Trade and Gender Series

Paper-III

The EU India FTA in Agriculture and Likely Impact on Indian Women

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The EU India FTA in Agriculture and Likely Impact on Indian Women

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Foreword

Achieving gender equality worldwide has been a part of the international development policy agenda for some time now. Gender mainstreaming or including the gender dimension in all economic and social evaluations has been an objective of many international initiatives.

The role of trade in creating long lasting impact on development in general and on human development in particular has already been established. Therefore, it is pertinent to ask how trade impacts the already present gender bias in developing countries. While this question is being increasingly raised by development specialists and women's organisations, the link between trade and gender is complex and multidimensional. While it is increasingly clear that trade policy is not 'gender-neutral', the nature and extent of linkages is yet to be studied in detail. The issue is made more complicated by the fact that evaluation of what is absolutely good or bad is impossible in the context of complicated socio-economic structures. Therefore any study of gender and trade must be more nuanced than simply a fact based or data based study using conventional indicators. This is more imperative since current data in most developing and even some developed countries do not include a gender dimension. In addition, it is next to impossible to estimate inequalities *within* households by the current data estimation methods. In addition, the trade policy spectrum is itself changing continuously, with the WTO model being supplemented and even partially replaced by Free or Regional Trade Agreements, which are often more ambitious than the WTO system.

Keeping these issues in view, the Trade and Human Development Programme of Centad, in partnership with the Heinrich Böll Foundation, has undertaken a sub-programme on 'Trade and Gender', which looks at the linkages between trade liberalization and gender, from India's perspective. The special focus is the impact of the EU-India FTA, which is being currently negotiated, on women in India. The programme intends to come out with four reports as part of its initial research output. While the first is a literature overview, the following three study the gender impact of the EU-India FTA on agriculture, services and health. These research outputs are to be followed by advocacy at various levels.

This report, on the impact of the EU-India FTA in the agriculture sector on Indian women, is the third of the publications under the 'Trade and Gender Series' brought out by the programme. Agriculture, increasingly exposed to the liberalization process, especially under the FTAs, provides critical employment and food to India's poor and vulnerable. Women, being unskilled and with lack of access to resources, are largely dependent on the agriculture sector for livelihoods, food and other forms of sustenance. The liberalization of commodity trade in the form of tariff liberalization, along with the liberalization of foreign investment, and stricter IPRs covered under this FTA, may impact women more severely than men. In fact NTBs, are also very effective barriers for small farmers and especially women. The paper attempts to provide an analysis of the impact of liberalization under this FTA, on the livelihood and sustenance of women in India's agrarian economy and therefore suggests some policy prescriptions at the end.

I also take this opportunity to thank our partner, the Heinrich Böll Foundation for supporting our activities and for sharing our vision. Without their continuous encouragement and wholehearted participation, this would not have been possible.

Linu Mathew Philip
Executive Director
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Abstract[1]

India's trade policy has undergone a significant shift towards an increasing engagement with Free Trade Agreements as compared to unilateral trade liberalization or multilateral trade liberalization through the WTO. This shift in India's trade policy has had a significant impact on the agriculture sector which no longer enjoys the exclusive protection it has received so far. Since 2007, India has been negotiating a Free Trade Agreement with the European Union of which agriculture is an important component. Along with liberalization of commodity trade, and corresponding impact on tariffs and non tariff barriers, substantial movement in enforcing stricter IPRs and a much more ambitious investment liberalization policy are likely to significantly affect agriculture. Agriculture supports a large number of India's population especially poor and vulnerable. Women are particularly dependent on agriculture as they are unskilled, have limited access to productive resources and are willing to be in the informal economy and earn no or low wages that this sector offers. In addition, it is increasingly proved that trade is not gender neutral and a policy paradigm involving significant trade liberalization in agriculture may affect women in significantly different ways than men. The impact on women is partly general and partly gender specific determined by the way they are integrated into the agriculture and food sector. The treatment of NTBs, IPRs and investment will also impact women in specific ways. This study attempts to provide an analysis of the gender concerns of the proposed EU India FTA in the field of agriculture and suggest policy changes both in the FTA text as well as in domestic policy.

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Introduction

India's trade policy spectrum has undergone and is still undergoing significant changes over the recent period. A major move has been the increasing engagement with Free Trade Agreements as compared to unilateral trade liberalization or multilateral trade liberalization through the WTO. With the impasse at the WTO, FTAs between two or a few partners have become a tool of much more active form of trade liberalization. This shift in India's trade policy has had a significant impact on the agriculture sector. While India's trade liberalization in other sectors has been more aggressive, the government had been cautious about committing on the agriculture sector. Even at the WTO, while the AoA provides for significant liberalization of agricultural trade, these are yet to come fully into effect. The negotiations at the WTO are also on the basis of maximum or bound rates rather than actual tariff rates. While India has been reducing its actual tariff rates considerably, significant protection still remains. This has been seen to be an important policy tool for protecting India's large agricultural employment, most of which consists of small and marginal farmers as well as agricultural labourers, a large number of who live below the poverty line. High protection, for example, on exports of foodcrops and raw materials, is also seen as important for ensuring food security of the economy and raw material supply for domestic industry.

Under the current trade paradigm, agriculture sector seems to no longer enjoy the exclusive protection it has received so far. For example under the India-ASEAN FTA, agricultural trade liberalization has been an intrinsic part and has generated much controversy for opening Indian farmers in some states to cheaper competition from other ASEAN economies. Not only has tariff reduction been on the agenda, non tariff barriers, IPRs have been increasingly included in the trade negotiations.

Since 2007, India has been negotiating a Free trade Agreement with the European Union. Agriculture is very much a part of this FTA along with manufacturing, services, IPRs and other issues. What impact will this have on India's agricultural sector, on livelihoods as well as food security, has been a matter of much debate. While the negotiating text is a secret document, making it difficult for researchers, analysts, CSOs to evaluate possible impact of this FTA, the EU FTAs in general are known for their pervasive coverage of agriculture including the removal of export and import restrictions, TRIPS plus provisions in IPRs, complicated dealings in NTBs, and strong protection of foreign investment and investors' rights. While all these provisions will have significant impact on India's population, on its poverty, inequality, and development process in general, it is obvious that there will be differential impact on specific groups, especially vulnerable population groups. FTAs, as expected, are a question of give and take, and gain and loss; while some sectors regions, populations gain, others may lose. It is vital to assess who and which segments gain, who and which segments do not, and evaluate the FTA accordingly. This evaluation must also be in touch with specific development needs of specific groups.

In this paper our key focus is the impact on women. It has been increasingly proved that trade policy is not gender neutral. A policy paradigm involving significant trade liberalization may affect women in significantly different ways than men. The key reason is that women do not have equal access to resources and services, are overall constrained by time and income poverty, and has lower skill levels. Their socio-economic position is also always consistently weaker compared to men, more so in developing economies. It has been seen that trade liberalization of the recent decades has affected women in a plethora of complicated ways, some of which analysts are still just beginning to grasp. While in many trade related sectors women gained employment, they gain less than proportionately than men especially if wage disparity, job security, conditions of work are considered. In sectors which have lost out, women seem to be the first ones to be fired. It is well known that in India, women are largely engaged in agriculture as it requires less skill and also because it is informal, can be combined with house work, and is often unpaid. Therefore, what happens to the agriculture sector has important implications for women (Tran-Nguyen and Zampetti 2004). Navdanya (2007) records adverse impacts on women in the agriculture sector as a result of the WTO.

In the context of FTAs, NAFTA remains an important lesson. After NAFTA, US subsidised corn and bean entered Mexico and devastated Mexican Agriculture. 1.3 million jobs were lost mainly of small and subsistence farmers and women farmers are largely small as 70.8% of women farmers cultivated plots less than 2 hectares (Spieldoch 2004, White, Salas and Gammage 2003)). Poverty levels increased by 50% in female headed households and wage per hour fell from 10.3 pesos in 1991 to 1.3 Pesos in 2003 (at 1994 constant pesos). Gender wage disparity increased.

The impact on Indian women is partly determined by what generally happens to the Indian agriculture sector in the wake of the FTA, and therefore to all, including women. Some other part of the impact may be directly felt by women because of the way they are integrated into the agriculture and food sector, especially in rural areas. Women also traditionally carry the responsibilities of being the food providers of the household, water carriers, seed keepers, as well as protectors of bio diversity. Therefore, more invasive IPRs, control of natural resources through widespread investment rights and other means, are other likely provisions in this FTA which, in addition to direct agricultural trade liberalization, can affect women deeply.

This study attempts to provide an analysis of the gender concerns of the proposed EU India FTA in the field of agriculture. It starts off with a gender profile of Indian agriculture in section I, followed by an analysis of agricultural trade patterns in India and the EU in section II; an analysis of agriculture related provisions in EU FTAs in section III. Section IV provides a detailed issue buy issue analysis of the implications of the EU India FTA in agriculture, including tariff liberalization, FDI, NTBs, EU subsidies and strong IPRs. A conclusion and policy recommendations are provided at the end.

I. Women in Indian Agriculture

Agriculture is the source of livelihood to Indian masses living in rural areas. Women in rural India are extensively involved in the agricultural activities. However the nature and extent of their involvement varies across states. In majority of the cases, they are involved in jobs that are more time consuming, require more patience and require less muscle power. They have low access to land and institutional credit.

As per the Census 2001, total work force in India is 400 million of which 68.37 percent are male workers and 31.63 percent are female workers. Distribution of total workers by industrial category shows that agriculture sector still employs largest share of the workforce i.e., 58.24 percent of the total workforce (inclusive of the cultivators and agriculture labourers). The total agriculture workforce in India is 234,270,000 as per 2001 census, of which 38.99 percent is contributed by female workforce and 60.93 percent is male workforce. In agriculture sector, out of the total women engaged, more women are employed as agriculture labourers rather than as cultivators both in absolute terms and as proportionately. The table above shows that 46.23 percent of the agricultural labourers are women whereas, 32.91 percent of the total cultivators are women who perform low end jobs. In comparison, 67.09% of cultivators are male.

Table 1:
Number of Workers *(in '000s)*

Category	Persons	Male	Female	% Female	% Male	% P
Total Workers	402,235	275,015	127,220	31.63	68.37	100.00
Main Workers	313,005	240,148	72,857	23.28	76.72	77.82
Cultivators	127,313	85,417	41,896	32.91	67.09	31.65
Agricultural Labourers	106,957	57,329	49,446	46.23	53.60	26.59
Total Ag. Workers	234,270	142,746	91,342	38.99	60.93	58.24

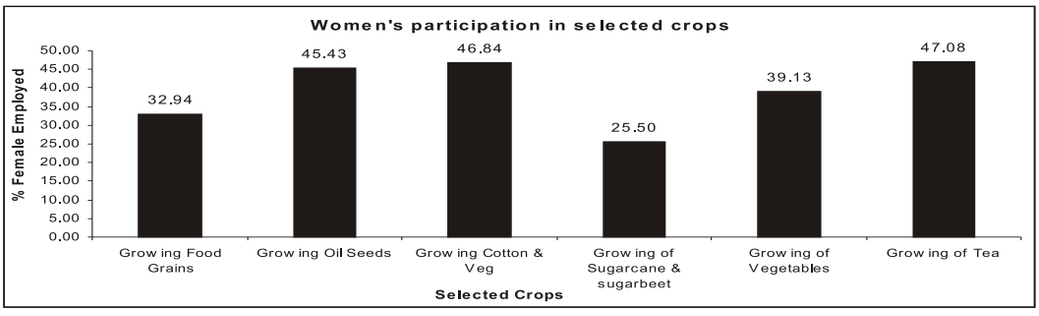
Source: *PCA India, Census of India, 2001 & authors' estimates*

Gender Contribution to Employment

In India, agriculture is a highly gender sensitive sector. 75.38% of all women workforce are engaged in agriculture. Within agriculture, 94% of women in crop cultivation are in cereal production and other crops n.e.c., 1.4% in vegetable production and horticulture, while 3.72% are engaged in fruits, nuts, beverages, and spice crops.

The graph (Fig. 1) represents the employment

Fig. 1:
Gender Participation in Selected Agricultural Crops



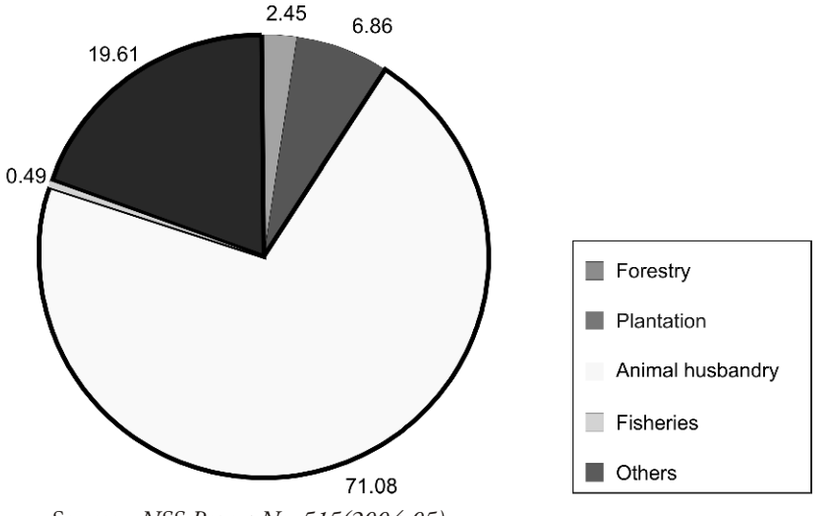
Source: *Author's estimates as per NSS Report No. 515: Employment and Unemployment Situation in India, 2004-05*

rate of women for the selected crops. Women's participation is high in tea plantations, cotton cultivation and growing oil seeds. Vegetables also account for a high share of women's labour. All these crops need labour intensive work. Foodgrains production draws about 33 percent of its labour from women. Growing of sugarcane and sugar beet draws 25.5 percent of its labour force from women.

participation of women across regions. The nature, extent and benefits from their participation are very context specific, though some conditions seem to be generally true. Our field work in the states of Punjab and Madhya Pradesh which is described below (see Box. 1) highlights the complex nature of gender relations in India. The study on plantations (Box.5) also indicate the sector's own complexities.

Fig 2.

Share of Various Activities in Total Agricultural Allied Activities Performed by Women



Source : *NSS Report No. 515(2004-05)*

Women are also significantly engaged in agricultural allied activities. Animal Husbandry for example employs 7.03% of women workers who are engaged in agriculture. In various agriculture allied activities, the highest percentage of women are employed in the animal husbandry sector (see Fig.2). The Plantation sector is a large employer of women (see Box.5 at the end of the paper) employs 6.86 percent of the total women force in the agriculture allied activities and fisheries sector employs 0.49 percent of the women.

However, in India there is a large variation in the

Agriculture, with its low requirement of skills and work which can be more easily combined with work at home, is an easy source of work for women. Many women also work as unpaid family labour. The requirement of lower skill and education level is highlighted by the fact that 52-75 per cent % are illiterate. The table 2 shows the educational status of women workers in some agricultural sectors and while the share of illiterate workers has gone down since 1999-00, they do still dominate this type of activities. This also implies that women who are engaged in agriculture are less able to shift easily to other higher skilled jobs, for example, in the services

Table 2:

Educational Status of Women Workers in Agriculture

	Year	Illiterate	Primary	Higher Secondary	Diploma and Graduation and above	Total
Growing of food grains	1999-00	79.25	14.12	6.47	0.15	100
	2004-05	73.14	17.4	9.24	0.23	100
Growing of oilseeds	1999-00	82.39	12.11	5.5	0	100
	2004-05	75.64	15.84	8.51	0	100
Growing of cotton and vegetable textile plants	1999-00	68.57	21.12	10.16	0.16	100
	2004-05	64.58	19.89	15.44	0.09	100
Growing of sugarcane and sugar beet	1999-00	67.52	20.43	11.77	0.28	100
	2004-05	59.57	20.1	18.83	1.5	100
Growing of vegetables	1999-00	77.06	12.99	9.95	0	100
	2004-05	66.65	17.97	14.97	0.41	100
Growing of tea	1999-00	68.84	25.72	5.28	0.16	100
	2004-05	52.73	38.86	7.77	0.64	100

Source : *GATI (2009)*

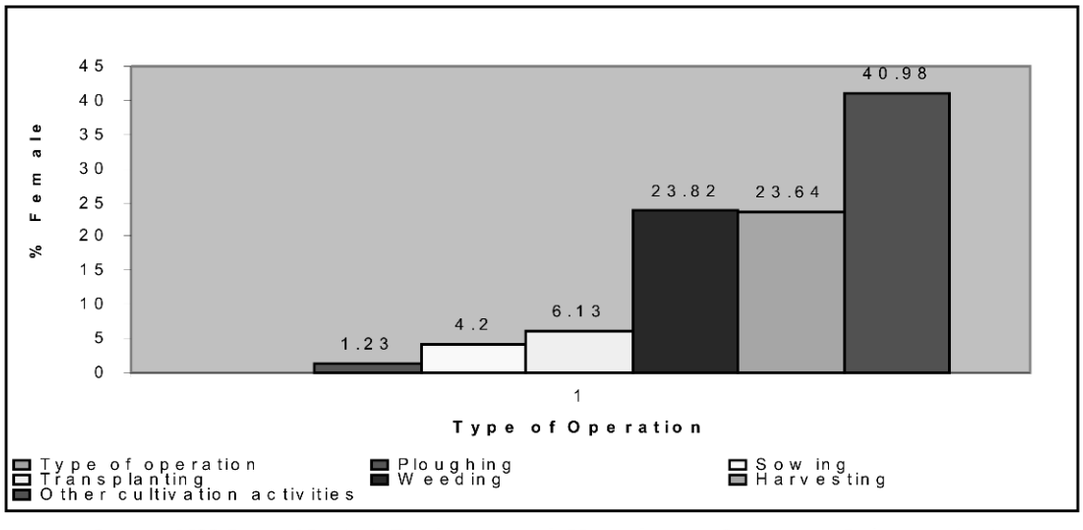
sector. This makes them dependent on this sector and on its stable growth for survival.

Type of Operation and Women's Participation

Women in agriculture are more concentrated in sowing, transplanting, weeding and harvesting. As per the NSS Report 2004 05 the involvement of women in various agricultural activities in percentage terms (percentage distribution among women agricultural workers according to activity) is 1.23 percent in ploughing, 4.2 percent in sowing, 6.13 percent in transplanting, 23.82 percent in weeding and 23.64 percent in harvesting and 40.98 percent in other cultivation activities (See Fig.3). In the plantation section similar job segregation exists (see box.5). While gender wage disparity in all these activities is about the same, about 70 percent, activities like ploughing, dominated by men, seem to command the highest level of wages while weeding activities earn the lowest, implying a gap of Rs. 9.46 per day for males. The gap between wages for ploughing earned by males and weeding wages earned by females is Rs. 21.47.

Fig. 3

Percentage Distribution of Women Agricultural Workers (person-days) by Type of Operation



Source: *NSS Report No. 515: Employment and Unemployment Situation in India, 2004-05*

Table 3:
Working Persons-days by Type of Operation for Each Broad Current Daily Work Activity

Type of Operation	Female as % of Total			
	Self-employed	Regular employee	Casual labour	Total Workers
Manual work in cultivation:				
Ploughing (01)	5.69	0.00	6.03	5.97
Sowing (02)	30.88	-	33.40	32.58
Transplanting(03)	40.15	0.00	49.30	43.56
Weeding (04)	45.32	19.00	61.45	51.42
Harvesting (05)	33.85	7.60	40.26	36.32
Other cultivation activities(06)	25.67	7.60	29.94	26.68
Sub-total	29.34	8.38	37.99	32.00

Source: *NSS Report No. 515: Employment and Unemployment Situation in India, 2004-05*

Gendered Wage Differentials and Employment Rates

Wage differentials have been extensively documented in all sectors of the Indian economy. In the agricultural sector, it appears that a trend of rising wages for women has ended. The Ministry of Labour, Government of India, has fixed minimum wages across states and union teritories in India but the minimum limit mentioned by the Government of India itself is quite low; for example, the state of Assam has minimum wages as low as RS. 25 per day. Gender based wage differentials had declined earlier and fell to 1.3 in 1987-88 from 1.7 in 1965 (Bhan, 2001). However, after 1996, wage differential stagnated in most states, and even rose in a few (Unni 1999).

The data as per the 61st round show high disparities in wages earned by men and women, and also within the rural and urban areas. Table 4 shows that wage disparities between men and women have decreased between 1999-00 and 2004-05 in both urban and rural areas, but significant disparities still remain. Where agriculture practices in the urban areas show a decline in the wages of male, the female wages show a positive growth (Table 4). The disparity between men and women is higher in urban agriculture in regular wages compared to rural areas. Table 5 shows that urban women earn only 36.36 percent of men though casual workers earn more. However, in rural areas, women earn about 70 percent of men's wages in terms of both regular and casual wages. Wages also seem to vary significantly by location, education status and age

Table 4:
Average Daily Wages in Agriculture Sector (Rs. /day)

Year	Rural		Urban	
	Male	Female	Male	Female
1999 – 2000	70.12	49.29	154.08	64.54
2004 – 2005	71.16	54.15	104.8	79.54

Source: *NSS 61st Round*

Table 5:

Average Wage/ Salary Earnings (Rs. 0.00) per Day Received from Regular Wage/Salaried (31,71 & 72) Age 15-59, and Casual Employment (41,51) Age 5 and Above According to Current Daily Status Work

Regular Wage/ Salaried Work						
	Rural		Urban		Female as % of male	
NIC Code	Male	Female	Male	Female	Rural	Urban
agriculture (01-05)	81.83	56.11	159.67	58.05	68.57	36.36
Casual wage Employment						
	Rural		Urban		Female as % of male	
NIC Code	Male	Female	Male	Female	Rural	Urban
agriculture (01-05)	51.92	36.36	67.31	60.84	70.03	90.39

Source: *NSS Report No. 522: Employment and Unemployment Situation in India, July, 2005 - June, 2006*

group. As discussed before, women are confined to more tedious processes which often brings lower pay compared to the work that men do (Also see Box.5).

Access to Resources

The distribution of critical resources like land is unevenly distributed across gender. Women seldom enjoy property ownership rights directly in their names. Even when women have mutations of land in their names may not have actual control over that land. Decision making in cropping patterns, sale, mortgage and the purchase of land or the instruments of production… remains in the hands of the men of the hpousehold (Chowdhry 2009; p.9). In fact this inequality is very clearly marked even in the case of tenancy which passes onto through the male line (Chowdhry ed 2009). This is specially true in the Northern states (Haryana, Himachal Pradesh, Punjab, uttar Pradesh and to a certain extent in Delhi and Jammu and Kashmir). Daughters and sisters are either bypassed or receive low priority. The deep inequality is also evident in the fact that in these states if a woman passes away, the land is passed onto not her but to the heirs of the last male landowner (ibid). The skewed access to land, remains an important determinant of gender disparities in agriculture as access to land can be justified on 'welfare', 'efficiency', 'equality and empowerment' and meet both the practical and strategic needs criteria for addressing gender inequality (Agarwal 2008). With unequal access to other resources like credit, skills, other inputs aggravating this deep inequality, land inequality is one area that is of crucial importance for rural women in India and goes a long way towards strengthening the unequal socio-economic relations in our society.

Box 1:

Women in Indian Agriculture: Based on Centad Case Studies in Amritsar, Punjab and Ujjain, Madhya Pradesh

Women's Participation

Women's participation varies significantly across the two regions of Punjab and Madhya Pradesh which were visited. In Upper Punjab, women do not work. In Middle Punjab, women's participation is confined to work as hired agricultural labourer and never as family worker or farmer. In lower Punjab, some women do work as cultivators. This also has a clear caste dimension. Upper caste women, e.g. *jat* women will never participate in cultivation as farmers or labourers. *Raisikh* women participate as cultivators and engage in all activities except ploughing. Among lower castes like *Majhabi* Sikhs and *Sainis*, women work. Majhabis are all labourers mainly from BPL families, and hardly have any land holding.

In contrast, in Madhya Pradesh, women visited (mainly from BPL families) carry on the main activities in agriculture while men work in other activities (in rural service sectors for example in Mandis). Women work on their own land (family held) as well as agricultural labourers. Women's activities have recently increased in this region as men have moved to non agricultural work. Almost all agricultural labour of the region is provided by women.

In both the regions the women engaged in agriculture showed very low educational attainments. Again in both regions *it was clear that women rarely hold any assets in their names, especially land.* Property seems to pass on from father in law to husband to brother in law etc, never directly being held by the women.

Activities

The field visits to Amritsar region of Punjab show women are engaged in Vegetable (planting, plucking, washing, packaging), Cotton (picking), and Rice cultivation. In Rice, 99 percent of transplantation is done by women. This activity is manual in Punjab, is a labour intensive process, and creates more demand for women's labour than men. Women are also engaged in threshing of Basmati Rice (manual in Punjab) whereas machines have completely replaced women labourers in case of paddy (non-basmati) as threshing of paddy is done by machines / thresher. It is seen that as machines come in, e.g. in weeding, harvesting, threshing, women get eliminated first. Increasing mechanisation of peeling of Sugarcane also replaced women's labour.

In Madhya Pradesh, women are engaged in all agricultural activities; in harvesting, fertilizer spray, pesticide spray, weeding, loosening the soil and seed preparation at home. Except ploughing, women are involved in each stage of agricultural activity themselves. Women are also engaged in animal husbandry (washing, milching, making cowdung cakes).

Wages

The field visits in the regions of Amritsar in Punjab and Ujjain region in Madhya Pradesh show very different scenarios for males and females in the agriculture sector. The wages are determined mainly by the type of activity like, ploughing, weeding, harvesting etc, but wages also vary by gender. The activities that involve manual labour are better paid, men are mostly involved in the activities that require more physical strength. On an average the men are paid Rs. 80-100 per day per day and women are paid Rs. 40-50 in both the regions. Wages earned by women in both Punjab and Madhya Pradesh is about 26-50 percent of men's wages, implying a wage disparity higher than the Indian average of about 70%.

As per some women labourers in Madhya Pradesh, two years back the wages for women labourer was as low as Rs. 20 per day; the increase is due to NREGA though rates still seem to be lower than NREGA rates. In Punjab too, women labourers informed that their wages increased by Rs. 10 over the past two years, before which it was stagnant. In Madhya Pradesh there was some indication of a delay in the payment of wages.

II. Agricultural Trade Patterns: India and EU

India's Trade in Agriculture

India's increasing openness to trade since the early 1990s have increased overall trade flows though India has consistently run a trade deficit (US$35 billion in 2004-2005). If we look at trade sector-wise, agricultural and food products account for a relatively small share of overall agricultural food products. Between 1993-1995 and 2003-2005, exports nearly doubled while imports grew almost threefold. Between 2004-05 and 2007-08, the exports have further increased by almost doubling the export value from Rs. 41602.65 crores to Rs. 77769.71 crores (Table 6). Agricultural imports have declined in terms of the percentage share of agricultural import to total national imports. The balance of agricultural trade has always shown a surplus in the recent

Table 6:

India's Export & Import of Agricultural Commodities

(Value: Rs. Crore)

Year	2004 - 05	2005 - 06	2006 - 07	2007 - 08
Total Agricultural Exports	41602.65	49216.96	62411.42	77769.71
Total National Exports	375339.53	456417.86	571779.28	640172.14
% Share of Agricultural Exports in total Exports	11.08	10.78	10.92	12.15
Total Agricultural Imports	22811.84	21499.22	29637.86	29777.01
Total National Imports	501064.54	660408.90	840506.31	964849.76
% Share of Agricultural Import in Total Imports	4.55	3.26	3.53	3.09

Source: *Ministry of Agriculture, Government of India*

Indian trade. Agricultural exports occupy 12.15 % of the value of total exports in the year 2007 - 08 while the share of agriculture in total imports is just 3.09 % (year 2007 - 08).

As discussed earlier, agricultural trade has been relatively protected and in comparison to other players, and despite the fact that India is a large and mainly agricultural country (occupation wise), Indian agricultural trade flows are low. India is established as a net exporter of times, though there were sharp fluctuations during the nineties (EC 2007). Since 2000 both imports and exports have grown steadily. In 2007-08, agricultural exports stood at 2.61 times the imports.

Partners

The top destinations for export of agricultural products from India are Bangladesh followed by United Arab Emirates and Saudi Arabia in the

year 2007-08. Amongst the EU countries it's only United Kingdom that falls amongst the top ten export destinations accounting for an export of Rs. 89540.73 crores.

India's Top Ten Traded Commodities

The top ten export commodities from India to the world are given in Table 7 (for full list see Annexure). Raw cotton is the highest exported commodity followed by oil meal, the third highest exports are of rice (other than basmati) followed by sugar, paper / wood products, basmati rice, spices, other cereals, cashew and tea respectively in the year 2007-08.

Import of the agricultural commodities from globe to India show that vegetable oils (edible) share the maximum share (34.59 %) amongst the imported agriculture commodities (Table 7). Wood and wood products rank second with a percentage share of 18.32 % in the total

Table 7:

India's Top 12 Exports and Imports of Agriculture Commodities to and from Globe

(Year: 2007-08)

Exports			Imports		
Commodity	**Value**	**% Share in Total Agricultural Exports**	**Commodity**	**Value**	**% Share in Total Agricultural Imports**
Cotton Raw including Waste	7999.69	10.29	Vegetable Oils Fixed (Edible)	10298.68	34.59
Oil Meals	7953.79	10.23	Wood & Wood Products	5454.10	18.32
Rice(Other than Basmati)	7396.23	9.51	Pulses	5278.02	17.73
Sugar	5404.18	6.95	Wheat	2657.51	8.92
Paper/Wood products	4937.03	6.35	Fruits & Nuts Excluding Cashew Nuts	1857.84	6.24
Rice Basmati	4334.77	5.57	Cashew Nuts	1714.24	5.76
Spices	4176.07	5.37	Spices	938.22	3.15
Other Cereals	2978.86	3.83	Cotton (Raw & Waste)	911.89	3.06
Cashew	2209.73	2.84	Cereal Preparation	161.58	0.54
Tea	2022.32	2.60	Jute (Raw)	161.34	0.54
Coffee	1868.02	2.40	Oil Seeds	147.88	0.50
Sesamum Seed	1624.01	2.09	Tea	131.66	0.44

Source: *Author's estimates as per http://apeda.com/TradeJunction/ retrived on 0ct;2009*

agricultural imports in the year 2007 2008 followed by pulses (17.73 %). The fourth and fifth highest imports are wheat (share of 8.92 %), and fruits and nuts (excluding cashew nuts, share of 6.24%). (For the full list see Annexure).

EU's Agricultural Trade

Partners

In 2007, the 10 largest suppliers to the EU accounted for 55% of total imports of agricultural products into the EU (EC 2009). Among EU's partners, **Brazil** ranked first with €12 billion (16%) followed by the **US** (9%) and **Argentina** (8%). However, imports sourced by EU from US and Argentina, grew at a lower than average rate (3.7%) with a corresponding loss in market share. The LDCs and ACP countries also supply to the EU. Ranked 12th, India does not fall in the top ten trading partners of EU-27 as far as EU imports are concerned (see Annexure). On the export side, EU's ten most important recipients for agricultural exports accounted for 56% of EU's total exports. The US received the largest share of (19%) of EU exports, followed by Russia and Switzerland (10% and 7% respectively). China and India together account for more than one third of the world's population and offer significant market opportunity for EU exports. In 2007, China was in the Top 10 of EU export destinations but India, however, ranked 41st with €283 million imports of EU agricultural products (EC 2009).

Products

The top ten agricultural commodities that EU-27 countries import from the globe are edible fruits and nuts, peel of citrus fruit or melon (15.70%); residues and waste from the food industries (8.37%); oil seeds & oleaginous fruits (7.70%); coffee, tea, mate & spices (7.39%); animal or vegetable fats & oils (7.28%); bevergaes, spirit & viniger (6.53%); cereals (5.91%); preparations of vegetables, fruits or nuts (5.26); meat & edible meat offal (4.96) and edible vegetable, plants & tubers (4.92%). Overall, EU is a major importer of tropical products.

The top ten agricultural commodities that EU-27 countries export are beverage, spirits & vinegar (22.34%); dairy produce, eggs & natural honey (8.14%); tobacco & manufactured tobacco substitutes (6.64%); miscellaneous edible preparations (6.48%); preparation of cereals (5.80%); meat & edible meat offal (5.50%); cereals (4.05%); preparations of vegetables, fruits or nuts (4.03%); animal or vegetable fats & oils (3.49) and cocoa & cocoa preparations (3.15%).

India's Agricultural Trade with EU-27

As mentioned earlier, India features low on EU's partner list, absorbing less than 0.5% percent of the EU's total agricultural exports. Viewed from EU's perspective, India is ranked 12th among most important EU suppliers, and 41st in receiving EU exports. Therefore, India is not providing a large market to EU as yet and is yet to see improvement in accessing the EU market in value terms. This is the situation the EU India FTA is apparently aiming to address.

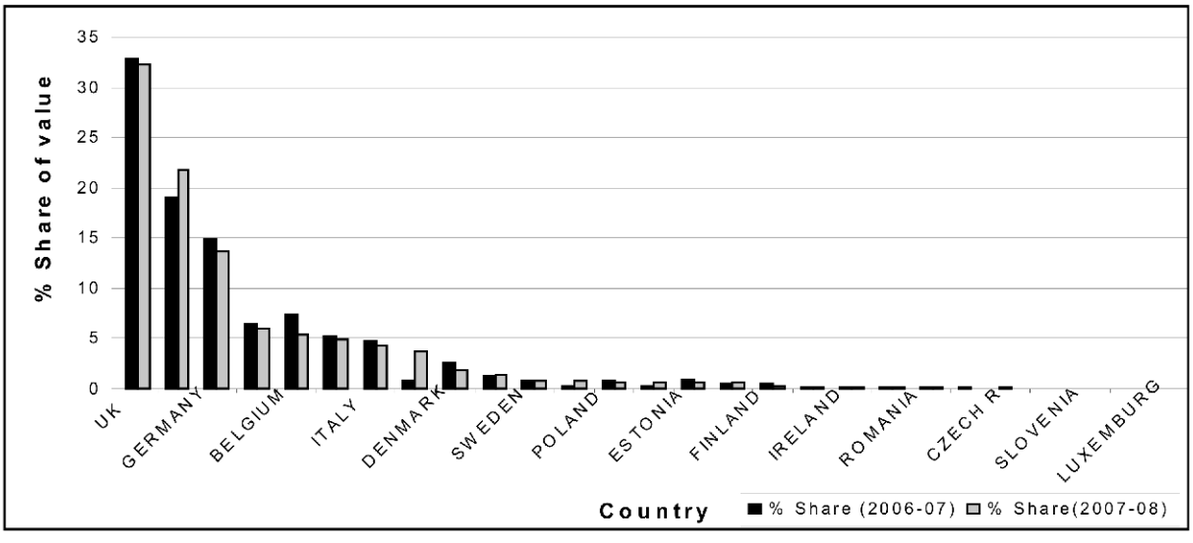
India's Exports to EU

The total exports from India to EU are equivalent to 2% of the EU's global agriculture imports. To compare, this represents just half the value of EU's imports from China. Amongst the EU 27 countries UK, Netherlands and Germany accounts for 67.65 percent of the total Indian agricultural exports in terms of value. UK is the biggest importer of Indian agriculture commodities amongst the EU 27 countries.

The commodity wise breakdown of total agricultural exports to EU from India is given in table 8. Basmati rice is the top exported commodity to EU 27, and its share in the total agricultural exports from India to EU-27 in the year 2007 -2008 was 19.29 percent. The second highest exported commodity to EU-27 is other processed fruits and vegetables. fresh grapes, guargum and dried & preserved vegetables contribute approximately same percent share i.e. 7.5 percent to the total exports from India to EU.

Fig. 4:

India's Exports to EU-27



Source: *Authors' estimates as per http://apeda.com/TradeJunction/ retrived on 0ct;2009*

Table 8

India's Exports of Specified Agro Products to EU -27, 2007-08

(Value in Rs. Lakh)

Products	Total Product-Wise	% Total
Basmati rice	5366	19.29
Other processed fruits and vegetables	30314.62	10.90
Fresh grapes	21297.99	7.65
Guargum	21074.69	7.57
Dried and preserved vegetables	20971.25	7.54
Floriculture	16668.26	5.99
Mango pulp	13838.85	4.97
Dried nuts (walnuts)	11173.2	4.02
Cereal preprations	10723.9	3.85
Jaggery and confectionery	8550.57	3.07
Non basmati rice	8037.96	2.89
Total European Union	**278229.03**	100.00

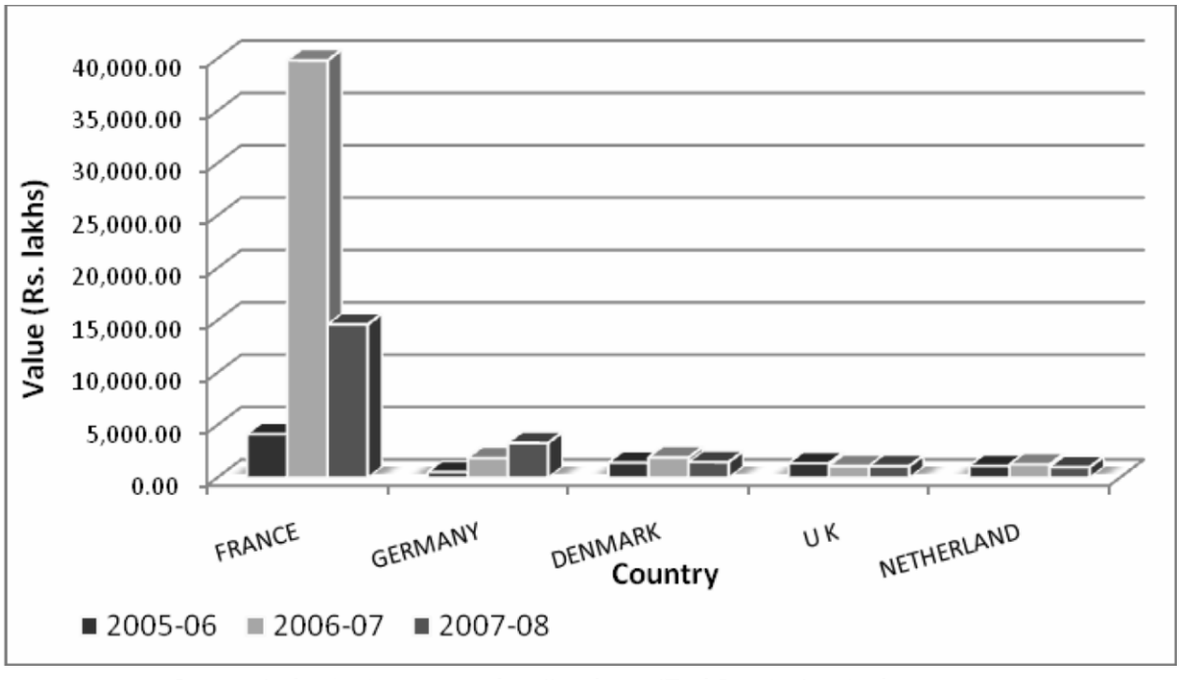
Source: *DGCIS Annual Export*

India's Imports from EU

The value of agricultural exports from the EU to India was only about Rs. 278,229.03 Lakhs in the year 2007 -08. Fig.5 gives the import trends from EU to India (exports from EU) for the year 2005-2008. The top five exporting EU countries are France, Italy, Germany, Denmark, UK and Netherlands. The import of agricultural commodities from EU countries increased phenomenally in the year 2006-07 due to increased import of wheat (Fig.5).

Fig. 5:

India's Imports from EU



Source: *Authors' estimates as per http://apeda.com/TradeJunction/ retrived on 0ct;2009*

In 2006-2007 wheat was EU's top agricultural export to India, valued at €40 million and accounting for 16% of exports (EC 2007). Scotch whisky exports were also important (worth €32 million), representing around 13% of exports. Exports of raw wool and hides for further processing in the Indian textile industry were valued at €18 and €14 million respectively. Dried peas export was valued at €11 million. Other specialised products are exported to India, such as vegetable seeds (€6 million), wine and olive oil both valued at around €4 million (ibid). Wheat is a fluctuating import from the EU. India was a small exporter of wheat till the year 1999-2000 but India had to import wheat in 2006-07 from EU due to domestic shortages. Wheat imports were worth €120 million in the year 2006, equivalent to one third of the value of total agricultural imports (ibid). This was because the Indian government lowered wheat tariffs in that year.

Import of whiskies by India from EU, has marked a significant increase and have grown fourfold between 1999 and 2006. It accounted for 10% of the total agricultural import sales from EU in 2006. Dried peas accounted for 6% of imports from EU in 2006 but have fluctuated over the period.

Table 9

Import Statistics on Specified Agro Products - Commodity-Wise

Product	2007-2008		% Share	
	Qty MT	Value Rs. Lakhs	Qty	Value
Pulse	104,589.00	15,246.04	88.99	61.73
Cereal Prepration	8,094.00	4,407.87	6.89	17.85
Spices	2,288.58	2,091.36	1.95	8.47
Milk and Cream	1,099.00	1,368.67	0.94	5.54
Fruits & Nuts Excl Cashew Nuts	0	945.3	0.00	3.83
Tea	141.63	312.42	0.12	1.26
Vegetable Oils Fixed (Edible)	1,022.00	194.28	0.87	0.79
Sugar	220	103.58	0.19	0.42
Rice	21	20.03	0.02	0.08
Cashew Nuts	18	4.48	0.02	0.02
Other Cereal	32	4.07	0.03	0.02
Oil Seeds	0	0.69	0.00	0.00
Vegetable Oils Fixed (Edible)	0	0	0.00	0.00
Wheat	0	0	0.00	0.00
Total	**117,525.21**	**24,698.79**	**100.00**	**100.00**

Source: *Authors' estimates as per http://apeda.com/TradeJunction/ retrived on 0ct;2009*

III. Agriculture in EU FTAs

The WTO provisions include many provisions for liberalization of global agricultural trade to which both EU and India are signatories. The WTO provides for; market access through tariff reduction, tariff rate quotas, special safeguard measures to protect from import surges, efforts to reduce domestic support, special and differential treatment (SDT) for developing countries. In addition, the TRIPS agreements provides for protecting specific designations of origin (Geographical indications) and the agreement on Sanitary and Phyto Sanitary measures control standards of products which are also looked at as non tariff barriers. However unlike the WTO, which under the Doha agenda, recognizes the development needs of developing countries and therefore includes SDT in its mandate, Free Trade Agreements are usually formed on the basis of reciprocity, with concessions being an output of negotiations rather than a basic underlying principle.

The EU FTAs use several instruments to take forward agricultural trade libneralisation. However agricultural liberalization is still seen to be more restricted than many other areas (Rudloff and Simons 2004). For agricultural produce, the general aim of free trade is subject to numerous exceptions, and any advanced concessions are strictly defined for single products and countries. Rudloff and Simons (2004) studied the seven Mediterranean (MED) agreements and the FTAs concluded with South Africa, Mexico and Chile, and found that the following six instruments are applied, separately or in combination, to achieve trade preferences

for the countries concerned, beyond the provisions of WTO most-favoured-nation (MFN) status.

(1) "Tariff concessions concern either *complete or partial tariff reductions*. For those products charged with both *ad valorem* and specific duties, a partial reduction is often achieved by simply abandoning the ad *valorem* component.

For the EU, specification of the tariff reduction is usually related to WTO MFN rates. For the EU's trading partners, a tariff reduction normally refers to actually applied tariffs. These applied tariffs may be lower than the maximum (bound) tariffs agreed in the WTO. Some FTAs do not specify the tariff reduction itself but rather the final duty that is charged on imports from the EU" (Rudloff and Simons (2004): P.2).

This provision clearly has a different impact on protection levels than restricting bound rates. For India this has particular significance which has been discussed below. In the EU-India FTA, 90% of tariff lines are to have tariff cuts to level zero and both import and export restrictions are to be removed (Art. X-9)

(2) "Tariff rate quota concessions are tariff reductions for defined quantities of certain products. In order to tailor them to the individual needs of the parties, there are *seasonal limitations* of favoured imports and adjustments of quantities by a fixed *annual growth* rate or by a rate to be decided flexibly based on an annual *review*" (Rudloff and Simons (2004): P.2).

These offer some flexibility for developing country partners but actual concessions depend on the exact provisions in the agreement and depends quite a lot on negotiating skills of the partner.

(3) "Safeguard clauses can be common for all products, or special safeguards may be defined foragriculture.[2] Safeguards can be applied to both imports and exports.

- Imports: Similar to the AoA, safeguard measures can be triggered based on *quantity or price*. For instance, the EU can make concessions for certain fruits and vegetables by lowering the entry price.[3]

- Exports : Shortage clauses similar to GATT Art. XI, define criteria for possible export restrictions, such as a decrease of domestic food availability". (Rudloff and Simons (2004): P.2).

In the context of the EU-India FTA, Special Safeguard Mechanisms (SSMs) are said to be a major bone of contention, with EU allowing less concession than India wants. In the case of import surges for agricultural products, the Leaked text suggests raising import duties only to MFN levels thereby offering very limited protection (Sharma 2009). It also seems to suggest using only volume triggers (i.e. when volume increases by a certain percentage) and not price triggers (when price falls by a certain percentage) can be used to resort to SSM measures (Sharma 2009).

(4) "Specific rules of origin for agricultural products ensure the exclusive application of preferences only to FTA members.[4]

- Criteria are defined for determining whether a product is *"wholly obtained"*, i.e. if plant products are harvested and animals are born and raised completely within one partner country.

- For processed products, the *"import content rule"* defines ratios for the value of imported inputs that are tolerated within "originating" products. In most EU FTAs, this ratio is set at below 10% of the ex-works price.[5] For some processed agricultural products thresholds larger than the standard 10% apply. Working and processing, such as transporting, sorting and classifying, packaging, affixing marks, labels or logos, mixing products, and slaughter of animals, are considered insufficient for conferring originating status to products with imported content.

- *Bilateral cumulation* allows the contracting countries to cumulate origin. This encourages bilateral trade in intermediate products between the EU and the contracting partner.

- Regarding GIs, since a multinational system of notification still is under negotiation at the WTO level, just a few provisions on protecting certain GIs are found within some FTAs" (Rudloff and Simons (2004): P.2)..

(5) "Options for flexible adjustments to a partner's market access are offered by two clauses:

-The review clause commits the parties to examine in Association Committees further opportunities to enhance liberalisation in agricultural products, taking into account the sensitivities of trade in agriculture and domestic agricultural policies.

-The flexibility clause allows partners to modify the agreement if one of the parties changes its domestic agricultural policies.

(6) Other specifics summarise those topics that are not common to all agreements." (Rudloff and Simons (2004): P.2).

Standards

The EU has very high quality norms, or Sanitary and Phytosanitary (SPS) measures in agricultural commodities, especially food items. While EU looks at these as essential instruments to protect the quality of food and therefore health of its citizens, partner countries argue these are non tariff barriers which restrict trade and offers protection to EU products. Egg and Poultry, fish products, fruits and vegetables exports to EU from partner countries must meet these SPSMs. Harmonisation of standards are often a bone of contention between EU and FTA partners, with harmonization needed between EU and partner countries as well as within the EU countries.

Domestic Protection in EU[2]

Domestic support is not part of the FTAs and therefore no domestic-support related provisions are found. EU has been severely criticized for reducing protection in partner economies while maintaining its high level of domestic support (more in section IV d).

In all agreements, the pattern of product coverage of liberalised imports into the EU reflects the degree of EU's domestic protection and the risk, or existence, of internal surpluses for the respective products. Here, three general rules apply:

- High domestic protection leads to a low willingness for tariff reduction, as this could undermine high domestic prices.
- High domestic protection supplemented by risks of internal surpluses leads to additional restrictions on imports by not extending TRQs.

[2]The discussion in this section is drawn from Rudloff and Simons (2004). Sentences in italics are authors' comments.

Table 10

EU's Strategic (Sensitive) Agricultural Products

High Domestic Protection	High Domestic Protection with Remarkable Surpluses
Bovine Animals and Beef	Meat
Domestic Swine	
Poultry	
Dairy	Dairy
Cereals	Cereals
Sugar	Sugar
Some Fruits and Vegetables	
Olive oil	
Citrus Fruit and Grapes	
Flowers	
Rice	

Source: *Rudloff and Simons (2004)*

- Existing remarkable surpluses increase EU interest in improving its access to the markets of the contracting partner.

These general statements define not only the EU's strategic position but also the scope for bargaining for contracting partners. Table 10 below describes the products in which EU has high protection levels.

IPRs and Investment

However, the above mentioned rules relate only to commodity trading. In addition to these, EU's strategy of; a) further strengthening IPR regimes in the form of requesting partner countries to join the UPOV 1991 convention, and b) significant liberalization of investment in the form of allowing 'national treatment' which moves much ahead of TRIMS also impact agricultural trade and development (Horn et al 2009). The EU-India FTA has IPR chapter which requests India to join the UPOV 1991 convention (Correa 2009). In addition, the entire IPR regime in the form of GIS, patents of plants and animals are also required to be strengthened.

Investment liberalization under most EU FTAs involves widespread rights to foreign investors. While the EU does not include WTO plus provisions under TRIMS in most of its FTAs[3] it includes WTO extra provisions under investment in most of its FTAs. The WTO X coverage under investments have a broad scope, and includes provisions like information exchange; development of legal frameworks; harmonisation and simplification of procedures; and establishment of mechanisms for the settlement of disputes. This also clearly establishes 'national treatment' of foreign investment (Sengupta and Gopinath 2009). Access to land and natural resources can be brought under the scope of such investment liberalization which can have significant impact on agriculture.

[3]This study (Horn et al., 2009) includes "all PTAs signed between the EC and the US, respectively, and other WTO members as of October 2008. The list includes agreements signed before and after the creation of the WTO, but excludes those where the partner is not a WTO member. It also includes agreements signed by the parties but not yet ratified, and therefore not yet notified to the WTO or actually in force" (Horn et al 2009: 9)

IV. EU India FTA: Issues and Concerns

Projections in Agricultural Trade Post EU-India FTA: What Will India Gain?

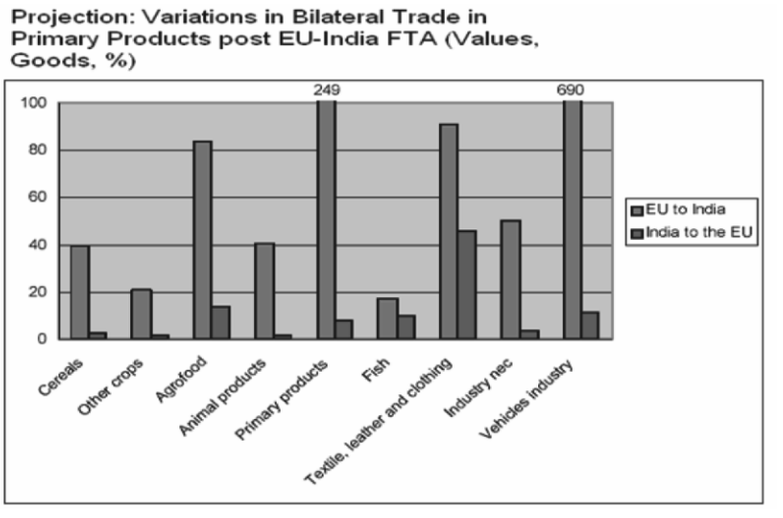
As per the CEPII-CERM report India will have no gain in commodity trade in agriculture as 29.9 % of the Indian agriculture commodities that India exports to EU are duty free. In addition, as discussed earlier, India will have to bring down the applied tariffs by a much extent rate than EU, except in dairy products. As a result, EU's bilateral trade with India will increase in almost all agricultural segments (Fig. 6), whereas India's share is hardly likely to increase, especially compared to the EU. This implies that India's current trade surplus will turn into a deficit in agricultural trade (CEPII-CERM 2007).

Table 11 highlights that while India's share in trade of agricultural products will remain virtually unchanged, EU's share will increase significantly by 2020. Primary products overall and cereals show very high jumps.

As per ECORYS et al (2009) the Indo-EU FTA

Fig. 6:

India's Imports from EU



Source: *CEPII-CERM Report (2007)*

Table 11

Projections of Shares in Primary Product Markets

India's Share in EU Market (2020)			
	Initial Share	Final Share	Variation in value ($ mln, 2020)
Primary Products	0.3	0.3	39
Cereals	1.2	1.2	7
Other crops	0.6	0.6	2
Products from Animal Origin	0.1	0.1	1
EU's Share in India's Market (2020)			
	Initial Share	Final Share	Variation in value ($ mln, 2020)
Primary Products	4.9	16.7	5128
Products from Animal Origin	7.5	10.4	150
Cereals	17.6	23.5	133
Other Crops	4.8	5.7	80

Source: *CEPII-CERM Report (2007)*

will not bring gains to India in long run. The Report predicts a small increase in exports, a larger increase in imports. In addition it predicts that agricultural employment will decline in India.

Analysts and activists fear that a Free Trade Agreements between India and EU-27 will lead to lowering down of tariffs up to an unacceptable level. It will lead to dumping of products in which EU specializes (Sharma 2009, Wichterich 2007, Powell 2008) and threaten livelihoods and development in India. For India the gain will not be much as 29.9 percent of Indian commodities already enjoy duty free entry to EU market. Reducing tariff to a level close to zero will have a negative impact on the farmers as their produce will not be able to compete with the highly subsidized EU commodities / products. EU has a clear advantage in the export of dairy products, fruits and vegetables, seeds, cereals, edible oil, cereal preparations, spices, confectionary, nuts and cashew nut and cocoa products and some of these are simultaneously on EU's sensitive list (see table 10). All these products employ high percentage of women at various stages of production and cultivation in India as is evident from Fig. 2 above (Section I). Thus, Indian farmers, especially women, will have to face the plight of competing with the highly subsided EU products (see section c below), which will have a negative impact on their employment and livelihoods. At the same time, India will find it difficult to access EU markets in these commodities as EU has high levels of domesic protection.

Impact on Agricultural Imports and Exports

In its past, the EU has been a net food importer. In fact, food security was one of the main reasons for the development of the Common Agricultural Policy in the 1960s. Even if today the EU's overall trade is in fairly close balance, for many product groups the EU still remains a substantial importer (EC 2009).

EU is a net importer of raw products, and shows up a global trade deficit of about €25 billion in 2007. Tropical products account for the largest portion of this deficit (around €14 billion), with oilseeds and oils (€10.4 billion deficit) and fruit & vegetables (€7.8 billion) ranking second and third. EU trade in both livestock and cereals is, in contrast, pretty balanced, and the dairy sector shows a trade surplus (ibid).

In processed products, EU is a net exporter with a total surplus of €20.7 billion in 2007. This surplus significantly offsets the net deficit in raw products. Food preparations and other alcoholic beverages (mainly spirits) are the sectors showing the highest balance (more than €7 billion in both cases) (ibid). Given this trade pattern in EU, India is therefore expected to provide EU with raw products and will get finished / processed products.

Under the present trade regime India is importing cereal preparation, vegetable seeds, tea, milk and cream, fruits and nuts (excluding cashew), vegetable oil and wheat (as and when required) from EU countries. EU-27 has an advantage in poultry, dairy and dairy products, cereals other than rice (basmati and non basmati), fruits and vegetables, coffee, mate, tea, sugar and olive oil over India. Besides these EU specializes in processed products like food preparations. Post Indo-EU FTA may lead to increased imports of the products in which EU has an advantage. This will affect dairy, coffee, mate, tea and wheat farmers, and fruits and vegetable growers. These are gender sensitive products and women farmers will be worse affected as dairy, coffee, tea and

fruits and vegetable & fruit production employ large population of women farmer and labourers (see Fig. 1 and 2). The analysis of current tariff structures in the following section points towards similar patterns.

Applied Tariffs and Bound Tariffs

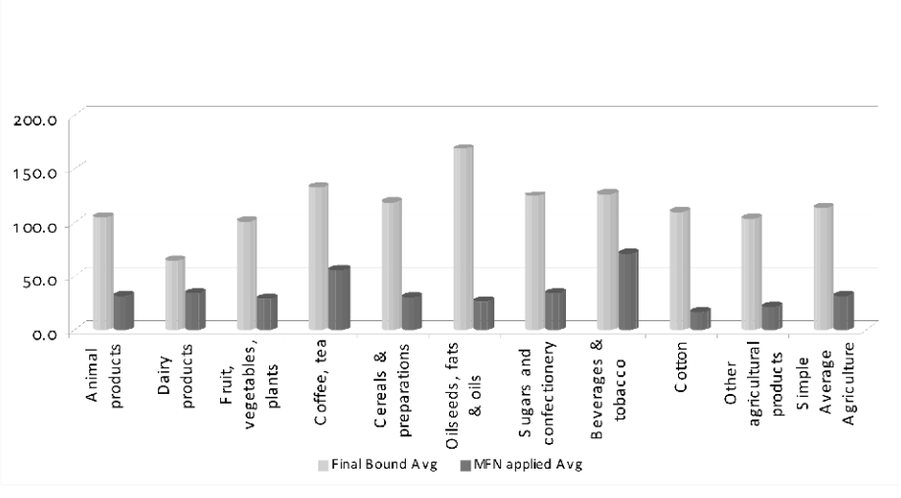
There is often a significant difference between bound and applied tariffs. The bound tariffs refer to the maximum level of tariffs that can be imposed by a country, as opposed to applied tariffs which are the current actual rates. Therefore the bound rates represent the potential for protection rather than actual protection. Negotiating from bound rates, as in the WTO, therefore does not always result in a reduction of actual level of tariff protection though it reduces the government's ability to increase tariffs when necessary. While tariffs at the WTO are based on bound rates, the FTAs or PTAs negotiate in terms of actual tariffs.

The current average bound tariff for agriculture is 114.2% according to the WTO's 2009 Tariff Profile of India. The current average Indian MFN applied tariff is 32.2% according to the WTO. Applied tariffs are subject to frequent adjustment, depending on domestic supply. For example the wheat tariff was reduced in 2006 as India needed imports to compensate for its poor harvest. Therefore the EU was able to export wheat at zero tariff that year. Meanwhile EU exports of dairy products are currently very low mainly due to high Indian tariffs. Indian agricultural tariffs show considerable difference between bound rates and applied rates (Fig. 7 below). Therefore after negotiating at the WTO, India will have to reduce its maximum tariffs, which means that in many cases the rates will not go below the applied rates. On the other hand, the EU India FTA, for example, will require India fixes its tariff at zero or near zero for 90% of its products. Protection loss is therefore very real.

Another important difference in tariff rates between India and the EU is the difference in levels (see Table 12 and Fig.8). The EU has much lower agricultural tariffs than India in almost all products except dairy. Average bound agricultural

Fig. 7

Bound and Applied Tariff Rates in India for Agricultural Products (%)



Source: *Based on Data from the WTO Tariff Profile 2009*

tariff in 2009 was 114.2 per cent in India compared to EU's 15.9 per cent. Similarly, average MFN rate on agricultural products was 32.2 per cent in India compared to EU's 16.0 (Table 12).

tariff down to zero on 90% of its products.

An analysis of applied tariffs in the two countries shows a degree of tariff escalation with the highest tariffs of 150% applied to final products (EC

Table 12
Bound and MFN Applied Tariffs in India and EU (2009)

	Final Bound Avg		MFN applied Avg		Indian Tariff as % EU's	
	EU	India	EU	India	Final Bound Avg	MFN applied Avg
Animal products	28.7	105.0	27.6	31.6	365.85	114.49
Dairy products	67.8	65.0	64.1	33.8	95.87	52.73
Fruit, vegetables, plants	10.8	100.8	12.4	29.7	933.33	239.52
Coffee, tea	7.2	133.1	7.2	56.1	1848.61	779.17
Cereals & preparations	27.0	119.4	22.3	30.8	442.22	138.12
Oilseeds, fats & oils	6.0	168.9	6.4	26.2	2815.00	409.38
Sugars and confectionery	31.3	124.7	33.3	34.4	398.40	103.30
Beverages & tobacco	24.3	127.0	20.7	70.8	522.63	342.03
Cotton	0.0	110.0	0.0	17.0	--	--
Other agricultural products	5.2	104.1	5.8	21.9	2001.92	377.59
Simple Average Agriculture	15.9	114.2	16.0	32.2	718.24	201.25

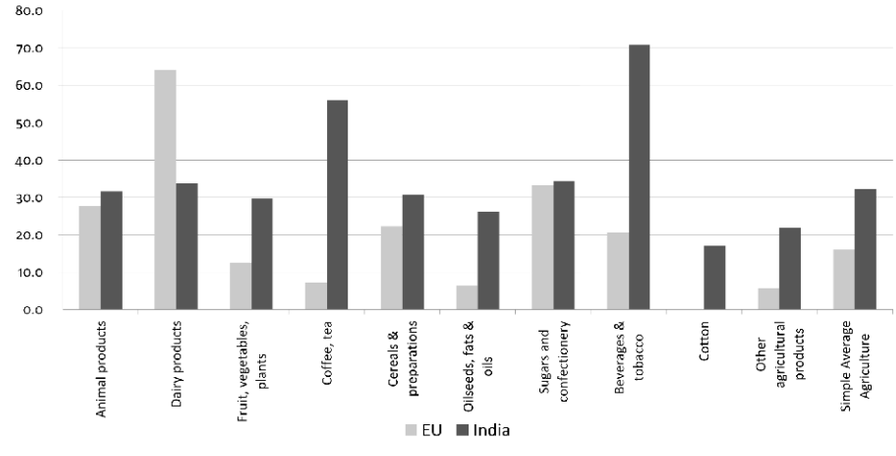
Source: *Based on Data from WTO's World Tariff Profile 2009*

The EU has high protection on dairy products, animal products (bovine animals, beef and poultry), cereals, sugar, some fruits and vegetables, olive oil, citrus fruits and grapes, flowers and rice. But except for dairy, even with relatively higher tariffs, Indian tariffs are higher by 103 (Sugars and confectionary) to 779.17% (coffee, tea)(Table 12). This implies that India will have to reduce much more than EU to bring

2007). However some tariff lines, ranging from low or zero to 100 per cent, also apply to some final and intermediate products. Today the EU faces tariffs of 100-150 % on exports of high value products such as wine and whiskies in India.

An important point to note is that, the products in which EU has an advantage and which are the top five agricultural export commodities to the globe from EU, faces high applied tariffs in India.

Fig. 8
Avg. MFN applied Duties for Agricultural Products (%): EU and India



Source: *Based on Data from the WTO Tariff Profile 2009*

The applied tariffs on the same commodities in India (Fig. 8, Table 12) are; beverages and tobacco (70.8 percent), coffee and tea (56.1 percent), sugar and confectionary (34.4 percent), cereal and cereal preparation (30.8 percent) and oilseeds, fats & oils (26.2 percent though it has come down only in the recent past). Therefore, once and if India reduces its high protection levels after the FTA, imports from EU are likely to increase significantly. As evident from our discussion in Section I, women workers are concentrated in plantation products, oilseeds, cereals (Fig. 1). Even confectionary products' entry into Indian markets may adversely affect women's employment in the production of sugar.

On the other hand, Indian women are heavily engaged in animal husbandry, and EU is likely to retain high protection both through tariffs and NTBs on meat and poultry products, (see section IV.e). In addition, EU dairy products are likely to enter Indian markets threatening Indian markets and women's livelihoods in animal husbandry. As discussed earlier SSM instruments at India's disposal may also be very limited. On the other hand, over dependence of foreign imports for food products will reduce not only livelihood opportunities for small farmers (including women) but threaten food security and self sufficiency. As is evident from recent experience, this can be critical in the time of a crisis when the foreign supplies deplete.

Under the present Indo-EU FTA negotiations, EU has made a request to India to bring down the applied tariffs to a level of Zero in next 7 years. 90 per cent of tariff lines will face a total elimination of tariffs while the residual 10 per cent will undergo zero or gradual cuts. The negotiations are still going on as to which products will go into the negative or sensitive list.[4]

High EU Subsidies

EU-27 countries enjoy the benefit of dual agricultural subsidies, one in form of State Aid and other under Common Agricultural Policy (CAP). The Common Agricultural Policy (CAP) is a system of European Union agricultural subsidies and programmes. It represents 48% of the EU's budget, €49.8 billion in 2006 (up from €48.5 billion in 2005).

"The CAP combines a direct subsidy payment for crops and land, which may be cultivated with different kinds of price support mechanisms, including guaranteed minimum prices, import tariffs and quotas on certain goods from outside the EU. Reforms of the system are currently underway reducing import controls and transferring subsidy to land stewardship rather than specific crop production (phased from 2004 to 2012). Detailed implementation of the scheme varies in different member countries of the EU.

Until 1992 the agriculture expenditure of the European Union represented nearly 49% of the EU's budget. By 2013, the share of traditional CAP spending is projected to decrease significantly to 32%, following a decrease in real terms in the current financing period. In contrast, the amounts for the EU's Regional Policy represented 17% of the EU budget in 1988. They will more than double to reach almost 36% in 2013".[5] The aim of the common agricultural policy (CAP) is to provide farmers with a reasonable standard of living, consumers with quality food at fair prices and to preserve rural heritage.

[4]The Current negative list (2009) of Indian products along with HS code 8 circulated by the Ministry of Commerce, GOI, on which negotiations are still going on is available on request with authors.

[5]Thttp://wikipedia.org/wiki/Common_Agricultural_Policy#cite_note-1

The aim of the CAP is to strengthen the position of European farmers but this serves a negative purpose to the farmers from the developing and least developed countries. They lower global prices and reduce exports and welfare in developing countries. Besides this, farmers in India do not have the privilege and access to such high subsidies. The input cost of the crops is very high as farmers in India don't get subsidies unlike farmers in Europe and America (For field responses, see Box.2). Subsidies in the form of agricultural loans are also low, and the institutional credit structure for making priority lending is still highly inadequate. As a result, benefits are often absorbed by richer and politically powerful farmers. Indian agriculture is predominated by small agriculture farms and small farmers who face difficulties in accessing subsidies. Women, in fact, face a more severe constraint in accessing such subsidies, especially in the credit market, because they have limited control over physical resources like land which can be offered as collateral.

Box 2:

Subsidies in EU and IndiaFarmers/ Exporters' responses during Centad's Field Visit

"*Huge EU subsidies are given in EU, hardly anything here in India. The Indian government provides free electricity but only for 4-6 hours. EU's commitment to farmers and subsidies (example of Petrol subsidies) is very high. Government provided petrol supply comes to doorstep and fills up their tanks on a regular basis. EU also has market regulation and price support*", Varun Sachdev (Pari Agro Food Pvt. Limited, Amritsar, Punjab

"*Subsidies in India are very low. 60-70 Crore loan is given for EU farmers, whereas in India 8-9.5% rate of interest is charged on credit, which is not very low*", Harpreet Singh (Kochar Overseas, Amritsar, Punjab

"*In EU, there are very high subsidies, farmers get diesel at 50% subsidy. Diesel tank on field is filled up by government; transport is free after harvest because the government or companies buy from farmgate. Crop insurance is provided so protection against crop failure, pests is guaranteed. They also announce a fixed rate for produce. Indian govt does not provide any such facilities.*" Sukhbir Singh, Farmer, Sansra Village, Amritsar, Punjab

"*We get free (subsidised) electricity, but the power supply is only for 3-6 hours, whereas government claims to have given 8 hours of supply per day. Our needs are higher, and particularly for planting and irrigation , 16-18 hours electricity is needed*", Uniform Response, Keval Singh, Balbir Singh, Saravjit Singh, Lakhbir Singh, Farmers, Amritsar region, Punjab

Non Tariff Barriers (NTB) / Sanitary and Phytosanitary Measures

As trade agreements lower tariff rates throughout the world, other barriers to trade emerge. Non-tariff barriers include technical measures, standards and food safety conditions, customs rules and procedures, transport regulations or costs, lack of knowledge of regional markets, and import policies. There is a problem of harmonization of standards between India and

EU, as well as between the EU-27 countries. This is also highlighted in the response of an exporter interviewed during the field visit (see box 3 below).

The ministry of Commerce, Government of India lists 26 NTBs in agriculture and agriculture products which Indian products face in the EU market, of which 18 relate to standards on poultry, meat, fruits, spices and spice extracts (see the full list in Annex Table A.8). In grain / cereals NTBs relate to food safety and bio-safety. Some of the major non tariff barriers that Indian products face in the European agricultural market are listed by APEDA and various other authorities. Some of these are described below.

1. Lack of harmonization of egg products standards in EU member countries resulting into requirement of approval of production units by individual member countries. Indian exporters have faced problems in exporting to Germany and Denmark (Centre for WTO Studies 2009).

2. Various quality control standards e.g. tough fruit export norms and aflatoxin limits in groundnuts.

3. Different MRLs by the member countries for pesticides, drugs and other contaminants .

4. Definition of whiskies according to EU poses a problem for Indian whisky. As per the Commodity Nomenclature (CN) code, it requires 'whisky' to be produced exclusively from cereals by distillation and matured for a period of 3 years. Indian whisky usually uses extra neutral alchohol produced from molasses.

5. Delay in clearance of flower consignments due to mandatory checks.

6. Market Access For Mushrooms.

7. India is one of the largest producers of milk and milk products. Directive 92/46/EEC lays down sanitary standards for milk production within the EU and its trading partners. Many of the dairy practices in India, for example, hand mulching done by women, go against such EU directives (Sengupta and Gopinath 2009).

8. Indian Fishery products face limits on Cadmium levels and have been rejected earlier by Italy and Ireland on these grounds. However, India claimed sampling followed by these countries is not in line with Commission Directive 2001/22/EC of 8th March 2001 (for heavy metal) (Centre for WTO Studies 2009).

9. EU does not currently allow for Indian Buffalo meat citing the prevalence of Foot and Mouth disease (ibid).

10. Complex Procedures for inspection, sampling and product testing and non recognition of Indian testing procedures and quality certificates. The lack of harmonization among EU countries is a major problem in this context.

11. Equivalence Agreement on Organic Products.

12. Indian agricultural products also has theproblem of facing EU's Rapid Alert System for Food and Feed (RASFF), a food and consumer safety standard, which again acts as an effective NTB. India has made demands to remove these barriers.

In India the apparatus for evaluating most of these standards is not present. Its marketing system provides a much less stringent method of

quality evaluation, and Indian products even by large exporters have often been rejected on quality grounds in the EU market. In fact the EU does not recognize much of India's quality evaluation certificates. The host of barriers that EU imposes on agricultural trade makes it much more difficult for small farmers and women farmers, with low access to quality evaluation apparatus, to effectively access the EU market. Even in our field visits, this was a recurring concern with farmers and exporters (see Box. 3).

Box 3:

Exports' and Farmers' Response to EU Non Tariff Barriers (Reports from Centad's Field Visits)

"Indian farmers face *SPS barriers in EU, and there is no government support to farmers/ exporters on meeting these, and EU has very strict NTBS. EU confiscates if quality is too low according to their standards (not fit for human consumption). Either they return completely, or dump it at their own port, not return at all"* Varun Sachdev, Pari Agro Food Pvt. Limited, Punjab

"*There is no proper apparatus for quality evaluation in government mandis, it is based only on personal eye observation",* Uniform Response, Keval Singh, Balbir Singh, Saravjit Singh, Lakhbir Singh, Farmers, Amritsar region, Punjab

"*In Ujjain mandi, there is no quality evaluation apparatus, so price is not based on actual quality but simple observation*", Ramchander Anjna, Farmer, Village Surasa, Ujjain, Madhya Pradesh

Impact of FDI on Women in Indian Agriculture

The agriculture sector in India, has received very low FDI, due partially to the restrictions on FDI in this segment. The maximum FDI inflows are for food processing industries followed by agricultural machinery and fertilizer & pesticides (see Table 13). Mauritius has made the maximum foreign direct investment between 1991-2005, followed respectively by USA and Japan.

Table 14 shows that the Foreign Direct Investment inflow from the EU sums to 7460.29

Table 13

Activity wise Agricultural FDI Inflows

(Year: 1999-2005)
(Amount in Million)

Activity	Amount of FDI Inflows (In US $)	% with Cumulative Total
Agriculture Machinery	88.90	0.28
Fertilizer & Pesticides	74.23	0.26
Vegetable Oil & Vanaspati	35.07	0.12
Sugar	17.26	0.06
Food Processing Industries	1,172.00	3.86
Total	1387.46	4.58

Source: *http://dipp.nic.in/fdi_statistics/India_FDI_Sept05.pdf (Date: 27 December 2009)*

million US$ and claims 21 percent in the cumulative inflows between 1991-2005. The total FDI inflows from the EU-27 countries are much higher than the FDI inflows from USA and Japan. There are fair chances of increase in the FDI inflows after the EU-India FTA deal is finalized. The FDI inflows will further increase in agriculture sector namely, in food processing, machinery, fertilizers & pesticides and retail sector in agriculture. It may actually have more negative than positive effects particularly for women farmer and labourers.

There can be two important impacts of FDI on women in the agriculture sector. The first is that if FDI creates/takes away jobs, women can gain/lose employment. However, in the Indian context, FDI seems to have been labour saving concentrating on labour intensive processes like threshing. The second impact is through the direct acquisition of agricultural land and natural resources, which may have an impact on women's access to such physical resources.

Table 14

Country wise Agricultural FDI Inflows (EU to India)

(From Aug 1991 to Sept 2005)

(Amount in Million US $)

Country	Amount of FDI
Netherlands	1953.52
UK	1905.22
Germany	1316.68
France	767.52
Sweden	471.68
Italy	467.44
Denmark	148.64
Belgium	141.46
Cyprus	84.54
Finland	43.24
Luxembourg	40.81
Austria	39.61
Spain	24.62
Ireland	19.68
Norway	14.39
Slovenia	8.24
Czech Republic	4.72
Greece	2.68
Slovakia	1.83
Portugal	1.21
Estonia	1.07
Poland	0.46
Malta	0.29
Hungary	0.31
Bulgaria	0.41
Romania	0.02
Total	**7460.29**
Grand Total FDI Inflow	**35,522.37**

Source: *http://dipp.nic.in/fdi_statistics/India_FDI_Sept05.pdf (Date: 27 December 2009)*

Employment

Agriculture is a highly gender sensitive sector, of the total women workforce 75. 38 percent are employed in agriculture. Food grain cultivation engages 32 percent, animal husbandry employs 55 percent, plantation crops engage 4760 percent, cotton and oilseeds 45 46 percent and vegetable production employs 39 percent of the total women workforce in agriculture sector.

Table 15
Trends in Women's Employment in Specified Agriculture Crops
(Year: 1999-2005)

Description	Female CAGR (%)
Growing of Food Grains	- 0.57
Growing of Oilseeds	22.86
Growing of Cotton & Vegetable Textile Plants	17.38
Growing of Sugarcane and sugar beet	- 5.00
Growing of Vegetables	29.62
Growing of Tea	- 2.19

Source: *Agricultural Statistics at a Glance, 2005; Ministry of Agriculture, Government of India*

The table above shows the geometric mean growth rate over 5 years (1999 2005) n women's employment expressed in terms of the compound annual growth rate of various crops in percentage terms (CAGR (%)). Women's employment / participation rate has gone down for food grains, sugarcane and sugar beet and tea. The decrease in the women's participation could be mainly due to two possible reasons; due to decrease in the area under the crop and, second, due to increased use of machines for the cultivation of that crop. As per the Agricultural Statistics at a Glance 2005, Ministry of Agriculture, India the area under food grains has increased by approximately 1 million hectare from the year 1995 to 2005. The negative CAGR ratio for food grains is therefore likely to be significantly due to increased mechanization. The area under sugarcane has decreased by 0.5 million hectares contributing partially to loss in women's employment but studies and our field visits indicate that for certain regions in India, for example Amritsar in Punjab, mechanization has clearly also contributed to decline in women's employment. On the other hand, where women's employment participation has increased, there seems to be an increase in area. Oilseeds, cotton and vegetable cultivation show an increased CAGR due to increases in area. Area under oilseeds increased from 25.96 million hectares (in1995) to 27.0 million hectares (in 2004-05), area under vegetables increased from 742.05 thousand hectares (1993) to 1022.73 thousand hectare (2003) and area under cotton cultivation has also increased.

Our field visits to Amritsar and Ujjain suggest that mechanization of agriculture activities has replaced women from performing activities like harvesting and manual threshing. Besides this women used to do weeding of the agricultural field and with the introduction of fertilizers and pesticides, the need for women's labour in weeding is going down. At the same time, women are replaced by men as men now spray the pesticides in the fields. While mechanization clearly has its advantage in raising productivity, its' gender impact may be inequitable. Several

studies also indicate the need for 'gender-friendly' mechanization (Kulkarni 2005) though not much has been achieved.

Increased mechanization and increased use of fertilizers and pesticides in the wake of the FTA may exacerbate the labour saving tendency of FDI and add to unemployment of women labourers. Even in agricultural processed industry, this tendency is evident. Small scale food processing industries function as a catalyst in providing employment but on contrary big processing industries do not rely on skilled and semi-skilled labour, which is provided by women labourers.

But on the other hand, our field visits to Ujjain region, Madhya Pradesh, also revealed that if foreign investment takes place in agro based industries in rural areas, labourers can get employment. Respondents also felt that wages will be higher in a foreign owned enterprise.[6] However this seems to be felt more by men than women as women are concentrated in basic agriculture.

Land and Natural Resources

The constraints on access to seed, production and consumption of crops, including food crops, is also exacerbated by the investment liberalization provisions in the FTA. Land is a natural resource of critical importance for maintaining production capability, and access to land is now protected as investor's rights. Therefore if the FTA allows, EU investors may have to be given national treatment over Indian land, countering the current Indian policy of protecting FDI in agriculture. As section I earlier pointed out, and this is further corroborated by our field visits, that women in India already suffer from very low access to land. This access is likely to get further imbalanced if land is acquired by foreign investment either for agriculture or for industrialisation. Any constraints of land ownership will always affect women worse than their male counterparts.

Apart from land, which remains the single most important resource for enhancing women's economic positions, access to natural resources like water, forests, traditional plants and seeds all add to women's ability to look after themselves and their families. Increasing investment will shift these resources out of their access. Women are also known for looking after such natural resources as their lives are more intrinsically linked to these for their sustenance. So protection of these resources many in turn be affected as these go out of women's reach. Even increased trade and removal of export restrictions on these, for example, forest products, also endanger women's access. IPR issues, for example, in seeds are again connected to the investment issue and together represent a larger threat to rural women (see section IV.g below).

However, EU's outward FDI in agriculture does not seem to be a very high proportion of its total FDI, though in volume terms, it is not insignificant. EU's outward FDI stock is 1229 million Euros (2005) and has shown a steady growth. FDI in land ownership may also be showing up in forms other than as agricultural FDI, for example as industrial investment.

[6]Santosh Meena, Meherban Singh Jatav, Ujjain, Madhya Pradesh

IPRs and TRIPS Plus Provisions[7]

The current PVP Law in India has included a chapter on farmers' rights, after much pressure was exerted by NGOs. But TRIPS plus provisions, like pressure to join UPOV 1991 which mainly protect breeder's rights has been included under EU-India FTA (Correa 2009) under Article 11. GRAIN (2008) has pointed out the problems that this kind of TRIPS plus stipulations can spell for developing country farmers. This will eliminate the element of protecting farmers' rights contained in the current law. UPOV 1991 prevents the farmers from saving, using and freely exchanging seeds, which is traditionally practiced by Indian farmers, especially smaller ones. In addition, provisions under the present law, such as the registration of extant and farmers' varieties and benefit sharing provisions to compensate farmers' for their innovations will also be threatened. This provision, though not strictly obligatory in text, as it imposes an obligation to 'cooperate to promote and reinforce the protection of plant varieties' according to UPOV 1991, may still turn out to be pretty stringent in implementation. As a concession, the draft text refers to the possibility (article 15(2) of UPOV 1991) of introducing an exception for the use, in their own exploitation, of seeds saved by farmers. However this will be inadequate to protect farmers' rights to use seeds freely and the Indian government needs to resist any such attempts.

Another problem with using strong IPRS is that India does not have a well developed IPR system as yet. While India needs to put in place strong GIs to protect its agricultural products, the fact is that in practice, many countries including the EU has misused IPs to produce Indian products. Our field visit in Punjab revealed one such instance (see Box.4 below). Therefore, the pressure from policy circles to push GIs does not really work for our farmers as they are still ill equipped to secure GIs. Unless capacities are created where GIs are actively recorded by the government, our farmers lose out from a strong IPR regime pursued by EU. In addition, the IPR text also includes patent term extension by five years which also refers to plant protection products (Correa 2009).

Box 4 :

IPR Issues: Exporter's Response from Field Visits conducted by Centad

"*EU wants raw but unpolished rice, after husking (as husking needs high labour which is cheaper in India). This is problematic for our country as after sometime, even substandard rice from our country can be labeled Indian basmati rice by EU companies since we have not secured GIs. In EU 80% of their total basmati sells as Indian Basmati which it is not.*

In addition, India is an agrarian economy, and small millers in India cannot raise IPR issues in EU. Because India does not have strong IPRs, they are forced to send as raw material, not as finished products",
Varun Sachdev (Pari Agro Food Pvt. limited)

[7]This section is taken from the relevant section of 'The Current Trade Paradigm and Women's Health Concerns in India: A Special Reference to the Proposed EU-India Free Trade Agreement', by Ranja Sengupta and Narendra Jena, Report No.2, 'Trade and Gender Series', Centad and HBF. This is published as part of the project output under the Trade and Human Development Programme of Centad. The present paper is also a part of the same series.

Yet another area of concern is that the domestic policy regime in India is already being conformed to international pressures. The Seed Bill also allows sale of seeds by farmers, but it has to meet certain quality standards, which makes it necessary to get it registered. It also has to be sold under a brand name. This makes it impossible for small farmers and women, who are traditional seed keepers and protectors of bio diversity, to sell in the market while competing with seed companies.

Box 5 :

A Gender Sensitive Sector: Labour Structure and Trade in Plantations

- Currently tea, coffee and rubber together provide employment to 36.90 lakh people including 11.72 lakh women workers.
- There is a preferential demand for women, especially in tea and coffee plantations, as women workers are more docile and cheaper and their nimble fingers make them most suited for certain jobs like plucking the tea leaves/ coffee beans as compared to their male counterparts.
- The family based recruitment system attracts family members, especially children (below 14 years) and female members to work on the plantations as low waged casual workers. This family based recruitment also works well as labour can be reproduced, thereby solving future employment problems.
- Vast sections of the plantation workforce, mainly women, are either immigrants or tribals and are disadvantaged in terms of lack of access to resources, such as land, education, better living conditions and sanitation facilities. Migrant labour was also found to have lower bargaining power.
- Women, in the form of 'plantation labour', are concentrated in plucking tea, harvesting operations along with their strong presence in the routine management of coffee plantations. Rubber has lower presence of women though women account for about 50 per cent of rubber tappers and 70 per cent of labour engaged in weeding, fertiliser application, and soil conservation.
- Women occupy the largest segment of the plantation (production) workforce in tea (58%) and coffee (57%) as compared to rubber (41%). But the share of women workers in other activities (supervisors, watchman, drivers, general workers, etc.) seems to be lower in tea (35%) and coffee (44%) and slightly higher in the case of rubber.
- Trade liberalisation in these sectors has reduced international prices, leading to a a persistent decline in India's exports of tea and coffee, evident from the declining trend in export earnings. Tariff reduction and removal of QRs increased rubber imports.
- This has led to a loss in employment (or employment growth in case of rubber), immiserisation, deterioration in socio-economic status of workers and starvation deaths.
- The gender impacts indicate a feminization of work (higher in rubber and tea) accompanied by a decline in wages, increase in workload, non-provision of bonus, curtailment of non-wage or extra-wage benefits and incentives, non-compliance of welfare measures, maternity & medical

Source: *Based on a study by P.K. Viswanathan and Amita Shah (2009), Ccmmissioned by Centad.*

V. Conclusion and Recommendations

The EU India FTA is expected to lead to a loss in terms of India's trade balance and while EU's market share in India will increase in agricultural trade, India's market share will not change (CEPII-CERM 2007). ECORYS et al also predict a worsening of trade balance and a long run decline in employment. India will also have to lower its barriers considerably more than the EU and reducing applied tariffs (ss opposed to bound tariffs) means a loss of actual protection and flexibilities in protection options. It is evident that the products in which EU has an advantage are the products in which India currently has high barriers. Removal of tariffs after the FTA will give unfettered access to these product markets. As our study pointed out many of these are gender sensitive products. Therefore, India's trade with EU after the FTA is expected to have a significant impact on women farmers in agriculture. In addition, EU's substantial domestic subsidies and high NTBS in the form of sanitary and phyto sanitary standards and other technical barriers pose more problems for smaller and women farmers. The WTO and TRIPS, Agreement on agriculture and the Sanitary and Phyto Sanitary agreement have already affected women's livelihoods in India (Yadav 2009). The FTA moves further in this direction. Liberalisation of investment can further skew access to critical resources like land and natural resources, in addition to replacing women from labour intensive process through increased mechanisation. Strong IPRs also intrinsically work against women by increasing control over knowledge and technology to which they already have unequal access. It also limits their ability to freely use traditional plants and cultivation methods and help sustain their families. The EU-India FTA provides stronger provisions in all these areas and is likely to further in-equalise women's access to livelihood, food and basic resources.

The study also indicates that women are more vulnerable because they have lower skills and a significant adversity in access to productive resources (see Section I and Boxes 1 and 5). Therefore either they are easily displaced or in many cases, underpaid. In some cases, as the case study of plantation sector shows (see Box.5), increasing feminization comes with a significant cost to incomes, health and well being of women workers. These are costly to women as because of lack of resources and skills, as well as family duties, they find it difficult to shift both between locations (rural to urban) as well as between sectors (agriculture to services).

Based on the research study and field visits here are some recommendations, some which relate specifically to women's needs.

- The government of India needs to identify the gender sensitive crops and protect these by either providing subsidies equivalent to the EU subsidies or make reservations by not lowering the tariffs. Designating gender sensitive products as special products, which are allowed special protection, has been suggested under the WTO framework by analysts (Hernandez 2005). However, the EU FTA is expected to be much stricter on special products.

- Women's work in agriculture and particularly in agro processing can be adversely affected by EU's strong SPSMs. Food safety laws, designed to meet such high standards can have devastating impact on such local and household based agro processing (Yadav 2009). The government needs to implement

and agree to standards which can be feasilbily met by our production systems.

- There is a need to increase agriculture wages of workers, and remove gender based disparities in wages. Even increased employment often comes at the cost of wages.

- The Government needs to improve women's access to resources. On the one hand capacity building resources like access to education, skills, technical training are needed. On the other hand, access to critical physical and financial resources in the form of ownership rights to land, machinery and access to institutional credit on concessional rates, are vitally important. While some priority is given to women in these sectors, large scale policy priority and implementation is still not attained.

- Women's reproductive responsibilities and family work often suffer due to increased pressure of trade liberalization. Our case study of the plantation sector demonstrates this phenomenon. Therefore, women's activities in the rural areas also need to be supported by providing adequate maternity benefits; providing support for family work, for example, by making provisions where young children can be taken care of; better healthcare facilities for the old which takes pressure off women care workers; easier access to drinking water; appropriate toilet facilities and safer working conditions.

In addition, there are certain general conditions that must be met to increase preparedness of Indian agriculture, so that farmers, especially small and more vulnerable workers (including women) can access EU markets.

- Some restrictions on exports and imports must be retained to protect both livelihoods and food security of the poor and vulnerable. The agriculture sector must be protected from dumping of subsidized products, since subsidies cannot be negotiated in the FTA. The special safeguard mechanism must also be used effectively to protect from import surges.

- Minimum support price should be fixed for certain sectors which are specially gender sensitive, e.g. the plantation sector, like tea, coffee, rubber, jute, arcanut, cardamom (Yadav 2009).

- In the field of investment, the Indian government needs to be especially cautious. Widespread investment rights give control over Indian agricultural land and natural resources like water, forests, raw materials, which may create not only further inequities in access for vulnerable groups like women and the poor, but it may threaten our ability to be productive in sectors which are dependent on these resources. The legal and administrative costs of defending disputes over foreign investment may also be unaffordable for India.

- The Indian government needs to request for the harmonization of NTB standards agriculture products across EU countries else it does not solve the purpose behind integration of European economies. India also needs to invest heavily in upgrading its own quality evaluation system. Given the current conditions in Mandis, it is difficult to guarantee meeting EU standards. In the absence of such facilities, Indian farmers will be unable to penetrate EU markets even after the FTA.

- A critically important factor is the overall investment in agriculture, providing basic access to services like irrigation, energy, marketing facilities, transport and credit to build competitiveness. In a developing country like India, agricultural investment has been highly inadequate and before opening up agriculture to foreign competition, the government must necessarily upgrade its entire agricultural infrastructure.

- In addition, subsidies on inputs like seeds, fertiliser, pesticides, energy and water need to be increased and used effectively, to ensure that these reach poorer farmers who need it the most in order to stay competitive. The fact that domestic subsidies cannot be negotiated under the FTA implies that the overwhelming influence of EU subsidies on production and trade needs to be effectively countered. Since Indian farmers will now have to compete with EU farmers who receive large domestic subsidies, the Indian government must have an effective policy in place to protect its farmers from unfair competition.

- The government also needs to develop a common platform for resolving multiple issues cohesively, for example IPRS, tariffs, NTBS (like quality standards) and subsidies.. This is both in trade talks as well as in domestic policy discussions. Otherwise, gains secured in one area will be lost if other areas are not addressed simultaneously. This was also revealed from our field visits. In fact, the government needs to use such platforms which is more participatory in nature and must involve all stakeholders, especially farmer's groups.

Before all the above conditions are met, India needs to seriously consider its options in liberalizing agricultural trade. Protecting livelihoods and food security of large sections of the poor and vulnerable sections like women, needs a well thought out and long term strategy. In a country where rural poverty is already very high, rural-urban inequality is rising, and there is relative agricultural stagnation, any trade policy must be developed in conformity with a strong and pre-planned development policy. In the field of agriculture, the policy efforts still remain sporadic and investments remain inadequate, resulting in inadequate preparedness for such an ambitious FTA.

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Websites which have been used for data have been cited as source under the relevant tables/figures

Annexure

Table A.1

India's Exports of Agricultural Commodities to Globe

(Value : Rs. Crore)

Commodity	2007-08	
	Value	% Share in Total Agricultural Exports
Cotton Raw including Waste	7999.69	10.29
Oil Meals	7953.79	10.23
Rice(Other than Basmati)	7396.23	9.51
Sugar	5404.18	6.95
Paper/Wood products	4937.03	6.35
Rice Basmati	4334.77	5.57
Spices	4176.07	5.37
Other Cereals	2978.86	3.83
Cashew	2209.73	2.84
Tea	2022.32	2.6
Coffee	1868.02	2.4
Sesamum Seed	1624.01	2.09
Fresh Vegetables	1473.31	1.89
Fresh Fruits	1446.99	1.86
Tobacco Unmanufactured	1430.49	1.84
Miscellaneous Processed Items	1337.16	1.72
Castor Oil	1274.58	1.64
Guargum Meal	1110.55	1.43
Groundnut	1041.72	1.34
Processed Fruit Juices	769.2	0.99
Processed Vegetables	605.54	0.78
Pulses	526.95	0.68
Jute Hessian	463.76	0.6
Poultry Products	406.68	0.52
Floriculture Products	338.01	0.43
Molasses	250.08	0.32
Fruits/Vegetable Seeds	142.66	0.18
Shellac	123.55	0.16
Nigerseed	90.03	0.12
Cashewnut Shell Liquid	25.02	0.03
Wheat	0.23	0
Total Agricultural Exports	**77769.71**	**100**

Source: *Author's estimates as per http://apeda.com/TradeJunction/ retrived on 0ct;2009*

Table A.2

India's Imports of Agriculture Commodities from Globe

(Value : Rs. Crore)

Commodity	2007-08	
	Value	% Share in Total Agricultural Imports
	Value	
Vegetable Oils Fixed (Edible)	10298.68	34.59
Wood & Wood Products	5454.1	18.32
Pulses	5278.02	17.73
Wheat	2657.51	8.92
Fruits & Nuts Excluding Cashew Nuts	1857.84	6.24
Cashew Nuts	1714.24	5.76
Spices	938.22	3.15
Cotton (Raw & Waste)	911.89	3.06
Cereal Preparation	161.58	0.54
Jute (Raw)	161.34	0.54
Oil Seeds	147.88	0.5
Tea	131.66	0.44
Milk & Cream	29.59	0.1
Other Cereals	19.27	0.06
Vegetable & Animal fats	12.48	0.04
Sugar	2.29	0.01
Rice	0.42	0
Total Agricultural Imports	**29777.01**	**100**

Source: *Author's estimates as per http://apeda.com/TradeJunction/ retrived on 0ct;2009*

Table A.3

India's Imports from EU

Value in Rs. Lacs

Year: 2007 - 08

Country	Value	%	Value	%	Value	%
FRANCE	4,158.38	38.69	39,847.49	32.07	14,631.73	59.24
GERMANY	540.95	5.03	1,879.22	1.51	3,302.68	13.37
DENMARK	1,443.02	13.43	1,931.13	1.55	1,490.38	6.03
U K	1,383.01	12.87	1,109.46	0.89	1,109.91	4.49
NETHERLAND	1,131.70	10.53	1,269.56	1.02	1,015.23	4.11
SPAIN	218.94	2.04	420.86	0.34	404.75	1.64
BELGIUM	189.34	1.76	288.79	0.23	191.66	0.78
FINLAND	19.52	0.18	84.39	0.07	177.54	0.72
HUNGARY	25.82	0.24	23,995.09	19.31	46.87	0.19
PORTUGAL	36.87	0.34	31.49	0.03	44.67	0.18
BULGARIA	104.9	0.98	21,345.99	17.18	31.22	0.13
ROMANIA	28.54	0.27	23,334.04	18.78	15.16	0.06
POLAND	0.54	0.01	125.77	0.1	13.99	0.06
AUSTRIA	4.8	0.04	0.38	0	10.54	0.04
GREECE	7.21	0.07	27.76	0.02	8.8	0.04
IRELAND	18.64	0.17	11.77	0.01	8.38	0.03
SWEDEN	8.41	0.08	5.23	0	4.39	0.02
LITHUANIA	16.06	0.15	0	0	0	0
CZECH REPUBLIC	0	0	6,938.20	5.58	0	0
ESTONIA	0	0	31.76	0.03	0	0
ITALY	1,410.90	13.13	1,588.38	1.28	2,190.89	8.87
LUXEMBOURG	1.06	0.01	0	0		0
TOTAL	**10,748.61**	**100**	**124,266.76**	**100**	**24,698.79**	**100**

Source: *Author's estimates as per http://apeda.com/TradeJunction/ retrived on 0ct;2009*

Table A.4

India's Exports to EU -27

(Quantity in Million Tonnes, Value in Rs. Lakhs)

		2006-2007		%	2007-2008		%
Sl. No.	Country	Qty	Value	Share	Qty	Value	Share
1	UK	210,447.93	79,940.22	**32.91**	208,204.09	89,540.74	**32.18**
2	NETHERLAND	102,094.47	46,279.52	**19.05**	169,855.66	60,829.12	**21.86**
3	GERMANY	63,546.03	36,071.81	**14.85**	82,947.13	37,877.63	**13.61**
4	FRANCE	39,358.73	15,532.40	**6.39**	39,243.16	16,618.66	**5.97**
5	BELGIUM	58,900.25	17,985.33	**7.4**	40,569.47	14,912.77	**5.36**
6	SPAIN	38,209.54	12,637.01	**5.2**	36,207.77	13,780.82	**4.95**
7	ITALY	40,788.84	11,679.79	**4.81**	35,930.51	11,952.89	**4.3**
8	PORTUGAL	6,177.56	1,939.32	**0.8**	56,462.98	10,117.73	**3.64**
9	DENMARK	7,677.38	6,190.32	**2.55**	6,129.72	5,210.69	**1.87**
10	GREECE	6,616.55	3,169.13	**1.3**	10,056.97	3,636.49	**1.31**
11	SWEDEN	4,952.18	1,903.76	**0.78**	3,914.43	2,139.17	**0.77**
12	CYPRUS	1,625.76	682.48	**0.28**	16,903.03	2,130.52	**0.77**
13	POLAND	2,927.99	1,758.47	**0.72**	3,277.04	1,824.36	**0.66**
14	AUSTRIA	1,560.22	732.77	**0.3**	7,055.69	1,628.75	**0.59**
15	ESTONIA	12,156.61	2,107.18	**0.87**	8,828.27	1,570.03	**0.56**
16	LITHUANIA	8,158.16	1,116.98	**0.46**	8,337.77	1,509.78	**0.54**
17	FINLAND	1,571.67	1,083.62	**0.45**	1,323.32	954.43	**0.34**
18	LATVIA	1,649.01	346.73	**0.14**	1,662.51	454.97	**0.16**
19	IRELAND	768.22	336.2	**0.14**	882.96	349.34	**0.13**
20	BULGARIA	1,418.45	354.93	**0.15**	1,276.69	348.46	**0.13**
21	ROMANIA	1,251.90	394.87	**0.16**	482.97	267.06	**0.1**
22	HUNGARY	396.5	247.98	**0.1**	282.85	158.8	**0.06**
23	CZECH R	693.97	217.03	**0.09**	291.6	144.36	**0.05**
24	MALTA	77.5	39.65	**0.02**	892.82	111.31	**0.04**
25	SLOVENIA	220.29	128.66	**0.05**	279.53	101.76	**0.04**
26	SLOVAKIA	21.24	21.26	**0.01**	79.63	44.07	**0.02**
27	LUXEMBURG	1.52	1.76	**0**	6.89	14.32	**0.01**
	TOTAL	613,268.47	242899.2	**100**	741,385.46	278,229.03	**100**

Source: *Author's estimates as per http://apeda.com/TradeJunction/ retrived on 0ct;2009*

Table A.5

EU Trade by Products

Mio EUR

Codes C.N.	Products	Imports			Exports		
		2005	2006	2007	2005	2006	2007
1	Live Animals	624	660	601	1033	1010	1167
2	Meat and edible meat offal	3198	3350	3908	3823	3994	4290
4	Dairy produce; eggs; natural honey	878	916	973	5180	5031	6355
ex.05	other products of animal origin	855	845	829	452	493	481
6	live plants and floricultural products	1255	1375	1466	1423	1636	1764
7	Edible vegetable, plants, roots and tubers	2826	3029	3870	1388	1739	1969
8	Ediblefruit and nuts; peel of citrus fruit or melons	11300	11532	12354	1651	2009	2409
9	Coffee, tea, mate and spices	4557	5256	5819	923	1054	1128
10	Cereals	1999	2096	4653	1963	2193	3160
11	Products of milling industry; malt; starches	73	82	132	1536	1592	1863
12	Oil seeds and oleaginous fruits	4965	4913	6058	975	1091	1585
13	Lac; gums, resins, other vegetable saps and extracts	534	505	536	649	596	614
14	Vegetable plaiting materials, other products of vegetable origin	105	106	124	10	19	43
15	Animal or vegetable fats and oils	3928	5073	5728	2490	2586	2720
ex16	Meat preparations	967	1109	1211	561	571	618
17	Sugars ans sugar confectionery	1681	1705	1904	2229	2876	1609
18	Cocoa and cocoa preparations	3135	3082	3496	1870	2166	2457
ex.19	Preparations of Cereals, flour or starch	747	795	916	3689	4055	4525
20	Preparations of vegetables, fruit or nuts	3542	3739	4144	2483	2768	3145
21	Miscellaneous edible preparations	14600	1666	1943	4134	4655	5058
22	Beverage, spirits and vinegar	4053	4434	5140	13977	16366	17436
ex.23	Residues and waste from the food industries	5506	5509	6585	1511	1735	2001
24	Tobacco and manufactured tobacco substitutes	1890	1900	2218	3693	5090	5178
01-24(1)	TOTAL agricultural products - chapters 01 to 24	60079	63678	74588	57643	65326	71573
TOTAL(1)	TOTAL -Agricultural products	64018	67738	78712	63986	72265	78031

Note: *Year: 2005 & 2006 (EU-25) and Year: 2007 (EU-27)*
Source: *European Commission (Eurostat and Agriculture and Rural Development DG)*

Data retrieved on November 2009

Table A.6

EU Imports by Trading Partners

EU imports	Agricultural Products				Average
Main trade partners	Value in Million Euro		% of Total		Annual
Top 10, 2007	1995	2007	1995	2007	Growth
Extra -EU	49863	77429	100	100	3.7
Brazil	4522	12152	9	16	8.6
USA	7942	7072	16	9	-1.0
Aregentina	2682	6038	5	8	7.0
China	1306	3433	3	4	8.4
Turkey	1560	3126	3	4	6.0
Switzerland	1233	2787	2	4	7.0
New Zealand	1353	2170	3	3	4.0
Indonesia	1159	1971	2	3	4.5
Sounth Africa	818	1956	2	3	7.5
Australia	1385	1783	3	2	2.1
Rest	25903	34943	52	45	2.5

Source: *http://trade.ec.europa.eu/doclib/html/129093.htm*

Table A.7

EU Exports by Trading Partners

EU exports	Agricultural Products				Average
Main trade partners	Value in Million Euro		% of Total		Annual
Top 10, 2007	1995	2007	1995	2007	Growth
Extra -EU	44805	75122	100	100	4.4
USA	5425	14114	12	19	8.3
Russia	3562	7682	8	10	6.6
Switzerland	2897	4972	6	7	4.6
Japan	3032	4006	7	5	2.3
Norway	946	2431	2	3	8.2
Canada	841	2131	2	3	8.1
Saudi Arabia	1113	1913	2	3	4.6
St. P. Extra	259	1773	1	2	17.4
Turkey	848	1745	2	2	6.2
China	679	1642	2	2	7.6
Rest	25201	32712	56	44	2.2

Source: *http://trade.ec.europa.eu/doclib/html/1290*

Table A.8

List of NTBs in European Community faced by Indian Products in Agriculture

S. No	HS Code	Commodity	Type	Details
1	20100	Bovine Meat	Standards	More stringent than OIE Terrestrial Animal Health Code. Ban on buffalo meat due to FMD. GBR status to be revisited.
2	20700	Poultry Meat	Import Restriction	India not in approved list for export of Poultry Meat products (2005/696/EC)
3	30000	Fish	Standard	Non harmonisation of testing procedures standard leads to rejections.
4	30000	Fish	Standard	UK rejects consignments with cholramphenicol/ notrofuran residues destroys it. Issue taken up with Food Standards Agency (FSA)
5	30000	Fish	Standard	Rejection in Italy and France due to presence of Vibrio Parahaemolyticus, without judgingthe virulencefactors namelycapacity to produce thermostable direct hemolysin (TDH) /thermostable related hemolysin (TRH)
6	30000	Fish	Standard	Rejections of the Indian sea-caught marine products for the presence baterial inhiitors/antibioticresidues without specifying the residue throughthe is hazardous is flawed.confirmatory test. EClogic of mere presenceof residuebeyondthresholdlimit
7	30000	Fish	Standard	Non harmonisationof procedure for lifting Rapid Alerts (Ex: the consecutive checksfor same companyexports are France-3, Spain-10 , Belgium-5;Italy 10 etc.). Non originating EC Members do not lift rapid alert.
8	30000	Fish	Standard	Despite harmonisationof microbiological criteria under EC Reg 2073/2005, Members using not internationally accepted/ validated test methods .
9	30000	Fish	Standards	Health certificates in EC language rather than English
10	40000	Milk Products	Standards	EIC has implemented the RMP for Milk & Milk Products, approved by EIA and the list of approved establishments has been sent to the EC. Information on request for FVO Mission visit thereby permitting exports to EC.
11	40800	Egg products	Standards	Non harmonizedegg products standards amongsts EU members. Individual approval of production units required.
12	40800	Egg	Certification	Scanning / prior approval for Indian Egg producing units in EU.
13	40811	Egg Powder	Standards	New MRL limits without time for adaptation
14	80600	Grapes	Standards	Non harmonized MRL in EC (Germany has more stringent standards)
15	90000	Spices	Standards	Pesticide residuevaries from countryto countryand new regulationsimposed at short notice despite no validatiedanalystical methods for determination of contaminations in spices. Cost prohibitive and creates undue delay.
16	90411	Black Pepper	Standards	Stringent health and hygiene rules on imports
17	90420	Chillies	Standards	Permitted level of aflatoxin is 5 ppb (as against 20 ppb in US)
18	130190	Paprika oleoresin	Regulations	EU flavouring regulation does not clarify whether it is a colour and food
19	130190	Oleoresins	Standards	Permitted level of MRL for oleoresins and extracts is high
20	130190	Oleoresins	Standards	A concentration factor needs to be fixed to estimate MRL for spice extracts since raw materials are extracted for manufacturing oleoresins
21	130190	Oleoresins	Standards	Despite absence of Rhodamine during testing in Indian (Spice Board) labs, preenceof 11 -15 ppb shownwhendoneinEU(EUROFINS)lab. Residuelimit is also not known resulting in cancellation of export orders.
22	220830	Whiskey	Standards	Definitional problem since Indian whiskey is based on mollases
23	240110	FCV Tobacco - not stemmed or stripped	Subsidy	Subsidy to EU farmer of 2.98 Euros per kg.
24	240110	Burley Tobacco-not stemmed or stripped	Subsidy	Subsidy to EU farmer of 2.98 Euros per kg.
25	240120	FCV Tobacco - partly stemmed or stripped	Subsidy	Subsidy to EU farmer of 2.98 Euros per kg.
26	240120	Burley Tobacco-partly stemmed or stripped	Subsidy	Subsidy to EU farmer of 2.98 Euros per kg.
27	850000	Food products	Standards	Rapid Alert SFF Notification for rejection by one Member. Non uniform standards on bacteriological parameters that leads to subjective refections
28		Food products	Customs	No consolidation of information which leads to delay in lifting of alerts
29		Food products	Labelling	Detailed labelling requirements with extensive products/content description
30		Other Agricultural Products	Standard	Non harmonisation of standards / procedures applied by EU countries and stringency of standards
31		Animal Products	Standards	Non harmonised maximum residue limit (MRL)

Source: *Ministry of Commerce, Government of India*

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