

Chapter – Two

Importance of International Trade & the Implications of Uruguay Round Negotiations to Doha Round Agreements of WTO on Agricultural trade of Developing Nations including India (A critical Analysis)

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Chapter Two

Importance of International Trade & the Implications of Uruguay Round Negotiations to Doha Round Agreements of WTO on Agricultural trade of Developing Nations including India (A critical Analysis)

2.1: Significance of World Trade:

The history of International trade is hundreds of centuries old but since the industrial revolution took place, many economists and thinkers have put forward their view in favour of modern international trade as a basis of growth & development of economy & society. Chronologically if we see then the **Mercantilists** were first thinkers to do advocacy for international trade, their arguments were to increase the stockpiles of precious metals like gold & silver etc through trade and maximisation of export & minimisation of import to generate huge surplus in trade. After the Mercantilists classical economists came and they refuted the mercantilists argument of zero sum game in trade where some country gains by generating trade surplus while other loss, and they put forward Absolute Advantage (Adam Smith) and comparative cost advantage theories of trade (David Ricardo) where they have supported and advocated in favour of international trade by saying that as long as the differences of cost in production in producing a same commodity exists in different countries trade would take place and all countries can gain from trade (opportunity cost conditions by David Ricardo) and Adam smith 's theory of absolute cost advantage (which says that countries can gain from exporting it abundant and less cost product and through division of labour when it engages in trade). All these economists advocated free trade without any Government interventions. Many economists believe that trade not only benefits countries through growth & development but also it eliminates interstate rivalries through sectoral diversification of production, changing cultural aspects and thereby change in demand for commodities.

The international trade is an essential part of growth & development of a nation and the world as it not only creates opportunities of income source, wealth generation, socio economic development among nations but at the same time it helps creating connectivity, international harmony and cooperation among nations to develop culturally and spreads democratic political & cultural values and international stability & peace to build a better society for living. International trade provides opportunities to expand domestic production, explore regional resources and expertise on efficient use of country's own resources to take full advantages of nations comparative advantage over production of it and in this was the international prices of those commodities goes down. In these way countries with specialisation on goods & services creates linkages to take out and retain full benefits of international trade. Trade is an engine of growth is properly said by renowned economist as it helps nations to increase productivity through import of essential raw materials and technologies and export of goods & services. These helps innovation, specialisation and R& D in a country which generates employment & eradicates poverty for millions. As no country is self sufficient in meeting all its needs domestically that is why it is necessary for it to engage in foreign trade.

Grossly we say that Trade helps countries **(1) to share & distribute natural resources to grow & develop while taking benefits out of it exports, (2) To utilise a countries resources fully & efficiently, (3) To equalise international prices with domestic prices, (4) to specialise in productions, (5) Generates employment opportunities among nations, (6) to generate economies scale & division of labour, (7) to growth & development of economies through international harmony.**

The basis of International trade is difference in availability of natural resources & technological differences between nations. Classical Economists like **Adam Smith and David Ricardo, G.Haberlar** etc gave immense emphasis on international trade to create wealth & well being and economic development of nations and **Heckscher Ohlin** said trade can minimise the unequal distribution of wealth & resources among nations. Understanding the value of international trade to minimise unequal distribution of wealth & natural resources, poverty and socio economic conflicts the international organisations like, **World Bank, IMF, GATT & WTO** has emphasised on the expansions & promotions of free & fair international trade.

The openness of trade is subjected to country's own discretions, and any barriers to international trade may create hindrance to economic growth, prosperity of the nations and overall development process of any country. It is seen that most of the closed economies could not able take benefits from trade after the establishments of new international orders and remained backward in reaching heights of growth in production & export. In the Post WTO period most of the developing countries have understood the significance of international trade for growth & development and they engaged in the process of economic & trade liberalisation and some of them including China and many south Asian nations have benefitted immensely as they have a liberalised modern advanced & dynamic trade sector.

Many economists like **Olson Bardhan, Myrdal, Ragner Nurske, Raul prebisch & Hans Singer, Kindle Berger** etc have shown concerns about the Neo Imperialist nature of modern trade or new trading systems. They were concerned on Issues like (a) Deteriorating **Terms of Trade (TOT)** of developing nations with developed countries, (b) Capturing markets of semi industrialised developing nations by MNC houses of Developed nations, (C) Replacing local, regional traditionally produced low tech goods by industrially produced nontraditional technically advanced goods by developed nations of developing nations and there by destroying small scale & cottage industries and jobs of millions associated with these industries. Many renowned economists reject classical trade theories and believe that trade has created international inequalities among nations.

But many economists like Paul Krugman, Kruger etc gave emphasis on international trade by saying that trade definitely helps countries by providing those Increasing Returns to Scale of their production and it would be always beneficial for the poor, developing or least developed countries to engage into trade. Lastly we can say that countries should adopt trade policies according to their need and with proper precautions.

2.2: The Changing Impacts of International Trade on Developing Countries including India during the Pre & Post Liberalisation Period.

The International trade is important for developing, poor or least developed countries as they have a much requirement for markets for their regional products, they need advanced technology transfer for increasing production and innovations (Hakura 1989), they need employment opportunities with economic growth, they need massive industrialisations & capital formation in their countries for overall development of their economies. International Trade does provide all these. Though many economists think that international trade increases the economic dependency of the poor countries on the rich developed countries but most of the economists do think that and even it is found after so many research on international trade is done is that trade not only helps in GDP Growth, technology transfer and Employment opportunities but it helps to developing nations for overall economic & social development (Haberlar 1959).

The developing countries in the last two decades have come out with huge growth and changes in international trade with one third market share of the world trade and they have shifted their sole dependency from primary sector to industrial & service sector and became a crucial role player in the international arena. With about 37% of world goods trade, huge share in service sector trade and increasing share of exports to GDP the developing nations shows reforms and openness of their economies.

Table 2.1: World Trade to GDP ratios (DC, LDC & World)

Years	Developing Countries	Developed Countries	Least Developed Countries	World
1995-96	61.7	38.3	46.7	43.2
2000-2001	69.9	44.5	53.1	50.4
2005-2006	75.3	49.4	63.8	56.3
2011-12	72.6	57.7	63.1	63.1
2015-16	75.4	64.1	67.3	66.7

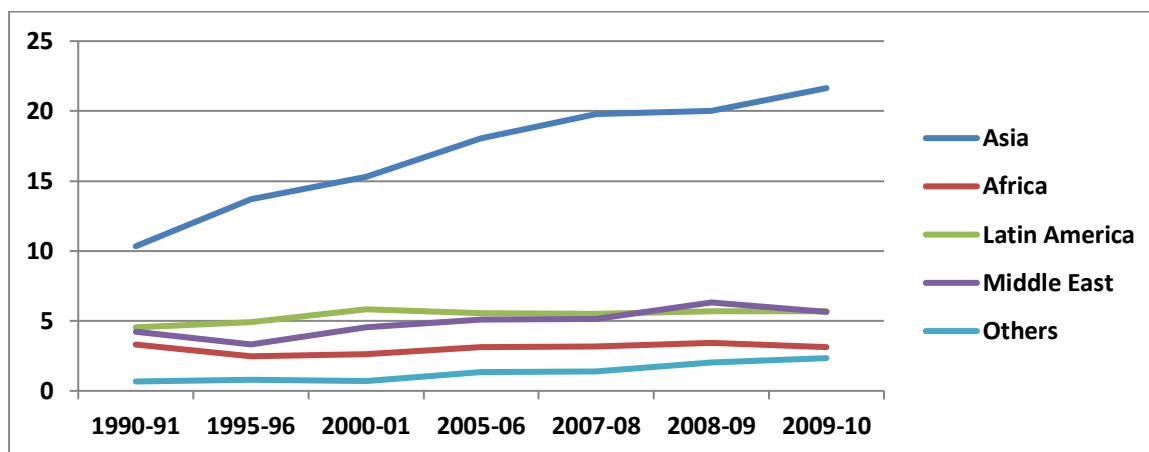
Source: International Trade Statistics, WTO.

World merchandise trade (**US\$ 16.2 trillion in 2015**) share of developing countries have improved tremendously in the post WTO period which have increased from 29% in 1995 to approx. 42% in 2015-16, where the share of the developed countries have declined from 61% to 52% in the same period. The good results in growth & development of the developing countries particularly the China & India is the fruits of Trade and more liberalised trade. Liberalised trade has opened door of high advanced technologies to transfer from DCs to LDCs which have transformed the trade share and its character of the developing countries. Thus we can say that in order to shift from a developing country to developed country one nation need to have adopted trade. It is the trade which has immense capacity to transform the productive capacity and export competitiveness of a country.

2.3: The trade liberalisation: As the volume of international trade grows it requires more openness and liberalisation and that can help integration of the countries to grow together, help each other, technology transfer easily, opening and enlarging markets for each other, controlling international & domestic price fluctuations, and enjoying economies of scale through large scale industrialisation and realise higher level of employment and eradication of poverty particularly in the developing economies. Trade brings opportunities and competition both at the same time, most of the outward looking developing economies particularly the south Asian nations have performed very well in the last two decades in world trade, GDP Growth and over all developments as compare to their counterparts in Africa & Latin Americas as (According some researchers suggests that) they were inward looking with structural problems.[5] Trade makes countries more resilient and flexible to absorb any kind of economic shock due to price fluctuations of domestic short supply. After Second World War most of the countries of the World took protectionist inward looking and import substituting measures to protect their economies from external competitions and let it grow in its own way. But these policies were proving wrong in the late 70s as most of Developed nations were reaching far distance than the developing nations in growth & development so countries started realising that it was necessary to open up trade and as soon as they entered in to open trade, the results were coming to be different. Enormous opportunities become opened, economies grew much faster rate, Employ opportunities came in a new way, and governments were left with more money

in their hands to invest in social welfare & justice and there by social & political peace & stability become easier goal to reach. As per the World Bank report Countries like China, India, South Korea, Mexico etc have emerged to be most flourishing and successful developing countries to reap the fruits of growth and developments in the new WTO regime and they have done it must faster and with more and more opening up of their economies in the Post Liberalisation period. In the last decade it is seen that the developing countries have expanded their export share much faster than the DCs. The globalisation after the WTO has helped them to achieve rapid economic growth. The economic growth and export growth of the developing nations was almost two times bigger in 2015-16 than it was in 1995. The Asian countries (particularly huge growth is seen in South East and South Asian countries) have achieved remarkable growth in share of World export in the last two hand half decades (it was increased from 10 % in the early 90s to approx 23% in 2015-16) while African nations and Latin American nations remained at the same place (with fluctuation of 1% to 2%) in 2015 in the Post WTO period as it was in the Pre WTO Period.

Figure 2.1: The value of Share of the exports of developing countries in the World (in percent)



Source: WTO website

From the above figure it is visible that the Asian nations have emerged to be the leading exporters from the developing countries where other developing continents like Africa, Middle East and Latin America remained almost same as just before the WTO.

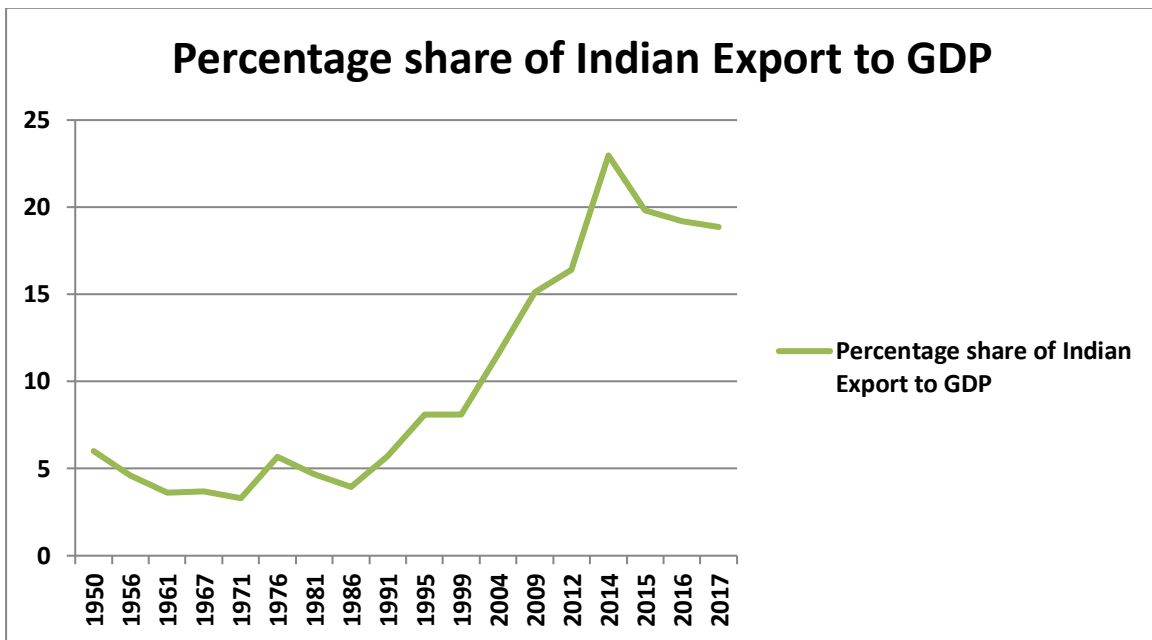
International trade has been promoted and emphasised by many international organisations like WTO, World bank, IMF etc and suggests nations to engage into free and fair multilateral trading system. Following the 2001 Brussels conventions of the UN the Doha (4th round Ministerial conference of WTO) round agreement of WTO had made provisions like Special and differential treatment for the developing nations and asks the developed nations to cut down subsidies in their agricultural productions, reduce tariff barriers, non tariff barriers (MFN in 2005 was a good initiative by WTO) eliminate quantitative restrictions and forgive loans for heavily indebted least developed countries to help developing countries to be benefitted from international trade. Though the minimum level of tariff barrier was less than 4% internationally but the tariff barrier remained high in case of agricultural products than others in the Post WTO regime. In spite of all these The DCs are seen mostly doing discouraging unequal treatment with developing nations like using technical barriers to trade (Standards, Nature friendly issues and SPS) , high complex non entry measures, high tariff & non Tariff measures, anti Dumping measures, surcharges etc for cheap national interests which directly hampers interests of the developing and Least developed nations and it also goes

against the international conventions and morals of the international trade. If all countries to gain from trade the developed nations should not create any hindrance for cheap national interest rather open their market for easy access for the developing nations and do concessional & special treatment to them while policy makers of the developing nations should take decision regarding liberalisation of trade with taking into consideration countries own national interest, employment and long term impact of new trade agreements on their domestic industries and economy as a whole. Economists like Roderick has explained in his paper on economic reform and trade that over openness and complete restrictions of trade are both may hamper trade intentions of Growth. He showed the examples of India, China and many south Asian nations example where he explained that these countries under strict institutional & administrative structures opened their economies and let the international market to enter gradually in to the country with outmost cautiousness and realised outstanding growth in the Post WTO era. So entering into liberalisation process of trade differs to country by country in terms of their structure, Economic conditions, Social & Political Situations so any country before opening up of their economies to liberalisation must look inward situations and plan a long term goal of reform with sincere consideration for social safety net and political stability.

2.4: Impact of WTO regime in the Post Liberalisation phase of Indian's International Trade:

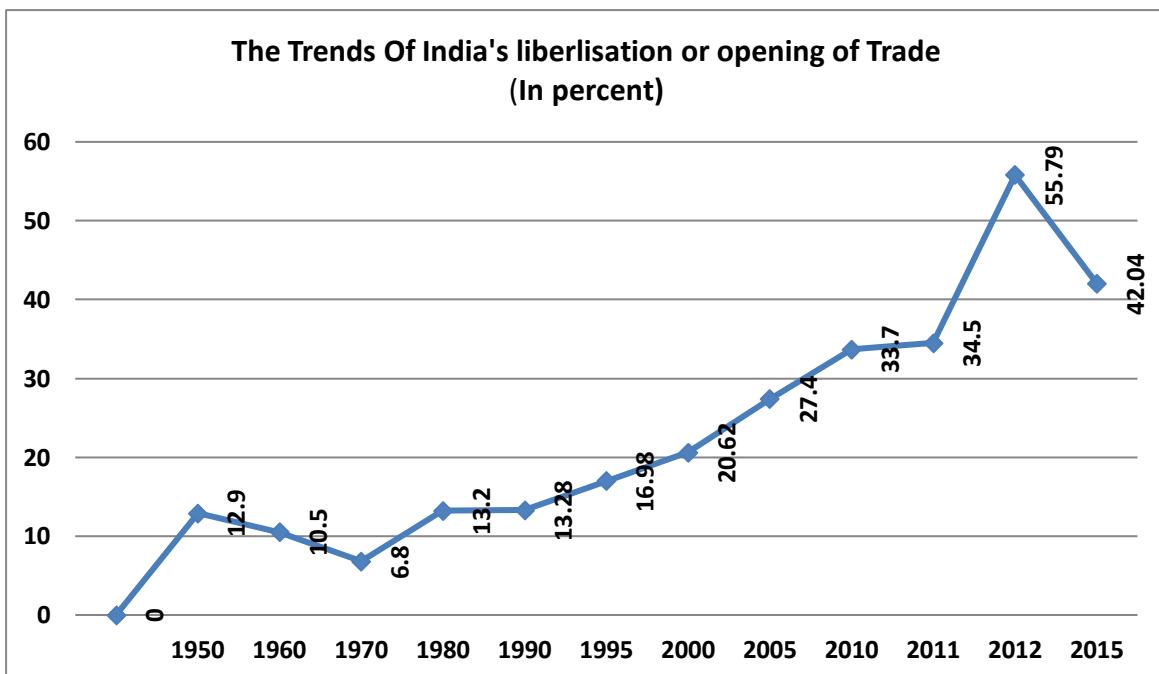
If we look back and see India's rich golden history of trade with the international communities from ancient time to modern time we will understand that India has been a supporter of free & fair international trade, where India won a world wide popularity & reputation for its export goods quality & richness. Before the starting of the transformation process of Indian foreign trade after independence India's rich and well versatile Industry & export capacity was almost destroyed by the British Rulers as during the British administration in India, they converted India a raw material and primary product supplier to Britain and to other European nations and importer of finished or manufactured industrialised goods from Britain. The ruined Indian Industrial sector was struggling after Independence and India was supplier of Primary product at that time but soon it realised that to be self reliant it has to take policies toward revolutionising its agriculture (green revolution in 1966) and set up of modern industries (second five year plan) for rapid economic development of the Country. For this, trade was necessary, essential & inevitable to the country and India remained a good participant in the International trade because it required technical knowhow and skills to be imported for setting up modern Industry, expand productive capacity and economies of scale in the Country. India's Composition of export changed over the years as the share of primary sector products declined in total export with increasing share of manufactured products, which shows India's transformation into industrialised nation from supplier of only agricultural products to the world. Initially after Independence India followed import substitution policy as a safeguard to domestic Industries and BOP problems but as soon as it started its economic liberalisation phase it changed its import substitution policy to open trade policy since 1991. India's export share of GDP has increased from approx 7% at the early 90's to about 17% at 2015-16. This transformation reflects India's emphasis on foreign trade through export promotions, opening economy for FDI, all source of import of capital goods & technical knowhow to the country along with rapid industrialisation, expanding demand of new & existing consumers and enjoying economies of scale (Moon 1999) as it enters into liberalised global trade. Liberalising and boosting trade and export not only increased country's GDP growth but also it increased employment opportunity in the country as more than 15 million people have got employment both directly & indirectly (as per the labour employment report) between 2000 & 2015.

Table2.2: Trend of Indian total Export Share of Indian GDP (In percentage)



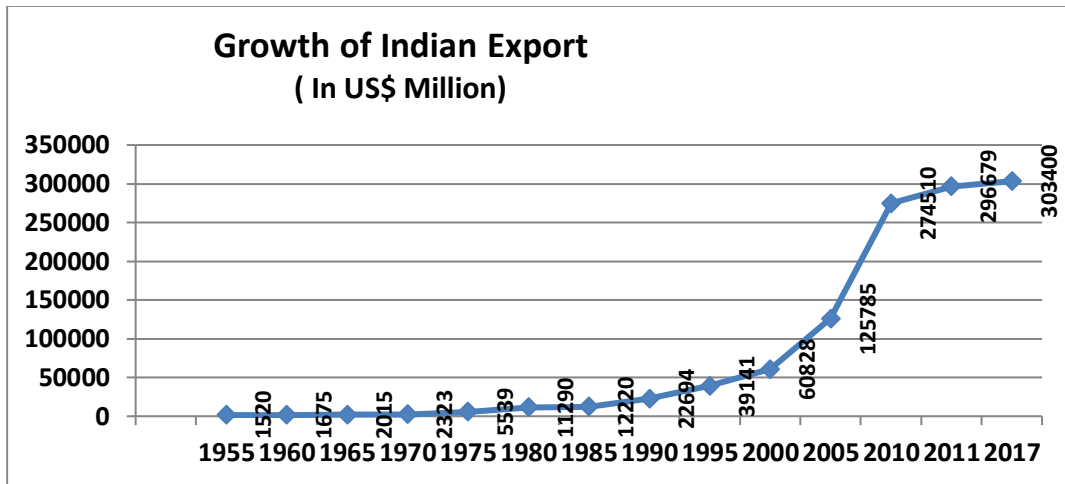
Source: RBI data on Indian Statistics & Economics

Figure2.3: the following Figures illustrates India's liberalisations of Trade and Increase of Export Volume since Independence



Source: TheGlobalEconomy.com

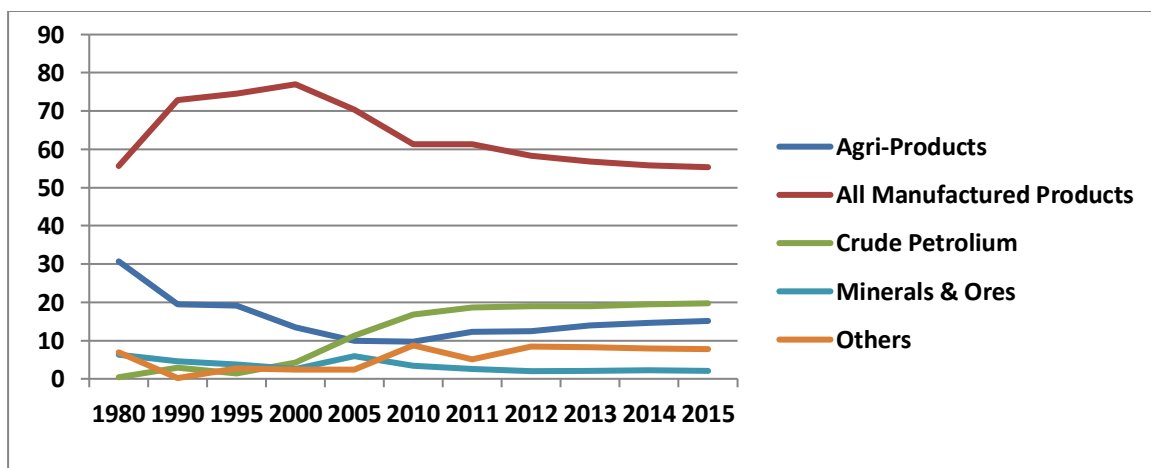
Figure 2.4: Growth of Indian Export during the Pre & Post WTO period (Estimated in US \$ million)



Source: RBI, Statistics on Indian Economy & Wikipedia

The above figure shows how India’s goods & services export have grown over the years after Independence particularly after the economic liberalisation period. As India is a large developing country, so not only export but its imports of foreign goods & services like , Consumer goods for domestic food & other requirements, capital goods for Industrialisation & infrastructure developments and financial services , IT , banking etc are also immensely important for growth & development of the Country. Since Independence India’s balance of trade has mostly been in deficit as the requirements of Imports of Capital goods, defense equipments and consumer goods remained higher than its agri- based export which had fight immense competition word wide along with increasing domestic demand and protectionist measures of the DCs. But Indian Trade in services has been good since independence which shares about 3.6% of the world share of services but the share of goods are average after WTO period Export of goods was .5% before WTO now it is about 2% in 2015-16).

Figure 2.5: The year wise Change (In percentage) of Composition of Indian export during the Pre & Post WTO periods



Source: RBI, Statistics on Indian Economy

Since independence of India there is a substantial change is noticeable in the composition of Indian trade. The composition of Indian export is being shifted from agricultural & primary goods to modern engineering, IT based, and Electronic goods, Gems & Jewellery, Chemical Products and petroleum based products etc gradually but in case of Indian Imports Petroleum crude, and capital goods have been dominating it since independence and no noticeable diversification is found after the liberalisation phase also. These are the results of shifting or changing to a different phase of Indian Economy after 1980s which is called economic liberalisation phase. As per A. Virmani India started shifting to the second phase of new economic structure which is free market economy with massive structural adjustment programme from a institutionalised Indian version of socialist economic set up. This has been beneficial for Indian trade and economic growth as per Dr. Rangarajan but this happened with setting up new society with different value system called consumerism which was absent before it.

India's foreign trade before liberalisation had been inward looking, Import substituting and export promoting. But it was facing BOP problem along with low growth rate so in order to get rid off these issues it started liberalisation process slowly in the 80s then rapidly after 1991 and become founding member of WTO in 1995. India being member of Regional trading arrangements like SAFTA, ASEAN, SAARC, CECA, APTA, and Indo-Japan trade agreements etc, along with WTO membership has become integrated part with global economy and significant role player in the international trade. Since liberalisation and WTO Indian foreign trade has performed better and India has benefitted from as its economy has grown substantially with increase investments, in employment opportunities and solving BOP problem etc so it is seen that India's role in the last two decades has been very much positive & encouraging regarding following and implementing WTO rules so being an international authority and guardian to look after international trade WTO should play a strong role to establish and maintain free & fair multilateral world trade with implementation of DOHA (S&DT) mandate to developing countries.

2.5: The Impact of Uruguay Round Agreement on agricultural sector of Developing Countries [9]

The Commitments & promises of the Uruguay Round agreements made to the developing countries are seen to be not fulfilling and it has become a cause of concern to them. The ground in which the developing countries have grievances about the Post Uruguay Round is that,

- (1) The Market Access : The Market Access of the Developed Countries is still remains an important issue for the Developing Countries, as they find that even after liberalisation of trade & agriculture they have not been benefitted to gain market access in Textile , Agriculture etc properly in the Developed countries. [6]**
- (2) The Domestic Subsidy Issue: In the Post liberalisation period of agriculture the developing countries are asked to liberalise their agricultural market and abide by the laws of new WTO regime by minimise the level of support to their domestic agricultural production, maintain international environmental & labour Standards where the developed countries are supporting & subsidising heavily their domestic agricultural production using Blue Box, Amber Box & Green Box subsidies.**

(3) Anti-Dumping Issue: The Developing countries are always subjected to risk of Anti dumping measures of their products to the Developed countries. They realised that after facing competition when they bring their domestic production to the international market the DCs uses this instrument to block their product to enter into the markets of them. Many Examples can be given when the EU & USA used antidumping measures against poorer nations.

(4) Environmental Standards: It is another issue of the Developing nations where they stuck and can't enter into the markets of DCs. As per the Uruguay Round all the countries have to follow & maintain the international Labour & environmental standards for production & export. This is one of the instruments used by the Developed nations to curtail the export of the developing nations to them.

The developing & poor nations of the world are in a complete unequal position to compete with the technically efficient and well prepared Developed nations in agricultural trade. The developing countries do not have many instruments to safeguard domestic market from foreign competition of their agricultural sector other than the tariff measures and border measures. It is very important for them to develop & design new domestic fiscal policy measures to protect their agricultural sector and give safeguard to it.

2.6: Implications of DOHA Round Agreements of WTO on Agricultural Trade of Developing countries including India:

The Developing countries were not satisfied with the Seattle round negotiations and asking for another round of negotiation very soon to hear their voice and demand related to trade. As most of the developing countries are not homogeneous in character because not only some of them shares same demand like DCs as they sit together in G-20 nations but some of them are exporters of agricultural commodities and some are importer so opening their markets for goods from the Developed nations would let them fall in risk of market capturing by the supply of goods from the Developed countries. Though the Developing countries have the majority but they feel they have little say in placing their arguments related to their demand.

The Doha Round agreement and negotiations Under WTO took place in Doha, Qatar in 2001. The main agenda was to liberalise trade and give safe guards to domestic industries particularly the Agricultural sectors of the developing countries or LDCs on three areas, like **(1) Domestic Support, (2) Market Access and Export Subsidies**. We shall discuss the objective, success & failure of Doha round agreements and its overall implications on Developing Countries like India.

The Developing countries has to face huge subsidy support (both product specific and Non product specific green Box, Blue Box) from the Developed Countries in their agricultural good trade. Subsidies do lower the international prices of Agricultural products of Developing countries which makes them highly Competitive and in a comparatively advantageous situation than the developing countries. The amount of subsidies which lowers the international prices of commodities differs from country to country among developing countries depending upon the country is whether an exporter or Importer of that commodity. International agricultural trade protection related policy reforms depends on

domestic policy changes as an effect of change in world prices. As a result in change of protection the changed world price level can lead to gain or loss in world trade, but who will gain or loss from that can be understood properly from model based analysis which is essential to understand the relation between agricultural safeguards & Trade policy reform. When any kind of Import comes from a country where the level of protection is very high then the amount of tariff will become high on that commodities as compare to other commodity imports, when countries tend to reduce or eliminate such type of domestic protection or subsidies the consumers of the Developing country can be benefitted from it and the exporters also can minimise their losses as there will be less risk for them as the chance of falling of international prices will become very less. These are possible for the Developing countries as they have an only instrument called Tariff which can be used to retaliate any kind of international price fall due to domestic subsidies. A good amount of Developing countries opposed the already existing proposals of WTO regarding Agricultural trade reforms & liberalisation because they need to have economic & political incentives in doing so as they are quite aware about some practical instances of adverse effect of trade liberalisations , for example the Indian farmers along with many developing countries farmers became vulnerable of International price fluctuations and market segmentations due to heavy subsidies provided by the Developed Nations to their commodities which may lead to decrease in domestic production and employment. The Developed countries provides domestic support & subsidies to their commodities and farmers not only for increasing export or direct benefits for their exporters but also to take out all post reform gains from the liberalising Developing country's economy.

Table 2.2: Trends of average Bound Tariff and Applied Tariff in India in Agricultural Trading Commodities in the Post WTO regime.

Years	India's Bound Tariff on Agriculture	India's Applied Tariff rates
2005	115.2	38.2
2006	114.2	37.6
2008	114.2	34.4
2009	114.2	32.2
2010	113.1	31.8
2011	113.1	31.8
2012	113.1	31.4
2013	113.1	31.4
2014	112.2	30.8

Source: WTO World Trade Data (tariff Profile) 2006-2014.[7]

Table 2.3: The Trend of anti-dumping measures taken by the US, EU & India during the Pre & Post WTO era.

Year Wise Pre & Post Period	Anti-Dumping Measures by India	Anti-dumping Measures by the US	Anti-Dumping Measures by the EU
From 1992- 1997	55	213	205
1998	28	36	22
1999	64	47	65
2000	41	47	32

2001	78	75	28
2002	81	35	20
2003	46	37	07
2004	21	26	30
2005	28	12	25
2006	35	08	35
2007	47	28	09
2008	55	16	19
2009	31	22	20
2010	41	26	28

Source: The WTO [7]

2.7: An Overview of Trade Negotiations under WTO:

The Institutional reform of WTO was an important issue as many complaints were coming from Developing Countries and Political Representatives of many Developed countries that WTO should be more transparent and inclusive in nature to maintain the accountability of its commitments to the diverse membership. The demand from the Developing countries was decision making process of WTO should be more inclusive and the WTO should treat the Developing countries equally as it do it with the Developed countries for better participation of the former in its decision making process. The WTO realised this after the Seattle & Cancun Rounds of conferences and it responded quickly to it by opening many of its documents to the world and at the same time started workshops & training program for the representatives of the Developing countries so that they could understand the working procedure of WTO Properly and participate in it.

2.8: The Special & Differential Treatment agenda & the Doha Round:

The developing and poorer countries comprise around 43 % of agricultural export to the world market and most of them are fully dependant on agriculture as it is the key source to their GDP. In most of them around 60% work force are engaged in agricultural sector so agricultural trade liberalisation may lead to immense effect on socio economic structure of these countries. Millions of farmers are subjected at risk due to international price fluctuations as heavily subsidised commercial agricultural sector of the Industrialised developed nations can cease the competence of the commodities exported from developing countries. So in order to give safe guard to the farmers, Commodities from price fluctuations, giving market access to developed nations are necessary to accomplished to maintain free & fair multilateral world trading system of Uruguay round agreement. So the demand of the situation as well as from the developing countries needs to be met. In doing so the **WTO Doha Round Agreements took place in Doha, Qatar in 2001, where the provision of Special & Differential Treatment (S&DT)** [12] options was placed before the WTO for developing countries. In this provision the issue of market access has been dealt with and the market access has been provided to the developing nations and issue of domestic safe guard or support was also made along with issues of farmer security was also taken into account. The practical & visible implementation of these S&DT policies are the EU & the USA's (the African Growth and Opportunities Act of US & Everything But Arms Agreements of EU) measure to completely open up their markets for Agricultural products from 48 least developed countries of Africa, Asia & Latin America where good governance & Ban on Arms supply were the only conditions from USA and EU. In this S& DT policy

another policy is tabled for implementation named 'A round for Free' policy where the least developed countries are to be exempted from [11] lowering their tariff and completely open up their market and fulfil completely the WTO obligations secondly the tariff and other restrictions should be made easy and much more flexible with lots of tariff concessions for these LDCs to reach out get access to the markets of the developed countries, other than these new international deal on trade will be of no use. The developing countries are to liberalise their markets in order to get these benefits but the issue of **food Security** concerns are taken into account that is why there will be special provision for LDCs for border regulations and protection of the farmers of their countries, reduction in trade barriers and there shall be sufficient amount of financial support from DCs and international organisations like world bank & IMF for them to comply with new world order of trade. **The S&DT provides good reductions in tariff barriers to developed country's markets , helps to maintain good amount of tariff level and border measures for their products, Domestic Support in many kinds , the smaller reductions of de minimis level and longer time period to protect and implement policies of Uruguay round agreements.**

The Special & Differential treatment and what type of S&DT to be undertaken by WTO is essential & much need & awaited policies to be discussed and implemented in Doha round agreement and along with the provision of new inclusion of Countries (including newly born & transitional countries) into the WTO as developing countries and the parameters of judging countries as developing, Under Developed, Least developed or Poor.

2.9: The Outcomes of Doha Round Agreement & Negotiations:

After the failure of Cancun ministerial conference , a new round of talk was necessary on Doha round agenda which not only includes agricultural sector but also service sector along with Trade related aspects of Intellectual property rights as many developing countries opposed the new IPR regime of WTO under TRIPS was unacceptable to them as many issues generated in its implementations related to Patents, GI, Farmer rights to Save & procure traditional seeds, TBT & SPS measures in it along with Special & Differential treatments for the developing countries to implement.[8] There is five possible outcomes of Doha Round negotiations would be like,

- (1) There lies win-win situation for both developing & developed countries to engage into positive fruitful negotiations on trade and particularly on Agricultural trade where after the realisation of Cancun round the Developed countries will open up their markets to give access to the developing countries, provide space to the LDCs to give protection to their domestic agricultural sector & farmers rights, reconsider many issues related to TRIPS, Farmers Rights, SPS standards, Stronger Food Security etc. In return the developing countries have to open up their markets for the Developed countries, in this way the developed countries will get market access for their manufactured products and developing countries will get market for their primary product, for example the free movement of textiles product throughout all the countries after textiles act proves this.
- (2) There should be a balanced and fair negotiations regarding lowering import tariffs between Developed & developing nations or between Importing and exporting nations. as the Uruguay round agreements lies on principle of liberalisation and lowering down the import tariff and non tariff barriers to a minimum level so countries should sit for negotiations on trade in agriculture & other sectors, though

the high level of fluctuations and volatility of international new price regime instigate countries to maintain proper safe guards or safety measures for their domestic productions and supports along with the Importing countries fear of these price changes internationally makes them compelled to look inward and concentrate in protectionism. So the first move should come from the already big market player developed nations to lower their tariff level along with cutting down or minimise the domestic subsidies and then negotiate with the developing countries on trade liberalisation and opening of their markets with the already acceptance of standardised domestic support of these developing countries to their agriculture. The current behaviours in this direction by the European union by becoming more flexible and compromising on agricultural Imports from developing nations raises the hope for probable success of this Doha Round negotiations on agriculture and future negotiations on many issues related to it.

- (3) The third possible out come from Doha negotiations is that reform on many Agricultural commodity trade which were kept out of other commodities discussed under the Uruguay Round agreement. The lowering down or giving zero subsidy to many agricultural commodities were on the agenda of WTO in this round. For Example Export and import of Commodities like Oil seeds Barley and some cereals should be made free out of any export subsidy and commodities like Dairy Products and sugar should be brought under trade negotiation table where many countries would oppose to this like **Australia, New Zealand** and **Brazil** who give large amount of export and production subsidies to these products and it is an integral part of their state policy but what matters here is that what the **G20, EU and the US** take stand on this. Some developing country members of WTO creates complications by taking stand differently and with the DCs as some of them individually gets preferential access to the markets of the Developed countries.
- (4) Cutting down Quotas, reducing tariff barriers, reducing domestic subsidies to farmers or border prices, Potential trade diversions, Increased market access all these are well interconnected and there should be good balance & harmony using these instruments by the developing and the Developed countries. The market access, Export Subsidy & Domestic support all these are interlinked to each other and should be considered them as a single unit to make decisions on trade. The domestically formulated mechanism regarding support of subsidy to face international price fluctuations should be made in a way not to distort international trade laws and impact on imports.

Table 2.4: the benefits or gains achieved in Doha round Both Trade Gain & Gain from partial trade liberalisation and percentage loss in TOT.

Doha's Hidden Price Tag, Doha Benefits (US\$ Billions)			Assessing the Gains from Doha, Welfare Gains from Partial Trade Liberalization, Two Models (billion of 2001 US dollars)
Countries	World Bank Report	Terms of Trade Loss in Percentage	World bank Report on Doha Round on Agriculture
Developed countries	79.9	-0.12	18.1
Developing Countries	16.1	-0.74	-0.4
Middle East & Africa	-0.6	-1.32	-
Sub Saharan Africa	0.4	-0.83	-0.3
Latin America	7.9	-1.12	-
India	2.2	-1.62	0.2
Brazil	3.6	-0.18	1.1
Mexico	-0.9	-0.48	-
Bangladesh	-0.1	-0.58	0.0

Source: Book: Anderson and Martin (2005), Agricultural trade reform and the Doha development agenda ⁽¹⁾, Table12.14; scenario 7 & Polaski, Sandra (2006), Winners and losers [2]: Impact of the Doha round on developing countries, Carnegie Endowment, Table .4 & Figures 3.1, 3.3

India along with Brazil and many other Developing Countries accepted and appreciated much of the Doha negotiations and promised to work with the Developed nations on most of ground other than **OTDS (Overall Trade Distorting Domestic Support), Significant & effective trade distorting domestic support, and market access** to some sensitive products. As per India led developing countries argument, they will move on reforming Non Agricultural Market Access (**NAMA**) and open it for the developed world only after the EU and US move on reducing domestic support or subsidies to their agricultural products, as India has realised that with these moves there is no meaning left in negotiating and liberalising (through cutting down tariff rates on Imports) its domestic market of manufactured product & services for the Developed world.[4] The EU has move to reduce domestic support & agricultural subsidies to a certain extent and it wants reciprocal reduction of tariff and non tariff barriers on manufacturing sector and NAMA reform from India and other developing nations. India wanted in Doha round that all kind of Subsidies like Blue box, Green Box & Amber Box must be reduced or eliminated to certain minimum level and Overall Trade distorting Subsidies should also be reduced to minimum level in order to fulfil Uruguay Round Agreements in reality. India is working on Economic reform process since 1991 and many initiatives have been taken by India in this Ground

Like the **Service Sector reform in Insurance & telecom sector and Retail trade reform** along with reform in FDI but resistance from domestic political movements against reform & foreign enterprises to stop reform creates hurdles in liberalising the Economy. So India has to work very sensitively on these issues not only external issues but also internal issues as well. The implications of Uruguay round agreements on the agricultural support policies of the Developing Countries.[10]

Export Subsidies: The Developing countries are to Curtail export subsidies both external and internal as they mostly provide export subsidies in transport to their agricultural products which they need to reduce in order to implement Uruguay round negotiations.

Domestic Support Measures: The amount of domestic support given to agricultural sector by the developing countries is mostly unknown to WTO other than of only 20% of the developing countries among them very few are there with de minimis level of domestic support are known to WTO. The main demand from the developing countries about domestic support is that they should be freedom to maintain minimum level of support on product specific and non product specific subsidies for their agricultural sector, where there should be a minimum provision of 10% subsidies on agricultural commodities and there should be sharp curtailment in subsidies on the products exports from OECD countries. The amount of subsidies given to certain sensitive areas by the developed countries are like non negotiable and non flexible can lead to serious trade distortions that is why the area of this support by OECD countries to their domestic agricultural products is the key concern for developing countries.

Market Access: The Ongoing Doha round negotiations are concerned with the Bound tariffs which the developing countries uses mostly to give safeguard to their agricultural markets from external shocks of price fluctuations,. These may be done by slow reduction of bound tariff with giving protection to the basic food commodities (by treating them as exempted category) and special & differential treatment to developing countries or LDCs which is an integral part of the Process. Developing countries are given independence in border prices when the process of reduction in bound tariff will be on process and it is better for them to keep higher level of bound tariff than applied tariff level so that it can work as safeguard measure when the international import prices fluctuates.

The international price volatility is dangerous for liberalised open economies of the developing countries as they are much more vulnerable to market failure than the well organised efficient markets of the developed countries and along with this Poor trade infrastructure, the lack of financial and institutional infrastructure, Subsistence farmers and danger of domestic support by the developed countries which may lead to fall in international price of agricultural commodities. This is why they don't feel encouraged for implementation and negotiation on Doha round agreements. After the Doha round many economists who does not like higher bound tariff rates indicates that higher Bound rates are trade distorting and can create trade hindrance, so must be minimised or if possible should be eliminated for better performance in the global competitive trade. The special safe guard and support mechanism was developed in the Doha Round to give price support in the time of Price fluctuations or international trade shocks and this instrument also suggests low border tariffs on Goods & services. The Doha Round agreements emphasises Special & Differential treatment for the Developing Countries for managing export prices using low tariff rates and domestic support to the developing countries for free & fairer trade negotiations.

When the world prices becomes very low the Developing countries are free to use domestic trade safeguard measures (This tariff support to domestic economy ranges from 30% to 100 % for most of the commodities) in trade to save economy from cheap imports of Agricultural commodities

particularly in the time when international price is decreased maximum. In this situations the developing countries may add additional tariff on imports along with already imposed bound tariff to give safeguard to domestic agricultural sector. Tariff rationalisation can be done in many ways , If the developing countries are given freedom to chose the tariff rates then definitely the bound tariff level would be quite less which will help free & fair trade to take place and both the Developed & Developing countries will derive benefits from this. In the 1990s (after the WTO & AOA came into existence) and early 2000 though there is sharp continuous increase in agricultural export and trade volume but in the world but the developing countries could not able to reap gain from it because of large trade deficit is observable due increased imports of food stuffs from developed countries and they were not in the position to offset this situation by means of non-agricultural exports because of the large volume of trade deficits.

2.10: Conclusion:

If we notice the Doha Round of negotiations we will understand that there was an out most effort made to continue the legacy of the Uruguay Round of Trade agreements but the negotiators face difficulties to keep the talks and negotiations on board. After the Failed effort on Cancun in 2003 another effort was made on 2004 which showed some positive lights in this matter and this continued to the **Hong Kong** round in 2005 (most part of this negotiation was covered by agricultural issues) which was dissemination of the knowledge about the importance of Agricultural trade negotiations. For keeping the Doha Negotiations alive and discussion for fruitful free & fair trade the both the Developing & Developed countries should understand the differences regarding needs, benefits, Compulsions and obligations of each other. The developed countries should understand that renegotiation on agriculture needs market access of the developing countries along with reduction of export subsidies by them. Developing nations are quite interested with their different interest on agriculture from the DCs so in order to make fruitful outcomes from Doha Negotiations both the Developed and Developing Countries should work together in a more balanced, Sensitive & harmonised way to understand & implement Trade negotiation policies for better future of International trade and Economic Development.

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