International Agriculture Negotiations: Indian Perspective

Manoj Joshi
Counsellor(Economic)
Embassy of India
Developments in Indian Economy

- GDP growth rate 9.4%
- Rising middle class
- High growth in industry and service sectors
- Growth rate of Imports 28%
- Exports growth rate 22.5%
- High Foreign Investment - FDI $19.5 billion in 2006-07
- FII investment more than $10 billion in current year since April 2007
- Autonomous liberalization undertaken by India in tariffs and services sectors
- Peak industrial tariffs reduced to 10% and announced to go down further.
- FDI restrictions absent in most sectors
Developments in Indian Agriculture

- Agriculture growing at 2.4%
- Declining share of agriculture in GDP 18%
- 600 million people dependent on agriculture for livelihood
- High growth in agriculture necessary for inclusive growth
- Reform in agriculture marketing - Growth in organized retail changing agriculture marketing channels
- Rising domestic and international prices of agri commodities - wheat, edible oils, pulses etc.
- Rising imports of wheat, pulses and edible oils at zero or very low import duties
- Rising farm prices – benefiting farmers but adversely affecting consumers
- Bio-fuels – India uses molasses based ethanol
  - Mandated 5% blend with gasoline and plans to increase to 10%
  - Increasing bio-diesel from Jatropha
Issues for India in International trade

• India wants to further autonomously liberalize industrial goods sector and services sector
• India willing to undertake deep commitments in NAMA and services sector and wants other countries to do likewise
• In agriculture, Indian interests are not aggressive
• Agricultural imports are likely to increase
• Interests in stable or gradually changing domestic prices so as not to bring sudden changes in income or expenditure of farmers or consumers
• Indian consumption too large and would affect international prices
• India would like to gradually decrease tariffs while keeping some flexibility to safeguard farmers’ interests
• Decrease in domestic support in US and EU essential for India to reduce tariffs
WTO Negotiations

- India would be undertaking one of the largest reduction commitments through increased bindings across the sectors for NAMA, Services and Agriculture.
- Looking for some balance in commitments by other countries across the sectors.
- Balance is needed in Agriculture tariff reductions by India and reduction in distortions by other players.
- US Farm Bill 2007 increasingly looks like continuation of 2002 Farm Bill.
- Absence of TPA and the form of Farm Bill 2007 reduces confidence amongst other trading partners in the willingness and ability of the US to undertake commitments.