

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Statement by India

On a number of occasions in the past, we have described the agricultural situation in a developing country like India. In particular, we have referred to the high share of agriculture in our GDP, the high percentage of the population deriving their livelihood from agriculture, predominance of small and uneconomic holdings, imperfections in the factor and product markets in the agricultural sector and the high proportion of foodstuffs in the allocation of household budget in these countries. These special features necessitated government intervention for development and maintenance of public sector infrastructural facilities and supply of credit and other inputs at subsidized prices. Where social benefits are substantially higher than private benefits, subsidies are welfare improving and necessary for efficiency.

Stability of prices for strong agro-based developing economies like India is of paramount importance. Price fluctuations for agricultural commodities could be disastrous and can have serious economic as well as socio-political consequences.

The concept of special and differential treatment for developing countries has been recognized in the Mid-Term Review and we expected that it would be elaborated as such in the Chairman's text. However, we are disappointed with the treatment given to this important concept in the text. The principal problem to be dealt with in the Group is the trade distorting protection accorded to agriculture by some industrialized countries which have an impact on the world agricultural market. The support policies of many industrialized countries generate structural surpluses which are then disposed of in the world market, thereby distorting trade. In contrast, governmental assistance by developing countries to their agricultural sector do not generate such structural surpluses. For these reasons, linking the flexibility and commitment by developing countries to free at frontier price is not acceptable to us. It is our view that developing countries' assistance to agriculture shall be exempted from the reduction commitments if it does not lead to structural surpluses. It is also important to know that in spite of the reforms

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proposed in the Chairman's text, many major trading partners would have their domestic prices higher than free at frontier prices for a long time to come. The proposition in the text is completely unbalanced and unacceptable.

Our understanding is that 'timings' referred to in paragraph 11 would not mean timeframe but would be interpreted to mean the appropriate time for commitments taking into account the totality of the agricultural and economic situation.

We are proceeding on the assumption that in future months when we use Chairman's text as a means to intensify the agricultural negotiations, our concerns would be taken fully into consideration.

As regards border protection, it is our understanding that commitments by developing countries would be commensurate with their trade, development and financial needs. Developing countries shall have the possibility to resort to measures consistent with the present provisions of Article XVIII for balance-of-payments reasons. For a developing country like India, with large segments of population at subsistence level, price fluctuations of agricultural commodities can have extremely serious social and political implications. In such a situation, border protection by means of QRs for stability for developing countries like India is fully justifiable.

The indent of paragraph 15 of the Chairman's text relating to developing countries is neither sufficient nor adequate. Developing countries must be exempted from commitments for tariffication. What could, however, be envisaged is some form of periodic review of the level of border protection with reference to certain economic criteria which we have enumerated earlier.

A mention has been made in the Chairman's Draft Report regarding submission of country lists. Our reading of the text is that developing countries are not expected to submit country lists as envisaged in paragraphs 6 and 12 of the text. It is neither administratively nor politically feasible to submit such lists. We would be willing to submit information on export subsidies on the clear understanding that at this stage we cannot be expected to undertake any commitments in this regard also.

Finally, it is our understanding that these issues would be addressed during the intensified phase of negotiations within the framework comprising of four broad interrelated areas as enumerated in your text.