

## Impact of WTO on Developing Countries: With Focus on Agriculture In India

**Rohit Kumar Sharma**

International Agribusiness Management Institute,  
Anand Agricultural University Anand, Gujarat

ARTICLE ID: 114

### Introduction

The World Trade Organization (WTO) is a rule based multilateral trading organization. The international organization has 164 member including India accounting for 98% world trade, facilitates trade between nations. Developing countries comprise 2/3 of the WTO membership. WTO seeks to globalize countries and help them sharpen their competitive edge and seek benefit from advanced technologies from other nations. It is well known that, WTO has not only influenced India's international trade but its internal economy as well. The major WTO Agreements are General Agreement Tariff and Trade (GATT), Trade Related Intellectual Property Rights (TRIPS), Trade Related Investment Measures, Dispute Settlement Understanding (DSU) and Agreement on Agriculture (AoA). Under the AoA, WTO member countries agreed to general rules regarding disciplines on domestic subsidies export subsidies and market access.

The aim of AOA is to provide a framework for the members of the WTO to make changes in their domestic farm policies to facilitate more open trade using three pillars, market access, domestic support, and export subsidy. This master seminar was therefore, selected to understand the impacts of WTO on developing countries with a focus to the Agriculture specifically AOA under the WTO. To explore the topic, India case Study was selected

### Impact of WTO on Developing Countries-

World output has grown from 0.5% in 1948 to 4.9% in 2006(April) and world trade has grown from 2% in 1948 to 8% in 2006(April). As exports and trade performance of developing countries is concerned, WTO has not only affected international trade but also internal economies of member countries. Example, in 2005, the world's real merchandise exports rose by 6.5 %. On value terms, the world merchandise exports increased by 13 % to

10.1 %. According to WTO, world merchandise trade grew 8 per cent in 2006. However, Agricultural export as share of total merchandize export in developing countries shows a decline between 1961 and 2003. Similarly, Agricultural import as share of total merchandize import in developing countries recorded a decline between 1961 and 2003. The leading performer in South Asian trade, India earned \$ 90 billion in 2005 with 19 % growth. This was said to be the second highest remarkable performances since 2000. Comparison of Countries Regarding Subsidies to Agriculture indicates that, developed countries continue to provide high subsidy per hectare, with EEC (82%/ha), USA (32%/ha) and Japan 35%/ha), than developing countries, with china (30%/ha), South Africa (24%/ha) and India (14% ha).

### Impact of WTO on Indian Agriculture-

In the Post WTO period (1996, 2000, 2005), 1995 was (taken as base year), there was a decline in Export price of Primary Agricultural Commodities like cereals, shrimp, beverage and cotton. Similarly, Post WTO Trade Scenario for major Commodities indicated that, export for rice, wheat, oilcake, sugar, cotton, tea, coffee and price was adversely affected, export for meat and meat product was increased. Some of the main factors were increased competition, decline in production and the like. Given the scenario of the Indian agriculture, it is said imperative to continue provide domestic support to Indian farmers.

### Ministerial Conference: The journey so far

The Ministerial Conference is the highest decision-making body of the World Trade Organization (WTO), providing political direction to the organization. Here is a look at the past meetings:

#### Singapore, 9-13 Dec 1996

It established four permanent working groups on issues such as transparency in government procurement, trade facilitation, investment and competition. India was represented by commerce minister BB Ramaiah.

#### Geneva, 18-20 May 1998

It shortlisted possible components of a future work programme to be finalized by the WTO General Council. India was represented by commerce minister Ramakrishna Hegde.

#### Seattle, 30 Nov-3 Dec 1999

It ended without a declaration due to differences between developed and developing countries on issues such as agriculture and inclusion of labour standards. Trade minister Murasoli Maran represented India.

#### Doha, 9-14 Nov 2001

Held immediately after the 9/11 terrorist attacks in the US, developed countries succeeded in launching a new round of trade negotiations called Doha Development Agenda to unite the world. Trade minister Murasoli Maran represented India.

#### Cancún, 10-14 Sep 2003

It ended in failure because of

differences between developed and developing countries on agriculture and Singapore issues. India was represented by commerce minister Arun Jaitley.

#### Hong Kong, 13-18 Dec 2005



Developed countries committed to the elimination of all forms of agricultural export subsidies by 2013 and cotton export subsidies by 2006, both of which remained unfulfilled. India's case was pushed forward by commerce minister Kamal Nath.

#### Geneva, 30 Nov-2 Dec 2009



It was not a negotiating round, but "a platform for ministers to review

the functioning of this house", as then WTO secretary general Pascal Lamy said. India was represented by commerce minister Anand Sharma.

#### Geneva, 15-17 Dec 2011

It approved accession of Russia into WTO. WTO DG Pascal Lamy concluded his last ministerial with a reference to growing protectionism. India was represented by trade minister Anand Sharma.

#### Bali, 3-7 Dec 2013

It saw the first multilateral trade deal in WTO history. Developing countries were promised a permanent solution to the food security clause by 2017 meeting at Buenos Aires. India was represented by trade minister Anand Sharma.

#### Nairobi, 15-19 Dec 2015



It recognized the differences among developed and developing countries on the way forward for Doha round. India was represented by trade minister Nirmla Sitharaman.

Source: Mint research

**Conclusion-**

WTO has enabled both developed and developing countries to increase volume and value of trade. However, benefits from global trade are not fairly captured by the global trade actors. Therefore, India and other developing countries need to continue put pressure on the developed countries to reduce domestic support and export subsidies as per their initial targets.

