VI. Conclusion

India perceived the possibility of losing so much because of the new round of trade negotiations. So the country stood strongly against the new round so as to protect its agricultural economy. However Korea supported the new round in order to find more opportunity for the export of its industrial goods. At the same time, the country tried to establish its position under the E.U. umbrella in the agricultural negotiations.

The developed countries failed to recognise a fundamental issue that developing countries like India and Korea give agricultural subsidies to attain food self sufficiency and to increase rural employment whereas those advanced countries subsidise agriculture production for export. In the process of the division of holdings, a large number of farmers in India and Korea possess only small parcels of land which are not commercially viable. But those small and marginal household farmers are called upon to face the challenge of world competition.

In India, one of the most important consequences of growing pressure on land is the declining trend in the average farm size per capita. And the size of average holding is very unevenly distributed among the states. The majority of the peasantry subsists on marginal holdings being unable to compete with the farmers of agri-product exporting countries. Per capita net availability of cereals and pulses in India rapidly declined after 1998. The massive decline is the result of an unprecedented decline in purchasing power in rural areas following directly from a number of deflationary policies at the macroeconomic level, combined with international price declines for the larger volumes of export crops produced in India following trade liberalization.
In Korea, most farms have several parcels of land, which leads to a fragmented farm structure. The possibility of expanding cropland is limited, judging from the past trends and an increasing demand for non-agricultural land uses. To compensate for the loss of labour and small farm size, agriculture has become intensive with regard to input use. Agricultural output has increased greatly as a result of productivity gains which have been derived mainly from high-yielding variety seeds and increased investment in the agricultural sector. Rising income and population growth have created increased demand for livestock products, vegetables and fruits. However although agricultural production has increased, Korea is still a major net importer of food products importing up to 73.2% of its agricultural products. Thus the vulnerability of the country's agricultural sector is worse than Indian agricultural sector.

The continual incidents of large number of suicides of small-marginal farmers both in India and Korea are instances where farmers were forced to bear on their own risks of high interest on credit and lack of remunerative prices for the commodities in the competitive era under the WTO regime.

The most notable impact of the AoA implementation in Korea was felt in agricultural trade performance. The import value of agricultural products has substantially risen from an average annual amount of USD 6,109 million for 1986-94 to USD 9,220 million for post-UR period (average annual for 1995-98), which shows a 50.9 per cent increase. During the corresponding period, agricultural trade deficit has risen by 48.3 percent from an average annual amount of USD 5,058 million for 1986-94 to USD 7,501 million for the post-UR period. In 2004, agricultural trade deficit increased further to USD 8,481 million with USD 2,135 million export and USD 10,616 million
import. Vegetable and livestock producers in particular are frustrated with importers, merchants, and middlemen deliberately obscuring the origins of products and taking high margins in marketing. Large conglomerates' (chaebol) involvement with food import businesses was also described as blatantly inconsiderate and unfair. Apparently, the decreasing agricultural workforce relates to high production costs, which means low competitiveness. The government argues that the market opening is inevitable, which may be good for the whole country. But rural villages have suffered many of economic problems. The main reason is that while the prices of labour charge, farm equipment, materials, and seeds have increased, the prices of agricultural products have dropped almost a half in the era of the WTO regime.

Developed countries' frequent and extensive use of different prohibitive forms of export subsidy seriously threat to agricultural exports of the developing countries like India. Because of continuance of export subsidies by these countries, India could not enjoy the fruits of her comparative advantage. Unfair Anti-dumping measures against Indian exports of agricultural products by the developed countries also seriously deprived India's gain in world agri-markets.

On the other hand being a net food-importing country, Korea's main worry lies in the adverse impact of the highly subsidised agricultural products by the export subsidy of agricultural product exporting countries. The overall food self-sufficiency ratio fell down to 26.8 per cent in 2005 from 95 per cent in the 1960s. Even certain products that achieved self-sufficiency are only due to heavy tariff protection.

Due to the vulnerability of their agricultural economy, India and Korea usually share a common view on WTO regulations on agriculture. However the two countries share a
different view on Green Box Measures. The EU, Japan, Korea, Norway, Switzerland and Mauritius – known as the 'Friends of Multifunctionality' – and transition economies have called for more flexibility to pursue non-trade issues such as the environment, rural development, food security and animal welfare. These countries are close to their AMS limit, and if significant reductions are agreed during the current WTO negotiations, they would be required to reduce their domestic support to agriculture. It is therefore hardly surprising that Korea is looking for reasons to have other issues warranting the status of 'exceptional' and therefore deserving subsidies.

Although India's textile and clothing export industries are on the relatively positive side under the post-MFA regime it is still negative in case of agri-products export. The high tariffs, qualities restrictions, strict hygienic restrictions, package standards, labelling requirements, etc. have been discouraging India export of agricultural products. Health consciousness has also raised the demand for quality products, where India's food processing industries have been trailing behind. The provision of social clause provides another weapon in the arms of developed countries to impose restrictions on the exports of India.

As far as SPS measures are concerned, Korea shares a different view from India. Demands from civic groups and consumers as well as farmers for a careful inspection procedure for imported foods and standards for products and processes used in the food system have increased in conjunction with the growing availability of imported products.

The global agri-business, governed by the WTO regime, will have far-reaching implications for Indian and Korean agriculture. Unfortunately, in the emerging
liberalised and globalised environment, Indian and Korean domestic agricultural sector is becoming weaker and getting further marginalised. With the decline in infrastructural investment by the state and with the withdrawal of various types of domestic incentives and also with the increased threat of dumping of agricultural goods in the liberalised framework, there is every danger of the domestic agricultural sector shrinking further, thereby generating and further aggravating the huge problems of poverty, unemployment and rural deprivation. Despite commitments to reduce subsidies, the countries in E.U. are continuing their agricultural subsidy programme, in some form or the other. The bringing of intellectual property right (TRIPS) in the purview of WTO have serious effects on Indian and Korean agriculture through patenting of seeds. There is, thus, an urgent need to evolve appropriate policy measures and undertake a serious research so that ways and means could be found to prepare Indian and Korean agriculture for the fast changing domestic and global scenarios.