

14 November, 2013
New Delhi

To

Shri. Dr. Manmohan Singh
The Hon'ble Prime Minister
Government of India
South Block, Raisina Hill,
New Delhi, India-110011

Sub: We call upon the Government of India to reject Peace Clause on G 33 Proposal in WTO. We demand a permanent solution to protect farmers' livelihoods and Access to Food

Dear Shri. Dr. Manmohan Singh,

We are alarmed over the "take it or leave it" interim solution text on the G-33 proposal being considered for the Bali Ministerial. We want to express our severe concern and opposition to such a proposal and urge you to consider the following issues while deciding on India's position.

For a country which lived in the shadows of a 'ship-to-mouth' existence – when food would come directly from the ship to the hungry mouths – India has over the years emerged self-sufficient in food production. This historic turnaround was possible only because India had adopted the two planks of a remarkable 'famine-avoidance' strategy – providing farmers with an assured minimum support price for their produce, and by introducing a grain procurement system that provided an assured market, helped in reaching food to the poor, and stabilised market prices.

In the twist of international trade rules, it seems that India may now have to disband the gains of Green Revolution and revert back to the days of 'ship-to-mouth' existence. It has come up against WTO rules on agricultural subsidies, which, according to the Agreement on Agriculture (AoA) allows only a 'de minimis' subsidy of 10% of production for most developing countries. This subsidy is irrationally calculated on the basis of a fixed reference price of 1986-88 when prices were much lower. This inflates the subsidy and it remains disconnected from the reality of global agricultural prices today. In addition, the whole production eligible to receive such subsidy and not the actual production which is being procured is included in the calculation.

We understand that in the Doha Ministerial Declaration in November 2001, ministers had agreed to allow developing countries to effectively take account of their development needs which would require rules and disciplines in food security. It is therefore necessary that the WTO plays a supportive role in ensuring improved food security.

It is in this context that a group of countries, popularly called the G33 (includes India, Indonesia, Philippines etc.) made detailed submissions, suggesting various options for protecting farm livelihood and meeting food security needs of their population. These proposals were made way back in 2006 (then by the G 20), and include acquisition of food stocks for food security needs by developing country members with the objective of supporting low-income or resource-poor producers not be treated as subsidies. This would provide the necessary elbow room to developing countries to meet their food security needs. It would also remove the imbalance in WTO's Agreement on Agriculture, whereby the developed countries have the flexibility to provide very high amounts of subsidy directly to their population in the form of food stamps, but developing countries are unable to meet similar objectives.

We believe that in response to this challenge posed by current WTO rules, permanent changes are required in AoA rules to allow such subsidies to be treated as non-trade distorting. This is proposed by the G-33. Changing the reference price, accounting for inflation etc are other specific features of this proposal. This is part of the agriculture package tabled for discussion and conclusion during the Bali Ministerial to be held in December.

However it seems that the developed countries, most notably the US and the EU, have resisted such a proposal and outright rejected most of the specific elements. Such resistance is unfair and shocking especially because the US and the EU are openly continuing not only their domestic subsidies but their export subsidies as well. They have not complied with the 20 per cent reduction of AMS, and they have shifted subsidies to the notorious Green Box to continue and even increase them without limits. The US has more than doubled its subsidy from 61 to 130 billion USD between 1995 and 2010, while EU's subsidy of 90 billion Euro (1995) came down to 75 billion Euro in 2002, but rose again to hover between 90-79 billion Euros between 2006-2009.

Ironically, according to a study, India will provide 60kg/person of foodgrains under the newly enacted Food Security Act while the US provides 385Kg/person for food aid under several programmes like the food coupons, child nutrition programmes etc. In 2010 US spent USD 94 billion for its food aid programmes, which in 2012 reached \$ 100 billion. Against this, India's food subsidy bill is expected to be around USD 20 billion. Even this is not tolerable to the US and the EU.

So, forty-seven years after Green Revolution was launched, India is now being virtually asked by the developed countries at the World Trade Organisation (WTO) to dismantle the

food procurement system built so assiduously over the past four decades. The grave implications of this ill-advised move, is aimed not only at destroying the country's hard-earned food security but also the livelihood security of over 600 million farmers, 80 per cent of them being small and marginal farmers.

We believe that following the rejection of all substantive elements of the proposal, a Peace Clause (PC) is the only element currently being discussed. This allows India and other countries to give such subsidy for the period mandated with the understanding that no WTO member will take this issue to dispute settlement. The WTO Director General, Roberto Azevedo has suggested a final text on the peace/ due restraint clause in a "take it or leave it" manner. However there are several problems with it. First, this suggests only a four year PC which will elapse at the 11th Ministerial and is not linked to a permanent solution. Second, only a few crops can be supported under this provision. Third, a large number of conditionalities are being imposed on this PC which will make it unusable and meaningless. The Anti-Circumvention/ Safeguard clause suggests that the member state using this "shall ensure that stocks procured under such programs do not distort trade". This leaves the provision totally porous, subject to interpretation which can be used to challenge the very operation of such stockholding programmes.

Knowing the hardening positions, it does not make any sense for India to trade off the very survival of its 600 million farmers and roughly 830 million hungry for the sake of a successful Doha round. India cannot dilute its position on the G 33 proposal and accept a Peace Clause which makes a travesty of the poverty and hunger faced my millions of Indians every day. Nor can India be allowed to mortgage its right to food and the right to livelihoods of the poor and the needy enshrined in the Constitution. Accepting the Peace Clause and the current text suggested by the Director-General therefore would be detrimental to India's interests.

We therefore demand:

- ***India to stand up to the might of the US/EU, and reject any proposal that leads to dismantling of the famine-avoidance strategies; India cannot be forced to go back to the days of 'ship-to-mouth' existence.***
- ***Pursue the G 33 proposal aggressively as the way forward and not accept the current proposal which effectively neutralises the Peace Clause with its farcical conditionalities.***
- ***Challenge the developed countries' domestic and export subsidies, especially the Green Box. Since 80 per cent of the agricultural subsidises go to the corporates, India must demand withdrawal of subsidy support that goes for corporations.***

- ***India should not trade-off its food security concerns and the livelihood security of millions of farmers against the trade facilitation agreement. The latter is unfair, biased and forwards only a developed country agenda as it stands at the moment.***

Signed by:

1. Rakesh Tikait, National Spokesperson, Bhartiya Kisan Union (BKU)
2. Vijay Jawandia, Shetkari Sangathana, Wardha
3. T Peter, Secretary, National Fish Workers Forum
4. Adv Pradeepkumar, General Secretary, Haritha Sena, Kerala
5. Chamarasa Patil, Karnataka Rajya Ryotha Sangam (KRRS),
6. Sellamuttu, Uzhavar Ulaippalar Katchi, Tamil Nadu
7. Thamizhaga Vivasayigal Sangam,
8. Palanisamy, Katch Sarpaptra, Tamil Nadu.
9. Dr.Sivasamy, Thamizhaga Vivasayigal Sangam, Tamil Nadu
10. C.K.Janu, Adivasigal Gothra Maha Sabha
11. P.Ravindranath, Kerala Coconut Farmer's Association
12. Naresh Sirohi, National Vice President, BJP Kisan Morcha
13. Prabhakar Rao Kelkar, Gen Secy, Bhartiya Kisan Sangh
14. Balbir Singh Rajewal, President, Bharti Kisan Union (Rajewal),
15. Gurnam Singh, Bharti Kisan Union, Haryana.

CC/-

Shri Anand Sharma,
Hon'ble Minister,
Ministry of Commerce and Industry
Government of India

Shri Sharad Pawar
Hon'ble Minister
Ministry of Agriculture & Food Processing Industries
Government of India