Centre for WTO Studies
विश्व व्यापार संगठन अध्ययन केन्द्र

INDIA, WTO AND TRADE ISSUES

Quaterly Newsletter of Centre for WTO Studies

VOL. 3 | 2013 | July - September

Lead Article

WTO and the Multilateral Trade System
The Fate of Doha, the Agenda Bali Ministerial and Beyond

Ambassador S. Narayanan

The statement made by Ambassador S. Narayanan, former Permanent Representative of India to the WTO (December 1994 – November 2001) at a Conference organized by South Centre on 1 February 2013 has been reproduced below with the kind permission of the author and the organizers.

Friends, I deem it to be a great honour to be participating in the session on "WTO and the Multilateral Trade System: The Fate of Doha, the Agenda Bali Ministerial and Beyond". At the outset, I would like to express my deep sense of gratitude to the South Centre and all of you for giving me this privilege.

I must confess that my feelings are mixed as I take the floor to speak on this topic. I think some of you would be aware that I was the first Indian Ambassador to WTO and that I had participated in the first four Ministerial Conferences, which took place at Singapore, Geneva, Seattle and Doha. In my capacity as the Indian Ambassador, I had intensely participated in the preparatory process for the Doha Ministerial Conference and was actively involved in assisting the Indian Commerce Minister at Doha. It was with great difficulty that consensus was achieved at Doha. In fact, the conference was extended by one day, beyond the original schedule of five-days in order to achieve consensus. Developing countries, in spite of the doubts they had entertained at that stage regarding the desirability of launching a complex and ambitious new Round of Negotiations, decided to join the consensus taking into consideration, mainly, the following factors:

1. The assurance given by the Developed Countries that the needs and interests of Developing Countries will be placed at the heart of the Doha Work Programme (this assurance is incorporated in paragraph 2 of the Ministerial Declaration).

2. Provision in paragraph 12 of the Ministerial Declaration for negotiations on all outstanding implementation issues as an integral part of the Doha Work Programme, within the framework of the Single Undertaking.

3. A clear mandate for implementing the built-in agenda in Article 20 of the Agreement on Agriculture for liberalization of the agricultural sector, a sector which had been kept out of the GATT system during its entire 46 years and which did not see meaningful liberalization during the implementation period of the Uruguay Round. Also the fact that the mandate for agriculture negotiations enables Developing Countries to effectively take account of

In this issue

their development needs, including Food Security and Rural Development.

4. Incorporation of 'less than full reciprocity' principle in the negotiating mandate for Non-Agricultural Market Access (NAMA).

5. A clear mandate for implementing the built-in agenda for further liberalization of the services sector as provided for under Article XIX of the GATS and recognition of promoting development of Developing and Least Developed Countries as one of the goals of negotiations.

6. A commitment to the objective of duty free, quota free (DFQF) market access for products originating from LDCs.

7. Postponement of decision on commencement of negotiations on Singapore Issues to the Fifth Session.

As somebody who had to work hard to convince my own delegation at that time to join the consensus, in spite of misgivings they had, it is not possible for me to talk about the "Fate of Doha" without any emotion. Regretfully, I realize today that out of the seven factors taken into consideration by a large number of Developing Countries for joining the consensus on 14 November 2001, six factors have not been realized even after a decade of negotiations. What is even more painful is the fact that the prospects for realizing these factors do not seem to be particularly bright. In short, the promised Development Round continues to elude Developing Countries. There is general agreement among trade negotiators and academics that the Doha consensus was arrived at on the basis of public statements made by Developed Countries and the then Director General that the key concern of the new round was to strengthen the developmental aspects of the WTO.

To me, it looks a bit ironical that powerful Members of WTO who, in November 2001, argued forcefully that the effective counter to terrorism (reference to 9/11 attack) lies in launching and successfully completing multilateral trade negotiations, with development at its focus, today make statements virtually implying that Doha Round is not do-able.

Trade negotiators, academics and researchers have identified a number of factors which according to them are stalling the Doha negotiations. Some of these factors are:

1. The issues covered by negotiations have a significant relationship to the overall economies of countries. Hence, the WTO Members are not in a hurry to yield ground and undertake new commitments.

2. Unlike during the Uruguay Round Negotiations, the Developing Countries are now acutely aware of the implications of the commitments they undertake in the WTO: (a) perpetual nature of the commitments undertaken in the WTO; and (b) trade action by other Members, if the Member undertaking commitments does not live upto its commitments. Because of this awareness, Developing Countries try and resist pressures and unreasonable demands made on them.

3. Major Developed Countries are demanding significant concessions from the Developing Countries, especially from the so-called emerging economies like China, Brazil, India and South Africa. However, Developed Countries themselves are unwilling to offer adequate concessions to Developing Countries.

4. Poor economic environment since 2008 in major developed economies resulting in high rates of unemployment.

5. Unlike in the past, Developed Countries are not able to steer the negotiations in the directions of their choice because of the increased awareness of the implications of WTO commitments on the part of the Developing Countries as well as the formation of a number of issue-based Developing Countries' alliances which enable them to resist undue pressures.

Regretfully, powerful Developed Countries do not want to accept the existence of these factors. The reason given by powerful Developed Countries to explain their reluctance to move forward and complete the Doha Round within the framework of Single Undertaking, as originally envisaged, is different. They are saying that there is "not enough on the table". This argument has been refuted by many international trade experts. For example, some World Bank researchers have pointed out that what is on the table would constrain the scope of tariff protection in goods, ban agricultural export subsidy in the industrial countries and sharply reduce the scope for trade distorting domestic support. Patrick Messerlin, an academic has argued that the

Doha Round would improve certainty. He has pointed out that in the industrial sector, emerging economies would cut their average-bound tariff to roughly 13-15 per cent, with very few tariffs remaining above 20 per cent. Developing Countries have also pointed out that there is an imbalance in the outcomes of the 2008 text in agriculture and non-agricultural market access, in the sense that Developed Countries, while looking for ambitious tariff cuts by Developing Countries in respect of industrial goods, are not willing to accept an equal degree of ambition when it comes to reduction in agricultural subsidies by Developed Countries.

It is rather strange that some powerful Developed Members like US are creating an image of themselves as aggressive trade liberalizers and are portraying some of the emerging economies as defensive in their response to requests for liberalization. It is very well-known that US has a defensive position with regard to a large numbers of issues like agricultural subsidies, carve out in agriculture market access, cotton issue, 100% DFQF, Mode 4 market access in services, etc. Most important of these issues is the issue of agriculture support. Based on the notifications available in the WTO Secretariat, many experts have shown that the total domestic support to agriculture increased from US$ 60.9 billion to US$ 130.3 billion during the period 1995 to 2010. It is also worth recalling that US, which made a statement at a time when it was not enthusiastic about trade facilitation negotiations, that rules of origin constitute the single most important trade facilitation measure, is not allowing negotiations on non-preferential rules of origin, originally scheduled for completion by July 2008, to be completed. Again, MFN principle in maritime services, which was suspended at the instance of US in 1996 remains suspended even till today.

US is also portraying as though the emerging economies are very strong and that they can easily undertake the commitments demanded. A recent World Bank study shows that in 2011 the per capita GDP of Brazil was $12,594, South Africa was $8,070, China was $5,445 and India was $1,489, whilst the average per capita GDP in OECD countries was $41,225, with the US per capita GDP being $48,112. An earlier World Bank study had found that during the currency of the Doha Round, the absolute per capita income gap between the key emerging economies and advanced economies has widened further.

Some recent studies have also shown that the emerging countries are still the home of a large number of poor people (living under $1.25 per day); with over 200 million in China, 456 million in India and 81 million in Brazil.

Therefore, the US position that the high growth of emerging Developing Countries should be associated with increasing "convergence" of these economies with OECD high-income countries is not correct. It is inexplicable as to why US should target four countries whose total GDP share is only 10%, who are low per capita income countries, are home to a large number of the world's poorest people and are nowhere near achieving convergence with OECD economies, in any foreseeable future.

The Developed Countries have expressed the feeling that the Doha Round is not do-able in the short-term and have argued for an 'early harvest' of only 'Trade Facilitation' suggesting that other subjects in the Doha Mandate should be kept on the backburner. They are also taking the stand that since multilateral negotiations are stalling, plurilateral negotiations in areas of interest to them like services should be initiated. They also want new issues including climate change, investment, competition and food security to be brought on the negotiating table. Their preference now for negotiating issues piece by piece, thus implicitly departs from the Single Undertaking concept. However, there is one difference between US and EU on plurilaterals. EU would like plurilaterals to be based on MFN principle. But, US does not want the plurilaterals on an MFN basis.

Developing Countries who are extremely disturbed by the stance of major WTO players have rightly taken the following stand:

1. The Doha Round should be completed, with its development mandate intact, on the basis of the Single Undertaking.

2. Plurilateral approaches are not acceptable since they will exclude or marginalize a large number of Developing Countries.

3. The idea of focusing on new issues like investment, competition, energy, climate change, etc. keeping the Doha Mandate on the back burner is not acceptable.

4. There should be early harvest of issues of interest to the LDCs, such as cotton, duty free, quota free market access.

The proposal to effectively abandon Doha Round and to negotiate on some issues of interest to Developed Countries on a stand-alone basis is highly regrettable. Their main interest seems to be in the area of Trade Facilitation and Services.

The Developed Countries are trying to hard sell trade facilitation, as though it will contribute enormously to the export earnings of Developing Countries. As many Developing Countries have pointed out, infrastructure mainly ports, roads, railways, computerization, etc. plays an important role in export facilitation and the Developing Countries face significant problems in the area of infrastructure. It is no exaggeration to say that trade facilitation as is being currently negotiated in the WTO amounts to import facilitation by Developing Countries for the products of Developed Countries. Therefore, many Developing Countries are concerned about the current proposals on the table with regard to trade facilitation.

As far as the procedural issue is concerned, Developed Countries are citing paragraph 47 of the Doha Ministerial Declaration which provides for "agreements reached at an early stage being implemented on a provisional or definitive basis". This paragraph also stipulates that early agreements shall be taken into account in assessing the overall balance of the negotiations. More importantly, what is being forgotten is that the main purpose of paragraph 47 is to provide for Single Undertaking and that "early harvest" is only an enabling sub-clause in paragraph 47. It is rather strange that some Developed Countries are trying to use paragraph 47, which basically provides for Single Undertaking and recognizes the possibility of early harvest on some subjects without prejudice to overall balance of negotiations, to undermine the Single Undertaking concept. Doha negotiations have been going on for over 11 years as against the originally envisaged period of three years. I do not think Developing Countries should become a party to subversion of paragraph 47 by selective use of this paragraph by some Developed Countries.

As far as the thrust for a plurilateral International Services Agreement is concerned, a plurilateral agreement applicable only to its members is not tenable legally within the WTO system. In terms of Article II.1 and Article III.2 of the Marrakesh Treaty, any negotiations for trade accords on any of the Agreements in Annex 1 ought to be conducted with the WTO as the forum for such negotiations. Article II.1 of the GATS provides for MFN treatment. Thus, parties to a possible plurilateral agreement on services have to respect the MFN principle. Therefore, if a plurilateral services agreement has to coexist with GATS and has to get included in Annex 4 of plurilateral trade agreements, Marrakesh Treaty has to be amended and such an amendment has to be accepted by all Members, as envisaged in Article X.2 of the Marrakesh Treaty.

If the idea, however, is to have an agreement under Article V of GATS, such an agreement has to comply with the provisions of the Article. Article V.1(a) stipulates that such an agreement must have "substantial sectoral coverage". The relevant footnote explains the term "substantial sectoral coverage" as follows: "This condition is understood in terms of number of sectors, volume of trade affected, and modes of supply. In order to meet this requirement, agreement should not provide for the *a priori* exclusion of any mode of supply". It is doubtful whether those countries which are pushing for a plurilateral services agreement are really thinking in terms of "substantial sectoral coverage".

It is curious that these very same Developed Countries, who are now saying that except for Trade Facilitation the Doha Mandate is not do-able, were responsible for persuading Developing Countries to join the consensus for launching of Doha Round on the promise of delivering development to Developing Countries. Right from the early part of 2002 to the end of 2008, serious negotiations took place. The December 2008 Texts represented the Fourth Revision with regard to Agriculture, NAMA, and Services negotiations. From 2009 onwards, US began to take the stand that there is not enough on the table and that negotiations cannot proceed on the basis of 2008 Texts. I have already explained as to why the argument 'not enough on the table' is a fallacious argument. Besides, all 2008 Texts represent about seven years of difficult negotiations. Obviously, some portions in these Texts are in square brackets. It is nobody's stand that these Texts are consensus texts; however they are definitely based on seven years of negotiations. It is the responsibility of Developed Countries to resume negotiations on the basis of the 2008 Texts and make efforts for final consensus in the area of Agriculture, NAMA and Services.

If we look at the Doha Ministerial Declaration, in the Work Programme, the first item relates to Implementation Issues and the second item is Agriculture. The Uruguay Round Agreement on Agriculture, in its Article 20, has a built-in provision for further liberalisation of agricultural sector. If the Doha Work Programme is abandoned, or put on hold, it would imply that the Membership has not implemented Article 20 of the Agreement on Agriculture faithfully. If there is no further liberalization in Agriculture, it would mean that the balance of rights and obligations arrived at in the Uruguay Round is upset. It is very well-known that Developing Countries have a comparative advantage in the area of agriculture and Developed Countries kept agriculture out of the GATT system for 46 years. In order to make Developed Countries agree to include Agriculture as a subject for negotiations in the Uruguay Round, Developing Countries agreed to the demand of Developed Countries for including subjects like intellectual property rights and services in the Uruguay Round mandate. If Developed Countries now want to avoid negotiations on Agriculture, with the obvious objective of avoiding any further liberalisation in this sector through reduction of domestic support, tariffs and export subsidies, the Developing Countries can legitimately claim that the balance of rights and obligations arrived in the Marrakesh Agreement has been upset and that action should be taken to restore the balance of rights and obligations. I recall that whenever Developing Countries raised implementation issues before Seattle, at Seattle, before Doha and at Doha, the standard response of powerful Developed Countries was that we were trying to upset the fine balance of rights and obligations arrived at in the form of Uruguay Round Agreements.

I recognise that there is a big challenge confronting the Developing Countries in the on-going Doha Round. Powerful Developed Countries are trying to scuttle the Doha Mandate except to the extent it relates to Trade Facilitation.

It is obvious that it is completely against the interests of Developing Countries to abandon Doha Round and do only Trade Facilitation. There is no way that the development mandate of Doha Round can be realized by giving a go-by to the concept of Single Undertaking. Developing Countries should point out to countries like US that they want the Doha Round to be completed as per the original mandate, even if it takes more time. It is possible that US may not pay heed to the plea of the Developing Countries. In that situation, in my view, the only option available to Developing Countries is to remain steadfast in their opposition to the approach of the Developed Countries. They should avoid falling into the trap of a Plurilateral International Services Agreement. If the Developing Countries, especially emerging economies, maintain their opposition to a plurilateral services agreement, the Developed Countries will have no option but to come back to the multilateral forum. Therefore, in my view, there is a great responsibility on the shoulders of emerging economies. Developed Countries seem to be hoping that either the fear of exclusion on the part of some emerging economies or intense competition among some emerging economies to capture the services market of the Developed Countries, will do the trick for them and that the proposed International Services Agreement will become a reality. In this context, I am of the view that emerging economies have a great responsibility towards the multilateral trading system as well as less influential other Developing Countries.

Recently, an academic has argued through his newspaper articles that the WTO should be "de-democratized". It is very strange that a scholar of this calibre should be saying that "WTO suffers from too much democracy and associated blocking process". He should know that the present stalemate in the WTO is the result of US refusal to continue the negotiations on the basis of December 2008 Texts. It is not as if some small country has blocked the progress in negotiations. It is the refusal of US to continue negotiations on the basis of December 2008 Texts (which have evolved as a result of painful negotiations over a period of seven years) that has resulted in the current stalemate. It is the proposal of the US and EU to virtually abandon the Doha Mandate except in respect of Trade Facilitation that is responsible for the present crisis, and not any act of commission of omission by any small country. On the basis of my seven years experience as Ambassador to WTO and as an Observer of WTO activities subsequent to my demitting office, I would like to say that it is extremely unfair to blame small countries for any crisis, present or past, in the WTO. This presents a totally misleading picture by creating an impression as if small countries exercise disproportionate influence in the WTO and they are frequently using their blocking power. This is nothing but adding insult to injury. In my assessment, only the US and EU exercise real blocking power in the WTO, though sometimes countries like India may be accused of blocking something or the other. It is the duty of scholars to point out that the responsibility is primarily on the US to abandon its mercantilistic approach and recognize the significance of what is already on the table. They should also urge the US to review the unfair demands it has been making on Developing Countries, especially emerging economies. It is also the responsibility of these scholars to highlight the fact that US, which is the world's largest and richest economy and which has benefited the most from liberalization under GATT and also WTO Agreements like TRIPS has a moral responsibility to deliver on the development promise of the Doha Round.

Mr. Joseph Stiglitz, the famous economist, wrote an article about two years back, titled "Of the 1%, by the 1%, for the 1%". In this article, he has dealt with the subject of growing inequality in American Society. He has used, in this article, the phrase 'self-interest, properly understood' and has argued that the real interest of 1% lies in improving the living standards of the other 99%. Similarly, the Developed Countries should realize that their long-term interest lies in enabling Developing Countries to develop by ensuring that the WTO system provides the required degree of policy space to Developing Countries. If the Doha Mandate centered on development is fully implemented and the Developing Countries are enabled to reap some benefits, it will be good not only for Developing Countries but for Developed Countries as well.

The Bali Ministerial Conference will, no doubt, be influenced by the course of action set out at the Eighth Miniseterial Conference held in Geneva in November 2011. In that Conference, the Ministers had acknowledged that the Doha Development Agenda could not be delivered as expected in the near future and that "we need to more fully explore different negotiating approaches and advance negotiations where progress could be achieved". The WTO Membership is looking at various subjects like trade facilitation, S&D monitoring mechanism, 28 Agreement specific proposals, the LDCs' issues, Dispute Settlement Understanding, G-20 proposal on TRQ administration, G-33 proposal on Food Security for possible decisions at Bali. I do not want to go into details but I would say that issues of great interest to LDCs, and Agreement Specific Proposals relating to implementation should find a resolution, on priority, at Bali.

I would also like to make a brief reference to the G33 proposal on Food Security. This proposal is based on what is already negotiated and available without square brackets in the December 2008 Texts. This proposal essentially means that acquisition of foodstuffs by Developing Countries with the objective of supporting low income or resource-poor farmers and provision of food stuffs at subsidized prices with the objective of meeting food requirements of urban and rural poor should not have any implication for their AMS. Therefore, formalizing this as a Decision at Bali should give great comfort to a large number of Developing Countries who have to take care of the interest of their vulnerable farmers and poor consumers. I am a bit surprised that one major delegation had observed at the TNC in December 2012 that 'there are real questions about the scale and do-ability of the proposal by G33'. The amount of subsidy provided to the agriculture sector by major Developed Countries is something well-known and does not need repetition here. Against this backdrop, the G33 proposal is a very tiny proposal and it will be extremely unfair to reject even such a modest proposal.

In my view, the challenge for Developing Countries at Bali will not only be with regard to decisions on subjects like Trade Facilitation, LDC issues, G33 proposal on Food Security, etc., but with regard to the Developed Countries' game plan with regard to the remaining portion of the Doha Mandate, especially Agriculture.

I am deeply conscious of the fact that the Doha Round is not going to be completed at Bali. My anxiety is that the Doha Round should not be given a farewell at Bali. I am particularly heartened by the fact that more than 100 Developing Countries have formally stated that the Doha Round should be completed on its current mandate on the basis of Single Undertaking and consensus. In this context, some of you will recall Mr. Lamy's statement at the General Council Meeting of 11 December 2012, while summarizing the statements of Members' assessment about the possibilities for the Bali Meeting; 'what we heard is loud and clear: MC9 is not the end of line, but rather a stepping stone on a longer term roadmap leading to the conclusion of the Round, which now needs to be framed'. Therefore, it is the responsibility of the Developing Countries at Bali Ministerial to ensure that a roadmap for completing Doha Round of Negotiations as envisaged in the Doha Ministerial Declaration is finalised and adopted at Bali.

I feel yet another challenge Developing Countries may face at Bali might relate to the very structure and mode of decision making at the WTO. It is likely that at Bali, some Developed Countries would implicitly argue that Single Undertaking, consensus and Member-driven nature of the WTO constitute an impossible trinity and might come up with some proposal to marginalise Developing Countries even further in the WTO system. Developing Countries should ready themselves to counter any onslaught on the WTO structure and system of decision making which are primarily aimed at weakening Developing Countries' influence in the WTO system.

I find that some scholars are trying to argue that greater inclusiveness and transparency in the WTO system is detrimental to WTO's efficiency. It is inconceivable that greater inclusiveness and transparency in any international organization could adversely impact on the efficiency of the organization. I am afraid these scholars look at efficiency from the perspective of some powerful Members of the WTO who naturally would like to achieve their objectives within as short a time as possible. But the issue is whether the objectives sought to be achieved by these powerful Members are in the interests of a large number of poor countries. It is likely that this argument of transparency and inclusiveness *vis-a-vis* efficiency will be used to scuttle the Doha Mandate. Developing Countries should get themselves prepared to meet this self-serving argument head-on.

Before concluding, I would like to say that I am deeply conscious of the difficult and challenging times Developing Countries are passing through in the multilateral trading system. They deserve to be complimented for the energy with which they have been trying to defend their interest in spite of heavy odds. I would also like to compliment South Centre for their role in helping the Developing Countries.

I would like to express my good-wishes to all the Developing Countries and wish them all the best in dealing with complex challenges confronting them here in Geneva now and in future, at Bali.

Activities & Events (July - September 2013)

1. Trade Talk on Global Value Chains

IIFT, New Delhi

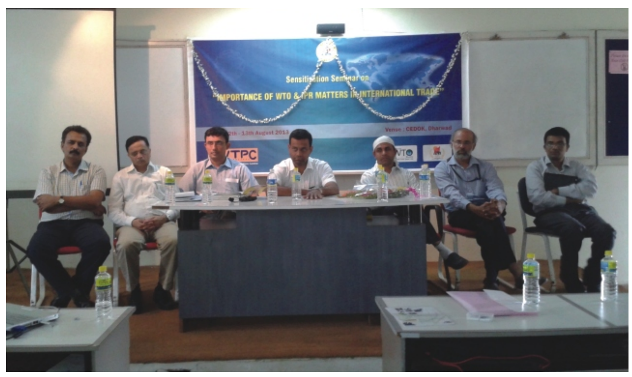
The Centre for WTO Studies (CWS), Indian Institute of Foreign Trade (IIFT) organised a Trade Talk on "Global Value Chains: Do WTO Rules Require Changes to Address Emerging Realities?" on 25 July 2013. The talk was delivered by Prof. Mark Wu, Assistant Professor of Law at Harvard Law School, USA.

Prof. Wu presented his views on global values chains from the perspective of WTO obligations and identified challenges for reforming international trade rules at the WTO, which were negotiated at a time when global value chains and integrated production networks had not acquired prominence.

2. Seminar on Importance of WTO & IPR Matters in International Trade

Dharwad, Karnataka

A WTO sensitization seminar was held on 12-13 August 2013 at CEDOK, Dharwad, Karnataka. The seminar was jointly organized by the CWS, IIFT and the Visvesvaraya Trade Promotion Centre (VTPC), Karnataka. Over 60 participants representing government departments, district industry commissioners, private sector, academic institutions and the media participated actively in this seminar.



From (L) to (R): Dr. S.H Veeranna, VTPC; Prof. Mukesh Bhatnagar, CWS/IIFT; Prof. Sajal Mathur, CWS/IIFT; Mr. Arvind Vishwanathan, Xellect IP Solutions; Mr. Altaf Jahangir, QED India; Dr. P.E. Rajasekharan, IIHR; Mr. Pranesh, EXIM Bank.

The topics covered were sessions on WTO Overview: Importance and Relevance to States; WTO and the

Agriculture Sector: Implications for Karnataka; Tariff and Non-Tariff Barriers: An Overview; Sanitary and Phytosanitary Measures (SPS) and Technical Barriers to Trade (TBT): Implications of Non-Tariff Measures for Karnataka; Trade Remedies: Anti-Dumping and Safeguard Measures with focus on Karnataka; The GATS and the Importance of Trade in Services; IPRs (with special reference to Geographical Indications); and a wrap-up session on the Doha Negotiations and Current Issues in WTO - with reference to India.

Professors Mukesh Bhatnagar and Sajal Mathur from CWS, IIFT participated as resource persons for this seminar. Their sessions were supplemented by local resource persons namely Dr. P.E. Rajasekharan, Principal Scientist, IIHR; Dr. S.B. Hosamani, University of Agriculture Studies, Dharwad; Mr. Arvind Vishwanathan, Managing Partner, Xellect IP Solutions; and Mr. Altaf Jahangir, CEO, QED India.

3. Training of Trainers Programme on WTO and Trade–Related Issues

Yangon, Myanmar

Group Photograph: Participants and Resource Persons at the Training of Trainers Programme

The United Nations Economic and Social Commission of Asia Pacific (UNESCAP) and the CWS, IIFT, together with the Ministry of Commerce, Government of Myanmar organized a "Training of Trainers Programme on WTO and Trade Related Issues" from 19 to 23 August 2013. The programme was conducted at the Trade Training Institute in Yangon, Myanmar. Dr. Sachin Kumar Sharma and Ms. Shailja Singh participated in the training programme as resource persons from the CWS.

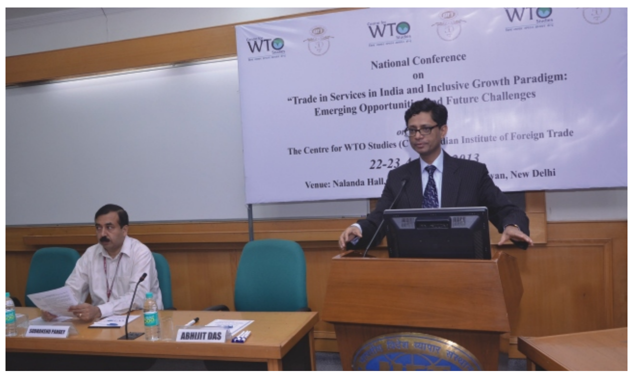
Over the course of five days, more than 50 officials from the Government of Myanmar attended the training. The programme included sessions relating to, *inter alia*, WTO Dispute Settlement, trade remedies, agriculture, NAMA, TRIPS, SPS and TBT Agreements and the Doha negotiations. Dr Mia Mikic and Mr. Rajan Sudesh Ratna from UNESCAP, Mr. Posh Raj Pandey from SAWTEE, Nepal and Dr. R. K. Gupta from India were some of the other resource persons for the training programme.

4. National Conference on Trade in Services in India

IIFT, New Delhi

Group Photograph: Participants at the National Conference on Trade in Services

The CWS organized a National Conference on "Trade in Services in India and Inclusive Growth Paradigm: Emerging Opportunities and Future Challenges" on 22 - 23 August 2013. The conference was a platform to discuss research on the emerging role of services in India's foreign trade and the opportunities and challenges created by the services boom in India. The conference attracted participants from across India.



From (L) to (R): Mr. Sudhanshu Pandey, Joint Secretary, Department of Commerce, GoI; Prof. Abhijit Das, Head, CWS/IIFT.

The conference was inaugurated by Mr. Sudhanshu Pandey, Joint Secretary, Department of Commerce, Government of India. The inaugural session was followed by a panel discussion on 'Trade in Services in India - Exploring Service Sectors beyond IT & ITES Services' and the presentation of conference papers. Panelists included Prof. Arpita Mukherjee (ICRIER), Ms. Sonia Pant (Department of Commerce), Ms. Anuradha R V (Clarus Law Associates) and Dr. Pralok Gupta (CWS).

During the conference, 17 papers were presented which examined specific issues related to the growth and trade of services in India, such as, outsourcing, foreign direct investment, migration, employment etc. The conference also discussed papers focusing on sector specific issues in various services in India, such as retail, aviation, education and IT services.

5. Training Programme on Trade in Services for Stakeholders in Madhya Pradesh

RCVPNAA, Bhopal

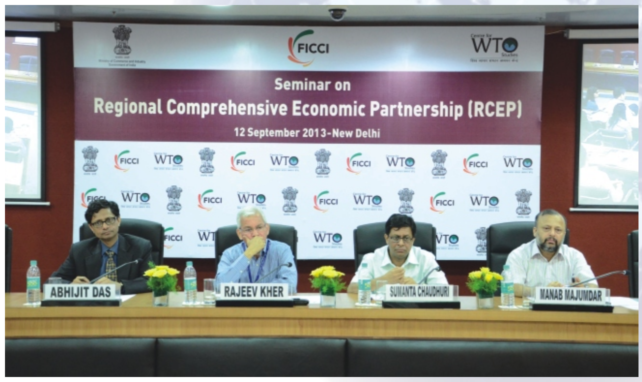
Group Photograph: Participants and Resource Persons at the Training Programme

The CWS conducted a three day training programme from 29-31 August 2013 on Trade in Services for stakeholders in Madhya Pradesh. The programme was organized in collaboration with the RCVP Noronha Academy of Administration (RCVPNAA), Bhopal. Twenty six officials from the relevant Government Departments of Higher Education, Finance, Madhya Pradesh Warehousing Corporation, Madhya Pradesh Tourism Development Corporation and faculty of States colleges and institutions participated in the programme. The resource persons for this activity were Professor Sajal Mathur and Dr. Pralok Gupta from the CWS. The programme was supplemented by a session which focused on the significance of services for the Madhya Pradesh economy where Dr. Manmohan Yadav and participants exchanged views on the subject.

6. Seminar on RCEP

FICCI, New Delhi

The CWS organised a stakeholder consultation on 12 September 2013 on the Regional Comprehensive Economic Partnership (RCEP) Agreement Negotiations. These negotiations seek to deepen trade and economic cooperation among ASEAN, Australia, China, India, Japan, Korea and New Zealand. Mr. Rajeev Kher, Additional Secretary, Department of Commerce, Government of India delivered the keynote address and provided a broad overview of the state of play in



From (L) to (R): Prof. Abhijit Das, Head, CWS/IIFT; Mr. Rajeev Kher, Additional Secretary, Dept. of Commerce, GoI; Mr. Sumanta Chaudhuri, Joint Secretary, DoC, GoI; and Mr. Manab Majumdar, FICCI.

RCEP negotiations. Mr. Sumanta Chaudhuri, Joint Secretary, Department of Commerce made a presentation on certain key aspects of the RCEP negotiations. Prof. Abhijit Das, Head, CWS made a detailed presentation on Global Value Chains in the context of RCEP negotiations. The stakeholder consultation was organised in partnership with FICCI.

7. TradeSift Trade Policy Workshop

NUST, Islamabad

Group Photograph: Participants and Resource Persons at the Workshop

The National University of Science and Technology (NUST), Islamabad, Pakistan hosted a TradeSift Trade Policy Workshop conducted by the University of Sussex, UK. Officials from the Governments of Pakistan and India participated at the workshop. The workshop, held from 16 to 20 September 2013, focused on the Tradesift software and value chains as a means of promoting and normalizing trade in the South Asian context.

The CWS, IIFT facilitated participation of officials from the Department of Commerce; Directorate General of Foreign Trade (DGFT); Directorate General of Commercial Intelligence and Statistics (DGCI&S), Government of India. A representative of the Confederation of Indian Industry (CII) also formed part of the nine member Indian delegation at this workshop.

WTO RTPC 2013

Mr. S.R. Rao, Commerce Secretary, Government of India inaugurated the prestigious Regional Trade Policy Course (RTPC) organized jointly by the WTO, Geneva and the Centre for WTO Studies, IIFT, New Delhi on 9 September 2013.

Ambassador S. Narayanan, Patron of RTPC 2013; Dr. Surajit Mitra, Director, IIFT; Dr. Mark Bachetta, Counsellor, WTO; Mr. Rajeev Kher, Additional Secretary, Department of Commerce; Profs. Mukesh Bhatnagar and Abhijit Das, Head, CWS also attended the inaugural ceremony.

This is the third consecutive year that the CWS is hosting the RTPC in collaboration with the WTO Secretariat. The two month course, from 9 September to 1 November, will cover all WTO subject areas. Resource persons for this training programme will come from the WTO Secretariat and also include regional experts and faculty of the CWS/IIFT.

Twenty government officials from the Asia–Pacific region are participating in RTPC 2013. The participants are from: Bangladesh, Bhutan, Cambodia, India, Indonesia, Lao PDR, Malaysia, Mongolia, Myanmar, Nepal, Pakistan, Papua New Guinea, Philippines, Solomon Islands, Thailand and Vietnam.

Faculty Participation in Outreach Programmes (July – September 2013)

	Participating Faculty	Outreach Activity/Topic	Date	Location
1.	**Prof. Sajal Mathur**	Speaker for session on "Trade Policy Formulation and Negotiations – Global Perspectives" at the International Economics & Business Management Training Programme for Indian Foreign Service (IFS) Probationers.	10 July	New Delhi
		Presentation on "Tariff and Non- Tariff Barriers" at the Course on International Trade Laws & WTO organized by the Institute of Chartered Accountants of India.	11 July	Noida
		Panelist for session on "Implications of WTO and RTA's for India" at the Training Programme for Probationers of the Indian Trade Service (ITS).	6 August	New Delhi
2.	**Prof. Mukesh Bhatnagar**	Presentation on "Export incentives under the Foreign Trade Policy" at the Industry Consultations on India's Export Incentives and Related Issues organized by FICCI, ICRIER and FIEO.	8 July	New Delhi
		Resource person on "EPCG Scheme" at the Training Programme for Probationers of the Indian Trade Service (ITS).	7 August	New Delhi
3.	**Dr. Murali Kallummal**	Presentation on "World Trade Organization: Its Genesis and Functioning" at the Course on International Trade Laws & WTO organized by the Institute of Chartered Accountants of India.	9 July	Noida
		Presentation on "Import and Export Standards for Food Products in India" at the Seminar on Export Opportunities and Challenges for the Indian Processed Food Industry organized by FIEO and Indo- American Chamber of Commerce.	13 September	Coimbatore
4.	**Dr. Sachin Kumar Sharma**	Presentation on "Agriculture and Food Security" at the Regional Consultation on Road to Bali: South Asian Priorities for the Ninth WTO Ministerial organized by South Asia Watch on Trade, Economics & Environmnet (SAWTEE) and Institute of Policy Studies (IPS), Sri Lanka.	2-3 July	Sri Lanka
5.	**Dr. Pralok Gupta**	Participated at "India's International Trade Strategy: Industry Consultation on WTO Bali Ministerial and FTA Challenges" organized by CII.	29 July	New Delhi
		Resource person at the VIII Annual International Conference on Public Policy and Management: Infrastructure organized by the Indian Institute of Management, Bangalore.	12-14 August	Bangalore
		Participated at the 5th Annual International Conference on issues of concern for G20 countries organized by ICRIER.	17-19 September	New Delhi
		Resource Person for session on 'Effective Legal Services: Importance and concerns of stakeholders' organized by CII.	27 September	New Delhi

Trade Figures

1. Trade data for the period June-August 2013

June 2013

A sharp dip in import of gold and silver in June brought down the trade deficit to $12.2 billion even as exports registered a decline of 4.56 % during the month. Gold and silver imports dipped to $2.45 billion in June from $8.4 billion in the previous month. However, when compared to the same month in last fiscal, imports grew by 22.8 %.

Imports declined marginally by 0.37% to $36 billion during the month. Exports stood at $23.79 billion against $24.9 billion in June 2012. Oil imports during the month grew by 13.74% to $12.76 billion ($11.22 billion). Non-oil imports declined by 6.7% to $23.2 billion.

During April-June, exports were down by 1.41% at $72.45 billion. However, imports during the same period were up by 5.99% at $122.6 billion. The trade deficit touched $50.18 billion during the quarter.

The Hindu (13 July 2013)

July 2013

Exports grew by 11.64% in July, the most in nearly two years, while imports dipped by 6.2%. Exports soared to $25.83 billion in July, as imports declined to $38.1 billion. However, the trade deficit was unchanged from $12.2 billion in June, putting pressure on the current account deficit and the fluctuating rupee. Gold and silver imports, which dipped by 34% to $2.9 billion in July from $4.4 billion over the same period last year, helped to maintain the trade deficit at the June level.

During April-July, exports grew by 1.72% to $98.2 billion. Imports increased by 2.82% to $160.7 billion during the period. The trade deficit during the first four months of this fiscal stood at $62.4 billion.

PTI (12 August 2013)

August 2013

India's trade deficit narrowed to $10.9 billion in August, the lowest in five months, as exports rose and gold imports dropped sharply. Merchandise exports grew 13% to $26.1 billion during the month, while imports contracted 0.68% to $37 billion. Gold imports fell to $650 million from $2.2 billion a month ago, further reducing pressure on the current account deficit (CAD).

The Indian economy grew 4.4%in the June quarter, the weakest pace in four years. The economy expanded 4.8% in the preceding three months. India's CAD stood at a record 4.8% of gross domestic product (GDP) in 2012-13. The finance ministry has targeted to narrow the deficit to less than 3.7% of GDP in the year ending 31 March.

The nation's oil imports bill grew 17.9% in August to $15.1 billion because of rising petroleum prices while non-oil imports during the month which is an indicator of domestic demand, fell 10.4% to $22 billion.

Mint (10 September 2013)

2. Services Exports

India's services exports in the April-July 2013 period grew by a healthy 14.5% as the rupee's sharp depreciation boosted the competitiveness of exports. Services exports totaled $50.93 billion during April-July, up from $44.44 billion a year ago, provisional data from the Reserve Bank of India showed. The rupee had depreciated by a massive 11.25% in this period and had eventually hit an all-time low of 68.85/$ in August. In July alone, services exports showed a growth of 16.75% compared with the corresponding month last year. This growth is faster than the growth of 11.64% in merchandise exports.

Services exports have remained largely unchanged even when merchandise exports had slumped every month in the April-June period. This slump in merchandise exports, and a corresponding surge in imports, especially that of gold had widened the trade deficit sharply during April-June quarter. Merchandise exports have since then picked up and the trade deficit has narrowed to $10.9 billion in August.

Financial Express (14 September 2013)

Foreign Trade Policy/strategy

3. Export sops

Concerned over export contraction in May and June, the government on 31 July 2013 announced a hike in interest subsidy to engineering goods, textiles and related segments to three per cent from the current two per cent. The benefits would be available from August.

The government will also clear claims of exporters on interest subvention for 2012-13. Announcing this, Commerce and Industry Minister Anand Sharma promised more export sops to reverse fall in outbound shipments, which are targeted to touch $325 billion (Rs

19.71 lakh crore) in 2013-14, compared with around $300 billion last financial year.

Sharma said the Directorate General of Foreign Trade was identifying other sectors as well which could be given interest subvention. Increasing the corpus of the market access initiative (MAI), market development assistance and central assistance to states for developing export infrastructure and other allied activities (ASIDE) schemes would also be considered.

In another move to boost overseas shipments, the government on 14 September rationalised the duty drawback and brought more items under the scheme for tax refund to exporters. The revised All Industry Rates of duty drawback, which have been notified, will come into effect from September 21, a finance ministry statement said.

Meanwhile, an inter-ministerial committee set up to suggest ways to boost exports of India's micro, small, and medium enterprise (MSME) sector has recommended more credit for the sector at competitive rates, extension of foreign currency credit and marketing support. The committee also recommended an increase in capital investment limits for the purpose of defining MSMEs, and leveraging of defence offsets to support MSME exports.

According to the Ministry of MSME, several product groups exported by MSMEs reported declines in 2012-13 gems and jewellery (by 3.5%), electronics (9.27%), ready-made garments (5.76%) and engineering goods (3.1%). Availability and cost of credit at internationally competitive rates is a major issue facing Indian MSMEs, the report noted, with interest rates of 14-16%, limited access to equity capital, and banks insisting on collateral requirements.

The committee has recommended an additional interest subvention of two per cent for exporters who repay on a timely basis; reduction of the spread of foreign currency credit; and automatic increase in foreign currency limits due to the depreciation of the rupee. It also said export credit disbursements to MSMEs must increase.

The committee also recommended a larger budget for market development assistance and market access initiative schemes, greater focus on brand-building and trade fairs, income tax deduction for marketing expenses, support for e-commerce and a focus on Asia. Recommendations were also made with regard to modification of labour laws and development of export infrastructure.

Business Standard (1 & 26 August), PTI (15 September 2013)

4. Currency Swaps

Commerce and Industry Minister Anand Sharma said the Centre is considering currency-swap deals with some key trading partners to stabilise the rupee, which hit a low of 66.19 against the dollar towards the end of August 2013. “We need to look very seriously at the possibility of currency swap with some of the countries. This will not only help stabilise the rupee but increase availability of credit for the exporters, especially in the small and medium enterprise (SME) sector and will also push project exporters and support the labour-intensive sectors … Currencies of all the major emerging economies are falling, but in percentage terms, the rupee’s fall has been sharpest,” said Sharma during the Board of Trade meeting held in New Delhi on 27 August 2013. During the meeting, exporters urged the government to urgently address some of concerns as a short-term measure by reducing the transaction cost for exporters.

The commerce ministry has constituted a committee on this issue under Director-General of Foreign Trade Anup K Pujari, who is expected to submit the committee’s recommendations by October. The government is also considering making it mandatory for trade with a few countries to take place in local currencies to reduce dependence on the dollar.

Business Standard (28 August), Mint (18 September 2013)

5. FTA Assessment

Amid increasing clamour from industry, the government is reviewing some of the key free trade agreements (FTAs), especially with South-East Asian countries and ASEAN.

India signed a number of agreements after talks for a global trade deal under the Doha Round failed to make headway. But the FTA route has also not helped India in augmenting its exports. Ironically, it is having large trade deficits with countries with which it has such agreements. For instance, India's imports from Thailand rose to $5.6 billion in 2012-13 from $2.7 billion in 2008-09 while exports grew to $3.7 billion from $1.94 billion over the same period. The country's trade deficit with ASEAN, with which it signed a trade agreement in August 2009, has widened to $18 billion from $14.9 billion in 2009-10. Similarly, India is running a huge trade deficit with Japan even though both have signed a comprehensive economic partnership agreement (CEPA). India’s trade deficit with Japan was $3.6 billion in 2010-11 before the CEPA was implemented and it almost doubled in 2012-13 to $6.3 billion. Its exports to Japan in 2012-13 were $6.26 billion compared with imports of $12.50 billion.

In 2012-13, the country's total exports stood at $300.60 billion, down 1.76 per cent from 2011-12. The FTAs did not prove to be helpful in arresting the fall in exports with a slowdown of demand globally and the government was forced to revise the export target for this financial year to $350 billion from $500 billion earlier.

However, a commerce ministry official is of the view that Indian exporters are not utilising concessions offered by FTAs. India is currently negotiating bilateral trade deals with the European Union, Canada, Israel, Australia, New Zealand, Africa and Chile.

Economic Times (16 July), Business Standard (14 August), The Hindu (6 September 2013).

Bilaterals

6. India-Africa

Lack of proper financing mechanism and poor infrastructure facilities are the major constraints to trade and investment between India and Africa, according to a report released by the Confederation of Indian Industry on 9 July 2013 in New Delhi.

Trade between India and Africa has grown to around $50 billion in 2011-12 from $1 billion in 2001. India and Africa together account for a huge market of 2.2 billion people with a combined GDP of more than $3 trillion. There has also been a surge in Indian private investment in Africa with big ticket investments in the telecommunications, IT, energy and automobiles sectors.

Suggesting a number of steps to be taken to boost trade and investment between India and Africa, the report says that to sustain trade growth, there is an urgent need to broaden the trade basket and increase cooperation between small and medium enterprises. "The commercial wings of Indian embassies in Africa can play a facilitating role by providing in-country research on market expansion opportunities available to Indian exporters,'' the report adds.

The report is of the view that India's investment-led trade approach could help sustain the dynamic trade growth between India and Africa, and help extend trade in terms of the number of partners involved and also the range of goods and services traded. Investments for joint ventures between India and African countries would best open up the route for enhancing goods trade. In addition, it says, greater cooperation in agriculture and agro-processing would have a great bearing on the food security situation in India and African continent.

The Hindu (9 July 2013)

7. India-Asean

The comprehensive economic partnership agreement between India and ASEAN has inched closer to fruition with the ministers of both the sides endorsing the final text of the pact in Brunei on 21 August 2013.

Commerce and Industry Minister Anand Sharma, participated in the ASEAN economic ministers (AEM) consultations, in Brunei. In the meeting, the ministers noted the completion of the legal scrubbing of the India-ASEAN agreements on trade in services and investment, an official statement said. They also endorsed the texts of these pacts for the required steps to be taken by the participating countries for the implementation of the agreements. Now the only formality remaining is the formal signing of the pact.

During the ASEAN-India Commemorative Summit in December last year, India and the 10-nation ASEAN had finalised the free trade agreement in services and investment. Both sides had already implemented the free trade pact in goods in 2011. The free trade pact after its implementation is expected to facilitate temporary movement of business people, including contractual service suppliers and independent professionals in accounting, architecture, engineering services, medical and dental, nursing and pharmacy, computer services and management consulting.

PTI (22 August 2013)

8. India-China

India raised the issue of heavy trade imbalance with China and sought immediate steps to facilitate Indian exports of pharmaceutical and agricultural products, buffalo meat and information technology (IT) services.

Commerce and Industry Minister Anand Sharma raised the issue with his Chinese counterpart Minister Gao Hucheng, in Brunei on 20 August 2013, at the margins of the Regional Comprehensive Economic Partnership Agreement, East Asian Economic Ministers and the ASEAN-India Ministerial meeting.

Both sides agreed that the working group on trade and economic co-operation should meet in September along with another working group on trade in services and trade statistics. They also discussed the next meeting of the Joint Economic Group (JEG) likely to be scheduled for late October in Beijing. Mr. Sharma informed the Chinese Commerce Minister about India's preparedness for further engagements in the three working groups constituted during the Prime Ministerial Meeting earlier this year. The working group on trade and economic co-operation is mandated to prepare an action-oriented work plan for bridging India's trade imbalance with China.

Mr. Gao assured Mr. Sharma that China would make every effort to facilitate imports from India for bridging the trade imbalance. Mr. Sharma also sought Chinese investment in manufacturing in the National Manufacturing Investment Zones. It was decided that they would finalise the details about investments in various sectors during their next meeting in October.

The Hindu (21 August 2013)

9. India- EU

Unfazed by hiccups in concluding the long-pending free trade agreement with European Union, Prime Minister Manmohan Singh has expressed hope that the pact would be sealed soon. We have entered into Comprehensive Economic Partnership Agreement with the ASEAN countries as well as the Republic of Korea. We are hoping to conclude a similar agreement with the European Union soon," he said on 19 July 2013.

Launched in June, 2007, the negotiations for the proposed Broad-based Trade and Investment Agreement (BTIA) between India and the 27-nation European bloc has witnessed many hurdles with both sides having major differences on crucial issues. In May, negotiations at the chief negotiator level failed to reach a final position on the proposed trade pact.

The EU side has been pressing for hiking FDI cap to 49 % in the insurance sector. India has expressed its inability to do so without an approval from the Parliament. Further, besides demanding significant duty cuts in automobiles, EU is also demanding for tax reduction in wines and spirits and dairy products and a strong intellectual property regime.

On the other hand, India is asking for grant of data secure nation status to it by EU. The matter is crucial as it will have a bearing on Indian IT companies wanting market access. It also wants liberalised visa norms for its professionals and market access in services and pharmaceuticals sector.

PTI (19 July 2013)

10. India - Indian Ocean Communion

The Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) is yet to exploit full potential of intra-region trade and investment, said Minister for Commerce and Industry Anand Sharma. A similar view was voiced by other member countries as well at the IOR-ARC Economic and Business Conference in Port Louis, Mauritius on 4 July 2013.

“Despite the establishment of a Working Group on Trade and Investment, not much progress has been made for achieving substantial outcomes based on the promise that this region holds out and the potential that has largely remained unharnessed,” the Minister said while addressing the session on ”Enhancing Trade and Investment in the IOR-ARC Region”. The fact that this region as a whole managed to maintain a trade surplus in most years of the last decade even when the economies elsewhere were hit by subdued global demand and contracting growth in the West is an indication of growth prospects, he said.

“We have identified the key areas and our business leaders are keen to take it forward,” Sharma stated. The Minister pushed for exploring institutionalised mechanisms for building regional cooperation for trade and investment, as in other regional groupings like the ASEAN, SAARC, COMESA, GCC and SACU.

Some of the issues raised by the industry and other member countries included peak tariffs, trade concentration, close coordination between the Exim Banks of the region, and absence of clearance mechanism for conducting trade in local currencies.

Business Line (4 July 2013)

11. India- New Zealand

The negotiations for a free trade agreement between India and New Zealand have hit a major roadblock. New Delhi has declined to include the demands pertaining to labour, environment and government procurement in the pact. In the recently concluded ninth round of negotiations for the FTA in Wellington, New Zealand had expressed desire to include provisions relating to trade in labour and environment, besides intellectual property, government procurement and competition policy, in the pact. India strongly opposes inclusion of such issues in any kind of bilateral trade arrangements. It has also refused to include these in its proposed free trade pact with EU.

The negotiations for the pact, officially dubbed as Comprehensive Economic Cooperation Agreement, started in 2010. Both sides have expressed hope to conclude the talks for the agreement this year.

PTI (19 August 2013)

12. India- Pakistan

"We are moving forward with eliminating the negative list on trade with India and extending India most favoured nation status, and shifting to 'sensitive list' under SAFTA (South Asia Free Trade Arrangement) regime to facilitate increased regional trade," Pak Finance Minister Ishaq Dar said. The Minister said this in a written assurance to the IMF during negotiations for recently approved $6.64 billion economic bailout package.

The Government of Pakistan said that it would grant 'Most Favoured Nation' (MFN) trade status to India. "For the grant of MFN status, there are certain issues to be addressed by both countries, such as creating a consensus among stakeholders within Pakistan, and persuading the Indian government to remove non-tariff barriers," stated a communiqué issued on 16 August 2013 by the Pakistan High Commission in India.

Since the decision to normalise trade ties in 2011, both sides have taken a series of measures. This includes Pakistan abolishing a small 'positive' list of items that alone could be imported from India. As a result, India can export almost 7,500 items to Pakistan. However, Pakistan still bans export of 1,209 products, including textiles and pharmaceutical products. However, trade talks between India and Pakistan have again reached a hiatus, after reports of ceasefire violations along the Line of Control (LoC).

Business Standard (17 August), PTI (7 September 2013)

13. India-RCEP

The 16 economic ministers of Asean+6 have agreed to finalise the Regional Comprehensive Economic Partnership (RCEP) by 2015, when the Asean Economic Community takes full effect. "The ministers agreed that this free-trade agreement should be a single schedule of commitment that should not be separately negotiated by some countries," Thai Commerce Minister Niwatthumrong Boonsongpaisan said on 22 August 2013.

The RCEP will become the largest free-trade area with 3.35 billion people, or more than half of the world population. Its gross domestic product would be $17.1 trillion, or 27 % of global GDP with combined trade worth $740 billion, he said. The RCEP comprises the 10 Asean nations and China, South Korea, Japan, India, Australia and New Zealand.

During the AEM meeting in Brunei, Asean member states also agreed to encourage each country to cut at least one non-tariff barrier a year. Asean countries have been advised to accelerate integration plans for the AEC. The ministers also agreed to the 10th pact of service business liberalisation among Asean members. The second round of RCEP negotiations is set for September 23-27 in Brisbane, Australia.

The Nation (23 August 2013).

14. India- Russia

Russia has lifted an eight-month-old ban on the import of Indian rice and peanuts, effective from 1 September 2013, a move that would help traders regain their lost market. The Russian Federation had imposed the ban due to the presence of khapra beetles pest in rice and aflatoxin contamination of peanuts. The resumption of trade comes as the country seeks to boost exports to address the current account deficit.

Russia has also agreed to hold a review on allowing import of buffalo meat and egg powder from India and has assured a satisfactory resolution of the issue. The issue, discussed between Commerce and Industry Minister Anand Sharma and his Russian counterpart Denis Manturov in St Petersberg, is important as Russia is a large importer of bovine meat and India is one of the top exporters of the same.

Sharma pressed for regulatory simplification for supply of Indian generic medicines to Russia as Indian pharma companies are keen to establish manufacturing facilities in Russia.

Both sides agreed that that there was considerable scope of cooperation in modernisation of steel manufacturing facilities, power plants and heavy engineering units based in India.

While acknowledging India's efforts in opening up the economy further, the Russian Minister said it was important to maintain regulatory certainty and stability in policy regime. He was alluding to the problems faced by Russian telecom company Sistema in India after the Supreme Court cancelled its licences as a fallout of the 2G scam.

PTI (10 September), Business Line (20 September 2013)

15. India-Safta

In a meeting held at Kathmandu on 2 August 2013, South Asian countries agreed to identify and classify non-tariff measures (NTMs) under four broader categories. With most of the member countries facing the same type of non-tariff measures, the meeting agreed to include all those barriers and make consorted actions to curb them. The categories include infrastructure (related to transit and transportation), procedural (related to documents and export licensing and customs process), standardisation (related to labs and certifications) and Para Tariff Measures (PTMs).

A special meeting of the Committee of Experts on NTMs and PTMs under the South Asian Free Trade Agreement (SAFTA) also agreed to hire a consultant to classify the NTMs. "The report presented by the consultant will enable us to see the real situation of NTMs-how much have they hindered the trade and how could they be solved," said Jib Raj Koirala who led the Nepali side at the meeting.

At the meeting, representatives from all member countries realised the need of customs reform, improvement of trade infrastructure, removal of visa barrier for business people, simplification in movement of goods as well as vehicles, and improved facilities for warehousing of trade goods to pave the way for greater trade within the region.

Koirala said Nepal, India, Pakistan and Bangladesh, which are considered dominant SAFTA countries in carrying out intra-regional exports, have pointed out similar nature of NTM-related notifications. Other countries, Bhutan, Maldives, Afghanistan and Sri Lanka, however, did not report on specific types of non-tariff barriers as they have a meagre share in intra-regional exports.

Rameshor Pokharel, another Nepali representative at the meeting, said the meeting also agreed to make sure if the existing NTMs are compatible with the World Trade Organization (WTO) norms. "We are talking about a longer list of NTMs, but they might not be compatible to the WTO provisions," he said. "If such NTMs are found, they should be directly eliminated without further delay."

The meeting also agreed that the member countries would begin preparations to form a dispute settlement body. "At present, there is nobody to resolve the differences occurred in the process of intra-regional trade," said Pokharel, who is also at the Ministry of Commerce and Supplies.

The agreements reached during the meeting, however, are not meant for direct implementation. The recommendations will be forwarded to the meeting of SAARC Ministerial Council and SAARC Expert Group to be held in Sri Lanka for endorsement.

The Kathmandu Post (2 August 2013)

16. India- Sri-Lanka

Sri Lanka will not need the Comprehensive Economic Partnership Agreement (CEPA) with India any longer, as both countries had moved on, said Economic Development Minister Basil Rajapaksa. According to him, the Sri Lankan business community felt it did not need CEPA as they had found good markets.

Though CEPA has been in the works since 2005, several attempts to arrive at a consensus only proved futile. Negotiations began after a joint study group set up to explore ways of expanding bilateral trade relations and means for greater flow of investment between the two countries made its recommendations in 2003. Even after 13 rounds of negotiations until 2008, both countries could not come to an agreement. And now, the Minister said Colombo felt both countries had moved on.

Suggesting that an open market offered the best alternative, Mr. Rajapaksa said: "Those days, it was a restricted economy, so we needed a special bilateral agreement." Dismissing the need for any broad framework for bilateral trade, Mr. Rajapaksa said Indian businessmen anyway got special concessions and tax incentives from the Board of Investment, Sri Lanka.

The Hindu (19 July 2013)

17. India-South Korea

India asked South Korea for greater market access for its products to correct the imbalance in bilateral trade and sought investment in its infrastructure development. Greater market access for Indian products was sought by Commerce and Industry Minister Anand Sharma, when he met his Korean counterpart Yoon Sang-Jick on the sidelines of the ASEAN ministerial meeting in Brunei. According to a ministerial statement, Sharma sought greater South Korean market access for Indian goods and services in information technology (IT), generic medicine and textiles.

India's bilateral trade deficit with South Korea was about $4.57 billion during January-June 2013. In the period under review, India imported $6.34 billion, while it exported only $1.77 billion to South Korea. Last year, the deficit stood at $9.36 billion, in which India exported goods and services worth of $4.14 billion, while importing $13.50 billion from South Korea.

Both the countries were able to achieve an increase of 70 percent growth in the first two years of implementation of Comprehensive Economic Partnership Agreement (CEPA) that India entered with South Korea.

IANS (21 August 2013)

18. India-UK

The UK has relaxed its immigration rules giving greater flexibility to students and businesses that employ and sponsor international migrants, a move likely to benefit Indians. According to the new rules, visitors to the UK will be allowed a short period of study or training as part of their stay. Multinational firms will be able to bring their own auditors to the UK on business visitor visas. Business visitors will also be able to do a short course of study while in the UK.

The changes, announced on 6 September 2013, will make the UK more attractive to international students by allowing them to take up corporate internships after completing their degree and making it easier for graduate entrepreneurs to take up skilled jobs, an official statement said.

But, on the other hand, the UK Cabinet is split over visa bonds for Indians. The divisions within Britain's Conservative-led coalition government have been exposed over the controversial plans to impose 3,000-pound visa bonds on visitors from countries like India. UK business secretary Vince Cable, from the Liberal Democrat Party, has warned of the negative impact the yet-to-be-finalised scheme would have on relations with India.

PTI (7 & 12 September 2013)

19. India-US: Trade Concerns

US Vice-President Joe Biden is hopeful that bilateral trade between the US and India could reach $500 billion. Delivering a lecture on "US-India Partnership" during his India visit in July, he said the target was achievable if both countries made the "right choices".

Meanwhile, Minister of External Affairs Salman Khurshid told the Lok Sabha on 7 August that the government was examining whether the proposed US Immigration Bill was compatible under World Trade Organization norms, hinting at the possibility of taking up the matter at the WTO's dispute settlement body. "The government is examining the Senate Bill with regard to its WTO compatibility. However, the matter can only be taken up before the WTO dispute settlement body once the Senate Bill becomes law," Khurshid said.

He also said the proposed Bill would not affect Indian students planning for higher studies. Indian information technology firms, however, had raised some concerns over provisions related to skilled non-immigrant visas. If brought into force, these provisions may place more onerous requirements on H1-B and L-1visa dependent firms, including higher wages, enhanced audit by US agencies, non-displacement guarantee/additional recruitment notice requirements and higher visa fees.

However, the Indian IT & BPO export services industry, worried about the fallout of the proposed Immigration Bill in the US, has been receiving better appreciation of their concerns from lawmakers. Som Mittal, president of Nasscom, India's IT-BPO trade body, said: "We are clearly seeing that there is a more positive alignment to our views with a growing realisation in the US that what is bad for Indian IT would also be harming them."

On pharmaceuticals, several American lawmakers and pharma industry players have been raising concerns over India's Patent Act, particularly Section 3(d), which restricts patents for already known drugs unless the new claims are superior in terms of efficacy. In an extraordinary step, a bipartisan group of influential US lawmakers from both the Senate and the House of Representatives have sought a "fact-finding investigation" into India's trade and industrial policies. US congressional leaders have asked the US International Trade Commission (USITC) to detail policies and submit a report by November 30, 2014.

The Indian Pharmaceutical Alliance (IPA) has contested US allegations that India's Patent Act is discriminatory and said the US can go to WTO's dispute settlement mechanism if such is the case. An industry body comprising mainly domestic drugmakers, IPA said several US companies have substantially increased revenues and market capitalisation in India since 2005 when the patent laws were amended in conformity with the WTO's Agreement on Intellectual Property Rights (i.e TRIPs). "If the US believes that Section 3(d) in the Indian Patents Act is violative of the TRIPs Agreement, the remedy is in triggering the dispute resolution mechanism," IPA has said.

PTI (24 July, 4 & 25 August), Business Standard (8 August), Financial Express (9 September 2013)

20. India-US: Investment Matters

Indian Government is ready to begin talks with the United States on a bilateral investment treaty as part of its effort to reinvigorate ties with a valued trade partner, the Commerce and Industry Minister Anand Sharma said on 12 July 2013 during his visit to US along with Finance Minister P Chidambaram. "We have said that 'yes, we are ready for it. We are in favor," he told reporters after meetings with US Trade Representative Michael Froman and other US officials.

The two senior ministers double-teamed in New York and Washington to talk up India to American business, allaying their apprehensions about rulings they feel discriminate against them, while assuring them that New Delhi remains open for business. They said the US companies were "appreciative of the measures taken to address concerns relating to transfer pricing," even as the US-India Business Council welcomed the slew of concessions from New Delhi ahead of the twin ministerial visits.

During his meeting with CEOs of leading companies, Chidambaram apprised them of the recommendations of the Arvind Mayaram committee on enhancing FDI caps in many sectors, and the steps being taken to implement the recommendations, although there is plenty of internal political debate within India about the wisdom of fully opening up the markets to predatory western companies, particularly in sensitive sectors.

Reuters (13 July), Times of India (13 July 2013)

21. India-Vietnam

Economic ties between India and Vietnam are on track and may cross $7 billion by 2015, External Affairs Minister Salman Khurshid said on 12 July 2013, after the 15th meeting of the India-Vietnam Joint Commission. The Minister said investments by Indian companies total about $936 million in 86 projects in sectors such as oil and gas exploration, mineral exploration and processing, sugar manufacturing, agro-chemicals, IT, and agricultural processing.

The MoU between the two central banks – Reserve Bank of India and the State Bank of Vietnam – signed in 2012, will enable Bank of India and Indian Overseas Bank to upgrade their representative offices that they opened in Ho Chi Minh City in February 2003 and March 2008, respectively, into full-fledged branches in the near future," Khurshid said. India has extended 17 letters of credit (LoCs) totalling $164.5 million. India has also agreed to consider earmarking $100 million under buyer's credit under the National Export Insurance Account for use by Vietnam.

The Hindu (12 July 2013)

Also In The Press

22. BRICS

The BRICS bloc of large emerging economies have agreed on the capital structure for a proposed development bank that aims to reduce their reliance on Western financial institutions. Officials from India, Brazil, China, Russia and South Africa agreed to set up the bank with a total capital of $50 billion, shared equally among them, it quoted an unnamed senior Indian government official as saying. The decision was made at a meeting in New Delhi in the first week of August. The move would likely end disagreements over the funding and management of the bank as China had earlier proposed total bank capital of $100 billion and sought a bigger share, it said. The bank would support the financing needs in emerging and developing nations for roads, modern-day port facilities, and reliable power and rail services.

Reuters (29 August 2013)

23. Food Security

The recently promulgated National Food Security ordinance, which aims to provide 5 kg food grains per person per month at subsidised prices under the targeted public distribution system, might be in violation of the global trading rules on agriculture under the World Trade Organization if an attempt is made to divert subsidized food grains for export purposes.

According to trade economists and experts, even if the ordinance is aimed at giving subsidies to 67% of the people for consumption purposes, it nevertheless tantamounts to subsidies which are otherwise prohibited under the WTO norms, which is commonly known as 'trade distorting subsidies' or 'Amber Box' subsidies in trade parlance.

India is one of the main countries in the G-33 along with other developing countries which is spearheading the proposal on food security at the WTO that seeks to legalise the so-called prohibited 'Amber Box' subsidies. Moreover, Indian government is also concerned of the fact that in public procurement it is soon going to overshoot the 'de minimis' level. The current threshold is 10% of the total value of output in agriculture that can be given as subsidy. The agriculture ministry has already said that it is concerned that the threshold could be breached in near future. Thus it is crucial for India and other developing countries to get the agreement on food security approved at the WTO in order to continue giving such subsidies within their domestic constituencies in future also. Additionally, consensus on the G-33 proposal would not only remove the asymmetry and imbalance in the Agreement on Agriculture in respect of food security and domestic food aid in WTO, but would also provide a positive stroke for removing hunger.

"WTO rules have to respond to the emerging reality that developing countries require flexibility and policy space for addressing the food security needs of their population in a manner that is consistent with their development priorities," said Abhijit Das, Head of Centre for WTO Studies, IIFT.

The issue of agricultural subsidies has been one of the most contentious issues in the Doha Round of the global trade talks that started in 2001. After protracted negotiations, a draft text of outcomes was released in December 2008. While this has not been finally approved because the Doha Round itself has been in limbo since then, there is a broad measure of consensus around the proposed outcomes. The G33 proposal in the WTO seeks a decision on food security at the Bali Ministerial.

Business Standard (25 July 2013)

24. WTO Bali Ministerial Conference

Even as the government is collating inputs from industry to chalk out its negotiating strategy during the December 3-6 WTO Ministerial in Bali, it has demanded some immediate changes to the Trade Facilitation Agreement (TFA) being discussed at the WTO.

The commerce and industry ministry wants to make it compulsory for customs authorities globally to allow exporters to take back portions of the rejected consignments at the borders before nullifying the entire shipment, according to officials in the commerce department.

The TFA, which aims to reduce bureaucracy at borders, has the potential to provide a $1-trillion boost to global economy, according to WTO chief Roberto Azevêdo who wants work on the deal to speed up before trade ministers from all 159 member countries meet in Bali. India has also proposed that the customs procedures be made transparent and non-discriminatory to avoid any non-tariff barriers and encourage greater flow of goods from one country to another. Moreover, India also wants common border procedures and uniform forms and documents throughout the territory of a WTO member.

Developing countries have also urged for an agreement on food security along with the TFA. Negotiations for a deal at the Bali ministerial meeting of WTO members scheduled for December are stuck over the tenure of an interim resolution to the demand by G-33 developing countries on food security. While the 33 developing countries (G-33) led by India are demanding the tenure of any peace clause should be 10 years, developed countries like the US are ready to accept an extension only by two or three years.

In the absence of a broad-based agreement on the Doha round of trade talks that started in 2001, member countries are making a last-ditch attempt to work out areas where a consensus could be reached. TFA is only a minor component of the entire global trade deal. However, this is expected to pep up the deadlocked talks for a global trade deal as countries are increasingly diverting their attention to regional trading arrangements.

The Hindu (10 August), WTO Reporter (9 September), Business Standard (21 September), Mint (25 September 2013).

25. New WTO Director-General

Achieving a successful result at this December's WTO ministerial conference in Bali will be his "first priority," new Director-General Roberto Azevêdo told WTO's members in his inaugural speech. The so-called "Bali package," as currently discussed, would have a Trade Facilitation Agreement at its core, selected agriculture components, and issues of relevance to developing and least developed countries.

Azevêdo hopes to jolt the process by holding "intensive consultations" with members in various formats and configurations, at the ambassadors' level. These will address all three topics that are on the table for Bali. This "rolling set of meetings," he said, will be designed to give all members a voice on the different issues, and are being planned in coordination with the chairs of the negotiating groups involved.

In order to resolve political disagreements, capitals will also be brought into the process, with the Director-General urging senior officials to be "ready to come to Geneva" over the coming weeks to move the negotiations forward. He will also continue his interactions with ministers during the preparations. Azevêdo has also urged members to start identifying areas for possible trade-offs.

Meanwhile, for the first time in the last eight years, India would not have any representative for the post of deputy director general (DDG) of WTO. Azevêdo named Yi Xiaozhun of China, Karl-Ernst Brauner of Germany, Yonov Frederick Agah of Nigeria and David Shark of the US as his four DDGs, who would assume their posts by October 1.

Business Standard (17 August), Bridges Weekly Trade News Digest (12 September 2013).

Forthcoming Events (October- December 2013)

S.No.	Events	Partner Institution	Proposed Dates
1	Services Conclave: Promoting Services Export from India-Challenges, Opportunities & Issues	Department of Commerce, GoI	12-13 November
2	National Conference on Agriculture	--	21-22 November

The Centre welcomes views and suggestions from readers at:
E-mail: cws@iift.ac.in, Website: http://wtocentre.iift.ac.in

Printed and published on behalf of Centre for WTO Studies at M/s Image Print, Kirti Nagar, New Delhi- 110015.