The EU India FTA and Agriculture

Ranja Sengupta, Third World Network

Workshop on “India-EU FTA: For Whom?”
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Casuarina Hall, India Habitat Center (IHC), Lodi Road, New Delhi
Livelihood=Food: Most small farmers eat part of what they produce, producers are consumers.

Need livelihoods to buy food. Shift is not easy as low skill + resources

Food self sufficiency: We become dependent on international trade for our basic food security. In times of food scarcity in global markets, how will we cope?

Speculation in global commodity markets by big players, control by a few firms

Volatility of global markets gets transmitted to domestic markets, hurts for both producers and consumers.
The EU-India FTA Provisions
(from unconfirmed sources and EC notes to CSOs)

- Targets Applied tariffs: to be 0 on >92% **products**
- EU wanted access to
  wines, spirits, cereals, dairy, poultry, processed food..
- Export bans to go?
- Subsidies & Non Tariff Barriers
- Intellectual Property Rights
- Investments and Land
- Service Trade Liberalisation: Retail etc
- Public Procurement
Unbalanced Deal

- India is cutting actual tariffs to zero, no protection at all.
- India has high tariffs, its main form of protection.
- EU has much lower tariffs but high subsidies and high standards (+ process) of agricultural products.
- We cannot negotiate subsidies under FTA.
- EU very cautious about high standards. Indian products generally cannot meet. If anything under FTA will be for all partners, not just India.
- So India loses its protection while EU keeps subsidies + non tariff barriers (standards, process).
As we move to zero tariffs, we reduce much more tariff than developed countries as our levels are higher (we also lose tariff revenue which could have been spent on social sectors, food subsidies).

![Fig. 8: Avg. MFN applied Duties for Agricultural Products (%): EU and India](chart)
**Projections**

Once these protections are removed, EU products are likely to flood Indian markets in these segments. European exports can also destroy value added agro processing in India, as well as basic crops by destroying the linkage with local processing industry.

**Impact Assessment studies**

- Agricultural trade surplus will become a deficit
- Exports will increase slightly but imports will increase much more
- Agricultural employment will fall
- Emphasis on service sector at the expense of commodities

**India**

- **Primary Products**: Initial Share 0.3, Final Share 1.2
- **Cereals**: Initial Share 0.3, Final Share 1.2
- **Other crops**: Initial Share 0.6, Final Share 0.6
- **Products from Animal Origin**: Initial Share 0.1, Final Share 0.1
- **Agrofood**: Initial Share 1.3, Final Share 1.3

**EU**

- **Primary Products**: Initial Share 4.9, Final Share 16.7
- **Cereals**: Initial Share 23.5, Final Share 17.6
- **Other Crops**: Initial Share 4.8, Final Share 5.7
- **Products from Animal Origin**: Initial Share 7.5, Final Share 10.4
- **Agrofood**: Initial Share 2.9, Final Share 5.3
Variation in Value ($ mln, 2020)

- Cereals: EU to India - 7, India to EU - 133
- Other crops: EU to India - 2, India to EU - 80
- Products from Animal Origin: EU to India - 150
- Agro food: EU to India - 321, India to EU - 83

Legend:
- Light gray: India to EU
- Red: EU to India
## Variation in value ($ mln, 2020)

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