

Summary of presentation by David Kadam

Impact of bilateral free trade on food security and rural development

At present international trade (exports and imports) accounts for approximately one third of the India's Gross Domestic Product (GDP). The growing importance of trade in the Indian GDP is bound to have a parallel impact on livelihoods of people contributing to the GDP. Indian agriculture, which comprises 249 million agricultural workers or 73% of the national population and plays a key role in ensuring national food security, was largely insulated from trade liberalization during the 80-ies and mid 90-ies. It is in the last decade that quantitative restrictions on agricultural imports have been removed and import duties have substantively come down.

Official data on trade in agricultural products clearly shows that, although the absolute export value of agricultural products has increased in the period 1996-97 to 2005-06, the share of agricultural product exports in the total exports has witnessed a secular decline during the same period. However, after 1996-97 imports kept increasing and despite some fluctuations in between, the trend during the period 1996-2006 is clear: imports of agricultural products as a percentage of total imports into India has increased.

The terms of trade for agriculture, denoted by the ratio of prices received by agriculture relative to prices paid for by the sector, had increased very handsomely during the period 1985-86 to 1990-91 and 1991-92 to 1995. This situation changed drastically after the Indian Government adopted reforms and liberalized the economic policies in 1991-92. Due to growing imports of agricultural products since the establishment of the WTO, the index of prices received by cultivators suffered a drastic reduction,. In fact the condition of cultivators worsened on several parameters, such as employment, distress migration, calorie intake etc. The Agriculture sector of India is today in a state of agrarian crisis, resulting in increasing landlessness, decline in the proportion of cultivators and farmers committing suicides in large numbers.

Within the scenario of this agricultural predicament, the corporations in India, after the collapse of the Seattle and Cancun ministerial conference of the WTO, have started pushing the Government to aggressively engage into a host of comprehensive economic partnership/cooperation agreements, in which Free Trade Agreements (FTAs), comprising of goods, services and investments, are bound to get a strong momentum. Given the growing thirst of these corporations to cut their cost and to access markets at the lowest import duty, the Government of India is not going to wait for WTO to deliver. It is going to engage into bilateral and regional negotiations in order to support the corporate agenda. By doing so, the government increases its own sphere of geopolitical influence.

The Indian farmer is placed in an ever more vulnerable situation in this growing and stimulating symbiotic relationship between the Indian Government and corporations as the FTAs evolve. There are real threats that the agriculture sector is becoming faceless and turning into a basin of raw material for the manufacturing sector and the process will get further consolidated after and the implementation of the new FTAs. Given that there is a vertical split (pro and anti liberalization) within the farmer's movements in the country, it is unlikely that the interests of the small farmers are going to be protected as the FTAs unfold. The real threat to Indian agriculture from the FTA front might emerge when India seals an FTA with China and the EU – the two large agri-traders.

SWISSAID's experiences on the ground shows that the governments at state and national levels are seen to be completely callous towards investing human and other resources to understand the views of farmers and farmers' associations on issues that are seen to have serious impact on their livelihoods. Small and medium farmers have remained completely unengaged with the changing trade geography. The governments are conspicuous by their absence in engaging farmers in a transparent manner on trade issues. Lack of debate on critical issues in the context of trade negotiations at the level of the taluka and districts (spaces where farmers can willingly participate) has only further distanced farmers from the phenomenon of trade liberalization. The impact of this is that farmers see no role for themselves in these processes any more and find government dialogues as a "window curtaining" exercise.

While the Government seems to be pleading on international bilateral and trade platforms, such as India-ASEAN FTA and the WTO, about its intention to protect the interests of small and marginal farmers, farmers on the other hand think that the government is doing nothing for them. Farmers are of the opinion that if the Government is indeed serious with the protection of their interests it would actually embark upon some information dissemination and engagement exercises, which will provide farmers with an opportunity to at least participate in discussions, if not provide an opinion on the issue. The ground level situation also shows that farmer organizations and civil society organizations have not been able to grasp the processes and outcomes of the ongoing FTA negotiations in a way that can benefit the larger farmer community. Media and elected representatives are seen to be not taking active interest towards enhancing the quality of the debate on these issues, which are going to determine the future of Indian farming. A significant effort also needs to be made by groups working with farmers to actually raise the interest of the farmers in these debates, so that they can make the government more accountable.

SWISSAID tries to address the problem of the lacking influence of the farmers on the agricultural policy, by strengthening farmers organizations, discussing marketing opportunities as well as the implementation of the concept Food Sovereignty.

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