

# Impact of WTO and FTAs on Gujarat

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# Contribution of Dairy Industry

- India is the largest milk producer country
- India's largest 'crop' in term of output
- 70 million producers - small and marginal farmers
- Employs 8% of country's labour force (not including women !)
- Contributes to 9% of GDP
- Contributes 15-40% of Monthly Household income of producers
- Contributes to 18% of Total Food Expenditure of Consumers
- Gujarat – Pioneer state in Dairy development with Anand Pattern of Co-operatives in Dairy sector

# Indian Dairy Industry

- From Import dependency in 1970's to World's largest producer of Milk in 1999
- Major Role played by “Anand Pattern” of co-operatives by Amul
- Can we survive in a regime of duty free imports ?
- Does Indian producer have any influence on
  - Producer and export subsidies of EU/US ?
  - International price of dairy products ?

# India at WTO

- Committed to '0' % base and bound rate of duty on imports of milk powders and 40% on butterfat, cheese under WTO I negotiations
- Tariffs in Bangladesh : 200%, Pakistan : 100%, Sri Lanka : 50%, New Zealand : 12.8%, Brazil : 31.75%, Poland : 102%
- Weighted average base of 43 countries (including India) : 144 %

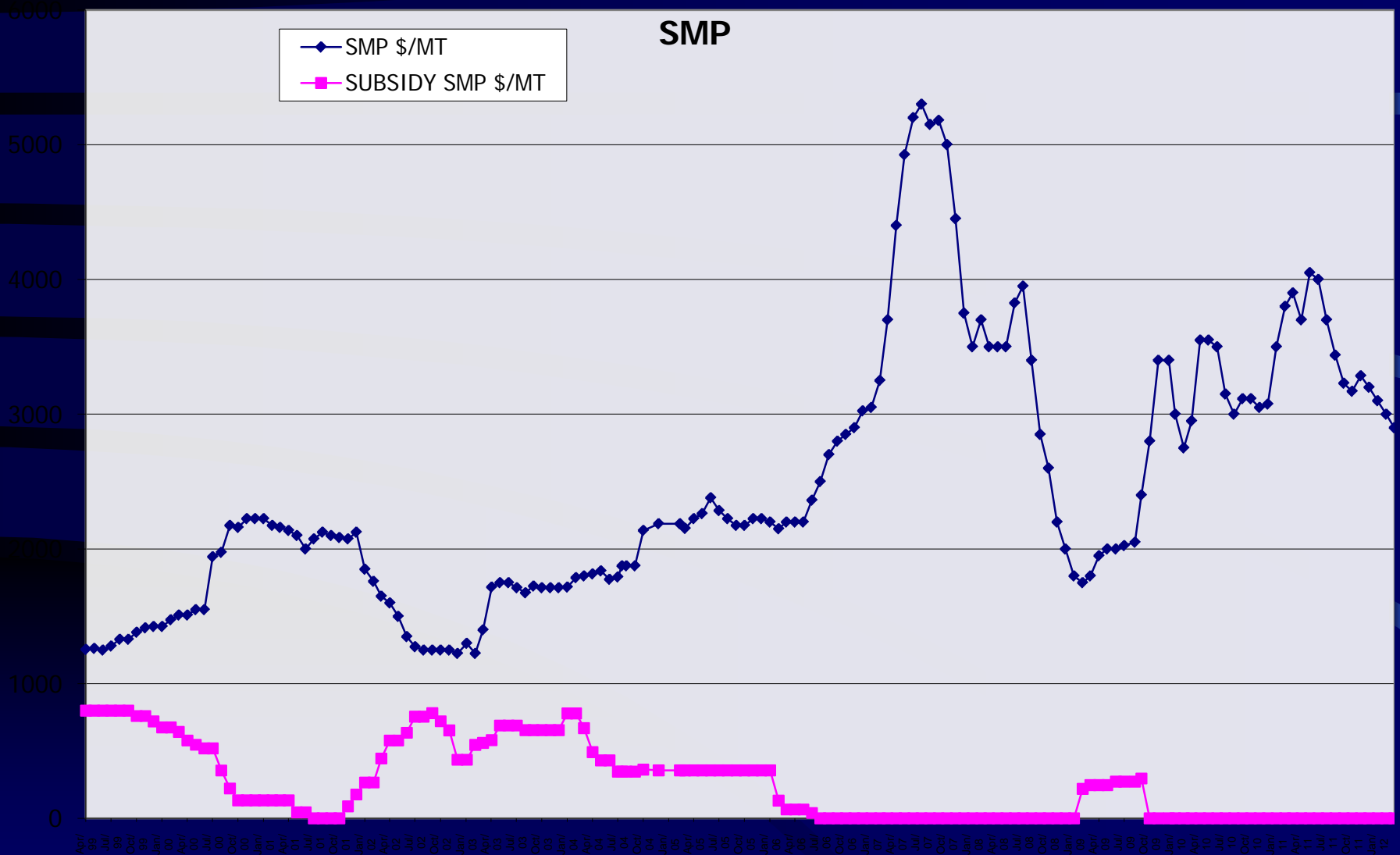
# Seattle Round

- Govt. of India commissioned the IIM-A for a study on the key sectors of Indian Agriculture (including dairying) for evaluating the possible impact
- Series of Meetings conducted by the Govt with industry on the issues for negotiation
- GCMMF too collaborates with the Govt and Research Institute for preparations and building international opinion on the subject

# The Situation Today

- Govt. of India successfully renegotiates the tariff barrier on SMP – 15% on first 10,000 MT imports and 60% on any further imports
- Dramatic decline in imports upto 2009
- No Buffer stock mechanism in spite of seasonal milk production
- Frequent ban on exports of milk powder by Govt – Short sighted policy (even though less than 0.5% milk is getting exported)
- EU, US and other developed countries have not adhered to their WTO commitments
- Very high import duty by developed world and Non tariff barrier for dairy products

# SMP : World Market Prices 1999-2012





# Issues of Renegotiation

- Renegotiate Import Duties on Butter Oil from current level of 40% to about 100% (permissible as per earlier negotiations)
- Introduce Special Safeguards (SSG) measures
- Demand real reduction in Export Subsidies by developed nations
- SPS Measures to be rationalized
- Highlight multifunctional role of Dairying in the Indian society

# India : FTAs

- FTAs with Sri Lanka, Thailand, Singapore, Nepal, Bhutan, Japan etc
- NZ and EU – FTAs being finalized
- Developed World wants
  - Market Access
  - Dump their subsidized dairy products in Indian market
- India need to be cautious and ensure
  - Protection of domestic market
  - No favour in import duty on dairy products

Thank you

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