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## Making tariffs work as quotas

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fruits and vegetables (354), meat (245), cereals (217) and dairy products (181). On coffee and tea, there are 56 TRQs, while on sugar their number is equally significant at 51. In all these commodities, India has substantial export interest.

The study also brings out that on an average, tariff on import of agricultural products outside the quota is substantially higher than on inside quota imports — Japan 274 per cent as against 20 per cent or 13.7 times; Canada 203 per cent against 8 per cent or 25 times and the EU 45 per cent against 8 per cent or about 6 times.

The average tariff levels given above conceal substantially higher tariff on individual products. For instance, in Japan, the duty on imports of beans, peas and lentils is in the range of 460-600 per cent. In EU, import duty on bananas is 180 per cent. At such prohibitive rates, it is virtually impossible for countries like India to gain entry into their markets.

The developing countries have also been denied a fair share in the 'within' quota imports. This is because of the administration of TRQ by developed countries in a non-transparent and discriminatory manner. Thus, in allocation of quotas, they have generally favoured countries with whom they have preferential trading arrangements (PTA) e.g., imports by USA from Mexico under NAFTA. During the review of the Agreement on Agriculture (AoA), we should therefore insist on complete dismantling of the TRQ regime. India should also seek lowering of existing tariffs to reasonable levels (once the lure of imports at concessional duty disappears, developed countries will have no basis to justify high rates). This will result in a level playing field for all countries, who can then export purely on the strength of their competitiveness.

India operates a system of TRQ in respect of some agricultural items. This will have to be given up in order to strengthen our case for seeking dismantling of TRQ by developed countries in the overall interest of increasing our exports. In view of the overall interest of promoting free/unrestricted flow of agricultural commodities across national boundaries it is imperative that the government should take all necessary steps - both at the national and international fora (mainly at WTO) to facilitate complete dismantling of the TRQ regime in all parts of the world.

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