Centre for WTO Studies
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INDIA, WTO AND TRADE ISSUES

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Editor's Note

There have been some changes introduced in this edition of the Newsletter. The Centre for WTO Studies Newsletter will now be published as a Quarterly. Some activities carried out in November–December 2011 have, however, been carried over and are covered in this issue.

Based on the response received for our e-bulletin *India's Trade News and Views* we have reworked the "News Roundup" section. Further improvements can and will be made on an ongoing basis based on the feedback received from our readers.

The Centre for WTO Studies has also recently upgraded its website (http://wtocentre.iift.ac.in). The newsletter, publications and details of our outreach and training activities can be accessed online.

Your feedback is invaluable. Please send any comments to cws@iift.ac.in.

Lead Article

From BRIC to BRICS[1]: An Overview

Sajal Mathur and Meghna Dasgupta

I. Introduction

This article gives an overview of the country, economic and trade profiles of the BRICS[2] with some basic sectoral and trade policy framework analysis to highlight the potential for collaboration amongst BRICS. Selected trade-related excerpts of the Delhi Declaration and Action Plan are reproduced in the concluding section.

The allure of the BRICS lies in their present and potential dynamism in an otherwise gloomy global horizon. Outlook has been negative with real concerns raised about the near term and future prospects of the Euro Zone and the US. Europe and the US were drivers of economic and trade growth in the 19th and 20th century, respectively. The 21st century potentially belongs to BRICS and other emerging economies.

[1] In April 2011, South Africa joined Brazil, Russia, India and China in the "BRICS" grouping.

[2] The CWS put together a collection of studies on BRICS in advance of the Fourth Annual BRICS summit hosted by India. The BRICS studies undertaken or commissioned by the Centre: "Deepening Co-operation in services among BRICS Members", Prof. Rupa Chanda, IIM-B; "Deepening Co-operation among SMEs in BRICS Members", FISME; "India and the BRICS countries: Issues of Trade and Technology", Prof. Manoj Pant, CITD, SIS, JNU; and Chapters on the Institutional Framework, Trade and Economic Policies of Brazil, China, India, the Russian Federation and South Africa compiled by Prof. Sajal Mathur, Pallavi Sirohi and Meghna Dasgupta, CWS, IIFT.

Centre welcomes new faculty member: Shailja Singh

The Centre welcomes its new faculty member, Ms. Shailja Singh who joined the Centre for WTO Studies as a Legal Consultant (Assistant Professor) in December 2011. Shailja Singh was previously working in a law firm in Mumbai and has completed her studies in law from the W.B. National University of Juridical Sciences, Kolkata and the University of Cambridge (with special focus on the Law of the WTO).

In this issue

II. Country Profiles

To understand and analyze BRICS as a group, it is necessary to get a sense of how these five emerging giants spread across four continents are situated in the global context. The BRICS together account for over a quarter of the world's GDP (PPP) in 2010 and over 40% of the global population. In terms of land mass, Russia is by far the largest in the grouping (it is also the largest country in the world). In terms of demographics, China closely followed by India, are the two most populous nations in the world. Together these two countries account for over one third of the world's population.

The BRICS as a grouping account for over 40% of the world's labour force. While India, South Africa and Brazil may reap a demographic dividend in the coming decades, China has seen a sharp deceleration of its population growth rate and Russia has had no growth in its population for the better part of the last decade. According to UN projections, by 2020, the working age population is expected to rise by 240 million in India and by 20 million in Brazil. China's demographic projections suggest that the labour force will peak by 2015 and decline thereafter. In Russia, the working population is projected to decline sharply by 20 million in the next decade. The divergent population trends and labour force projections tell only part of the story. A growing population will only yield a demographic dividend if there is a matching increase in the available jobs. Improvements in total factor productivity are also critical for growth prospects.

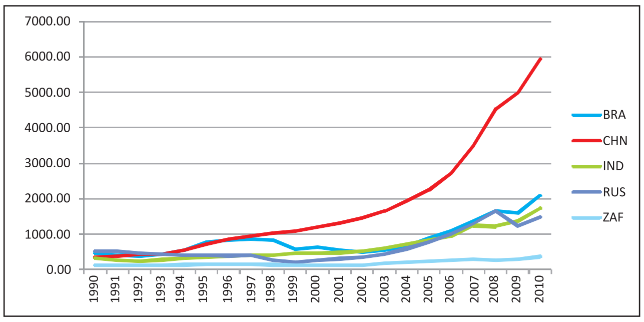
The unemployment rate is over 20% in South Africa, over 8% in Brazil and Russia and just under 4.5% in India and China. With a large informal sector and a significant proportion of the work force still underemployed there is an ever growing need for skill and human resource development. More and better jobs require investment in education, health, and the soft skills to train the work force for jobs in the 21st century. The literacy rate in Brazil, China, Russia, and South Africa is 90% or above. In India, however, the literacy rate is just over 60%.

The UNDP's Human Development Index also highlights that the BRICS are still emerging nations with some distance to traverse in the path to development. Of the BRICS, only Russia and Brazil break into the top 100 of the UNDP Human Development Index in 2011. Income inequality, as measured by the gini-coefficient remains a concern in all the BRICS. Brazil, South Africa and India still have over 20% of their sizable population under the poverty line. Russia has also seen the sharp rise in poverty and inequality since the 1990s. Only China has bucked this trend and has seen a sharp fall in its absolute poverty numbers.

III. Economic Profiles

Goldman Sachs coined the phrase BRICs in 2001 and tracked the phenomenal GDP growth in Brazil, Russia, India and China over the past decade. The BRICs contributed 36.3% of world GDP growth in PPP terms (or 27.8% in nominal $) during the first decade of the century (2000-2010). Together the BRICs accounted for about a quarter of the global economy. This trend is set to continue over the coming decades. By 2020, the BRICs are projected to account for a third of the global economy (in PPP terms) and contribute about 49% of global GDP growth. By 2050, the BRICs will displace most of the current G-7. Only US and Japan will continue to be counted among the largest economies of world. The BRICS are clearly moving from the bantam-weight to the heavy-weight category.

Chart 1: GDP (Current $ billion)

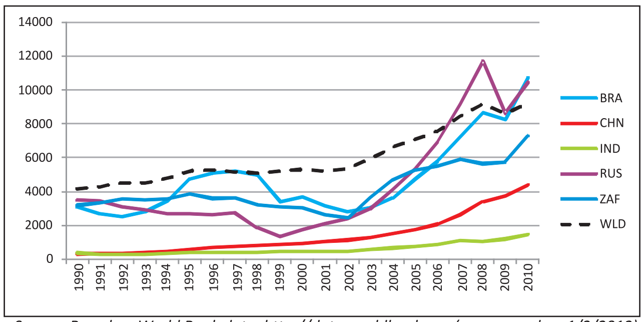


Source: Based on World Bank data, http://data.worldbank.org (as accessed on 1/2/2012)

South Africa was added to the BRICs grouping in 2011. BRICS (including South Africa) as a group accounted for 18.35% of world GDP in nominal terms and 25.95% of world GDP in PPP terms in 2010. Chart 1 maps the GDP and cumulative year-on-year growth in each of the BRICS economies over the period 1990 and 2010. The results are striking. China's GDP increased 17 fold from $350 billion in 1990 to nearly $6 trillion in 2010. India has also outpaced global GDP growth and has grown almost 7 fold from $300 billion in 1990 to nearly $2 trillion in 2010. Brazil has left the lost decade of the 1980 behind and clocked robust growth over the last 20 years and is now a $ 2 trillion plus economy. Russia's year-on-year growth trajectory has been more erratic, but on the coat-tails of high energy prices it too has grown about 3 fold in last two decades.

In terms of per-capita income (Chart 2), the BRICS are starting from a relatively low baseline. In 2010, only Brazil and Russia had per capita income levels higher than the global average. The other BRICS, however, are catching up fast. Over the past two decades, the rate of growth of per capita GDP in the BRICS has outpaced the global trend line.

Chart 2: GDP per capita (current $)

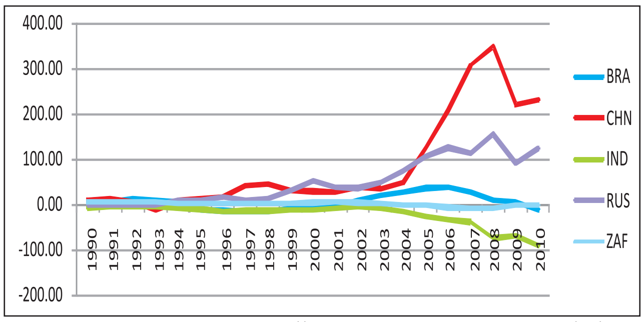


Source: Based on World Bank data, http://data.worldbank.org (as accessed on 1/2/2012)

Table 1 sets out the economic profile and some key macroeconomic indicators in 2010. The **investment** and **savings** numbers are impressive. In China, the gross saving and investment rates as a percentage of GDP hover around the 50% mark. In India, the numbers are in the mid-30s range and in Russia the gross savings and investment rates are in the mid-20s. South Africa has a gross domestic investment rate of 25% and gross savings pegged at 16% of GDP. Brazil has gross savings and investment rates of 17% and 19%, respectively.

In terms of **FDI flows**, the BRICS as a group accounted for over $300 billion of FDI or over 20% of global FDI flows. China is a single biggest recipient of FDI followed by Brazil, Russia and India in that order. FDI flows in South Africa are small in comparison with the other BRICS. Total **foreign exchange** reserves of all the BRICS together amounts to $4025 billion or about 37% of global foreign exchange reserves in 2010. China alone accounts for nearly $3 trillion of reserves. All the BRICS economies run a surplus on the capital account except India which had a small deficit in 2010. The situation in the current account is mixed with only China and Russia running a surplus. This is also reflected in the **balance of trade** numbers.

Chart 3: Trade Balance ($ billion)



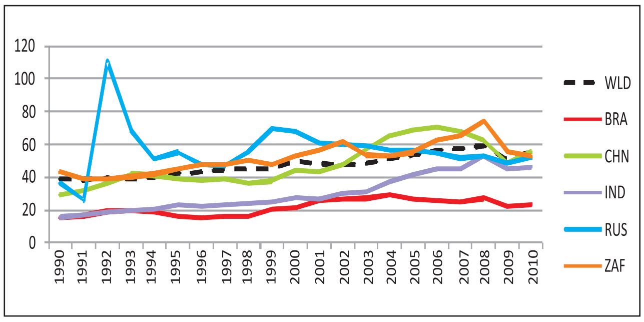
Source: Based on World Bank data, http://data.worldbank.org (as accessed on 6/02/12)

The BRICS have largely maintained **macroeconomic stability**. There are, however, some numbers that are a cause of concern. Inflation is at double digit levels in a few BRICS suggesting possible over-heating of the economy. Interest rates have also been in double digits for all the BRICS barring China over the period 2005-2010. The fiscal deficit is more than 8% in India and nearly 5% in South Africa. Brazil and China have a fiscal deficit in the 2 - 2.5% range while Russia has a surplus on account of buoyant energy prices. Public debt as a percentage of GDP has crossed the 50% mark in both Brazil and India. These numbers suggest the scope and need to handle public finances prudently and to take timely remedial action.

IV. Trade Profile

The share of the BRICS in global trade has increased significantly over the last two decades. In 1990, the BRICS as a group accounted for only 3% of global trade. This share had doubled by the turn of the century. In 2010, the BRICS as a group accounted for 15% of global exports and 14% of global imports of goods and services.

Chart 4: Trade (% of GDP)



Source: Based on World Bank data, http://data.worldbank.org (as accessed on 1/2/2012)

The year-on-year double digit growth in **merchandise trade** has catapulted China to the top ranking in exports and it is the second largest importer of merchandise goods in 2010. Russia and India have also broken into the top 20 list of world merchandise exporters and importers. Brazil is in the top 20 from the merchandise export side. The merchandise trade balance is in surplus for China, Russia, and Brazil. India and South Africa have a merchandise trade deficit (Table 2).

On the **trade in services** side, all the BRICS economies, barring South Africa have recorded robust double digit growth in export and import. China and India are in the top 10 world rankings for trade in services. While India has a trade surplus in services it is not enough to offset the merchandise trade deficit. Other BRICS economies have a deficit in the trade balance for services. The trade balance of the BRICS has been mapped in Chart 3. China and Russia have a sizable trade surplus, in excess of $100 billion. India, on the other hand, is running the trade deficit of the same magnitude.

Leaving aside the trade balance statistics, the **trade to GDP** ratio illustrates the growing importance of trade

Table 1: Economic Profile (2010)

Country	GDP				Annual Inflation rate (2005-10)	Annual Lending interest rate (%) (2005-10)	Gross Savings (% of GDP)	Gross domestic Investment (% of GDP)	Fiscal deficit (% of GDP)	Public debt(% of GDP)	Current account ($ billion)	Capital account ($ billion)	Balance of trade ($ billion)	FDI, net inflow ($ billion)	Total reserves ($ billion)	External debt (% of GNI)
	Nominal ($ billion)	PPP ($ billion)	Growth rate p.a. (2005 - 10)	Per capita ($'000)												
Brazil	2087.89	2185.42	4.23	10.71	5.05	46.98	17	19	-2.6	54.7	-47.36	1139.76	-10.58	48.44	288.57	16.9
Russia	1479.82	2812.38	4.08	10.44	10.68	11.57	28	23	0.5	7.9	70.25	72.87	122.47	42.87	479.22	26.9
India	1727.11	4194.85	8.53	1.47	8	12.1	34	35	-8.5	50.6	-51.78	-1.31	-91.01	24.16	300.48	16.9
China	5926.61	10169.52	11.23	4.43	2.76	5.93	53	48	-2.0	16.3	305.37	5207.52	232.06	185.08	2913.71	9.3
S. Africa	363.7	528.422	3.53	7.27	6.33	11.93	16	25	-4.9	33.4	-10.12	30.76	-0.61	1.56	43.82	12.7

Sources: http://data.worldbank.org, https://www.imf.org/external/data.htm, https://www.cia.gov/library/publications/the-world-roms/ (as accessed on 05/2/2012). All figures are for 2010 unless stated otherwise.

Table 2: Trade Profile (2010)

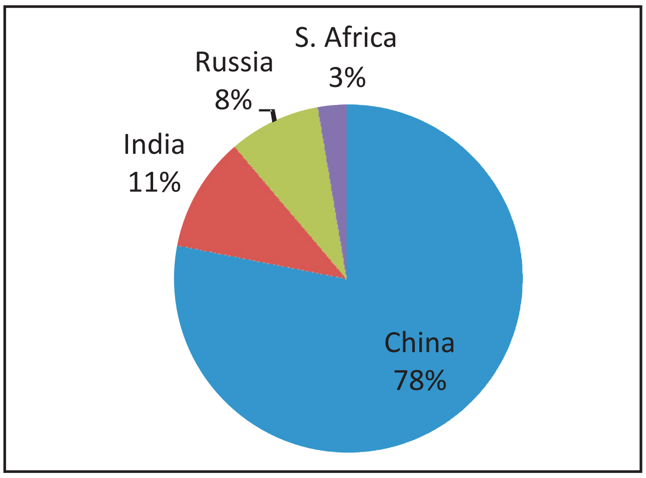
	Merchandise									Services									Total Trade ($ billion)	Trade / GDP	Trade per capita
Country	Exports ($ billion)	Annual % change 2005-10	World Share	World Rank	Imports ($million)	Annual % change 2005-10	World Share	World Rank	Trade Balance ($million)	Exports ($million)	Annual % change 2005-10	World Share	World Rank	Imports ($million)	Annual % change 2005-10	World Share	World Rank	Trade Balance ($million)			
Brazil	201.91	11	1.33	22	191.49	20	1.24	20	10.42	30.29	15	0.82	31	59.74	22	1.70	17	-29.45	483.44	23.8	2 189
Russia	400.13	10	2.63	12	248.74	15	1.61	18	151.39	43.96	12	1.19	23	70.22	13	2.00	16	-26.26	763.05	51.5	5 279
India	219.96	17	1.44	20	327.23	18	2.12	13	-107.27	123.28	19	3.34	7	116.14	20	3.31	7	7.14	786.61	47.7	595
China	1577.82	16	10.36	1	1395.1	16	9.06	2	182.72	170.25	18	4.61	4	192.17	18	5.47	3	-21.93	3335.34	55.4	2 135
South Africa	81.821	10	0.54	38	94.04	9	0.61	32	-12.22	13. 62	4	0.37	43	18.02	9	0.51	40	-4.41	207.50	61.1	3 805

Source: Based on WTO data, http://stat.wto.org/Home/WSDBHome.aspx?Language=E, (as accessed on 6/02/12) in each of the BRICS. Since the 1990s, the trade to GDP ratio in each of the BRICS has shown an upward trend (Chart 4). There are year-on-year fluctuations most marked in the case of Russia. By 2010, the trade to GDP ratio was over 45% in each of the BRICS barring Brazil. This trend was most pronounced in India where the trade to GDP ratio more than doubled from under 20% in 1990 to nearly 50% in 2010.

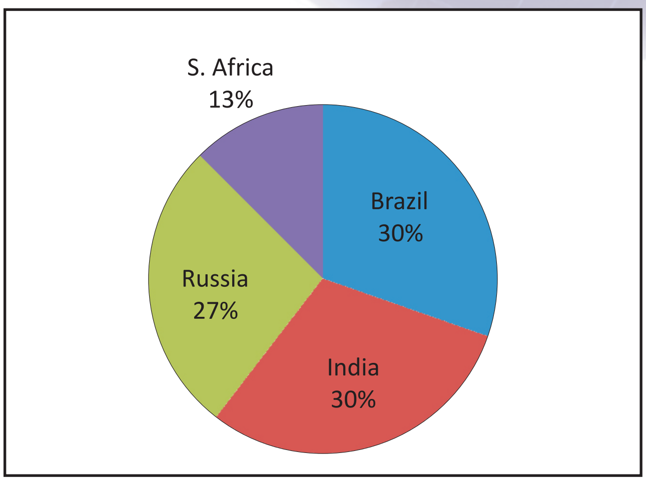
Moving from the global trade numbers to the **intra-BRICS trade** scenario Chart 5 captures intra-BRICS trade by destination.

Chart 5: Intra-BRICS Trade (by destination)

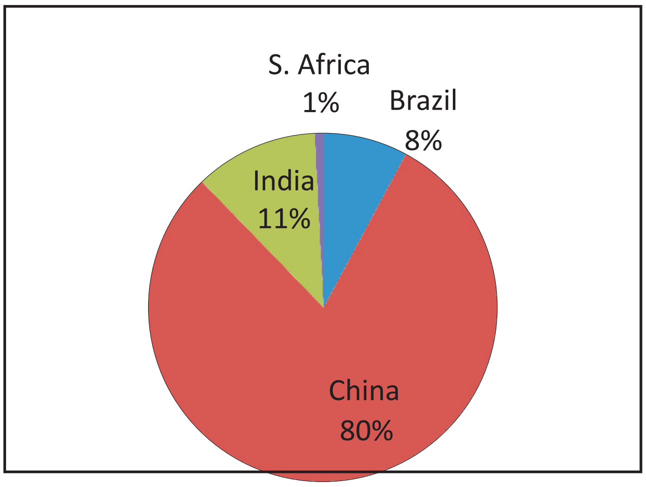
(a) Trade between Brazil and rest of the BRICS



(d) Trade between China and rest of the BRICS

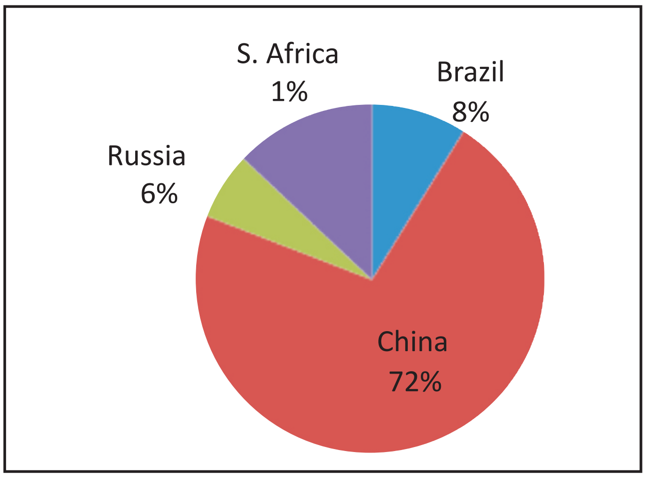


(b) Trade between Russia and rest of the BRICS

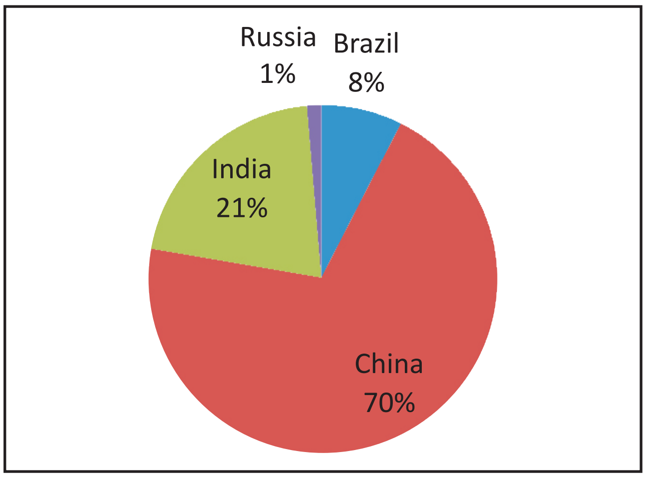


Without exception, China is the largest trade partner for each of the other BRICS with a trade share ranging between 70 to 80% in intra-BRICS trade. India has a share ranging between 10 to 30% in intra-BRICS trade. Brazil's trade share is in single digits except with China where its share is 30%. Russia too has a small slice of the intra-BRICS trade pie in all markets barring China where its share is 27%. South Africa's share is the smallest in each of the other BRICS markets.

(c) Trade between India and rest of the BRICS



(e) Trade between South Africa and rest of the BRICS



Source : Based on UN Comtrade data

V. Sectoral Analysis

The BRICS are clearly a heterogeneous group. This is apparent when we decompose output, employment and trade in our sectoral analysis of the BRICS (Table 3).

Brazil is active in the agriculture sector. While the agriculture sector accounted for over 30% of total exports, it employed only 17% of the work force and contributed 6% of the GDP in 2010. The domestic economy is dominated by the services sector which accounts for over two thirds of the country's GDP and more than 60% of employment. Trade in services, however, does not match the GDP and employment numbers with services amounting to around 15% of total exports and 27% of total imports. In comparison, the industrial sector accounted for over 50% of total exports and nearly 70% of Brazil's imports. The industrial sector's contribution to GDP was 27% and the sector employed over 20% of the work force.

The energy sector is a major driver of the **Russian** economy. Industry, which includes mining, manufacturing, energy production and construction, accounted for over 80% of Russia's export earnings and nearly 60% of its total imports in 2010. The sector employed more than a quarter of the work force and contributed 37% of the GDP. Services are the main contributor and largest employer in Russia and accounted for about 60% of GDP and the work force. Services share as a percentage of total exports was only 12% while imports was 27%. Agriculture has a relatively small share (less than 5%) of GDP and employed 10% of the work force. Its share in total exports and imports was also marginal (about 5 and 13% respectively).

The agriculture sector continues to be the mainstay in rural **India** employing over half the work force. The contribution to GDP, however, is declining and the sector accounted for just 19% of the GDP in 2010. Agricultural production is geared primarily for the domestic market with agriculture exports and imports in single digits. The services sector has been assuming increasing importance. It employed about a third of the work force and contributed over 50% of the GDP. Trade in services accounted for over 34% of total exports and 20% of imports. The share of industry in GDP and employment is 26 and 14% respectively. India has been expanding and diversifying its manufacturing base and this is reflected in the export and import numbers.

The industrial sector in **China** accounted for nearly half of the country's rapidly expanding GDP in 2010. The manufacturing sector also accounted for over 87% of total exports and nearly 80% of China's imports. The services sector has also grown rapidly and contributed over 40% of GDP and employed over 30% of the workforce. Services exports and imports, however, only accounted for around 10% of total trade. The main source of employment in China continues to be agriculture which accounted for 40% of the workforce. The share of agriculture as a percentage of GDP, however, has been declining and now stands at 10%. Trade in agricultural goods is marginal as agriculture production caters mainly to the domestic market.

In **South Africa**, the agriculture sector accounted for only 3% of GDP and employed 5% of the workforce in 2010. However, South Africa is a major agricultural exporter and 10% of its exports are sourced from this sector. The services sector is important and accounted

Table 3: Sectoral Analysis

Country	Agriculture				Industry				Services			
	Share of GDP (%)	Share of employment (%)	Expots (% of total exports)	Imports (% of total imports)	Share of GDP (%)	Share of Employment (%)	Exports (% of total exports)	Imports (% of total imports)	Share of GDP (%)	Share of employment (%)	Exports (% of total exports)	Imports (% of total imports)
Brazil	6	17	31.92	4.75	27	22	52.74	68.35	67	61	15.34	26.90
Russia	4	10	5.54	12.94	37	28	82.37	59.35	59	62	12.09	27.71
India	19	52	6.14	4.38	26	14	59.85	73.79	55	34	34.01	21.83
China	10	40	3.07	6.56	47	27	87.2	79.79	43	33	9.73	13.65
South Africa	3	5	10.14	6.01	31	25	71.63	75.19	66	70	18.23	18.80

Sources: Based on UNCTAD statistics (UNCTAD Handbook of Statistics -2010), World Bank Data (http://data.worldbank.org/, as accessed on 09/02/12), The World Factbook (https://www.cia.gov/library/publications/the-world-factbook/, as accessed on 09/02/11) for two-thirds of GDP and 70% of the workforce. Services share in total exports and imports stood at around 18%. The industrial sector is dominated by mining industries and accounted for over 30% of GDP, 25% of the workforce, more than 70% of exports and 75% of imports in 2010.

VI. Trade Policy: Scope for Intra-BRICS Co-operation?

The fact that the share of BRICS in global trade has more than doubled over the past decade, can be attributed in part to a shift in the countries' trade policies. **Tariff rates** have been cut significantly over the past few years in the BRICS economies and average tariff rates currently range between 8 - 12% (Table 4). Moreover, the BRICS as WTO members are required to bind their tariffs i.e. put ceilings beyond which they cannot increase their tariff rates. Russia which has recently concluded its membership negotiations to the WTO, will also bind its tariffs from the date of accession. Spurred by domestic concerns, both bound and applied rates have been kept higher for agricultural goods as compared to non-agricultural goods in the BRICS economies. The only exception is Brazil, which has a marginally higher applied tariff average on non-agricultural goods.

Table 4: Tariff Profiles

Country	Tariff Binding Coverage	Simple Average Bound Rate			Simple Average Applied Rate			Range (%)		Coefficient of variation (Applied Rate)	Non-ad valorem tariffs (% of all tariff lines)	Duty free tariffs (% of all tariff lines)
		Agri.	Non-Agri.	All	Agri.	Non-Agri.	All	Bound Rate	Applied Rate			
Brazil	100	35.2	29.6	30.2	10.1	11.6	11.5	0-55	0-35	0.7	0	8.3
Russia		10.8	7.3	7.8	13.5	8.9	9.5				12. 6	
India	75.6	118.3	32	46.4	33.2	8.9	12	0-300	0-150	1.2	6.1	3.2
China	100	15.3	9	9.9	15.2	8.6	9.5	0-65	0-65	0.8	0.7	9.4
South Africa	95				10.1	7.8	8.1		0-96	1.4	3.2	54.4

*Final bound rates for Russia to be implemented over a period of 8 years from the date of accession.
Sources: WTO TPR Brazil (2009), India (2011), China (2008 & 2010), SACU (2009); WTO news item (10 November 2011) –"Working Party seals the deal on Russia's membership negotiations", accessed on (http://wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm); WTO tariff profile-Russia (http://stat.wto.org/TariffProfile/WSDBTariffPFHome.aspx?Language=E (as accessed on10/2/12)

Besides cuts in tariff rates, a large number of **import restrictions** in the form of prohibitions and quotas have also been done away with. Licenses, however, continue to be an important means for regulating imports in the BRICS. Controls remain in place to safeguard health, security and environmental concerns.

There has also been a rise in the incidence of **technical barriers to trade** (TBT) and sanitary and phytosanitary measures (SPS) adopted in the BRICS. All BRICS economies are members of international standard setting organizations, including International Plant Protection Convention (IPPC), Organisation International des Epizooties (OIE) and the Codex Alimentarius Commission and steps have been taken to bring about greater harmonization in the standards adopted based on guidelines and recommendations of the OIE, IPPC and Codex, organizations of which all five are members. Each of the BRICS also have memorandum of understandings (MoUs) on standards, conformity assessment and accreditation procedures with several third countries and are signatories to a number of multilateral and bilateral mutual recognition agreements. There are a number of such arrangements amongst the BRICS themselves. For example, INMETRO, the standardisation body of Brazil has a MoU with India and a co-operation agreement with Russia on quality management systems. Similarly BIS, the standardisation body of India has a MoU with South Africa.

Burgeoning trade volumes in the BRICS economies has been accompanied with an increase in the use of **trade remedies**. Trade remedies include anti-dumping measures, countervailing duties and safeguards. India has emerged as one of the most frequent users of anti-dumping measures while China has remained the most frequent target of anti-dumping.

Besides merchandise trade, there has also been a sharp rise in **trade in services** for the BRICS economies. As mentioned in Section IV, almost all the BRICS countries clocked double-digit growth in the export and import of services. Of the 12 services sectors under the WTO's General Agreement on Trade in Services (GATS), specific commitments have been made by Brazil in 7, India in 6, China in 9 and South Africa in 8 service sectors. Russia is set to make specific commitments in 11 sectors upon accession to the WTO (Table 5).

Another area which has seen rapid growth in trade in the BRICS economies is **intellectual property rights** (IPRs). Each of the BRICS countries is party to World Intellectual Property Organisation (WIPO), the Berne Convention for Protection of Literary and Artistic Works, Paris Convention for the Protection of Industrial Property and is a signatory to the WTO TRIPS Agreement. To check violation of IPRs at borders, a number of border measures have been adopted so as to prohibit imports of infringing goods. Additionally, in some countries like India, China and South Africa efforts are being made at capacity building and spreading awareness regarding IPRs.

While progressive trade policies have resulted in an increasing volume of trade in the BRICS economies, **intra-BRICS trade** itself continues to be low. Increasing trade imbalance within BRICS nations is also a major concern with China the largest trade partner for each the other BRICS (see also Section IV and Chart 5).

A number of **trade arrangements** have emerged amongst the BRICS over the past few years, either on a bilateral basis or as a part of a larger grouping (e.g. South Africa as part of SACU). Brazil, as a member of MERCOSUR, has signed a limited scope preferential trade agreement with India in 2004 and with SACU in 2008. A number of trade agreements are also in the pipeline, with the launching of negotiations between China and SACU and subsequently India and SACU. In addition, both India and China are members of Asia Pacific Trade Agreement (APTA), a preferential trade agreement seeking to promote trade among developing countries in the Asia-Pacific region. India and Brazil are party to the Agreement on Global System of Trade Preferences among Developing Countries (GSTP) while China and Russia being Pacific Rim Countries are members of the Asia Pacific Economic Co-operation (APEC).

As is evident, there are several areas of convergence and a few points of divergence in the trade policies of the BRICS. Efforts have recently focused on increasing intra-BRICS trade and on areas of possible collaboration. BRICS Trade Ministers at their New Delhi meeting in March 2012, resolved to more than double trade among BRICS from $230 billion in 2011 to $500 billion by 2015. A **Delhi Action Plan** was endorsed at the summit to encourage intra- BRICS co-operation in other key areas (see text box). Concrete suggestions are being put forward on setting up a development bank and enabling credit and trade finance facilities in local currencies. There is also scope for coordinating positions at the WTO and in other multilateral forums.

Table 5: Services commitment under GATS

Country	Number of Service Sectors	Service Sectors
Brazil	7	Business , communication, construction and engineering , distribution, financial , tourism and travel, and transportation.
Russia	11	Business, communication, construction and engineering, distribution, education, energy, environment, financial, health, tourism and travel, and transportation.
India	6	Business, communication, construction and engineering , financial, health, tourism and travel, and transportation.
China	9	Business, communication, construction and engineering, distribution, education, environment, financial, tourism and travel, and transportation.
South Africa	8	Business, communication, construction and engineering, distribution, environment, financial, tourism and travel, and transportation.

Sources: WTO TPR Brazil (2009), India (2011), China (2008 & 2010), SACU (2009); WTO services database, http://tsdb.wto.org/default.aspx (as accessed on 10/2/12); WTO news item (10 November 2011) -" Working Party seals the deal on Russia's membership negotiations", accessed on http://wto.org/english/news_e/news11_e/acc_rus_10nov11_e.htm)

Other Areas for Collaboration?

Cooperation among BRICS could establish institutions and legal instruments related to global economic and financial governance that promote growth and development. The Delhi Declaration and Action Plan highlight issues for joint action. Some other possible areas of collaboration are listed below:

(a) Restrictive business practices: The United Nations Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices were adopted by the United Nations General Assembly. One of the objectives of the Set is to facilitate the adoption and strengthening of laws and policies in this area at the national and regional levels. The Set could form a basis for BRICS countries to collaborate and act against restrictive business practices.

(b) Transfer of technology: BRICS countries could promote technology transfer by investors to their affiliates and licencees. Technology brought in by an investor in one BRICS country could be transferred to affiliates and licencees in other BRICS countries. Another area of collaboration could relate to un-packaging the various elements of technology to be transferred.

(c) Traditional medicine: Some BRICS countries have a rich heritage in traditional medicine. A Framework Cooperation Agreement for Trade in Traditional Medicines could be considered. The framework agreement could address tariff and non-tariff measures; movement of practitioners to provide traditional medicine related services; and identify areas of collaboration and cooperation between the BRICS countries, such as research and training, capacity building, harmonization of standards, and enhancing the safety and efficacy of traditional medicines.

(d) Patents based on traditional knowledge: Most BRICS countries recognize traditional knowledge as a valuable global resource. A limited agreement could be considered among BRICS countries aimed at protecting traditional knowledge and enabling sharing of benefits with holders of traditional knowledge if patents are based on traditional knowledge. Such an agreement could involve participation of other interested parties, including LDCs and developing countries and may provide a template for a multilateral decision at the appropriate forum.

VII. Fourth BRICS Summit: Delhi Declaration and Action Plan

The full text of the Delhi Declaration released at the conclusion of the Fourth Annual BRICS Summit held in New Delhi on 29 March 2012 can be accessed at the Government of India, Ministry of External Affairs website (http://www.mea.gov.in/ mystart. php?id= 190019162). The Delhi Action Plan and select paragraphs of the Delhi Declaration relating to international trade, UNCTAD and the WTO are reproduced below.

Fourth BRICS Summit - Delhi Declaration (March 29, 2012)

1. We, the leaders of the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, met in New Delhi, India, on 29 March 2012 at the Fourth BRICS Summit. Our discussions, under the overarching theme, “BRICS Partnership for Global Stability, Security and Prosperity”, were conducted in an atmosphere of cordiality and warmth and inspired by a shared desire to further strengthen our partnership for common development and take our cooperation forward on the basis of openness, solidarity, mutual understanding and trust.

2. We met against the backdrop of developments and changes of contemporary global and regional importance a faltering global recovery made more complex by the situation in the euro zone; concerns of sustainable development and climate change which take on greater relevance as we approach the UN Conference on Sustainable Development (Rio+20) and the Conference of Parties to the Convention on Biological Diversity being hosted in Brazil and India respectively later this year; the upcoming G20 Summit in Mexico and the recent 8th WTO Ministerial Conference in Geneva; and the developing political scenario in the Middle East and North Africa that we view with increasing concern. Our deliberations today reflected our consensus to remain engaged with the world community as we address these challenges to global well-being and stability in a responsible and constructive manner.

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15. Brazil, India, China and South Africa congratulate the Russian Federation on its accession to the WTO. This makes the WTO more representative and strengthens the rule-based multilateral trading system. We commit to working together to safeguard this system and urge other countries to resist all forms of trade protectionism and disguised restrictions on trade.

16. We will continue our efforts for the successful conclusion of the Doha Round, based on the progress

made and in keeping with its mandate. Towards this end, we will explore outcomes in specific areas where progress is possible while preserving the centrality of development and within the overall framework of the single undertaking. We do not support plurilateral initiatives that go against the fundamental principles of transparency, inclusiveness and multilateralism. We believe that such initiatives not only distract members from striving for a collective outcome but also fail to address the development deficit inherited from previous negotiating rounds. Once the ratification process is completed, Russia intends to participate in an active and constructive manner for a balanced outcome of the Doha Round that will help strengthen and develop the multilateral trade system.

17. Considering UNCTAD to be the focal point in the UN system for the treatment of trade and development issues, we intend to invest in improving its traditional activities of consensus-building, technical cooperation and research on issues of economic development and trade. We reiterate our willingness to actively contribute to the achievement of a successful UNCTAD XIII, in April 2012.

18. We agree to build upon our synergies and to work together to intensify trade and investment flows among our countries to advance our respective industrial development and employment objectives. We welcome the outcomes of the second Meeting of BRICS Trade Ministers held in New Delhi on 28 March 2012. We support the regular consultations amongst our Trade Ministers and consider taking suitable measures to facilitate further consolidation of our trade and economic ties. We welcome the conclusion of the Master Agreement on Extending Credit Facility in Local Currency under BRICS Interbank Cooperation Mechanism and the Multilateral Letter of Credit Confirmation Facility Agreement between our EXIM/Development Banks. We believe that these Agreements will serve as useful enabling instruments for enhancing intra-BRICS trade in coming years

....

40. We have taken note of the substantive efforts made in taking intra-BRICS cooperation forward in a number of sectors so far. We are convinced that there is a storehouse of knowledge, know-how, capacities and best practices available in our countries that we can share and on which we can build meaningful cooperation for the benefit of our peoples. We have endorsed an Action Plan for the coming year with this objective.

Delhi Action Plan

1. Meeting of BRICS Foreign Ministers on sidelines of UNGA.

2. Meetings of Finance Ministers and Central Bank Governors on sidelines of G20 meetings/other multilateral (WB/IMF) meetings.

3. Meeting of financial and fiscal authorities on the sidelines of WB/IMF meetings as well as stand-alone meetings, as required.

4. Meetings of BRICS Trade Ministers on the margins of multilateral events, or stand-alone meetings, as required.

5. The Third Meeting of BRICS Ministers of Agriculture, preceded by a preparatory meeting of experts on agro-products and food security issues and the second Meeting of Agriculture Expert Working Group.

6. Meeting of BRICS High Representatives responsible for national security.

7. The Second BRICS Senior Officials' Meeting on S&T.

8. The First meeting of the BRICS Urbanisation Forum and the second BRICS Friendship Cities and Local Governments Cooperation Forum in 2012 in India.

9. The Second Meeting of BRICS Health Ministers.

10. Mid-term meeting of Sous-Sherpas and Sherpas.

11. Mid-term meeting of CGETI (Contact Group on Economic and Trade Issues).

12. The Third Meeting of BRICS Competition Authorities in 2013.

13. Meeting of experts on a new Development Bank.

14. Meeting of financial authorities to follow up on the findings of the BRICS Report.

15. Consultations amongst BRICS Permanent Missions in New York, Vienna and Geneva, as required.

16. Consultative meeting of BRICS Senior Officials on the margins of relevant environment and climate related international fora, as necessary.

17. New Areas of Cooperation to explore:

(I) Multilateral energy cooperation within BRICS framework.

(ii) A general academic evaluation and future long-term strategy for BRICS.

(iii) BRICS Youth Policy Dialogue.

(iv) Co-operation in Population related issues.

New Delhi
29 March 2012

Twenty Years of India's Liberalization: Sharing of Experiences

IIFT, 15-16 November 2011

From L-R: Dr. Rashmi Banga, UNCTAD; Dr. Arvind Virmani, Executive Director, IMF; Mr. Kobsak Chutikul, UNCTAD; Prof. Abhijit Das, CWS, IIFT.

Centre for WTO Studies, New Delhi and United Nations Conference on Trade and Development (UNCTAD) organised an international conference "Twenty Years of India's Liberalisation: Sharing of Experiences" in New Delhi on 15-16 November 2011. In the background of 20 years of economic liberalisation in India, the conference discussed how changes in trade/economic policies in India have affected growth, development and poverty reduction during the past two decades. The following papers were presented during the conference:

- "Calibrated Financial Liberalisation in India: Has it served the country well?" by Dr. Partha Ray and Dr. Arvind Virmani;
- "Impact of FDI on Efficiency of India's Banking Sector" by Prof. Subhash Ray;
- "Agricultural Trade Liberalisation Policies in India: Balancing Producer and Consumer Interests" by Prof. Ramesh Chand and Sumedha Bajar; and
- "Role of Trade Policies in Growth of India's Manufacturing Sector" by Dr. Rashmi Banga and Prof. Abhijit Das.

The overall conclusion of the conference was that India's experience of liberalisation in agriculture, manufacturing and finance shows that liberalisation has been gradual, voluntary and tailored according to the needs of the economy. The role of the state was to use markets for maximising commercial objectives and galvanising attempts to attain social objectives. The cautious approach towards liberalisation provided the state with policy space to pursue development-led liberalisation.

A joint publication of UNCTAD, Commonwealth Secretariat and the Centre for WTO Studies titled Potential Supply Chains in the Textiles and Clothing Sector in South Asia was released during the conference.

Seminar on WTO, Multilateral Trading System and Doha Talks: Where do we stand and the way forward

FICCI, 20 December 2011

From L-R: Mr.,R.V. Kanoria, President ,FICCI; Dr. Rahul Khullar, Secretary, DoC, GoI; Prof Abhijit Das, CWS, IIFT.

On 20 December 2011, the Centre for WTO Studies (CWS) in collaboration with the Federation of Indian Chambers of Commerce and Industry (FICCI) organised a seminar on "WTO, Multilateral Trading System and Doha Talks: where do we stand and the way forward". The keynote address was delivered by Dr. Rahul Khullar, Commerce Secretary, Government of India. Prof. Abhijit Das, Head, CWS; Mr. R.V Kanoria, President, FICCI; and Mr. Manab Majumdar, Asst. Secretary General, FICCI also addressed the gathering.

In his address, the Commerce Secretary discussed three broad themes (I) prospects of the Doha negotiations; (ii) prospects of multilateralism and international institutions; and (iii) new issues in multilateral trade negotiations. Dr. Khullar observed that the prospects of concluding the Doha Round before 2014 did not seem bright. International organizations would need to adapt themselves and readjust to new global realities. WTO would have to strengthen its surveillance role particularly in its examination of FTAs. In addition, the Trade Policy Review Mechanism could do with further strengthening. New issues such as food security, energy security, environment protection, FTA proliferation, labour standards, and increasing litigation and resort to trade remedies were also addressed.

Workshop on Countervailing Duty Investigations under the WTO

IIFT, 22 December 2011

From L-R: Mrs. V. Joshi, DGAD, DoC; Mr. J.K. Dadoo, Jt Secretary DoC; Prof S. Priya, CWS; Prof A. Das, Head, CWS.

The Centre for WTO Studies organised a one-day training on countervailing duty investigation procedures on 22 December 2011. Officers from the Department of Commerce and legal experts participated in the training programme.

Specialized Course on Select WTO Issues: Agriculture, Services, TRIPS and RTAs

IIFT, 23 January-1 February, 2012

The Centre for WTO Studies organized a "Specialized Course on select WTO issues Agriculture, Services, TRIPs and RTAs" during the period, 23 January-1 February 2012. The programme was held in collaboration with the Indian Technical and Economic Cooperation (ITEC) Programme of the Ministry of External Affairs (MEA) and the Department of Commerce (DoC), Government of India. Senior and

Group Photograph: Participants, resource persons and CWS faculty

mid-level trade officials from 11 countries-Azerbaijan, Fiji, Kenya, Laos, Lesotho, Mauritius, Myanmar, Russia, Serbia, Togo and Yemen attended the programme. The programme was inaugurated by Dr. Pankaj Sharma, Joint Secretary (TC & ER), MEA; Mr. Amar Sinha, Joint Secretary, DoC; Prof. Abhijit Das, Head, CWS; and Prof. Shashank Priya, CWS.

The eight-day training programme covered several key WTO and trade issues including the WTO Agreements with an emphasis on the Agreement on Agriculture, General Agreement on Trade in Services (GATS) and Trade-Related Intellectual Property Rights

From L-R: Mr. A. Sinha, Jt Secy, TPD, DoC; Prof. A. Das, CWS; Dr. Pankaj Sharma, Jt Secy, TC & ER,, MEA; Prof S. Priya, CWS

(TRIPS); Regional Trade Agreements (RTAs); Agricultural issues at the Doha Round; India's Duty Free Quota Free Scheme; IP Protection and Trade Liberalization. A mock negotiation exercise on agriculture was also organized. Sessions were conducted by the CWS faculty as well as resource persons specialising in the area in question. The latter included Mr. U. S. Bhatia, former Ambassador of India to the WTO and present member of DSU Appellate Body of WTO; Ms. Sonia Pant, Deputy Secretary, Department of Commerce; Mr. Atul Kaushik, Joint Secretary, Department of Justice; Mr. Rajan Sudesh Ratna, Jt. Director General, Directorate General of Foreign Trade; Ms. R.V.Anuradha, Partner, Clarus Law Associates and Mr. Shailendra Kumar.

Sensitization Workshop on WTO

Chattisgarh, 5 February 2012

From L-R: Panellists at the seminar on WTO, Bilaspur, Chattisgarh

A one day sensitization workshop on WTO was organized by Ministry of Small and Medium Enterprises (MSME), Government of India in association with Chhattisgarh Laghu & Sahayak Udyog Sangh at Udyog Bhavan, Bilaspur on 5 February, 2012. The workshop covered various aspects of WTO like Agriculture, Geographical Indications, Anti-dumping procedures and impact of WTO on specific sectors/products of entrepreneurs of Chattisgarh. The objective of this workshop was to disseminate information to MSME associations and SME units. Dr. Sachin Kumar Sharma, CWS attended this workshop as a resource person.

Seminars on 'Sensitization of state civil services about WTO Agreements and Geographical Indications'

RCVPNAA, Bhopal, Madhya Pradesh, 15–16 February 2012

From L-R: Ms. Shailja Singh, CWS; Prof. Sajal Mathur, CWS

The WTO Resource Centre at the RCVP Noronha Academy of Administration (RCVPNAA), Bhopal organized two seminars on February 15 and 16, 2012 with academic support provided by Prof. Sajal Mathur and Ms. Shailja Singh from the Centre for WTO Studies, IIFT.

The first day aimed at sensitization of stakeholders on various issues concerning Geographical Indications and also included an experience sharing session on chanderi saris with Mr. Mahesh Gulati, Deputy Director Technical, District Handloom Office and Training Centre, Chanderi. The second day was devoted to the sensitization of state civil service officers about select topics within the WTO framework. In particular, the seminar focused on issues of special concern to the state of Madhya Pradesh like bio-diversity and eco-tourism.

Training programme on TradeSift Software

IIFT, 21-24 February, 2012

Group Photograph: Participants, resource Persons from University of Sussex and CWS faculty

The Centre for WTO Studies in partnership with Inter Analysis Ltd. at the University of Sussex, UK organized a five day trade policy workshop on "TradeSift" from 21 to 24 February 2012. TradeSift is a software tool which can assist policy makers using an extensive selection of trade indicators. The training programme was attended by participants from various government research organizations, trade chambers, export promotion organizations and academic institutes. The sessions covered both theory and hands-on exercises, and were conducted jointly by Prof. Peter Holmes, Prof. James Rollo and Ms. Sarah Ollerenshaw from the University of Sussex. During the practical sessions, the participants not only learnt about the various nuances of the software but were also familiarized with some trade and tariff databases. Background course material on the software and its underlying theories were also provided to the participants to guide them through the sessions.

Regional Conference on International Trade/WTO Issues and Prospects

MGSIPAP, Chandigarh, 27 February 2012

From L- R: Mr. Madan Chauhan, MD,HPMC, Govt. of Himachal Pradesh; Mr. B.K Srivasrava, MGSIPAP, Mr. S C Aggrwal, Chief Secy, Punjab; Mr. S.S. Channi, Prl Secy, Industries, Punjab; Mr. Rajeev Kher, Addl Secy, DoC, GoI

The Mahatma Gandhi State Institute of Public Administration (MGSIPAP), Punjab in collaboration with the Centre for WTO Studies (CWS) organized a "Regional Conference on International Trade/WTO Issues and Prospects" in Chandigarh on 27 February 2012. The main purpose of this conference was to generate awareness amongst stakeholders and bring to focus the trade potential of the North Zone States comprising of Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, Rajasthan, Uttarakhand and the Union Territory of Chandigarh. Potential for trade with neighbouring countries, i.e, a "Look West Policy" was also discussed.

Mr. Ramesh Inder Singh, Chief Information Commissioner, Punjab, Mr. S. C. Aggarwal, Chief Secretary, Punjab, Dr. Dharender Tayal, Senator, Punjab University and Mr. Rajeev Kher, Additional Secretary, Department of Commerce, Government of India chaired the interactive sessions at the Conference. Mr. B.K. Srivastava, Director General, MGSIPAP and Dr. A. K. Kundra, Advisor, MGSIPAP delivered opening remarks and gave a brief introduction of the theme of the workshop. The CWS was represented by Professor Sajal Mathur who gave an overview of the WTO and its impact on states. Dr. P. K. Vasudeva elaborated on the role of states. A SWOT analysis of the impact of international trade on agriculture, industry and services sectors in States was presented by senior Government Officials from the States of Punjab, Haryana, and Himachal Pradesh by representatives of the private sector. The SWOT analysis undertaken by the States could serve and provide inputs for work plans and follow up in the future.

Seminar on Trade Facilitation and Dissemination of Study on Trade Facilitation Gap Analysis

FICCI, 29 February 2012

From L-R: Mr. M. Majumdar, Asst. Secy General, FICCI; Prof. A. Das, Head, CWS; Mr. N. Shah, Chief Commissioner of Customs, Delhi Zone; and Mr. N. Prabhaker, Vice Chairman, FFFAI

From L-R: Prof. S. Priya, CWS; Mr. P.Agrawal, Ace Global Pvt. Ltd; Mr. Shankar Shinde, Honorary Treasurer, FFFAI; Mr. J.K Batra, Former Member ,CBEC; Mr. Joseph Dominic, Former Chief Comm, Customs; Ms. Kavita Iyengar, ADB; Dr.P.De, RIS

On 29 February 2012, the Centre for WTO Studies (CWS) in collaboration with FICCI, Federation of Freight Forwarders Association of India (FFFAI) and Delhi Customs Clearing Association (DCCA) organized a Seminar on "Trade Facilitation and Dissemination of the CWS Study on Trade Facilitation Gap Analysis in India". The inaugural session was attended by Mr. Najib Shah, Chief Commissioner of Customs, Delhi Zone, Prof. Abhijit Das, Head, CWS, Mr. Manab Majumdar, Assistant Secretary General, FICCI and Mr. Narinder Prabhaker, Vice Chairman, FFFAI.

Prof. Abhijit Das observed that trade facilitation was important to improve competiveness of the Indian industry and that the study by CWS had identified important gaps in the trade facilitation environment in India. Mr. Najib Shah observed that trade facilitation was a two way process wherein the traders needed to justify the trust reposed in them and in case there was misuse of such trust, the department needed to strengthen controls. He also observed that the poor quality of data came in the way of better trade facilitation. He further observed that stakeholder inputs were very important while undertaking trade facilitation measures as in many cases the initiatives fail to gain popularity with the traders.

The inaugural function was followed by the technical Session wherein Prof. Shashank Priya, CWS and Mr. Pankaj Agrawal, Ace Global Pvt. Ltd presented the main findings of the CWS Study. The session was chaired by Mr. Joseph Dominic, Former Chief Commissioner of Customs and panelists included Mr. J.K Batra, Former Member of the Central Board of Excise and Customs; Dr. Prabir De, Fellow, Research and Information System for Developing Countries (RIS), Mr. Shankar Shinde, Honorary Treasurer, FFFAI and Ms. Kavita Iyengar, Economist, Asian Development Bank.

Training Programme on Introduction to International Trade and WTO Issues

IIFT, 6 –16 March 2012

Group photograph: DoC trainees and CWS faculty

A training programme was organised by the Centre for WTO Studies for the Department of Commerce trainees during the period 6-16 March 2012. The programme aimed at familiarising the trainees with key WTO and trade issues while providing them with some hands-on experience in areas of work relevant to them.

The seven-day programme covered WTO Agreements; GATT obligations like MFN, national treatment, bindings etc; Harmonised System of Nomenclature; Sources of trade data; Dynamics of RTAs including an overview of India's RTAs; Trends in India's international trade; GATS; Trade Remedy Instruments in WTO;TRIPS Agreement; Rules of Origin; WTO Agreement on Anti-Dumping, WTO Agreement on Subsidies and Countervailing Measures; Countervailing Duty Investigations; and an introduction to NAMA negotiations. Practical exercises on the following were also undertaken: basics of MS-Excel, Downloading and analysing WITS data, Identifying products in negative list based on RCA and Unit Value analysis for RTAs, Identifying products in the Negative List and products of export interest, Calculation of Dumping Margins and Subsidies, India's tariffs and NAMA negotiations.

Specialized Course on WTO Rules, Dispute Settlement & RTAs

IIFT, 12–21 March 2012

Group Photograph: Participants and IIFT / CWS Faculty

The Centre for WTO Studies (CWS) in collaboration with the Indian Technical and Economic Cooperation (ITEC) Programme of the Ministry of External Affairs and the Department of Commerce, organized a "Specialized Course on Select WTO Issues: Anti-Dumping, Subsidies, Safeguards, Dispute Settlement Understanding and RTAs" from 12 – 21 March 2012. The programme was attended by senior and mid-level government officials from several least developed and developing countries: Bangladesh, Colombia, Guinea, Kenya, Laos, Madagascar, Mauritius, Nigeria, Nepal, Russia, Serbia, Togo, Uzbekistan and Zimbabwe.

The training programme was in the form of classroom sessions covering various trade and WTO issues such as the WTO Agreement on Anti-Dumping, Subsidies and Countervailing Measures; WTO Agreement on Safeguards; Regional Trade Agreements (RTAs); Rules of Origin; trade remedy instruments at the WTO; WTO Dispute Settlement Mechanism; and issues and negotiation dynamics at the Doha Round. Sessions were conducted by resource persons from the Centre as well experts specialising in the area in question. The latter included Mr Satish Kumar, Joint DGFT, Directorate General of Anti-Dumping; Mr R.S. Ratna, Jt. DGFT, Department of Commerce; Ms. R.V. Anuradha, Clarus Law Associates; Mr R.K Gupta, Chairman, Settlement Commission, Customs and Central Excise; Mr Atul Kaushik, Joint Secretary, Department of Justice and Mr K.M. Chandrasekhar, India's Former Cabinet Secretary and Former Ambassador to WTO and presently, Vice Chairman, Kerala State Planning Board.

Cultural visits to Qutub Minar, Dilli Haat and Taj Mahal and Agra Fort at Agra were also organised during the course of the programme.

Statement by Minister Anand Sharma, Minister of Commerce, Industry and Textiles at Eighth WTO Ministerial Conference

15 December 2011

It gives me great pleasure to be in the midst of this distinguished gathering along with my Ministerial colleagues for the Eighth Ministerial Conference of the WTO.

When we had last assembled in Geneva for MC7 there was a ray of hope that the global economy had finally emerged from the shadow of a grim recessionary period. Yet, the events of the last two years have brought out the stark reality that the fundamental fault lines in the global financial architecture still remain. We have been concerned by the fragile nature of recovery and the prevailing uncertainty especially in the Euro Zone. We have a peculiar situation where the harbingers of free trade have themselves started looking inwards. In the challenging backdrop of global economic downturn, all countries must eschew protectionism which can only be counterproductive as it will deepen the recession and delay recovery. The need of the hour is enhanced economic engagement and free flow of trade.

In a global economy almost relentlessly under siege, the WTO has an important role to play. We welcome the accession of Montenegro, the Russian Federation, Samoa and Vanuatu. Their inclusion is a welcome affirmation of faith in the multilateral trading system.

India welcomes the LDC related decisions for adoption at this Ministerial. While this is less than what we have strived for over the last several months, these decisions will send out a positive signal about WTO's commitment to the Development Agenda.

India has always accorded high priority to the Services Waiver for LDCs and we welcome the decision in this regard. We support the proposed streamlining of accession process for LDCs which is a step forward on the LDC accession guidelines adopted in 2002. The LDC request for an extension of their transition period under Article 66.1 of the TRIPS Agreement has our support.

India is concerned at the current impasse in the DDA negotiations. While the last few years of the Round have been disappointing, we cannot cast aside the mandate that was so arduously negotiated. Nor can we abandon the processes that make the WTO a uniquely democratic institution.

The WTO negotiations have always used a combination of approaches but always within the principles of transparency, inclusiveness and multilateral consensus based agreement. We must not deviate from these tried and tested principles.

The negotiations must take place in accordance with the mandate of the Doha Development Agenda, which means that decisions have to necessarily be based on multilateral consensus, regardless of the format in which negotiations take place.

I have heard suggestions for negotiating issues amongst a critical mass of Members. This path is fraught with risk. Plurilateral agreements are a throwback to the days when decisions taken by a few determined the future of the rest. They also lack the in built checks and balances of a multilateral forum.

The DDA mandate offers us the flexibility to implement agreements reached at an early stage on a provisional or a definitive basis. However, in practice that can be a difficult exercise as we have learnt from the efforts to put together first, an LDC package and then an "LDC plus" package. There are lessons to be learnt from these attempts. It is a path on which we must proceed with caution, not for a moment forgetting that this is a development round. Therefore, development issues, those particularly of interest to LDCs such as DFQF, Cotton, should be the foremost priority in any early harvest.

The decision on duty free quota free market access to LDCs requires full implementation. Despite our domestic sensitivities, India was the first developing country to extend duty free quota free access to all LDCs in line with the WTO's Hong Kong Ministerial mandate. India's Duty Free Tariff Preference Scheme for LDCs came into effect in August 2008 with tariff reductions spread over five years. This Scheme covers about 92.5 per cent of global exports of all LDCs and provides duty free and preferential tariff access on 94 per cent of India's tariff lines. We now propose to expand the coverage of the scheme further in line with the mandate.

We would urge all developed Members to commit to duty free and quota free market access as per the Hong Kong Ministerial Declaration on priority basis, preferably within July 2012.

On the issue of Cotton, there is an urgent need to fully implement the Hong Kong Ministerial Decision for the developing world, especially the Cotton 4 countries of Africa.

What we have on the table today reflects years and years of hard work and a delicate balance of trade offs. We must build on the progress already achieved and persevere in our efforts to reach a fair, balanced and equitable outcome to the Round.

While we continue these efforts, let us not forget that the WTO is much more than the Doha Round. The work that goes on from day to day in its regular committees and bodies is the grease that keeps the wheels of the multilateral system turning smoothly. It is important to ensure that this work goes on smoothly and in as efficient a manner as possible.

It is easy to put good ideas on the table but difficult to convert them into solutions for the benefit of the poor and needy. This is a development round and the poor countries have the most at stake. I appeal to you to ensure that we secure what has been settled and to continue in our common endeavour to reach an understanding in the larger interests of the multilateral trading system. If we fail today, we are unlikely to get the same opportunity for a long time to come; if on the other hand, we are able to fulfil the promise held out by the DDA, the WTO will not only endure but grow stronger.

Faculty Participation in Outreach Programmes (January – March 2012)

	Participating Faculty	Outreach Activity/Topic	Date	Location
1.	**Prof. Abhijit Das**	Workshop on India EU – FTA: Public Procurement from India's Perspective, jointly organized by Third World Network, Madhyam, Centre for Social Development, Both Ends and Heinrich Boll Stiftung	9 February	New Delhi
		Strengthening Cooperation Among BRICS Countries	6 March	New Delhi
2.	**Prof. Shashank Priya**	Seminar on Trade Facilitation and Dissemination of the Study on Trade Facilitation Gap Analysis	29 February	Federation House, FICCI, New Delhi
		Seminar on Trade Facilitation	2 March	Cochin, Kerala
3.	**Prof. Madhukar Sinha**	Symposium on IP and Pharmaceutical Policy	17-18 March	National Law University Jodhpur, Rajasthan
		Lecture on "Infrastructure Projects and Government Procurement in the Context of WTO"	23 March	Kalamassery, Kochi
4.	**Prof. Sajal Mathur**	Seminar on Geographical Indications and Sensitization of State civil services about WTO Agreements (Specific Issues)	15-16 February	RCVP Noronha Academy of Administration, Bhopal, Madhya Pradesh
		Regional Conference on WTO and International Trade Issues and Prospects for North Indian States organized by MGSIPAP in collaboration with CWS,IIFT	27 February	Mahatma Gandhi State Institute of Public Administration, Punjab,
		BRICS Trade & Economics Research Network Conference organized by CUTS International	26-27 March	New Delhi
5.	**Dr Sachin Kumar Sharma**	Sensitization Workshop on different aspects of WTO	5 February	Bilaspur, Chattisgarh
6.	**Ms Shailja Singh**	Seminar on Geographical Indications and Sensitization of State civil services about WTO Agreements (Specific Issues)	15-16 February	RCVP Noronha Academy of Administration, Bhopal , Madhya Pradesh

Trade Figures

1. Exports stutter, but target of $300 billion this FY within reach

Total merchandise exports in the first ten months of the financial year through January 2012 reached $242.80 billion, triggering hopes of meeting the government's target of $300 billion for the whole year. On the other hand, cumulative imports stood at $391.45 billion, widening the trade deficit to $148.67 billion.

In January, exports rose by 10.1 per cent to reach $25.43 billion. This is for the second time that exports have registered a month-on-month increase, since it started falling July onwards due to a weak demand in Europe and US markets. The after-shocks of the economic slowdown in the U.S. and the impact of the debt crisis in the euro zone continue to weigh on India's overseas shipments that continued to grow at a slow pace of 6.7% in December at $25 billion on year-to-year basis.

While releasing the initial estimates earlier in the year, Commerce Secretary Rahul Khullar had said exports would now continue to rise with the effect of rupee's depreciation kicking in. The sectors registering a healthy export growth rate during April-December, 2011 were engineering and petroleum, whose exports were up by 21.6% and 55%, respectively, at $45.3 billion and $43.9 billion. Other sectors that registered healthy growth include gems and jewellery (38.5%), ready-made garments (23.7%), electronics (21.1%), drugs (21.5%), marine products (32.2%) and plastics (43%).

During the first three quarters of 2011-12, petroleum imports were up by 40.4% at $105.6 billion. Other sectors which registered growth include gems and silver (53.8 %), machinery (27.7 %), electronics (21.1 %), chemicals (23 %), coal (62 %), fertilizers (35 %), vegetable oil (55 %) and iron and steel (12.1 %).

Business Standard (2 March 2012) and the Hindu (16 January 2012)

2. FY 2012-13, a difficult year for exports

If 2011 was a difficult period for Indian exports, 2012-13 would be worse. Exports had a healthy run in the first half of 2011-2012, while growth rates had been steadily falling since August. However, exporters are set to begin the new financial year with growth rates that are already grim, and down to single digits. According to analysts and economists, while exports are facing severe shortage of demand in developed countries, even new markets would fail to ease the burden, as these also depend heavily on exports to Europe and the US. The order books for the summer of 2012 have already seen drops of 20-30%, and exporters are not very hopeful of orders in the spring or winter as well.

Rahul Khullar, Commerce Secretary said, even though the trade deficit was "within the range of $150-155 billion, which is very large....[Although it is] too early to say, but it is going to be a very difficult year. One, we are going to have our own domestic problems, which means we have a fiscal correction to be effected, there will be tax buoyancy as a problem, growth is decelerating and the question is will growth actually revive and will there will be any easing of the domestic monetary policy stance. Moreover, there are going to be international events that will impact you. These will be mostly demand-related problems due to the European trouble, difficulties in the US and the general world mood is very sombre. Export will continue to grow but to expect a growth rate at 30-40% is out of the question. If we get export growth rate in the order of 15-20 %, we should be more than happy.... Over the last five years, there has been a quiet revolution in our industry and in our export sectors such as engineering, chemicals, gems and jewellery, and others. This does give me reason for optimism. I think certain sectors are intrinsically competitive and those will drive our exports, so we should continue to see growth. Also, even as the rest of the world turns protectionist, we have gone on signing trade agreements, and that is helping us. Our trade with these countries is growing by 30-40% per annum."

However, experts do not foresee exports going into negative territory, a scenario in which revenue would be lower than that seen in 2011-12, though growth rates are expected to be tepid. "I do not foresee a negative rate of growth for exports, but surely, there would be reduced levels of growth. The EU is in a bad shape, and so is the US. Things are not that bright in the ASEAN countries as well. Lifestyle products such as gems and jewellery and handicrafts would take a major beating in 2012. But we might not see a reduction in absolute exports," said K. T. Chacko, Director, Indian Institute of Foreign Trade.

Business Standard (16 January 2012 and 7 February 2012)

3. India among major commercial service exporters in 2010

India and China were among the leading exporters of commercial services in 2010, a World Trade Organization (WTO) report has said, with the total value of these activities growing by 9% to $3,695 billion during the 12-month period. "In 2010, world exports of commercial services grew by 9%... Despite this global rebound, exports remained below the level achieved before the financial and economic crisis," the 'International Trade Statistics 2011' report said, adding that the recovery has not been even across regions. "... The most rapid growth has been in Asia, where exports rose by 22% in 2010, led by India and China," it said. During the period, the European Union's (EU) exports grew by merely 3%. Nevertheless, Europe accounted for 45% of total trade in commercial services.

PTI (31 January 2012)

BRICS

4. Fourth BRICS Annual Summit

On 29 March 2012, the fourth BRICS summit was organised in New Delhi. Besides the Indian Prime Minister, Manmohan Singh, it was attended by Brazilian President Dilma Rousseff, Russian President Dmitry Medvedev, Chinese President Hu Jintao, and South African President Jacob Zuma. BRICS (Brazil, Russia, India, China and South Africa) was coined as an acronym in 2001 by Goldman Sachs to encapsulate the broader shift in global economic growth towards emerging markets. Together they account for about 25% of the world GDP.

At the summit a BRICS Action Plan was unveiled. They also called for closer co-operation to revive the stalled Doha Round talks for a deal on further liberalising global trade. As a first step to counter increasing protectionism in the US and EU, the BRICS trade ministers —Fernando Pimental of Brazil, Elvira Nabiullina of Russian Federation, Sharma of India, Chen Deming of China, and Rob Davies of South Africa — have resolved to more than double trade among themselves from $230 billion now to $500 billion in three years. They have identified value-added trade in manufacturing, services and agriculture as three focus areas.

In an effort to reduce transaction costs of intra-BRICS trade the five countries took the first step towards doing mutual trade in local currencies by signing an agreement to extend credits in local currencies under the BRICS Interbank Cooperation Mechanism. The grouping also signed an agreement on the Multilateral Letter of Credit (LC) Confirmation Facility which envisages confirmation of LCs between BRICS countries' Exim/Development Banks. A benchmark equity index derivative shared by the stock exchanges of the five BRICS nations was also launched. They would be cross-listed, so that they can be bought in local currencies.

A proposal to set up a Development Bank to provide aid at easy terms to the developing countries was discussed. It will be for mobilising resources for infrastructure and sustainable projects in BRICS and other emerging economies and developing countries. The proposed bank's resources are to supplement the existing efforts of multilateral and regional financial institutions for global growth and development.

However, increasing imbalance in trade within the BRICS nations is an underlying concern for the five member-countries. While, at present, China dominates manufacturing, India has an edge in services export, and South Africa leads in exports of resources and commodities. There have been efforts amongst the members to balance it out by setting up a development bank and enabling credit facilities in local currencies. The trade ministers have also agreed to coordinate their positions at WTO and in other multilateral forums.

The Economic Times (30 March 2012), *Hindu Business Line* (29 March 2012), *Reuters* (28 March 2012) and *Financial Chronicle (28 March 2012)*

Bilateral Trade Matters

5. India-Africa

The Union Minister of Commerce, Industry and Textiles of India, Anand Sharma, and the African Trade and Industry Ministers met in New Delhi for the second meeting of the India-Africa Trade Ministers. The meeting was co-chaired by Dr Maxwell M. Mkwezalamba, Commissioner for Economic Affairs, African Union Commission and Minister Anand Sharma. The 'India-Africa Trade Ministers Dialogue' is an annual event, of which the first meeting was held in Addis Ababa in May 2011, on the occasion of the second Africa-India Forum Summit.

During the meeting, the Ministers launched the India-Africa Business Council (IABC). The IABC is co-chaired by Mr Sunil Bharti Mittal, Chairman, Bharti Group and Mr Alhaji Aliko Dangote, GCON, President, Chief Executive, Dangote Group, Nigeria. The Council will suggest the way forward on enhancing economic and commercial relations between India and Africa and also identify and address issues which hinder growth of economic partnership between India and Africa. The core sectors of co-operation which will be explored by IABC are agriculture, including agro-processing, manufacturing, pharmaceuticals, textiles, mining, petroleum & natural gas, information technology and information technology enabled services, gems and jewellery, banking, financial services (including microfinance), energy, core infrastructure including roads and railways.

During the meeting, the Cotton Technical Assistance Programme in the C-4 countries (Burkina Faso, Benin, Chad, Mali), Malawi, Nigeria and Uganda was also launched. This is an initiative of the Government of India under the umbrella of the 'India-Africa Forum Summit' towards helping the cotton growing countries of Africa to build capacity, technical expertise and thereby competitiveness in the field. IL&FS Cluster Development

Initiative Limited is the Project Management Agency for implementing the Project.

In the year 2011, India-Africa bilateral trade had reached US $60 bn. India and Africa have revised trade targets to $90 billion by 2015. The Ministers agreed on the need to strengthen the trade relationship between the two sides through, inter-alia, the building of trade-related capacity and the conclusion of trade cooperation agreements between India and African Regional Economic Communities (RECs) / countries.

Press Information Bureau, GoI (17 March 2012)

6. India-EU

The proposed India-EU bilateral free trade agreement that was to be signed during the India-EU summit held in February, has been postponed to later in the year. At stake is an agreement that would create one of the world's largest free-trade zones by population covering 1.8 billion, or more than a quarter, of the world's people. Prime Minister Singh, together with EU president Herman Van Rompuy and European Commission president Jose Manuel Barroso, announced a detailed road map for concluding the pact, officially known as the Bilateral Trade and Investment Agreement (BTIA), at the summit held on 10 February, New Delhi.

For India, a Bilateral Trade and Investment Agreement (BTIA) would help its rapidly growing companies expand into the EU, the country's biggest trade partner, the buyer of more than €40 billion ($52 billion) worth of Indian goods and services in 2010. The EU as an economic bloc is India's largest trade partner. EU-India trade has more than doubled, from €28.6 billion in 2003 to over €67.9 billion in 2010, according to European Trade Commission official data. Trade in commercial services has tripled from €5.2 billion in 2002 to €17.9 billion in 2010. The commission estimates indicate that India would gain €5 billion and the EU over €4 billion in the short run alone, should the pact be finalised. In 2010, EU imported goods worth €33.2 billion from India and exported goods worth €34.7 billion. Services exports to India stood at €9.8 billion and imports at €8.1 billion, according to EU figures. Europe, large parts of which probably sank into another recession last quarter, wants access to a vast, young, vibrant market of 1.3 billion potential customers. Trade between the two is growing the total value of EU-India goods and services exchanged was €86 billion in 2010. While trade with India represented just 2.4% of the EU's total, the percentage has been gradually increasing.

On trade between EU and India, EU Ambassador to India, Joao Cravinho said there was further scope to tap potential. "Trade between EU and China is six times compared with India. Chinese economy is three and half times of India. However, due to complementarity in economies and democratic set up, trade will further grow between EU and India," he added. The India-EU BTIA aims to liberalise "substantially all trade" between the two trading blocks on a "reciprocal" basis and apart from trade in goods, the BTIA will have substantive provisions on services, investment, public procurement, intellectual property (IP) rights and some other areas. The IP measures demanded are 'TRIPS Plus' — that is beyond what is mandated by TRIPS/WTO.

Talks for concluding the ambitious pact started in 2007 but have stalled over contentious issues such as tariffs and government procurement. Indian automobile and wine associations are opposed to significant concessions to European multinational firms, fearing loss of market share. Differences over duties on cars and market access for software and service companies also stand in the way of an accord. So far, negotiations have established that India would be prepared to cut tariffs to 30%but it may not be sufficient to make a deal possible. India, on its part, is trying to get steeper commitments on opening up of the services sector by the EU. It has been promised higher number of professional visas and removal of the restrictive labour market test by the EU. The EU has its own wish-list for better access to growing Indian sectors, such as in legal services or supermarkets.

Hindu Business Line (3 January 2012); The Economic Times (11 January, 23 February and 22 March 2012); Livemint (16 January 2012); Reuters (6 February 2012); TNN (9 February 2012); Bridges Weekly Trade Digest (15 February 2012); Business Standard (25 February 2012)

7. EU Emission Trading System (ETS)

On 1 January 2012, the European Union imposed a carbon emissions tax on all airlines flying into the continent in an effort to control carbon dioxide emissions that are blamed for an increase in global temperatures. Under the EU Emissions Trading System (ETS) airlines are required to buy permits for 15% of the carbon they emit; permits for the remaining 85% will be provided to them for free. Carriers will have to surrender permits for 2012 carbon production by 30 April 2013. Airlines that fly to and from the EU bloc without complying with the scheme will face a fine of €100 for each tonne of carbon dioxide emitted and for which they have not paid allowances. Persistent offenders could face a blanket ban from all EU airports. Airlines don't have to pay on a daily but an annual accumulated basis.

Nations opposed to the European Union's new ruling on carbon emissions met for two days in February in Moscow to discuss a joint plan against the EU measures which have angered most countries of the world. According to the draft prepared by the countries opposed to the move, the "basket of counter measures" includes issuing and enacting appropriate state regulation to prohibit national airlines to participate in EU ETS, mandating the EU carriers to submit similar flight details to the respective states as required by EU in their scheme. Countries should assess the specific violations of WTO agreements by the scheme, consider a review of bilateral air service agreements, a possible freeze (restrictions, suspensions, embargo) on current and future discussions and/or negotiations as part of bilateral agreements. They could also consider imposition of additional levies on European carriers using the airspace of non-EU states like Brazil, Russia, India and China. Existing trade agreements in other sectors may be reopened for exerting pressure on EU industries; ongoing negotiations on trade agreements may be halted. The ETS has been criticised by a lot of governments across the globe, who say it is unfair to unilaterally impose a tax without taking the consent of the rest of the world, making the move inconsistent with international law.

The UN aviation body, ICAO, has adopted a Delhi Declaration in September 2011 saying the EU's move is inconsistent with international law. The participants, 26 countries in all, also said that the EU-ETS measures were in violation of the Chicago Convention governing aviation. USA, Canada, UAE, China, Japan, Russia, Singapore and Thailand are some of the signatories to this convention. India is reportedly planning to urge its airlines to boycott the scheme. EU Climate Commissioner Connie Hedegaard noted that Brussels is willing to work with other governments in order to reach a global agreement regarding aviation emissions. Brussels has said that it would only consider changing its legislation should the 191-member International Civil Aviation Organization (ICAO) come up with a sufficiently ambitious global aviation emissions agreement. The Montreal-based ICAO is currently examining four possible mechanisms in this area, and has directed a working group to continue studying the options and report back in June. However, disagreements over the role of developing countries in helping curb aviation emissions could end up slowing down progress in the talks. The UN civil aviation body has said that it plans to have a proposal of measures to address aviation emissions by the end of the year.

The Economic Times (23 January 2012); Livemint (23 February 2012) and Bridges Weekly Trade Digest (15 February)

8. India-Indonesia

India and Indonesia agreed to fast track the ongoing negotiations for early conclusion of the proposed comprehensive market opening pact, aimed at enhancing bilateral economic engagement between the countries. This was decided during a three-day visit made to Jakarta in March by the Union Commerce and Industry Minister Anand Sharma. He met the Indonesian Economy Minister Hatta Rajasa and discussed about the progress of the free-trade agreement. They also discussed the status of the negotiations on Comprehensive Economic Cooperation Agreement (CECA). Both countries started negotiations for CECA, which would cover trade in goods, services and investment. Bilateral trade stood at over $20 billion in 2010-11. According to the Minister, the bilateral trade target of $25 billion by 2015 would be achieved well before time so both sides have felt the need to revise it. India and Indonesia have identified five areas: manufacturing and skill training; healthcare and pharmaceuticals; mining, agro and food processing; R&D where joint working groups will be set up.

Both sides also deliberated on widening the scope of free trade agreement between India-ASEAN, which would include services and investments. India and the 10-member Association of South East Asian Nations (ASEAN) has already implemented a free trade pact in goods and are engaged in negotiations to widen the scope of the pact.

PTI (5 March 2012).

9. India-Pakistan

Indian Commerce Minister Anand Sharma was invited to Pakistan from 13-16 February 2012 to sign three agreements removing non-tariff barriers in bilateral trade. The agreements signed were on customs cooperation, mutual recognition and redressing grievances and is expected to remove all tariff and non-tariff barriers that hinder Pakistani exports to India. It was the first ever visit by the Commerce Minister of India for substantive bilateral meetings. Accompanied by more than hundred high power business delegates, this visit marked a historic moment for both the countries, when political leadership and the business communities extended unequivocal support for full normalization and preferential trading arrangements between the two countries.

Pakistan announced a short negative list in February and will give India the most favoured nation (MFN) status by the end of the year. This will mean that Pakistan will soon allow imports of all goods from India except those mentioned on the negative list that are expected to contain around 700 items. According to Minister Sharma, "We are also working on putting in place a regime that would work towards allowing foreign direct investment (FDI) in both countries."

Despite its proximity, Pakistan does not figure even among India's top 50 suppliers. It stands way behind at 67, accounting for less than 0.1% of India's total imports. India's imports stood at $350 billion in 2010-11, of which Pakistan accounted for goods worth less than $350 million. On the other hand, India sold merchandise worth $2.33 billion in 2010-11, and ranked amongst the top 10 suppliers to Pakistan. With a 4.2% share in Pakistan's total imports of roughly $55 billion in 2010-11, India was the eighth largest supplier to its neighbour. Today, if the bilateral trade is about $2.5 billion, goods routed to Pakistan through Dubai or UAE is estimated to be as high as $6 billion.

India has welcomed the decision of the Government of Pakistan to transition from a Positive List Regime to a small Negative List for trade with India. This development reaffirms the commitment of both Governments for trade normalization as per the roadmap drawn during the visit of Pakistan Commerce Minister from 26 September to 2 October, 2011. This will mark a dramatic shift in the lines that can be traded as now almost 90% items can be traded with Pakistan as opposed to 17% earlier. Welcoming the development, the Union Minister of Commerce, Industry and Textiles Anand Sharma said, "We believe that strengthening economic engagement between India and Pakistan lies at the heart of building enduring peace and stability in this region. Flourishing trade is the biggest confidence building measure among any two nations." According to the minister, Indian banks too will definitely open branches when an agreement is reached between the Reserve Bank of India and the Central Bank of Pakistan, after their preliminary meeting in March 2012.

Both sides have also decided to expedite revision of visa rules that would ease the highly restricted movement of business people between the two countries and increase business opportunities. The 1974 visa regime will be phased out. Minister Sharma said it would take into account all categories, which included the common man. "Under the new regime for businessmen, which will allow them multiple visas and entries into each other's country, the government would appoint two apex business chambers which would endorse the visa documents of the businessmen who require multiple visas. Based on that, visa would be issued to the concerned businessmen. In India, FICCI and CII had been designated as the nodal business chambers for this purpose and Pakistan will also appoint apex chambers."

PTI (11 January 2012); The Economic Times (16 February 2012); Hindu (16 February 2012); Indian Express (12 February 2012) and Department of Commerce Press Release (29 February 2012)

10. India-Saudi Arabia

According to the Saudi Arabian commerce and industry minister, Taufeeq Bin Fouzan Al Rabea, Saudi Arabia is home to two million Indians workforce. He has asked the Indian government to relax visa rules to boost bilateral trade and investment. With economic troubles affecting the entire Euro zone and the US economy giving uncertain indications, Saudi businesses are looking at India as an alternative investment and trade option, industry officials said. The bilateral trade has increased by about 60% to $25 billion in 2010. India's exports to Saudi Arabia mainly comprises of Basmati rice, meat, man-made yarn, cotton yarn, chemicals and machinery. Imports largely include crude oil, as India imports a quarter of crude requirement from Saudi Arabia.

PTI (4 January 2012).

11. India-Thailand:

India and Thailand are to sign free trade agreement by mid-2012 according to Thai Prime Minister Yingluck Shinawatra. India and Thailand would work to double the bilateral trade to around $14 billion by 2014. Both countries decided to forge a maritime partnership to develop a seaport at Dawei, a strategic location on the South-Western coast of Myanmar and work for developing port infrastructure in Chennai. Dawei is a strategic location for India to get access to Southeast Asian markets.

Prime Minister Shinawatra said India-Thailand trade had seen a quantum jump from $1 billion to $7 billion in the last ten years, helped by 'Early Harvest' pact, limited to 82 items. The two countries want to upgrade it to a full-fledged Comprehensive Economic Partnership Agreement (CEPA) covering not only goods but also services and investment.

Reuters (25 January 2012) and Hindu (26 January 2012).

WTO disputes

12. India launches WTO cotton complaint against Turkey

India has launched a trade complaint against Turkey's policies on imports of cotton yarn, according to the World Trade Organization (WTO). India is objecting to Turkey's use of "safeguard measures" to help its cotton industry, which one Indian official said could affect Indian exports worth around $600 million per year. India may ask the WTO to set up a dispute panel to adjudicate if consultations do not settle the matter within 60 days.

Turkey, a major producer of cotton, slapped extra import duties on imports of cotton yarn after recording a huge surge in imports of cotton yarn from 2005 onwards. Instead of the maximum duty of 5% it had agreed with the WTO, it boosted import tariffs to 15-20%. Cotton yarn imports had risen 63.6% in 2005, 46.9% in 2006 and 119.7% in 2007, and in the first five months of 2008 were 32.1% higher than a year earlier, a document filed by Turkey at the WTO at the time showed. As a result, although total consumption of cotton yarn rose in the period, Turkish employment in the industry fell steadily and domestic production dropped in 2007, when the market share of imports reached 12.5% against 2.8% in 2004. While Turkey waived the safeguard tariff for many developing countries that are not significant suppliers of yarn, it did apply to India, one of its biggest sources. Turkey brought in the safeguard measures in 2008 for three years, but when the three years expired in July 2011, Turkey imposed provisional safeguard measures while it reviewed the case for an extension, the Indian official said.

India previously requested consultations with Turkey over the issue in 2009, but the dispute did not go to a dispute panel at that time. India now argues that Turkey cannot extend the measures after they expired, nor can it impose provisional safeguard measures on a product which was already subject to final safeguard measures. India also says Turkey may not apply safeguard measures to cotton yarn for three years after the July 2011 expiry date.

Reuters (14 February 2012).

13. US challenges India poultry ban at WTO

The United States began action at the World Trade Organisation (WTO) to open India's market for poultry meant and eggs, saying an Indian ban on US imports intended to stop the spread of bird flu was not based on sound science. The Indian market for US poultry imports is conservatively valued at more than $300 million. The United States is the world's largest broiler meat producer and second largest exporter, behind Brazil. India's broiler meat consumption has risen from 2.23 million metric tonne in 2007 to a projected 2.75 million this year, according to a US Agriculture Department report. India is forecast to produce about 2.70 million metric tons of broiler meat in 2012.

Consultations are the first step in the WTO dispute settlement process and parties are encouraged to agree to a solution at this stage. If the matter is not resolved through consultations, the United States may request the establishment of a WTO dispute settlement panel. Litigation at the WTO can take one to two years to conclude.

Reuters (7 March 2012)

Economic Survey and Union Budget

14. Govt must do a lot more to diversify export basket

The Economic Survey 2011-12 has asked the Government to do “a lot more” on diversification of India's export basket as its export presence is limited in the top items of world trade. “While India has made new forays in skill- and capital-intensive exports like information technology (IT), gems and jewellery, and engineering goods, it is losing steam in its traditional area of strength, that is in the labour-intensive exports like textiles, leather and leather manufactures, handicrafts, and carpets,” it pointed out. The Survey said an internal study of India's exports of the world's top import items using the latest UN Comtrade data shows that in the top 100 imports of the world India has only 6 items with a share of 5% or more in 2010. Also, in the top 100 imports of the world in 2010, India has only 15 items with a share of 2% and above, it said, adding that of these only 3 items are in the top 25 and 4 in the top 30.

It said delays and high costs due to procedural and documentation factors, besides infrastructure bottlenecks are major challenges. Citing the World Bank and International Finance Corporation (IFC) publication Doing Business 2012, the Survey said: “Time taken to export is 16 days for India, 21 for China, and 5 for Denmark; Cost to export is $1,095 per container for India, compared to $500 in China and $450 in Malaysia. Time to import is 20 days in India, 24 in China, and 4 in Singapore. Cost to import is $1,070 per container in India, $545 in China, and $439 in Singapore. Thus a lot needs to be done on the trade facilitation front.”

On the services front, the Survey said while India has achieved a fair amount of stability in software services exports, there is less stability in business services exports.

Hindu Business Line (15 March 2012).

15. Import food items regularly to check prices: Survey

To tackle supply constrains that push up food prices, the Survey suggested that the government should consider import of farm items in small quantities on a regular basis. "As a strategy, regular imports of agricultural commodities in relatively smaller quantities with an upper ceiling on total quantity could be considered," it said. “The upper ceiling on imports can be decided annually, relatively well in advance”, it added.

The Survey pointed out that there have been increases in the prices of protein rich food items because supply has not kept pace with demand. It said the country needs to step up efforts to increase production of milk and other dairy products, egg, poultry, fish and meat. The Survey also outlined other options to improve food supply including setting up a special market for specific crops, improving mandi governance and promoting inter-state trade by eliminating multiple levies. It also suggested that the government take perishables out of the ambit of the Agricultural Produce Markets Committees (APMC) Act. It also advocated that organised trade in agriculture should be encouraged and hoped that foreign direct investment (FDI) in multi-brand retail, once implemented, could help in improving agriculture commodities management in the country. The Survey asked the government to step up creation of modern storage facilities for food grains. India's agricultural imports were $17.5 billion, with a 1.2% share of world trade in agriculture in 2010, according to WTO data.

PTI (15 March 2012)

16. 'Unproductive imports should be discouraged'

The survey for 2011-12 expressed concern over the impact of the liberalization of the external commercial borrowing (ECB) policy on India's external debt situation. India's current account deficit increased to 3.7% of gross domestic product (GDP) in the second quarter of the current fiscal from 3.5% in the first quarter, indicating progressive deterioration. In the first six months of the current fiscal, the nation's external debt rose by $20.2 billion to $326.6 billion, as of 30 September 2011. The increase was driven by higher commercial borrowings and short-term debt, which together accounted for more than 80% of the increase in external debt during the period. "High trade and current account deficits, together with high share of volatile FII (foreign institutional investor) flows, are making India's balance of payments vulnerable to external shocks," the survey said. "A trade deficit of more than 8% of GDP and current account deficit of more than 3% are signs of growing imbalance in the country's balance of payments."

India is the world's largest importer and consumer of gold. After fuel, gold is the most imported commodity, contributing to more than 13% of India's imports in the first half of the current fiscal. India in January decided to link the import duties on gold and silver to the prices of these commodities, a move aimed at curbing gold imports.

Though the rupee's depreciation against the dollar in the past few months has improved the competitiveness of India's exports, the euro zone crisis is expected to further slow exports in the coming months, the survey said. This, coupled with only a slight moderation in international oil and gold prices, is expected to further widen the country's trade deficit, it said. "Exports are likely to grow slowly in the coming months. On the other hand, import growth may only moderate with oil prices still above the $100 per barrel mark and gold prices still at a high of $1,745 per troy ounce as on 8 December 2011."

It also pointed out the need to improve the share of foreign direct investment in total capital flows to reduce reliance on volatile short-term capital flows. India's current account deficit is expected to cross 3.5% of GDP in the current fiscal, according to economists. The survey also suggested the need for a more aggressive approach to check volatility of the Indian currency. "Such volatility impairs investor confidence and has implications for corporate balance sheets and profitability in case of high exposure to ECBs when currency is depreciating," it said. It has also warned that an increase in overseas borrowings by companies will increase the debt service burden and affect the profitability of borrowers, and lead to a potential balance of payments crisis. ECBs nearly doubled to $10.6 billion in the first half of the current fiscal from $5.6 billion a year earlier.

"An important reason India emerged largely unscathed from the global crisis of 2008 is the strict ECB policy that places all-in-cost, end-use and maturity restrictions on foreign borrowings by corporates. The liberalization of ECB policy, as a result, has to keep in view the need to maintain sustainable levels of external debt ratios." The Reserve Bank of India had liberalized the ECB policy last year by increasing the borrowing and all-in-cost ceiling limits, which include the rate of interest, other fees and expenses in foreign currency. The survey advocated building up the country's foreign exchange reserves when the economy sees good capital inflows. India's foreign exchange reserves covered 95.4% to the country's total external debt on 30 September, compared with 99.5% on 31 March.

Livemint (15 March 2012).

17. Fine-tune strategy to impose anti-dumping duty

The government should fine tune its strategy on anti-dumping duties to avoid unwanted international criticism, according to the Survey. India has been getting a lot of undue flak for the highest anti-dumping initiations. The country's anti-dumping initiations increased to 55 in 2008, fell to 31 in 2009, but again increased to 41 in 2010. Brazil with 37 initiations stood second in 2010. During 2011-12 (up to 31 December 2011), six fresh anti-dumping investigations have been initiated by the Directorate General of Anti-dumping and Allied Duties (DGAD). However, the survey said that the domestic economy needs to be adequately protected from the cheap imports of dumped or smuggled goods through the porous Indian borders. It said that the uncertainty in the international economic environment could lead to a rise in anti-dumping measures by countries in the coming months.

PTI (15 March 2012)

18. Free trade agreements should be result-oriented

The government should aim at "result-oriented" free trade agreements as there are no signs of any meaningful conclusion of Doha Round of talks for a global trade deal in the near future, according to the Economic Survey 2011-12. "While there are no signs of any meaningful conclusion of WTO negotiations in the near horizon, India's push towards regional and bilateral agreements should result in meaningful and result-oriented FTAs and CECAs."

India is negotiating about a dozen free trade agreements with countries like Australia, Indonesia, New Zealand, Canada, and European Union. India has successfully implemented comprehensive free trade pacts with Malaysia, Japan and South Korea. Over 150 WTO members have been negotiating a new agreement for liberalising the world trade since 2001 without a breakthrough. The talks have been marred by wide differences between the developed and developing countries on the level of opening and protection of their respective markets. It added that the challenges for India on the trade front are daunting but needs to be addressed with speed and dexterity as the opportunities are equally great and still untapped.

PTI (15 March 2012)

19. Higher customs duty to help contain import inflow

With the aim of keeping a tab on the high current account deficit, Union Finance Minister Pranab Mukherjee has proposed to raise the import duty on gold and platinum. Rising gold imports and high crude oil prices are thought to be key reasons for the high current account deficit. The FM doubled basic customs duty on standard gold and platinum bars from the existing 2% to 4%, and on non-standard gold from 5% to 10 %. The duty increase was also extended to gold ore/concentrate and ore bars for refining from 1% to 2%. He has also imposed a duty of 2% on cut and polished coloured gemstones.

As a measure to control unaccounted money, a customer buying jewellery worth over Rs 200,000 by paying cash would also have to pay tax at 1% of transaction value (which the seller is to collect and deposit with the government). Excise duty has also been extended to unbranded jewellery in the Budget, restricted till now to branded products. However, the 1% duty on such unbranded jewellery would be charged on 30% of the transaction value declared in the invoice.

Likewise, the excise duty on gold jewellery sold from export units into the Domestic Tariff Area was increased from 5 to 10 %, while that on refined gold was raised from 1.5 to 3%. There's full exemption from excise duty on goldsmith and silversmith wares of precious metals or of metals coated with precious metals and not bearing a brand name. Gold coins of purity 99.5 % and above, and silver coins of purity of 99.9 % and above, are also fully exempted now from excise duty. And, so will branded silver jewellery; so far, only unbranded silver jewellery was exempt. The increase is also seen as a contrast to recent measures taken by China.

Business Standard (17 March 2012)

Also in the press...

20. WEF (Davos)

India and other G20 countries do not have enough fiscal headroom to tackle another global crisis of the magnitude that happened in 2008, the Union Commerce and Industry minister Anand Sharma said. "We are keeping a close eye on capital flows and the situation in the euro zone," he said. He assured international investors at Davos that the Indian government has not rolled back its decision to allow 100% FDI in multi-brand retail. He expressed concerns on a contraction in global trade. "Exporters are sitting on inventories, and we have not seen the growth in trade that we hoped or expected, in EU or the US. It worries us, because if exports don't grow, there is pressure on the trade account, especially given the very high oil prices," he said. "However, we are still growing in exports," he said. Bilateral trade deals, he pointed out, can only supplement multilateral talks, and cannot replace them. He said that collectively, political leaders and ministers were committed to move on the stalled Doha talks.

At the India, Brazil and South Africa (IBSA) meeting, the trade ministers—besides Sharma, Brazilian Foreign Minister Antonio Patriota and Rob Davis of South Africa--met on the sidelines of the World Economic Forum (WEF). The meeting hosted by the Swiss authorities was also attended by Director General of the World Trade Organization (WTO) Pascal Lamy. The ministers said that developed countries had caused distortions by high-level of protection in the form of tariffs and subsidies in agriculture. IBSA underscored the need for resisting protectionism in the current economic scenario. "Global economic conditions are challenging, this is almost fourth year of recession. The only way is to engage more and work for a multilateral trade regime," said Anand Sharma. These distortions "continue to undermine the development prospects of developing countries, especially the least developed among them," an IBSA declaration said. It said, "The ministers expressed deep disappointment at the current impasse in the Doha Development Agenda (DDA) negotiations..."

The Economic Times (31 January 2012) and *PTI (29 January 2012)*

21. Government partially withdraws cotton export ban

The commerce ministry had banned cotton exports suddenly on March 5 and announced lifting of the restriction on 11March after severe criticism and requests to revoke the ban. Maintaining that ballooning cotton exports were used for stockpiling abroad, the commerce ministry today gave a partial relief to exporters by allowing outbound shipment of only those consignments that were already registered, and, only after revalidation of certificates. No fresh registration certificates (RCs) would be issued till further orders, a much-awaited notification by the Directorate General of Foreign Trade (DGFT) said. But, the decision would be reviewed by a group of Union Ministers, comprising of Finance Minister Pranab Mukherjee, Agriculture Minister Sharad Pawar and Minister for Commerce, Industry and Textiles Anand Sharma.

Of the total registration of 13 million bales (one bale weighs 170 kg) before the ban, 3.5 million bales are yet to be shipped. Exporters fear that in the name of revalidation of certificates, scrutiny could be done about trade to sister-concerns abroad by companies operating in India. India is the world's second-largest cotton producer and its biggest customer is China. "There was clear information that more than 85 % of actual shipments are going to China and there was also evidence of stockpiling abroad. On the back of this, the ban was imposed," Khullar said. "Exports had already hit record levels of 9.5 million bales in just two weeks." The commerce ministry had banned cotton exports suddenly on 5 March and announced lifting of the restriction on 11 March after severe criticism from Pawar, who opposed the move and requested Prime Minister Manmohan Singh to revoke the ban.

Business Standard (13 March 2012)

22. Special treatment to telecom equipment companies violation of WTO rules: Commerce Ministry

The commerce ministry has warned that plans to give preferential access and tax cuts to indigenously manufactured telecoms equipment, and also mandate that mobile phone companies buy a bulk of the networks hardware from domestic companies, violates multilateral agreements and international commitments made by the country. Plans to give preferential market access to domestically manufactured products was against the provisions of the Trade Related Investment Measures (TRIMs) agreement under the World Trade Organization trade treaty, of which India is a signatory. The commerce ministry has further said that providing subsidies to use domestically manufactured equipment was against the principles of the Agreement of Subsidies and Countervailing Measures (ASCM).

Trade Related Investment Measures, the rules that restrict preference of domestic firms and thereby enable international firms to operate more easily within foreign markets, is amongst the four principal legal agreements of the World Trade Organization trade treaty. Subsidies are also not prohibited under WTO unless there is evidence of injury or damage to the importing country. The Agreement on Subsidies and Countervailing Measures is aimed at preventing countries from giving their firms an unfair competitive advantage through trade distorting subsidies.

The telecoms department (DoT) has already approved sector regulator's recommendations that mobile phone companies be mandated to source 80% of their network equipment and other related infrastructure from domestic manufacturers by 2020. But this also includes network and other hardware produced by the manufacturing units of foreign vendors located in India. TRAI had also recommended that companies owned by Indians and located here get 65% of all telecom network orders by 2020.

Domestic telecom equipment makers are also slated to get loans for five-year period on subsidized terms in addition to a 10-year income tax holiday and concessions on excise duty and VAT. The government also plans to set up a Rs 10,000 crore telecom R&D fund and a Rs 3,000 crore mobile equipment manufacturing fund to support local hardware manufacturers. The European Union, Japan and US have already raised concerns on the proposed policy.

The Economic Times (20 March 2012)

23. Natco gets India's first compulsory licence

In a landmark decision, India's intellectual property office on Monday allowed Hyderabad-based Natco Pharma Ltd to make and sell a copycat version of German drug maker Bayer AG's patented cancer treatment Nexavar. It's the first time that an Indian company has been granted the so-called compulsory licence to market a generic version of a patented drug. A compulsory licence allows a generic drug producer to make and sell its version of a patented drug without the consent of the patent holder. The drug, patented by Bayer in India in 2008, is used in the treatment of liver and kidney cancer, and costs Rs. 2.8 lakh for a month's dosage. After Bayer rejected Natco's request for a commercial licence to manufacture Nexavar, the Indian company in September applied for a compulsory licence to make a copy of the drug, claiming the patent holder had failed to meet the needs of the local market.

According to the World Health Organization, India has an estimated 29,000 patients with liver and kidney cancer. In a 62-page order, the Controller General of Patents, which completed hearing both companies in February, said a compulsory licence under Section 84 of the Patents Act has been granted to Natco to make the drug. The patent office stipulated that Natco price the drug at Rs 8,880 for a pack of 120 tablets (a month's dosage) and pay 6% of net sales as royalty to Bayer. Section 84 lays down that three years after the grant of a patent, any entity may apply to the patents office for a licence to sell a generic version of the drug on grounds that the patented version has not worked in India, that the requirements of the public haven't been met or that it isn't available to users at a reasonable price. The order is globally significant because India hadn't previously invoked the compulsory licensing provision although several developing countries, including Brazil and Thailand, have used the provision to increase citizens' access to expensive, life-saving drugs.

Livemint (13 March 2012)

24. India opposes pharma piracy pact by 10 nations

India has strongly opposed an anti-counterfeiting trade agreement by a small group of countries including the US, Switzerland, Canada and Japan recently, which it feels will be used to stop the country's generic drug exports. New Delhi has said the agreement is at the behest of the multinational companies that fear competition from cheaper drugs produced in India. China, Brazil, Bangladesh, Thailand and Ecuador, too, backed India's concern that the anti-counterfeiting trade agreement, or ACTA, goes beyond TRIPS the multilateral agreement on intellectual property that has in place regulations to ensure patent protection.

The ACTA was signed by ten WTO countries including Australia, Canada, Korea, Mexico, New Zealand, Japan, Morocco, Singapore, the US and Switzerland in October last year to check global trade of counterfeit goods and pirated copyright protected works through stricter enforcement laws. The EU, and its 22 member states, signed the plurilateral pact in January this year, but key countries including Germany, Poland and the Netherlands have refused to join the treaty on the ground that it breached freedom of speech and privacy. The EU can ratify the agreement only when all its constituent states are on board.

India said ACTA can undermine the TRIPS Agreement, which has safeguards to ensure that legitimate trade in generics between two countries cannot be hampered even if it passes through a third country that has stricter domestic intellectual property regime. Citing cases of seizures by customs at European ports of generic medicines being exported by India to other developing countries, India said the ACTA would legitimise such acts. Brazil said one-size fits all was not advisable as each country had a different IPR situation. India said ACTA would inhibit South-South trade and added that there were also concerns about digital freedom and fundamental hostility towards consumers.

WTO members are already signatories to international patent regime TRIPS that has in place regulations to ensure patent protection. India moved from a process patent regime to a stricter product patent regime in 2006 in line with its commitment under TRIPS.

The Economic Times (3 March 2012).

Forthcoming Events

S.No.	Events	Partner Institution	Proposed Dates
1	Introductory Course on WTO	ITEC, Ministry of External Affairs, Government of India	18 - 29 June 2012
2	Specialized WTO Course on Agriculture, TRIPS, Services, and RTAs	ITEC, Ministry of External Affairs, Government of India	16 - 25 July 2012

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