. And lastly, factors such as health and climatic factor/climatic factors also have been identified as impacting upon the production. The policy variables such as government expenditure and the provisions that are relating to the health services in the rural areas, this can be regarded as a determinant of health. The changes in the policies are also responsible for affecting some of the climatic and environmental factors.

### **5.3.2 TRADE BASED ENTITLEMENTS**

The most important factor that is considered for affecting the trade-based entitlements is the level and the variability of the prices of food relative to whatever individuals are able to exchange for it.

### **5.4. HOW CAN FOOD SECURITY BE MEASURED**

There are different ways by which the food security can be measured. There are different levels of measuring the food security which includes

1. Continental level
2. Regional level
3. Sub-regional level
4. Household levels

Food security at the continental and the sub regional level can be measured by comparing the regional, nutritional requirement with the availability of dietary calories per head. therefore the ultimate goal of the food security is to meet the requirement of food at all the levels, here the most important indicators are the quantity of the food available as compared with the need, with that the import requirements as compared with the country's capacity to import.

The indicator shows that in a family the number of individuals living whose access to food is sufficient to provide the adequate dietary supplements for the normal growth,

activity and also good health .-The Anthropometric measures refers to the nutritional status at the individual level.

Therefore, the food security at the individual level means, intake of food and absorption of nutrients so as to meet the needs of every individual for activity, health, growth and also for the development of an individual. The level of need of an individual is always determined by the individual's age, gender, body size, health status and also the level of the physical activities that an individual needs to perform.

The UNDP i.e. United Nations Development Program reports of annual human development. Uses the following indicators to measure the food security at the national level.<sup>114</sup> Those indicators include- food production per head, agricultural production as a percent of gross domestic Product, Food consumption as a percent total consumption food supply from the fish and also from the seafood's, Food consumed as percent of total consumption, the supply of calorie per head per day, from imports, from the import of cereals, and also from the food aid of cereals.

## **5.5. ROLE OF WTO WITH REGARD TO FOOD SECURITY IN INDIA**

The Agreement on Agriculture of the Uruguay Round denotes, “food security” to be a legitimate “nontrade” concern of the policy with regard to agriculture policy, but then, the Agreement on Agriculture basically attentive or say focused wholly upon the liberalization of trade of the products with regard to agriculture.

The members of the World Trade Organization in a continuous manner have been settling their commitments with regard to the objective of the sustainable development. All the members of the World Trade Organization are of the view that all the aims for the purpose of maintaining and at the same time protecting a multilateral trading system

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<sup>114</sup>Human Development Report, available at: <http://hdr.undp.org/en/content/human-development-index-hdi>. (Last visited on 11 Jan 2017)

which is open and non-discriminatory in nature and at the same it which acts with the purpose of protecting the environment and it also promotes sustainable development.<sup>115</sup>

## **5.6. ROLE OF TRIPS WITH REGARD TO FOOD SECURITY IN INDIA**

There is another agreement of the World Trade Organization, which is known as TRIPS. TRIPS also responsible for affecting the rights of human rights in context of agriculture, as because it makes it obligatory for the nations or the countries in order to deliver the protection to the patent with regard to the micro-organisms, non-biological and micro-biological processes and also giving protection to the varieties of plant on behalf of the patents, or by an system of “operative or in other words effective “sui generis” .The major drawback of such kind of scheme in order to protect the patent on genetic resources with regard to food as well as agriculture is in such a form that it could result in raising the price of the seeds, at the same time of inputs with regard to agriculture (agricultural inputs)by which the above mentioned things becomes more expensive and hence the small-scale farmers are unable to afford them in the developing countries.

With addition to that there is one more problem with regard to TRIPS and that is, TRIPS permits the patenting with regard to the shared knowledge of the communities which are indigenous. Now the, patenting of the seeds which are attached to the technologies for example-“terminator” technology, can lead to the effects which can be very extreme over the human rights with regard to the farmers of our country (India).

## **5.7. ROLE OF AGREEMENT ON AGRICULTURE WITH REGARD TO FOOD SECURITY IN INDIA**

It has become more significant in order to observe the aspect with regard to the Agreement on Agriculture closely and in a proper manner with the purpose to make sure that the reform processes with regard to the agriculture sector takes food security into attention, at the same time other non-trade apprehensions with regard to certain countries

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<sup>115</sup> Anil Adlakha, Origin Round Table on Geographical Indications” Annual WTO Public Symposium,(27th May 2004) Geneva. Date retrieved Nov 2016 *available at:* [http://www.wto.org/english/tratop\\_e/dda\\_e/summary-workshop21\\_e.pdf](http://www.wto.org/english/tratop_e/dda_e/summary-workshop21_e.pdf). (Last visited on January 20, 2017).

such as India. In addition to this in a manner it is provided in the preamble that the Agreement on Agriculture happens to be familiar with the Non-Trade Concerns (NTCs) of the countries.<sup>116</sup> The Non Trade Concerns also comprises of the matter related to food security as well as the protection of environment.

The Agreement on Agriculture basically talks about the issues with regard to the food security. The trading system at the global level also plays an important role with regard to the food security. For an instance, it makes sure if the food deficits which is temporary or protracted that arises from the opposing or say conflicting climate and such other circumstances can be joined to the markets at the global level or not.

Trade liberalization with regard to Agriculture, which is also contained under the Agreement on Agriculture, is also responsible as a tough base with regard to the kind of agriculture which is farmer-oriented which is on the side of agriculture which is industrialized as well as mechanized in character at the same time which on a huge basis and also which is measured by the producers of the transnational products as well as traders with regard to the countries which are developed. Most of the times the response is judgement which in legal term is “de facto” in contradiction to the most underprivileged, deprived and at the same time the most weaker parts of the social order which is conflicting with the rights of the humans. Under the Agreement on Agriculture, all the items related to the agriculture are the topic or the subjects for liberalization. This is counted as an apprehension particularly those with regard to the foods that staple in nature and at the same time which is considered to be important with regard to food security, at the same time that can assure the right to food. The most significant example would be the chief foodstuff which is considered to be rice from countries such as Bhutan, Sri Lanka, Nepal, India and Bangladesh. An analysis which has been made upon the pattern of import with regard to the food grains in the above mentioned nations discloses that, most of the countries are not self-reliant and that they have to depend for the reason of import of rice from those countries which are self-sufficient with rice production.

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<sup>116</sup> International Monetary Fund (IMF): Criticism and Analysis, *available at*: <https://www.scribd.com/document-/231912578/Economic-Issues>. (Last visited on January 24, 2017).

If we look into the area of domestic support, the support which is regarded as “product-specific”, continues to persist undesirable in relation to most of the products and. The support which are considered to be “non-product-specific” also stands below the level “De Minimis” even after it is calculated without considering the exemptions with regard to the input subsidies for the purpose of less revenue or say pay and at the same time the farmers those who lack in resources. It can be seen only with regard to the crashing of prices at the international level to the much unexpected stumpy or low level that too in case of some of or items, in which the support which are “product specific” might have converted as positive. Our country (India), is still practicing the “no export subsidies”. In case of “Market Access”, throughout the Uruguay Round, our country (India) intended its tariffs to that stage which were considered to the top, at the global level, with 10 percent in case of products which are considered to be raw commodities, 150 percent in case of agro based products which are processed in nature, lastly 300 percent in case of eatable oils.

After analyzing most of the harvests or the crops over the 3 eras, the report provides that India stands in the competition with many important items or the products with regard to agriculture, and at the same time it also provides that liberalization in the context of trade will not have any would not have any opposing influence or impression.<sup>117</sup>

There has been no such measure with regard to food security and the purposes for the development of the rural area that has been forbidden by the Agreement on Agriculture. Alongside, it does not have any kind of restrictions forced on behalf of the Agreement on Agriculture in the country (India) in order to meet the apprehensions related to food security.<sup>118</sup>

The Preamble of the Agreement on Agriculture (AOA) provides that the assurances which are provided under the reform program with regard to trade in agriculture must be made in such a way that it is equal for all the fellows or the members those who honor the

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<sup>117</sup> Social and economic issues, *available at*: <http://www.fao.org/docrep/v9926e/v9926e08.htm>. (Last visited at January 29, 2017).

<sup>118</sup> Anwarul and Ashok Gulati Hoda, Indian Agriculture, Food Security and the WTO-AOA” In: Conference on, Economic Reforms and Food Security – The Role of Trade and Technology, (ICRIER-ICAR-IFPRI New Delhi. April 24-25. 2002).

non-trade concerns that involve food security as well. Article 20 of the Agreement on Agriculture, makes compulsory the discussions with regard to the extension of process of reforms, at the same time it also identifies the non-trade concerns for example, the negotiations with regard to food security should be taken into consideration.

## **5.8. FREE TRADE**

The general meaning of the term “Free Trade” provides that it is the open movement of the products, facilities, employment and investment across the national borders without any kind of interference by the government. The term Free Trade in a more specific manner denotes the multilateral efforts of the WTO i.e. World Trade Organization for the purpose of liberalization of trade by the means of reducing the tariffs (import taxes) and at the same time also by removing the non-tariff barriers at the global level. Free Trade also means the bilateral and the regional agreement that is responsible for the liberalization of trade between the trading partners.<sup>119</sup>

Free trade is a strategy which is created between the two or more nations those who are responsible to grant the limitless export or import of the goods or services among nations which are partners. But every trade is not free trade. Any nation which does not include the free trade agreements, which are considered as the treaties, at the same time, which is responsible for outlining the parameters of trade between the trade partners, under such circumstances tariffs are forced on the goods and services. Tariffs generally are the taxes that are imposed by the nation on the imports of goods and services. It basically increase the cost of goods or the services which is transferred on to the consumers.<sup>120</sup>

Free-Trade area are those parts or in other words zones that incorporates a trade bloc whose fellow nations have signed the agreement on free trade known as (Free Trade Agreement). These free trade agreements engross the collaboration or assistance among

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<sup>119</sup>Free Trade, *available at*: [http://www.berkshirepublishing.com/assets/pdf/Free\\_Trade\\_Thrasher.pdf](http://www.berkshirepublishing.com/assets/pdf/Free_Trade_Thrasher.pdf). (Last visited on January 23, 2017).

<sup>120</sup> What is Free Trade?- Definition, Pros, Cons & Examples, *available at*:<http://study.com/academy/lesson/what-is-free-trade-definition-pros-cons-examples.html>. (Last visited on January 29, 2017).

the two countries in order to lessen the trade barriers such as import quotas and tariffs and at the same time to increase the trade of goods and services with one another.

Trade liberalization is basically nothing but the cut-off or the reduction or removal with regard to tariff barriers with regard to the exchange of goods or products between two nations or several nations. Trade liberalization is responsible to reduce or remove obstacles with regard to tariffs which is related to trade such as duties, along with surcharges and obstacles with regard to the non-tariff barriers are, such as rules of licensing, quotas and such other requirements.<sup>121</sup>

### **5.8.1. ADVANTAGES WITH REGARD TO FREE TRADE**

Basically the term free trade means that the countries, without the tariff barriers and no-tariff barriers can carry on with the process of import and export.

Essentially, the process of free trade leads to lower or less prices of the commodities or the products with regard to agriculture, to the customers or the consumers. Free trade also leads to the increase in the exports. Because free trade, it has also resulted in the greater choices of the goods to the customers or the consumers.

If we go in more details, then we will see that the benefits of free trade include the followings. They are-

- Comparative advantage theory.
- If the trade barriers are reduced than it results in the trade creation.
- Increase in export.
- Economies of the scale.
- Increase in the competition.
- Trade is regarded as the engine of the development or in other words growth.

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<sup>121</sup> Trade liberalization, *available at*: <http://www.investopedia.com/terms/t/trade-liberalization.asp>. (Last seen January 5, 2017).

- Tariff may result in the incompetence or inadequacy.
- Lastly it also make use of the extra raw resources or materials.

### **Description of the above mentioned benefits of the free trade-**

#### 1. Comparative advantage theory-

Comparative Advantage Theory (CAT) generally means that in countries where there is lower opportunity with regard to the cost, under such circumstances, the economic welfare with regard to all the countries may increase by the way or the method of doing specialization in the goods or the product.

And the countries are only allowed or permitted to specialize in goods when they possess a comparative advantage.

#### 2. Increase in export-

Along with that profits with regard to those consumers who are importing goods, those firms or companies that are indulged with the exporting of goods where United Kingdom possessed a comparative advantage will also come across large developments with regard to the economic welfare.

If there is low tariff upon UK than it will lead to exports in large quantity increasing the jobs in United Kingdom along will that it will also boost the economic growth.

#### 3. Economies of the scale-

In case, where a country is able to specialize in some of the goods, under such a situation those countries can get profit from the “economies of the scale” along with the lower average costs, this is correct in case those industries which are of high fixed cost, at the same time those, in need of investment of high level. The profit that is attained from the economies of scale, at last, results in the less price for the consumers along with that it also leads to the effectiveness in case of the exporting firms.



4. Increase in the competition-

If there is more competition than the domestic firms will face more consumption with regard to the foreign countries as a result of which there is more chances that there will be inducements in a big amount which will be responsible for the cutting down of the cost and at the same time it will also result in the increase in the efficiency. It may also result in the prevention of domestic dominations or say monopolies from charging too much of rates.

5. Trade is regarded as the engine of the development or in other words growth-

Trade at the global level has resulted in the increase by 7 per cent in average from the year 1945, it has also caused to be one of the largest contributors in the growth of the economy.<sup>122</sup>

6. Tariff may result in the incompetence or inadequacy-

If the domestic industry is protected by its economy by the means of growing the tariff industries than it may happen that the tariff industries will not have any incentives for the purpose of cutting the costs.

7. Lastly it also make use of the extra raw resources or materials-

Let us take some example – in case of Middle Eastern Countries (MEC), they possess huge reserves of oil and if these countries do not carry on the process of trade then it will face no profit for having such a huge reserves of oil. Secondly, let's talk about Japan, in case of Japan, they have very small amount of raw

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<sup>122</sup> Food consumptions trends and drivers, *available at*:  
<https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2935122/>, (Last visited on December on 2 January, 2017).

material and again without trade it is going to face many problems, as a result of which it would be a poor country.<sup>123</sup>

### **5.8.2. DISADVANTAGES WITH REGARD TO FREE TRADE**

Along with the advantages, free trade also possesses some of the disadvantages. These disadvantages are discussed as follows, they are-

1. Although the policies with regard to free trade runs in a smooth manner only in a condition that all the countries are properly following it, but if in case these policies are not been followed by all the countries then it may not be beneficial for them.
2. If we see in case of the developed countries and the nations which are technologically stronger, for them free trade is to earn profit from but in case of countries which are less developed, for them free trade has not been proved to be of any profit because of some unfavorable terms and conditions.
3. The kind of terms or competition encouraged under free trade is quite partial or biased. Under such circumstances, the countries which are less developed or in other word are poor or backward, such countries cannot stand in competition against the countries which are developed or in other words are advanced nations.
4. Just because different countries have different state of development, the profits gained under the free trade are not equally distributed.
5. It is very difficult for a country which is suffering from unfavorable balance of expenses under the policy of free trade to overcome its conditions.<sup>124</sup>

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<sup>123</sup> Benefits of free trade, *available at:* [http://www.economicshelp.org/trade/benefits\\_free\\_trade/](http://www.economicshelp.org/trade/benefits_free_trade/), (Last seen: February 4, 2017).

<sup>124</sup> Free Trade Policy: it's Advantages with Disadvantages, *available at:* <http://www.yourarticlelibrary.com/trade-2/free-trade-policy-its-advantages-with-disadvantages-trade-policies/26245/>, (Last seen: February 4, 2017).

## **5.9. FOOD SECURITY AND FREE TRADE**

The relationship between the free trade and food security is quite complex in nature. There are several ways in which the agreements and rules with regard to trade may have an effect or it may have an impact over the food security, and those impacts may have an influence in a positive manner or in a negative manner. Further, the agreements and the rules with regard to trade is a kind of a unit among several units which have its impact over the food security. Along with that, the effects and impact, with regard to the rules, as well as agreements of trade over the food security totally depends upon its private and professional experience as well as proficiency or knowledge.

An opinion that provides that the food security has been enhanced due under the model of free trade.

## **CHAPTER 6**

### **INDIAN CONTENT: AGRICULTURE AND FOOD SECURITY**

#### **6.1 AGRICULTURE IN INDIA**

Agriculture in India is considered to be the backbone of the Indian economy as it has to sustain around 2-3<sup>rd</sup> of the total population of the world. In India approximately 70% of the inhabitants make its living through agriculture. It is still providing income to the people who are engaged with the agriculture sector in the country. It also provides with the essential need of fooding to the living creatures, most importantly to the humans and also to the animals. Agriculture is also considered to be one of the most significant source of the raw materials for many of the agro based industries. India's geographical situation is quite one of its kind in terms of agriculture as it provides with many of the conditions which are favorable for the purpose of agriculture.

India's favorable conditions include plain areas, fertile soil, long growing season and wide variation in climatic condition etc. Apart from this India has been time after time creating inventive efforts by using science and technology to upgrade the agricultural production.<sup>125</sup>

### **6.1.1 BRIEF HISTORY OF INDIAN AGRICULTURE**

In India, the starting of agriculture can be considered from the time of Indus valley and may be even before that. Today, if we talk about our country i.e. India, it stands second with regard to the farm output across the world. In 2013, agriculture and the sectors allied to it such as fisheries and forestry account around 13.7% of the Gross Domestic Product (GDP). The economic contribution in the field of agricultural sector in accordance to the India's Gross Domestic Product is declining in a steady manner with the country's broad-based economic growth. Even though demographically, the agricultural sector is considered to be the broadest economic sector in India and it also plays an important role with regard to the overall socio-economic fabric of India.<sup>126</sup>

In India, the Vedic literature provides with some of the most primitive written records of the agriculture. The ancient Rig-Veda hymns describes the various methods of cultivation such as plowing of land, fallowing, method of irrigation, methods used for the cultivation of fruits and vegetables. There are some more historical evidences with regard to the cultivation of rice and some other crops which are important at that time the Indus valley, and the scheme of plowing and cultivation have been excavated at places such as Kalibangan region in Rajasthan. There is one of the ancient Indian Sanskrit text named Bhumivargaha, which is around 2500 years old. According to this text, the agricultural land has been divided into 12 different categories. These 12 categories include, urvara which means fertile, ushara which means barren, Maru which means drydesert, aprahata meaning fallow, shadvala meaning grassy greenery, pankikala which means muddy land, jalaprayah meaning watery land, kachchaha which means contiguous to water, sharkara

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<sup>125</sup> Agriculture in India, *available at*: <http://www.nios.ac.in/media/documents/SecSocSciCour/English/Lesson-12.pdf>, (last seen on January 3, 2017).

<sup>126</sup>Supra note 7

denotes full of pebbles and pieces of limestone, shankaravati denotes sandy, nadimatraka means watered from a river, and lastly devamatraka means rain fed. Some of the archeologists were of the belief that, during the sixth millennium B.C., rice was the domesticated crops along the bank of river Ganges along with species of winter cereals such as wheat, barley and oats along with legumes such as lentils and chick peas before the sixth millennium B.C. were grown in the northwest part of India. Around 3000 to 6000 years ago, some other crops were cultivated in India which include sesame, mustard, linseed, castor, pulses, black gram, pigeon pea, horse gram, garden Pea, Methi, cotton, jujube, grapes, dates, palms, jackfruit, mango, mulberry and black plum.

Some of the scientists were of the view that the agriculture in India was widespread in the Indian peninsula around 3000 to 5000 years ago. As some scientists assert that the agriculture in India started around 9000 BP due to the early cultivation of the plants and also due to the domestication of plants and animals.

### **6.1.2 SALIENT FEATURES OF INDIAN AGRICULTURE**

- Source of livelihood- Agriculture is the main occupation. It provides employment to nearly 61% persons of total population. It contributes 25% to national income. Therefore, it is considered to be a source of livelihood.
- **Dependence on monsoon-** Monsoon in India is very much prevalent for the purpose of Agriculture. The whole process of agriculture depends upon the Monsoon. If the monsoon is good, then the production will also be more.
- Labor intensive cultivation- Because of the reason of rise in the population, the pressure over the land holding has been increasing day by day. These land holdings get divided and then further subdivided and finally result by becoming uneconomical. As a result of which it becomes difficult to use machines and equipment's over such plots of land which ultimately has to be used for the purpose of farming.
- Under employment- Because of no proper availability of facilities with regard to irrigation and also because of unsure rainfall, the productivity with regard to agriculture becomes low and as a result of which the income of the farmers

suffers and they try to engage themselves in some other job. Therefore, the capacity of work performed by a farmer cannot be utilized in a proper way. Hence, we can say that there is under employment in the field of agriculture.

- Small size of holdings- Because of the large scale division of the land and their further sub-division has resulted in the small size of land holdings.
- Traditional methods of production- India are a country which has been using the type of method for production in the field of agriculture which is quite ancient and traditional in nature. It is because the country in some parts is still using the ancient and the traditional tool and equipments for the purpose of agriculture and the reason is poverty and illiteracy.
- Low Agricultural production- Because of the unfavorable climate at times and also because of the less knowledge of the farmers, nation suffers low agricultural production<sup>127</sup>.

## **6.2 IMPACT OF WTO ON INDIAN AGRICULTURE**

The Indian agriculture is going through an extreme situation of crises. For the last two years, the agriculture sector in India has been realized less than one percent of growth. During 80s and 90s the public investment in the agriculture sector had declined. The stocks of food grains coming out of the Indian agriculture which valued around 50m tons had piled with Food Corporation of India, as a result of which the prices with regard agriculture products had declined.<sup>128</sup>

World Trade Organization which came out of the General Agreement on Tariff and Trade were totally against the background changes which were made with regard to the international economy environment. In the 1990s trade in the world witnessed waning protectionism and also in the increase in the liberalization. There was an increase in the competition as a result of globalization which was based upon the integration of the world total economy in terms of costs and prices. WTO was established in the year 1995

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<sup>127</sup>8 Main Features of Indian Agriculture – Explained!,*available at*.  
<http://www.economicdiscussion.net/articles/-8main-features-of-indian-agriculture- explained/2260>. (last seen on 3rd January, 2017 ).

<sup>128</sup>B.Sambasiva Rao, Agriculture in India-Policy and Performances 62, (Serials Publications, 2003).

mainly for the purpose to create and setup markets across the nation and also to run competitive markets. it has basically designed a set rules that has to be followed by the countries which are its members in the formulation of their own policies with regard to trade.<sup>129</sup>

The most important concerns which relates to the agriculture are as follows

1. Market access,
2. Domestic supports to the producers, and
3. Export competition.

If we talk about Market Access, then any of the members of the World Trade Organization, should permit the minimum of 3 percent of agricultural imports and that should be increased but 5 percent by 2004. Under this the tariff barriers must be reduced and the non tariff barriers has to be cut-off. In India the quantitative restrictions are eased and all the tariff levels are reduced. by importing agricultural food products from the other countries results by worsening the agricultural situation.<sup>130</sup>

The concern deals with measures with regard to the domestic support which has to be reduced by the year 2004. Market price support in India has stood as the stabilizing machine with regard to the prices of the food grains especially in Punjab. The prices with regard to the agricultural products have to be fixed to an extent which is significant by the Government. If the Domestic Support is reduced by the year 2004 then the instability prices could place itself in the producer and it may result by severely affecting the famers.<sup>131</sup> Now heading towards the third concern which deals with the export competition. With regard to the developing countries, the reduced safety in the field of agriculture varies from 20 % to 30 %, this upgrades the scope of exports with regard to agriculture. Therefore, by cutting-off or by eliminating the tariffs and non-tariff barriers in the developed countries with regard to the agricultural imports leads to advantage on the prices of the agricultural commodities in the developing countries. India too can make benefits in upgrading the exports with regard to agriculture. For this purpose India, has to

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<sup>129</sup> Id at 63.

<sup>130</sup> Id at 64

<sup>131</sup> ibid

stand to compete or fight with several other countries which are still developing. It has to be in the knowledge that the trade liberalization with regard to the agricultural products is quite slower than that of the trade liberalization of the products which are manufactured. Under the WTO, there is a scope in order to limit the imports made on the agricultural products in the developed countries under the anti-dumping legislation. Even after that the position of India with regard to the overall exports in the world that relates to the agricultural products is still declining.<sup>132</sup>

### **6.3 FOOD SECURITY IN INDIA**

Food security is a situation that deals with the supply of food, and at the same time individuals 'access to that food. The word "food security" was properly defined as well as expressed at the Conference in the year 1947. Food security according to them is the "availability and at the same time, supply of sufficient amount of foodstuffs in order to live or sustain a fixed or standing growth of food consumption and also in order to balance the fluctuations with regard to the production and also to their prices"<sup>133</sup>. According to the concluding report of the World Food Summit, 1996 provides that food security only "exist when all the human beings have bodily and economic access to the adequate amount of protected and highly nutritious food in order to meet their dietary requirements and also to meet their food preferences in order to a life which is active and healthy as well".<sup>134</sup>

Household food security exist when all the member in a family or the house have proper access to the sufficient amount of food at all the times in order to live an active and healthy life.<sup>135</sup>

#### **6.3.1 FOOD INSECURITY**

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<sup>132</sup> Ibid.

<sup>133</sup> Trade Reforms and Food Security: Conceptualizing the Linkages. FAO, UN. 2003.

<sup>134</sup> Food security, available at :[https://en.wikipedia.org/wiki/Food\\_security](https://en.wikipedia.org/wiki/Food_security). (last seen on January 25, 2017)

<sup>135</sup> *FAO Agricultural and Development Economics Division (June 2006). "Food Security" (PDF) (2)*. (Last seen on January 25, 2017).



On the other hand, Food insecurity is a condition or a circumstance when there is a “limited or unsure amount of availability of sufficient and healthy foods or limited or unsure capability to obtain suitable foods in a manner in which it is socially acceptable “. Whereas, Food Security is a situation in which there is capability to promise or assure, on a long term basis, that the organization or the structure will provide sufficient amount of food supply to the entire population on time.

### **6.3.2 FACTORS INDICATING FOOD SECURITY**

They are,

- Availability of Food,
  - Accessibility of food, and
  - Affordability of food for all.
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- **Availability of food** means that there has to be sufficient amount of food for everybody irrespective of their income. Whether rich or poor everyone should have access to healthy food at affordable rates. In other words nobody should starve (from hunger).
  - **Accessibility of food** means that the food should be accessible in a manner that every individual can have it. It should be available at the affordable rates or prices so that people from every class, whether rich or poor can have easy access to it.
  - Lastly, **Affordability of food** means that an individual must have enough cash or the currency to purchase a food item which is balanced in nature for him/her or for his/her family.

### **6.3.3 FOOD SECURITY CAN BE DIVIDED INTO FOUR CATEGORIES**

They can be divided as follows-

- (i) Making sufficient amount of cereals accessible to all the individuals.
- (ii) Availability of sufficient amount of cereals and pulses.
- (iii) Food security to contain cereals, pulses, milk and their products.
- (iv) Food security also to contain cereals, pulses, milk and milk products vegetables and fruits.<sup>136</sup>

#### **6.4 PROBLEMS RELATED TO FOOD SECURITY**

- In India quite huge divisions of people suffering from the problem of food insecurity, as because they are unable to both afford the food and at the same time have access to it for twice a day.
- Adding to this few natural calamities such as drought, heavy rainfall, earthquakes, cyclone further add up to the increase in the level of food insecurity in our country.
- Natural disasters or the calamities, in a direct manner have its effect upon the food production and hence it leads to the shortage of the food. The level of demand stays high whereas, the level of supply falls down. At the same time the sudden occurrence of the natural calamities causes harm to the food production which is highly responsible for the rise of the food prices, which is far away from the affordability of the poor people.
- Food insecurity in general is responsible to cause Famine. And this Famine is a curse to the whole society. It leads to certain problems such as–
  - Food insecurity
  - Diseases
  - Unemployment, etc.<sup>137</sup>

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<sup>136</sup>Food Security in India: Definition, Availability of Food Grains and Other Details, *available at:* <http://www.yourarticlelibrary.com/foods/food-security-in-india-definition-availability-of-food-grains-and-other-details/32148/>, (last seen on January 25, 2017

## 6.5 AREAS OF FOOD INSECURITY

- Some of the Indian states such as West Bengal, Orissa, Uttar Pradesh, Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, and Maharashtra suffers excessively due to problems of food insecurity. Along with this there are some of the districts which are suffering from permanent food insecurity and also with situations of famine. These districts are mentioned below, they are –
  - Kalahandi and Kashipur districts in Orissa.
  - District Palamau of in Jharkhand.
  - District Baran in Rajasthan, etc.<sup>138</sup>

## 6.6 ROLE OF THE GOVERNMENT IN THE FIELD OF FOOD SECURITY

**The role of Indian government with regard to food security are mentioned below as follows-**

- (i) To promote domestic production in order to meet up with the demands of the increasing population in the country.
- (ii) To provide with the minimum support rates with regard to the storage of the food grains.
- (iii) To operate a system known as Public Distribution System, and
- (iv) Also to maintain the buffer stocks.

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<sup>137</sup>Food Security, Availability of Food Grains and Other Details, *available at:* [https://www.tutorialspoint.com/indian\\_economy/indian\\_economy\\_food\\_security.htm](https://www.tutorialspoint.com/indian_economy/indian_economy_food_security.htm), (last seen on January 25, 2017).

<sup>138</sup>*ibid*

Before the process of harvesting takes place, the government in India declares a smallest amount of floor price on which the government in India purchases the cereals in order to uphold its own buffer stocks.<sup>139</sup>

## **6.7 Discussion on food Security Bill**

Food Security Bill remains noble in its motive amidst the accusations on the government of having political agenda behind it. This bill should have come much earlier. It is one of the basic rights of the people of the country. After ensuring food security governments could have gone for other areas. Food security is followed by education, less crime and awareness which leads to sustainable development. Population control measures can be implemented along with PDS. The debate should not concern who brought the bill but it should concern on how to implement it effectively. Despite all noble motives and high ideals, we fail miserably in implementation of policies. The distribution system should be strong as its failure will be a shock to the expectations of people and the capability of our bureaucrats.

The beginning of official food security policy in the country can be traced to the period of the Second World War when the sudden fall in the quantum of rice that used to come into the country, especially from Burma (Myanmar), made it necessary to resort to the rationing of available supply. The arrangement continued after Independence because of the persisting scarcity of food grains. Once the Green Revolution of the late 1960s increased the availability of food grains, rationing could have been removed, but public intervention in the production and distribution of food grains continued for two reasons. The first was that farmers had to be assisted to go in for the costlier kind of production that the Green Revolution involved, and when output increased but demand failed to increase correspondingly because of mass poverty; they had to be assured a minimum support price by the government buying grain from them. Secondly, after the official poverty line was accepted in terms of calorie intake and it was calculated that more than 50 per cent of the population was below even this low-level poverty line, making food accessible to the masses became a matter of social and political imperative. The answer

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<sup>139</sup>*Supra* note 4 at 2.

was a subsidised public distribution system (PDS) making use of the grain that the government was buying or had to buy. Since then, PDS and the subsidy involved in it have been a matter of discussion in the country.

The globally recognised definition of food security is access to food at the household level at all times to ensure a healthy and active life for all its members. The household is accepted as the unit for consideration, rather than, let us say, a country or an administrative subunit of it because for food security to be meaningful, food must not only be available at these higher levels, but must be accessible at the lowest unit, the household, and indeed every single member within it too. In fact, a central aspect of food security is the discrepancy between availability and accessibility. The paradox or scandal noted above is a manifestation of that discrepancy.

In its latest form, the National Food Security (NFS) Bill, 2013 promises to address the extreme irony of an ambitious nation holding mountains of food in storage, while masses of its people are undernourished or even starving. The right to food is finally legislated. Every step taken to widen the coverage of food security schemes is an advance. Yet, the empirical truth is that incremental measures at targeting the needy are a poor substitute for a cohesive, rights-based universal system of food entitlements. There are many positives to the new legislation, such as coverage of up to 75 per cent of eligible priority households in rural areas, the importance given to women as the head of the household for issue of ration cards, inclusion of pregnant and lactating women for free meals (some in government wanted to take away this entitlement from women who bear more than two children but the idea was sensibly dropped), and setting up of State Food Commissions to investigate violations of entitlements. Under the proposed law, it will be up to the States to frame criteria and choose the priority households for food entitlements, an exercise that will inevitably be accompanied by the well-documented troubles associated with targeting any welfare scheme. Exclusion of any deserving household is unfair and divisive. It poses a challenge to States that wish to provide universal access, an issue that is bound to be felt acutely in urban areas attracting tens of thousands of migrant labourers.

The Centre is unwilling to countenance a Universal Public Distribution System on the ground that too much money is involved. Moreover, the policy orientation is disproportionately favourable towards some sectors such as infrastructure, compared to food and health care. Evidently, the Food Bill can and should do a lot more, to become near-universal and win over sceptics of many states. Also noteworthy is the fact that the Chhattisgarh Food Security Act has done better than the Centre's proposed law in some respects — by supplying subsidised pulses and covering 90 per cent of households, for example. The cause of equity would be better served if the Centre expands the ambit of its law to cover all classes of vulnerable people, including senior citizens and the disabled, for supply of essentials under the PDS. It must then embark on the road to universality in providing access to food as an entitlement.

The recommends we can say that 40 per cent of the population should be covered under the NFSA for entitlement to grain at subsidized rates, instead of the current 67 per cent. It argues that the 5 kg grain for every person to priority households was making BPL households worse off, especially those who used to get 7 kg under the Targeted PDS, a scheme launched in the early 1990s. The TPDS failed to produce its intended effect. The high-level committee recommends that BPL beneficiaries be given 7 kg of rice as before, but also says that the number of BPL beneficiaries under the NFSA be reduced. The pricing for priority households, it says, should be linked to the MSP, or else the NFSA would put undue burden on the exchequer. In short, the burden of the heightened MSP should be borne by the beneficiary.

One clear advantage of joining the national food security system now is that the computerization and Aadhaar seeding process may result in the elimination of bogus cards and beneficiaries. There are lessons for both the Centre and the States in this conflict involving a zealous Central government seeking to force its idea of food security on States that believe they are already addressing the issue with the same, if not greater, level of seriousness. A national food security law may hold good for States with weak food security systems — but for the rest, it would perhaps be better if States implemented their own schemes. On the other hand, the States need to temper their zeal for 'more than universal' coverage with a realistic assessment and identification of beneficiaries.

## **CHAPTER 7**

### **CONCLUSION AND RECOMMENDATIONS**

#### **7.1 CONCLUSION**

If we look previously to the Uruguay Round which is a subject to World Trade Organisation, under that the trade with regard to agriculture was extremely misshaped or in other words was distorted to an extreme level.<sup>140</sup> Market access with regard to the agricultural products was quite inadequate or say limited as because many of the markets were constrained or in other words restricted by the physical import barriers. The existence of the huge domestic subsidies resulted in the overproduction of the temperate crops in the countries which are developed. Attached with order or the demand for the temperate crops in the countries, resulted in excess supply, and at the same time export subsidies were used for the purpose of dumping the excess in other words surplus of agricultural output in the markets at the international level. At last, it resulted in low or we can say depressed market prices and at the same time despite of being the low-cost producers with regard to the agricultural products, exporters of the agriculture products, from those countries which are considered as the developing countries were unable to

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<sup>140</sup> WTO, The Uruguay Round, available at:  
[https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/fact5\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm).  
(Last Visited on 15 Dec 2016)

stand in competition with the subsidized exports from those countries which are developed.

One of the most important and significant exit or departure was made by the Uruguay Round, Agreement on Agriculture. The main objective or the goal of the Agreement on Agriculture was to provide the most important or the leading members of the World Trade Organization with a proper framework for the purpose of making changes with regard to their domestic farm policies in order to facilitate a kind of more open trade.

The Agreement on Agriculture was considered to be one of the most important success or achievement of the Uruguay Round with regard to the multilateral trade negotiations, the Agreement on Agriculture was the first agreement to inflict stringent disciplines with regard to agricultural trade. All products with regard to agriculture were brought under the multilateral trade rules by the WTO's Agreement on Agriculture immediately after following the Uruguay Round Negotiations.

The WTO Agreement on Agriculture consists of obligations and disciplines which are related to the following, they are (a) market access; (b) domestic subsidy or domestic support; and (c) export subsidy.<sup>141</sup>

The salient features of the Agreement on Agriculture include the provisions with regard to agriculture and trade policy in the three broad areas which have been listed below. They are- (1) Market Access: The Agreement consist of two essential elements with regard to Market Access: (i) Tariffication of all the non-tariff barriers. In other words we can say that the non-tariff barriers for example quantitative restrictions and export and import licensing etc. must be replaced by the tariffs in order to make available the similar level of protection. (2) Domestic Support, and (3) Export competition.

All the members of the World Trade Organization, excluding the countries which are least developed termed as Least Developed Countries (LDCs), are needed to make commitments in all these regions with a motive to liberalise the agricultural trade. Under

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<sup>141</sup> D. Merlinda Ingco and John D. Nash, (2004) Agriculture and the WTO, Crating a Trading System For Development, (Publication, Oxford University Press, Washington).



the Agreement on Agriculture, the members are required to commit themselves to the reducing or dropping the import tariffs, export-promoting subsidies, along with the total aggregate support to agricultural producers. This Agreement on Agriculture also takes into account the particular needs and conditions which the developing countries have to face and also permit them with a gradual way of liberalization. Although, the main purpose of Agreement on Agriculture which is a subject to World Trade Organization (AOA), is to enhance the agricultural Trade but practically it is far away from achieving its goals due to several reasons for example creation of agricultural trading system which is fair and at the same time market-oriented, is one of the goal or the objective which is not yet achieved. Agreement on Agriculture which is a subject to World Trade Organization responsible for affecting the food security in the developing countries by increasing poverty and at the same time by increasing inequality by the way of restricting the availability of tools and equipment to the government in order to encourage and promote food security. It has become quite important to distinguish between the reforms which have been directed in the developing countries and also those directed in the developed countries because of the significant differences in policies with regard to agriculture between the developed countries and developing countries.

The Trade liberalization resulted in the winners and the losers as well. Usually the large enterprises and domestic large-scale farming are considered to be the winners, whereas the losers are those poor, deprived, under privileged farmers and those rural labourers, who suffered a life which was destabilized and undermined by food imports with low-cost that have resulted in the low prices of the food products whereas the government make cuts in the input subsidies with regard to agriculture which results in increasing the prices of the farm inputs. Small farmers had to pay more for the agricultural inputs where as they received less for their output. In developing countries trade liberalization led to increasing emphasis on export production. The food insecurity grew because more land and resources were devoted to export crops and the domestic food production declined. However, declining world prices for many agricultural commodities did not provide small farmers in developing countries with better prices for export commodities. The AOA is currently under renegotiation which is also focused on the three pillars. So far,

the progress made under the Doha round indicates a positive sign towards achieving a fair and market-based agricultural trading system. This will be very important for the majority of agricultural producers whose products have been denied of fair and competitive marketing environment for so long.<sup>142</sup>

Overall, it is difficult to know how the AOA has impacted the right to food perhaps because it is difficult in knowing the counterfactual - what would happen in the absence of the AOA. 245 developing countries have already reformed their agricultural policies partly imposed by domestic aid and international financial institution motivated programs. This has limited their ability to use several of the market protection mechanisms that are still available under the AOA, in order to ensure the protection of the right to food and fulfillment of that right through its equitable distribution and availability. Not having the availability of policy tools that developed countries have benefited from, such as subsidies, pricing policies, safeguards, border measures and other support measures, may impede sustainable agricultural growth. This may change in the reform of the AOA, with the creation of special product exceptions for food staples in addition to a new special safeguard mechanism for developing countries.

It is likely that there will be both winners and losers in relation to food security as a result of trade liberalization. The availability of cheaper agriculture products, due to lower tariffs, may enhance the access of food and even drive down prices in the local market. Market access would be enhanced providing revenue for export products although LDCs could suffer since their products that benefit from preferential tariff regimes would lose their competitive margin. However, agricultural producers who cannot remain competitive will likely suffer. This will have a disproportionate impact on small-scale

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<sup>142</sup> Jelena Birovljev and Biljana Četković THE IMPACT OF THE WTO AGREEMENT ON AGRICULTURE ON FOOD SECURITY IN DEVELOPING COUNTRIES, 135 EAAE Seminar Challenges for the Global Agricultural Trade Regime after Doha. Available at: <http://ageconsearch.umn.edu/bitstream/160372/2/03-Birovljev,%20Cetkovic%20-%20EAAE%20135.pdf>. Last Visited on 21 Jan 2017)

producers who rely on domestic markets for their livelihoods. On the basis of the findings, a number of recommendations can be suggested to the WTO Members:<sup>143</sup>

1. It is aphoristic, first of all, that they should check that their undertakings under the WTO model are fully simpatico with their obligation to respect and fulfill the right to food. This requires that they perform transparent and participatory Human Rights Impact Assessments, before the decision of trade agreements. Finally, national parliaments should be encouraged to hold regular listening about the placements adopted by the nation in trade negotiations, with the inclusion of all groups affected, including in particular farmers' organizations: only through such participatory mechanisms can it be confirm that trade liberalization will not result in giving rise benefits for the export sectors, without recompenses for the sectors who will suffer most from foreign competition ; and that trade liberalization will be carefully determined, aligned with the power of the State concerned to adapt to the restructuration.
2. Introduced transparency and active membership in the negotiation of trade agreements should also ensure that each State will opt democratically whether or not it can take the risk of becoming growingly reliant on the global markets to achieve food security. Flexibilities and instruments, like supply management models, to insulate local markets from the unpredictability of prices on global markets. Collectively, States should search means of limiting the volatility of prices on the global markets of goods, particularly for tropic products, oilseeds, sugar, and cotton, for instance through trade good stabilization agreements. For poor countries, neither food aid nor the purchase of food commodities on the global markets isan alternate for toning up their power to feed their population by a robust agricultural and allied sector serving the domestic country market: although budget food has been available from global markets and although prices have been going down from many years, this trend is now coming to a closer, and the volatility of market value shall be more bang-up in the future, particularly as the result of the merger between the food market and the energy markets. However, where States do choose to enhance their

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<sup>143</sup> WTO, Agriculture: fairer markets for farmers, available at: [https://www.wto.org/english/thewto\\_e/whatis\\_e/tif\\_e/agrm3\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/tif_e/agrm3_e.htm). (last Visit on 13 Jan 2017)

- habituation on global trade – whether for the accomplishment of export revenues or in order to attain food security by buying food on the international markets –, this choice would be much more helpful for need.
3. WTO Members should also fully apply the Marrakesh Decision. In order for this Decision to be fully effectual, a mechanism should be demonstrated to consistently monitor the impact of the AOA reclaim process on the NFIDCs. WTO Members should agree on a resolution of the notion of ‘adequate supplies’ of basic food product that refers to the need to ensure that each person has access at all times to adequate food or to means for its procurance – i.e., that the raised prices which may result from the regenerate process shall not result in violations of the right to food.
  4. Trade liberalization leads to toning up the position of multinational corporations in the global supply chains without enforcing on them corresponding duties. It is the duty of States to adequately regulate private sectors over which they may exercise an influence, in the discharge of their responsibility to defend the right to food. They should also search ways to reorient trade towards intersections and modes of production which better honor the environment and do not lead to violations of the right to food. The international community could back up these efforts, by impressing towards the development of a multilateral model regulating the activities of trade good buyers, processors, and retailers, in the global food supply chain, including the setting of standards by these players and their buying policies. The geopolitical impact of Asia’s astonishing economic process over the last two decades has been such that this is already being called the ‘Asian Century’. China and India have delighted spectacular rises as global economic heavyweights, while resting of the countries such as Indonesia, Vietnam, the Philippines, Cambodia, Malaysia, and Thailand have developed rapidly. However, this is only one side of the story.<sup>144</sup> An equally significant aspect is that, as home to the largest number of poor and malnourished people in the world, Asia also lies at the center of global food-security system

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<sup>144</sup> Fenna Egberink,(2011) ASEAN, china Risk and Geological Stability in Asia, available at: <https://www.clingendael.nl/sites/default/files/ASEAN,%20China's%20rise%20and%20geopolitical%20stability%20in%20Asia.pdf>.( last Visit on 27 Jan 2017).

concerns. National agricultural systems have so far kept heavy populated south Asian countries largely self-sustaining in the most important crops. However, domesticated agriculture is operating under progressively widespread environmental abasement and pollution, looming water shortages and the irregular effects of climate change. As it becomes ever-more unmanageable to meet the use of resources in these country is very rapid and this is demand because the population in these country contributes much to the world population. The areas near to tropic have good availability on a natural resource with a good population. Within Asia, the supports of many communities relying on agriculture are under threat, and strains are already beginning to show in the social fabric as community land and smallholder farms have been expropriated for urban, industrial or agribusiness use the pattern of cultivation in an Asian country is very fast and somewhere it is disturbing to nature but this is a need to fulfill the demand of food Security. Crashes between the authorities and dispossessed farmers or communities have become more frequent – sometimes deadly – in China, Cambodia, the Philippines, and Vietnam. At times, in countries such as Bangladesh and India, people have also rostered over the high consumer cost of food. An associated risk of water wars on the continent is raising as neighboring nations – particularly China and India – tussle over the use of cross-border Rivers in agriculture and industry. Access to fisheries, among other resources, underpins some of the territorial reserve challenges between China and several Southeast Asian countries in the South China Sea.

If we look previously to the Uruguay Round which is a subject to World Trade Organisation, under that the trade with regard to agriculture was extremely misshaped or in other words was distorted to an extreme level. Market access with regard to the agricultural products was quite inadequate or say limited as because many of the markets were constrained or in other words restricted by the physical import barriers. The existence of the huge domestic subsidies resulted in the overproduction of the temperate crops in the countries which are developed. Attached with an order or the demand for the temperate crops in the countries, resulted in excess supply, and at the same time, export subsidies were used for the purpose of dumping the excess or in other words surplus of

agricultural output in the markets at the international level. At last, it resulted in low or we can say depressed market prices and at the same time despite being the low-cost producers with regard to the agricultural products, exporters of the agriculture products, from those countries which are considered as the developing countries were unable to stand in competition with the subsidized exports from those countries which are developed.

One of the most important and significant exits or departure was made by the Uruguay Round, Agreement on Agriculture. The main objective or the goal of the Agreement on Agriculture was to provide the most important or the leading members of the World Trade Organization with a proper framework for the purpose of making changes with regard to their domestic farm policies in order to facilitate a kind of more open trade.

The Agreement on Agriculture was considered to be one of the most important successes or achievement of the Uruguay Round with regard to the multilateral trade negotiations, the Agreement on Agriculture was the first agreement to inflict stringent disciplines with regard to agricultural trade.<sup>145</sup> All products with regard to agriculture were brought under the multilateral trade rules by the WTO's Agreement on Agriculture immediately after following the Uruguay Round Negotiations.

The WTO Agreement on Agriculture consists of obligations and disciplines which are related to the following, they are (a) market access; (b) domestic subsidy or domestic support; and (c) export subsidy.<sup>146</sup>

The salient features of the Agreement on Agriculture include the provisions with regard to agriculture and trade policy in the three broad areas which have been listed below. They are- (1) Market Access: The Agreement consists of two essential elements with regard to Market Access: (i) Tariffication of all the non-tariff barriers. In other words we can say that the non-tariff barriers for example quantitative restrictions and export and import licensing etc. must be replaced by the tariffs in order to make available the similar level of protection. (2) Domestic Support, and (3) Export competition.

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<sup>145</sup> Supra note 133

<sup>146</sup> *ibid*

All the members of the World Trade Organization, excluding the countries which are least developed termed as Least Developed Countries (LDCs), are needed to make commitments in all these regions with a motive to liberalise the agricultural trade. Under the Agreement on Agriculture, the members are required to commit themselves to the reducing or dropping of the import tariffs, export-promoting subsidies, along with the total aggregate support to agricultural producers. This Agreement on Agriculture also takes into account the particular needs and conditions which the developing countries have to face and also permit them with a gradual way of liberalization. Although, the main purpose of Agreement on Agriculture which is a subject to World Trade Organization (AOA), is to enhance the agricultural Trade, but practically it is far away from achieving its goals due to several reasons for example creation of agricultural trading system which is fair and at the same time market oriented, is one of the goal or the objective which is not yet achieved. Agreement on Agriculture which is a subject to World Trade Organization is responsible for affecting the food security in the developing countries by increasing poverty and at the same time by increasing inequality by the way of restricting the availability of tools and equipment's to the government in order to encourage and promote food security. It has become quite important to distinguish between the reforms which has been directed in the developing countries and also those directed in the developed countries because of the significant differences in policies with regard to agriculture between the developed countries and developing countries.

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However, declining world prices for many agricultural commodities did not provide small farmers in developing countries with better prices for export commodities. The AOA is currently under renegotiation which is also focused on the three pillars. So far, the progress made under the Doha round indicates a positive sign towards achieving a fair and market-based agricultural trading system. This will be very important for the majority of agricultural producers whose products have been denied of fair and competitive marketing environment for so long.

## **7.2 RECOMENDATIONS**

Developed countries and the countries which are still considered to be the developing countries must take into account the suggestions which have been listed below in order to rebalance the inequalities which have been provided under the Agreement, specifically the present imbalances which are stuck between subsidies and tariffs, S&DT and several other issues as such.

- a) Proper mechanism should be introduced within the Agreement on Agriculture according to which it will permit the developing countries to adjust their tariff levels with regard to its production level and also with regard to the trade distorting subsidies in the countries which are considered as exporting countries. The main target would be to deal with the problems with regard to the effects of high levels of production, along with trade-distorting subsidies to be provided to the developed countries for agriculture
- b) Only the developing countries should be provided with the flexibility in order to deal with the instability of the prices and also the import surges as per the special safeguard means or mechanism. This mechanism should be made accessible with regard to all the products.
- c) The developing countries should possess the lasting elasticity or flexibility to let off or exempt the products with regard to agriculture from the tariff reductions –



relating it to the positive list approach – as per the concerns which are related to the food security, rural development, poverty alleviation along with conservation of childhood. The developing countries should also be permitted to raise the bound tariffs wherever these have been positioned at low levels.

- d) The World Trade Organisation should make stronger its disciplines by barring all kinds of food aid, excluding those which are provided in the category of full grant form and which are channelled through organisations such as World Food Programme or any other organisations associated to it.
- e) The Tariff regimes should be made more simple and more clear and transparent. Along with that all the non-ad valorem tariffs should be transformed into ad valorem tariffs.
- f) The elimination of Tariff escalation, along with that the tariff peaks should also be reduced.
- g) The developed countries of the world and the international donors should provide their support to the developing countries so that it can develop its policies at the national level in order to address the inequalities which are in access to the productive and marketing resources, especially in the case of women.
- h) Establishment of policies at the national level in order to make sure that the producers with low income to get profited by the broadening of the market access, by the integration the trade policies along with the poverty reduction strategies. The policies with regard to agriculture should give more priority to the promotion of the smallholder production, food security along with sustainable agriculture, not large-scale commercialisation.
- i) Development of policies at the national level that would broaden the horizons of the production with regard to agriculture but not with the purpose to raise the vulnerability or helplessness of the small farmers by the reason of over exposing them to the cash crops.
- j) To implement or to pass tough and strong policies with regard to the national and international competition outside the premises of the World Trade Organization

with the purpose to introduce the profit at the corporate levels (initially known as corporate profit levels) and its division in the supply chains.

- k) The de minimise provision with regard to the developed countries should be eliminated.
- l) The phasing out of the subsidies with regard to Amber Box in the developed countries. In case of those developing countries which are affected by the erosion of preferences, those countries with full consultation should be provided with financial assistance or any other kind of assistance which is needed.
- m) The Blue Box subsidies should be eliminated as quickly as possible.
- n) The execution with regard to the supply management should be made in the countries which are already developed in order to curb to problem of overproduction with regard to agricultural products.
- o) Urgent removal with regard to all types of export subsidies in the developed countries.
- p) Instant ban with regard to agricultural dumping.

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