

# **Indian Coordination Committee of Farmers Movements**

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24.02.2020

To:

Shri Giriraj Singh

Hon'ble Minister of Animal Husbandry, Dairying & Fisheries

Government of India

Krishi Bhawan, New Delhi

Dear Shri Giriraj Singh,

**Sub: Indian government must stop any trade deal with USA that is detrimental to farmers' interests – No FTA to be initiated with USA**

It is now confirmed that India is going ahead to have a comprehensive free trade agreement (FTA) with the United States (US) soon, as announced by US President Donald Trump at the White House on 18<sup>th</sup> February 2020. Mr. Trump hinted that a small trade deal could still come out of his visit to India early next week, but he said a "very big trade deal with India" might not happen until the US election in November this year. His statement indicates that a mini trade deal might still happen next week in Delhi which could pressurise Indian government to open up our markets for US agricultural goods. Mr. Trump has often blamed India as "tariff king" and complained about Indian policies and regulations that have kept America from accessing our market of more than 1.3 billion people and about the trade deficit with India.

We have come to meet you today to express our serious concerns and objections regarding our government's moves to sign an interim or comprehensive FTA with the United States, sooner or later. Three months ago, India pulled out of Regional Comprehensive Economic Partnership (RCEP) and by doing so, we protected ourselves, our farmers and especially dairy and plantation sector farmers from the onslaught of cheap imports from Australia, New Zealand and China. It is sad that our Prime Minister is now appearing committed to opening our market for heavily subsidised agricultural goods from the USA. Reports suggest that American negotiators are demanding for the removal of various tariff and non-tariff barriers to facilitate access to the Indian market for major crops including corn, cotton, soybean, wheat, sugar and dairy.

We believe that when Mr. Trump visits New Delhi on 24<sup>th</sup> February, our government will sign the \$10 billion dollar deal (= >71000 crores) with the US administration as a so-called starter deal before the two countries decide to tackle larger trade issues under a comprehensive Free Trade Agreement later this year. In view of this, we are very concerned about the interests of millions of our dairy farmers who would be directly affected if India allows import of subsidized dairy produce from the USA.

## **THREAT TO INDIAN DAIRY SECTOR**

Indian dairy sector consists mainly of small and marginal holders, landless livestock rearers and women farmers and this deal has a direct bearing on 15 crore livestock farmers (many of whom own only one or two animals) who depend mainly on dairy for their livelihood. We also have milk producers' own cooperatives having the largest market share within our market. We are now shocked that the upcoming trade deal with the USA is also around giving access to Indian markets for American dairy produce! There is also the contentious and unacceptable issue of animal feed that has non-vegetarian and GM crops based components added. Further, it is not just the dairy sector that is under threat from this Indo-US deal.

### THREAT TO OTHER AGRI-PRODUCERS IN INDIA

We understand from reports that the American government and businesses are interested in opening up our market for wheat, corn and soy imports, in addition to import duty reduction on cotton, chicken, apple, walnut, almonds etc. For instance, it is cotton farmers who are mostly committing suicides in India, and any threat from subsidised cheaper cotton imports from the USA should be thwarted.

### EXPORTED AMERICAN PRODUCE IS MOSTLY TRANSGENIC

There is also the issue of the American produce of much of its exported material being of the transgenic kind. Any imports of such transgenic products into India, of corn or soy or canola or cotton or apples are not acceptable to us, there are concerns about biosafety, especially with herbicide tolerant/glyphosate-tolerant crops.

### USA IS THREATENING OUR FARMERS' LIVELIHOODS IN THE WTO

We also would like to draw your attention to the fact that the USA is threatening our farmers' livelihoods in the World Trade Organisation, objecting to the meagre support (through public procurement) being given by our government to food producers here, citing violations of rigged rules of the World Trade Organisation.

### LACK OF LEVEL PLAYING FIELD

What's more, in these trade deals, our farmers are being made to compete with heavily subsidised American producers without a level playing field being created. The US farm bill 2019 allotted \$867 billions as subsidy for American farmers! On the other hand, an OECD study shows that the aggregate Producer Support Estimate to Indian farmers is (-)14% over 2000-2016!

The ratio of investment on agricultural infrastructure in India and the US is of the order of 1:100000 dollars. With subsidies of the kind that America continues to provide because of the rigged rules of WTO and with this kind of infrastructure investments, the production cost of producers there is low, and competitiveness is higher. Trade injustice faced by our farmers is stark and unacceptable, as is apparent.

### TRADE DEFICIT DIPPING

The current situation is not positive, even though USA seems to be getting concessions out of Indian government in the name of a huge trade imbalance between the countries and India seemingly negotiating a restoration of benefits under the Generalised System of Preferences (GSP) for duty-free entry into American markets after meeting eligibility criteria laid down by the USA. The average duty concessions accruing to India is reported to be around \$240 millions in 2018 on exports worth \$6.3 billions (12% of India's total exports to the USA). There is no guarantee that India would get GSP back as a result of this FTA.

### IPR REGIMES IN AGRICULTURAL SECTOR

Immediately after USA complained on Tuesday, where the US President said "we're not treated very well by India", the Indian cabinet approved a plan to sign an initial pact on intellectual property rights (IPRs) with the United States on 19<sup>th</sup> February. However it is not yet clear what changes will be brought in India's IPR regime to assuage American interests. The government will have to face huge farmers' protests if India goes ahead with any violations to farmers' rights in the form of Intellectual Property Rights (IPR) regime changes that curtail farmers' seed rights etc. at the behest of American interests.

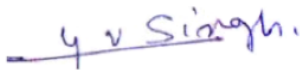
India is bending over backwards to appease the visiting American President despite the fact that just a few days ago, on 10<sup>th</sup> February, the US administration has kicked India out from its list of countries that are classified as "developing" for trade purposes. India is classified instead as a "developed" country – this not only strips benefits for India in international trade, but also puts into question even the meagre input and other subsidies being provided by the government to our farmers.

To us, this appears to be an all-out war that America has declared on India and its farmers, even as our government is laying out the red carpet for Mr Trump.

We are urging you not to go ahead with any trade deal with the USA that involves agriculture and that threatens our farm livelihoods, and not to initiate any Free Trade Agreement either – rather, we seek your attention to first resolve the many outstanding issues with the USA at the WTO including the USA's position on agricultural subsidies that challenge India's subsidies to our farmers while protecting its own huge subsidies.

If the Indian government proceeds with trade deals that don't take into consideration the various issues pertaining to our farmers, farmer movements like ours will be forced to intensify our agitations against such anti-farmer policies. However, we are hopeful that the same sentiment that made India take the wise decision of stepping out of RCEP negotiations will prevail in this case too and we urge you to ensure that no trade deal is negotiated and signed, now or later, that is detrimental to our farmers' interests.

Sincerely,



Yudhvir Singh

On behalf of Indian Coordination Committee for Farmers' Movements (ICCFM)

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