Agriculture: Market Access Issues

National Stakeholder Consultation on WTO Negotiations

8-9 December 2009

Subject of Presentation

- Reduction in agriculture tariffs: What would India be required to do?

Uruguay Round Reduction Commitments

	DEVELOPED	DEVELOPING
Implementation period	6 years 1995-2000	10 years 1995-2004
Average cut	36%	24%
Minimum cut	15%	10%

No reduction commitments for LDCs

Uruguay Round: India's Commitments

- Opted for ceiling bindings; no cuts
  - Primary products: 100%
  - Processed products: 150%
  - Edible oils: 300%

Market Access – Doha Round

Objective

"… substantial improvements in market access …"

Market Access: Main Elements

- Tariff reduction by developed countries
- Tariff reduction by developing countries
- Principles
  - Reductions from bound rates
  - All Members, except LDCs, to contribute
  - Deeper cuts for higher tariffs; flexibilities for sensitive products; substantial improvements in market access for <u>all</u> products
  - SDT for developing countries (including SP and SSM)

Tariff Cut Proposals

Band-wise cuts by Developed Countries	
Band (Bound rates in %)	**Proposed Cut (%) (over 5 years)**
0-20	50
20-50	57
50-75	64
75+	70

Minimum overall average: 54%

Band-wise cuts by Developing Countries (2/3rds of developed country cuts in each band)	
Band (Bound rates in %)	**Proposed Cut (%) (over 10 years)**
0-30	33.33
30-80	38.00
80 -130	42.67
130+	46.67

Maximum overall average: 36%

India's Tariff Structure

Tariff Band	No. of tariff lines	Percentage of Total Ag lines
0-30	25	3.60
30-80	93	13.38
80-130	336	48.35
130+	241	34.68
Total	**695**	100.00

Most of India's agriculture tariff lines are in the 80-130 & 130 plus range of bound tariffs

Implications of Tariff Cuts

Current Uruguay Round Bound Rates	New Doha Round Bound Rates (after 10 years)
10	6.67
50	31.00
100	57.33
150	80.00
300	159.99

Implications for India

Bound Tariff	% cut	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
10	33.33	9.70	9.39	9.09	8.79	8.49	8.18	7.88	7.58	7.27	6.97	6.67
50	38.00	48.27	46.55	44.82	43.09	41.36	39.64	37.91	36.18	34.45	32.73	31.00
100	42.67	96.12	92.24	88.36	84.48	80.60	76.73	72.85	68.97	65.09	61.21	57.33
150	46.67	143.64	137.27	130.91	124.54	118.18	111.82	105.45	99.09	92.72	86.36	80.00
300	46.67	287.27	274.54	261.82	249.09	236.36	223.63	210.90	198.17	185.45	172.72	159.99

Implications Contd.

- India's Average Bound Tariff = 114%; India's Average Applied Tariff = 37%;
- Some bound rates will go below applied levels; however flexibilities available:
  - 36% ceiling for developing country tariff cuts
  - Special Products
  - Sensitive Products

Market Access: Other Proposals

- Faster & deeper cuts on Tropical Products
- Will benefit products of export interest