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Market Access Barriers: WTO Centre study outlines NTBs faced by India

India's current share of the world merchandise trade is 1.1 % and services trade is 2.7%. In merchandise trade, India's target is to reach 5 % of the world trade by 2020. Along with improving export competitiveness, it is also important to improve information base regarding trade policy regime of India's main trading partners and identify areas which impede market access of Indian goods and services. The present report is an endeavour in this direction, capturing the market access barriers faced by Indian exporters from its major trading partners and other select countries, 24 in all. The **barriers faced by Indian exporters in five of the country's major export markets** are outlined below. Market access barriers in India's major trading partners are organized in a thematic manner and these have been broadly classified into eight categories :SPS/TBT issues, labeling issues, tariff issues, customs procedures, issues in services, intellectual property rights (IPRs), requirement of local content and other barriers.

USA:

SPS and TBT Issues

In the agricultural area, a number of Sanitary and Phytosanitary (SPS) issues remain a source of difficulty. For example, the US requires that Pest Risk Analysis (PRA) be carried out for new agricultural products before the import conditions are established. The time between applying and inclusion on the list of approved products can be long as for pomegranates from India. The time frames indicated for granting approval for import of new agricultural products is rather long and a significant market access barrier.

The US has a relatively low level of implementation and use of international standards set by international standardization bodies. Many Indian exporters to the US market face regulatory barriers as products are increasingly being required to conform to multiple technical regulations regarding consumer protection including health and safety and environmental protection. The complex nature of the US' regulatory systems can represent an important structural barrier to

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market access. Obstacles for Indian exporters include, for example, a burdensome pharmaceutical approval system, documentary and labeling requirements for textiles etc. Therefore, non-use of international standards and multiple technical regulations are significant market access barriers. On specific issues identified by India, there is a need for greater deliberation between the two countries.

The registration is required under Bio Terrorism Act of USA. While India does not seek any relaxation of FDA rules for Indian tea consignments, FDA import procedure need to be relaxed for trade samples of tea required by the potential importers in USA.

Regulation of Biogenerics

The US lacks a transparent framework for regulation of Biogenerics or Follow on Protein Products (FOPPs). US' Public Health Service has no provision for regulation of FOPPs. While the Food Drugs and Cosmetics Act (USFDA) was amended in 1984 to open ways for some generic drugs like Human Growth Hormone and insulin that are not regulated by Public Health Service, the US government needs to create a generic pathway for all biotech drugs. There is a need to lay down the scientific requirements that future generics would need to meet.

Labelling

On labeling, it is reported that extensive product description requirements complicate exports to the US and result in additional costs. Rules for marking and labelling of retail packages are burdensome. They require details regarding the country of origin, ultimate purchaser in the US and the name of the country in which the article was manufactured or produced. Furthermore, there are requirements relating to the typology/physical characteristic of the clothing labels (given size, font used, etc). These standards imply that special labels are needed for the US market.

Customs procedures

A variety of agricultural exports from India to the US have encountered problems due to delays in US' customs sampling and inspection procedures, resulting in damage to the goods and subsequent commercial losses for the exporters, especially in case of mangoes and egg products.

Customs formalities for imports of textiles, clothing and footwear to the US require supply of particularly detailed and voluminous information, which leads to additional costs, and in some cases, includes disclosure of confidential information such as the processing methods (type of finishing, of dyeing, etc). Much of this information seems to be irrelevant for customs or statistical purposes. The extension of the liquidation period up to 210 days also functions as an important trade barrier. The retailer or the importer is often not in a position to re-deliver the goods upon Customs and Border Protection (CBP) request, in which case CBP applies a high penalty of 100% of the value of the goods. These delays are particularly damaging for seasonal products or for fashionable products having short life-span. The trade has reported that these formalities are highly trade restrictive. On account of concerns on this issue, it is important to further work with US to explore ways to reduce the burdensomeness of the formalities.

The US Public Health Security and Bioterrorism Preparedness and Response Act was formulated to address security risk surrounding the supply of foodstuffs. The implementation of the so-called Bioterrorism Act (BTA) necessitates the registration of all foreign facilities that supply food to the US, prior notification of all shipments to the US, record-keeping by foreign enterprises to allow traceability of foods, and procedures for the administrative detention of suspect foods. The measures cover all the main food exports to the US, beverages (including wines and spirits), processed foods, dairy products, and fruit and vegetables. Deliveries by international mail by private individuals are exempted, but foreign mail order companies are still subject to these burdens. The additional red-tape resulting from the implementation of the BTA affects Indian agri-food businesses, in particular small and medium enterprises.

Issues in Services:

Banking Services

There are different kinds of access barriers Indian banks face in the United States. Once a bank obtains a branch licence in the United States, the activities of the foreign parent bank in that country, known as Bank Holding Company (BHC), are restricted to only closely related banking activities and exclude several financial activities such as selling of insurance, Mutual Funds, etc. There is no such restriction in many developing countries including India. This severely restricts the opportunities for the foreign banks. The Indian banks also face some other operational barriers. For instance, foreign bank's branch is governed by the BHC regulations, which prohibit the bank from undertaking insurance and underwriting business in the US, as well as restrict the parent bank's equity ownership in non-banking businesses that have operations in the US. These are permitted under the financial holding company regulations; however, transition from BHC to financial holding company status again takes time and is subject to approval of the Federal Reserve, including determination of comprehensive consolidated supervision in the home country. Because of the above reasons, an Indian bank currently cannot have a banking presence and undertake underwriting and insurance at the same time in the US. Another problem facing the Indian banks is the long time taken for clearing applications. Indian banks have been raising issue that the US is taking considerable time in clearing the applications for setting up branches in that country.

Branches are allowed all activities permissible for other national banks in US, but excludes acceptance of initial retail deposits less than $100,000. Foreign bank branches cannot take deposits below $100,000 since the Federal Deposit Insurance Corporation (FDIC) does not insure deposits of foreign bank branches. Only Deposits of subsidiaries are insured by FDIC. Hence retail deposits can be accepted by only foreign banks established as subsidiaries.

For a foreign bank to operate in the US there is a complex and long-winding process known as the Comprehensive Consolidation Supervision (CCS). The matter is then referred to a number of other regulators such as the Office of the Comptroller and the relevant State. The process takes about 5 years or even more. The Federal Reserve requires the determination of CCS status for establishment of branches/subsidiaries. India is categorized as 'Actively working towards CCS' and not 'fully CCS'. This position is alright for establishment of branches, but not to establish a subsidiary for which 'fully CCS' is required. India has enacted comprehensive legislation and adopted regulations to deter money laundering. Banks follow the 'Know Your Customers guidelines-Anti Money Laundering Standards' issued by the Reserve Bank of India. All these are in line with the Financial Action Task Force (FATF) recommendations. However, still the FATF evaluation on India is not favorable and its evaluation states that Indian banks do not meet all its recommendations. In the US, foreign investment banks, at the national level, must be subject to surveillance procedures not applicable to national institutions (according to the Investment Advisers Act of 1940). There are other discriminatory measures at the State level, which violate National Treatment. Other national treatment restrictions include: a) foreign banks being subject to the requirements of the Community Reinvestment Act (to invest part of the federally insured deposits on community projects), even if its deposits are not insured by the Federal Government; and b) there is a legal possibility (not used until now) that the FED can charge examination fees to audit foreign banks only.

Insurance

Reinsurers are obliged to lodge trust funds in the US, effectively requiring them to fully collateralize their exposures. The sums involved are of a significant size, and thus constitute a significant impediment to trade in such services. In calculating the level of these trust funds, no credit is given for any retrocession that takes place in the US, nor is any account taken of the supervision that takes place in the home jurisdiction of the foreign reinsurer:

The fragmentation of the market into different states jurisdictions, with different licensing, solvency and operating requirements. Each state has its own insurance regulatory structure and, by contrast to banking, federal law does not provide for the establishment of federally licensed or regulated insurance companies

- The decentralized US regulatory / supervisory structure entails heavy compliance costs for foreign companies in each of the state jurisdictions
- Under Mode 1 and Mode 3 the life, non-life and reinsurance services are not allowed for government owned or government controlled companies to conduct business. This has serious market restriction for the major Indian insurance companies.
- There are restrictions like the requirement of US citizens to be member and in the Board of Directors of insurance companies.
- Auxiliary services to insurance, breakage licenses and agency licenses are issued to non-residents only for few insurance products under Mode 1 and Mode 3.
- Federal excise tax is imposed on all life insurance premium and non-life insurance premium on companies not incorporated under US laws. This puts such companies in an unfavourable position vis-à-vis domestic companies.

Telecom Services

There are limitations to National Treatment principle in the telecom sector. For basic Telecommunications Services, ownership of a common carrier radio license (via direct investment) may not be granted to or held by foreign government or the representative; non-U.S. citizen or the representative of any non-U.S. citizen; any corporation not organized under the laws of the United States or U.S. corporation of which more than 20% of the capital stock is owned or voted by a foreign government or its representative, non-U.S. citizens or their representatives or a corporation not organized under the laws of the United States. For other communication services, Radio and television broadcast licenses may not be held by: a foreign government; a corporation chartered under the law of a foreign country or of which more than 20 per cent of the capital stock is owned or voted by non US citizens; a corporation chartered under the laws of the United States that is directly or indirectly controlled by a corporation more than 25 per cent of whose capital stock is owned by non US citizens or a foreign government.

Apart from visas, security-related restrictions on federal and state businesses are coming in the way of Indian IT companies doing business in the US. The uncertainty about whether they would be eligible to bid makes business decisions difficult. Presently, an employer who sends employees to the US for short term assignments ends up paying double taxes on social security as they have to pay the tax both in India and in the US. If a company relocates an employee to the US for carrying out some on-site works, which are very common in IT industry, both the employer and employee have to pay the social security tax in the US and India, leading to the situation of double taxation. According to NASSCOM sources, each year Indian IT professionals alone contribute more than $1 billion to US social security system and they do not get any benefit out of it.

NASSCOM has pointed out the visa issues faced by Indian IT professionals, particularly in the US and EU. Most countries across the world do not have short term work visa that Indian IT industry needs. In these times of economic downturn, most countries are tightening the norms further by: a) Either limiting the number of visa that they grant to skilled foreign workers; b) Coming up with shortage list and keeping IT jobs out of those list; c) Putting more stringent criteria so to avoid people coming in to host countries; d) Forcing companies by making amendments into their laws so that they are not able to hire any foreign workers. e.g. US companies receiving TARP funding are not allowed to hire H-1B workers; and e) Some European countries are tweaking their business visa rules also and allot such visa after tedious processes and for very short durations.

Requirement of Local Content

Export of Automobiles

The Indian trade has reported that the American Automobile Labelling Act promotes use of US and Canadian parts, which makes entry of small cars made in India into the US' market difficult. US clarified that the Congress passed the American Automobile Labeling Act in 1992 to help consumers in the selection of new vehicles by providing information about the country of origin of vehicles and their parts. Passenger vehicles manufactured after October 1, 1994 must have labels specifying their percentage value of US/Canadian parts content, the country of assembly, and countries of origin of the engine and transmission.

Export of Indian Steel

Under the US Steel First Act passed in April, 2008 by the Congress, for all Government funded infrastructure projects, the steel has to be domestically produced. This has raised fears that it will impact market access for Indian steel exports. The US responded that on April 30, 2008, HR 5935, the "American Steel First Act of 2008," a bill to amend US government procurement provisions vis-à-vis iron and steel products used in public building and works projects, was introduced in the U.S. House of Representatives. The draft legislation has not been voted on by the House of Representatives and has not become U.S. law.

Use American provisions in the stimulus packages

The US in the context of financial crisis is increasingly resorting to protectionist measures to protect domestic industry and jobs of locals. These measures are in violation of national treatment principle of the WTO. The stimulus packages contain a controversial provision that expands the provisions of the "Buy American" Act enacted during the Great Depression, and which would require all stimulus-funded projects, including major public works projects, to use equipments and goods made in the US.

Tobacco Exports

India's tobacco exports to the US are low and stand at US$3 million. This is only about 0.3% of US total tobacco imports. One of the major reasons for the poor off take of Indian tobacco by the US is the Tariff Rate Quota (TRQ) regime prevailing in that country. Tobacco imports into the US come under the purview of the TRQ, which was established in September 1995 for all cigarette type tobaccos. Under the TRQ, a tariff rate equal to the concessional rate (40.9 cents per kg) is applied to tobacco imports until the in-quota quantity is filled, after which a tariff rate of 350% ad-valorem is applied. The TRQ is subdivided into specific allocation for nine Countries and a general allocation for other Countries. Under the North American Free Trade Agreement (NAFTA), Canada and Mexico are excluded from TRQ import duties. India does not have any specific TRQ and is clubbed under 'Others' with an allocation of only 3000 tons. This limits growth of Indian tobacco exports to the US. This system of quotas needs to be reviewed so as to allow for greater market access for Indian tobacco in the US. The out of quota tariff of 350% acts as a barrier to Indian exports. India has made a point that the quotas should be on MFN basis and not country specific.

Other Issues

Denial of GSP Benefits

In 2005 US government removed Indian Gems & Jewellery from receiving the benefits of GSP. In the Annual review 2006, the US Administration decided not to renew the Competitive Needs Limitation (CNL) Waiver for gold jewellery and brass lamps from India, thereby ending the Generalised System of Preferences (GSP) for these products. The decision of the US Government to end the GSP for gold jewellery and brass lamps from India will lead to a large number of jobs being lost in these sectors. It is important to note that GSP is an important market access tool which has immediate and visible impact towards reduction of poverty and improvement of living conditions of the people, particularly of artisans, small entrepreneurs etc. Studies have shown that denial of GSP window considerably affects India's export interests. The US GSP scheme can provide boost to Indian exports if the US revisits the issues regarding CNL.

European Community:

SPS & TBT Barriers

Market Access Problems of Fishery Products

Consignments of fishery products have been rejected by Italy and Ireland on the grounds of presence of cadmium above the prescribed limits. However, it has been observed that the sampling followed by these countries is not in line with the Commission Directive 2001/22/EC of 8th March 2001, which prescribes drawal of two samples and results reported as mean of the two, whereas in the above cited case, it was reported that only one sample was tested. In view of this recurring problem, India requested the European Commission to issue instructions to Member States that they should follow the Commission Directive 2001/22/EC of 8th March 2001 for sampling of consignments (for heavy metal). EC replied that the application of EC law is the responsibility of the EC Member States.

Meat & Meat Products

EU does not allow import of Indian buffalo meat due to prevalence of foot and mouth disease (FMD) in Indian cattle. Even fresh meat import is not permitted despite OIE Code permitting so. EC responded that the four Member States hit by the FMD epidemic in 2001 spent a total of 12 billion Euros on eradication measures. To preserve these huge investments, the protective measures applied by the EC follow strictly the scientific advice provided by the European Food Safety Authority (EFSA) and that this measure complies with OIE and WTO law. India needs to continue to work with EC to find a satisfactory solution to this issue.

Regulation on the Increased Level of Official Controls on Import of Feed and Food of Non-Animal Origin

The EC introduced a draft proposal on 6th December 2007 for the Regulation on an increased level of official controls at designated point of first arrival or at the designated point of import into the Community of feed and food of non animal origin due to known or emerging risk as foreseen in Article 15.5 of Regulation 882/2004. India had informed EC in January 2008 that, if implemented, the Regulation would create a significant non-tariff barrier for export of agricultural products from India to EU. In its reply of 26th September 2008 EC pointed out that the issues included in the draft proposal were identified on the basis of an assessment of known or emerging risk for animal and public health.

Egg Products

India is on the list of authorized third countries from which member states of the EU can import egg products (Commission Decision No.94/278/EEC). Therefore, India can export egg products to member states on the basis of bilateral agreements. Presently Belgium, Germany, Austria and Denmark are importing egg products from India on bilateral basis. However some of the EIC approved establishments have expressed difficulties in exporting their products to some of the European member states like Germany and Denmark in light of the EC Regulation 853/2004, and Decision 2006/696/EC dated 28-8-2006.

Differing Norms for Microbial standards

The EC has not harmonized norms for microbial standards as well as methods of inspection, sampling and test. Member countries are, therefore, having their own norms. Examples of such cases are from Spain, Italy and France where many consignments have been rejected due to detection of Vibrio parahaemolyticus and Vibrio cholerae in consignments. Based on information collected from other countries, it is observed that none of the importing countries have specified limits for Vibrio parahaemolyticus in raw products. Standards for this micro-organism have been laid only in 'ready to eat cooked products' or 'seafoods for raw consumption' and here again, limits have been specified at level ranging from 1,000 to 10,000 per gram. One of the key elements of the Agreement on SPS is 'harmonization' in which member countries are expected to base their SPS measures on international standards. It also means that within the EU member states, there should be common norms followed, and in case of different norms, these should be justified through risk analysis. Further while processing, an exporter may at times not be clear about the specific country of destination within the EU countries. As a result, while certifying the consignments of marine products for export to the countries of EU, it becomes difficult for EIC of India to decide against which norms to certify, which may in effect lead to rejection of the product. In view of this it is important that EC initiates steps for harmonization of microbiological requirements within the EU.

Differential Norms for Pesticide Residue

An important problem being faced by Indian exporters of grapes, gherkins etc., is the differential pesticide residue levels followed by different member states of the EU, in spite of the fact that there are EU wide harmonized levels prescribed by the EC as well as Codex. Such variation in the residue levels pose difficulties for intra-EU trade for products exported by India. This is resulting in a situation that the Indian exporters are able to trade with only some of the EU countries. This problem is being faced in a number of products and India is expected to have bilateral agreements with the member states for export of various items. It is reported that most of the time, the maximum residue levels of pesticides and antibiotics are introduced without any scientific justification. This is done on arbitrary basis taking recourse to "precautionary principle". This principle is being followed in spite of the fact that the Codex Alimentarius Commission, at its 24th session held at Geneva in 2001 had agreed to as follows: "When there is evidence that a risk to human health exists but scientific data are insufficient or incomplete, the Commission should not proceed to elaborate a standard but should consider elaborating a related text, such as a code of practice, provided that such a text would be supported by the available scientific evidence." The EC also keeps reducing the maximum residue levels of pesticides and antibiotics very frequently and without giving adequate notice. It becomes difficult for developing countries like India to keep pace with the ever changing Maximum Residual Limits (MRLs).

Impractical Approaches to Product Testing

There are impractical approaches to product testing in the European Union. Taking the example of aflatoxin in spices, processed food, groundnuts, cereals, etc., there is a requirement of meeting MRL of aflatoxin in these products. The sampling procedure for testing purposes is extremely complex and expensive, which makes it technically and economically unfeasible for developing countries like India. Moreover, it is expected that MRL should be measured on arrival of the consignment at the port of the importing countries (e.g. EU ports). This is impractical because aflatoxins can come up at any stage after drawal of samples for testing. The voyage provides an optimum environment for growth of aflatoxins. No exporting country can absolutely guarantee this, not even the most developed countries.

Non recognition of Indian Whisky

India has been consistently requesting European Commission for recognition of Indian whisky as a "whisky" in the EU market to ensure a level playing field. The EC has so far not responded positively. As per the Commodity Nomenclature Code, an alcoholic beverage can be called a whisky only if it is produced exclusively from cereals by distillation and is matured for a period of three years. The EC authorities have informed that there is no scope for change of definition of whisky by them. They suggested that India should come up with some creative solution that could be considered but the use of term 'whisky' may not be possible. The EC has also suggested that in case India can give detailed clarification on technical aspects, their customs experts could consider the issue for tariff concessions. The technical experts from the All India Distillers' Association are of the view that the extra neutral alcohol (ENA) produced from molasses and used as a base for production of Indian whisky is as good as the ENA produced from cereals/ grains. In the EU countries, whisky has been traditionally produced from cereals because they do not produce sugarcane. Even in USA, no one has ever challenged whisky produced from molasses. It is also pertinent to mention here that while EU are reluctant to import Indian whisky as "whisky", but at the same time they insist that their whisky should be allowed to be imported into India under the 'national treatment clause'.

Herbal Products

The EU regulations specify inclusion of only herbal products and the stipulation that they should have a proven use of 30 years out of which 15 years should be in the EU inder market access for Indian Ayurvedic products. India had expressed its interest in knowing the scientific basis on which such criteria has been developed and mandated.

Capping the Greenhouse Gas Emissions of Airlines

The EU is planning to cap the greenhouse gas emissions of airlines by including civil aviation under the purview of its emission trading scheme from 1.1.2012. The scheme would adversely affect operators of Indian airlines operating in Europe. India wanted to know the time period for placing such a proposed regime in to effect and for compliance by foreign airlines. The EC responded that in order to prevent the most dangerous effects of the climate change, significant reductions in greenhouse gas emissions are necessary. The EU has adopted a comprehensive approach and ambitious targets to reduce emissions across the whole economy including aviation. The EU emission's trading scheme (EU ETS) is an important mechanism by which emission reductions will be achieved. For aviation, inclusion in an open emission trading system is a very cost effective means of mitigating emissions. Given the scale of the challenge to prevent climate change, inclusion of aviation in the EU ETS is a proportionate and effective response. The EU scheme has been designed in such way so as to be non-discriminatory between aircraft operators; it cannot therefore be considered to adversely affect the operations of Indian airlines operating in Europe.

Tea:

Rapid Alert System

The RAS for food and feed in the EU is issued by any country of the EU and is applied to all other countries of EU on automatic basis. But in the case of lifting of such alert in the present system, there is a need for clearance of at least 10 import consignments by the concerned state. Import of Indian tea in different EU state varies between less than two consignments in some EU states to more than 10 consignments in few other states in a year. The requirement of clearance of at least 10 consignments for the lifting of RAS acts as a barrier for tea exports to those countries where consignments per year is very few. Since RAS issued by one country applies to all the country of EU on automatic basis, clearance of such alert by one country should also be applied automatically to all the countries within the EU. India also raised this issue during the TPR of EU in 2009. India pointed out that the threat of destruction of rejected consignments, member states taking unilateral decisions for lifting of alerts, lack of appeal mechanism, etc. are still to be addressed.

Non-Recognition of tea testing laboratories of India

In India there are a few NABL accredited laboratories engaged in testing pesticide residue in respect of tea for exports to different countries. But, EU countries do not accept test reports of these labs because for EU states, such certificates have to be issued by European laboratories.

Intellectual Property Rights

An important barrier that the Indian pharma exporters face in EU relates to their transit to third countries. Transit shipments are seized on the grounds of alleged violation of patent rights. Indian shipments of medicaments were seized by Dutch customs authorities while they were shipped through Netherlands en route to Brazil, Peru and Columbia, alleging violation of patent rights. Dr. Reddy's consignment of Losartan was alleged to be infringing the patent rights of Merck-DuPond on this drug in Netherlands. But Losartan has no patents either in the originating country, India or in the destination country, Brazil. Article 51 of TRIPS provides for adopting procedures to enable a right holder, who has valid grounds for suspecting that the importation of goods involving infringement of IPRs to lodge an application in writing with competent authorities for suspension by customs authorities of the release into free circulation of such goods. Article 52 of TRIPS clarifies that any right holder initiating procedures under Article 51 will have to provide adequate evidence to prove that there is prima facie an infringement under the laws of the country of importation. In the recent incidents of Dutch seizures, neither India nor the importing countries had patent rights over the concerned medicines and the Dutch had no right to interfere in the legitimate trade between India and its importers.

Services Issues under Doha Development Agenda

India is in the process of a dialogue with EC on market access in services. Most of the issues are negotiated multilaterally, but some are conducted bilaterally as well. The broad range of market access issues which India faces in EC is listed below.

In Professional Services like Accounting, Auditing and Book keeping services, Architectural Services, Engineering Services and Integrated Engineering Services, the various restrictions in various member states like conditions of nationality and citizenship, requirement of commercial presence for Mode 1 in some cases etc. are barriers to market access.

The EC schedule has numerous restrictions in various sectors, where the EC itself is a demandeur. These sectors are:

Financial services (high capital requirements in UK and Mode 1 restrictions in Insurance and Banking in Germany, Denmark, France, Italy and Finland)

Telecom Services (Mode 3 restrictions in Finland, France, Poland and Slovenia. FDI of 20% in France and 49% in Poland)

Retailing (economic needs tests in France and many other countries)

Energy (monopolistic dominance in many countries such as France and Germany).

China

Market Access for Fruits

During India-China discussions on China's accession to WTO, both countries had agreed to work on expeditious entry of 17 fruits and vegetables into the Chinese market. So far only three items have been allowed (mangoes, grapes and bitter gourd) into the Chinese market despite the fact that technical details have been provided for all the 17 fruits and vegetables to the Chinese side.

Dairy and Meat Products

Indian exports of dairy and meat products to Chinese market is impeded by lack of clarity in terms of technical standards. For example, bovine meat and meat products from India are not allowed entry into the Chinese market on grounds of concern surrounding FMD in India, even though the disease management of FMD in India is scientific and as per internationally accepted standards. There are areas which are DMB free in India from where such imports should be permitted as is done by many countries importing Indian bovine meat and meat products.

Japan

General Issues

Indian exports to Japan are affected by a number of issues, which include SPS-TBT measures and high transaction costs. The inspections conducted by the Japanese authorities with regard to the place of origin labeling in case of fruits, vegetables, fish, meat etc is a very strong non-tariff barrier. The rules governing imports of fruits and vegetables into Japan are excessively restrictive and at times stricter than those applicable in other developed nations. In case of processed food items, the presence of additives used for preservation or enhancing the product quality and life and otherwise considered safe are objected to by authorities in Japan. Meat and meat products exports to Japan face difficulties on account of stipulations that ban use of natural and synthetic hormones in livestock production. The distribution channels in Japan are extremely complex and highly regulated. As a result transportation and distribution costs for certain products like rice are excessive and make the same exporting to Japan extremely difficult.

Issues in Services

Mode 2 and Mode 4 Services

There are continuing barriers in Mode 2 and Mode 4 with regard to health services. Given the ageing population of Japan, the demand for medical services is going to put pressure on the existing health infrastructure in the country and this can to some extent be relieved by easing rules for movement of trained professionals, nurses, physicians etc from India to Japan. India also faces problems in obtaining visas for employees to do on-site work in Japan especially by companies in the IT sector.

Difficulty in obtaining visa

Obtaining visas for employees to do on site work in Japan is a problem faced especially by companies in the IT sector.

Other Barriers

GSP Scheme

Items such as dairy products, some footwear, and textiles and clothing are not included in the GSP scheme for developing countries and are therefore subject to applied MFN rates of duty. These items are important for the export basket of India.

Canada

Labelling

Spice Exports

Indian exporters of spices to Canada have reported that the labeling requirements in respect of spices are not standardized and therefore it creates complications at the time of import clearance and sale in the domestic market.

Visas

Indian trade delegates participating at trade fairs in Canada are frequently denied visas in an ad hoc manner. This causes financial loss to them as they have paid up the registration charges, rentals for stalls and it also has an opportunity cost.

Other Barriers

Not Honoring Contractual Obligations

The small scale exporters of India have informed that they are facing payment problems as importers in Canada are not honouring contractual obligations. As the scale of such business operations is small, they find it difficult to resort to costly and time consuming legal recourse. This constitutes a type of NTB.

FDI

The Investment Canada Act gives wide discretionary power to the Minister to approve Foreign Direct Investment. Any foreign investment is cleared only after the Minister is satisfied that such investment will provide “net benefit” to Canada. Moreover, the criteria for 'net benefit' are loosely defined.

National Treatment Limitations

- The acquisition of control of a Canadian business by a non Canadian is subject to approval for all direct acquisitions of Canadian businesses with assets not less than a monetary amount established and published in January of each year in the Canada Gazette. The monetary amount for 2005 is $C153 223 250 million to be adjusted thereafter annually for changes in nominal GDP.
- There is a National Treatment limitation for all subsidies within the public sector, subsidies for R&D, subsidies for income security or insurance, social security or insurance, social welfare, public education, training, health and child care.
- There is a National Treatment limitation on all taxation measures.
- There is a National Treatment limitation for all measures for the welfare of aborigines.
- The acquisition of control of a Canadian business, or establishment of a new business related to Canada's cultural heritage or national identity, by a non Canadian is subject to approval.
- Limitations maintained by individual states are essentially geographical restrictions, which increase the business cost of foreign services suppliers. While some restrictions have been removed in some states, there are many that still continue and even new restrictions have been introduced. For example, a residency requirement has been introduced in Nova Scotia for Auditing Services.
- In Telecommunication Services, foreign investment in facilities-based telecommuni-cations service suppliers is permitted up to a cumulative total of 46.7% of voting shares, based on 20% direct investment and 33-1/3% indirect investment. Such suppliers must be controlled by Canadians. In addition, services regulated under the Broadcasting Act and measures affecting such services are excluded. Further, telecommuni-cations services supplied for the transmission of services regulated under the Broadcasting Act where such services are intended for direct reception by the public are also excluded. The Act imposes a Canadian owned and controlled system of broadcasting, and includes provisions regarding Canadian content in programming and production. It encourages the development of Canadian expression, and the use of Canadian talent and creative resources. There is also a specific emphasis on reflecting Canada's cultural diversity.

Workshop on India - EU FTA: Opportunities for South Asia

To discuss various aspects of "Indo-EU FTA: Opportunities for South Asia", a half-day-workshop was organized in the premises of Indian Institute of Foreign Trade (IIFT) by the Centre for WTO Studies on 29th October,2009. Prof. R.S. Ratna welcomed the resource persons and the participants. Mr. K. T. Chacko, Director IIFT in his inaugural address expressed that a better understanding of the outcome of Indo-EU Free Trade Agreement (FTA) was necessary. India was a late entrant to FTA process as it put great emphasis on multilateralism and even today, the bilateral FTAs was not at the cost of multilateralism. He expressed that in the current environment of global economic crisis, FTAs could help in stirring up economic activity.

In the technical session, chaired by Prof. Shashank Priya, there were three presentations. The first one was on "Indo-EU FTA: Challenges before the South Asian Countries" by Dr. Selim Raihan of University of Dhaka. He made an important point that rising bilateralism could adversely affect the interest of the poor and vulnerable developing countries. For instance, export of textile and clothing from LDCs was likely to get affected with the operationalisation of India-EU FTA. In his analysis, South Asian countries like Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka could be adversely affected by trade diversion. The GTAP modeling with respect to goods trade showed a fair gain for India and EU under Indo-EU FTA, but indicated negative welfare effects for countries like Bangladesh, Pakistan and Sri Lanka. In order to meet the challenges to LDCs, he suggested certain domestic policy responses in these LDCs like improvement in competitiveness and business climate and extending support for industrial sector adjustments. He also suggested multilateral response in the form of aid and technical assistance.

Dr. Rashmi Banga, Senior economist, UNCTAD-India, presented a paper on "Indo-EU FTA: Opportunities for Intra-Regional Investments in South Asia". She expressed that loss of market share for LDCs on account of India-EU FTA might not be substantial as agriculture and fish products were kept in the negative list. Further, as EU manufactured higher quality goods, it catered to a different market segment and hence threat of competition to LDCs was exaggerated. She pointed out that India-EU FTA presented new vistas for integration of SAFTA market by development of supply chains based on least cost location analysis. She pointed to empirical evidences on Trade and FDI linkages such as Canada-U.S. FTA and North America FTA (NAFTA).

Prof. R. S. Ratna of Centre for WTO Studies presented a paper on "India EU FTA: Is regional Integration Possible?" He argued that India and EU markets were complementary to each other and competitive on the basis of export and import structure. He informed that 90 per cent of the tariff lines and 90 per cent of trade values would have to be liberalized in 7-10 years by both the sides. He was of the view that integration of South Asian economy would take much longer time as at present SAFTA had a very large number of items in the negative list and there was no commitment to eliminate the duties. He suggested that the other South Asian countries could utilize this agreement to their advantage, if the industries could interlink themselves in South Asia. The India-EU FTA would bring both opportunities and challenges to all the South Asian nations and it is only their collaboration and cooperation that would pave the way for collective success.

The presentations were followed by a lively session of questions and answers. The participants raised several pertinent questions and they were

Mr. K.T.Chacko, Director, IIFT, addressing the inaugural session of the Workshop on EU-India FTA:Opportunities for South Asia. Sitting from left to right: Prof. R. S. Ratna, Dr. Selim Raihan, Dr. Rashmi Banga and Prof. Shashank Priya.

comprehensively responded to by the resource persons. The chairperson Prof. Shashank Priya, in his concluding remarks, thanked all the Panel Members and the participants for showing a keen interest on the subject. He also emphasized the need for more research regarding how FTAs could serve as building blocks to multilateralism even for non-members to FTAs, as fear of loss of markets due to FTA would spur them to greater openness and competition.

Dr. Selim Raihan addressing the participants during the technical session of the Workshop on EU-India FTA.

Participants in the Workshop on India-EU FTA: Opportunities for South Asia

Consultation with stakeholders to finalise India's sensitive list for India-EFTA FTA negotiations

The Centre for WTO Studies along with UNCTAD India did a study on the identification of sensitive list of items for India for the upcoming India- EFTA FTA. In this respect, the Centre, UNCTAD India, Ministry of Commerce and FICCI held a consultation meeting with stakeholders in Mumbai on 4th August 2009. Discussions were held to examine the domestic sensitivities and finalise India's sensitive list for India -EFTA FTA negotiations. The focus of the meeting was to gather industry inputs on the proposed list of India's sensitive items identified by this Study. During the consultation, discussions were also held to identify items presently in India's sensitive list for India- EU FTA which could be shifted to the tariff concession list. Representatives from the Department of Commerce, Mr. Abhijit Das and Dr. Rashmi Banga from UNCTAD India and Ms. Snigdha Moitra from CWS were part of the consultation team.

A wide cross section of representatives of trade and industry attended the consultation, the more prominent ones being from chemical, leather and textile sectors. They provided very useful inputs regarding domestic sensitivities, export competitiveness and Non- Tariff Measures being faced by Indian exporters. More such consultations are likely to take place in near future in other locations. Feedback from these consultations will be taken into account while finalizing the study.

Aditya Mattoo Senior Economist, World Bank Talks on Services Trade in CWS

Mr. Adityaa Mattoo, Senior Economist of the World Bank gave a talk in the Centre for WTO Studies on 31st August 2009, on the topic 'Service Trade: What does Recent Data on Trade and Trade Policy Show?' The talk was attended by the faculty members of the Centre for WTO Studies, IIFT as well as representatives from trade bodies, legal profession and other academic institutions.

Based on the analysis of U.S. data of services trade, Mr. Mattoo gave some important insight into services exports of India to U. S. He indicated that while imports of goods in the U. S. showed a dramatic decline, import of services trade into U. S. from India declined only by 10%. Within services, 'other private services' proved to be the most resilient. In the category of 'other private services' while import of financial services in the US had shrunk, import of insurance, telecommunications and business services had grown. He informed that such an analysis for other OECD countries could not be done as their data was not released as frequently as that of the U.S. It could, however, be said that in other OECD countries also, services trade was more resilient as compared to goods trade.

On this basis, he presented a conclusion that India was possibly less adversely affected by economic crisis as its export basket had a higher share of services than goods. He also pointed out that the demand for export in services was less cyclical than goods. Services trade was also less dependent on external finance and therefore loss of liquidity in the market did not affect services trade as much as the goods trade. For instance, India's big IT companies like Infosys and TCS had no debts and they mostly operated on their internal resources.

As regards maintaining openness in services trade, he expressed that to some extent, openness to services trade was becoming a self-sustaining mechanism because more and more services trade was dependent on outsourcing. This was particularly true of U.S. services trade and for them, any move towards protectionism would raise the cost for intermediate goods and services leading to loss of competitiveness. It would also pose a risk of retaliatory protective action. He argued that on this account, there was possibly less value now for binding commitments in services trade in WTO and in RTAs.

However, he suggested that in order to lock-in the present liberal services regime, instead of traditional request and offer approach, countries having interest in services trade could present a joint proposal suggesting taking multilateral binding commitment up to the level of existing liberalisation in Mode 1 and providing a future road map for taking commitments in Mode 3 along with mandatory extension of National Treatment under Mode 3. On Mode 4 he pointed out that as there were fears like illegal immigration, countries interested in deepening Mode 4 commitments could suggest some measures like pre-background verification, willingness to take illegal immigrants back to the supplying countries as a part of schedule of commitments in Mode 4. He also informed about a new services data base project of the World Bank which was likely to be unveiled soon.

Changes in the WTO Centre

Ms. Kasturi Das who was working as a Fellow in the Centre for WTO Studies since June 2008 and Mr. Reji K. Joseph, who was working as a consultant in the Centre for WTO Studies since September 2007 have moved out of the Centre with effect from end of August 2009. Both have joined the Research and Information System for Developing Countries (RIS), an autonomous organization under the Ministry of External Affairs.

Status of the Doha Round

Addressing a Seminar on "WTO & India: The Road Ahead"organized by the Federation of Indian Chambers of Commerce and Industry (FICCI) in New Delhi on 29 July 2009, Mr. Anand Sharma, Minister of Commerce and Industry, said: " Technical discussions will resume at the WTO this month. By the end of July, we can expect to have a roadmap for the negotiations. Full-fledged negotiations will probably resume in September. However, a quick closure is unlikely, given the large number of issues remaining unresolved. While a lot of momentum has been generated to re-start the Doha discussions, the road ahead is filled with challenges. Contrary to the impression that gained ground after a ministerial meeting of the WTO in July last year, several negotiating gaps remain. It will take time and intensive dialogue to find solutions and to attain an overall balance in the final outcome. The Doha Round has seen 8 years of hard negotiating work. Selectively reopening issues can jeopardize this delicate balance. The challenge that WTO members face in this Round is to reconcile the legitimate aspirations of developing countries with the expectations of the developed world".

Meanwhile, in a written reply in Parliament (Rajya Sabha) on 15 July 2009, the Minister of State of Commerce and Industry Mr. Jyotiraditya Scindia said: "The Doha Round of trade talks, which began in 2001, is still under way. Negotiations under this Round are yet to resume formally following the winter break at the WTO in December....India is committed to a rule-based , multilateral trade regime which is fair and equitable and towards this end, an early conclusion of the Doha Round is important. However, the core concerns of the Round, namely, the development concerns of developing countries, have to be addressed".

Faculty Participation in Outreach Programmes (July–August, 09)

S.No.	Participating Faculty	Date	Topic	Location
1	Prof. Shashank Priya	July 1, 2009	i) Fundamentals of International Trade (International Trade theories like Mercantilism, Free Trade theory, comparative advantage); ii) GATT, 1947; iii) Agreement establishing the WTO & GATT 1994	The Insttute of Chartered Accountants of India, Delhi
		July 6, 2009	i) Singapore Issues Trade Facilitation; ii) Custom Valuation (Agreement on Implementation of Article VII of GATT, 1994); iii) Agreement on import Licensing	
		July 8, 2009	Agreement on the Application of Sanitary & Phyto-sanitary Measures	
2	Ms. Kasturi Das	August 4, 2009	Lecture on 'Climate Change Issues and Global Negotiations' in the 'Special Course for Foreign Diplomats' organized by the Research and Information System for Developing Countries (RIS), New Delhi, on behalf of the Foreign Service Institute (FSI), Ministry of External Affairs, Government of India	New Delhi
		July 26, 2009	Lecture on 'Issues in Climate Change in Asia' in the 'Capacity Building Programme for Foreign Diplomats from the ASEAN Countries' organized by the Research and Information System for Developing Countries (RIS), New Delhi, on behalf of the Foreign Service Institute (FSI), Ministry of External Affairs, Government of India	
3	Dr. Murali Kallummal	July7, 2009	Presented views on the panel on the “TBT issues in the Automobile Sector”, at the Launch of the “Standards Portal and the Role of Standards in India-US Commercial Relationships”, [organised jointly by Confederation of Indian Industry (CII), Bureau of Indian Standards (BIS) & American National Standard Institute (ANSI)] at Hotel Taj Mahal.	New Delhi
		August 31, 2009	Presented a paper titled “Financial Liberalisation and Agriculture: An Overview of the Challenges before Developing Countries”, an International Conference on “Financial Structure and Economical Development Financing Theories and the New Pattern of Accumulation in Developing Countries” in National Autonomous University of Mexico, Faculty of Economy, Postgraduate Building, Mexico, available at web link http://www.depfe.unam.mx/seminario-ef/smitha-francis_murali-kallummal.pdf	
4	Prof. R. S. Ratna	July 7-8, 2009	Presentation on “Managing Regional Integration in South Asia” at Dhaka Regional Conference organised by South Asian Network on Economic Modeling	Dhaka
		July 23, 2009	Presentation on “WTO/International Law” organised by Foreign Service Institute, Ministry of External Affairs, New Delhi	New Delhi
		July 31, 2009	Presentation on “India Infinite Opportunities: Seminar on Awareness of Indian Market” Organised by Government of Thailand	Thailand

PUBLICATIONS OF THE FACULTY MEMBERS (JULY-AUGUST, 09)

S.No.	Faculty	Topic	Published in
1	Prof. Shashank Priya, Professor, Centre for WTO Studies, and Shri Reji K. Joseph, Consultant, Centre for WTO Studies	Review of Trade Policies of India's Major Trading Partners	A publication of the Centre for WTO Studies

WTO BRIEFS

- **" We must keep the foot on the gas on Aid for Trade" Lamy**

  Director-General of WTO Pascal Lamy, at the closing session of the second global review of Aid for Trade on 7 July 2009 said: "We have to maintain momentum and ensure that commitments are met". Underlining the need to actively mobilize additional resources, he welcomed the announcement of substantial commitments from Japan ($ 12 billion for 2009-11), the UK (1 billion pound sterling per year), the Netherlands (550 million euros per year) and France (850 million euros per year). " Mobilising Aid for Trade resources will remain essential to help developing countries be prepared to exit the crises, including by encouraging South-South Aid for Trade partnerships", he said.

- **New website database offers comprehensive tariff information**

  Comprehensive information on customs duties became available to WTO website users on 9 July 2009 through a new database, the WTO Tariff Download Facility. Users can now search for customs duty rates in each WTO member country, as actually charged (i.e., "applied rates" on imports) as well as the legally bound maximum duty rates (i.e., " bound rates" or the ceilings on the tariffs that member governments can set).

- **A new triangle of global governance emerging Lamy**

  In a speech after receiving an honorary degree from the University of Warwick in the UK on 15 July 2009, Director-General Pascal Lamy said: " I see a new triangle of global governance emerging that we need to strengthen. A 'triangle of coherence'. On one side of the triangle lies the G20, providing political leadership and policy direction. On another side lie member-driven international organizations providing expertise and specialized inputs whether rules, policies or programmes. The third side of the triangle is the G-192, the United Nations, providing a forum for accountability".

- **Chair says Geneva Ministerial " not intended as a negotiating meeting"**

  The chair of the WTO General Council, Ambassador Mario Matus, at an informal meeting of WTO ambassadors on 22 July 2009, reported "significant progress" in his consultations on the overall structure of the Seventh Ministerial Conference of the WTO, which will be held in Geneva on 30 November-2 December 2009. He said there is convergence on a number of points, including on the importance of not overloading the agenda of the Conference. " We should approach the meeting as essentially an opportunity for Ministers to discuss issues and provide their political perspectives without necessarily seeking to produce substantive negotiated outcomes". he said.

- **Data on technical barriers to trade are now easier to find**

  The Technical Barriers to Trade (TBT) Information Management System, a comprehensive source of information on measures relating to technical regulations, standards and conformity assessment procedures , is now online. It allows users to track and obtain information on regulations that member governments have notified to the WTO (an obligation for WTO members) and which may affect international trade in goods.

Who said what:

Bi-monthly Round-up of News and Views on WTO and Related Issues

(July - August, 2009)

1. **50% Indians living below poverty line:** Govt Panel In what could provide a radical boost to UPA's aam aadmi agenda but also pose a mind-boggling fiscal challenge, a government panel has recommended that 50% of India's population be given below-poverty-line cards. The recommendations of the rural development ministry's committee on BPL surveys, chaired by Supreme Court-appointed food commissioner N C Saxena, seek to double the population that benefits from the UPA's social sector schemes. At present, the Planning Commission estimates hat only 28.3% of the population qualifies for BPL benefits. *(Times of India dated 1/7/09).*
2. **Over 60% Indian live on Rs.20/day** -- The debate over poverty levels in the country found resonance in the Economic Survey with the report stating that 60.5% of the population was capable of spending only Rs 20 a day as per the latest National Sample Survey. A wide range of poverty numbers have been floating around from different government agencies with the N C Saxena Committee being the latest. The Planning Commission's estimate has been the most conservative at 27.5% while the National Commission on Enterprises in the unorganized sector, in its report, had suggested that 77% of the total population in 2004-05 could spend less than Rs 20 a day per person. The poverty figures are drawn on the basis of the minimal nutrition required per person for a healthy living and the ability to purchase the nutrition in terms of a food basket. *(Times of India dated 3/7/09).*
3. **India tops WTO members taking trade remedy measures this year**-- India ranks first among WTO members who have resorted to trade remedy measures during the first six months of 2009 in the face of the worst economic crisis, according to a report issued by WTO DG Pascal Lamy. *(Business Standard dated 3/7/09).*
4. **India-EU FTA suffers the ennui of vested interests** -- Imagine a world where visa queues no longer have the power to terrorise; where a lawyer in India can practise in Spain, were she to prefer it; where after a long day's work one could sit back in Delhi and enjoy a buttery glass of French wine without spending a month's wage on it. The possibility of realising this almost Lennonesque utopia is currently in the unlikely hands of a group of bureaucrats who will be meeting in Brussels next week for the seventh round of the free trade agreement (FTA) negotiations between India and the European Union (EU). Ideally, the FTA would see liberalisation of tariffs on goods on the Indian side matched by the liberalisation of service sector rules on the European side to make for a win-win situation. Clearly India, with its high tariff levels, will feel the greater pinch on the goods side of any FTA with the EU. But Brussels remains unhappy with the composition of the 10 per cent of goods that New Delhi wishes to exclude from the list. *(Business Standard dated 8/7/09).*
5. **Dilemma on traditional knowledge**--For a country that has, perhaps, the most at stake in protecting its traditional knowledge (TK) which is part and parcel of its daily life, India remains strangely silent and absent in global discussions on this subject. Last week, the World Intellectual Property Organisation ended a five-day meeting of the Inter-governmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore without India's participation. Nor was there any document stating its position on the talks. On the other hand, a raft of countries from the US to Brazil and the European Union and Ethiopia in between has commented on the draft proposals. It's another matter that the meeting in Geneva ended without reaching consensus on future work. The sticking point was whether or not to aim for a binding international instrument. *(Latha Jishnu in Business Standard dated 8/7/09).*
6. **Will complete Doha Round by 2010**: India **agrees with G8 --** In what would be a significant step forward, the G8 and the Group of Five (G5) developing countries India, Brazil, China, Mexico and South Africa will agree to commit themselves to conclude the Doha Round of talks in a year's time by 2010. In fact, India is expected to host a ministerial meet before the September G-20 Summit at Pittsburgh with a view to resolve existing differences. *(Indian Express dated 9/7/09).*

7. **G8 and the global economy: Leaders seek trade deal by 2010**--The world's biggest economies agreed on 9/7/09 to conclude a comprehensive trade deal in 2010, in the latest attempt to revive the stalled Doha round and give a shot in the latest attempt to revive the stalled Doha round and give a shot in the arm to the world economy. Rich countries gathered for the G8 summit in the Italian town of L'Aquila signed a deal with 10 other large economies including India, China and Brazil that trade talks must resume urgently, with a deadline set for completion next year. *(Financial Times of London dated 10/7/09).*

8. **Climate change talks grind to halt**-- Leaders of the world's 16 biggest polluters on 9/7/09 were on the brink of falling to agree targets to cut greenhouse gases, jeopardizing the outcome of the Copenhagen climate summit set for December. The G8 missed a unique opportunity on climate change, Ban Ki-moon, UN Secretary general, said as the talks stuttered to a halt. *(Financial Times of London dated 10/7/09).*

9. **India blinks on emission caps : Backs down on issues it called 'non-negotiable'** -- Has India blinked in the climate change negotiations? It seems so, going by the stand taken at the Major Economies Forum (MEF) meeting in Italy. India has gone back on some of its key principles such as a refusal to accept emission capsthat it held to be non-negotiable until just before the G8 meet in Italy. In the course of some tough negotiations, India appears to have bent a bit in the face of pressure from the industrialized countries. The biggest compromise at the MEF was to accept that all countries would work to reduce emissions in a bid to prevent global temperatures from rising more than 2 degrees above pre industrialization levels. When this declaration, signed by Prime Minister Manmohan Singh, is turned into targets for the various countries, this may imply substantial emission reduction targets for India even if the rich countries take a hefty 80% cut in their own emissions by 2050. While an 80% cut is the most ambitious target ever considered for the developed world, India and China would still be faced with large cutbacks. Till date, India has insisted that the science behind the two-degree target has been questioned even by the UN climate science panel. It has made it clear that unless rich nations put figures on the table about the sort of reductions they are willing to accept collectively by 2020, and then again by 2050, India would not agree to any commitments for the long term which the two degree agreement places on them. *(Times of India dated 12/7/09).*

10. **India invites trade ministers for talks** -- After giving a call for re-energising the stalled Doha Round of trade talks, India has taken yet another initiative to break the deadlock by sending invitations to all World Trade Organization (WTO) Trade Ministers for holding an 'informal round' of talks in New Delhi in the first week of September. *(The Hindu dated 14/7/09).*

11. **Negotiators protest climate flip: Govt's climb-down a body blow against everything we've fought for** India's endorsement of the climate declaration at the major economies forum in Italy has split its top climate negotiators. In a strong dissent, one of the negotiators called PM Manmohan Singh's signing on to the statement a body blow to everything that we (the Indian officials) have fought for. In his letter to the government, the negotiator, a senior official, said "India's poor will pay the price for this political declaration." *(Times of India dated 16/7/09).*

12. **Joshi: Don't allow foreign universities in a hurry** -- After stirring a hornet's nest with his ambitious 100-day programme for education sector, HRD Minister Kapil Sibal sought to allay fears over entry of foreign education universities and said these would not be expensive institutions that would "enslave" the country. He was responding to a concerted attack led by BJP's Murli Manohar Joshi, who cautioned the Government against haste in getting foreign universities into the country and "commercialising'' education. *(Pioneer dated 16/7/09).*

13. **India-EU FTA talks flounder again**--The seventh round of FTA negotiations between India and the EU ended in Brussels this week with no breakthroughs. Negotiators on the European side expressed their frustration over the seeming lack of urgency on the part of the Indians to produce results. While the talks on goods trade remained bogged down by the composition of the negative list the list of items to be excluded from the FTA the discussions on services fared no better. At stake are crucial matters like the short term movement of professionals across borders to perform

services and the opening up of hitherto to protected sectors like retail, legal services and insurance to foreign investments. *(Business Standard dated 16/7/09).*

14. **'Capping fuel emissions here won't impact global warming': India not among 'big league' emitters** -- "Even if India was to entirely eliminate its carbon-dioxide emissions from fossil fuels, the effect on global warming would be unnoticeable," says Prof Arvind Panagariya, Professor of Economics at Columbia University. In a report prepared for the NCAER-Brookings India Policy Forum 2009, he states that capping greenhouse gas emissions for the next two to three decades in any form does not make sense. *(Hindu Business Line dated 16/7/09).*

15. **Western lobbies sure India will soon have to tighten patent protection**--Major international patent lobbies are confident that New Delhi will soon amend the Indian patent Act, particularly Section 3(d) that enabled regulatory authorities to deny patent protection for Glivec, a cancer drug developed and marketed by the Swiss pharmaceutical company, Novartis. Recently, India's IP Appellate Board turned down an appeal from Novartis for patent protection for Glivec on the ground that it lacked innovation, which is a major requirement under section 3(d). *(Business Standard dated 16/7/09).*

16. **EU to take India's liquor tax hangover before WTO** -- The European Union (EU) has threatened to start legal action against India at the WTO if it does not address the issue of some states imposing higher local taxes on imports than on domestic liquor. *(Economic Times dated 18/7/09).*

17. **'No case for pressure to cut emissions' : Jairam Ramesh**--'India's position on the ongoing climate change agreement negotiations is clear, credible and consistent. We are very conscious of the local impacts of climate change within our country. Embedded in the United Nations Framework Convention on Climate Change (UNFCCC) and the Bali Action Plan, we are fully alive to our global responsibilities as well. We will never allow our per capita emissions to exceed that of the developed countries. Even with 8-9 per cent GDP growth every year for the next decade or two, our per capita emissions will be well below developed country averages. There is simply no case for the pressure that we, who have among the lowest emissions per capita, face to actually reduce emissions. And as if this pressure was not enough, we also face the threat of carbon tariffs on our exports to countries such as yours. We are ensuring that our economic growth path is ecologically sustainable GDP is increasingly Green Domestic Product, not just Gross Domestic Product. *(Jairam Ramesh in an article in Hindu Business Line dated 22/7/09).*

18. **India to push for non-tariff barrier database at WTO's Geneva round** -- India will drum up consensus at the Geneva round of the WTO for setting up an integrated database that will compile all non-tariff barriers existing worldwide as it feels that changing quality standards for imports to developed nations and abrupt policy changes make things tough for its importers. The seventh session of the WTO ministerial conference is slated later this year, and India has already made a formal submission to the organisation in this regard. "Once the WTO makes it mandatory to post all such data, there would be a pressure of some sort on the developed countries not to change their standards so frequently. Exporters too would know at the click of their mouse the existing standards in the destination countries," the official said. *(Economic Times dated 22/7/09).*

19. **Antony raises objections against FTA with ASEAN : Pact to hit coir, marine, cashew, pepper and rubber sectors**--Defence minister A K Antony has expressed reservations against the free trade agreement (FTA) with Asean, which comes up for clearance at the Cabinet meeting. According to him, the agreement will adversely impact workforce employed in traditional sectors like coir, marine products, cashew industry, pepper and natural rubber. The Kerala government has also been arguing that the customs tariff of not just the primary agricultural products but also processed products like cashew kernels , tyres and coir products should be maintained at the maximum levels to protect the domestic sector. Mr Antony is learnt to share this view of the LDF government. Government sources, however, said that the Asean-India FTA had been negotiated on the mandate given by the government . They maintain that FTA would open up large markets for Indian goods and that there would be gains in industrial products and other areas. *(Economic Times dated 23/7/09).*

20. **Doha round is not all about two camps, says Lamy: Maxi-negotiations in Geneva are crucial**-- WTO Director-General, Mr Pascal Lamy, is of the view that any perception about the battle of "two camps" across the development-divide in the Doha Round talks "is not true anymore". Mr Lamy was responding to questions after launching the World Trade Report 2009 at the conclusion in Singapore of a two-day annual meeting of trade ministers of the Asia-Pacific Economic Cooperation (APEC) forum. *(Hindu Business Line dated 23/7/09).*

21. **Resist, US pressure over Iran, trade talks: CPI (M)** -- The Communist Party of India (Marxist) has strongly opposed the growing "entanglement" with the United States of America and asked the government to resist Washington's pressure over Iran and the Doha round of trade talks and not to give into its demand on the climate change talks. *(Hindu dated 23/7/09).*

22. **APEC to fight against protectionism; pushes for Doha**--APEC countries issued a declaration on 22/7 against protectionism, saying such policies would be a setback to the global economy. APEC trade ministers also agreed to intensify efforts to reach a global trade pact by 2010, seen as a way to spur the global economy out its worst downturn in decades. *(Reuters in Financial Express dated 23/7/09).*

23. **World trade to shrink 10% this year; Asia leads recovery: WTO** -- Asia is leading a recovery in global trade, but world trade volumes are still expected to shrink 10% this year, the WTO said on 22/7. *(Financial Express dated 23/7/09).*

24. **ASEAN FTA will hit farmers, says Brinda Karat** -- Rajya Sabha members have expressed serious opposition to the proposed India-ASEAN (Association of South East Asian Nations) Free Trade Agreement (FTA) that proposes to drastically reduce or remove import duties on over 4,000 items of mutual trade. Raising the issue during zero hour, the CPI (M)'s Brinda Karat said signing of this agreement would be devastating to lakhs of farmers. The agreement for duty reduction would cover pepper, coffee, tea, rubber, palm oil and cashew. *(Hindu dated 24/7/09).*

25. **India to host Doha meet in September: WTO Chief has confirmed his participation** -- Happy with Commerce Minister Anand Sharma's efforts to revive the stalled Doha multilateral trade talks, WTO Director General Pascal Lamy has confirmed his participation at the trade ministers' meeting being hosted by India in September. *(Business Standard dated 27/7/09).*

26. **Anti-FTA noises grow louder** -- The government's decision to sign free trade agreement (FTA) with ASEAN came in for attack from within Congress with party members in the Lok Sabha describing the agreement as one that would hurt domestic growers of tea, coffee, cashew, coconut, spices and rubber. Congress member from Kerala KC Venugopal, who led the protests in the House, said the government should immediately take measures to protect domestic farmers. He was supported by his Congress colleagues from the southern states as well as Left MPs. *(Economic Times dated 28/7/09).*

27. **Reconsider decision to sign FTA, VS urges Manmohan**--Kerala Chief Minister V.S. Achuthanandan has urged Prime Minister Manmohan Singh to reconsider the Union government's decision to sign the ASEAN Free Trade Agreement (FTA). In a letter to the Prime Minister, the Chief Minister said the agreement contained many clauses which would have far-reaching consequences for the agricultural economy of the State. *(Hindu dated 28/7/09).*

28. **ASEAN FTA: Cong assures Kerala leaders**--Top government managers on 27/7 met Congress leaders and MPs from Kerala, including Congress Legislative Party leader Oommen Chandy, and tried to assure that even if India signed the Asean FTA, Kerala cash crops and farmers would not suffer. *(Business Standard dated 28/7/09).*

29. **Weak strategy by WTO members worries India** -- India has expressed concern over the absence of "problem-solving approach by all members" in Doha trade negotiations at the WTO, saying "continuous deferment of real engagement" will undermine the chances of completing the long-delayed trade negotiations by next year. In a hard-hitting statement delivered at the WTO's General Council, India's trade envoy Ambassador Ujal Singh Bhatia said New Delhi was "disappointed that the steady stream of political signals seeking an early conclusion of the Doha Round" have not been properly translated into an intensive phase of multilateral negotiations in Geneva. Work in the negotiating bodies such as Doha agriculture

and market-opening for industrial goods in Geneva has practically come to a grinding halt. Surprisingly, there is no road map to accelerate work at the multilateral level, several trade envoys have told Business Standard. *(Business Standard dated 29/7/09).*

30. **Mixed signals: Doha talks re-energise, don't try to reinvent, says Sharma** -- While commerce and industry minister Anand Sharma said there is a real possibility of some dynamism returning to the negotiations by September, commerce secretary Rahul Khullar expressed scepticism about any progress if the recession-hit world economy doesn't turn around in the next few quarters. *(Mint dated 30/7/09).*

31. **'India won't let concerns on WTO go unaddressed' : Anand Sharma takes tough line on Doha Round** -- Amid doubts that India was moving towards softening its stand on the question of protection to farmers, commerce minister Anand Sharma on 29/7/09 took a tough stand on the WTO's Doha Round of multilateral trade talks. "An early conclusion of Doha Round is important; India is willing to take part in negotiations at the WTO provided the core concerns of the Round, namely development concerns of developing nations, are addressed," Sharma told the RS. Sharma's remarks came a day after India expressed concern at the WTO headquarters in Geneva that no real progress was visible from the key member countries despite New Delhi displaying its desire to re-energise the talks. *(Times of India dated 30/7/09).*

32. **India talks tough again on Doha Round**-- Outlining its stand on the negotiations for finalizing the Doha Round of the WTO, the government on 29/7 said any new approach proposed for discussions would not be acceptable to India. The focus should be to reenergize and not reinvent, Commerce & Industry Minister Anand Sharma said. He was referring to the newly proposed methodology by some countries to skip the discussions on modalities. The approach followed so far in the negotiations has been to get the member countries to agree on modalities which include the ways for cutting tariffs on agricultural and industrial goods, reducing farm subsidies and gradually eliminating export subsidies. Currently, negotiating groups bring out these draft modalities on which the member countries should agree. However, recently there has been a demand for a new approach to the negotiations by skipping the modalities stage and directly notifying individual member commitments. These new approaches are all euphemisms for getting members to reveal where their sensitivities lie. This is not acceptable to India. There must first be agreement on modalities, the minister said. He also added that much has been invested over the years for preparing the draft texts of NAMA and these must be the basis on which further negotiations are held. *(Business Standard dated 30/7/09).*

33. **Kerala protests on ASEAN FTA decision rising** -- Kerala Chief Minister V S Achuthanandan says the views of state governments affected by the proposed Afree trade agreement with the Asean group of countries were not taken before the Centre decided to sign it. And state agriculture activists have asked MPs from Kerala to resign if the pact is signed, as a mark of their failure to represent the state's interests. *(Business Standard dated 31/7/09).*

34. **Recession, protectionism make WTO talks useless**--Commerce and industry minister Anand Sharma has, of late, seemed rather keen on kick-starting the stalled negotiations at the WTO. India will be hosting a "mini-ministerial" meeting of important trade officials in September. But the chances of the WTO's Doha Round of talks, that started in the capital of Qatar in November 2001, concluding in the near future are rather remote. The differences between developed and developing countries on key issues appear so irreconciliable at present that the WTO -- with 153 countries as its members is in danger of merely hosts talkathons and helplessly watches as intransigent negotiating positions are adopted. An important reason why trade talks are unlikely to be concluded in a hurry is the ongoing worldwide recession *(Paranjoy Guha Thakurta in Asian Age dated 2/8/09).*

35. **Doha Round: India can turn the table on US, says Jagdish Bhagwati**-- India should take the lead at the WTO's Doha Round of negotiations by improving its negotiating stand on special safeguard measures, says Dr Jagdish N. Bhagwati, Professor of Economics at Columbia University, New York. Speaking to journalists of The Hindu group of publications, Prof Bhagwati

noted that India is perceived as a "rejectionist" in the US. Observing that both the US and India had dug their heels in at the negotiations with the US not doing enough in terms of reducing farm subsidies and India sticking to its position on SSM (special safeguard measures) India could turn the table on the US by improving its position on SSM. He observed that it is possible to protect the Indian farmers under other provisions of the WTO, although, in his opinion, there was nothing to be feared by exposing the farmers to competition. He said that gradual opening up of the agriculture sector to global trade would do no harm, but noted that doing that would be politically difficult. Prof Bhagwati said that he felt that farmers' suicides were more due to non-agricultural reasons. On the rise of protectionism in the world, Prof Bhagwati said there were two kinds of protectionism one, that is violative of WTO rules (such as the 'buy American' provision in the US economic stimulus package) and, two, the exercise of options allowed under the WTO rules, such as bringing in a safeguard duty or raising tariffs from existing levels but still below bound levels. While the first form of protectionism is a "no, no", there is nothing wrong with the second kind, which is only an exercise of permitted options. *(Hindu Business Line dated 2/8/09).*

36. **India should accept climate change flow obligations, ask for superfund: Jagdish Bhagwati**-- In this interview to The Hindu in Chennai, Professor Bhagwati outlined some of the key challenges that remain for India in the climate change discussions in Copenhagen in December 2009 and the upcoming negotiations on the Doha Round. Edited excerpts: Q: On climate change, how much progress do you think the recent discussions, including agreeing a cap on global temperature rises, represents for countries like India and China? Domestic constituencies that may be hard to convince in terms of required actions to meet targets. A: "If you look back at Kyoto, we have two problems. One is that there is a carbon sink up there and the bulk of it, something like 80 per cent, has come from the West, predominantly from the United States and European Union (EU). So you have that as one fact. The other fact is the current flow obligation. Call the carbon sink the stock problem. Then we have the flow problem because we are currently discharging CO2 into the air. That is where China in particular, in gross emissions, is almost exceeding the U.S. now and we are the third or the fourth. I came up with the idea that we should address the stock problem separately from the flow problem. We should expect India and China to assume flow obligations but part of that solution has to be that the stock obligation is fulfilled by the West. Then I found, because I know the domestic pollution literature from my work on fair trade, that the Americans themselves have what they call a "Superfund," under which the strict liability is assigned for past damage they have a tort liability." *(Hindu dated 4/8/09).*

37. **VS asks PM to make FTA details public**-- Concerned over the possible adverse impact the India-ASEAN Free Trade Agreement (FTA) would have on Kerala's economy, Chief Minister V S Achuthanandan on 3/8/ met Prime Minister Manmohan Singh and demanded that details of the pact be made public and the state be consulted before India enters into the agreement. *(Indian express dated 4/8/09).*

38. **'Let's move to the kitchen and start preparing the final Doha meal: Lamy'**-- The Doha round of trade liberalisation talks seems to have received a fillip in recent weeks. In the last 10 days, WTO Director General Pascal Lamy has outlined the road-map to try to conclude the talks next year, the latest in the many deadlines fixed by world leaders over the last eight years. In an e-mailed interview with Sidhartha, the former European trade commissioner explains the challenges ahead. Excerpts: Q: Has the change from Kamal Nath to Anand Sharma made any difference to India's position? A: It's not so much that the positions have changed. Since the US and Indian elections, there seems to be a different atmosphere surrounding the talks, a willingness on both sides to look at different ways of tackling the outstanding differences. Q: Can you elaborate on the "horizontal processes to address political sensitivities" that you intend to put in place from September onwards? A: Members have indicated that they want to see the emergence of all the elements of a global deal so that there will be no surprises in the last minute. This means that there must be opportunities to address all issues on the table together, and not just each one on its silo. We need to move to the kitchen table and start preparing the final Doha meal. *(Business Standard dated 4/8/09).*

39. Oppn to officials taking up plum posts in WTO, WIPO -- Civil society groups have complained against the practice of senior commerce ministry officials taking up plum posts with international agencies such as the WTO and World Intellectual Property Organisation (WIPO) with whom they have been involved in direct negotiations on issues of national interest. *(Business Standard dated 8/8/09).*

40. India warns Brussels over generic drugs seizure -- The European Union's seizure of generic drugs could imperil the global response to epidemics such as swine flu, India's commerce ministry said. Anand Sharma said his government had protested to Brussels about consignments of Indian drugs for a range of ailments, being "unfairly" stopped by customs in the EU. Authorities have held up shipments of Indian generic drugs, including consignments from Cipla, the Mumbai-based pharmaceutical company, on the grounds that they violated patents. *(Financial Times of London dated 8-9/8/09).*

41. Lamy says bio-piracy concerns will not take TRIPs forward--The developed countries have opposed a proposal by India and eight other developing countries to include rules on checking bio-piracy in the Trips agreement. The members need to continue their focus on technical issues so that they can understand each others' concerns better and seek an outcome that is practically achievable, said Pascal Lamy, director general of the WTO. An India-led group of developing countries, which includes China, Pakistan, Brazil, Tanzania and Colombia, has emphasised that the current Doha round for framing new multilateral trade rules should include amendments on bio-piracy in the Trips agreement and proposed that disclosure of origin of the biological resource and sharing of benefit with the country of origin of the patented resource should be made part of the Trips agreement. *(Economic Times dated 10/8/09).*

42. Five years after reaching trade pact, Thai goods have a free run in India: Alarmed industry sending team to Bangkok this week to talk up exports -- India is facing a significant trade imbalance with Thailand, after both the countries entered into an Early Harvest Program (EHP) in September 2004. While India's exports to Thailand have grown from $901.4 million in 2004-05 to $1.8 billion in 2007-08, Thailand's exports to India have increased from $865 million to $2.3 billion in 2007-08 for the corresponding periods. The EHP signed in 2004 consisted a list of 82 items such as fresh mangoes, apple, grapes, crabs, semi-precious stones, jewellery, chromium ores, refrigerators, certain machinery items, TV picture tubes, among others. Concerned over the imbalance, a 12- member business delegation is accompanying Minister of Commerce & Industry Anand Sharma and other government officials, to visiting Thailand to discuss ways and means to expand the market for Indian exports. The team will consist of Indian CEOs and FICCI secretary general Amit Mitra. *(Economic Times dated 11/8/09).*

43. The Doha agenda : Dismantle non-tariff barriers, expand service sector exports-- Commece Minister Anand Sharma is determined to take the Doha Round of talks under the WTO towards a successful conclusion. When India signed the WTO treaty in 1995, fears were expressed that a drastic reduction of import duty would lead to a flood of imports and smother domestic industries. The situation is altogether different today. Rich nations are facing a deep recession while our economic growth rate is at a respectable six to seven per cent. This does not mean that the WTO treaty has been good for us. It only means that the WTO has not been able to wreak much damage because of our fundamental strength. World trade was fragmented in 1995. Developing countries such as India were imposing import duties of 50-100 per cent on most goods against 10-20 per cent by the developed countries. India agreed to reduce the import duties because these were counter-productive for all except our inefficient producers. These were, therefore, gradually reduced to present average of about 15 per cent. Simultaneously, developed countries reduced their import duties to about four per cent. In consequence, global trade has increased and our producers have attained access to global markets. Our consumers have received better quality imported as well as homemade products. This global reduction in import duties has been basically beneficial for us. The proof lies in the fact that our growth rate is respectable while developed countries are mired in a deep recession. As cheap labour has emerged as a major determinant for success, our growth rate is respectable while that of the developed countries is languishing. The developed bloc is demanding that all countries make further reductions in import duties. It is obvious that we will have to make larger cuts from the present average rate of 15 per cent. Not much reduction is possible in the average rate of import duty of four per cent being levied now by the developed countries. Normally, this should entail a loss proposition for us. This may not happen though. Just as reduction in import duties from 60 per cent to 15 per cent has not killed our industries so also further reduction to, say, five per cent is unlikely to wreak much damage upon us. A paper submitted by India to the General Council of WTO on 3 July 2009 demands that the WTO take up a project to establish an integrated database on non-tariff measures. It also demands that the WTO adopt international standards in respect of sanitary and technical barriers to trade. The problem faced by many Indian exporters is not of high import duties or prices, but of the non-tariff measures. For example, few years ago the export of skirts from India was banned in America on the unfounded allegation that these skirts are inflammable. This happened because no standards are set for inflammability and there is no provision in the WTO for India to challenge such restrictions. Benefits can also be obtained from progress in the services sector. The main issue of interest to India is free movement of professionals. The second issue is that of restrictions on outsourcing. The third is that of the negative impact of the stimulus packages being implemented by the developed countries on our exports. For example, the relief provided to General Motors under such a package in America means that the price of American cars is reduced artificially and exports by Tata Motors take a hit. The last issue is that of patent laws. The economies of the developed countries were about to drown in the eighties. Manufacturing had shifted to East Asia and China. Industries in developed countries were under immense pressure. They were saved by the inclusion of the patent regime in the WTO. The loss of incomes from manufacturing was made up by the increase in incomes from the export of technologies protected by patent laws. This led to their collapse being delayed by two decades. Our Commerce Minister must raise the demand for loosening the patent regime. Studies have shown that the present regime is leading more to profiteering by the inventors and less to the generation of new technologies. We will have to make further reductions in import duties if the Doha Round is brought to a successful conclusion. We should acknowledge that we will have to bear some loss because of this. There is also little chance of reduction in agricultural subsidies by the rich countries given their determination to preserve their food security. The Doha Round can yet be beneficial for us if we are able to make progress on dismantling of non-tariff barriers, expansion of service sector exports, placing limits on bailout packages being implemented by the developed countries and loosening of patent laws. *(Bharat Jhunjhunwala, former Professor of Economics, Indian Institute of Management, Bangalore, in Statesman dated 11/8/09).*

44. **China violated rules with import limits, rules WTO** -- The WTO gave the US a victory in its trade battle with China, ruling that Beijing had violated international rules by limiting imports of books, songs and movies. (New York Times reported in Indian Express dated 13/8/09).

45. **India, ASEAN ink pact on free trade in goods: India to lift import tariffs on 80% traded goods**-- As part of the Comprehensive Economic Cooperation Agreement (CECA), India and the 10-member Association of South East Asian Nations (ASEAN) on 13/8 signed a free trade agreement (FTA) in goods in Bangkok. The Union Minister of Commerce and Industry, Mr Anand Sharma, signed the ASEAN-India Free Trade Agreement in Goods with ASEAN economic Ministers. Under the ASEAN-India FTA, the ASEAN member countries and India will lift import tariffs on more than 80 per cent of traded products between 2013 and 2016, starting from January 1, 2010. Also, tariffs on sensitive goods will be reduced to 5 per cent in 2016, while tariffs will be maintained on up to 489 items of very sensitive products, the press statement said. *(Hindu Business Line dated 14/8/09).*

46. **Macro gain for ASEAN, micro pain for India India**--ASEAN Free Trade Agreement (FTA) on goods after six years of 'painstaking negotiations', overcoming last-mile glitches in the form of opposition from influential Ministers of the Union Cabinet may not end up

accruing gains to the Indian industry and trade. The agreed modalities between the two parties and the interaction with trade policy analysts by Business Line suggest that under the India-ASEAN FTA, New Delhi has offered to bring down the Customs duty on more than 7,300 tariff lines by end-December 2013. This would constitute more than 71 per cent of the imports from ASEAN to India. Each tariff line is just a category of related products and might contain more than one item. Indian Customs tariff contain more than 11,000 individual tariff lines. The impact of such duty-free import regime on the Indian industry can be gauged by contrasting the items India deemed sensitive and opt not to offer any duty cut under the FTA individually with Singapore and Thailand with that of ASEAN now. More than 5,000 items, which were on the negative list of both the India-Singapore Comprehensive Economic Cooperation Agreement and the India-Thailand FTA early harvest scheme, have now been granted zero duty access into the Indian market effective from December 31, 2013. Thus, even items that were considered sensitive few years ago would no longer be so from January 1, 2014 in less than four and a half years from now. Since the Customs duty is being whittled down to zero on more than 70 per cent of products by end-December 2013, India's list covers thousands of items being manufactured by its small and medium industries on which zero duty has been offered to ASEAN. They include many tariff lines from the sectors such as food processing, milk products, agricultural items, paper products and pharma items, besides light manufacturing goods, electronics, motorcar equipment, and textiles. Industry people quip that the macro gain would go to the ASEAN and the micro pain is what they are left with. *(Hindu Business Line dated 14/8/09).*

47. **Comrades cry foul as India signs FTA with ASEAN** -- The government came under attack from the Opposition, particularly the Left, for "rushing into" signing the free trade agreement (FTA). with ASEAN. The Left parties said the entire issue lacked transparency as the details of the FTA are kept under wraps. "This is an agreement which will be hugely detrimental to the interests of the agriculture sector in the state. The decision by the Centre to go ahead with it without looking into the fears of Kerala is not right," said Kerala chief minister V S Achuthanandan. Sources pointed out that this was the most ambitious free trade agreement ever signed by India. India has given more trade concessions to the ASEAN countries than to any other country or grouping. *(Economic Times dated 14/8/09).*

48. **Chambers give thumbs up to Indo**--ASEAN trade pact Industry chambers have welcomed the ratification of the free trade agreement (FTA) signed between India and the 10-nation ASEAN. The chambers were optimistic that the FTA would give Indian companies a greater access to the trillion-dollar ASEAN economy. *(Hindu Business Line dated 15/8/09).*

49. **India gives away more market access to ASEAN than what it gets**--Though India's and Asean's offer to each other's imports is similar at around 96% under the recently signed free trade agreement (FTA), India has actually given much more additional market access than what it got in return, a Sunday ET analysis, based on inputs from the ministry of commerce and industry, has found out. As about 75% of the Indian goods entering the Asean countries currently attract zero duties, the effective additional market access that India has secured out of the FTA with Asean is mere 21% of its export. In return, India has agreed to provide additional market access of about 75% imports from Asean bloc. Though, no official in the ministry of commerce and industry, which spearheaded the talks has come on record to admit poor negotiation skills by the Indian team, officials in the ministry agreed in private that it could have been a far better deal. Whereas both parties agreed to keep 489 items each out of the scope of tariff cuts, Indian negotiators agreed for one consolidated negative list of 489 items for all Asean countries put together, which means India has about 50 items in its negative list for each Asean country. In return, India conceded each individual Asean country to prepare a separate negative list of 489 items each according to each country's sensitivity to Indian imports, the analysis has found. *(Economic Times dated 16/8/09).*

50. **Doha deal can boost world GDP by $ 700 bn a year: Study**-- A successful Doha round trade deal could boost the global economy by $300-700 billion a year, a study by the Peterson Institute for International Economics said. Delays in completing the round, now in its

eighth year, prompted two leading trade economists at the institute -- Gary Clyde Hufbauer and Jeff Schott -- to examine the potential benefits. The economists estimated the boost to global exports from concluding the Doha Round could range between $180 billion and $520 billion annually, depending on how far-reaching an eventual deal turns out to be. "The potential GDP gains are significant, between $300 billion and $700 billion annually, and well balanced between developed and developing countries," they said. W TO Director-General Pascal Lamy has put the gains to the global economy at $130 billion but that conservative estimate largely reflects the savings on existing trade flows from cutting tariffs as proposed in the talks. *(Reuters in Geneva on 16/8/09).*

51. **UPA fails transparency test on ASEAN trade deal** -- The timing of the deal, which allows for duty free imports in a staggered manner beginning 1 January, is no doubt surprising given that exports are contracting by 50%. But what was surprising was the absolute lack of communication or transparency from the government on the nature of the deal. In the absence of an authoritative narrative, the reaction is that the government has something to hide. Strangely, while the opposition response was muted or non-existent, the adverse response came from none other than Congress party insiders. In fact, it was probably the first serious difference in the new tenure of the UPA on an economic issue. *(Mint dated 17/8/09).*

52. **ASEAN goods in bag, India targets services: Pushes bloc to finish talks on services and investment by year-end**-- India is pushing Asean to conclude negotiations on liberalising services and investment by December after signing a trade pact for goods with the 10-country south-east Asian bloc recently. The agreement will facilitate a smoother movement of professionals and enhance flow of investments. *(Economic Times dated 18/8/09).*

53. **Govt okays Mashelkar panel proposals on patent grant**--The central government has accepted the recommendations of an expert committee headed by former CSIR chief R Amashelkar on patent laws. The committee had concluded that limiting the grant of patents for pharmaceutical substances to new chemical entities would be violation of the TRIPs agreement of the WTO. In effect, the committee endorsed the current position taken by India, in allowing patenting of known medicines if they have substantial new therapeutic uses. The Mashelkar committee was formed after the government got passed the Patent Bill in 2005. It was assigned to see if the demand for narrowing the patent laws would breach India's obligation under the WTO agreement. Mashelkar had presented the committee report in 2007, only for it to be withdrawn due to complaints of technical errors. The revised copy, submitted to the government few months ago, was accepted recently. *(Business Standard dated 18/8/09).*

54. **Mahshelkar report runs into fresh controversy: Patent expert says his views were 'misinterpreted' to support conclusion that India's patent laws could not be tightened**-- The Mashelkar Committee report on patent laws, which was re-drafted recently to rectify certain controversial 'technical errors', has run into trouble again. Carlos M Correa of Brazil, a patent expert of international repute whose views have been widely quoted by the Mashelkar committee to support its conclusions, has complained of 'misinterpretation' of some quotes from a published article titled 'Integrating Public Health Concerns into Patent Legislation in Developing Countries'. The current allegation turns serious because the Mashelkar panel had included Correa's quotes to establish that under World Trade Organisation's TRIPS agreement, India will not have the right to limit the granting of patents for pharmaceutical substances to strictly new medicines. Correa, in an email response to Business Standard. said the the Mashelkar committee had misinterpreted the text quoted from his study to convey a meaning that he had not suggested. *(Business Standard dated 21/8/09).*

55. **Trade and Globalisation by Deepak Nayyar**-- Does the world need yet another book on globalization?” wrote Jagdish Bhagwati in the preface to his celebrated In Defense of Globalization in 2003. Five years on, the same publishing house has brought out Deepak Nayyar's collection of essays on Trade and Globalization. Admittedly, this collection of 15 papers covers more than globalisation: it includes other themes international trade

theory, world trade, the Indian experience in addition to globalisation and development. Nayyar's focus is economic globalisation (as opposed to cultural) and his discontent stems from the fact that it is not benign. The rich are getting richer; the poor are getting poorer, according to him, and it does not matter how this inequality is measured. *(Review of Deepak Nayyar's "Trade & Globalisation", Oxford University Press 416pp: Rs. 795 in Business Standard dated 21/8/09).*

56. **WTO lauds India's effort to revive Doha talks** -- The WTO deputy director general, Dr Harsha Vardhana Singh, at a function organised by Ficci and CUTS International, lauded India's efforts to impress upon the world the dire need for a successful outcome of the stalled Doha Round negotiations, stating that the convening of the mini-ministerial meeting in New Delhi on 3-4 September is a positive signal to get Doha moving once again. *(Statesman dated 23/8/09).*

57. **India gets 'controversial' WTO ideas from Australia: These may weaken India's long-standing demand of easy, flexible rules** -- Australia's trade minister Simon Crean has presented a set of "controversial" ideas to Commerce Minister Anand Sharma for the informal trade ministerial summit, to be held in New Delhi on September 3 and 4. "If these ideas gain currency during the meeting, these will irreparably weaken India's long-standing demand of easy and flexible rules for special safeguard mechanism to curb unforeseen imports of farm products as well as the right for self-designation of agriculture products, as special products in the Doha agriculture trade negotiations," a trade official said. India will also have to concur with the idea of participating in the sectoral tariff liberalisation of industrial products like chemicals, industrial engineering and electrical and electronics on a mandatory basis without a price, the official said. The Australian proposal, which is understood to have been prepared after consultations with World Trade Organization chief Pascal Lamy, doesn't include a list of the specific demands India made in the Doha services dossier, especially the liberal treatment for Mode 4 short-term services providers, and transparent rules for domestic regulation disciplines that act as a major barrier for developing countries. Nor does it include India's core elements for the intellectual property rights protection of its genetic resources. *(Report by Ravi Kant from Geneva in Business Standard dated 24/8/09).*

58. **Debate: Is PCT reform for 'Global Patenting'?** -- 1. Dr Y K Hamied, Chairman & MD, Cipla Ltd : Govt should not succumb to the WIPO pressure -- "I strongly subscribe to the view that the ongoing reform of the Patent Co-operation Treaty (PCT) at the behest of WIPO is an attempt to undermine the sovereign rights of the Indian government to make laws to suit its domestic needs. Under the garb of reforming the PCT, the WIPO is seeking to amend the Indian Patents Act and the Rules made thereunder which can have disastrous consequences for the country. The WTO-TRIPS Agreement gave freedom to each country to frame its patent and other IPR-related laws within the framework of TRIPS to suit its national needs. It allowed countries to legislate their own standards of patentability. It permitted countries use of compulsory licensing mechanism to address their public health problems. Though ineffective and inefficient, the principle of exception was accepted. It confirmed that the patent laws are 'territorial' laws. The Indian government by making use of the flexibilities available under TRIPS, enacted the Indian Patents Act 2005 and introduced provisions like Section 3(d), which is particularly relevant to the medical needs of the country. Section 3(d), to a large extent, prevents the Patentee from extending his Patent Term through "evergreening", patenting where there is no real novelty or innovation. Having failed in the original attempt to prevent flexibilities being incorporated in the TRIPS agreement, now the developed countries under pressure from their pharmaceutical industry lobby have turned their eye on WIPO to modify the original provision of TRIPS. They want to undo what the developing countries achieved at WTO. They are looking for to formulate "universal" patent laws. The methodology being adopted is the PCT, which is all about systems and procedures of patent filing, search, examination and grant. They had earlier failed to push through Substantive Patent Law Treaty (SPLT). So, now they are trying to use a back-door approach to make substantive changes in the patent laws through PCT. By accepting the so-called reforms advocated by the PCT, India would be adopting a TRIPS-plus regime which would be against the interests of the citizens of the country." 2. Claus

Matthes Director, PCT ICD : The treaty is a cornerstone of multilateral cooperation "Recently, articles have surfaced in the Indian press about international efforts to reform the Patent Cooperation Treaty (PCT), an agreement that binds 141 countries in a pact that facilitates the process of seeking protection for an invention in multiple countries. The PCT, which is administered by the World Intellectual Property Organization (WIPO), is particularly valuable option for any company operating internationally. It is a procedural treaty, first launched in 1978, with no authority, or scope, to grant patents. Despite recent media comments, it is not foreseen that this will change. 3. D G Shah Secretary-General, IPA Concerns of WIPO's members and its customers differ "WIPO, like other UN organizations, is a member-driven organisation. However, unlike other UN organisations, it is not dependent on contribution from member states. It relies on its 'customers' whom it serves. They pay fees for services rendered and demand continuous improvement in the services. They are patent applicants from 15 developed country member states, predominant among them being the 'trilateral' (US, Europe and Japan). They filed 92.5% of PCT international applications in 2008. The WIPO secretariat is dependent on its customers for their livelihood. Thus, there is inherent tension from divergence in interests of member states (who as per charter should be driving the organisation) and its customers (who pay for services). The primacy of members and customers has altered over time depending on the inclination and political support base of its head. The earlier head's political base was developing countries. His focus was on the development agenda, traditional knowledge, capacity building etc. The current head of WIPO has professed to serve its customers". *(Business Standard dated 25/8/09).*

59. **'Stringent IP enforcement will limit access to generic drugs'** -- Civil society organisations, led by Centre for Trade and Development, have sent a strong missive to the Confederation of Indian Industry (CII), urging it to be careful about associating with multinational corporations and developed countries that are keen to push more stringent intellectual property (IP) enforcement laws in India. *(Financial Express dated 26/8/09).*

60. **ASEAN pact not to hit Kerala's products: Rubber traders' body** -- The Cochin Rubber Merchants Association said that most of Kerala's products are well protected under the recently concluded India-Asean agreement, which is expected to boost the trade between India and the member countries to $50 billion within a year. *(Hindu Business Line dated 26/8/09).*

61. **WTO meet: India to seek consensus: Rahul Khullar**--As New Delhi gears up to host an informal meeting of trade ministers starting from September 2, India will lend a healing touch to help revive the stalled Doha Development Round of the WTO. "(The international media) treated us unfairly. It is time for us to set the record straight," said commerce secretary Rahul Khullar on 25/8, adding, "Never was an attempt made to build a bridge across 100 countries. That's what we are trying to do." *(Financial Express dated 26/8/09).*

62. **India committed to rule-based multilateral trading regime: West must acknowledge historical imbalances, says Anand Sharma** -- Addressing the Heads of Mission, Mr. Sharma said: "While we go to the negotiating table, we remain conscious of the interests of millions of our farmers, the interests of our small and medium enterprises, and we remain committed to the aspirations of our booming services industry to get greater market access. I remain optimistic that globally we will be able to find a way forward. It is equally important for countries of the West to acknowledge the historical imbalances which have queered the pitch for the developing world," he said. *(Hindu dated 26/8/09).*

63. **FICCI stress on early conclusion of Doha round**-- The Federation of Indian Chambers of Commerce and Industry (FICCI) has urged the Trade Ministers, who will take part in the Mini-Ministerial meeting in Delhi, to prepare a do-able action plan with an aim to conclude the Doha negotiations by 2010. *(Hindu Business Line dated 31/8/09).*

64. **Boosting trade is the only game in town: Catherine Ashton** -- This week, trade ministers will gather in Delhi to set the future course of multilateral trade negotiations. The commitment of most of the world's economies to open trade has been made clear, and by and large countries have not resorted to new protectionist measures. What is missing is serious movement to find new opportunities for

trade as a way to lift countries out of the current slump and help get the world economy running again. India has already joined the EU and others in playing a leading role in freeing up global trade. The country has benefited from greater integration with the world economy, with sectors such as software and high-tech services showing resilient export performance even during the economic crisis. Still, more than other growing Asian economies, India's impressive growth in recent years has been driven by domestic demand. It therefore particularly stands to profit from new trade opportunities. So far, a returning government in Delhi has shown initiative and energy, offering to host the ministerial meeting on the Doha Round and seeking to move forward bilateral trade talks with the EU and others. I welcome my counterpart minister Anand Sharma's resolve and I look forward to working with him. The way forward on Doha should include a "roadmap" with the WTO Ministerial meeting at the end of the year in Geneva giving the negotiations an additional push. Doha should also be a key part of the debate at the G20 in Pittsburgh, which will focus on promoting world economic recovery. The stakes are high: securing a Doha deal would favour a quick and smooth recovery without additional fiscal costs by injecting a significant boost to the global economy. *(Catherine Ashton, European Commissioner for Trade in Economic Times dated 31/8/09).*

65. **India cannot be blamed for Doha deadlock, says Sharma** -- Defending India's stand on the Doha talks, commerce minister Anand Sharma said that it was wrong to blame India for the 14-month deadlock and on the contrary New Delhi was making an effort to re-engage in the multi-lateral global trade deal. "There has been a deadlock for close to 14 months for various reasons. Sometimes, it has been projected that there was non-agreement and it was India which was responsible. No, that's not correct. We took a position. Other developing countries took a position," Sharma said at a function at Mumbai on 30/8/09 . *(Pioneer etc. dated 31/8/09).*

Forthcoming Events

S.No.	Date	Topic	Location
1	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
2	24-25 September 2009	National Seminar on "Geographical Indications: Where Do Indian Interests Lie?"	Hotel Samrat, New Delhi
3	5-9 October 2009	School on Trade and Public Health	Indian Institute of Foreign Trade
4	30 October 2009	Talk on Doha Negotiations by Dr. Rahul Khullar, Commerce Secretary, Government of India	India International Centre, New Delhi

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