

# INDIA, WTO AND TRADE ISSUES

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## Q & A

### Development dimension key to resumption of global trade talks: Anand Sharma India's new Commerce and Industry Minister speaks on the Doha Round



Mr. Anand Sharma is India's new Commerce and Industry Minister. He has taken over the reins of the Ministry at a crucial time. The Doha Round of WTO negotiation is at a stage where technical work is almost complete and the political process is expected to play a more important role in concluding the Round. India's new Foreign Trade Policy is also to be unveiled shortly under his stewardship. Mr. Sharma, the former Minister of State in the Ministry of External Affairs, brings to the Commerce Ministry a wealth of experience. He has been a Member of Parliament since 1984 and has served in various Parliamentary Committees and participated in several high level negotiations in his capacity as Minister of State for External Affairs. In an exclusive Q & A with *India, WTO and Trade Issues*, the Minister spells out his perspective on the current Doha Round of multilateral trade negotiations.



**Dr. Rahul Khullar takes over as Commerce Secretary**

Dr. Rahul Khullar, a 1975 batch UT Cadre IAS officer, took over as the new Commerce Secretary of Government of India on 11 June 2009. Before this, he was Secretary, Department of Disinvestment. He has a long experience of working in the Commerce Ministry at the levels of Joint Secretary, Additional Secretary and Special Secretary between

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## Q. Assessment of the current state of play of Doha Round of negotiations ?

- A. While negotiations at the WTO are yet to resume formally after the winter break, the Doha Round has been on the agenda of several international meetings in the recent past. This includes meetings of the G-20 on 15 November 2008 and 2 April 2009, the meeting of the Cairns Group in Bali in June 2009 and the OECD Ministerial Council Meeting in June 2009. These occasions have been used by the Director General (DG), WTO and others to press for an early resumption of talks. On the whole, there is a favourable opinion for an early conclusion of the Doha Round. Such a sentiment can get a further fillip if the development dimension of the Doha Round is given its due primacy. So, on the whole, the

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*Prospects and challenges of GIs in India: Excerpts from new research paper by Kasturi Das, Fellow, Centre for WTO studies (See page - 9)*

climate is conducive for the WTO Members to get back to the negotiating table. While there have been some demands for a new approach, the majority, including India, are in favour of continuing from the point where the negotiations have reached so far.

**Q. What needs to be further done to successfully conclude the Doha Round of negotiations ?**

**A.** India strongly favours a fair and equitable rule-based multilateral trading regime as it best serves the needs of developing countries. India, therefore, looks forward to an early conclusion of the Doha Round. However, substance and not timelines should be the main driver. Development is at the core of these negotiations and cannot be compromised. The draft texts of 6<sup>th</sup> December 2008 for Agriculture and NAMA must be the basis on which further negotiations are held. Further, all issues being discussed in the negotiations are part of a single undertaking. Therefore, adequate balance among major issues has to be ensured in the agreement.

**Q. The core issues of India's interest that must be addressed for a successful conclusion of the Doha Round ?**

**A.** Food and livelihood security of the poor is critical to developing countries and this cannot be compromised in any situation. A substantial and effective reduction in domestic support and tariffs on agriculture products by developed countries and sufficient flexibilities for developing countries to protect and promote the interests of their low income and resource poor farmers is a priority for India in the agriculture negotiations.

Under the Non-Agricultural Market Access (NAMA) negotiations, India has been negotiating for flexibilities that are both appropriate and adequate to protect the sensitive industrial tariff lines of its cottage, micro, small and agro-based industries from the purview of tariff reductions or bindings. These flexibilities are intended to protect India's infant and vulnerable industries.

India has been working closely with the coalition partners in developing country groupings like the G-33, G-20 and NAMA-11 in order to achieve the most favourable outcome possible in the interest of developing countries.

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***Dr.Rahul Khullar takes over as Commerce Secretary***

the period May 2004 to January 2009. From April 2006 till January 2009, in his capacity as Additional Secretary and then Special Secretary, he led the Indian negotiations in the WTO as well as the negotiations on India-EU Free Trade Agreement. An alumnus of St. Stephen's College and Delhi School of Economics, he has a distinguished academic record in economics, having stood respectively second and first in Delhi University in graduation and post graduation. He has been a Visiting Professor, Department of Economics, Boston University and a lecturer in Economics, Kennedy School of Government, Harvard University, USA. He has also served in the Asian Development Bank as a professional economist during the period 1993 - 2000 and *inter alia* served as a Senior Economist for Indonesia after the Asian Financial Crisis in 1997.

**Meetings in Washington, Bali and Paris**

Commerce and Industry Minister Mr. Anand Sharma attended the OECD ministerial meeting on 25<sup>th</sup> June in Paris. He addressed the ministerial meeting as the lead speaker in the session on 'Keeping markets open for Trade and Investment'. In his remarks, he cautioned against protectionist tendencies of some developed countries in times of economic downturn, which would adversely impact developing countries. He reaffirmed India's commitment to successful conclusion of the Doha round, to create a rule based multilateral trading system which is fair and equitable and addresses aspirations of developing countries.

On the margins of the meeting, the IBSA trade ministers (India, Brazil and South Africa) issued a joint declaration reaffirming that the needs and aspirations of developing countries must remain at the forefront of the Doha development round. They highlighted the imperative of putting in place a rules based



*Commerce and Industry Minister  
Mr. Anand Sharma with USTR  
Mr. Ron Kirk in Washington*





The Minister with  
Dr. Celso Amorim of Brazil in Paris

multilateral trading regime which is fair and equitable and addresses the legitimate aspirations of developing countries. They jointly emphasized that it would be unreasonable

and unrealistic to expect further unilateral concessions from developing countries in the present economic crisis.

Mr. Sharma also held substantive bilateral talks with USTR Ron Kirk, EU Trade Commissioner Baroness Catherine Ashton, Canadian Trade Minister Stockwell, Japanese METI Minister Mr Nikai and Agriculture Minister Mr Shiba, DG WTO Pascal Lamy, and South African Trade Minister Rob Davies.

## EVENTS

### Workshop on Mainstreaming Gender in Trade Policy

On 4-5 May 2009, the Centre for WTO Studies in collaboration with the Commonwealth Secretariat and the Department of Commerce, Government of India, organised a Workshop on 'Mainstreaming Gender in Trade Policy at the National Level: The Way Forward' in New Delhi. The topics covered included: Mainstreaming Gender in Trade Policy: An Overview of progress and Challenge; Evidence and

New Research on Gender and Trade. There were also panel discussions on topics like Mainstreaming Gender in Trade Policy: Capacity Building at National Level and Strategies and Instruments. The Workshop was attended by more than 40 participants including 30 international participants who found the programme useful in grasping gender related issues in trade policy formulation.

### Training on WTO General Agreement on Trade in Services (GATS)

Services now contribute more than 50% of India's GDP and are also its major foreign exchange earner. India is active in WTO seeking more liberal commitments in services sector. In order to build the capacity of the officials of the various Ministries as well as private sector and professional organisations in India, the Centre for WTO Studies in collaboration with the Department of Commerce and the WTO Secretariat organised training on WTO GATS and Trade Negotiations at the Indian Institute of Foreign Trade from 27 to 29 May 2009. Mr. G. K. Pillai, Commerce Secretary, inaugurating the training programme, highlighted the importance and contribution of trade in services in Indian economy. He said the participants should acquire a deeper understanding of domestic regulations and other barriers that impede trade in services as it was important for India to protect the benefits from the market access opportunities that would be available after successful conclusion of the Doha Round, stressing that such training would help in overcoming the 'fear of unknown' from liberalisation in services trade. Mr. K. T. Chacko, Director, IIFT, also highlighted the importance of the subject and said the time was opportune for organising the training. The resource persons for the training programme Mr. Hamid Mamdouh, Director and Mr. Aik Hoe Lim, Counsellor in Trade in

Services Division, WTO Secretariat, Geneva, stressed the importance of such technical assistance programmes of the WTO while giving a brief outline of the course programme. The training covered subjects such as an overview of GATS including its architecture, scope and coverage; general obligations arising in GATS; the 'art of scheduling' commitments and application of GATS to specific sectors, namely, Financial Services, Telecom and Mode 4; Negotiations on Domestic Regulation; and GATS and Preferential Trade Agreements. There were practical exercises regarding scheduling of specific commitments and other interactive sessions. One session was devoted to an overview of the ongoing services negotiations in the Doha Round. The participants appreciated the training course and expressed the view that a one week training would have allowed more time for scheduling exercises and covering other services sectors. Mr. Mamdouh explained that the course structure was devised keeping in view the member's interest on the subject and that participants could get in touch with them subsequently, should they need further clarification on any provision of GATS. Mr. Hoe gave a brief on the on-line e-training programme that would be launched on the WTO website later this year. Professor Shashank Priya commended the resource persons for excellent

presentations and highlighted that the Centre for WTO Studies was becoming a central point for WTO training courses. Professor Madhukar Sinha thanked the participants and the resource persons for their contribution to the training. Professor Rajan Sudesh Ratna thanked the WTO and the

Department of Commerce for providing the technical assistance on a very relevant subject and assured the participants that their suggestions would be kept in mind while organising future programmes.



Mr. G. K. Pillai, Commerce Secretary, at the inaugural of the Training on WTO General Agreement on Trade in Services. Others ( L-R): Mr. Hamid Mamdouh, Mr. K. T. Chacko, Mr. Aik Hoe Lim and Prof. R. S. Ratna.



Participants at the training on Services



A participant receiving certificate from Mr. Aik Hoe Lim. Others (L-R): Prof. Madhukar Sinha, Prof. Shashank Priya and Mr. Hamid Mamdouh

### Workshop on India's Duty Free Tariff Preference Scheme

In the WTO Hong Kong Ministerial Conference held in December 2005, an important decision was that all developed country members and, all developing country members declaring themselves in a position to do so, will provide duty free and quota free market access for all products originating from all Least Developed Countries (LDCs). During the India-Africa Forum Summit held in April 2008 in New Delhi, Prime Minister of India, Dr. Manmohan Singh, announced the implementation of India's unilateral Duty Free Tariff Preference (DFTP) Scheme for all 49 LDCs, including 33 LDCs located in Africa. In order to improve the awareness regarding this Scheme amongst LDCs, Centre for WTO Studies organised a one day Workshop on 8 June 2009 on India's DFTP

Scheme in collaboration with the Department of Commerce. Delhi-based officials and diplomats of LDCs attended the Workshop which aimed to provide a platform for exchange of ideas and dissemination of information for the beneficiary countries. Addressing the inaugural session, Mr. K. T. Chacko, Director, IIFT, highlighted the importance of the Scheme for strengthening commercial relations between India and LDCs, especially those in Africa. He further explained that under the present global recession, while most of the developed countries were protecting their markets by imposition of new non-tariff measures, it was the markets of the developing countries which LDCs needed to explore more. India's DFTP Scheme could



be used as an opportunity to expand their market access, he added. Mr. Amarendra Khatua, Joint Secretary, Department of Commerce, gave a brief outline of the Scheme and stressed the need for exchange of business delegations, seeking necessary technical cooperation and approaching the Indian Missions present in their respective capitals for any assistance on this Scheme. He also stated that India was looking forward to organising similar workshops in the beneficiary countries. Mr. Ashok Tomar, Joint Secretary, Ministry of External Affairs, gave a broad overview of India's relationship with LDCs, especially those in Africa and dwelt on India's Letter of Credit Scheme that had been in place for facilitating trade with these nations. The DFTP scheme was explained by Mr. Khatua and

Mr. S. K. Reddy, Director (International Customs) and a business perspective was presented by Mr. Manab Majumdar, Senior Director, FICCI. The Centre for WTO Studies prepared a Background Note on the benefits for the beneficiary countries which has identified some of the important products originating from African countries where new market access opportunities would open up under the DFTP scheme. A presentation highlighting the trade benefits was made by Professor R. S. Ratna. The participants appreciated the initiative and requested the Centre to do a similar exercise in their capitals where the policy makers as well as business people could be educated about the benefits of the Scheme.



Mr. Amarendra Khatua, Joint Secretary, Department of Commerce, addressing the inaugural function of the Workshop on India's Duty Free Tariff Preference Scheme. Others from Left to Right: Prof. R. S. Ratna, Mr. K. T. Chacko, Director IIFT and Mr. Ashok Tomar, Joint Secretary, Ministry of External Affairs



Participants at the Workshop on India's Duty Free Tariff Preference Scheme

## Seminar on Suppliers' Declaration of Conformity (S-DoC)

Fulfilment of technical standards for product safety, health, environment protection etc. in the developed country markets is a major challenge for developing countries. This is normally done by conducting checks on the imported goods at the border to verify conformity with standards. This increases transaction cost and delays goods clearance. Some countries have adopted alternate approaches like equivalence agreements, Mutual Recognition Agreements and Suppliers Declaration of Conformity. The Centre for WTO Studies organised a two-day Workshop ( 30 June - 1 July 09) on the operation of Suppliers' Declaration of Conformity (S-Doc) of the European Union in collaboration with the European Commission and the Department of Commerce, keeping in view India-EC bilateral FTA negotiations. The Workshop was inaugurated by Mr. K. T. Chacko, Director, IIFT. Mr. Carsten Sorensen, Counsellor, Trade & Economic Affairs, Delegation of the European Community to India, Bhutan and Nepal gave a brief overview of the system of S-DoC followed in the European

Community. The technical sessions covered subjects like European legislative framework for industrial goods; S-DoC and its salient features; documentation regulation for the S-DoC supplier; market surveillance under S-DoC system; and case studies on S-DoC. The EC team also highlighted the role of EC's Export Help Desk in getting more information on S-DoC with respect to products proposed to be exported to EC. The Indian business perspective was presented by Shri Chetan Bijesure, Deputy Director, FICCI, New Delhi. 44 participants drawn from government departments and business associations took part in the workshop, and found the sessions useful in understanding the system of S-DoC. There were active exchanges of ideas regarding challenges in implementing the system of S-DoC. Addressing the valedictory session of the Workshop, Mr. K. T. Chacko thanked the EC resource persons for sparing the time to explain the provisions of S-DoC to the Indian officials and business community.



Mr. Bert Van Dijk addressing the participants during the inaugural function of Seminar on Supplier's Declaration of Conformity. Others from Left to Right: Mr. Bjorn Nilsson, Prof. R. S. Ratna, Mr. K. T. Chacko and Mr. Marco D'Ambrosio



Participants during the Seminar on Supplier's Declaration of Conformity

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### ***Dr. Biswajit Dhar moves to RIS***

*Dr. Biswajit Dhar, who was the Professor and Head of the Centre for WTO Studies (CWS) since November 2002, has with effect from 14<sup>th</sup> May 2009, moved on to become the Director General of the Research and Information System for Developing Countries (RIS), an autonomous organisation under the Ministry of External Affairs.*

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## Faculty Participation in Outreach Programmes (May-June 09)

S.No.	Participating Faculty	Date	Topic	Location
1	Prof. Madhukar Sinha	5 -7 May 2009	World Intellectual Property Organisation (WIPO) National Seminar on Intellectual Property (IP) with Special focus on Uses of IP in Business and Industry and on Industrial Design	Thimpu, Bhutan
		14 - 15 May 2009	Participated and read a Paper in the National Conference on Copyright Law Limitations and Exceptions organised by the HRD Chair on IPR, Centre for IPR Studies, Cochin University of Science and Technology, Kochi, Kerala	Kochi
2	Prof. R. S. Ratna	5 May 2009	Presentation on "Mainstreaming Gender in Trade Policy and negotiations: case of India" at Pan Commonwealth Nations International Workshop in Trade Policy and Export Promotion at the National Level: The Way Forward	New Delhi
		26 May 2009	Presentation on "Indian Foreign Trade Policy: Bankers Perspective" at Staff Training College, Bank of India, Noida	Noida, UP
		17 June 2009	Presentation on "WTO Agreement on TBT & SPS" at WTO Regional Trade Policy Course	Singapore
		18 June 2009	Presentation on "Effect of MRA on Trade: Case of India Singapore" at WTO Regional Trade Policy Course	Singapore
		24 June 2009	Presentation on "WTO NAMA Negotiations: present state of play" at ICRIER	New Delhi
3	Dr. Murali Kallummal	28 May 2009	Presented a joint paper titled "North East States of India: Potential of Export to ASEAN Countries" in the Seminar titled "Exploring ASEAN Market for India's Northeast Product" organised by UNCTAD and Department of Economics, Mizoram University, Mizoram	Aizawl
		25 June 2009	A round table discussion on "Consultation on Global Trade Preference Reform Programme" towards inputs for "Report of the New Delhi Consultation on Global Trade Preference Reform Programme" jointly organised by the Centre for Global Development (CGD) and CUTS.	New Delhi
4	Ms. Kasturi Das	21 May 2009	Delivered a lecture on Geographical Indications in the "Training Programme on International and National Economic Law for the Probationary Officers of the Indian Economic Service", organized by the Indian Society of International Law	New Delhi
		29 May 2009	Presentation on "Legal Aspects of GI Regime: TRIPS and the GI Act of India" in the "Seminar on Protection of Specialized Products of North East Region under GI Registration", organized by the UNCTAD India Programme in collaboration with the Centre for WTO Studies, Indian Merchants' Chamber and Indian Chamber of Commerce	Shillong
		22 June-3 July	Participated and presented papers on Climate Change and India in the Bergen Summer Research School 2009 on "Climate, Environment, and Energy", organized by the University of Bergen in collaboration with the Norwegian School of Economics and Business Administration (NHH), and others.	Bergen, Norway

S.No.	Participating Faculty	Date	Topic	Location
5	Mr. Reji K Joseph	May 1, 2009	Participated in the national consultation on Patent Pooling and Access to Knowledge: A case study of biotechnology with reference to India organised by TERI.	New Delhi
		June 12, 2009	Participated in the Round Table Discussion on Patent Regime and Access to Health organised by Research and Information Systems for Developing Countries and India Habitat Centre.	New Delhi
		June 24, 2009	Participated in the briefing on the UNITAID HIV Medicines Patent Pool Initiative organised by World Health Organization.	New Delhi

### Publications of the Faculty Members (May-June 09)

S.No.	Faculty	Topic	Published in
1	Dr. Murali Kallummal	"The Unorganised Women Farmers and their Participation in Enhancing the GDP in India."	Commonwealth Secretariat Publication, GATI Explore Issue VII: Weblink <a href="http://www.genderandtrade.org/gtinformation/164143/179758/206744/206745/article/">http://www.genderandtrade.org/gtinformation/164143/179758/206744/206745/article/</a>
2	Ms. Kasturi Das	"Prospects and Challenges of Geographical Indications in India"	Journal of World Intellectual Property [Special Issue on Geographical Indications], Blackwell Publishing: Weblink <a href="http://www3.interscience.wiley.com/journal/122381868/abstract">http://www3.interscience.wiley.com/journal/122381868/abstract</a>

### Prospects and Challenges of Geogrphical Indications (GIs) in India

“ Notwithstanding the fact that India has had in its coffer a large number of products that could qualify as geographical designators, GI as a concept is rather new to India. In fact, the idea of enacting a dedicated legislation for GIs was triggered by the commitment India undertook in the WTO to set in place IPR laws in compliance with TRIPS, rather than by a felt need from within the country. Given such a brief exposure to the concept of GIs, the initiatives undertaken by the stakeholders and numerous public and quasi-public institutions towards ensuring the legal protection for Indian GIs under the new legislation are in itself a significant step forward. However, actual realization of the potential benefits ingrained in the registered GIs would require effective management of these GIs in future. This would entail sustained efforts backed by appropriate planning and adequate investments over the medium to long term. In our view, strategic interventions by public or quasi public institutions are an essential prerequisite for the GI initiatives in India to succeed.

The picture that is emerging by far from different parts of India can at best be regarded as mixed. While the stakeholders in cases of some of the registered GIs of the country are well aware of the

post-registration challenges and are also taking significant strides towards tackling them effectively, there are numerous others who are laid-back in these respects. In fact, while India can boast of a few GIs like "Darjeeling", "Alphonso", "Pashmina", "Basmati" or the like, which already have an established reputation worldwide, most others are yet to gear up for the global market. There are many that do not even have a brand-image in other parts of the country. Evidently, the challenges would be far tougher for such products to reap benefits out of their GI status eventually.

Given that most of the Indian GIs are linked to TK, culture and lives of the communities, India has a considerable scope for building the brand image of such exotic products by highlighting the cultural aspects associated with them. Notably, countries like China or Thailand, which are close competitors of India in the global market for traditional craft products, are trying to utilize the cultural aspects of their products for marketing purposes. China, for instance, has been publicizing the cultural aspects related to products like "Fenshui" to create interest and demand for Chinese tradition or culture-related products in the global market. India can also cash in on the historical stories, legends and myths

surrounding many of its traditional GIs to build their brand image in the global market. India also has a considerable potential to develop "cultural tourism" around its traditional products by drawing focused attention on the cultural aspects associated with them, particularly among foreign tourists. Many European GIs have been successful in exploiting such linkages. For instance, "Burgundy" bears its name as one of the best-known wines in the world, but, at the same time, the Burgundy region has become popular for its wine thereby attracting tourists. The dearth of initiatives on the part of India towards exploring some such innovative options

may be attributed, to some extent, to a lack of coordination among different government departments and bodies and absence of adequate and appropriate feedback mechanisms among them. There is an urgent need to improve the inter-departmental linkages and coordination to avoid duplication of efforts and optimize returns. Such a coordinated approach could immensely facilitate the process of exploiting the commercial and socioeconomic potential of GIs in India and simultaneously help in securing various spillover benefits from this collective IPR."

*(Excerpted from 'Prospects and Challenges of Geographical Indications in India' by Kasturi Das Fellow, Centre for WTO Studies published in The Journal of World Intellectual Property, 2009 Blackwell Publishing Ltd.)*

### Centre for WTO Studies Operationlises WTO Databases on SPS and TBT Measures

As the tariffs are being reduced day by day, it has been observed that there is a corresponding increase in the non-tariff measures like the SPS and TBT measures. At times, these also serve as disguised instruments of protection. There are several notifications that are being issued by WTO Members and it is becoming very difficult for an exporter to keep a track of all these developments.

Under the guidance of the Department of Commerce, the Centre has started web-based portals on the TBT and SPS notification to facilitate availability of information on the notifications. Use of this facility presently is free of charge for any "Registered User" (including both exporters and importers). The database provides individual notifications HS nomenclature wise.

The web portal contains information for the period starting from January 1995 to March 2009 and all the notifications made by the WTO Members have been compiled on this database.

The use of this database is by way of a search/query command by which a country specific, product specific or on year-wise basis, the relevant SPS and TBT measures can be accessed. The portal is running on a trial basis.

The users are requested to suggest how to further improve the database/portal at the email addresses: [prof1\\_cws@iift.ac.in](mailto:prof1_cws@iift.ac.in) or [muralikallummal@gmail.com](mailto:muralikallummal@gmail.com)

**For registration use the following Web links:**

**For SPS:** <http://cc.iift.ac.in/spis/index.asp>

**For TBT:** <http://cc.iift.ac.in/tbt/index.asp>

### CALL FOR INPUTS

#### Centre launches Study on the Effect of US Agriculture Policies on India's Agricultural Trade with the US

Centre for WTO Studies is conducting a study on the effects of US agricultural policy on India's trade in agricultural goods with the US, which is India's largest export market. The Study will, in particular, focus on those aspects of US agricultural policy which affects the competitiveness of India's agricultural exports.

With the fall in tariffs of WTO Members, the non-tariff measures have been on the rise. An evaluation of SPS and TBT measures that are impacting Indian agricultural exports, thereby reducing the market penetration and market access will also be undertaken. In this regard, a

feedback from the domestic stakeholders and exporters is being sought so as to identify the impediments to Indian agriculture exports to USA.

The Centre for WTO Studies has posted the details and the Terms of Reference of the Study on its website. The questionnaire for the feedback is also available there. All stakeholders are welcome to provide inputs for the study.

The contact person to whom response can be sent is:

Professor Rajan Sudesh Ratna

E mail: [prof1cws@iift.ac.in](mailto:prof1cws@iift.ac.in) or [rsratna@iift.ac.in](mailto:rsratna@iift.ac.in)



## WORLD TRADE ORGANIZATION



- **WTO Secretariat reports increase in new anti dumping investigations**

The WTO Secretariat reported that during the period 1 July-31 December 2008, the number of initiations of new anti-dumping investigations showed a 17 % increase compared with the corresponding period of 2007.

- **Goods Council extends waiver for poorest countries**

The Council for Trade in Goods, on 12 May 2009, approved a ten-year extension to a WTO waiver allowing developing countries to provide preferential tariff treatment to products of least-developed countries (LDCs) without being required to extend the same tariff treatment to other WTO members. The decision now goes to the General Council for adoption.

- **WTO to hold 7<sup>th</sup> Ministerial Conference on 30 November 2 December 2009**

The WTO General Council, on 26 May 2009, agreed to hold the Seventh Session of the WTO Ministerial Conference in Geneva, Switzerland, from 30 November to 2 December 2009, nearly four years after its last Conference in Hong Kong China in 2005. The general theme for discussion will be “The WTO, the Multilateral Trading System and the Current Global Economic Environment”.

- **Japan makes first gift to food, animal and plant health standards facility**

Japan is giving US \$ 278,368 for projects to help developing countries analyse and implement international standards on food safety and

animal and plant health, the so-called sanitary and phytosanitary (SPS) measures.

- **WTO appoints two new Appellate Body Members**

The WTO Dispute Settlement Body (DSB) appointed on 19 June 2009 the following two new members to the seven-member Appellate Body: Mr. Ricardo Ramirez Hernandez of Mexico, and Mr. Peter Van den Bossche of the EC ( each for a four year term).

- **WTO launches second global review of Aid for Trade**

The WTO, its members and key international aid and development organizations will conduct the Second Global Review of Aid for Trade aimed at expanding the trade capacity of developing countries on 6-7 July 2009 in Geneva. “The Doha Development Round will result in concrete market opening opportunities for developing countries but without adequate capacity, many countries will be unable to seize these opportunities and consequently be unable to use trade as a tool for development and poverty alleviation... Countries need infrastructure, enhanced production capacity and trade-related training which is essential if trade is to be streamlined into development and poverty reduction strategies in the developing world. The Aid for Trade initiative is designed to go hand-in-hand with an ambitious and development friendly outcome to the Doha round”, Mr. Pascal Lamys said.



# Trade and Environment

## WTO and UNEP launch a report explaining for the first time the connections between trade and climate change

The report by the WTO and the United Nations Environment Programme (UNEP), released on 26 June 2009, explains for the first time the connections between trade and climate change. The report examines the science of climate change, its economic aspects, multilateral efforts to tackle climate change, and national climate change policies and their effect on trade. “With a challenge of this magnitude, multilateral cooperation is crucial and a successful conclusion to the ongoing climate change negotiations is the first step to achieving sustainable development for future generations”, said WTO Director General Pascal Lamy and UNEP's Executive Director Achim Steiner. Both Steiner and Lamy urged the international community to seal an equitable and decisive deal at the crucial UN climate convention meeting in Copenhagen, Denmark, in December 2009. They also urged nations to conclude the Doha trade round which includes opening trade in environmental goods and services, a complementary track towards reducing

greenhouse gas emissions to scientifically-defensible levels.

Opening up trade and combating climate change can be mutually supportive towards realizing a low carbon economy, the new report says. Contrary to some claims, trade and trade opening can have a positive impact on emissions of greenhouse gases in a variety of ways including accelerating the transfer of clean technology and the opportunity for developing economies to adapt those technologies to local circumstances. Rising incomes, linked with trade opening can also change social dynamics and aspirations with wealthier societies having the opportunity to demand higher environmental standards including ones on greenhouse gas emissions. In addition, there is evidence that more open trade together with actions to combat climate change can catalyse global innovation including new products and processes that can stimulate new clean tech business.

## Who said what:

### Bi-monthly Round-up of News and Views on WTO and Related Issues ( May - June, 2009)

1. **India to move WTO against EU MNCs blocking its generics** -- India, along with Brazil, will lodge a complaint with the World Trade Organisation against the European Union, alleging that Europe-based multinational pharmaceutical firms are persuading African nations to enact anti-counterfeit laws. The commerce ministry has initiated a formal consultation with the European Commission on this, commerce secretary G K Pillai told ET. The drug companies' attempt may mean a loss of over \$1 billion to Indian drugs exporters. According to India, the Anti-Counterfeit Act, passed by Kenya in December 2008, is part of a strategy by multinationals to persuade African nations to disallow sale of generic drugs on the ground that they are spurious. It recognises intellectual property rights registered in any

country of the world and not necessarily in Kenya. This would imply that even if a drug is not patented in Kenya (where it is sold) or India (where it is being manufactured) but in another country, it would be considered as counterfeit in Kenya. India is afraid that the law could restrict the entry of Indian generic drugs into Africa as other African countries such as Uganda, Peru, Zambia and Ghana may enact similar laws. (*Economic Times dated 2/5/09*).

2. **Pascal Lamy reelected unopposed as DG/WTO: Exocet's return flight** – In some sense, with the financial crisis having turned countrys' attentions inwards, a global trade deal is even more difficult to pull off now than last year. Cynics would say this is why Lamy had no competition for the DG's job this time around. But if anybody can accomplish a new

deal, it's Lamy. The man makes a hobby of marathons. His famously strong stint as European commissioner of trade earned him nicknames like Gendarme and Exocet after French-made missiles that won glory during the Falklands war. (*Financial Express dated 4/5/09*).

3. **Obama policy on BPOs to backfire** – US President Barack Obama, fighting to cope with the superpower's super-recession and job losses, on 5/9 unveiled new proposals to end tax breaks for American companies that ship jobs overseas to countries like India. Though the move will impact roughly 10 lakh information technology professionals in India, the Indian IT industry has given a thick skinned response to Mr. Obama's whiplash, saying that the proposals do not threaten outsourcing and off shoring to Indian companies such as Infosys and Wipro, but would instead make iconic American companies such as IBM and HP, which run large outsourcing centres in India, less competitive. (*Asian Age dated 6/5/09*).

4. **EU concerned over 'rising protectionism in India'** -- The European Union (EU) has raised a sharp concern over what it called "rising protectionism in India", at the WTO. At a WTO safeguards Committee meeting, the EU said India had imposed five safeguard measures last month, arguing that New Delhi chose not to notify them to the trade body. An EU trade official said the Indian measures amounted to "protectionism", pointing out that New Delhi should not deviate from what its leaders had agreed to at the London meeting. In response, an Indian trade official told the EU that the five measures were already communicated to the WTO. (*Business Standard dated 7/5/09*).

5. **A quarter of Indians to live on \$ 1.25/day in 2015: World Bank** -- India now is ahead of only Sub-Saharan Africa among developing countries in terms of the percentage of population below the poverty line, though it fared better than China on this count in 1990, according to the World Bank. The multilateral lender, in its recently released report 'Global Economic Prospects for 2009', said a quarter of India's population will be living in extreme

poverty, on less than \$1.25 a day, in 2015. The corresponding figures for China is 6.1% and for Sub-Saharan Africa 37.1%. These are based on purchasing power parity exchange rates derived from the 2005 price surveys, meaning that the calculations have been made assuming a dollar's purchasing power to be the same in the years under consideration as in 2005. According to the World Bank's poverty forecast, China had 60.2% of its population living on less than \$ 1.25 a day in 1990, compared to India's 51.3%. However, 15 years later in 2005, China had 15.9% of its population living in extreme poverty as compared to India's 41.6% living on less than \$ 1.25 a day, the international poverty line. (*Financial Express dated 13/5/09*).

6. **New US trade chief few takers for Doha plan** - -- President Barack Obama's trade chief got a gracious reception from negotiators during his first visit to the WTO, but found little support for a US plan to revive moves towards a global treaty stalled after eight years of often fractious talks. Ron Kirk, the former Dallas mayor, said he met at least half of the 153 national ambassadors at the WTO this week to hear their views on the Doha trade round. Still, he urged countries to come up with new ways for completing the talks launched in Doha in 2001. Kirk repeated many of the mantras expressed during the eight years of negotiations under the administration of president George W. Bush- the need for new market opportunities for American exporters, better clarity on how far loopholes in agriculture and manufacturing would go, and lower trade barriers from fast developing nations such as Brazil, China and India. (*Associated Press of America in Mint dated 14/5/09*).

7. **Doha round: negotiations unlikely before Feb 2010** -- The commodities on which India has levied safeguard duty is less than 0.6 per cent of total imports, said the Commerce Secretary, Mr G.K. Pillai. He was responding to a query on whether India was being protectionist at a FICCI discussion on 'Doha Round : The Way Ahead.' With regard to global trade talks, he said that he did not

foresee any negotiations happening before January or February next year. (*Hindu Business Line dated 15/5/09*).

8. **Govt goes hi-tech to list trade barriers** -- Letting the government know about the trade restrictions they face in markets abroad will soon just be a click away for Indian exporters. For, the commerce ministry is developing a web portal where Indian exporters can log onto and promptly submit all the specific problems -- including those related to obtaining visa as well as other regulations and customs -- as and when they face them in other countries. The portal will be first made available to exporters who are catering to European markets. Later on it will be expanded to all exporters sending their shipments to other foreign markets as well, officials, requesting anonymity, told FE. (*Financial Express dated 16/5/09*).
9. **India faces Chinese dumping threat** -- India has filed 42 anti-dumping complaints at the WTO, the most by any country. Seventeen of those complaints were against China. China was the most frequent subject of the new investigations, according to the latest WTO anti-dumping report dated 7 May, 2009. According to data compiled by the Global Anti-dumping Database, the first quarter of 2009 saw an 18.8 per cent increase in the number of anti-dumping, countervailing duty, global safeguard, and China-specific safeguards brought by WTO members, compared to the same period in 2008. (*Statesman dated 17/5/09*).
10. **India notifies WTO about safeguard duty probe** -- Playing by the book, India has notified its decision to initiate investigations on the need to impose special import duties on hot rolled steel, certain automobile parts, acrylic fibre, and coated paper at the WTO. In a separate paper submitted to WTO committee on safeguards, India has said that the domestic players, in all four cases, have claimed that their exports have gone down because of surge in imports which has caused injury (losses and market disruption) to them. (*Economic Times dated 19/5/09*).

11. **America's free trade promises must be honoured** -- When Washington enacted its \$787bn stimulus bill in February with Buy American provisions, the law promised at the urging of President Barack Obama that the language "shall be applied in a manner consistent with US obligations under international agreements". That is not happening. When the Group of 20 leading nations met in London in April, their communiqué at the urging of Mr. Obama declared they would "refrain from raising new barriers to investment or to trade in goods and services". The US seems to be violating that pledge, too, in its rescue efforts for General Motors and Chrysler. After months of its deflecting protectionist demands in the face of declining output and soaring unemployment, protectionism is now on the rise. Meanwhile, congressional voices are calling for the attachment of still more Buy American provisions to any cap-and-trade system designed to curb carbon emissions. As the US rescues GM and Chrysler, it is succumbing to intense pressure to make federal help conditional on maintaining domestic production. Other countries are taking notice. Already the Obama administration faces trade frictions with the immediate neighbours. Canadian municipalities in Ontario are boycotting US products, while Mexico has slapped retaliatory tariffs on \$2.4bn of US exports after Congress barred Mexican trucks from working in the US despite Nafta rules, twice upheld in arbitration. Beyond North America, the greatest danger is not that governments will retaliate against US misdeeds but that they will emulate them. Most damaging is the stain on the US reputation as a country that keeps its borders open in times of crisis and that respects its international obligations. Mr. Obama needs to practise the multilateralism he so fervently preaches. (*Gary Hufbauer and Jeffrey Schott, senior fellows at the Peterson Institute for International Economics in Financial Times of London dated 20/5/09*).
12. **UPA's return to push Doha deal** -- WTO DG Pascal Lamy on 26/5 expressed confidence

that the UPA government's return to power in India would help raise the momentum for pushing through the Doha deal. Lamy told TOI in an e-mail interview on the WTO's expectations from the new dispensation in Delhi: "Given the current state of the world economy and the importance of greater global cooperation, I believe the WTO needs a strong India, and likewise, India needs a strengthened WTO", he added. (*Times of India/Kolkata dated 27/5/09*).

13. **Biodiversity issues: Take US in the fold** -- On May 22, the international day of biodiversity was celebrated. It was last year at Bonn, under the leadership of Germany, the parties of the Convention on Biological Diversity (CBD) committed to achieve a significant reduction in the current rate of biodiversity loss by 2010, basically re-dedicating themselves to the global 2010 Biodiversity Target. Furthermore, the governments have set a deadline to finish the negotiations on an international regime of biodiversity benefit-sharing until 2010. So, next year is very crucial in this respect. The CBD is the only comprehensive agreement on biodiversity. It aims at the conservation of biodiversity, its sustainable use and at the fair and equitable share of the benefits arising out of the use of genetic resources. With 191 parties, nearly every nation in the world has ratified the CBD, except four countries: Andorra, Iraq, Somalia and notably, the US. The US, being a global biopharmaceutical leader, has chosen not to ratify the CBD in order to protect its industries from benefit-sharing claims and to exclude its own biological resources from an international agreement. Although the CBD has been in place since 1992, biodiversity is on the decline at all levels and geographical scales and the benefits arising from the use are rarely shared. The current human-driven rate of species extinction is approximately 1,000 times higher than the natural rate, which has prevailed over Earth's history. With so much focus on the Copenhagen Summit on climate change, it is amazing to note that biodiversity targets are not attracting enough attention. Further loss of biodiversity would lead to far more

dangerous consequences for global climatic balance with grave social consequences. The net present value of annual losses of forests ecosystem services is estimated at between \$1.35 trillion and \$3.1 trillion. (*Sachin Chaturvedi of RIS, Carmen Richerzhagen, a Research Fellow at GDI in Economic Times dated 28/5/09*).

14. **India, ASEAN resolve differences over FTA** -- The last remaining differences between India and the Association of South East Asian Nations (Asean) on the ambitious Free Trade Agreement (FTA) on merchandise goods have been ironed out and the deal is ready for signing. (*Business Standard dated 28/5/09*).
15. **India firm on duty-free access to EU market** -- India would stick to its demand for duty-free access to 95 per cent of the outward trade from India to the European Union, against 90 per cent of that from the EU to India, for a free trade agreement, a top government official from the commerce ministry said, adding the talks were on track. (*Business Standard dated 28/5/09*).
16. **Mercosur trade pact to open new vistas from next month** -- The preferential trade agreement (PTA) with Mercosur (Argentina, Brazil, Paraguay and Uruguay), that comes into effect from next month, may throw open new markets for India. Talking to FE, R Viswanathan, ambassador of India to Argentina, Uruguay and Paraguay, said that, "Indian goods, priced competitively, stand a good chance of replacing the more expensive imports that Mercosur countries have been making from the Western and European countries." "The PTA, which comes into force on June 1, will give India an edge over others. A total of 450 items of India's exports to Mercosur and 450 items of import will get customs duty discounts of 10% and 20%, and in a few cases even 100%. (*Financial Express dated 29/5/09*).
17. **WTO for ministerial meet in Nov** -- The WTO has called a ministerial meeting in November, the first in four years. However, the global body has downplayed the event as a regular meeting on 'the multilateral trading system and the current global economic



environment'. Though ministerial talks are to be held once in two years, WTO on 28/5 specified that the forthcoming meeting would not be a session on Doha Development Round negotiations. The previous ministerial meeting was in December 2005 in Hong Kong. (*Financial Express dated 29/5/09*).

18. **India may take drug seizure issue to WTO** -- India is considering taking the issue of seizures of drug consignments by European customs to the dispute settlement body (DSB) of the World Trade Organisation. This comes in the wake of drug seizures continuing unabated at European ports with 16 consignments of domestic generics held up at the Dutch port alone over last year, on grounds of suspected trademark infringement. (*Times of India dated 12/6/09*).

19. **UNCTAD promotes geo indication** -- Even as products like the Banarasi saree wait to get intellectual property rights recognition for geographical exclusivity, the United Nations Conference on Trade and Development (UNCTAD) is organising a series of events to promote the benefits of getting geographical indication (GI) for products. The UN organisation along with a number of partners is already working on getting Geographical Indications (GI) for 21 products, including Banarasi sari and Badohi carpets. (*Economic Times dated 12/6/09*).

20. **Free Trade Pact: EU seeks greater commitment on IPR** -- The European Union (EU) is pressing for a greater level of commitment on intellectual property rights (IPR) protection from India in the ongoing negotiations on a free trade agreement (FTA) between the two. This has raised concerns in India over access to cheap medicines and agricultural inputs. A draft version of the bilateral negotiations, which was apparently leaked and posted on the Internet, indicates that the FTA would specify the rights and obligations between the two parties beyond those agreed under the Trade Related Intellectual Property Rights (TRIPS) agreement, also known as the TRIPS-plus standards of protection. (*HT Mint dated 12/6/09*).

21. **WTO impasse broken: Anand Sharma** -- Commerce Minister Anand Sharma said on 15/6/09 that "the impasse has been broken" over the WTO's long-running Doha round of world trade talks. Sharma did not give a timeline for the talks to conclude. "India is keen that the WTO negotiations resume. It is important in the present economic climate that efforts are made to take the Doha process to its successful conclusion... There is much happening now. The impasse has been broken," he said ahead of his visit to Washington, the highest level meeting with the Obama administration since the UPA government retained power in the recent general elections. (*Reuters / New Delhi report published in Hindustan Times dated 16/6/09*).

22. **'Buy Chinese' edict raises tensions** -- China has introduced a "Buy Chinese" policy as part of its economic stimulus efforts, in a move that will amplify tensions with trade partners and increase the likelihood of protectionism around the world. In an edict released jointly by nine government departments, Beijing said government procurement must use only Chinese products or services unless they are not available within China or cannot be bought on reasonable commercial or legal terms. A few months ago, Beijing was raging against a proposed "Buy American" clause included in the US economic rescue package. (*Financial Times of London dated 17/6/09*).

23. **Govt may dilute stand at WTO** -- India has indicated that it may dilute its stand on market access for foreign farm products in an effort to breathe new life into the Doha Round of WTO trade talks that were stalled due to New Delhi's previously strong opposition on the issue. India's new commerce minister, Anand Sharma, conveyed New Delhi's position to US interlocutors, including secretary of state Hillary Clinton and commerce secretary Gary Locke, telling them that "while a perfect solution may be elusive, it should be possible to find a fair solution acceptable to all parties, while keeping in mind that development was central to the Doha Round." The US-India breakthrough sent ripples of excitement in trade circles

where David Walker, New Zealand's ambassador to the WTO in Geneva, who steers its negotiations on agricultural goods, was quoted as saying the pledges were "very much music to my ears." (*Chidanand Rajghatta in Washington, published in Times of India dated 19/6/09*).

24. **Fair Doha trade pact possible, says Sharma** -- Commerce and Industry Minister Anand Sharma has conveyed to US Secretary of State Hillary Clinton on 18 June, 2009 that finding a "fair" global trade deal under the World Trade Organization (WTO) is possible, raising hopes of a breakthrough in the Doha Round of multilateral talks. However, Sharma reiterated India's stand that the development dimension was "central to the Doha Round", that has missed several goalposts for want of consensus among 153 WTO members. (*PTI report from Washington published in Business Standard dated 19/6/09*).

25. **Doha Round in its last lap of 25-mile marathon: Sharma** -- Comparing the Doha Round of WTO trade negotiations to a 25-mile marathon, commerce and industry minister Anand Sharma said the talks are in its last lap and hoped that countries would show flexibility in arriving at an agreement. The need of the hour is a rule-based multilateral trading regime, which takes on board developmental aspirations of the poor countries and at the same time ensures better access for all. "That is what we shall be striving for," Sharma told reporters at a press conference in Washington on 19<sup>th</sup> June, 2009. He said Prime Minister Manmohan Singh has made commitments that the Doha trade talks, the latest round of which was stalled in July 2008, be concluded successfully. "That is the mandate I have from the Prime Minister, who feels that in the present economic crisis, which the world is facing there should be a positive message for global trade barriers to be broken down further and global trade to move, which will help economies across the globe," Sharma said. (*PTI report in Business Standard dated 20/6/09*).

26. **New Delhi ready to resume Doha round of world trade talks** -- India's new government is eager to resume the Doha round of world

trade talks, according to the country's new minister for commerce and industry. In his first interview with an international paper since he took up the ministerial post, Anand Sharma told the Financial Times that India was keen to break the impasse in negotiations "to take the process to its logical conclusion". Mr. Sharma's tone marks a significant shift from his predecessor, Kamal Nath, who was known for his uncompromising stance in the Doha talks. Many countries blamed India for the breakdown of ministerial talks a year ago intended to forge a blueprint for concluding the Doha round. The meeting ended in disarray after India and the US failed to reach a compromise over the special safeguard mechanism, designed to protect farmers in poor countries from surges of agricultural imports. Washington said imports should have to increase 40 per cent to trigger safeguard tariffs, whereas India wanted a 10 per cent trigger. "We should re-energise, not go into re-invention," said Mr. Sharma. "We need to put in place a rule-based, multilateral trade regime which addresses the legitimate concerns of the developing countries." He did not specify whether India would concede ground on the special safeguard mechanism or whether the country was willing to open up its market to manufactured goods. Referring to the Congress party victory in recent Indian elections, Mr. Sharma said the renewed mandate has been a catalyst to return to the negotiating table. (*Financial times of London dated 23/6/09*).

27. **India for give and take at Doha** -- Reflecting the desire of several key WTO members, including India and the US, to return to full-scale negotiations to conclude the Doha global trade deal, talks on bridging gaps on agriculture will pick up momentum again. The chairperson of the negotiating group on agriculture, Mr David Walker, has announced a schedule for negotiations for the next few weeks, before the summer break in August and early September. (*Asian Age dated 23/6/09*).

28. **India yet to clear its stand on Doha talks** -- India is yet to clearly state where it stands on some informal game-changing ideas being

pushed by the United States on how to conclude the long-stalled Doha trade talks, but senior trade officials from key developing countries - China, South Africa, Brazil, and Indonesia, among others - remain opposed to any "new process" at this juncture. On 23/6, Commerce minister Anand Sharma will participate in an informal ministerial meeting in Paris, being hosted by Australia to prepare the ground for intensifying the Doha trade talks. In about three weeks, Sharma has issued several signals about his government's commitment to conclude the Doha talks, saying it is a priority issue for New Delhi. He also made it known that India and the US are no longer daggers crossed on the special safeguard mechanism flexibility for developing countries, one of the many issues at the breakdown of the Doha trade negotiations. More important, Sharma indicated his willingness to consider new ideas from his US counterpart, Ambassador Ron Kirk, to find a "path" towards concluding the Doha talks. While many industrialised countries, including some developing nations, praised Sharma for adopting a conciliatory stance to break the "impasse", several other members in the developing world are apprehensive about New Delhi's overall stance, especially its latest discussions with the US Trade Representative, trade envoys said. Up to now, Ambassador Kirk has repeatedly maintained there has to be a new path to conclude the Doha round, pressing members to consider new creative ideas. First, informal ideas were dropped, suggesting that advanced countries China, India, Brazil, South Africa - state clearly how they would use various flexibilities listed in the draft Doha agriculture and market-opening for industrial goods, and later there was the talk of skipping modalities and proceeding to scheduling, said a Chinese official, suggesting that both these ideas failed to get any support. (*D. Ravi Kanth in Business Standard dated 24/6/09*).

29. **US, EU file WTO case against China over exports** -- The European Union and the US on 23/6/09 launched WTO action against China, accusing it of restricting raw materials

exports to feed its domestic market, the EU commission announced. In Washington, US trade representative Ron Kirk accused China of pursuing a "troubling" industrial policy. The two Western powers requested for WTO dispute settlement consultations with China regarding Beijing's export restraints on numerous important raw materials. (*AFP report in Indian Express dated 24/6/09*).

30. **India keen on WTO talks revival, farm issues top concern** -- With the economic downturn hitting the global economy hard, India sees an opportunity in the successful completion of the Doha round of talks and is keen to "revive" the talks that hit a roadblock a year ago. However, the main issue continues to be agriculture and protection of farmers, which has economic ramifications as well as larger domestic political implications. Amid speculation that India is ready to offer concessions and has softened its position, Union commerce minister Anand Sharma said that India's position would continue to be guided by national interest. "We have sensitised interlocutors about livelihood concerns and subsistence of farmers in India and other countries... national interest will determine our engagement and position," Mr Sharma said. As efforts are made to revive talks, BJP has said that India should not turn its back on country's legacy in the WTO and that the rights of farmers and farm produce must be strengthened. "The rights of Indian farmers and farm produce must be safeguarded and the government must make all efforts to ensure this," said BJP spokesperson Ravi Shankar Prasad. Similarly, Left parties continue to hold the position that there should be no further tariff cuts in agriculture and industrial goods. The last round of talks had hit the agriculture roadblock. (*Economic Times dated 25/6/09*).
31. **No good news in trade numbers: WTO Chief** - WTO had forecast in March that world trade volumes would contract by 9% this year. "If anything, it probably will be more like minus 10% than minus 9% in volume, which is a huge drop," Pascal Lamy told Reuters Television during the Organisation for Economic Cooperation and Development ministerial

meeting. "I'm afraid I can't read any good news in my trade numbers." WTO is tracking protectionist pressures resulting from the crisis, and will issue an updated report in the next few days on trade measures undertaken by different countries. Lamy said this would show whether WTO's assessment in April that serious protectionist pressures had largely been held in check with some slippages here and there would be confirmed. Concluding the WTO's Doha Round would not only open up trade but help fight protectionism by reinforcing WTO disciplines, he said. Lamy said the conventional wisdom among WTO's 153 members was that the Doha Round launched in 2001 to help poor countries prosper through more trade could be concluded in 2010. He said the mood of the negotiations had improved since the appointment of new trade ministers in the US and India. Ron Kirk as US trade representative and Anand Sharma as commerce and industry minister in India. "Having good atmospherics on the US side and on the Indian side is a sort of precondition for re-engaging at the political and then at the technical level," he said. But the improved atmosphere reflected in a series of recent optimistic comments by trade ministers about reviving the Doha negotiations was not enough to clinch an agreement. "WTO deals are not about atmospherics, they're about numbers, commitments, rules which are very detailed, which is why it's usually complex," he said. *(Reuters in HT Mint dated 26/6/09).*

32. **The perception that the WTO serves only rich countries must be given up: Rajiv Kumar --** The huge increase in WTO membership and the rising share of emerging economies in world trade belie the perception that the WTO exclusively serves the rich countries' interests. The future of the Doha Development Round (DDR) and strengthening the multilateral trading regime (MTR) in the context of rising protectionist sentiments globally should be the top priorities for the incoming commerce minister. The minister should ask for an evaluation of the costs of 'no deal', and for a precise definition of a 'bad deal' for India,

given our national interests. Before he gets bogged down in details, key in such negotiations, he would do well to formulate his broad view on whether a strong MTR is in India's national interests, specially in the context of the leadership role India sees for itself in the evolving global governance. I have noticed, ever since our 'great victory at Cancun', a degree of self-congratulation and satisfaction at thwarting a negotiated outcome. This was necessary then, seven years ago, but does this serve our interests today? The disturbing feature has been that a section of our political leadership, academia and of course the sensation-seeking media, has engendered an environment in which any negotiated outcome in the WTO is made out to be a 'political defeat' of the emerging economies, represented by India and Brazil, at the hands of those rich countries which use the WTO to exploit us. Surely that is passé. It is time that the perception that the WTO and the regime it oversees exclusively serves the rich countries' interests, is given up. The huge increase in WTO membership and the rising share of emerging economies in world trade shows this is not true. The world is not about 'Us and Them' any longer because globalisation has now firmly integrated our economies in the world trading and technology flows. Let us briefly examine, given the space constraint, the likely impact on our sector interests, of a possible DDR deal as it was close to finalisation in July 2008. For sectors covered under the NAMA, there would be a lowering of bound tariffs (and the US should simply drop its completely unreasonable demand of discussing only on the basis of applied rates) to about 15 per cent under the agreed Swiss formula with its coefficients. Our average applied rates are already lower and sectors, like auto, where applied rates are higher, will be protected under the special products dispensation. In return we will achieve the reduction in peak tariffs in advanced country markets for our important exports like the textiles and leather to below 7 per cent instead of the 30 per cent or so they face today. Clearly this serves our national interest. In the services sector we have the comparative and competitive



advantage and need to liberalise sectors like legal services, accountancy and media to exploit their full potential. In financial services, the situation is unclear, given the crisis, and surely advanced economies, busy nationalising their banks, will not be making heavy demands. So here too I cannot see our national interests being compromised. Finally we come to the agriculture sector. Agriculture and farmers have a right to benefit from the gains from international trade and be freed from the heavy hand of government intervention. I give three brief arguments in support of concluding the agriculture negotiations. First, reductions in export subsidies, domestic support and import tariffs in this Round can be seen as the first step to make agriculture more open and globally traded. This requires building of trust and assuring domestic groups that vital interests of food security are not being compromised. Second, our small and marginal farmers will not be deluged by subsidised imports because the great majority will be protected under the special safeguards mechanism that will allow about 7 per cent of agriculture tariff lines to be exempt from the agreed tariff cuts. And in any case members are entitled to impose higher duties in case of import surges. There is then no question of our 'poor farmers' having to compete against the US treasury or the European bourses. Third, the plight of our small and medium farmers, as Gulati and Hoda have brought out in their recent volume, has much more to do with our own domestic policy-generated constraints than the global trading regime. By negotiating agriculture, Mr Sharma will push the agriculture ministry to implement the necessary reforms. Our farmers suffer more from lack of adequate electricity and new seeds, and poor access to bank credit and markets than from subsidised import surges. (Rajiv Kumar, Director & Chief Executive, ICRIER, in Business Standard dated 6/6/09).

33. **India seals FTA with Bay nations** -- Five years and 18 rounds of negotiations later, India and six other members of Bimstec (Bay of Bengal Initiative for Multi-Sectoral Technical and

Economic Cooperation) have clinched a free trade agreement (FTA). The negotiations concluded earlier this week at the Thai resort island of Phuket. New Delhi described it as a historic occasion for Bimstec, which also comprises Bangladesh, Bhutan, Burma, Nepal, Sri Lanka and Thailand. The agreement will be adopted later this year, and the first of more than 5,000 items will be subject to tariff reductions from January 1, 2010. Initially the FTA will cover trade; it will extend to include investment and services, incrementally. (*Asian Age* dated 6/6/09).

34. **Lamy hopeful of Doha** – The WTO chief Mr. Pascal Lamy on 7<sup>th</sup> June, 2009 expressed confidence that the Prime Minister Dr. Manmohan Singh's new government will play an 'active and constructive' role in the completion of the Doha round of talks for reaching a global pact for opening the international trade which faces slowdown. Mr. Lamy said India's Prime Minister has always been a supporter of a stronger multilateral trading system. He has supported the WTO Doha negotiations as a tool to rebalance the rules of the trading system in favour of developing countries, the WTO chief said. Mr. Lamy said he was looking forward to meeting the new Union Commerce Minister Mr. Anand Sharma. (*PTI report in Asian Age* dated 8/6/09).
35. **India for resumption of Doha talks: Commerce & Industry Minister Anand Sharma attends Cairns group meeting in Bali** -- India on 8/6/09 called for resumption of the stalled Doha Round talks, stating that the negotiating text for global trade could be the starting point for further talks. Commerce and Industry Minister Anand Sharma, who is attending the Cairns group meeting in Bali, Indonesia, as a special invitee, emphasised the need for resuming negotiations based on the draft reports on agriculture and industrial goods. Mr. Sharma also met World Trade Organization Director General Pascal Lamy and also met U.S. Trade Representative Ron Kirk over dinner at the luxury beach resort of Nusa Dua on Bali Island, according to an official statement in New Delhi. The Cairns group comprises Argentina, Australia, Bolivia,

Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, the Philippines, South Africa, Thailand and Uruguay. Strong differences between India and the U.S. over reduction in tariffs led to the collapse of talks between the WTO member countries in July 2008 in Geneva. There were serious differences between developing and developed countries over the level to which they were willing to open their markets. In his address to the Cairns group, a body of 19 farm product-exporting countries, Mr. Sharma reiterated India's commitment to successfully concluding the Doha process through a constructive engagement. (*The Hindu dated 9/6/09*).

36. **Doha trade talks 'within our grasp': Cairns Group** -- Prospects for wrapping up troubled world trade talks have improved, after signs

of a new commitment from key players such as the US, a group of major agricultural exporting nations said on 9/6/09. Trade ministers came close in July to a deal on the Doha Round of talks, but the talks collapsed over a dispute between Washington and emerging economies spearheaded by India over proposals to help farmers in poor nations. The Cairns Group 19 nations accounting for at least 25% of the world's agricultural exports said in a communiqué at the end of a meeting in Bali that trade officials from the US, Europe and India had shown fresh resolve to concluding the Doha talks launched in 2001. The communiqué said, adding: "This outcome is within our grasp, and we are determined to make it happen." (*HT Mint dated 10/6/09*).

## Forthcoming Events

S.No.	Date	Topic	Location
1	29 July 2009	Workshop on EU-India FTA: Opportunities for South Asia	Indian Institute of Foreign Trade, New Delhi
2	31 July 2009	Consultations with Domestic Industry on India EFTA FTA & India EU FTA	Hyderabad
3	4 August 2009	Consultations with Domestic Industry on India EFTA FTA & India EU FTA	Mumbai
4	9-11 September 2009	Regional Seminar on Trade in Agriculture and Agriculture Negotiations in collaboration with WTO & UN ESCAP	Indian Institute of Foreign Trade, New Delhi

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