

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG5/W/37

21 December 1987

Special Distribution

Group of Negotiations on Goods (GATT)
Negotiating Group on Agriculture

Original: English

STATEMENT BY INDIA IN THE MEETING OF THE NEGOTIATING
GROUP ON AGRICULTURE ON 8 DECEMBER 1987

1. We share the main thrust underlying many proposals tabled in this Group viz. liberalization of trade in agriculture through removal of distortions and restrictions. These proposals, however, suffer from one basic shortcoming. They do not contain adequate elaboration of the development dimension of the problem.
2. We recognize that the Cairns Group proposal contained in NG5/W/21 speaks of (a) longer time-frame for implementation of measures, and (b) support measures in relation to domestic economic programmes to promote economic and social developments, which are not explicitly linked to export purposes. Similarly, the EEC proposal (NG5/W/20) also mentions that involvement of contracting parties should match their level of development and development requirement. This proposal emphasizes the special and differential treatment for developing countries according to their needs. The Nordic proposal submitted only yesterday does not contain any formulation on special and differential treatment. But their statement submitted some months ago (NG5/W/16), merely says that special and differential treatment should apply to trade in agriculture also. More recently the communication from Jamaica (NG5/W/32) has referred to the development aspect in much greater detail. The statement made by some delegations this morning, including those of Egypt and Mexico, has also dwelt upon some aspects of this problem. Proposals from some important industrialized countries, however, do not contain any reference to the problem of development and the need for special and differential treatment.
3. It is interesting that elaborations, as contained in some of the proposals, fall even short of elaborations which were developed in the course of discussions that took place in the preparatory process that led to Punta del Este. The secretariat note (NG5/W/13) makes an interesting reading from this point of view.
4. It is important to remember that the elaboration of development dimension is not the task of developing country participants alone. The Punta del Este mandate has recognized this need. This task, therefore, has to be addressed by all of us, developing and developed alike.

5. I would like to make some observations to elaborate more clearly the development dimension of the problem, not so much in the spirit of criticizing the shortcomings of the proposals on the table as to contribute to better understanding of the issue.

6. To start with, I would like to underline that in any new discipline that will ultimately emerge in regard to trade in agriculture, the development dimension will have to be incorporated explicitly and adequately. This dimension cannot be equated with the removal of trade restrictions and trade distortions. The effort in this direction, insofar as it will facilitate increased exports from developing countries to the markets of rich countries, will go a long way, particularly in certain sectors to facilitate the task of development. But what we need is to recognize the rôle of agriculture in the development process as a whole and reflect the requirement of that rôle in any scheme of rules that will ultimately be developed in regard to trade in agriculture. Many developing countries have large segments of population, even overwhelming proportions, dependent on agriculture. In our own case, for example, 70 per cent of our workforce is dependent on agriculture. The programmes and plans for economic development in developing countries, therefore, essentially mean programmes for increasing productivity and production of the agricultural sector. To attain this objective, a whole set of measures spanning from provisions of inputs at reasonable costs, the state-supported agricultural research and extension, the provision of credits at cheaper rates and, above all, assuring a remunerative support price - have been evolved. To group these measures under the simplistic label of "producers' subsidies", devised in the context of agricultural trade in OECD countries, would not only be unrealistic but also wrong. What is an integral part of development process cannot be equated with restrictive and distortive measures in trade. The approach based on PSEs as reflected in many proposals would be inappropriate from the point of view of developing countries. These measures adopted by developing countries for agricultural development will have to be excluded altogether from any definition of aggregate measure of trade distortion.

7. It follows that any measures that developing countries would take to use most effectively the domestic market resource for accelerating their development should also be distinguished from measures which are categorized as those restricting import access. If we recognize the rôle of agriculture in the development process, it follows that the domestic markets should continue to be available to domestic agricultural producers without impairment.

8. Food security is a much wider concept. For development, food security acquires special significance. It provides a stable economic environment for rapid development. To promote development, it would be necessary to ensure food security. This factor, therefore, will have to be specially taken into account while elaborating special and differential treatment for developing countries.

9. The present market structures which make the access of developing countries to the markets of developed countries more difficult have also to be kept in view. The export efforts in developing countries will need to be aided or supported to make up for the inherent difficulties of developing countries' exporters in the markets dominated by transnational corporations and oligopolistic combinations. The new rules will have to recognize the need of developing countries to subsidize their exports in order to overcome these obstacles in the market structures.

10. Lastly, many proposals expect developing countries to increase their imports of agricultural products. Developing countries would be willing to do so, consistent with their development trade and finance needs. However, in their case, it is not the question of restricting market access. Their restrictions are necessitated by their balance of payment difficulties which arise because their own exports to developed countries' markets suffer from inadequate or restricted access. If I am not able to export more of my textiles to industrial countries, how can I find the foreign exchange to pay for increased import of agricultural products? Those who want rapid progress in the liberalization of trade in the agricultural sector, must, therefore, make it possible for adequate progress in other Negotiating Groups such as Textiles and Safeguards.