

The India-EU FTA and its Implications on India's Food and Farm Sector

Shalini Bhutani

The sources of our food are farmers, fisher folk and livestock keepers. In fact, what we eat and drink comes from these small food producers from different parts of the country and across the world. Eating local has been made to go out of fashion by the world trading system. Trade in food has brought with it many social injustices and ecological concerns. It has today become less about feeding mouths and nourishing people and more about expanding businesses and increasing profits for the select few.

The 'free trade' agenda in agriculture has been set by and for corporate agribusiness. Europe's food and agriculture businesses play an important role in their domestic economies. For that reason and to bring down its dependence on agricultural imports from 'developing' countries the 27-member European Union (EU) its trade strategies and economic policies are getting more aggressive in this sector.¹

Table 1: Some EU companies in India with interest in food and farm-related businesses

	COMPANY	FROM	INTEREST
1	Advanta B.V.	Netherlands	Crop seeds
2	BASF	Germany	Agri chemicals and biotechnology
3	Bayer CropScience / ProAgro	Germany	Chemical pesticides, seeds biotechnology, agro fuels, animal healthcare
4	Carrefour	France	Food retail
5	Cimbria Unigrain A/S	Denmark	Grain storage, seed processing
6	Danisco A/S	Denmark	Food ingredients, bio products, dietary supplements
7	Good Food Group A/S	Denmark	Processed Foods
8	Groupe Limagrain	France	Crop technologies
9	Groupe Danone	France	Dairy products, baby food, mineral water
10	Incotec International B.V. group including Proteis	Netherlands	Seed technologies, plantation products
11	Nickerson-Zwaan B.V.	Netherlands	Vegetable seeds
12	Tesco	United Kingdom	Wholesale stores, e-groceries, food products

Source: compiled by author

Several member-countries of EU are keenly stepping up their agricultural exports. Agricultural products might be a small portion of the India-EU trade relations thus far, but small-farm agriculture and related activities are the mainstay of over 70% of India's population. Amongst them women in agriculture constitute over 60% of the active

1. <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A7-2011-0030+0+DOC+XML+V0//EN>

workforce. Meanwhile, India has slipped to the 67th position out of 84 countries on the Global Hunger Index.²

EU is the largest trading bloc in the world. And a free trade agreement (FTA) with India will be EU's biggest thus far. In 2004 EU 'upgraded' its relations to make India a strategic partner. In a new trade strategy for EU 2020, the European Commission intends to further focus on India to remove for itself obstacles to better functioning markets.³ The proposed FTA in the form of a bilateral trade and investment agreement (BTIA) is expected to facilitate this agenda. Through similar agreements Europe has been extending its area of influence in other parts of the world as well, such as Africa and Latin America. Moreover, such agreements despite their name are more than just about trade. They not only determine what a country can import or export and on what terms, but also influence domestic policy making in areas of investments, government procurement and intellectual property rights (IPR).

Table 2: Subjects that have impact on India's food and farm sector

Issues under negotiations	What EU wants and its effects in India
Tariffs	Elimination of over 90% of tariffs on agricultural products, fish included, within 7 years; processed foods and beverage sector could lay-off labour as and when cheap imports enter the market place; food imports would become more expensive for India
Sanitary and Phytosanitary (SPS)	Food Safety Standards and biosafety issues will be more denationalised
Technical Barriers to Trade (TBT)	EU not recognising India's quality evaluation certificates; this acts as non-tariff barriers on India's exports, thus small farmers can not access EU markets
Investment	Opening up of banking and financial services; among other things this implies increased presence of European banks which are not interested in rural credit and financial inclusion
Biodiversity	EU is seeking easy access to India's genetic resources and traditional knowledge with little protection to farmers and pastoralists or the biological resources and know-how that they depend on
Government Procurement	The opening up of government procurement for European suppliers could restrain government's policies to grant contracts to certain marginalised constituencies or as support to MSMEs
Intellectual Property Rights (IPR) <ul style="list-style-type: none"> ● patent ● data exclusivity (D.E.) ● plant variety protection (PVP) ● geographical indications (GI) 	<p>patent term extension on plant protection products; genetically modified products would get protection and climate-friendly technologies may become more expensive</p> <p>also affects healthcare for livestock other than access to medicines by farming families who in any case in rural areas have limited health services</p> <p>leads to privatisation of crop varieties, restrictions on farmers' freedoms and researchers rights</p> <p>GI-protected agricultural products for the brand identity and marketing of EU goods</p>

Several rounds of negotiations on India-EU FTA have already been held between the Government of India (GOI) and the European Commission. Yet no texts are available for public discussion. In fact not even the GOI's own Ministry of Agriculture is fully in the know. This is despite the fact that apart from the specific agriculture-related aspects in the proposed agreement, the said FTA will overall have some serious and long-lasting impacts

² www.ifpri.org/publication/2010-global-hunger-index

³ <http://trade.ec.europa.eu/doclib/html/146955.htm>

on food, feed, flora and fauna and ordinary peoples involved in small farm agriculture. The rules the FTA will impose are designed for large and powerful companies, and not for the small producer, farm worker, peasant, or micro and small enterprises. These rules range from control over means of production – machines, chemicals, seeds, land and water, to the markets where the produce will be sold and how it will be marketed.

Major Implications for Agriculture

FTAs further liberalise farming sectors and help in gaining access to new markets for agricultural exports. Drastic WTO-plus cuts in tariffs negotiated under the FTA, will make India's farm and fishery sector more vulnerable to volatilities of the global market. This adversely affects local producers both in informal agriculture, fisheries and small scale processing. India has been a net exporter of agricultural products and the FTA targets that to reverse the trend. In the trade talks EU makes a special request to India for access to duty-free imports of fish. Since 2010, EU is attempting to enforce a very strict policy that insists on a Catch Certificate from Indian exporters of seafood. EU is the largest buyer of Indian fish. The Seafood Exporters Association of India is itself keen to make its factories in the country's east and west coasts as international seafood processing hubs.

Through the trade agreement, EU is also seeking to cut India's tariffs down to zero or near zero levels for 90% of agricultural products. This will clear the way for EU members to dump their cheap subsidised agricultural products in India. With domestic subsidies and price controls that may be cut, the unorganised sector is particularly vulnerable. According to the FAO, India and Bangladesh faced the largest number of import surges of agriculture products in Asia over a 25 year period. The FTA would come in the way of applying special safeguard measures against that.

Meanwhile, EU's Market Access Advisory Committee, its working groups and teams in privy with corporate lobbyists, work precisely against what they together consider priority barriers that prevent EU members' entry into the Indian market.⁴ For instance, EU is seeking accelerated access in the dairy sector. The European Dairy Association considers India's import taxes 'unrealistically high'. Though dairy products are on India's sensitive list, EU is putting pressure on the Indian side to open up its market particularly for European cheeses.

It is important to note that the liberalisation of the dairy sector is affecting dairy farmers in Europe as well. In the last few years much anger has been directed at Brussels and EU's agriculture ministers for EU's low wholesale milk prices. Many parts of Europe have seen protests against the processing businesses that pay little for the raw material and charge high prices from the consumer for finished products such as yoghurt or cheese. FTA demands that banter to the request of industry on both sides, often sideline peoples' real concerns. The Confederation of the food and drink industries of the European Union (CIAA), welcoming the EU-South Korea FTA (that grants greater protection to over 160 EU geographical indications), is jubilant that it sets a clear precedent for future FTAs to be concluded by EU.⁵ CIAA is particularly concerned about the exports of value-added products from the 'new and emerging economies' like India.

Double Trouble

EU, as per its practice in other FTAs, is also very keen to include provisions on sanitary and phytosanitary standards (SPS) and technical barriers to trade (TBT) in the FTA. These limit the power of local communities and national governments to set their own standards in relation to biosafety, food safety and other health concerns. From 'leaked' texts it is

4 <http://ec.europa.eu/trade/creating-opportunities/trade-topics/market-access/export-from-eu/>

5 http://www.ciaa.be/asp/documents/detailed_doc.asp?doc_id=937

known that EU has asked for detailed provisions on SPS.⁶ EU-prescribed SPS standards would disallow Indian food products on the European market due to India's supposedly insufficient food producer traceability and market surveillance systems. Meanwhile, the British-Dutch multinational corporation Unilever, UK-headquartered GlaxoSmithKline and the Swiss giant Nestle representatives have made their way into India's Food Safety and Standards Authority's scientific panels.⁷

Intellectual Twist

Through the FTA's intellectual property (IPR) provisions the power and control of agribusiness TNCs over seeds and biological resources is advanced far beyond WTO standards. IPR further the privatisation of seeds and intensify monopolies over seed, pesticides, fertilisers and animal vaccines. European majors like the German Bayer CropScience are already notorious in India for the seeds and agrichemicals they sell. An industry-conducive IPR environment encourages proprietary agriculture technologies – such as genetically modified (GM) crops and fish. This has serious implications, socially, ecologically and for human and animal health. The application of 'modern biotechnology' in agriculture both in the absence of independent assessment of the technology and a biosafety regime in place in India is already a controversial issue.

Box: Biopiracy

A Danish company – Claras ApS, from EU member country Denmark, had in 2007 filed patent applications at the European Patent Office for slimming agents supposedly 'invented' from ginger, turmeric, cumin and onion. This is despite the fact that uses of these spices and vegetables are well known in *Ayurveda*. The protection of traditional knowledge has long been a contentious issue between India and other bio-rich countries at the receiving end of 'biopiracy' from technology-rich resource-hungry countries such as those in EU. The issue even finds place in the text of the proposed FTA, despite it being a totally inappropriate forum for the subject. In the proposed articles on genetic resources and associated traditional knowledge, EU is not willing to concede to India's demand that mandatory disclosure of the origin and source of the genetic resources and traditional knowledge by the inventor/patent applicant be part of national patent regimes. For more on this issue please see *FTAs: Trading Away Traditional Knowledge* www.grain.org/briefings/?id=196

FTAs like this one that demand corporate breeder rights re-orient agricultural research and inhibit grassroot innovation. This in turn undermines farmers' freedoms, endangers biodiversity and thereby severely impacts the climate resilience of small farm agriculture. After WTO, many countries in the South were arm-twisted to provide for IPR on crop varieties through plant variety protection (PVP) laws that impose restrictions on farmers activities like limited seed-saving, resowing with limits, exchanging amongst themselves only for self use, etc. Currently India has a mild version of a PVP law – the Protection of Plant Varieties and Farmers' Rights Act, 2001. It attempts to reconcile farmers' freedoms over planting material and commercial interests of plant breeders seeking to market "new" crop varieties.

EU had earlier insisted that like its trading partners India too have a UPOV 1991 compliant PVP law. UPOV Treaty and its 1991 version further curtail the natural rights of farmers and make them subject to the economic rights of corporate breeders. It brings in two big restrictions. One, that farmers can not save seeds other than for their own use, nor can researchers use the planting material freely. This strikes at the very root of both on-farm research and public science. Though it is believed that the current FTA text does not make

⁶ *EU-India FTA Negotiations: Latest texts on goods, SPS and IPR (24 February 2009)*

<http://www.bilaterals.org/spip.php?article14864>

⁷ *SC raps FSSAI* <http://www.downtoearth.org.in/content/sc-raps-fssai>

express mention of UPOV 1991 (as an earlier one did), but EU still does insist on IPR on plant varieties.

EU is also pushing for the inclusion of geographical indications (GI) in its bilateral agreements. The proposed FTA with India also contains a very detailed section on geographical indications. A geographical indication (GI) is a sign used on goods that have a specific geographical origin and possess certain qualities and characteristics related to that origin. Some of the well-known GIs include Basmati rice, Darjeeling Tea, Scotch whisky and Champagne wine. The EU has already identified over 700 GIs from Europe for food and agricultural products. For EU, GIs are a means to secure market control over agricultural products especially in competition with big trading partners.

Farm Investment

Through investment liberalisation provisions in the FTA, which facilitate investor takeovers of land and domestic food production, the people's rights to farm land, coastal areas and water use are put at risk. There is fear that such investment will also push conversion from food security crops to non-agricultural activities. For instance, many EU majors with strict biofuel targets are looking at countries like India for assured feedstock by "energy cropping". EU has also demanded detailed Articles on 'expropriation' in the investment negotiations. This would allow it to seek redress for damages for any alleged breach of investor protection rights by the GOI.

The cumulative effect of all these is on the right to food. While the above factors worsen the agrarian crisis, they also create an import dependency for food rather than promote local procurement for food entitlements. This comes with a range of questions about adequate nutrition, cultural appropriateness, genetic diversity, rural livelihoods, consumer costs and most of all about food sovereignty. Currently, a National Food Security Act is being considered in India. The proposed provisions of the FTA, could compromise the GOI's capacity to deliver on it. Less agricultural duties would imply fewer collections and decreased funds for Government for domestic support measures. Restrictions on government procurement imposed by the FTA would constrain the Government to get subsidised food for all by expanding procurement and keeping the procurement and distribution local. Opening up the very sensitive sector of agriculture from the Indian point of view will have devastating consequences. Also the irony is that our food producers are getting less and less food to eat themselves. In such a scenario a FTA is uncalled for. On the other side, the European Parliament has sounded a note of caution against negotiating FTAs that may put at risk EU's agriculture.⁸

Key Demands

Even before FTAs, in the context of the World Trade Organisation farmers groups and people's movements have been asking for agriculture to be taken out of the WTO. The reason is that food should come first and trade later. Only surpluses ought to be traded. We all also ought to know what the texts under negotiation actually say. All existing negotiating positions and government commissioned studies ought to be made public. So a demand for transparency ought to be foremost. All current proposals from both sides must be debated and discussed in parliament and with state governments. The unilateral changes being brought about by the GOI also need to be challenged. Groups in Europe have challenged the European Commission.⁹ Yet the struggle is not merely against GOI and the EU. There are special business interests which benefit from such agreements. The agro-industrial energy-guzzling food system has to be entirely overhauled. On a climatically-challenged planet we have to revert to local production, local consumption.

⁸ www.bilaterals.org/spip.php?article19189

⁹ www.corporateeurope.org/global-europe/content/2011/02/commission-sued-privileged-access

People's groups, farmers' movements and trade campaigners in Europe and India have repeatedly asked that the India-EU FTA be stopped. The gains predicted are more to EU, than to India. One should not lose sight of the impact that the agriculture-related provision in the FTA will have on small producers, rural populations and the general consumers in EU27 countries and cross India as well.

What you can do?

It is critical and urgent that more people be aware and get involved. Being a conscious consumer supports the struggles as well. At an individual level resisting this new 'Company Rule' in every aspect of our food and drink also helps. It will urge one to also seek the 'alternatives' that do exist. If we lose our food and farm freedoms, it will dearly cost us our freedoms as peoples and our sovereignty as a country. So it will be important to pass this on in our circles of family and friends, in public meetings, protest rallies, etc. Internalising the fight against such FTAs with ongoing people's struggles will also help to make the connections between movements. One should also demand full details of negotiations from the Indian government. There is also need to join hands and build solidarities with groups who are questioning and resisting similar free trade agreements across the world.

Some Resources

Bilaterals

www.bilaterals.org

Fighting FTAs

www.fightingftas.org

Forum Against FTAs in India

www.forumagainstftas.net

On the India EU FTA and the agricultural sector

www.newsclick.in/india/india-eu-free-trade-agreement

The EU India FTA in agriculture and the likely impact on Indian Women

<http://62.149.193.10/wide/download/Summary%20agriculture.pdf?id=1245%20>

Shalini Bhutani (emailsbhutani@gmail.com) is an independent researcher and lawyer based in New Delhi.



Madhyam

148, Maitri Apartments

Plot # 28, Patparganj

I. P. Extension

Delhi – 110092

India

Phone: +91 - 11 - 43036919

Email: madhyamdelhi@gmail.com

Website: www.madhyam.org.in

The views expressed above are the personal opinions of the writer. You are welcome to reproduce Madhyam factsheets for non-commercial purposes with due acknowledgments. We will appreciate if a copy of reproduced material is shared with us.