

FTA with US will Destroy Indian Peasants

When we commented on the decision of Indian government to stay away from RCEP, we captioned it as “Exit RCEP-Entry US” We concluded: “At a time when the Indian economy is passing through a severe recession with falling industrial production, agrarian distress, and a severe unemployment crisis, the government’s decision to come out of RCEP negotiations may appear to have taken to protect the domestic producers. But the reality is otherwise. The US imperialism has been increasingly drawing India into its hegemonic designs in Asia aimed at isolating China and formed an axis with Australia, Japan and India. The US imperialism cannot stay as a mute spectator when some negotiations are going on which makes the Indian market accessible to China. The US imperialism used a proposal to have ‘interim’ trade agreement as a bait for India to take and pressurised it to come out of RCEP. The Indian government complied with the US wishes.”

On 24 February 2020, Donald Trump made a two-day visit to India where he was expected to sign a bilateral free trade deal with Narendra Modi. A statement issued from that meeting said that the two leaders agreed to soon conclude an “interim trade deal”, if possible before the end of the year. This would be followed later on by a comprehensive trade agreement. There is no open discussion or consultation on the proposal, nor has a text been made available to the public or discussed on the floor of the Indian Parliament. It is clear that India’s agricultural sector will be the main negotiating point. Undoubtedly, it will destroy the livelihood of millions of peasants and small businesses.

With “America First” slogan, Trump managed to seal a partial trade deal with Japan, upgrade the US-South Korea FTA, renegotiate the North American Free Trade Agreement (now the US-Mexico-Canada Agreement or USMCA) and start negotiations for new FTAs with China, India, the European Union (EU) and post-Brexit United Kingdom. He even set out to negotiate the first ever comprehensive FTA with a sub-Saharan African country, Kenya. With the exception of the USMCA and the Kenya deal, all of these FTAs are partial in scope, covering only a few sectors or rules.

Take the case of US trade agreement with the post-Brexit UK being negotiated behind closed doors. Despite the Conservative government pledge that it would not compromise on standards in the areas of food and environment, the government now proposes that chlorine-washed chicken, beef treated with growth hormones, pork from ractopamine-injected animals and many other toxic foods produced in the US will be allowed into the UK.

The US has been arm-twisting India to bring Indian agriculture under corporate control. Recently, under cover of Covid relief package, Indian government issued ordinances on the marketing of agricultural produce. These ‘reforms’ would serve to further accelerate this process of submitting Indian agriculture to the whims of agri-business corporations.

The article *‘Perils of the US-India free trade agreement for Indian farmers’* published on the *grain.org* website highlights what could be in store, if FTA with US were to be signed.

A US-India FTA could be worse than RCEP. Indian peasants, having an average land holding of less than one hectare, will be forced to compete with US farmers whose average landholding is 176 hectares. There are 2.1 million farms across the US employing less than 2% of the population, with average annual on-farm income per farm household of \$18,637. Whereas more than half of India’s 1.3 billion that depend on agriculture do so for their livelihoods, with the average annual income of per farm household (from all sources) at less than US\$1000.

The interim trade deal between India and the US is expected to be agriculture-focused. If signed how it will affect the Indian peasants needs a close examination.

Gaining Monopoly over Seeds

The core element of US FTAs since the 1990s has been ratifying the 1991 convention of the Union for the Protection of New Plant Varieties (UPOV) providing patent-like rights to seed companies. All most all the deals made by Trump had provision to this effect. The USMCA obliges Mexico, which is a member of UPOV under the 1978 convention, to upgrade to the much harsher UPOV 1991 version.

India has a declared policy not to join the UPOV convention which claims to protect the interests of its millions of peasants and non-corporate breeders. The proposed US-India FTA will seriously curtail the rights of Indian peasants if the Modi government has decided to join UPOV. Given the recent scandal over the alleged infringing of a PepsiCo potato variety in 2019, it is quite possible that the US seed industry will push for stronger seed monopoly rights under the US-India FTA and eliminate possibilities for farmers to save seeds.

“Harmonisation” of Agricultural Trade:

Harmonisation under US FTAs means bringing other countries closer into line with the US’ lack of health and safety precautions: restrictions should be minimalised so that trade can grow. The USMCA contains a new chapter on regulatory good practices and another on sanitary measures that go further in advancing “equivalence” between the three countries’ health and safety standards. The goal is to ensure that if one country says a product is safe under its regulations, the other two will accept the product as safe.

“The US-China trade deal imposes speedier food safety checks for imports into China and speedier approvals in China for GMOs. As a result of the deal, China allowed the import of GM papaya and soybean from the US in December 2019, and the following month approved five GM crops for animal feed. In the current trade talks between the US and UK, the US agribusiness lobby is pushing for the slashing of regulatory standards in UK on pesticides, GM crops, and the production of chicken and meat products. Cargill has demanded that the US seek “complete agricultural market access” for its company and “eliminate intended or unintended non-tariff barriers in the agriculture sector.”(grain.org)

The US imperialism will put fierce pressure on India to allow imports of GM products. In 2018, the US-India Business Council already made a recommendation that food products marketed in India with 5% or more GM ingredients be labeled accordingly. This was nothing but permitting backdoor entry of GM products into the country. US companies have equally been trying for the last several years to get India to import GM animal feed. Recently, India’s GM regulatory body has sought more inputs to possibly allow this. So, US imperialism’s pressure to loosen restrictions will grow on Modi government.

The regulatory changes being proposed in the US-India FTA in the guise of ‘harmonisation’ and witnessed in many trade deals signed under Trump’s Presidency will have a tremendous negative impact on Indian peasants economic health, its’ environmental safety, its peoples’ health and its food sovereignty.

Diary

One of the main concerns of RCEP negotiations was its proposal to open up Indian diary sector to foreign investors. Since December 2018, India allowed dairy imports to enter from the US with strict mandatory certification specifying that the products are not derived from livestock reared with feed containing “blood meal, internal organs, or ruminant tissues” Blood meal is a high-protein supplement made from blood and other leftover parts of slaughtered animals. Companies using it claim that it is a cheap and effective source of nutrition that offsets the amino acid requirements of cows on U.S. dairy farms and animal factories. In reality, the only reason to use it is to maximize profits, because it makes use of what would otherwise have been managed as toxic waste. It is also a source of disease transmission and is unnatural, as it feeds animals with animals of the same species. The US has so far been reluctant to comply and describes these requirements as “scientifically unwarranted”. News reports indicate that the Indian government is considering offering access to US dairy with a 5% tariff from the current tariff of 30% to 60%, and limited quotas under the FTA.

The US dairy sector widely uses genetically modified growth hormone called recombinant bovine somatotropin (rBST) to increase cows’ milk production by 10-15%. Its use is banned in the EU, Canada, and many other countries due to concerns about human and animal health. Despite that Canada is now forced to import rBST milk products from the US under the USMCA.

The dairy industry in the US is concentrated in mega-sized operations, with a declining number of dairy farms and rising number of cows per farm. Around 35% of milk produced in the US comes from farms with more than 2,500 cows, and 45% comes from farms with less than 1,000 cows. In 2015, the US government doled out \$22.2 billion in direct and indirect subsidies to its dairy sector. Despite huge subsidies, US dairy farmers operate at a loss, while mega corporate fleece profits.

India is producing more milk than any other country. 150 million small landholders, with two or three cows or buffaloes are producing this milk and it is their backbone. This milk is either consumed by producers or sold to non-producers in rural or urban households through an extensive network of cooperatives and small-scale vendors. More than 70% of what consumers pay for milk goes to the producers.

Poultry

The US has been trying to enter India's poultry market to dump its frozen chicken legs. India imposed 100% tariff on poultry. During the US-India trade talks, India has offered to allow imports of US chicken legs at an import duty of 25%. But US demanded tariff cut to 10%. Indian poultry sector strongly opposed as the cheap poultry imports will lead to the closure of hundreds of thousands of domestic chicken farms and processing units, and render about four million people jobless.

The import of frozen chicken from the US will also impact India's small peasants who grow maize and soybean, two key crops used for poultry feed and for which India is self-sufficient. The maize and soybean used for chicken feed in US are mainly GM. US chicken feed contains meat meal from recycled animal by-products (mainly beef and pork) and washes chicken carcasses with chlorine.

Beef and pork residues, GM feed and chlorine washes are very strong grounds to restrict imports of US chickens. Dumping of US chicken has already had major impacts in parts of Asia and Africa. In Vietnam, the Animal Husbandry Associations filed a complaint in 2015 when subsidised chicken from the US was sold at below the local market price. In South Africa, imports of frozen chicken from the US at below cost price led to a third of the workers losing their jobs because poultry firms were pushed out of business.

The US poultry sector is dominated by five big corporations: Tyson Foods, Pilgrim's Pride, Sanderson Farms, Perdue Farms and Koch Foods. In 2016, they controlled more than 50% of chicken, beef and pork markets. Therefore, the threat of serious impact from US subsidised poultry import is quite real.

Maize:

Maize is another commodity crop which the US overproduces for export. In 2018-2019, the US produced almost 400 million metric tonnes, 14% of which was exported to more than 73 different countries. Given that India has the world's largest dairy herd, is the third largest broiler producer and the fourth largest egg producer, India could be a huge market for US maize. The US-India FTA will probably open up Indian market for maize imports from US.

After rice and wheat, maize is India's third most important cereal crop, accounting for around 10% of total food grain production. Maize is not only used for human food and animal feed but serves as a raw material for thousands of industrial products as well. Due to the increasing demand for poultry feed and starch, India's import of maize reached one million tonnes in 2019. This is causing the local price of maize to decline. US maize is dumped in international markets at 12% below the cost of production. If India allows the import of US maize at this rate under the proposed FTA, the domestic price of Indian maize will see a drastic slump. As a result, Indian peasants might face a situation similar to what Mexico growers faced after the signing of NAFTA. More than two million Mexicans lost their livelihoods as the trade deal flooded Mexico with subsidised maize from the US.

Soybean:

Soybeans and their products are the most traded agricultural commodity in the world, accounting for more than 10% of the total value of all global agriculture trade. The US is the world's largest soybean producer, which it exports in three forms: whole beans, meal and oil. Soybean exports from the US have increased dramatically since 2000 and almost the entire US soybean crop is GM. Research from the Institute of Agriculture and Trade Policy shows that commodity support given to US soybean goes to US agribusiness corporations, not to farmers.

India was never a significant importer of US soybean, but occasionally imported US soybean oil or soybean in split form. However, it is expected that the FTA will swell India's market for US soybean oil, and potentially weaken India's biosafety regulations to allow the import of whole soybean and soybean meal as well.

Import of GM soybean from the US would be a disaster for the millions of Indian soybean farmers and also to consumers due to their vegetarian habits. India is the world fifth largest producer of soybean. More than 90% of the soybeans it produces are used for oil extraction and for manufacturing oilcake and oilmeal. Import of huge quantities of highly subsidised US soybean at rates below the local market will depress prices in India causing great hardship and loss of livelihood to Indian soybean farmers.

Indian Prime Minister claimed that his government withdrew from the RCEP trade talks because they did not address the concerns of India's farmers. The very PM agreed to have an interim trade deal with Trump that will destroy the livelihoods of Indian peasants and would greatly compromise India's interests in biological diversity of local seeds and plants which are conserved and reused by millions of Indian farmers year after year. It is time that Indian farmers rise again, and resist any possibility of signing the US-India trade deal, as well as the proposed trade deal with the EU.

* * *