



# Agreement on Agriculture: WTO

## Why in News

Recently, while addressing the **G-33** Virtual Informal Ministerial Meeting, India's Commerce and Industry Minister pointed out the imbalances in the [Agreement on Agriculture](#) at the [World Trade Organization \(WTO\)](#).

- He claimed that it was in **favour of developed countries** and historical asymmetries and imbalances must be corrected to ensure a **rule-based, fair and equitable order**.
- He urged that G33 must strive for positive outcomes on a permanent solution to **Public Stockholding (PSH)** for food security purposes, finalization of a **Special Safeguard Mechanism (SSM)** quickly and a balanced outcome on Domestic Support.

## G-33

- It is a **forum of developing countries formed during the Cancun ministerial conference of the WTO**, to protect the interest of the developing countries in agricultural trade negotiations.
  - **India is a part of the G33**, which is a **group of 47 developing and least developed countries**.
- It was created in order **to help group countries** which were all **facing similar problems**. The G33 has **proposed special rules for developing countries** at WTO negotiations, like allowing them to continue to restrict access to their agricultural markets.

## Key Points

- **About:**
  - It is aimed **to remove trade barriers and to promote transparent market access and integration of global markets**.
  - The **WTO's Agriculture Committee** oversees implementation of the Agreement and provides a forum for members to address related concerns.
- **Three pillars of Agreement on Agriculture:**
  - **Domestic Support:** It calls for **reduction in domestic subsidies** that distorts free trade and fair price.
    - Under this provision, the **Aggregate Measurement of Support (AMS) is to be reduced by 20%** over a period of 6 years by developed countries and 13% over a period of 10 years by developing countries.
    - Under this, Subsidies are categorized into:

| Green Box                      | Amber Box              | Blue Box                         |
|--------------------------------|------------------------|----------------------------------|
| ▪ Subsidies that <b>do not</b> | ▪ All domestic support | ▪ This is the <b>"amber box"</b> |

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| <p><b>distort trade</b>, or at most cause minimal distortion.</p> <ul style="list-style-type: none"> <li>▪ They are <b>government-funded</b> and must not involve price support.</li> <li>▪ They also include <b>environmental protection and regional development programmes</b>.</li> <li>▪ “Green box” subsidies are therefore <b>allowed without limits</b>, provided they comply with the policy-specific criteria.</li> </ul> | <p>measures considered to <b>distort production and trade (with some exceptions) fall into the amber box</b> as all domestic supports except those in the blue and green boxes.</p> <ul style="list-style-type: none"> <li>▪ These include <b>measures to support prices, or subsidies directly related to production quantities</b>.</li> </ul> | <p><b>with conditions”</b>. Such conditions are designed to reduce distortion.</p> <ul style="list-style-type: none"> <li>▪ Any support that would normally be in the amber box is placed in the blue box if the support also requires farmers to limit production.</li> <li>▪ At present, <b>there are no limits on spending on blue box subsidies</b>.</li> </ul> |
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- **Market Access:** Market access for goods in the WTO means the **conditions, tariff and non-tariff measures, agreed by members** for the entry of specific goods into their markets.
  - Market access requires that **tariffs fixed (like custom duties) by individual countries be cut progressively to allow free trade**. It also required countries to remove non-tariff barriers and convert them to Tariff duties.
- **Export Subsidy:** Subsidy **on inputs of agriculture**, making export cheaper or other incentives for exports such as import duty remission etc are included under export subsidies.
  - These can **result in dumping of highly subsidized** (and cheap) products in other countries and damage the domestic agriculture sector of other countries.

## World Trade Organization

- It came into being in 1995. The WTO is the successor to the [General Agreement on Tariffs and Trade](#) (GATT) established in the wake of the **Second World War**.
  - Its objective is to help **trade flow smoothly, freely and predictably**.
  - It has **164 members**, accounting for **98% of world trade**.
- It was developed through a series of trade negotiations, or rounds, held under the GATT.
  - **GATT** is a set of multilateral trade agreements aimed at the **abolition of quotas and the reduction of tariff duties** among the contracting nations.
- The WTO’s rules - the agreements - are the **result of negotiations between the members**.
  - The current set is largely the outcome of the **1986- 94 Uruguay Round negotiations**, which included a major revision of the original GATT.
- The WTO **Secretariat** is based in **Geneva** (Switzerland).
- **Other Mechanisms of WTO**
  - [Trade Related Aspects of Intellectual Property Rights \(TRIPS\)](#)
  - [Trade Facilitation Agreement](#)
  - **General Agreement on Trade in Services (GATS)**
  - [Trade Policy Review Mechanism](#)

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