

COOPERATION PACT

India, China to Push for Food Security Agreement at WTO

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New Delhi: India and China will jointly push for a food security agreement at the World Trade Organization besides other areas on which they can find common ground at the multilateral level.

Prime Minister Narendra Modi's China visit beginning Thursday will likely see a cooperation pact on WTO issues on which they agree. A permanent solution to food security is one of India's key demands and is critical for China as well. "Both run public stockholding programmes," a government official pointed out.

Modi will be traveling to China, Mongolia and South Korea May 14-19.

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India had blocked the adoption of the trade facilitation pact on July 31 last year in the face of heavy criticism. It wanted a deal on finding a permanent solution to public stockpiling simultaneously with the adoption of the trade facilitation agreement. But at the time, it didn't get the backing of China or any of the other G-33 nations, including Indonesia.

Nevertheless, India got its way in November, gaining exemption from WTO action for its agriculture subsidies until a permanent solution on the matter was found. India wants member countries to speed up the process for a permanent solution. The PM's visit comes at a crucial juncture with WTO members aggressively negotiating the issue.

Developing countries are supporting the draft text of 2008 which allows programmes supporting low-income or resource-poor farmers without being penalized, but the developed world wants it debated afresh, which could make a deal unlikely by the July deadline.

The current WTO norms limit subsidies at 10% of the total value of pro-

duction of that particular crop, but the support is calculated at 1986-88 prices. The G-33, a grouping of 46 developing countries, has sought a revision of the base to a more recent year or the accommodation of high inflation since that period.

Global food prices have increased manifold during this period with India having experienced inflation of about 650% overall.

The draft text being negotiated in Geneva also proposes a reduction of more than 50% in farm tariffs for developed countries to be implemented over five years and about a one-third reduction in tariffs for developing countries over 10 years. "India and China will hold regular consultations about the stand at WTO on various issues," said the official.

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China also has a public procurement programme and sets minimum procurement prices (MPP) for wheat and rice through the central committee of the Communist Party of China and the state council to safeguard farm livelihoods by increasing incomes and ensuring national food security.

When market prices are lower than the MPP, the government buys wheat and rice from farmers to mitigate their losses.

The two countries aren't part of a deal on services being negotiated among 23 countries outside the aegis of WTO - the trade in services agreement (TISA). Commerce and industry minister Nirmala Sitharaman had told Parliament last month that such a plurilateral approach would endanger the conclusion of the Doha trade round by disturbing the delicate balance arrived at on agriculture, non-agriculture market access and services after years of intense negotiations.