

**REPORT OF THE
COMMISSION ON WTO CONCERNS
IN AGRICULTURE
Government of Kerala**

Building a Sustainable Agricultural Trade Security System for Kerala

Structure of the Report

Part I Report and Recommendations

Part II Supporting Documentation

Part I

Section A Summary and Recommendations

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Commission on WTO Concerns in Agriculture

Report Part I

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P R E F A C E

The destiny of more than 80 percent of Kerala's agricultural commodities and products is dependant on home and international trade. Because of their perennial nature, rapid adjustments to changing market conditions are difficult in the case of plantation crops like tea, coffee, rubber, coconut and many spices, for which Kerala is famous. The global farm trade scenario started changing after the introduction of a multilateral trading system under the Agreement on Agriculture (AoA) of WTO in 1995. So far, the anticipated enlarged market access following the AoA of WTO is yet to materialize. Many inequities have become clear in AoA, which has proved to be an unequal trade bargain between industrialized and developing countries. Fortunately, there is an opportunity now to rectify some of the gross inequalities and infirmities characteristic of the existing AoA, during the ongoing post-Doha negotiations. The present Report therefore offers suggestions for the consideration of the Government of India, based on the UN Millennium Goals for Poverty Eradication, as well as on the principle that trade should strengthen and not erode the livelihoods of small farmers and farm and plantation labour. That farming constitutes the backbone of the livelihood security system of predominantly agricultural and rural economies should be recognized in the re-negotiated AoA. In order to prevent industrialized countries from giving huge subsidies to their farmers under various pretexts, we have suggested a transparent code of conduct with reference to trade distorting subsidies.

Ultimately, when trade becomes both free and fair, global competitiveness can be achieved only through domestic productivity, quality and value-addition revolutions. We have made several recommendations concerning the immediate and long term action needed on the part of all stakeholders, starting with small producers, planters and traders and extending upto the State and Central Governments.

Section A of Part I of the Report contains a summary of the recommendations of the Commission. It may however be useful to draw attention to a few suggestions which deserve urgent attention and action.

First, at the Government of India level, there is need to review the tariffication code and EXIM policies, particularly with reference to oil seeds and edible oils. It is also desirable to constitute a High Level Committee to review the structure and functions of Commodity Boards in order to equip them to face the new challenges. GOI may also consider the suggestions relating to our negotiating position in the post-Doha discussions. The Ministry of Commerce of GOI should sponsor a **Special Food for Wage and Employment Stabilisation** programme in the plantation crops sector, on the model of the Sampoon Gramin Rozgar Yojana of the Union Ministry of Rural Development. The Union Commerce Ministry should also launch a warehousing programme designed to avoid distress sales and market manipulation in plantation crops and medicinal plants, on the model of the Rural Godown Scheme of the Ministry of Rural Development. Also, consideration should be given to treating Natural Rubber as an agricultural crop.

Second, the Government of Kerala may consider the following steps to build a Sustainable Trade Security System for its farm products.

- Set up a High Level Standing Committee on Agricultural Trade
- Launch a productivity, quality and value-addition movement in all agricultural crops
- Launch a Quality Literacy movement both for products intended for domestic consumption as well as for export
- Introduce appropriate *aquarian reforms* to safeguard the livelihoods of fisher communities
- Take measures in consultation with GOI to prevent abuse of the provision for concessional imports for re-exports
- Promote organic farming and establish a Centre for Research on Organic Farming and Certification
- Ensure that Kerala's heritage in Ayurveda is maintained in its pristine purity and prevent the growth of "quick money making" institutions, which will bring Ayurveda into disrepute; establish a *herbal biovalley* and herbal sanctuaries.
- Strengthen the infrastructure for health, spiritual and nature tourism
- Organise a chain of **Krishi aur Udyog Vigyan Kendras** to continuously update the skills of farm women and men in both on farm and off –farm enterprises.
- Promote legal literacy among tribal and rural families engaged in the conservation and enhancement of biodiversity, based on the provisions of the Protection of Plant Varieties and Farmers' Rights Act and the Biodiversity Act.

In addition to the above and many other recommendations contained in the Report, there is need for immediate action in developing the following two institutional resources.

- Establish a *WTO Media Cell* for providing authentic information to the media and through them the public on the ongoing post-Doha negotiations as well as on all other matters related to farm trade, both domestic and global.
- Organise a *Consortium of Innovative Farmers for Kerala's Agricultural Transformation* to expand the extrapolation domain of the experiences and achievements of small working farmers who have demonstrated how higher productivity and income can be achieved on small holdings.
- Establish a *Virtual University for Agricultural Trade* as a 21st century institution, based on the ongoing Information and Communication Technology Revolution in Kerala, for taking the latest information on all matters relating to agricultural production, marketing and pricing to every farm family in Kerala at the right time. The Virtual University will be based on the integrated use of the Internet, Cable TV, Community Radio and Malayalam newspapers.

We are confident that the farm women and men of Kerala as well as agricultural labour, if supported by appropriate technologies, infrastructure and public policies, will help to maintain and enhance Kerala's pre-eminence in the national and global markets dealing with agricultural produce and products.

M S SWAMINATHAN