

WTO

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Doha negotiations

The Broken Legs of Global Trade

Jagdish Bhagwati, Economic Times

May 31: The Doha Round, the latest phase of multilateral trade negotiations, failed in November 2011, after ten years of talks, despite official efforts by many countries, including the United Kingdom and Germany, and by nearly all eminent trade scholars today. While trade officials in the United States and the European Union blamed the G-22 developing countries' excessive demands for the failure of earlier negotiations in Cancun in 2003, there is general agreement that this time it was the US whose unwarranted (and unyielding) demands killed the talks. So, now what?

The failure to achieve multilateral trade liberalisation by concluding the Doha Round means that the world lost the gains from trade that a successful treaty would have brought. But that is hardly the end of the matter: the failure of Doha will virtually halt multilateral trade liberalisation for years to come. Of course, multilateral trade negotiations are only one of three legs on which the World Trade Organisation stands. But breaking that leg adversely affects the functioning of the other two: the WTO's rule-making authority and its dispute-settlement mechanism. The costs here may also be large.

Until now, preferential trade agreements (PTAs) among small groups of countries co-existed with multilateral, non-discriminatory trade-liberalisation rounds. As a result, the rules that govern trade, such as anti-dumping duties and countervailing duties to offset illegal subsidies, were in the domain of both the WTO and the PTAs. But, when there was a conflict, WTO rules prevailed, because they conferred enforceable rights that extended to all WTO members, whereas PTA-defined rights extended only to the PTA's few members.

So, while powerful, 'hegemonic' countries like the US managed to impose their own rules on weaker partners in the PTAs that they helped to proliferate, big emerging economies like India, Brazil, China, and South Africa insisted on rejecting such demands when made as part of multilateral trade rounds like Doha.

Now, however, with the era of multilateral trade rounds and system-wide rules behind us, the PTAs are the only game in town, and the templates established by the hegemonic powers in unequal trade treaties with economically weaker countries will increasingly carry the day. In fact, such templates now extend beyond conventional trade issues (for example, agricultural protection) to vast numbers of areas unrelated to trade, including labour standards, environmental rules, policies on expropriation, and the ability to impose capital-account controls in financial crises.

The US-led public-relations blitzkrieg of euphemism has already begun, with US Assistant Trade Representative Wendy Cutler describing the latest PTA, the Trans-Pacific Partnership, as a 'high standard' agreement. Other American officials have taken to calling PTA's 'trade agreements for the twenty-first century.' Who could possibly be against the twenty-first century?

What is disturbing is the way in which some trade economists in Geneva and in Washington have capitulated to such propaganda, and regard capitulation by the WTO as a way to 'salvage' and reshape the organisation. The WTO, like a village during the Vietnam War, must be destroyed in order to be saved.

Unfortunately, this insidious attack on the second leg of the WTO also extends to the third leg, the dispute-settlement mechanism. The DSM is the pride of the WTO: it is the only impartial and binding mechanism for adjudicating and enforcing contractual obligations defined by the WTO and accepted by its members. It gives every member, big or small, a platform and a voice.

Once PTA-based DSMs are established, however, adjudication of disputes will reflect asymmetries of power, benefiting the stronger trade partner. Moreover, third countries will have little scope for input into PTA-based DSMs, though their interests may very well be affected by how adjudication is structured.

Given that the US has abandoned any pretense of leadership on world trade, it is up to major emerging economies and like-minded developed countries to establish their own template, one that adheres to trade objectives and discards what special-interest lobbies in hegemony like the US seek to foist on PTAs. This is exactly what India has done with the EU, which is now stripping such features out of its proposed PTA.

Other countries - Brazil, South Africa, and China among the major emerging economies, and Japan and Australia among the developed countries - should back such 'garbage-free' PTAs as well. That just might be an adequate rebuff to the rise of PTAs whose main objective is to serve hegemonic interests alone - perhaps even sufficient to get the multilateral approach back on track.

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Centrality of Development Agenda Should be Maintained, Anand Sharma Tells G-20. Warns Against 'Closed Club' Agreement on Services

Press Information Bureau

20 April: The Union Minister of Commerce, Industry and Textiles, Shri Anand Sharma has stressed that the Doha round for the first time recognized the centrality of the development agenda. "Only such a narrative will have global resonance and global appeal. We must strive to create a level playing field before we ask all to compete as equals. There is a need to fulfil the promises made in the past, implement decisions taken over years and remain faithful to the mandate of the Doha Development Round. Only then, I believe, will emerge a new narrative on trade – that would position trade as a function of economic growth and not the other way round," said the Minister while intervening at the session on "understanding global value chains: towards a new trade narrative" at G20 Trade Ministers' Meeting at Puerto Vallarta, Mexico late last night.

Shri Sharma also warned against any attempt to selectively open up certain services sectors or to negotiate a 'closed club' agreement. "This would not only upset the delicate balance of the Doha Round but would also undermine the WTO." Plurilateral agreements within the framework of a multilateral agreement such as the WTO are inherently discriminatory as the benefits of this Agreement will not be 'MFNised' to other WTO member countries but will be restricted to the participating countries only. At the WTO every outcome of the negotiations on trade facilitation and services or for that matter NAMA and Agriculture represents a thoroughly negotiated trade-off. A selective approach that cherry picks a few items, from even within a specific area for expedited decisions is bound to not only upset the balance but may also result in jeopardizing the entire negotiating process. India has specific interests in the Services Agreement. However, the current proposals that relate to Services do not seem to address the core issues that concern the movement of natural persons. Their mobility is severely restricted due to visas, entry procedures, and lack of mutual recognition of qualifications among other impediments.

The Minister expressed concern over the fact that "labour largely remains hemmed in by the national boundaries" while capital finance and technologies are able to flow freely across the borders. "They remain engaged in the value chains only as long as the wages are low and present a comparative advantage and this is a harsh reality which we cannot ignore" added Shri Sharma.

Speaking on the emergence of trans-national corporations and their consolidation across the world, Shri Sharma said "The growth in manufacturing is a key political consideration for countries across the world as manufacturing alone holds the potential of absorbing millions of people who are joining the workforce. As democratically elected leaders we remain conscious of our responsibilities in this regard. So even as we endeavour to integrate ourselves with global value chains, each of us would aspire to move up the value chain and not remain confined to lower rungs in value added manufacturing".

On Trade facilitation Shri Sharma said that with the lowering of tariffs and removal of quantitative restrictions, the focus is now shifting towards simplification of trade procedures in general and customs procedures in particular.

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Aussie Spin on Trade Reform

Abhijit Das, Economic Times

Nov 18, 2011: With less than two months left for the next ministerial meeting of the World Trade Organization (WTO) in Geneva, Australia's trade minister has suggested a new pathway to global trade reform. His suggestions might seem constructive, but accepting them would undermine WTO's credibility and seriously threaten the legitimate development aspirations of many developing countries.

Australia's suggestions for future trade negotiations are broadly along four lines. First, countries would undertake a commitment to a standstill on existing trade protection to prevent trade barriers being raised while trade negotiations continue. Implementing the proposed stand-still would require WTO members to freeze their customs duties at existing levels.

Developed countries' obligations would be largely unaffected by the stand-still, as the applied levels of customs duties in these countries have remained close to the bound ceiling levels negotiated during the Uruguay Round. But developing countries would be required to provide deep concessions as, in most cases, they apply customs duties well below bound ceiling levels.

The proposed stand-still fails to meet the WTO's basic objective of 'reciprocal and mutually advantageous arrangements', as most of the tariff concessions would be made by developing countries. The Australian proposal also contains an inherent contradiction.

On one hand, it has been stated that the Doha agenda is too large and with too many entanglements between issues. In the same breath, Australia proposes that the Doha agenda is out of date and new issues need to be negotiated. Addition of new issues will only overload the agenda and introduce more complexities.

True, issues in the Doha agenda are complicated. However, failure to conclude the negotiations does not reduce the relevance and significance of the issues for developing countries. The Australian proposal seems to imply that some elements of the 'outdated' Doha agenda might be jettisoned. Treating the Doha agenda as outdated raises the broader issue of sanctity of WTO Ministerial Declarations. The latter are an article of faith, not an exercise in semantics to be ignored if fulfilling commitments is inconvenient for some countries.

The third plank of Australia's proposal relates to changing the negotiating architecture. In an attempt at making the negotiations manageable, Australia has suggested the possibility of confining negotiations to a critical mass of WTO members or following the plurilateral route in which only interested countries participate. This suggestion has many troublesome implications.

This negotiating architecture would not be relevant for reduction of developed countries' farm subsidies, this crucial issue would be relegated to the background of, if not totally removed from, the negotiating agenda. Second, the plurilateral option would result in fragmentation of the multilateral trade regime.

Separate rules would be applicable for members of the plurilateral group and for non-members. Such a situation prevailed in the era of General Agreement on Tariffs and Trade (GATT), but was subsequently rectified in the WTO. Credibility of the WTO cannot be enhanced by undermining one of its main achievements of the past.

Third, interests of countries which may not be a party to a final plurilateral agreement would be adversely affected by such an agreement, as they could be denied benefits of lower tariffs in markets of plurilateral members.

The fourth plank of Australia's proposal relates to WTO members individually assisting the least developed countries (LDCs). This would imply significant dilution, if not complete abrogation, of commitments taken by trade ministers at the Hong Kong Ministerial Meeting of the WTO in favour of the LDCs.

These commitments relate to reducing cotton subsidies ambitiously and providing duty-free, quota-free market access to LDCs. Breaking promises on the pretext of practicality is not the best way of inspiring confidence of LDCs in the WTO system.

Overall, Australia's suggestions are likely to receive contrasting responses from the WTO membership: warm applause from the developed countries and opposition from most of the developing countries. Accepting Australia's new pathway to global trade reform will lead to the conclusion that the developed world can change the rules of the game to suit their interests. It cannot serve as a basis for imparting momentum to global trade talks.

Successful conclusion of the Doha Round is a shared responsibility of all WTO members. The burden cannot be shifted to the shoulders of emerging economies. Wisdom lies in retrieving the Doha Round from the brink and concluding it by matching intent of various WTO Ministerial Declarations with a balanced content of the final outcome. *The author is head of Centre for WTO Studies at the Indian Institute of Foreign Trade. Views are personal.*

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WTO's Lamy says Doha talks won't pass as big package

Reuters

SINGAPORE, March 19: The Doha Round of trade talks, launched more than 10 years ago, is unlikely to succeed but progress can be achieved in getting international agreement in areas such as trade facilitation, World Trade Organization chief Pascal Lamy said on Monday.

There has been "some progress", although it will not be in the form of the "big package envisaged 10 years ago", he said.

The WTO is instead trying to extract from the current round of talks a few topics on which progress can be made on their own merit, such as coming up with common rules to facilitate the movement of goods across borders.

"Half the economic benefits from the round will stem from trade facilitation," Lamy said on a visit to Singapore.

On Europe, Lamy said he believed the euro zone and common currency would survive despite the challenges facing member countries.

"My own guess is that they will muddle through. It will be at the cost of their credibility, at the cost to the taxpayers and at the cost of economic growth," he said.

The Doha Round of trade talks was officially launched in November 2001 but has stalled because of disagreements between developed countries and emerging economies.

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An Assault on Multilateral Trade Negotiations

Ravi Kanth Devarakonda, Inter Press Services

GENEVA, Mar 17, 2012: India, Brazil, and South Africa, the international grouping for promoting international cooperation among the three countries known as IBSA, along with China and several other developing countries, have denounced the ongoing attempts to craft an exclusive, plurilateral agreement to liberalise trade in services without concluding the multilateral trade negotiations of the World Trade Organization.

The plurilateral initiative, say trade envoys from the IBSA bloc, is likely to cause irreparable damage to Doha trade negotiations in particular, and the WTO in general. The Doha negotiations aim to achieve reforms of the international trading system through the introduction of lower trade barriers and revised trade rules. Besides, the negotiations were launched for providing developmental dividends to developing countries for integrating into the global trading system.

In sharp contrast, the proposed plurilateral agreement for services, which aims to seek WTO commitments for the 16 countries part of the initiative, will turn the clock back for providing the much-promised developmental gains from the poorest and developing countries.

Ahead of the current turmoil in global trade negotiations, the IBSA trade ministers warned that that "plurilateral initiatives go against the fundamental principles of transparency, inclusiveness, and multilateralism."

The 16 countries, the United States, countries from the European Union, Japan, Canada, Norway, Switzerland, Australia, New Zealand, Singapore, South Korea, Taipei, Pakistan, Mexico, Colombia, and Chile, call themselves the real good friends (RGF) of liberalisation of trade in services.

The RGF coalition will hold their third brainstorming session on Mar. 21 to prepare the ground for a plurilateral services agreement outside the WTO. Though the contours of the form and substance of the proposed agreement are not clear yet, the coalition appears determined to achieve an outcome based on the highest common denominator, say trade envoys from the coalition.

The IBSA countries have not adopted any formal position on the ongoing plurilateral initiative of the RGF coalition. But trade envoys from the respective countries spoke against the dangers it would pose to the multilateral negotiations in general, and the Doha trade negotiations in particular.

"We don't think that plurilateral initiatives will comply with the requirement of transparency and inclusiveness, which is the basis for any multilateral process," Brazil's trade envoy to the WTO, Ambassador Roberto Azevedo, told IPS. "Brazil doesn't believe it is a building block for the resumption of multilateral negotiations and on the contrary it would make that even more difficult."

Brazil, said Azevedo, "is perfectly willing to negotiate multilateral market access in services as long as others are willing to negotiate market access in agriculture which is at the heart of the WTO's Doha trade negotiations."

The plurilateral route for an agreement on services will undermine the "balance" in the Doha trade negotiations, said Ambassador Jayant Dasgupta, India's trade envoy. South Africa's trade envoy Ambassador Faizel Ismail expressed concern that a plurilateral agreement will undermine the much-

promised "developmental" outcome in the Doha trade negotiations.

Even the EU, which is taking an active part in the current RGF plurilateral initiative remains uncomfortable. "Our line is that we should not take initiatives that undermine the WTO because the WTO is very important for trade," the EU's trade commissioner Karel de Gucht said on Mar. 12.

Under the WTO's General Agreement on Trade in Services (GATS), which governs global trade in services, any group of countries can strive for economic integration by seeking higher and deeper services commitments among themselves.

Until now, there was no attempt by any group of countries to craft an exclusive plurilateral services free trade agreement among a select group of countries within the WTO since its establishment in 1995.

In the past there were open-ended plurilateral agreements such as the WTO's Information Technology Agreement involving liberalisation of trade in various electronic goods, and the telecom services agreement.

The ongoing exploratory talks among the 16 countries are taking place at a time when the WTO members have not been able to conclude the much-promised Doha negotiations, which were started in 2001.

A continued stalemate in negotiations between a large majority of countries seeking a palatable outcome and one major industrialised country making "maximalist" demands has put paid to an early conclusion, said trade diplomats.

As opposed to multilateral negotiations in which all members have an equal say, at least on the paper, the plurilateral process involves closed-door negotiations among select-members. The U.S. and other major industrialised countries, however, reckon that it is difficult to negotiate with 153 countries as it would involve a grand bargain of compromises.

"We live in a consensus based-organisation and what that means is that 153 members have to approve on everything and what that means in practice is the least common denominator," the U.S. trade envoy to the WTO, Ambassador Michael Punke, told a seminar organised by the European Centre for Political Economy in Brussels.

He said "we should look at the services plurilateral as a different, fundamentally different way, of approaching the agreement." Punke argued that the RGF group would provide the ideal ground for accomplishing an outcome based on "highest common denominator" since most of them are engaged in significant liberalisation of trade in services.

However, developing countries remain opposed to the assault on the multilateral framework. "The greater the number of participants, it would be difficult to reach a common agreement but it would provide greater benefits," said Azevedo. "In short, a modest outcome with a larger number of participants should lead to more attractive and meaningful outcome."

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India, Brazil, S Africa upset over Doha impasse

PTI

Davos, Jan 29, 2012: Expressing disappointment over impasse in WTO Doha talks for a global trade deal, India, Brazil and South Africa (IBSA) today 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," Indian Commerce and Industry Minister Anand Sharma told reporters here.

At the IBSA meeting, on the sidelines of the World Economic Forum (WEF) annual event, the trade ministers said that developed countries had caused distortions by high-level of protection in the form of tariffs and subsidies in agriculture.

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 IBSA ministers met ahead of the informal meeting of important WTO members, including India, US and South Africa. Besides Sharma, Brazilian Foreign Minister Antonio Patriota and Rob Davis of South Africa were present. The meeting hosted by the Swiss authorities was also attended by Director General of the World Trade Organisation (WTO) Pascal Lamy.

US Representative Ron Kirk said "We need to have a new start and have a beginning towards putting something concrete on the table.... I am hopeful."

Kirk's remarks are important given the impression among the developing countries in the midst of slowdown and the US elections, America does not seem to be keen on pushing for opening up of its economy.

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Lack of political will holding up WTO conclusion: Pascal Lamy

PTI

January 29, 2012, Davos: With not much movement towards concluding the decade old Doha Round, WTO chief Pascal Lamy said that lack of political will on part of member countries is holding the global trade deal.

"You need a lot of political energy to do things multilaterally and it's not just available, he said and added, "It's in short supply, just as it is in climate change."

Instead of concentrating on the WTO talks, Lamy said government leaders are focusing their energies on bilateral talks and regional arrangements, such as the proposed Trans-Pacific Partnership comprising of the US, Australia, Vietnam, Peru and four other countries.

He was speaking during a panel discussion at the World Economic Forum (WEF) annual meeting, which concluded on Sunday.

The WTO's new strategy on Doha is to set aside the big issues for now and instead concentrate on small wins, such as agreements on relatively uncontroversial trade areas like trade facilitation, WEF quoted Lamy as saying.

The WTO will stay in the quiet mode for now, get things done and build confidence that the organisation can then tackle the big issues, he added.

Launched in Qatari capital in 2001, the Doha Round involves all 153 member countries of the World Trade Organisation (WTO).

The talks have been held back due to differences between the rich and the developing countries over issues such as agriculture, services and intellectual property, and the advent of the global financial crisis in 2008.

US Trade Representative Ron Kirk said that his country has not given up on the Doha Round, but the reality is that it is easier to negotiate bilateral agreements, which can create more jobs and bring benefits to the two parties.

India, Brazil and South Africa (IBSA) have meanwhile underscored the need for resisting protectionism in the current economic scenario.

European Trade Commissioner Karel De Gucht said that the problem is certainly political within WTO.

"Doha round began 10 years ago. The emerging economies have largely emerged since then. Not just China, even India and Brazil have emerged as major players on global platform," he added.

Despite the long delay, trade ministers and business leaders are not giving up on the trade negotiations, but they admit it is not in the best of health, the statement added.

"Doha is not dead," Australian Trade Minister Craig Emerson said, adding, "I think there is enough life in the Doha Round to persist with it."

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Doha round - talking in circles

T S Vishwanath, Business Standard

Liberalising global trade will require some fresh ideas instead of repeating what has been said for long

Feb 02, 2012: At the recent Davos summit of the World Economic Forum (WEF), Pascal Lamy – director general of the World Trade Organisation (WTO) – blamed the absence of political will and the focus on regional trade for the lack of progress in the decade-old Doha Development Round of multilateral trade negotiations of the WTO.

UK Prime Minister David Cameron amplified Lamy's apprehension of Doha getting sidelined when he called on European Union (EU) leaders to bypass the WTO and seek bilateral agreements with willing partners. He even suggested a US-EU trade agreement that many analysts aver would be a non-starter. Cameron said instead of getting all countries to agree on a deal at WTO, it was better to move ahead and seek bilateral engagements.

The reason many leaders across the globe are seeking to move away from the Doha Round is because no new and acceptable ideas have been advocated to move the Round forward for the past few years. Negotiations have remained stuck on the same issues with countries making no effort to bring a plausible deal to the table.

Before the start of the WEF Summit at Davos, Lamy was part of the 11 heads of institutions called the Global Issues Group (GIG), who as individuals had shared their thoughts to address the challenges faced by global economy. The other members of the GIG included Mark Carney, Margaret Chan, Angel Gurría, Donald Kaberuka, Haruhiko Kuroda, Christine Lagarde, Luis Moreno, Josette Sheeran, Juan Somavia and Robert Zoellick.

The GIG has raised three main concerns for 2012. These included decelerating global growth and rising uncertainty; high unemployment, especially youth unemployment, with all its negative economic and social consequences, and; potential resort to inward-looking protectionist policies.

To overcome these challenges the GIG called for an open trading system, resilient, cross-border finance, sustainable government finances, determined and coordinated structural reforms and finally addressing inequalities in all countries. All these thoughts have been on the table for long and have formed part of several declarations in the last few years. Given the intellectual prowess of the group, a lot more new and innovative ideas for tackling the current crisis could have been generated.

Lamy's talk at Davos on the Doha Round was also, in a way, a repeat of what has been said for long. Lamy is probably the only leader who has seen the Doha Round falter following its grand launch in 2001 – first as EU Trade Commissioner and then as director general of the WTO.

Though it is true that the WTO process can be moved forward only by member countries given the very member-driven mandate of the multilateral organisation, there may be a need for the director general to use strong platforms like the Davos to put across some fresh ideas that are also politically neutral to all member countries of the WTO. He naturally can only suggest and it is for members to take it forward. But using strong platforms like WEF to suggest innovative ideas is essential if the Doha Round is to move forward.

It is interesting to note that it may not be the lack of will alone among countries to liberalise trade that is holding back the WTO negotiations. If that had been the case then there would not have been a spurt of bilateral agreements in the last few years.

Nearly all important countries have signed important trade agreements in the recent past. China has agreements with many countries ranging from New Zealand to Australia, while South Korea and the EU have signed an agreement to increase bilateral trade. India has been very active on this front as well. The US, too, has pushed for a Trans Pacific Partnership Agreement covering a wide range of countries. Many of these agreements between countries have gone beyond just trade and looked at issues ranging from government procurement to investment.

Therefore, the lack of progress at the WTO is not because of protectionist tendencies alone. There is a need to go deeper and look for possible solutions. Lamy and his team need to focus on that if they would want to keep the multilateral trade institution relevant. However, it is important to underline that the onus of keeping the WTO afloat is not on the secretariat but on the membership. It is time leaders and officials look beyond rhetoric and identify some innovative solutions to liberalise global trade at the multilateral level. *The author is Principal Adviser with APJ-SLG Law Offices*

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Doha Talks going in rounds

C.R. L. Narasimhan, The Hindu

The Doha round of trade talks launched in the Qatari capital ten years ago has had a chequered history.

2 January 2012: A meeting of trade ministers under the aegis of the World Trade Organization (WTO) was held in Geneva in mid-December. On the eve of the ministerial meeting, there were very few expectations over the Doha development round.

Meetings of trade ministers are normally held once every two years to give crucial political direction to trade talks. This time, the only outcome that every one expected was that the meeting of trade ministers would finally and formally acknowledge, after ten years of tortuous negotiations, the Doha round of talks was going nowhere and that in its present form it is unlikely to reach a closure anytime soon. Therefore, there was no disappointment when the Geneva meeting ended without breaking the impasse. The communique at the end of the meeting acknowledged the fact that the Doha round was for all practical purposes dead. At the same time, it urged member countries to “more fully explore different negotiating approaches while respecting the principles of transparency and inclusiveness.” These words, like many forming part of declarations at previous meetings, do not amount to anything tangible. What is certain, however, is that without formally giving up their commitment to multilateral trade as embodied by the Doha round, each member country privately agrees that the Doha round is dead and to further trade links seek more practicable avenues such as bilateral and plurilateral preferential trade agreements.

THE POSITIVE AREAS

The Geneva ministerial meeting did achieve something positive in certain other areas, however. It reached an agreement on government procurement and on streamlining the accession process for the least-developed countries. The trade ministers also admitted Russia — the only big economy that remained outside the WTO so far — and three smaller countries into the WTO. But as the lack of progress on development-related trade issues, the yawning gap between precept and practice continues to bedevil the WTO and its members.

The Doha round of trade talks launched in the Qatari capital ten years ago has had a chequered history. Moving in fits and starts, the talks reached a dead end in July, 2008, when another ministerial meeting, also in Geneva, collapsed in acrimony. The differences with the U.S. over a special safeguards mechanism for agricultural products had reached a boiling point. In India, the then Commerce Minister Kamal Nath was projected as one who stood up to the might of the U.S. “for the sake of marginal and subsistence farmers whose livelihood would be compromised by unbridled imports of agricultural products.” In much of the western press, however, Mr. Kamal Nath was branded as a deal-breaker, the one who put the Doha round to sleep.

TALKS BACK ON TRACK

Now under Commerce Minister Anand Sharma, India has tried to put the multilateral trade negotiations back on track.

A mini-ministerial was held in New Delhi. But the deadlock in trade talks has persisted. One very basic

point about trade negotiations, especially multilateral ones, ought not to be missed. Inherently of long durations, these tend to involve many political leaders from each country.

Also, even successful negotiations have outcomes that will be seen after many years. Taking these together, it is fairly certain that the trade ministers, who negotiate, will not be the ones to see the benefits of a concluded trade deal.

In the early years of negotiations however, commerce ministers and officials will have to deal with several pressure groups and lobbies. These partly explain why the Doha round was severely handicapped right from the start.

WHAT NEXT?

With all the failures behind it, it seems naive to even speculate on the resumption of the Doha round, leave alone its successful culmination. Yet, that is what all countries must wish for.

Failure to conclude the Doha round, at least at some future date, will lead to a further erosion in the authority of the WTO. That would be highly regrettable.

Apart from negotiations, the WTO has created fair and equitable machinery for overseeing the implementation of agreements, monitoring and surveillance, capacity building and dispute settlement. These have brought the rule of law to world trade and dispute settlement mechanism especially enables the smallest country to take on the world's biggest economy.

PREFERENTIAL AGREEMENTS

The WTO's initiatives in these have checked protectionism. It would be unfortunate for India if, as a consequence of losing its pre-eminence in negotiations, the WTO becomes less effective in these roles.

The failure of the Doha round has made many countries, including India, to enter into other forms of preferential agreements, either bilateral (India-Japan) or plurilateral (India-EU, India-ASEAN).

These are easier to conclude and the benefits from them can be reaped quickly. However, many trade economists feel that these would stand in the way of future multilateral agreements.

For almost the past decade of negotiations under the Doha round, if there is one point of agreement among countries, it is the less than stellar role of the U.S. Time and again, it has been alleged that the U.S. has been lukewarm in its efforts to move the discussions forward.

The U.S. naturally figures in any discussion on the future of the Doha round. Even a likely date of resumption of talks will depend on how soon a new administration gets into stride after the elections.

Already the U.S. is in an election mode and a new set of key officials dealing with trade may not be keen to restart a multilateral round of trade talks. That is why India's Commerce Secretary Rahul Khullar does not think it will be possible to start afresh before 2014.

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Breaking the deadlock in WTO talks

Suparna Karmakar, Livemint

Dec 29 2011: The eighth World Trade Organization (WTO) ministerial conference concluded on 17 December, with the chairman citing an improved atmosphere but no concrete moves forward on the Doha Round trade talks. Honestly, trade ministers of the 153-member club attended the conference without expectations of any positive outcome, other than to welcome Russia, Samoa, Vanuatu and Montenegro as new members. The deadlocked negotiation has caused a crisis of confidence in the global trade body.

The biennial ministerial conference was held against the backdrop of continuing global economic slowdown and a bleak forecast for 2012. Recent reports indicate a rise in protectionism among the Group of Twenty countries (G-20). Efforts to conclude the trade round by the end of 2011 were abandoned earlier this year; this was followed by a similarly unsuccessful attempt to agree on the early harvest of a least developed country focused mini-package. A reportedly 80% complete draft has been in a comatose existence since July 2008. The US, in particular, has argued that the Doha Round cannot be completed on the basis of the current draft text, unless large developing countries such as China and India agree to grant greater market access for US industrial goods and agricultural products. The one success of the conference was a last-minute deal to seal a reform package of the plurilateral government procurement rules.

On the one hand, the past year also saw the usual entreaties by pro-multilateralism trade commentators such as Jagdish Bhagwati to conclude the Doha Round at the earliest. On the other hand, experts like Mehdi Shafaeddin contend that the idea of life without the Doha could destroy the hope for fair trade is "pure fantasy". The business community seems to agree with this latter group; David E. Lewis, vice-president, Manchester Trade Ltd, has argued that, "we need to get a life please and keep things in perspective". It is interesting to note that the latter two differ in their justifications for the disenchantment while firmly concurring that non-culmination of the Doha Round is not the end of the world as we know it.

The Western business community believes that the outcome of the Doha Round is inconsequential, while trade policy analysts such as Shafaeddin and Dani Rodrik hold that (1) the General Agreement on Tariffs and Trade (GATT)/WTO rules suffer from asymmetries as well as contradictions between the agreed rules and their implementation by the main developed countries, and (2) as far as the Doha Round is concerned, the wealthy nations have not "genuinely" pursued a development agenda despite the fact that the Doha Round was supposed to be a development round. Hence, not only should developing countries not worry about burying the Doha Round, but they should also aim to revise the GATT/WTO agreements to make them development-friendly.

Notwithstanding an official declaration (or lack of it) of the Doha Round's demise, it has been clear for a while that the status quo in negotiation strategies is not working. The problem, however, is in determining a viable way forward. For decades, many have lamented the extent to which Western countries dominate the global economic system, especially in the governance of multilateral organizations which is seen as favouring Western interests. Despite the talk of reform, industrialized countries have repeatedly countered serious efforts that would result in meaningful erosion of their entitlements. However, while to claim that in the present global economic scenario emerging countries

need to step up the plate and take charge of negotiations is justified, the question remains whether the rest of the world, and in particular the industrialized world, is ready to accept their leadership.

For as in the early days of GATT, should China and India (much like the then US and Europe) decide with the other developing countries on a trade package, would the former powers be open to signing on the deal? Would they be agreeable to accepting the consequences of such an economic leadership? For example, will the world accept a global agenda set and run by the emerging economies, where development gets more importance than intellectual property rights and “developmental globalization”, would be a motivating force for trade and welfare gains have greater weight than financial sector profitability? Unlike GATT, WTO is both overtly and covertly more mercantilistic, with negotiations solely focused on reciprocal trade liberalization. It appears that the Western world is not yet ready to embrace this change, and it's not merely because of the fears of the consequences of a Chinese hegemony in the Asia-Pacific maritime route.

What is the way forward? It is clear that the process requires acceptance of joint leadership by the emerging world as a true and equal partner of the Western powers. Until the global economic and political power play settles in a new equilibrium, it will be futile for ministers to meet for these biennial jamborees.

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Doha Round may be completed only by 2014: Khullar

Business Line (The Hindu)

21 December 2011: New challenges such as trade disputes, bilateral pacts may crop up The decade-old Doha Round negotiations for greater liberalisation of world trade are likely to be concluded only closer to 2014, the Commerce Secretary, Dr Rahul Khullar, said on Tuesday.

He blamed the developed countries for not taking forward the proposal for a package of duty concessions for the benefit of the Least Developed Countries (LDCs).

Speaking at a FICCI function, Dr Khullar predicted that the near future would see new challenges including many trade disputes due to the grey areas in the WTO rules and said India needs to be prepared for such disputes.

Other issues

As the Doha Round is deadlocked there would soon be a surge in bilateral trade pacts, he said, adding that other issues that would come to the forefront in the next 3 to 5 years include energy and food security as well as labour and environmental standards.

On the reasons for the delay in the completion of Doha Round talks, the Commerce Secretary said, "In 2012, the US goes into the election mode, and then (we can) look at 2013, as by the time the (new US) administration comes into office... thereafter putting people in place and getting negotiations restarted, if by the end of 2013 we have a deal you will be pretty damn lucky. My guess is you are looking closer to 2014 (for the conclusion of the Doha Round talks)."

Despite efforts to revive the Doha Round "some countries are blocking, evading and just not willing to engage," he said.

He added, "It was pretty clear from mid-2009 that until the great recession played itself out, there was going to be no appetite in the developed world for taking on any trade agreement because they are completely overtaken by the domestic fallout of the disaster that is happening to their economies including falling growth rates and rising unemployment." The World Trade Organisation's Ministerial Conference held last week could not break the Doha Round impasse. The Round, which had started in 2001, has already missed many deadlines due to the persisting differences between the developed and developing countries on the extent of liberalisation of world trade.

Least developed countries

On the Doha Round failing to come out with a package for LDCs, Dr Khullar said: "the developed world has a lot to answer for that and not the developing nations. When in a comity of 157 members, you cannot even agree to help those at the bottom of the pyramid, there is something really wrong."

Pointing out that India has already extended a duty free tariff preference scheme for all LDCs, he said, "We did our bit. But ask yourself how many of you (developed countries) have done it transparently tariff line by tariff line, apart from empty words." He also said there will soon be huge pressure on the developing nations including India to cut tariffs.

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IBSA urges WTO nations to end impasse, conclude trade talks

Ajay Kaul, PTI

Pretoria, October 18, 2011: India, Brazil and South Africa (IBSA) today called upon WTO members to end the impasse over Doha talks for a global trade treaty, build on consensus achieved and work towards successful conclusion of the negotiations.

"To overcome the current impasse and to bring the (Doha) round to a successful conclusion, the (IBSA) leaders reiterated the need to re-affirm the integrity of the mandate that launched the round, and to build on the convergence already achieved," said the declaration issued at the end of the fifth IBSA Dialogue Forum meeting.

The meeting was attended by Indian Prime Minister Manmohan Singh, South African President Jacob Zuma and Brazilian President Dilma Rousseff.

The Doha round of trade talks, which sought to put the interest of developing countries at the centre of the negotiations, have been pending since 2001.

"The current impasse in the negotiations is, therefore, a source of serious concern. The distortions caused by the high levels of protection and subsidies in agriculture in the developed countries continue to undermine the development prospect of many developing countries, especially the least developed countries," said the declaration.

The leaders also urged the members of the World Trade Organisation (WTO) to reach an agreement on measures of interest to Least Developed Countries (LDCs) and not to make them conditional to reaching an agreement on market access issues.

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G-20 trade ministers may meet ahead of WTO talks

PTI

New Delhi, December 14, 2011: Ahead of WTO Ministerial Conference in Geneva, trade ministers of G-20 countries are expected to meet on Wednesday to review the progress of talks on liberalising global trade through the Doha pact, an official said on Tuesday.

Commerce and Industry minister Anand Sharma will be attending the three-day 'Eighth Ministerial Conference' of World Trade Organisation (WTO), beginning from December 15.

The Ministerial Conference is the highest decision-making body of the 153-member multi-lateral organisation, which meets at least every two years.

The trade ministers of BRICS countries - Brazil, Russia, India, China and South Africa - and SAARC are also expected to deliberate on the delayed Doha Round of talks, the official said.

"Before the plenary, we will meet various developing nation members both as a group and bilaterally to coordinate positions of developing countries," Sharma said after reaching Geneva, the WTO headquarter.

The Doha Round of talks, which began in 2001, have missed several deadlines due to differences on the demand by the developed countries on the level of market opening in the developing nations. There are also discords on protection for farmers in the rich world.

Sharma is expected to hold bilateral meetings with Bangladesh and New Zealand. Besides, G-33 member nations are also likely to meet.

G-33 is a group of developing countries that coordinate on trade and economic issues.

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Doha development agenda, aka Dodo

Bibek Debroy, Economic Times

Monday October 17, 2011: The Dodo is extinct. Perhaps incorrectly, the Dodo's flesh is believed to have tasted awful. To many commentators, extinction and loathsomeness are acceptable adjectives for DDA too. By DDA, one doesn't mean Delhi Development Authority. One means Doha Development Agenda. There will be a Ministerial Conference (MC) of the World Trade Organization (WTO) in Geneva in December.

Consequent to attachment for acronyms, this is called MC-8. On an average, there should be an MC once every two years. This Geneva meeting is 8th. The 4th meet in Doha in 2001 launched DDA. Till the 6th one in Hong Kong in 2005, we were on track for going somewhere. No longer. Issues are systemic.

Nitty-gritty of non-agricultural market access (Nama), agriculture or services is less important. With 153 WTO members, decision-making is certain to be messy, especially if decisions are consensus-driven. On paper, WTO is more democratic than World Bank or IMF — not quite in practice.

There is an aristocracy, say US, EU, Japan and Canada, so called Quad countries. Decision-making in any aristocracy is faster than in democracy, not that decisions are necessarily best. During Uruguay Round, aristocracy got what it wanted. They rammed it down the throats of developing countries and LDCs.

We have several developing country/LDC groupings now: African, Caribbean, Pacific (ACP), African group, Apec, Mercosur, G-90, G-10, G-20, G-33, Nama-11, LDCs, small and vulnerable economies (SVEs), Cotton-4 and so on. Compared to Uruguay Round (1986-94), these countries are better equipped and more informed.

This doesn't necessarily mean they know what they want. More charitably, they know what to oppose, in reaction to suggestions from developed countries. But there isn't a proactive agenda. However, because of greater awareness and capacity, WTO has become more democratic, and that is the aristocracy's problem.

Hence, we have odd suggestions. Uruguay Round was an entire package or single undertaking: take it or leave it. You couldn't unbundle it. But US/EU can't get DDA going with 153 countries. All 153 economies don't matter equally in trade and related negotiations.

Therefore, break them up and create hierarchy among countries. As long as you have Brazil, India and China, so-called emerging economies, on board, all is fine. At best, one can add South Africa, Argentina, Indonesia, Malaysia and Mexico. There are several different ways this splintering idea is floating around.

First, let's go plurilateral and dilute the single undertaking clause. A multilateral agreement is negotiated under WTO and is mandatory on all WTO members. A plurilateral agreement is negotiated under WTO, but is open for signature to countries that wish to. WTO has a liberalisation role.

It also has a regulatory role, enforcing rules. As of now, the two roles often blur. But somewhere down the line, difference between two roles will become clearer. Contrary to what we think, WTO's role in triggering liberalisation has been limited, except where countries have acceded to WTO after WTO was

formed.

Liberalisation has often been unilateral, or triggered by structural adjustment measures. In this plurilateral idea, we are effectively saying we won't get liberalisation by re-negotiating among 153 members. Let us limit the canvas, a bit similar to what is being done through regional trade agreements (RTAs). Phrases like early harvest and partial harvest are floating around.

More accurately, early harvest was used earlier. Given impasse, one now finds expressions like partial harvest. The key point is: what is the harvest and who is doing the harvesting? As India, we might be happy we are now at the high table. But it seems to me that all these proposals negate democratic principles carefully nurtured and built.

With this emphasis on plurilaterals and RTAs, no one is particularly interested in DDA now. US and EU have their own internal economic problems, apart from political electoral cycles and review of Common Agricultural Policy, due in 2013. There are quantifications of welfare, consumption and export gains that might result from DDA liberalisation.

That is peanuts compared to numbers involved in fiscal stimulus packages. Before 2013, there is no obvious reason why developed countries should be interested. Ditto for Brazil, India and China. Nama demands, agricultural liberalisation offers and even service sector proposals are not attractive enough.

That a change is going on in global sources of economic power is known. However, we are in an interregnum. The former aristocracy expects emerging market economies to don the mantle of leadership — and contribute financial resources — without accepting reforms in decisionmaking structures of international institutions. That's non sequitur. Without mentioning names, why haven't we had a Chinese head of IMF and a Brazilian head of WTO so far?

DDA is in ICU now. But at MC-8, no minister is likely to publicly proclaim demise of DDA. That would be PR disaster. DDA should revive after 2013. Some people argue end of multilateralism will be disaster for smaller economies.

They are likely to get their arms twisted more in bilateral negotiations. As a proposition, that is unquestionable. But it is a red herring. DDA in limbo doesn't mean end of multilateralism. Uruguay Round agreements still exist and so do their rules and WTO as enforcer of those rules.

In DDA proposals so far, there has been little incremental refinement or addition to those rules, dispute settlement, antidumping, anti-subsidy, safeguards, special safeguards, SPS, TBT included. All that one is temporarily sacrificing is prospect of further market access liberalisation. In that, a no deal is no big deal.

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Doha round conclusion not possible before 2013: Khullar

Special Correspondent, Hindu

India will not be pressured to change its agenda at any cost

Commerce Secretary Rahul Khullar on Friday said the Doha round of talks under the World Trade Organization (WTO) umbrella were 'stuck'.

"Doha is stuck. The question arising in everyone's mind is where do we go from here?" Mr. Khullar said here.

Talking to reporters, Mr. Khullar termed as 'rude' the sharp attack by U.S. Ambassador to WTO Michael Punke on India's restrictive trade policy in the area of farm tariffs in Geneva on September 14. "One thing is clear that it would not be possible to conclude the Doha round by the end of 2011. It is also crystal clear that it will also not be possible to strike a trade deal during 2012 because one country is going to go through a very long, drawn out election at that time," Mr. Khullar said in reference to the Presidential polls in the U.S. next year. India and the U.S. had been at loggerheads with each other at the WTO forum during the long drawn Doha round of talks in the past one decade. India would not be pressured to change its Doha agenda at any cost, Mr. Khullar said. The WTO negotiations have seen numerous deadlines come and go and new deadlines being set for conclusion of talks without any tangible progress or results. There has been a strong disagreement over rich-country farm subsidies and access to developing-country markets for manufactured goods. "For two years, the U.S. has not allowed the talks to go on. What you are seeing today is people jostling for position to determine what the agenda will be," he added.

Washington is demanding that major emerging economies like China, India and Brazil should make generous offers that reflect their tremendous growth in exports over the past decade.

Meanwhile, Mr. Khullar advised exporters to cash their dollar earnings without being greedy.

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India WTO Review Highlights Growth, While Urging for More Reforms

Bridges Weekly Trade News Digest

21 September 2011: The last four years have seen strong economic growth in India, largely as a result of trade liberalisation and structural reforms set in motion in the 1990s, according to a new WTO secretariat report on the country's trade policies. While the country has done well to avoid the adoption of protectionist trade measures in response to the global economic crisis, the report found room for improvement in areas such as agricultural import tariffs, transparency in government procurement, and the use of anti-dumping measures.

WTO members met on 14 and 16 September to review the report from the trade body's secretariat; the report, known as the Trade Policy Review (TPR), praised India's promotion of sustainable growth through trade policy and foreign direct investment. The review also lauded India's ability to use trade policy for the achievement of long term goals, such as promoting economic growth.

However, the secretariat warned, India's tendencies toward using trade policy for resolving short term problems such as inflation could be counterproductive. The report noted that using trade policy instruments for such purposes "may detract somewhat from the stability sought, as this requires constant fine tuning of policies, rendering the trade regime more complex."

Members at the review largely acknowledged India's efforts in reducing average most favoured nation (MFN) tariffs; during the period under review, MFN tariffs fell from 15.1 percent in 2006-7 to 12 percent in 2010-11. Attempts in India to "streamline customs procedures" were also commended by both members and the secretariat report, particularly the adoption of an electronic customs clearance system.

Agriculture, antidumping policies draw notice from members

Agricultural tariffs and anti-dumping measures took centre stage in the review's suggestions for further improvements, and drew particular attention from the US at the review.

Despite an overall drop in tariffs, the review reported an agricultural tariff rate of 33.2 percent, compared to 8.9 percent for manufactured goods. This protective trade policy is propagating "low productivity and modest growth rates," the report cautioned.

US Ambassador Michael Punke, in his statement at the review, acknowledged the challenges posed by inflation in India; however, he also called for increased openness in the country's trade policies, placing particular emphasis on "long-term reductions in agricultural tariffs, and removal of unjustifiable sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT) impediments on agricultural imports."

Chairperson Mario Matus, who is also Chile's ambassador to the global trade body, also highlighted in his concluding remarks the questionable "scientific basis for certain [SPS] measures adopted by India" and urged the country to eliminate those technical standards that were acting as trade barriers. Similarly, the review cited India as one of the highest users of anti-dumping measures, which target products whose price abroad is less than that in their country of origin.

The secretariat report found that India had initiated 209 anti-dumping investigations against 34 trading partners in the period covered by the review period, imposing 207 anti-dumping measures; this was an

increase from the 176 anti-dumping investigations and 177 anti-dumping measures initiated during the previous review period.

The US also spoke out about transparency concerns, citing “India’s failure to submit required notifications to the WTO, particularly in the areas of agriculture [and] subsidies,” and not regularly engaging in public notifications of matters impacting trade and investment as a source of difficulty for those firms seeking to conduct business in India.

Doha issues creep into discussion

While the review generally praised India’s involvement in the Doha Round negotiations, the US made a point in its remarks to bring up the long-standing differences between the US and India in the struggling trade talks.

Punke noted that, while the US “support[s] India’s use of an open trade policy” to fulfil objectives of inclusive growth and economic development, such support “underscores our disappointment in India’s reluctance to participate in meaningful market opening through the Doha Round negotiations, despite India’s place as one of the world’s fastest growing economies.”

The US has long disagreed with Brazil, India, and China over industrial sector tariffs, with the US arguing for mandatory participation in ‘sectorals,’ i.e. the cutting of tariffs across an entire industry. Washington has asked that emerging economies take on greater responsibilities when it comes to non-agricultural market access, in order to reflect their growing role in the global economy.

More information

Trade policy reviews are held for all WTO members; the global trade body’s rules mandate that the four largest traders - China, the EU, Japan, and the US - undergo such reviews every two years, with other countries having longer lag times between reviews. The last review of India’s trade policies was in May 2007. *ICTSD reporting*

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Questions over Future of Doha Intensify as Ministerial Draws Nearer

Bridges Weekly Trade News Digest

15 September 2011: As the WTO returns from its summer recess, members are actively looking at what options remain for the struggling Doha Round of trade talks, especially given the fast approach of December's WTO Ministerial. While some WTO members, such as the US, are suggesting that the global trade body's membership acknowledge that the round is "deadlocked," others are urging the exploration of other possibilities.

Prior to the August break, trade officials had agreed that the earlier plan to pursue an LDC-plus package - one that had deliverables for Least Developed Countries (LDCs) - for the December ministerial was no longer feasible. With members unable to reach consensus on what non-LDC issues, or even what LDC-specific issues, might be included in such a package, the decision was made to change tracks and focus on non-Doha issues for the ministerial, along with a post-December work plan for Doha.

Much of the stalemate being seen in the trade negotiations stems from a long-running dispute between the US and emerging economies, such as Brazil, India, and China, over industrial tariffs, along with disagreements over cutting farm subsidies in developed economies. In the former case, the US has asked for mandatory participation in 'sectorals' - the cutting of tariffs across an entire industry - insisting that emerging economies take on greater responsibilities to reflect their larger role in the global economy.

The agriculture dimension of the embattled Doha negotiations featured prominently in last week's meeting of Cairns Group ministers. The group of 19 agricultural exporting countries met from 7 to 9 September in Saskatoon, Canada, to assess the state of play of the talks and urge WTO membership to push forward toward a successful conclusion of the Round. For more on the Cairns meeting, see our related story in this issue.

In a 9 September interview with LiveMint, a business news website that partners with The Wall Street Journal, WTO Director-General Pascal Lamy urged that it was time for members to recognise that the industrial tariff issue is holding up progress in other negotiating area. "The question is whether through smaller steps we can get to a final global deal," he said.

Frustration over the industrial tariffs issue also surfaced in recent statements from EU and US officials. US Ambassador Michael Punke, in a hearing on 12 September before the US Senate Finance Committee, told committee members that "the Obama Administration, with the strong support of Congress, believes that China and other emerging economies must shoulder new responsibilities to reflect this change. So far, they have been unwilling to do so."

Punke also rebuked some WTO members for their "reticence" regarding recent US suggestions for resolving the problems that caused the 2008 breakdown in Doha negotiations, adding that such reluctance left the US with "very little to show for those efforts."

EU Trade Commissioner Karel De Gucht, in a statement made to the EU Parliament and European Commission president on the same day, also brought up the sectorals issue. He noted that the root cause of the impasse was "fundamentally divergent expectations regarding the reciprocity of commitments that developed and emerging countries should take in opening their markets: one side

asked for almost full harmonisation of commitments, while others insisted on far-reaching and preferential treatments.”

De Gucht added that the EU remained in between those two extremes, and even made a proposal to that effect - one that, he found, “got large support from the concerned industries [but] there was unfortunately not enough traction around the negotiating table to negotiate further on the basis of this - I believe - good proposal.”

Next steps for Doha unclear

As one developing country official told Bridges, “the situation is very confused on the Doha track.” Members are now working with the Director-General on both non-Doha issues and a plan for Doha itself.

Over the summer break, various conflicting viewpoints on the general future of the Round have emerged. These viewpoints, the official noted, range from abandoning the Doha talks entirely, to freezing the Round and “taking time off” in response to the financial crisis, to abandoning the “grand design” under the single undertaking principle - under which nothing is agreed until everything is agreed - and instead addressing issues “piece by piece.” Some members also blame the mandate of the talks themselves, set in 2001, for being outdated.

As a result, the official stated, it becomes “inevitable” that the Doha discussion will shift to a more “holistic approach,” and delegations will have to “prepare and structure that discussion” for ministers in advance of the December gathering.

Punke, at the US Senate Finance Committee hearing, took a decidedly pessimistic tone when discussing the US’s view of the future of the trade talks.

“What we are doing today in the Doha negotiations is not working,” Punke said. “That is not a value statement, but a simple assessment of the facts. After ten years, we’re deadlocked.” He added that whether the WTO’s membership can “acknowledge the reality of our situation will be the first test of whether we can devise a credible path forward that will expand market access and strengthen the institution.”

According to observers, delegates are being forced to acknowledge that pushing the Round through to a conclusion anytime soon is less and less of a realistic outcome.

“The air of pessimism is all pervasive, at the moment, because it’s hard to find anyone who seriously believes that much will come before the ministerial,” Simon Evenett, a trade professor at the University of St. Gallen, told Bridges.

“All you can say about the current situation that is good is that reality has finally intruded, and the people are able to see just how far we have to go,” he said. “The fantasy is over and the stark reality is laid before us.”

While consensus on how to resolve the Doha stalemate is lacking, many observers agree that any progress will depend largely on political leadership from members.

In a speech to CUTS International in New Delhi, Lamy told the audience that ministers will “have to talk turkey” at the December ministerial. “The debate is not about whether we bury the round or whether we fix another artificial deadline to conclude it. If we are clear that the issues in the Doha Agenda need to be fixed, the challenge before us is to find the political courage and the pragmatic steps which will lead our members to have an honest negotiation,” he stated.

The upcoming weeks

Next week will see a meeting of the so-called G-11, a group of WTO members that includes Australia, Argentina, Brazil, Canada, China, the EU, India, Japan, Mauritius, South Africa, and the US. Earlier this year, the G-11 tried to kickstart a “horizontal process” in which WTO members could make tradeoffs across different negotiating areas. The countries will now discuss the Doha and non-Doha agenda for the ministerial, according to sources, that will “hopefully give us an honest discussion of where we are.” It’s “essentially a political discussion” for ministers, the source added.

While talks on non-Doha issues for the ministerial appear to be in the early stages, some countries are putting together proposals on areas such as “21st century issues” - food security, climate change, etc. - and currency issues, among others. *ICTSD reporting.*

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Take smaller steps to reach final deal

Mint

9 September 2011, New Delhi-- Pascal Lamy, director general of the World Trade Organization (WTO), is in the most difficult phase of his long career. The Doha Round of multilateral trade negotiations is on the verge of collapse because of a widening rift between developed and developing nations. Lamy, 64, who was in India earlier this week, says the view that a more staggered approach should be taken on the Doha Round makes sense. Edited excerpts:

Do you think a multilateral trade agreement as comprehensive as Doha was ahead of its time, which is why an agreement has been elusive so far?

That is the view of some. Some people say that it is too ambitious, that the agenda was too large compared to the Uruguay Round, that the number of participating countries is also much larger. They say the combination of a larger agenda and a single undertaking and many more players may be over-ambitious. I am not sure this is right because the WTO mission is to regulate multilateral trade where it needs changes in existing regulations. And I do not see which part of this agenda was not relevant. It is not a question of whether the agenda was relevant or not, it is a question of whether the complexity of the agenda was doable. Hence, the view that some have expressed, that we will need to discuss for the WTO December ministerial meeting whether a more staged approach is better, whether a more staggered approach in which we look at the issues one by one instead of linking everything with everything makes more sense. In other words, a more pragmatic approach under which each area is looked at on a standalone basis on its own merit. That, of course, will necessitate an agreement among members. It remains to be seen whether they accept that or not. This is something we need to test in coming times.

So what you are suggesting is splitting up the Doha Round of negotiations into separate areas.

I am not there to make suggestions. But this approach is one that I have heard from many WTO members.

But on Monday we heard India's commerce and industry minister Anand Sharma say he wants the Doha agenda to be completed as a single undertaking, which means India is opposed to it.

I do not think both are incompatible. There is a provision in the Doha declaration which provides with what we call in our jargon for "early harvest". This means provided there is enough understanding among members, individual areas could be part of an early harvest.

So, in hindsight, do you think putting everything together agriculture, nonagricultural market access, and services as a single undertaking for negotiations may have been a mistake?

All the issues on the agenda are relevant. They are included because members believe they need to be changed. But today, we have to face the reality that disagreement over industrial tariff reductions for the moment is holding up the rest of the topics. The question is whether through smaller steps we can get to a final global deal.

Are you still hopeful of a small Doha package for least developed countries (LDC) in the December ministerial conference?

We have tried this between Easter and the month of July with this LDC-plus package and the reality is that it did not work. Some members were ready to have a package of measures for the world's LDCs on a stand-alone basis. But some were only ready to do this provided other topics were also part of the package. It did not work. We now need to ensure that the ministerial conference in December will conclude with a path that allows negotiations to resume and to exit the stalemate that we are in.

How justified is the argument that emerging economies such as India and China should contribute more towards a Doha agreement than envisaged earlier, given their growing economic stature? What is your stand on the issue?

Not for me to take sides. What I have to do as the WTO director general is provide members a diagnosis of the situation on what the reasons of the stalemate are. Certainly, one of the reasons is the difference in views between the US on one side and the emerging nations on the other side. The US says the emerging countries have now developed to a point which requires them to accept trade disciplines which are "developed country-like" rather than "developing country-like". On the other side, emerging countries say they recognize they are not like LDCs. They are ready to subscribe more disciplines, more market opening than poor countries, but this does not mean they are ready to consider themselves as developed countries. They say they still have huge domestic development challenges. Whether a compromise can be found between these two positions clearly remains to be seen and this is what for the moment stalemated the industrial tariff reductions.

There is an overwhelming view among developing countries that Doha Round is stuck because the US president lacks the fast track authority for trade negotiations, without which countries are not willing to open their cards. Do you agree with that view?

I don't subscribe to this view. After all, the US had fast-track authority for bilateral agreements with Panama, Colombia and South Korea. These countries are still waiting for Congress ratifying this agreement. So having fast track authority is not where the main difficulty lies.

Don't you think a window of opportunity has been lost in 2011 and the next opportunity can come only after the US elections are over by 2012end?

I hear this view. But we have electoral cycles and political cycles in each and every WTO member. So if negotiations have to stop every time we have an election somewhere, then there will never be an international negotiation.

US is a major player but it is not the only player. We have just had a change of leadership in Japan. We also have a change in leadership in China. The WTO system operates in a sort of medium to long-term time frame and we have to be able to weather the durations of election cycles among our members.

It seems, so far, WTO is opposed to the innumerable preferential trade agreements (PTA) being signed by member countries. Why? Is it not the norm of the day? Why can't WTO accept it and work around them and find a role for itself?

I would not agree that the WTO's position is against PTA. If you read the WTO World Trade Report published in July, it (is) entirely devoted to the issue of the coexistence between the preferential agreements and multilateral rules... The message we sent is that as long as PTAs are about tariff reduction, there is no real problem of coexistence because the more preferences you give, the less preference you have. The multiplication of preferences is by definition eroding them. But there is a potential problem in preferential agreements with different regulatory agreements. A multiplication of regulatory regimes risk scattering the multilateral trade regime and limiting economies of scale, so, this is where we need more and better multilateral disciplines.

Do you mean to say that some of the bilateral regulatory agreements are against WTO rules and, hence, can be challenged in WTO?

It is not so much about regulatory regimes being against the WTO. It is more about the multiplication of regulatory regimes which can create barriers for global value chains.

What is your view on ACTA (Anti counterfeiting Trade Agreement)? Is it not against the TRIPS (Trade Related Aspects of Intellectual Property Rights) agreement? Why has WTO not spoken against it?

ACT A has been negotiated outside WTO. The TRIPS agreement says that nothing in the agreement prevents parties from negotiating TRIPS plus discipline. Now, whether what is in ACTA matches this condition or not is not for me to say. If some WTO members believe ACTA enters into a ground that is non-compliance with TRIPS, it is up to them to raise this issue in the WTO. In the WTO, only members have the ability to do so.

Many developing countries, including India, are not supportive of what are called the "21st century issues" such as climate change, exchange rate and food security, which WTO is expected to take up. How do you see progress on these issues?

I don't think there is an agreed position among developing countries. It is Brazil which recently introduced trade and currency in a working group at WTO. Food security is being pursued by many net food importing countries such as those in the African group. So, it is a developed versus developing (issue), which is why we have to continue with the discussion, including at the upcoming WTO ministerial in December.

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End of the road for Doha?

Nayanima Basu. Business Standard

New Delhi, 10 August 2011: Developed nations crave market access but don't want to cut subsidies, thereby jeopardising the future of multilateralism

When a high-level Expert Group on Trade, chaired by former head of World Trade Organisation (WTO), Peter Sutherland and eminent trade economist Jagdish Bhagwati, got together to cast their verdicts on the Doha round of trade talks, Bhagwati famously compared it to a parrot in a skit performed by British comedy troupe, Monty Python. In the skit, a customer holds up a dead parrot in a cage while the shopkeeper insists that the parrot is 'resting'. When the parrot drops off its perch and hits the floor of the cage, the customer is convinced that the parrot has died while the shopkeeper still insists that the bird is only 'stunned' by the fall.

Bhagwati has happened upon a perfect analogy for the most recent round of trade talks that the world has seen under the aegis of the WTO and the first since the Uruguay round of talks ended in 1999. The Doha round was given life towards the end of 2001, and it was hoped, would usher in a new era of cooperation in trade and multilateralism. Instead, several rounds of negotiations have failed to meet the set deadlines in order to successfully conclude the round. This is mainly because developed countries (US, Europe) have refused to reduce trade distorting subsidies that would allow developing ones (India, China, Brazil) to export more.

As the negotiations have progressed, in general, exceptions for developed countries have become more generous, while flexibilities for developing countries have been made more stringent. Not only has the overall number of Special Products (SP) which can be shielded from tariff cuts by developing countries declined, a requirement of an overall average tariff cut for all SPs has been introduced. "Any scramble for seeking market access from the so-called advanced emerging countries, which goes beyond the existing negotiating mandate, can only erode the credibility of the rule-based multilateral trading system of the WTO," said Abhijit Das, head, Centre For WTO Studies, Indian Institute of Foreign Trade.

For instance, upholding the decision of WTO's General Council, would have required a substantial reduction in developed country farm support, elimination of export subsidies and substantial improvements in market access. Further, the Doha Ministerial Declaration mandated Special and Differential Treatment to be provided to developing countries for their development needs. Doha negotiations appear to have fallen short on each of these elements.

"We are stuck, this is true, but the members are committed to finding a way forward and I am sure that they eventually will," WTO director general Pascal Lamy told Business Standard. Lamy has been spearheading the talks as DG WTO for the last six years.

Naturally, many feel doubtful whether the upcoming meeting of the trade ministers from all 153 members at the WTO headquarter in Geneva from December 15 th -17 th —in effect, Doha's last dance—will be able to achieve anything at all. With the global economy potentially heading into another recession, the Doha round can be sure of commanding very little of the world's attention. "Doha for sure is dead now, at least for few years. Countries might seek to revive the talks again by 2013-14 when hopefully the global economy would be in a better position to negotiate," says Manoj Pant professor, Centre for International Trade and Development, School of International Studies, JNU.

If Doha does die out, the next obvious question is, do we need to spend all this time and money on trade rounds that seemingly go nowhere? Fact is, a multilateral trading regime is always required as it prevents a tariff war from breaking out. Countries may just start talking again under a new form and agenda just as the Uruguay round was continued with a development dimension that came to be known as the Doha round.

There are huge benefits to the opening up of trade. Lamy himself has conservatively estimated that the Doha deal will bring an increase of at least \$130 to global trade. Other estimates suggest that global income could rise by at least \$3,000 billion a year.

This hasn't stopped the US from furthering the state of paralysis by making it clear that it would not negotiate based on the negotiating texts that were issued in 2008 because it believed that those texts did not have sufficient market access provision for themselves. Hence, the US wanted countries such as China, India, Brazil and South Africa to give it more concessions. This led to the issuance of another set of texts during Easter this year, which were not accepted by a large number of countries, especially the developing ones. "The US is not in a position to offer anything but to take more from others. Their economy is in deep trouble and they do not have the backing of the Congress to do the deal," says Biswajit Dhar, director general at Research and Information System for Developing Countries.

Earlier this year, while delivering a lecture on Doha round in FICCI, Bhagwati had underscored the fact that failure to conclude Doha would undermine WTO's image as a credible institution. Perhaps the whole endeavour was misconceived. "In hindsight, the Doha agenda appears way too ambitious given that the deal was to be done in only four years and that too through a single undertaking where the ambitions in all the sectors were to be balanced," says Dhar.

Meanwhile, where multilateralism and Doha seem to be on the retreat, bilateralism has thrived. Since 2008, when the negotiations last broke down in Geneva, India has signed a number of comprehensive bilateral deals with countries like Japan, Korea, Malaysia and the 10-member ASEAN (Association of South East Asian Nations) bloc. "Increasingly the second function of WTO that is trade liberalisation is being performed in alternative forums namely the regional groupings that have led to numerous regional trade arrangements (RTAs) or bilateral free trade agreements (FTAs). These RTAs are driven by the mutual interdependence of neighbours as well as reciprocity," said Nagesh Kumar, chief economist and director, UN Economic and Social Commission for Asia and the Pacific (UNESCAP).

In the meantime, all eyes are now on the December talks where the future course of Doha will be decided.

The Doha talks started on a note of egalitarianism, of letting poorer nations export more of their products while the rich countries gain market access for their industrial produce. Instead, the game revolved around developed countries gaining more and more tariff-free access of developing country markets in a suspiciously brazen, neo-colonial agenda. For multilateralism to succeed, trade to flourish and cooperation amongst countries in an increasingly interlocked global economy to thrive western nations need to assuage their developing partners that this isn't business as usual.

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Any Future for Doha?

Washington Trade Daily

July 9, Geneva – Trade envoys from 10 key industrialized and developing countries held a “brainstorming” meeting last week to discuss long-term prospects for the Doha Development Agenda negotiations, looking toward a decision for the next World Trade Organization ministerial meeting in Bali next year, WTD has learned (WTD, 7/5/12).

Attending the closed-door dinner meeting last Wednesday were envoys of the United States, China, India, Brazil, Japan, Australia, Norway, Mauritius and Nigeria in addition to a senior trade official from Brussels.

WTO Director General Pascal Lamy also attended.

Some industrialized countries ruled out any conclusion of the 11-year-old negotiating round without first “re-balancing” the mandate by taking into account the growth of emerging countries over the decade, said trade diplomats familiar with the meeting. They insisted on pushing hard for a short-term agreement on trade facilitation.

Envoys from Australia, Japan and the EU stated that they stand ready to pursue other issues, such as the 28 already-agreed Doha specific proposals in the Special and Differential treatment flexibilities and a monitoring mechanism for implementation of S&DT issues.

The industrialized countries indicated that they had already delivered on the simplification of LDC accession benchmarks.

Some industrialized countries warned that the credibility of the WTO and the multilateral trading system as a whole will be imperilled if there is no agreement on trade facilitation by the time of next year’s ministerial. They also underscored the need for taking up new issues – such as investment, a “standstill” mechanism and food security before the start of the ministerial.

In sharp contrast, trade envoys of the developing countries said an agreement on trade facilitation will hinge on progress on the core developmental issues in the Doha mandate. While the developing countries welcomed the industrialized countries’ assurances to address agreement-specific proposals in the Special and Differential Treatment area, they asked what the industrialized countries intended to do on other developmental issues, like export subsidies, export credits, food aid, disciplining state trading enterprises and tariff-rate quota administration in the Doha agriculture package, WTD was told.

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Ministerials

Statement by H.E. Shri Anand Sharma at the Eight WTO Ministerial Conference

Minister of Commerce and Industry to the Plenary Session of MC8

15 December, Geneva: 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% of global exports of all LDCs and provides duty free and preferential tariff access on 94% 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. Thank you.

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December talks to look at future course of action

Nayanima Basu, Business Standard

9 August 2011: Trade ministers from 153 member countries will meet for the eighth Ministerial Conference at the World Trade Organisation (WTO) headquarters in Geneva from December 15 to 17. The members are expected to chalk out the future course of action to keep the decade-old Doha round of global trade talks going, said WTO Director General PASCAL LAMY in an interview with Nayanima Basu.

Edited excerpts:

Is the Doha round dead?

Multilateral talks are never declared dead. No member has declared the talks finished and I don't expect that any of them will. Look at the disarmament talks or negotiations on whaling. These negotiations have gone on for decades and they are still on-going. In the world of today, our problems are global in nature and the solutions to these problems must in turn be global. Whether it is about addressing the inequalities of the multilateral trading system, combating global warming or addressing hunger and poverty, the only way forward is with governments working together. Reaching decisions in a multilateral framework is difficult, but there is no real alternative.

There was no consensus on package for the Least Developed Countries (LDCs)?

There was an effort to try and agree on an LDC package to implement earlier commitments, which would significantly reduce trade-distorting subsidies to cotton farmers, and open developed country markets and emerging markets, which are able to do so to at least 97 per cent of exports from LDCs. However, it became clear that political sensitivities, particularly in Washington, did not allow this to happen. So we tried to put together a package specifically for LDCs and add other issues like trade facilitation. But key countries had concerns with one issue or another, while others wanted to add more issues to the mix. In the end, the necessary movement in positions that would allow our members to reach a consensus was not forthcoming.

Will you discuss the LDC package in the upcoming December ministerial?

We will continue to see if we can reach an agreement on an LDC package.

What is going to be the main agenda of the December ministerial?

First and foremost, the conference will focus on the regular work of the WTO, including reviewing and giving direction to all the areas which take up the day-to-day work of the organisation. Members believed it was more productive to focus on the preparations for the eighth Ministerial Conference in December and to begin the difficult discussion of how we pick up the Doha round in 2012. The principal focus will be the preparation for the 8th Ministerial Conference and charting the future course of the Doha negotiations.

Although it is wrong to suggest Doha and WTO are synonymous, it is an unfortunate reality. So does the failure of Doha talks mean a dent in WTO's credibility?

You are right to suggest that the WTO is a great deal more than the Doha negotiations. The WTO oversees trade agreements that constitute the foundation of the global trading system and disputes that are being negotiated for over 60 years. We provide the forum for the settling of disputes among member countries, we monitor developments in the trading system and we interact closely with other organisations in programmes such as Aid-for-Trade. These functions have little connection to the negotiations, and I do not see them being adversely affected by the current lack of agreement on the Doha round. Our problems with the Doha round are of concern, of course, but the overall functioning of the WTO remains very good.

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WTO Ministerial Ends With Whimper as Discussions Over Doha Round Stall

Daniel Pruzin, WTO Reporter

December 20, 2011, GENEVA—Members of the World Trade Organization wrapped up a three-day Ministerial with a whimper as divisions on how to advance the stalled Doha Round of trade talks continued to mark the discussions.

The first two days ended in a celebratory atmosphere of the first two days. Russia's 18-year effort to secure WTO membership concluded and similar marathon negotiations on a revised Government Procurement Agreement (GPA) wrapped up. The finale of the conference saw a return to the cold reality that the organization's members remain sharply divided on a number of key issues, the Doha negotiations being chief among them.

The chairman of the meeting, Nigeria's Minister for Trade and Investment Olusegun Aganga, wrapped up the proceedings with a summary that highlighted the numerous differences among members on issues such as the introduction of new issues on the WTO agenda, what alternative approaches should be used to advance the Doha talks and under what conditions, and even whether the membership should commit to refraining from imposing new barriers to trade.

"During the course of this conference, the extent of our differences on the full range of WTO issues has been evident," Aganga declared at the close of the meeting.

No Grand Gesture

WTO Director-General Pascal Lamy admitted the Geneva ministerial was not a "high ambition" meeting and said that, given the current economic and political climate, now was not the time to attempt a grand gesture to break the Doha deadlock.

"The truth is that we are in an environment which is bad," the WTO chief declared. "I will sometimes be tempted to take an initiative to move the thing forward, but in times like this one I'm three times more careful on the 'do no harm' principle because, again, the overall ambience is not good."

Aganga cited numerous divisions among the membership that marked the ministerial discussions.

"Some ministers highlighted the importance of keeping markets open and the need to resist protectionism in this challenging global economic environment," he said, while others "stressed the use of existing WTO-consistent policy space to achieve economic and developmental objectives should not be curtailed."

"Some ministers stressed that the WTO needed to address and respond to current global challenges, while others harbor reservations about introducing new issues," he added. "A number of ministers support a proposal to establish a work program on the trade-related responses to food price volatility, others note that the issue of food security was multifaceted and needed to be look at in its entirety, including the impact of export restrictions on international prices."

Divisions Over What to Do Next

The chairman also said that while all ministers “expressed deep regret at the impasse currently facing the Doha Round,” the officials “were divided on what to do next.”

“Some ministers suggested exploring plurilateral-type approaches for moving the round ahead,” Aganga said, referring to the idea of negotiating separate agreements among interested WTO members. “Others said that any new approaches had to conform to the Doha mandate and not undermine multilateralism.”

While such division and diversity of views was not necessarily a bad thing and even normal in any international organization, “at a time of mounting economic difficulties, there is clearly a need to strive for common ground and avoid a paralysis which prevents us from taking the collective action that the world expects from us,” he declared.

Kirk Says Deadlock Deep Concern

U.S. Trade Representative Ron Kirk said the deadlock in the Doha negotiations was of “profound concern” to all WTO members.

“We have all acknowledged our impasse, and we confront stark questions about when, and under what circumstances, success may come,” he declared. “The frank recognition that our current path is simply not leading in a fruitful direction is the only logical place to start if we are to find a better and more productive path for conducting negotiations within this institution.”

Kirk stressed the need for WTO members to be “creative” in finding a solution.

“What we really need is a bit of freedom and room to experiment with innovations and enable honest conversations that can help us work together more effectively as an organization.”

Taiwan's economics minister, Yen-Shiang Shih, said the ministerial conference produced “some positive and some negative” outcomes.

Positives, Negatives

On the positive side, Shih cited the conclusion of accession negotiations with Russia, Montenegro, Samoa, and Vanuatu; the agreement on the revised and expanded GPA; and discussions on addressing the needs of the organization's poorest members as positive outcomes of the meeting.

On the negative side, Shih cited the lack of direction on how to jump-start the stalled Doha Round of trade talks, now entering its 11th year.

While WTO members reaffirmed their determination to successfully conclude the Doha negotiations, “there were no concrete actions or ideas on how to resolve the impasse,” he said.

Officials taking part in informal ministerial discussions on the Doha Round on Dec. 17 said there was nothing new presented in the meeting and no real debate on how to get the round back on track. That was intentional, in part, with key WTO members agreeing before the ministerial conference not to engage in negotiations in order to avoid derailing the meeting.

Aganga noted WTO members were supportive of the idea of working for an “early harvest” on issues under the Doha mandate which were closer to agreement than others. Under Paragraph 47 of the 2001

Doha Declaration setting out the negotiating mandate, agreements reached at an early stage in the Doha negotiations “may be implemented on a provisional or a definitive basis.”

However, the discussions revealed a continued divide over what issues should be the focus of any “early harvest” discussions, with the European Union reiterating its call for talks on issues such as trade facilitation and certain industry-specific “sectoral” agreements. EU officials earlier indicated that agreements in sectors such as forestry, medical products, and gems/jewelry could garner support among both developed and developing countries.

Question of Plurilateral Talks

Another idea that has been suggested by the global services industry and which was the focus of speculation at the ministerial was possible “plurilateral” negotiations among interested countries on a separate agreement covering services.

Proponents cite Article V of the WTO's General Agreement on Trade in Services (GATS) as the possible basis for such negotiations. Article V states that the GATS Agreement “shall not prevent any of its Members from being a party to or entering into an agreement liberalizing trade in services between or among the parties to such an agreement,” provided that such an agreement has “substantial sectoral coverage” and “provides for the absence or elimination of substantially all discrimination.”

Kirk told BNA the United States was supportive of plurilateral negotiations on a high-standard services agreement outside of the formal Doha framework.

“(W)e'll work in Doha but we're going to work in plurilateral forums, we'll look at services, we'll look at other areas ... we'll look at every available opportunity we have,” he declared.

Focus on Services Next Year

An official with one country favorable to the idea of a services plurilateral told BNA that there was no real discussion on the initiative at the ministerial conference, but said the idea was likely to be the focus of attention among interested countries next year.

Trade ministers from Brazil, Russia, India, China and South Africa—the BRICs countries—issued a joint statement Dec. 14 denouncing any breakaway negotiations outside of the Doha framework.

“(W)e will not encourage or support plurilateral approaches, or any other negotiating modality, that may compromise or weaken the multilateral nature of the negotiations,” the five ministers declared after a meeting in Geneva.

Aganga noted in his summary note on the ministerial discussions that “while a number of Ministers emphasized their openness to different negotiating approaches, some expressed strong reservations about plurilateral approaches.”

Lamy Downplays Plurilaterals

Lamy himself downplayed the novelty of the initiative. “I'm a bit surprised at how this theological, sometimes Byzantine debate about plurilaterals has popped up in this organization, as if it was a brand-new concept which came from Mars,” Lamy declared.

The WTO chief noted that “plenty” of plurilateral trade negotiations have taken place outside of the WTO in the form of bilateral and regional trade agreements, and that these agreements are in principle compatible with WTO rules provided they do not restrict trade. Plurilaterals have also taken place within the WTO/multilateral trading system in the form of the 1973-1979 Tokyo Round, the GPA (a closed plurilateral, where benefits are restricted to the 42 signatory countries), and the WTO's 1996 Information Technology Agreement (an open plurilateral, where benefits are offered to all WTO members beyond the 47 signatories).

Lamy said he has heard nobody suggesting that a new plurilateral instrument was needed. Instead, the growing noise about plurilaterals is due to what he described as a “higher level paranoia” in the international system.

“There are suspicions that plurilaterals are bad for me, and if it's good for you, it's because you want it to be bad for me,” Lamy declared. “For me, this plurilateral hype is a reflection that the degree of paranoia in the system is higher than it used to be. Why is it so? Because of the crisis.”

Minor Issues Agreed To

The ministerial did end with decisions on a number of minor issues.

The trade ministers agreed to extend an existing moratorium on the collection of duties on goods transmitted digitally over the internet until the next ministerial conference in 2013 and to an existing moratorium on “nonviolation” dispute cases under the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs).

The trade ministers also agreed on a number of initiatives in favor of least developed countries, including endorsing the extension of the deadline for LDCs to implement WTO rules on the protection of intellectual property rights (the WTO's TRIPs Council will determine the deadline date later), continuing a waiver enabling developed countries to extend preferential treatment to services exports of LDCs, and facilitating the accession of LDCs to the WTO.

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Low expectations

The Hindu

27 December 2011: The eighth ministerial meeting of the World Trade Organisation held in Geneva made little headway in breaking the impasse over the Doha development round. The outcome was, however, no surprise, since not much was expected from the meeting. The only realistic hope was that the political leaders would finally and formally acknowledge that after 10 years of tortuous negotiations, the Doha round was going nowhere and that, in its present form, it is unlikely to reach a closure any time soon. The communiqué issued after the meeting acknowledged as much. At the same time, it urged member countries to “more fully explore different negotiating approaches while respecting the principles of transparency and inclusiveness.” The meetings of trade ministers, held normally once in two years, are meant to give political direction to trade issues. The meeting this month reached an agreement on government procurement and on streamlining the accession process for the least developed countries.

It also saw the formal admission to the WTO of Russia — the only large economy that has stayed out so far — and three smaller countries. But as the lack of progress on development-related trade issues shows, the yawning gap between precept and practice continues to bedevil the WTO and its members.

Two key issues emerge from the acknowledgment of an impasse over the Doha negotiations. First, is it still possible to fix a reasonable time frame for concluding the talks? Secondly, how does the stalling of talks affect developing countries such as India? Commerce Secretary Rahul Khullar said that he does not see a deal materialising before 2014. One main reason is that the United States is entering into an election mode and a new administration is highly unlikely to negotiate a multilateral trade treaty soon after taking office. The failure of the Doha round will lead to erosion in the standing of the WTO, and that would be a pity. The negotiations apart, it has created a fair and equitable machinery for overseeing the implementation of agreements, monitoring and surveillance, dispute settlement and capacity-building. It is widely acknowledged that its initiative in these areas has helped in checking protectionism during the recent crisis. It would be unfortunate for India if, as a result of the WTO losing its pre-eminence in trade negotiations, it becomes less effective in playing these roles. Driven by expediency, many countries, including India, have entered into other forms of preferential trade agreements, either bilateral or plurilateral, although they know only too well that these are only second-best options.

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WTO Ministerial Contrasts Doha Gloom With Glimmers of Hope

Wall Street Journal

December 14, 2011, BRUSSELS (Dow Jones)--The rainy grey weather over Geneva matches the mood of the first ministerial meeting of the World Trade Organization since 2009, with ministers turning their attention to other areas amid little hope of resurrecting the stagnant Doha round of trade talks.

"This ministerial is like a Russian doll, the deeper you go, the less and less you get," says Simon Evenett, a professor at the University of St. Gallen in Switzerland. "In fact the only part of the doll that looks like anything is Russia's accession."

Trade ministers and representatives from the 153 member countries will gather in the Swiss city for the ministerial meeting Thursday, with the closing session scheduled for Saturday evening.

The Russian Federation will officially join the international organization on Friday, the last of the Group of 20 leading and emerging nations to do so after it took 18 years to agree to concessions on tariffs and other trade policies. Samoa and Montenegro will also join, the only concrete events on an agenda where ministers will mull the future of the Doha Development Agenda, the trade talks started after the Sept. 11 attacks with the aim of making global trade rules fairer for poorer countries.

"Ministers deeply regret that, despite full engagement and intensified efforts...the negotiations are at an impasse," a note circulated ahead of the meeting said. "It is unlikely that all elements of the Doha Development Round could be concluded simultaneously in the near future."

They must now decide how to make progress on this thorny issue, with one option being an overhaul of the entire framework for making decisions. Currently, all 153 WTO members have to agree before new rules can come into force, but a change could mean faster progress in the future.

"We need to explore new negotiating approaches to end the stagnation on the Doha Round," Ambassador Michael Punke, U.S. permanent representative to the WTO, told Dow Jones Newswires.

Another option would be to break talks down into areas where members can reach consensus and forge ahead with those, without waiting to agree on all elements at once--known as the "single undertaking"--as originally planned. Others suggest restarting talks from scratch with a different agenda, given the fundamental changes in the global economy such as the emergence of Brazil, Russia, India and China over the last decade.

"There's a lot of baggage, maybe some fresh diplomatic eyes would be good," the University of St. Gallen's Evenett said. "Do we have to stick with existing agenda which is defined by the legacy of 1990s?"

The deadlock is also costly. Completing Doha could generate a boost to the global economy of some \$160 billion, Bernard Hoekman, director of the international trade department at the World Bank, wrote in a recent paper.

But there are still some glimmers of hope.

Ministers are expected to sign off on a new government procurement agreement, or GPA, under which members open up public procurement of goods, services and capital infrastructure. In most countries, government procurement accounts for 15% to 20% of gross domestic product, according to the WTO.

Ministers are meeting to discuss outstanding issues ahead of the main ministerial and hope to conclude a new agreement, which Nicholas Niggli, the Swiss diplomat chairing GPA negotiations, said could open up opportunities "representing tens of billions of dollars/euros annually."

There are 42 member countries of the GPA with another nine, including China, negotiating to join.

Some delegates may also want to discuss using the WTO to resolve disputes over currencies, a debate driven by Brazilian anger over China's policy of keeping the yuan pegged to the U.S. dollar. However, this isn't on the official agenda.

Brazilian Trade and Industry Minister Fernando Pimentel said last month that exchange-rate factors are devastating the productive structure of Latin American countries. At the same time, China is mulling where to invest its \$3.2 trillion of foreign-exchange reserves, a senior civil servant said in Brussels.

Ministers will also discuss how to bring the world's least-developed countries into the organization, with the ministers set to agree on tools, such as trade-for-aid programs, and a subcommittee to coordinate special treatment and assistance in order to develop them.

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A reform meet turned ritual

Biswajit Dhar, Livemint

For WTO to retain credibility as an effective institution, members need to find ways of delivering on its promises

5 Dec 2011: Ministers from the member states of the World Trade Organization (WTO) will congregate in Geneva for the eighth ministerial conference next week.

In the past, the biennial WTO ministerial conferences used to be prominent events, for decisions taken there had significant implications for global economic governance. But with the Doha Round of multilateral trade negotiations lying virtually in a state of coma, next week's event will be no more than a ritual. The ministerial conference is taking place since the Marrakesh agreement establishing WTO stipulates that there "shall be a ministerial conference composed of representatives of all the members, which shall meet at least once every two years".

The eighth WTO ministerial conference is being held 10 years after the members of the institution had decided in the Qatari capital of Doha to launch a new round of multilateral trade negotiations that would help deepen and widen the trade liberalization agenda. Thus, members decided to initiate negotiations for lowering tariffs and other forms of trade barriers in both goods and services, and to adopt a new set of rules that would not only help in reducing the cost of doing business, but would also reduce the policy-induced barriers. This trade reform agenda was expected to meet the development aspirations of the lesser players in the global economy and, therefore, the agenda provided for the inclusion of special measures that would enable them to do so.

The negotiating agenda also included a range of issues on which developing countries and their more advanced counterparts stamped their ownership. While the former pushed for the reform of the regime of intellectual property rights to ensure that medicines are available at affordable prices, the latter sought inclusion of areas that were hitherto outside the remit of WTO, including investment, competition and government procurement.

During the 10 years of Doha Round negotiations, WTO has faced pressures both from within and outside. The pressures from within mounted as the members struggled to meet the time schedules that would have enabled the round to be completed in four years. On hindsight, the tight time schedule was the biggest enemy of the Doha Round. Even in the best of times, trade policy reforms would have taken much longer than the four years that had been stipulated. But few seem to have recognized that the Doha Round was being launched as the global economy was recovering from the twin shocks of the Asian financial meltdown and the events following 9/11.

As a result, countries were much more circumspect in giving up the policy instruments that would have enabled them to provide an additional dose of protection to their domestic players in these times of uncertainty. Such tendencies were displayed most prominently by the US and the European Union which were called upon to provide additional market access to developing countries and to, thus, enable the latter to increase their presence in the global markets.

From the point of view of developing countries, the Doha negotiations made little progress in key areas of agriculture and services. In the former, the biggest roadblock was the reduction of the high doses of farm subsidies which, ironically, became even bigger as the negotiations were being conducted.

Liberalization of the services sector was being eyed by many developing countries as an opportunity for them to make big inroads in the global markets through enhanced opportunities for their professionals. But much to their disappointment, the developed countries decided to adopt a cautious approach in the early years of the Doha Round in the matter of opening up of the services sector. With economic uncertainties setting in, services negotiations came to a virtual standstill.

What has made matters worse for the multilateral trade system governed by WTO is that many of its member states have continued to pursue the trade liberalization agenda through ever-increasing reliance on bilateral and regional free trade agreements. Developing countries were slow to get off the blocks, but in recent years, a majority of these countries have got involved in free trade negotiations. India typifies this development—until 2003, India showed its unflinching faith in the multilateral process, but in the more recent years, it has been one of the most active in pursuing bilateral trade deals.

It is quite clear that for WTO to retain its credibility as an effective institution, the member states of the organization would have to find ways of delivering on its promises. This realization seems to have finally dawned on at least a section of its membership; importantly, the most prominent ones belonging to the Group of Twenty. In their recently concluded summit in Cannes, the leaders surmised that the Doha Round will not be completed if the negotiations are conducted in the same manner as in the past. The leaders have emphasized the need to pursue fresh, credible approaches to furthering negotiations.

Backed by this political support from the leaders of the most influential countries, the forthcoming ministerial conference needs to reflect on the ways in which the credibility of WTO as a strong multilateral organization is kept intact. For all its weaknesses with which it is saddled at present, WTO remains as an institution that can help in the orderly conduct of trade and prevent catastrophic trade wars from breaking out.

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Think before you meet

T S Vishwanath, Business Standard

The upcoming Geneva Ministerial holds the key to keeping WTO relevant

December 08, 2011: The Ministerial meeting of the World Trade Organisation (WTO) is just over a week away. Unlike in the past, there seems to be very little excitement about the outcome of the meeting that is to be held in Geneva.

The lack of enthusiasm is obvious, given the fact that as of now there seems to be very little on the agenda for taking the Doha Round forward. Most analysts are clear that it will be very difficult to move forward on the Development Round launched a decade ago at Doha (Qatar) unless some of the large developed countries build political consensus within their boundaries to support the conclusion of the negotiations.

The mood of the member countries on the current impasse in the talks was reflected in a recent statement by Pascal Lamy, director general of WTO. He said there is a need for some “soul-searching” to address the failure of coordination in global trade issues. “There is a big problem in the way international trade cooperation works, or more precisely, does not work,” Lamy said at a conference.

The difficulty in moving forward by countries was reflected last month at a meeting of the leaders of G20 and Asia Pacific Economic Cooperation forum; it was acknowledged that the Doha negotiations won't be completed under the current path. The leaders reiterated the oft-repeated call for a fresh approach to achieve at least some aspects of the agenda.

An important development at the Ministerial in Geneva would be the inclusion of Russia into the WTO fold. Moscow joins Vanuatu and the Samoa Islands in entering the multilateral trade body.

Interestingly, the support for the WTO process across the globe can be understood when one looks at the debate within Vanuatu, which has ratified its accession to the WTO. Church leaders in the country are reportedly opposed to the move to join the WTO. The general secretary for the Vanuatu Christian Council has reportedly said that they do not support the ratification. Besides, there has been a call for much wider consultation with the people throughout Vanuatu. Some senior clergy members have said the Church does not have a clear direction on their next move and that they don't really understand what WTO is and what the consequences of signing the deal will mean.

The eighth Ministerial at Geneva will be chaired by Nigeria's Trade Minister, Olusegun Olutoyin Aganga. Though a formal ministerial declaration may not fructify, the Chair is likely to issue a statement on behalf of the members at the end of the Ministerial, which is likely to list out areas where some progress has been achieved over the years in the Doha Round. Further, the member countries will reiterate their commitment to the multilateral process and seek to end protectionism. They are also expected to pay lip service to the need to focus on development to push the case for small and vulnerable economies. They may also make a statement on cotton.

It is clear from the current impasse that WTO as a body that can create new trade rules to increase market access for countries is losing sheen. However, the multilateral body remains an important player in ensuring that trade rules keep multilateral trade fair. The dispute settlement body of the WTO has been instrumental in some very important decisions impacting global trade. Similarly, the trade review process of countries is an important instrument to monitor and measure the level of trade openness in countries.

Good work has been done in several areas in terms of taking the negotiations forward under the Doha Round. This includes nearly all areas of negotiations covering agriculture, industrial goods and services besides some of the other important areas under the Round.

Given the current state of the global economy, two issues that the WTO may want to fast-forward are trade facilitation and non-tariff barriers. Addressing these will improve trade flows across the globe. This will also bring down the cost of doing business and help the large number of small and medium sectors play a more important part in global trade.

The current state of play at the WTO shows there is a need to reinvent the process of negotiations. This calls for some political consensus. The Ministerial at Geneva will provide the setting needed for global trade ministers to step back and take some important decisions to ensure that the multilateral trade body remains a significant platform to keep global trade fair and free.

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Outline of December Ministerial Begins Taking Shape

Bridges Weekly Trade Digest

30 November, 2011: With barely two weeks left until the WTO Ministerial Conference, potential outcomes for the three-day event are now beginning to emerge. Delegates have spent the past week engaged in intense consultations in advance of today's formal meeting of the General Council, with members seemingly ready to forward draft decisions and elements for political guidance to trade ministers for the December gathering.

The formal meeting of the General Council, which is the WTO's highest decision-making body outside of the ministerial conference, was still going on as Bridges went to press on Wednesday 30 November. An update with the final results of the meeting will be available in next week's issue of Bridges.

Today's discussions were expected to go late into the night, with one delegate calling it the "climax" of the pre-ministerial process.

Another delegate noted that, at yesterday's informal meeting of the General Council, many members had complained about the consultative process, citing a lack of transparency and inclusiveness. Therefore, the delegate noted, he did "not exclude the possibility" that members might introduce new elements during tonight's talks.

Draft decisions

The past two weeks of negotiations have seen a series of agreed recommendations emerge that will be forwarded to trade ministers at the December gathering, including some specific to the needs of least developed countries (LDCs).

The draft decisions expected to move forward for December include a continuation and extension of the work programme on small economies established in Hong Kong; an extension of the prohibitions on TRIPS non-violation complaints and e-commerce tariffs; LDC accessions; an LDC services waiver; the outcome of the Trade Policy Review Mechanism Fourth Appraisal; and an extension of the mid-2013 deadline for LDCs to comply with the Trade-Related Aspects of Intellectual Property (TRIPS) Agreement.

Both the TRIPS non-violation and e-commerce decisions have already featured regularly at previous ministerial gatherings.

In the case of the former, TRIPS non-violation complaints concern whether countries should be allowed to bring trade disputes on the grounds that the spirit of the WTO's TRIPS Agreement has been breached, rather than just the letter of the organisation's intellectual property rules.

A five-year prohibition on such complaints was put in place at the WTO's founding in 1995, and has been extended repeatedly at ministerial conferences ever since.

At the last ministerial in 2009, ministers had also agreed to extend the latter moratorium on e-commerce tariffs, which deals with tariffs on goods sold for online download, such as songs or films. A ban on such tariffs has been in place since the 1998 ministerial conference.

The inclusion of agreed recommendations on LDCs drew praise from some members at yesterday's informal meeting, with Mauritius, Bangladesh, and Kenya among those voicing support.

The push to prepare some LDC deliverables for the eighth ministerial conference has been a recurring theme over the past several months of negotiations, both in discussions regarding the Doha Round talks and the WTO's non-Doha work.

Talks earlier this summer under the Trade Negotiations Committee - the body tasked with the Doha Round - for an LDC-focused mini-package fell through largely because members could not agree on either the LDC or the non-LDC issues to include in such a package.

One trade source commented to Bridges that "the fact that we do have some agreed elements is not bad, given the background of the negotiations."

Three track approach

While the above-mentioned draft decisions and the reports from the WTO general bodies both appear set for the ministerial gathering, the third part of the chair's consultation process - elements for political guidance - was the subject of prolonged discussion at yesterday's informal meeting of the General Council, with talks expected to continue during today's formal gathering.

These elements for political guidance have themselves been organised around three tracks: the importance of the multilateral trading system in the WTO; trade and development; and the Doha Round.

Outcome document

In acknowledgement of the immense difficulties members have seen in reaching consensus - or even convergence - regarding these elements, General Council Chair Yonov Frederick Agah of Nigeria told members on 24 November that there is now a general understanding that the ministerial is "not to be a negotiating meeting."

To that end, the December gathering, rather than attempting a full-fledged ministerial declaration, will instead focus on having a chair's statement as the outcome document, taken on the ministerial chair's own responsibility.

The first part of the document is expected to include those elements in which ministers have reached a consensus; the contents of this section are the subject of today's General Council meeting, and are expected to be finalised within the coming hours.

The second part of the document will be determined at the ministerial itself, featuring a summary of those items that trade ministers decide to bring up at the actual event.

Elements for political guidance stir debate

General Council Chair Agah told delegates at the 24 November meeting that, while the elements for political guidance that had garnered convergence during consultations "are rather general in nature and I am sure many of you would like to make them more specific... my consultations have shown that convergence becomes more elusive the higher the level of specificity."

The difficulties in even reaching convergence were clearly apparent in recent discussions, sources told Bridges. For instance, the current language being tabled regarding protectionism - under the importance of the multilateral trading system track - had prompted significant debate over recent days, with members questioning what would fall under the definition of protectionism.

Recent talks among delegates have centred around language in the G-20 communiqué from this month's summit in Cannes, France, specifically regarding a commitment made by those countries to continue a standstill on protectionist measures.

While some countries have argued that similar language should be taken on in the WTO framework, others have argued that the G-20 is more of a political forum and that such language does not necessarily have a place at the global trade body.

One delegate noted that the current language on the table reflects a "delicate balance" between members' commitments not to take protectionist measures, while at the same time "not requiring any member to renounce policy space within their current commitments."

Development

One of the elements of political guidance that had achieved convergence in consultations, the General Council chair noted in the past week's informal gatherings, was an affirmation of development as a core part of the global trade body's work.

The development-focused language tabled at yesterday's informal meeting included, among other items a call for such work to take place in the Committee on Trade and Development (CTD), and would have ministers direct the organisation's membership to fully operationalise the mandate of the CTD in this area.

The language would also have ministers commit to ensuring that the interests of LDCs be given priority in the organisation's work.

Mauritius, speaking on behalf of the African, Caribbean and Pacific country group at yesterday's informal meeting, was among those that welcomed the language on making the CTD more operational, adding that development is at the heart of the multilateral trading system.

Members vent frustration over process

The consultation process over the past few weeks has drawn sharp criticism from some members, who question whether the proposed elements of political guidance for the chair's summary truly reflect consensus among the WTO's membership.

At yesterday's informal General Council, Honduras told members that they had not been invited to participate in some of the consultations, and therefore still had questions regarding some of the issues being tabled.

Venezuela and Cuba also raised questions about the actual inclusiveness of the consultative process, with both countries suggesting that the document under discussion at the General Council lacked the consensus necessary to move forward.

Doha impasse acknowledged

The third track of elements for political guidance involves the Doha Round of trade talks, which are finishing their tenth year without any conclusion in sight.

At yesterday's informal General Council meeting, language was discussed that would acknowledge the Round's current impasse, and would have members commit to advancing the trade talks in those areas where progress might be possible.

However, sources told Bridges, some members were particularly concerned that the language tabled did not provide a clear path for the future of the Round - a clarity that many members have called for in recent weeks.

Despite the frustration among some members, one delegate commented to Bridges, the language does reflect for the first time a "real deadlock" in the Doha talks, rather than just "throwing things under the carpet." *ICTSD reporting*

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Mess called Doha Round

Ranabir Ray Choudhury, Business Line (The Hindu)

3 November 2011: The eighth ministerial meeting of the WTO is slated to be held in Geneva between December 15 and 17 and, naturally, all eyes are turned towards it. This, ironically, is generating some concern because, as things stand now, everyone is bound to know by the end of the year that, once again, the Geneva-based WTO has failed to provide leadership and guidance to the movement to liberalise international trade – in accordance with the Doha Declaration which was signed and sealed in November 2001.

The situation for the ministerial is so desperate that, while the agenda for the meeting is supposed to be finalised by this week, officials in Geneva are at sixes and sevens regarding what to put into the as-yet empty basket. Along with the agenda, the usual procedure for such ministerials dictates that, by this time, some progress is also made with the outline of the outcome of the meeting in the shape of whatever document is agreed to be released at the end of the event. Not much appears to have moved in this sphere either, there being no consensus as yet on whether there should be a formal declaration, or a statement, or just a summary of developments.

NO MEETING OF MINDS

The short question to ask is: why is the WTO December ministerial in this pitiable state? The equally short answer is: because there is no meeting of minds between the rich and the poor of the earth — particularly the former — on how much to concede to the poor so that international trade (and, consequently, the global economy) can be healthier and more efficient in the coming years. More critical is the point that the Doha Declaration, which governs the Doha Round of multilateral trade negotiations, has focussed unequivocally on a specific Development Agenda, which accords a special place to the developing economies (including the least developed countries). This means that any inability to clinch the Doha Round successfully should be directly attributed to the inability or unwillingness of the haves to accord a special place to the trade and economic problems of the have-nots, which is not only just unfortunate but also grossly regressive.

It is pointless to go into the details of the state of unpreparedness of the WTO membership for the December ministerial. What is more significant is that the WTO chief, Mr Pascal Lamy, has been forced to acknowledge that the only way out now appears to be to have recourse to Paragraph 47 of the Doha Declaration, which lays down that even though “the conduct, conclusion and entry into force of the outcome of the negotiations shall be treated as parts of a single undertaking,” agreements “reached at an early stage may be implemented on a provisional or a definitive basis,” the “early agreements (being) taken into account in assessing the overall balance of the negotiations.”

SOAP OPERA

The enveloping tragedy of the entire exercise is that even if Mr Lamy's road-sign is adopted, there is still little idea of what the subjects are going to be on which a last-ditch effort will be made to hammer out agreements. The situation is so difficult that even LDCs are now finding themselves being shunted out of the general sphere of preference in which they have always basked in Geneva deliberations.

Clearly, as far as the Doha Round is concerned, the WTO is fast deteriorating into a soap-opera with its credibility sinking to unfathomable depths. This definitely does not augur well for healthy international trade liberalisation in the years ahead. [\[Back to Top\]](#)

India against change in agenda for WTO meeting

Asit Ranjan Mishra, Livemint

November 1: India has strongly opposed a proposal by the European Union (EU) and a few other developed countries to include new issues including energy, food security, competition and investment for negotiation at the next World Trade Organization (WTO) ministerial meeting.

WTO's eighth ministerial conference is scheduled to be held at Geneva on 15–17 December. Expanding negotiations to new areas without a proper framework for conclusion of the Doha Round, which has been lingering for a decade now, will only complicate matters, said an Indian commerce ministry official, who declined to be named.

Negotiations over the multilateral trade deal that started in Doha in 2001 are stuck because of differences between developed and developing countries. Negotiations broke down in July 2008 following differences between India and the US over farm tariff levels.

In a written reply, a copy of which was reviewed by *Mint*, an unidentified EU representative in the informal trade negotiations committee on 21 October said it is convinced progress can be achieved on several components from the Doha mandate, irrespective of the impasse in overall negotiations.

EU said issues such as a trade facilitation agreement, improving the functioning of the dispute settlement mechanism, and removing non-tariff barriers could be taken up on a priority basis. However, the Indian commerce ministry official cited earlier said EU is being selective in its choice of content. "Why not services, why not agricultural subsidies? What is so important about dispute settlement body," the official said.

Since consensus on broadbased tariff cuts or services commitments is eluding members, it believes WTO "should examine whether results could be achieved through targeted sectoral initiatives, taking the information technology (IT) agreement as a model," EU said.

The IT agreement is a tariff cutting mechanism on the import of IT products that was initially agreed upon by 29 countries at the Singapore ministerial conference in December 1996. Such an agreement with the consent of a few countries is called a plurilateral agreement.

In addition to setting a way forward in the Doha Round, the eighth ministerial conference must also recognize that the current multilateral rulebook is not adequately equipped to deal with emerging global challenges such as energy, food security, competition and investment, EU said.

"The EU has no illusions about the sensitivities that will no doubt arise. But it is clear that the membership can no longer dismiss these challenges as north/south issues or just pretend that they do not exist."

Terming the EU move as mischievous, the Indian official said the eighth ministerial conference must demonstrate that WTO is more worried about the Doha round. "It must come out with a work agenda to deliver Doha by 2013. That will give assurance to member countries about completion of the round. Including new issues will mean shifting the focus away from Doha," the official said.

India is also opposed to plurilateral agreements which it sees as a coercion strategy to force other members to join in later, the official said.

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December talks to look at future course of action

Nayanima Basu, Business Standard

9 August 2011: Trade ministers from 153 member countries will meet for the eighth Ministerial Conference at the World Trade Organisation (WTO) headquarters in Geneva from December 15 to 17. The members are expected to chalk out the future course of action to keep the decade-old Doha round of global trade talks going, said WTO Director General PASCAL LAMY in an interview with Nayanima Basu.

Edited excerpts:

Is the Doha round dead?

Multilateral talks are never declared dead. No member has declared the talks finished and I don't expect that any of them will. Look at the disarmament talks or negotiations on whaling. These negotiations have gone on for decades and they are still on-going. In the world of today, our problems are global in nature and the solutions to these problems must in turn be global. Whether it is about addressing the inequalities of the multilateral trading system, combating global warming or addressing hunger and poverty, the only way forward is with governments working together. Reaching decisions in a multilateral framework is difficult, but there is no real alternative.

There was no consensus on package for the Least Developed Countries (LDCs)?

There was an effort to try and agree on an LDC package to implement earlier commitments, which would significantly reduce trade-distorting subsidies to cotton farmers, and open developed country markets and emerging markets, which are able to do so to at least 97 per cent of exports from LDCs. However, it became clear that political sensitivities, particularly in Washington, did not allow this to happen. So we tried to put together a package specifically for LDCs and add other issues like trade facilitation. But key countries had concerns with one issue or another, while others wanted to add more issues to the mix. In the end, the necessary movement in positions that would allow our members to reach a consensus was not forthcoming.

Will you discuss the LDC package in the upcoming December ministerial?

We will continue to see if we can reach an agreement on an LDC package.

What is going to be the main agenda of the December ministerial?

First and foremost, the conference will focus on the regular work of the WTO, including reviewing and giving direction to all the areas which take up the day-to-day work of the organisation. Members believed it was more productive to focus on the preparations for the eighth Ministerial Conference in December and to begin the difficult discussion of how we pick up the Doha round in 2012. The principal focus will be the preparation for the 8th Ministerial Conference and charting the future course of the Doha negotiations.

Although it is wrong to suggest Doha and WTO are synonymous, it is an unfortunate reality. So does the failure of Doha talks mean a dent in WTO's credibility?

You are right to suggest that the WTO is a great deal more than the Doha negotiations. The WTO oversees trade agreements that constitute the foundation of the global trading system and disputes that are being negotiated for over 60 years. We provide the forum for the settling of disputes among member countries, we monitor developments in the trading system and we interact closely with other organisations in programmes such as Aid-for-Trade. These functions have little connection to the negotiations, and I do not see them being adversely affected by the current lack of agreement on the Doha round. Our problems with the Doha round are of concern, of course, but the overall functioning of the WTO remains very good.

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WTO sets date for MC9 meeting in Bali, Indonesia

Agence France-Presse 2012

28 July, Geneva: The Indonesian island of Bali is to be the venue of next World Trade Organization inter-ministerial meeting, the international trade arbiter said.

The decision to hold the ninth Ministerial Conference (MC9) in the first week in December 2013 was decided by the WTO General Council meeting in Geneva on July 25-26.

Making the announcement late Friday, chair of the General Council Ambassador Elin Johansen of Norway thanked Indonesia for its "kind offer", which she said was "a clear sign of its commitment towards this organization".

Members would discuss the precise dates of MC9 after the summer break, Johansen added. Representatives from Indonesia said that in the face of the global economic crisis the inter-ministerial meeting could galvanise and strengthen international trade.

It could also help relaunch negotiations on the stalled Doha accords, which focus on dismantling obstacles to trade for poor nations, Indonesia said.

"In the situation where crisis is still hampering the global economy, Indonesia continues to believe that the multilateral trading system has a significant role in fostering a fair global trade, sustaining the world economic growth, eradicating poverty and creating job opportunities," its delegation said.

"In this regard, the next MC9 will therefore be very important to re-energize the negotiation process and the progress achieved so far, and to strengthen the multilateral trading system."

It said Indonesia also hoped the exotic ambiance, the warm weather and the hospitality of the people of Bali "will rejuvenate and renew the constructive spirit" of the Doha negotiations.

The Doha round of global trade talks began in 2001 but have been dogged by disagreement, including how much the United States and the European Union should reduce farm aid and the extent to which emerging market giants such as India and China should cut tariffs on industrial products.

The Ministerial Conference is the highest decision-making body of the WTO and meets approximately every two years. The last one was held in Geneva in December.

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Disputes

WTO: Battleground for emerging economies

Leïla Choukroune, Hindu Business Line

Brazil, China or India, the new global trade champions, are ready to seize their legal weapons, hence possibly transforming the WTO dispute settlement system.

February 28, 2012: The solar battle between India and China has been brought to a rather abrupt close by the government's decision to reject Indian manufacturers' plea for anti-dumping measures against cheap Chinese products. However, some other emerging trade wars may soon be fought at the WTO level.

Brazil, China or India, the new global trade champions, are ready to seize their legal weapons, hence possibly transforming the WTO dispute settlement system.

China on the offensive

Last July, the Dispute Settlement Body (DSB) of the WTO first offered a triumph to Beijing in a case China introduced against the European Union in response to anti-dumping measures taken by Brussels on Chinese iron and steel products.

Beijing had already won a difficult battle against the US in March, while the WTO Appellate Body acknowledged that Washington had partly acted inconsistently with its obligations under the Agreement on Subsidies and Countervailing Measures (SCM), by imposing anti-dumping and countervailing duties on questionable grounds.

A diligent student in international trade, China now adopts a more offensive stance against its major commercial partners. After 10 years of participation in the WTO and a first study phase during which Beijing has become familiar with the WTO dispute settlement mechanism as a third party in as many as 87 cases, China has appeared 23 times to the DSB as a defendant, and already eight times as a complainant.

With a better in-house expertise of international trade law, and now convinced of the benefits to be derived from a quasi-judicial settlement of international trade disputes, Chinese lawyers have caught up on legal techniques, and developed sophisticated reasoning.

Brazil, India in picture

Interestingly, the next contesters of Beijing may not be the EU or the US, but rather Brazil or India.

With the recent imposition of a 30 percentage-point tax increase on cars with less than 65 per cent local content, the Brazilian government firmly reacted to the significant imports of Chinese cars, and the risk to see the country “de-industrialised”.

Following Tata Motors' announcements, some other foreign car companies may decide to build car factories in Brazil, hence avoiding high taxes, but this may also result in a major WTO dispute as Brazilian —Indian industrialists seem to distinguish between Chinese and some other trade competitors.

Be it chicken, tyres, paper, steel, intellectual property or solar panel, the China-related disputes cover all possible areas of international trade, but one finds rapidly that the vast majority of cases deal with anti-dumping measures adopted in reaction to what is often perceived as unfair trade.

The WTO agreement indeed makes it possible for its Members to respond to dumping to the extent an “important” damage to the domestic industry is demonstrated. In this respect, the complicated calculation of dumping differs depending on whether the accused unfair trader is a market economy or not.

Without a market economy status and with a fundamental role for the State in its economy, China is now in a complicated position.

It will soon face many more dumping-related disputes, possibly introduced by some other emerging trade champions who want to protect themselves against unfair Chinese competition, but aren't known to be in favour of liberal orthodoxy either.

'State Capitalists'

Having emerging or developing countries fighting against each other at the WTO is not something new. India, for instance, has brought a number of complaints against Brazil, Argentina or South Africa, but something else is at stake today.

Many of these emerging trade champions are, to a very large (China) or much smaller extent (Brazil), “State Capitalists”, as recently described in a survey by *The Economist*.

Ambiguous market economies or economies in transition play with different rules than those ideally imagined for a free trade scenario.

They skilfully select those of the legal tools available in the WTO Agreement that could better protect their syncretic economic model, hence contributing to the creation of a hybrid system, and a possible redefinition of the WTO's values and role.

Is this something to worry about or, on the contrary, an opportunity for clarification of the rules of the game?

One can indeed wonder if free trade has ever existed, when the EU or the US keep fighting regarding the unacceptable character of their respective highly subsidised industries or agriculture.

This eruption of new players on the commercial scene may lift the veil of hypocrisy that reigns in an idealised model of international trade that is not always respected by its main proponents known to be in favour of liberal orthodoxy.

The author is with Maastricht University Law Faculty.

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US challenges India poultry ban at WTO

Reuters

Washington, Mar 07, 2012: The United States on Tuesday began action at the World Trade Organisation (WTO) to open India's market for poultry meat and eggs, saying an Indian ban on US imports intended to stop the spread of bird flu was not based on sound science.

"The United States is the world's leader in agricultural safety and we are confident that the WTO will confirm that India's ban is unjustified," US Trade Representative Ron Kirk said in a statement on the US request for consultations.

India's ban in the name of protecting local poultry producers from losses caused by avian influenza is "clearly a case of disguising trade restrictions by invoking unjustified animal health concerns," Kirk said.

The US poultry industry welcomed the move, which they said could pry open a market for US poultry exports conservatively valued at more than \$300 million.

"In our view, India's posture is thinly guised protectionism," Jim Sumner, president of the US Poultry and Egg Export Council, said in a statement.

"More than 100 countries enjoy chicken imported from the United States. As the middle class in India continues to expand, and the market moves more toward commercial poultry, the United States should be afforded the opportunity to compete fairly with our products in this growing market," Mike Brown, president of the National Chicken Council, added.

US officials said international scientific standards for controlling avian influenza do not support banning imports due to low pathogenic avian influenza, which is the only type detected in the United States since 2004.

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 this year, providing some opportunity for imports, the Agriculture Department report showed.

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.

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India launches WTO cotton complaint against Turkey

Tom Miles, Reuters

GENEVA, Feb 14: India has launched a trade complaint against Turkey's policies on imports of cotton yarn, the World Trade Organization (WTO) said on its website on Tuesday.

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.

Safeguard measures are temporary protectionist tariffs, permitted by WTO rules, to help a specific industry that is threatened by an unexpected surge of imports.

India launched the complaint on Monday by "requesting consultations" with Turkey at the WTO, the last step to resolve a disagreement before entering a full-fledged legal dispute.

India may ask the WTO to set up a dispute panel to adjudicate if consultations do not settle the matter within 60 days. By requesting consultations, India has also opened the door for other WTO members to join in if they are similarly unhappy with Turkey's treatment of cotton yarn imports.

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.

It later retroactively reimposed final safeguard measures.

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.

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 percent it had agreed with the WTO, it boosted import tariffs to 15-20 percent.

Cotton yarn imports had risen 63.6 percent in 2005, 46.9 percent in 2006 and 119.7 percent in 2007, and in the first five months of 2008 were 32.1 percent 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 percent against 2.8 percent 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.

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US to take on India at WTO over import restrictions on poultry products

Amiti Sen, Economic Times

New Delhi, June 26, 2012: The US will formally fight India at the World Trade Organisation over import restrictions imposed by New Delhi on poultry products from countries reporting outbreak of low-intensity bird flu, hoping to grab the country's growing market for chicken legs.

The dispute settlement body of the WTO on Monday accepted Washington's request for a dispute settlement panel on India's restriction on poultry which the US says is "unscientific".

"A number of countries including China, Ecuador, Colombia, EU, Japan, Canada, Guatemala, & Vietnam have reserved their third-party rights to follow the dispute," a WTO official told ET.

India had rejected US' attempt to establish a dispute panel last month on the ground that its restrictions were based on science and there was scope for more discussions between the two countries on the issue.

According to the US, the ban imposed by India on import of poultry products from countries' reporting outbreaks of low pathogenic notifiable avian influenza have no basis in science and was also not supported by World Organisation for Animal Health.

The US is keen to ensure predictable market conditions in India for its poultry exporters so that they can encash the big demand for chicken legs where they are hugely competitive, a government official told ET.

Although India lifted its ban on import of poultry products from the US after the country declared that it was free of avian influenza in September, but no exports have yet taken place as there is always a danger of outbreak of the low-intensity pathogens in some part of the country.

"Although the US will be able to sell chicken legs at almost a fourth of the prevailing market prices in India, no supplier would place orders till they are sure of the future," the official said.

The National Chicken Council, National Turkey Federation and USA Poultry & Egg Export Council have said that if India's 'trade barriers' were eliminated, the value of US poultry exports to the country each year would surpass \$ 300 million. India is also getting more studies done to strengthen its case that the ban is backed by scientific evidence of risk.

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Visa, poultry issues on the agenda

Nayanima Basu, Business Standard

June 13, 2012, New Delhi: Even as the third India-US Strategic Dialogue is held in Washington tomorrow, contentious areas relating to the recent spate of disagreements between the two countries are likely to significantly feature in the talks.

The past few months have seen both countries engaged in a bitter fight over several trade-related issues, with each dragging the other to the World Trade Organization (WTO)'s Dispute Settlement Body. While the US had taken India to the WTO over restrictions imposed by India on poultry products from the US, India had complained against the US for increasing professional visa fees, which hit the operations of Indian information technology firms. It had also lodged a complaint against duties on Indian steel imports.

The dialogue tomorrow would be chaired by External Affairs Minister S M Krishna, who would meet US Secretary of State Hillary Clinton in Washington DC. In 2009, both countries had decided to establish the dialogue process. The first meeting was held in Washington in 2010, while the second was held here in July 2011.

“When bilateral issues would be discussed, the recent WTO disputes would undoubtedly feature high on the agenda. After all, both countries are soon going to surpass \$100 billion worth of bilateral trade. So, even minor trade irritants like these matter a lot for both parties,” a senior government official told Business Standard.

The irritants notwithstanding, two-way trade in goods and services between the two nations increased almost five-fold in the last decade — from \$18 billion in 2001 to nearly \$90 billion in 2011. This year, bilateral trade is expected to stand at \$100 billion.

“The US-India bilateral relationship has truly experienced a quantum jump in the past decade. Job creation and value addition have been the bedrock of business partnerships between the two countries. But much remains to be done,” said Adi Godrej, president, Confederation of Indian Industry, who is leading a delegation of chief executives to the US as part of the dialogue.

The US had yesterday exempted India, South Korea, Taiwan, South Africa, Turkey, Malaysia and Sri Lanka from sanctions on oil imports from Iran. India is the third-largest buyer of Iranian oil, according to US Department of Energy.

During her visit to India last month, Clinton had urged India to buy less oil from Iran. Starting June 28, the US plans to implement sanctions against banks that finance oil imports from Iran. India has, however, maintained it would only follow decisions taken by the United Nations, not the foreign policy of a particular country.

“Governments in market economies do not create or run businesses, but we can help create the environment that allows entrepreneurs to take smart risks that catalyse new business—by strengthening investor protection, providing export financing and supporting investments in infrastructure and high technology,” said Robert Blake, US assistant secretary of state for south and central Asian affairs.

Both sides would also discuss cooperation in public, private and scientific sectors, energy security, women's empowerment and health.

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Turkey agrees to remove penal duties on Indian cotton yarn

Amiti Sen, Economic Times

June 8, 2012, New Delhi: Turkey has agreed to remove penal duties 'wrongfully' imposed on Indian cotton yarn, spelling victory for Delhi that is fighting growing protectionism in several countries against its products.

The two countries are likely to sign a memorandum of understanding on the issue soon, following which India would withdraw its complaint against Turkey filed with the World Trade Organisation early this year, a commerce department official told ET.

"Both countries have reached a satisfactory understanding on the penal duties," the official said. "As soon as the memorandum of understanding spelling details of duty removal is signed, India will withdraw its complaint."

Global economic uncertainty has prompted a number of countries including the US, Egypt and Turkey to raise protectionist walls against imports from other countries including India to safeguard their domestic firms.

Canada, too, has started investigations to impose penal duties against certain Indian steel products. "It is true that protectionism worldwide is growing. India does not have a problem with import restrictions as long as countries respect the rules framed by the WTO. But we will definitely fight against all violations," the official said.

Delhi has filed official complaints against restrictive duties imposed by the US on steel products and Egypt and Turkey on cotton yarn at the WTO.

"In the case of Turkey, we are happy that the issue is being amicably settled without the need for a dispute settlement panel," the official said. Egypt and Turkey are the fifth and sixth largest export destinations for Indian cotton.

Industry body Texprocil, which has been working with the government on the legal aspects of the penal levies imposed by Turkey and Egypt on Indian cotton yarn, says all wrongful attempts to block exports have to be severely discouraged.

"If we do not take action against illegal measures adopted by another country to curb imports, we are in a way encouraging other countries to follow suit," a Texprocil representative had earlier told ET.

Turkey imposed safeguard duties between 12% and 17% over and above the customs duty of 5% with effect from July 2011. This made Indian exports to the country costlier.

Egypt, on the other hand, imposed a specific duty of 55 cents per kilogram of yarn in December 2011. Safeguard duties are import levies imposed over and above the existing duties to protect domestic industry against a surge in imports. India contested Turkey's decision to extend safeguard duties after they expired last year, without carrying out a review to the WTO committee on subsidies and countervailing duties.

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Canada likely to side with India against US

Amiti Sen, Economic Times

May 25, 2012, New Delhi: India may get an ally in Canada in its fight against the US on imposition of penal import duties on certain steel products.

Canada, a major exporter of steel products, is keen on joining the talks between New Delhi and the US at the World Trade Organization on May 30. It has sought permission from the WTO to participate in the talks on countervailing duties on hot-rolled steel products exported by India.

If the talks fail, India may ask for establishment of a dispute settlement panel to settle the issue.

"Canada has a substantial trade interest in these consultations since the US is the largest market for Canadian hot-rolled carbon steel flat products. Accordingly, Canada requests to join these consultations," an official communication by Canada to the chairperson of the dispute settlement body earlier this month stated.

New Delhi dragged Washington to the WTO on the steel issue last month, after it failed to persuade the US to revoke penal duties imposed on hot-rolled steel products that are exported by Indian companies, such as Essar, Tata and Jindal. These duties are as high as 500% in some cases.

India has objected to the US treating the sale of iron ore by NMDC as a subsidy.

"We should not have a problem in allowing Canada to participate in our consultations. We may, in fact, benefit from the arguments that it brings in," a government official, who did not wish to be quoted, told ET.

As Canada itself has been at the receiving end of random imposition of countervailing and anti-dumping duties by the US, they would most certainly have interesting observations on US's conduct, believes Abhijit Das, head of the Center for WTO Studies, IIFT.

"Canada may want to air its views on how the US conducts its investigations which may be beneficial for India," Das said.

Canada has also been fighting against penal duties imposed by the US on a number of steel products, including wires exported by it at the NAFTA, or North American Free Trade Agreement.

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India says ban on US poultry products lifted in September 2011

Amiti Sen, Economic Times

May 21, 2012, NEW DELHI: Reacting to the US government approaching the global trade body, WTO, against India imposing a ban on US agricultural products, including poultry meat and chicken eggs, the government clarified that it had already revoked the ban on imports from the US last September when it was declared free of avian influenza, a government official said.

"We already removed the ban on poultry and poultry products imports from the US in September last year as it was declared free of avian influenza. But we do carry out tests to ensure that the items that are imported meet international safety standards and we are ready to defend these at the WTO," a government official told ET.

The US' request on the matter will be taken up by the dispute settlement body of the WTO when it meets in Geneva on May 24.

New Delhi will try to defend its interpretation and application of provisions on restricting trade of poultry products and other farm goods as specified by the World Organisation for Animal Health or OIE (formerly the Office International des Epizooties) that has been challenged by the US and termed as too restrictive.

The US poultry industry, which has identified India as a big market for chicken eggs - a product that doesn't find much favour with the Americans - estimated that its exports could be as much as \$300 million every year if restrictive standards are removed. Right now, US exports of processed poultry products to India are negligible as these can't meet India's 'conformity assessment' norms.

India had clarified to the US that import restrictions on poultry products were applicable only for countries reporting Notifiable Avian Influenza (NAI) which includes both low pathogens and high pathogens during its consultations in Geneva last month.

The US, however, differed with India regarding the applicability of provisions of OIE relating to restrictions on trade, and also expressed concern on the lack of sufficient scientific justification in India's risk assessment and consequential restrictions on trade in other products.

"The US' commercial interest in India is huge, no doubt. I think it is seeking much more than just a simple lifting of import ban. It wants the WTO to declare that the safety standards being followed by India are much more than what is laid down by the OIE, so that market access becomes easier," a WTO expert from a Delhi-based trade research organisation told ET.

India claims that its risk assessment procedure is purely scientific and is based on OIE standards, but the US contends that it goes much beyond what the OIE lays down.

"If the WTO dispute panel agrees with the US, India may have to revise its standards. But if India can prove that its standards are purely backed by science as it claims, then the US can't do anything about it," the expert added.

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India changes stance on rise in US visa fee

Nayanima Basu, Business Standard

Says rise in fee discriminatory disputes on steel, poultry trade intensify

New Delhi May 22, 2012: To strengthen its case against the US, India has changed its stance on the issue of rise in visa fees, saying the higher professional visa fees were targeted only towards Indian technology firms, not those from other countries.

India would now officially seek consultation with the US by sending a notification by the end of this week. A couple of months earlier, it had moved the World Trade Organization (WTO)'s Dispute Settlement Body (DSB) on this issue, but could not firm up the case due to its "technical and complex nature", a senior official in the commerce ministry told Business Standard.

India has said the US was using a particular law, Public Law 111-230 (Border Security Act), which substantially enhances fees relating to applications for L1 and H1B visas for companies (with at least 50 employees) for whom non-immigrants account for more than half their US workforce. As a result, Indian information technology (IT) giants like Tata Consultancy Services (TCS), Wipro, Infosys and Mahindra Satyam have come under the net.

The Bill nearly doubles the fees for skilled-worker H-1B and L1 visas to \$4,500 per applicant (from about \$2,320), for such companies.

"This is a complex and highly technical case. So, we are fine-tuning our consultation case. We are going to challenge that this 50-50 rule is a discriminatory move only against India, as it accounts for the major share of the IT and ITeS (information technology-enabled services) sectors in the US. This is not affecting any other country. We are going to send an official notification to the US on this soon," the official said, on condition of anonymity.

On May 31 and June 1, both India and the US are going to fight yet another dispute over the US' imposition of countervailing duties on steel imports from India. Both sides would sit for consultations in Geneva. The US, which believes the prices of steel products made by Essar Steel are doctored, has already been served a notice on this issue.

India also plans to consult WTO on the James Zadroga Act, under which US authorities have the right to impose two per cent tax on goods imported from non-government procurement countries. India is still not a party to the WTO's government procurement agreement, but the Indian government says imposition of this additional tax is a violation of the National Treatment Policy exercised under WTO trade laws.

India and the US, which have a trade relationship worth \$100 billion, are also engaged in a bitter clash over poultry imports. The consultations on this case were wrapped up last month. However, it ended in a bad note and US has now notified the WTO DSB to set up a panel, which would be in place by June. If this process fails to find an amicable solution, the case would reach the WTO's appellate body.

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India drags US to WTO over 'wrongful' imposition of penal duties on steel exports

Amiti Sen, ET Bureau

April 13, 2012: India has dragged the US to the WTO over 'wrongful' imposition of penal duties on its steel exports that has affected a number of companies including Essar, Tata, Jindal and Sail. It has sought consultations with the US under the WTO's dispute settlement mechanism on Thursday on the countervailing duties (CVD) imposed on steel.

The move comes just a few weeks after the US sought similar consultations with India over the import ban imposed by the country on poultry and poultry product imports because of the bird flu scare. India also has plans of filing a formal complaint with the WTO over the professional visa fee hike carried out by the US. "We decided to knock the WTO door formally as our informal consultations with the US on the issue failed to yield results," a commerce department official told ET.

ET had reported in December 3 last year that India had sought informal consultations with the US to persuade it to remove the countervailing duties on steel before taking the final step of filing a dispute with the WTO.

The US has been imposing CVD, a levy to neutralise government subsidies, on steel for the last decade. Duties on Indian companies range from about 18% on Essar to over 500% for companies such as Tata and Jindal.

It has also imposed antidumping duties, a penal levy on imports that are sold at higher prices in the home market of the exporter, of over 20%. India wants to challenge the US Department of Commerce's assumption that the iron ore sourced by Indian steel makers from NMDC is supplied at subsidised rate because it is a public body. India has argued that this is a wrong assumption as NMDC always sells at the prevailing market prices which is determined by their exports to Japan and South Korea.

If the consultations fail, India will ask for the setting up of a dispute settlement panel which will hear the arguments made by both sides and give its judgement.

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India challenges U.S. visa rules at WTO, eyes steel case

Matthias Williams, Reuters

NEW DELHI, April 11, 2012: India is challenging a U.S. law that raised visa fees for high-skilled foreign workers as a violation of global trade commitments and is planning another case against U.S. import duties on steel pipe, Indian officials said on Tuesday in the latest sign of prickly trade ties between the two allies.

The complaint at the World Trade Organization against the 2010 U.S. visa fee increase, which India protested at the time, is at the level of "consultations" between the two parties, the last stage before entering a full-fledged legal dispute.

"India is taking up consultations on this issue and hopes to solve it amicably," an India trade ministry official said, asking not to be named because of the sensitivity of the matter. Trade Minister Anand Sharma raised the visa issue during a meeting with U.S. Commerce Secretary John Bryson, who visited India late March, the official added.

India's complaint is about a U.S. law from 2010 that almost doubled visa fees for skilled workers to \$4,500 per applicant. The bill's sponsor, Senator Charles Schumer, a Democrat from New York, said at the time that the move was aimed at a small group of companies exploiting U.S. law to import workers from abroad.

India's economy has benefited greatly from information technology firms doing offshore work for U.S. companies, but such outsourcing has become an issue in the U.S. presidential campaign, with President Barack Obama vowing to woo jobs home from overseas.

Nkenge Harmon, a spokeswoman for the U.S. Trade Representative's office, said the United States had not yet received a formal request for consultations from India and "therefore is not in a position to comment."

"However, the United States takes its WTO obligations seriously," she added. Once a country formally request consultations, WTO rules require it to wait 60 days before asking a dispute settlement panel be formed to hear its complaint.

"I think the government of India is right that this is a barrier to trade," Vineet Nayyar, CEO of large Indian software services exporter Tech Mahindra, told Reuters.

A senior Indian trade ministry official, who also declined to be identified because of the sensitive nature of the issue, said India waited so long to bring its complaint because "there was always the belief, constantly held out (by U.S. officials), that this would be handled somehow."

However, the way the Obama administration has implemented the provision has made it harder for Indian technology workers to obtain visas, not easier, he said.

"Now what has happened over the years is, notwithstanding all the assurances that have been held out, the rejection rates (for visas) have steadily climbed," the senior official added. "Please explain to me why in 2007/8 the rejection rate was 1 percent and today it is 50 percent. If you can give me a good explanation for that, then fine."

Commercial ties between India and the United States flourished after India's economic liberalisation in 1991, but in recent years each side has accused the other of erecting unfair barriers to trade and investment growth.

Last month, the United States began the same type of action at the WTO to open India's market for poultry meat and eggs, saying an Indian ban on U.S. imports intended to stop the spread of bird flu was not based on sound science.

India is also preparing to challenge a U.S. import duty on steel pipes, the senior official told Reuters.

The United States Commerce Department in March set a preliminary import duty of nearly 286 percent on a certain type of steel pipe from India to offset government subsidies. A final decision on duty rates is expected by August.

"They are in absolute and total breach of the WTO," the official said, referring to U.S. Commerce Department action. "There is no subsidy involved."

The official said Washington has imposed the duty because a portion of the iron ore used to produce the Indian steel pipes is provided by state-run miner NMDC, the country's largest.

Washington concluded that "because NMDC is a public sector undertaking, it is selling this iron ore ... for a song, and therefore implicitly subsidising a private-sector enterprise. This is the allegation," the Indian official said.

The allegation is baseless as NMDC is one of many producers of iron ore in the country, the official said.

Gilbert Kaplan, a lawyer at Spalding & King who represents U.S. industry in the case, said the Commerce Department was well within its rights to set the high duty on Indian imports.

Both U.S. law and WTO rules allow the Commerce Department to set duties based on based on "facts available" when foreign companies and governments do not respond to requests for information, Kaplan said.

The Commerce Department found that the government of India failed to provide information on a number of subsidy programs that it was asked about, he said.

"I think it's unjustified (for the Indian government) to go to the WTO. They certainly should not try by this unusual move to overcome their failure to cooperate in the case," Kaplan said.

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India goes to WTO against US dubbing export schemes as subsidies

Anindita Dey, Business Standard

Mumbai December 02, 2011: India has moved the World Trade Organisation (WTO) over a recent US decision to categorise 50-odd export promotion schemes as subsidies.

Washington's decision will come into effect from next year on all Indian exports as notified by the United States to WTO, government sources said on Thursday.

"Before that," informed a commerce ministry official, "the government has sought consultations with the US under the framework of trade diplomacy of WTO. Therein, we would discuss the issues for clarification," he told Business Standard.

American's move, he said, was "absurd". For, it has dubbed every export scheme as subsidy. "This can attract double duty -- of anti-dumping (AD) as well as CVD (countervailing duty)," he pointed out.

Another official explained that such a move could have a "devastating impact" on the Indian trade with the US. The recessionary trend in Europe has already pulled exports down. US is an important trade partner of India. So, even if the government extends market-focused schemes for Indian exporters to tap new markets in Africa and Asia.

India is the 12th largest goods-trading partner of the US. The goods trade was worth \$48.8 billion (two ways) last year. America's goods-trade deficit with India was \$10.3 billion in 2010, with goods exports at \$19.2 billion and goods imports at \$29.5 billion. In 2009, the trade in services with India (exports and imports) totalled \$22.3 billion.

Officials say the problem lies with the US government's "extremely broad" definition of CVD. It includes all export incentives given by the central or any state governments under any scheme, the Special Economic Zones Act and any rule on procurement from public sector units or loans from public sector banks.

For negotiations, the government is banking heavily on the judgement of the WTO Appellate Body (WAB) issued early this year.

It favoured China in a case where the US had imposed CVD on certain exports to that East Asian nation, on the ground that direct loans from state-owned commercial banks and organisations implied controlled pricing.

The WAB judgement stated that a government control on pricing could be assumed only if the entity was vested with necessary governmental authority; it isn't sufficient to be merely owned or controlled by government.

Similarly, the US had aggressively used CVD on Indian steel some time ago. In addition to the AD, a 21.95 per cent CVD was put on Essar Steel's products since 2008. Then, in January this year, after a review of US steel imports from India, a whopping 586.43 per cent CVD was put on exports of Tata Steel.

In this case, commerce ministry officials argued that NMDC was an independent entity, where the government had no role in fixing the price.

The imposition of CVD and AD would “substantially accelerate” the costs for the American importer of Indian goods in his country, the ministry official said.

CVD is primarily used to counter the impact of subsidies given by exporting countries to their exporters.

It is permissible for use, as protection under WTO rules, as is the imposition of AD, used by a country to counter the impact of imports on domestic producers of a particular commodity.

Dumping is selling in its own home market a commodity at a price higher than that of its import.

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India plans to move WTO against US over imposition of penal duties on steel import

Amiti Sen & Meera Mohanty, ET Bureau

Oct 22, 2011, NEW DELHI: India plans to approach the World Trade Organisation over the imposition of 18% to 500% penal duties by United States on imports of hot-rolled steel, a move that has priced Indian producers out of the US market. The move follows India's failure to sort out the issue with the US bilaterally.

The commerce department is shortlisting legal firms to formally lodge a complaint at the WTO against the countervailing, or anti-subsidy, duties, a government official told ET.

The US has imposed levies on steel exports from Indian companies over the past three years, arguing that it considers as subsidies incentives such as duty exemptions to units in special zones, loans from state-owned banks and purchases from government bodies. Coupled with an anti-dumping duty of over 20%, Indian producers of hot-rolled steel, such as Tata Steel, Jindal, Essar and SAIL, have become totally uncompetitive in the US.

"We have not been able to export at all to the US for over three years now," a representative of a top steel-producing company told ET on condition of anonymity.

The WTO allows imposition of countervailing duty on imports if it is proved that the government of the exporting country has subsidized the products.

India wants to challenge the US department of commerce's assumption that the iron ore bought from NMDC is supplied at subsidised rate because it is a "public body". "This is a totally absurd assumption as NMDC always sells at the prevailing market prices and the government does not control the pricing," the official said.

Commerce minister Anand Sharma has taken up the issue with commerce department officials in the US during his recent visits to the country, but the response has not been favourable.

"We have no option now other than approaching the WTO. We have examined the issue closely and are certain that we have a good case against the way the US calculates CVD," the official said.

Once India formally complains to the WTO, it will be directed to hold consultations with the US to see if the issue could be resolved without starting a dispute.

If the consultations fail, India will then request the dispute settlement board of the WTO to set up a panel to decide on the matter.

A WTO panel's recent verdict in favour of China against US imposition of CVD where it ruled that merely because an entity is owned by the government does not mean that the pricing is subsidised could help India in proving its point as well.

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India to file a complaint against Turkey with WTO over yarn imports

Amiti Sen, The Economic Times

9 October 2011, NEW DELHI: India will soon file a complaint with the World Trade Organization against "illegal" duties imposed by Turkey on cotton yarn imports. The commerce and industry ministry is consulting lawyers to file a case before WTO's Dispute Settlement Body, a senior official said.

India says Turkey has randomly extended safeguard, or additional, import duties of 12%-17% on cotton yarn, making Indian textiles uncompetitive in their sixth largest export market.

"India may approach the dispute settlement board soon," a government official said. "Consultations are on with lawyers on the validity of the extended safeguard duties." Turkey had imposed a safeguard duty on cotton yarn imports in July 2008.

As a result, the import levy on yarn in the country had risen 13%-20% from 5%, which was the bound import duty rate or its commitment to WTO. Under the WTO norms, a safeguard duty could be imposed only for three years.

A country seeking to extend this duty beyond this period has to establish through a review that it still needs to protect domestic producers against a surge in imports.

With the three-year term ending in August, Turkey decided to review the process of its extension, but at the same time also imposed provisional duties of 12% to 17% for up to 200 days. "Before filing a dispute, it is necessary to hold consultations with the errant country.

We have already done so and are not happy with the results," the official said. Experts say Turkey's proposed integration with EU customs union is already increasing labour costs in the domestic market.

At such a time, Indian exports hold tremendous potential in that country. Although a number of other countries, including Indonesia and Peru, are also putting in place protectionist measures to check import of cotton yarn, the Indian industry feels that acting against Turkey would send out a message that India will not accept violation of WTO rules.

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India drags Turkey, Egypt to WTO for import duties on Cotton yarn

Amiti Sen, ET Bureau

Feb 24, 2012, NEW DELHI: Striking against rising global protectionism, India has dragged both Turkey and Egypt to the World Trade Organisation for imposing special import duties on Indian cotton yarn, lowering competitiveness in these markets.

New Delhi has been criticising Turkey for violating WTO norms at several forums of the WTO for the past few months, but it has requested formal consultations on the issue for the first time, which is the first step towards filing a dispute.

Egypt, on the other hand, will be asked to explain reasons behind imposing similar duties on cotton yarn in December 2011.

Both countries have resorted to safeguard duties as such levies are easier to impose since a country only has to claim that rising imports were harming the domestic industry, a government official told ET.

Indian cotton yarn producers say that Egypt and Turkey, the fifth and sixth largest export destinations for the products, were growing markets and all attempts to check imports through unnecessary restrictions have to be opposed.

"We are concerned by the imposition of safeguard duties by both countries and hope the issue is resolved soon," said Siddharth Rajagopal, executive director, The Cotton Textiles Export Promotion Council or Texprocil.

Turkey imposed safeguard duties between 12% and 17% with effect from last July over and above the customs duty of 5% making prices of India's exports shoot up. Egypt, on the other hand, imposed a specific duty of 55 cents per kilogram of yarn in December. "In Turkey's case we have questioned its claim that adverse effect on the domestic industry due to higher imports was because of unforeseen developments and imposition of global trade rules," the official said.

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U.S. Blocks India's Request for WTO to Rule on Steel Duty

Jennifer M. Freedma, Bloomberg

July 23, 2012: The U.S. blocked a request by India for World Trade Organization judges to investigate the legality of American countervailing duties on some Indian steel products. A second request would be automatically accepted.

India complained at the Geneva-based WTO on April 24, saying U.S. anti-subsidy duties on certain hot-rolled carbon- steel flat products violate global trade rules. India is challenging a U.S. finding that Indian steel producers got an illegal subsidy by paying too little for iron ore from a state- owned producer.

The U.S. first imposed the tariff in December 2001 and extended it six years later. The duty is fixed at 102.7 percent, according to a notification submitted by the U.S. to the WTO. The two governments held consultations in an unsuccessful bid to resolve the dispute without resorting to a panel.

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Related

Two Meetings on the ITA-II

Washington Trade Daily

Geneva, June 26, 2012 – India and Indonesia will attend an informal World Trade Organization meeting today focusing on expanding the scope and coverage of the existing 1997 Information Technology Agreement, WTD has learned (WTD, 5/15/12).

At a closed-door meeting of the Friends of the System coalition, trade envoys discussed the two-track approach now being pursued in the consultations.

On “track one”, the “Friends” decided to intensify the outreach effort to broaden the participation of members in an ITA-II currently being pursued by some two dozen countries led by the United States, the European Union, Japan, Canada, Korea, Singapore, Malaysia and Hong Kong.

India and Indonesia will take part in today’s discussion to get a better idea of the scope and coverage of the proposed agreement, said participants familiar with the meeting. The Indian government remains undecided about the need to expand the ITA in its current form, WTD was told.

At a recent seminar convened by the WTO secretariat, an Indian telecommunications official said the ITA has not succeeded in achieving its objectives, such as expanding trade in information technology products or raising standards of living. The overall impact of the ITA has been a sharp decline in investment, component manufacturing, raw materials and high value-added manufactured products, the official said. The ITA also has increased the dependence on imports.

The “Friends” also discussed another meeting today convened by eight industrialized and developing countries to discuss a draft consolidated list for ITA-II. The eight countries – which include the United States, the EU, Japan, Taiwan, Costa Rica, Korea, Malaysia and Singapore – will talk about a draft list of products being submitted by each member. The intent is to prepare a consolidated list for coverage under a new ITA-II.

An official from the WTO secretariat presented a detailed report at the meeting on the scope and coverage of the ITA-II agreement and the expected gains from a new agreement.,

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WTO forms panel to identify global trade challenges

Press Trust of India

The 12-member panel will hold its first meeting next month in Geneva

New Delhi April 15, 2012: With an aim to address the global trade challenges and find long-term solutions, the World Trade Organisation (WTO) has set up a panel, consisting experts from all over the world including India.

The panel will hold its first meeting next month in Geneva.

The 'WTO Panel on Defining the Future of Trade' will meet regularly to discuss issues that comes in the way of rapidly-growing world, the trade body said on its website.

The 12-member panel with representatives from nations like the US, Brazil, China, India and Japan will "meet on 16 May in Geneva".

"This panel encompasses experts from all corners of the world and nearly every field of endeavour. Their analysis will spark debate and open new channels of thinking on how we can best confront the stumbling blocks that today's rapidly evolving world has strewn in our collective path," said WTO Director General Pascal Lamy.

The secretary general of Consumer Unity and Trust Society International, Pradeep Singh Mehta, will be the member from India, to debate on the best ways to tackle trade challenges.

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Talks on for WTO regional centre in Chandigarh

Sanjay Sharma, TNN

Feb 28, 2012, CHANDIGARH: Talks have been initiated for setting up a regional resource centre for consultation on World Trade Organization (WTO) issues at Mahatma Gandhi State Institute for Public Administration of Punjab (MGSIPAP) here.

The idea emerged at a regional conference on "International Trade Issues/WTO and Prospects", organized by Delhi-based Centre for WTO studies. The Centre is part of the Indian Institute for Foreign Trade (IIFT), which is a government of India-supported institute.

MGSIPAP director general B K Srivastava told The Times of India here on Monday that talks were on.

No information, however, was available on as to what level the talks had progressed.

The need for institutional arrangements in states was expressed by additional secretary, commerce and trade, government of India, Rajeev Kher.

Kher told The Times of India, "States have been facing a problem of information and expertise and information on WTO and international trade".

Professor Sajal Mathur from the Centre of WTO studies also revealed that Andhra Pradesh, Maharashtra, Karnataka and Tamil Nadu had already made such arrangements. The centre was planning an aggressive campaign to build capacity in all 28 states.

The conference had participation from Punjab, Haryana, Himachal and Jammu and Kashmir.

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Not worried on WTO fallout in single brand FDI: Virbhadra

PTI

New Delhi, January 13: Government today said that it is not unduly worried on any WTO implications of the decision to make 30 per cent sourcing compulsory from domestic small firms by foreign single brand retailers.

"When government takes a decision, it is after due consideration and after taking views of all the concerned departments," Minister of Micro, Small and Medium Enterprises (MSME) Virbhadra Singh told PTI.

He asserted this, when asked whether the decision can be challenged in the World Trade Organisation (WTO).

"Nobody can stop anybody from challenging it, they can challenge it. We will cross the bridge when it comes," he said.

The government has notified 100 per cent foreign direct investment (FDI) in single-brand retail paving the way for foreign brands like Reebok and Nike to have complete stake in their retail outlets in India.

But, the decision has a rider for compulsory sourcing of at least 30 per cent of goods from domestic small and cottage industries by the foreign retailers who want to have more than 51 per cent holding in their Indian ventures.

Singh also sought to allay concerns of the domestic small industries over implementation of the decision on FDI in single brand retail.

Immediately after the notification on January 10, the Federation of Indian Micro, Small and Medium Enterprises (Fisme) had expressed doubts whether domestic MSEs would benefit.

According to the government, the sourcing from local industry would help generate jobs and add value to Indian products.

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Will Russia Energise the WTO?

Sajal Mathur, Economic Times

29 December: One bright spot in the World Trade Organization (WTO) would be the completion of the 18-year-long membership negotiations of the Russian Federation. Russia is by far the largest economy outside the WTO and its membership is welcome, overdue and likely to be just as significant as China's entry 10 years ago.

WTO membership offers a 'win-win' situation for Russia and the world. For Russia, membership locks in domestic reforms undertaken since the 1990s to become a rule-based market economy. With heavy dependence on oil and gas, WTO entry also offers Russia a chance to diversify its trade basket and to get non-discriminatory most-favoured nation (MFN) treatment from the rest of the world. Predictable, stable and transparent application of global trade rules by Russia would significantly improve the business and investment environment for the rest of the world.

There is also significant market access on offer: over 140 million consumers of goods and services. India is well-placed to grab this opportunity. India's merchandise exports to Russia amounted to \$15.8 billion in 2010-11 and included pharmaceuticals, electrical machinery, vehicles, clothing, tobacco, coffee, tea and spices. As part of its WTO commitments, Russia's average tariff bindings would be just 10.8% for agricultural products and 7.3% for manufactured goods.

Russia has entered into a customs union with Belarus and Kazakhstan, and access to these markets will also open up significantly as a result. However, tariffs alone have never been the only stumbling block for entry into the Russian market. Non-tariff barriers (NTBs) - such as technical regulations, sanitary and phytosanitary measures, import bans, licensing requirements and the general lack of predictability or transparency in the trading environment - has in the past dissuaded traders from operating in Russia. With WTO membership, NTBs and behind-the-border measures will be subject to disciplines and global standards. Quantitative restrictions not justified under WTO rules would be eliminated.

In services, Russia has specific commitments in 11 service sectors and 116 sub-sectors, including those of interest to India such as computer, professional (legal, accounting, architectural, engineering and other business services), communication, travel and construction services. There are specific commitments on intra-corporate transfers and business visitors that should ease movement of professionals - a key issue for India.

Interestingly, as a Soviet legacy, Bollywood movies and songs are, perhaps, more popular than Hollywood in Russia and there is tremendous potential for the audio-visual services sector. More stringent intellectual property protection is also a central plank of Russia's WTO entry and will protect copyright and other IPRs.

Another key sector of benefit would be energy. Most major oil and gas producers such as Saudi Arabia, Russia, Iran and Iraq were never members of the General Agreement on Tariffs and Trade (Gatt). Mineral fuels were run as a cartel with Opec playing a leading role. The energy sector, like agriculture or textiles and clothing, was carved out of the WTO/Gatt system. The energy sector was excluded as a general exception to conserve exhaustible resources and/or for national security considerations. Since the Gatt days, the landscape has slowly changed.

Most major energy producers are now either members of the WTO or are taking steps to join the organisation. The accession of Saudi Arabia and now Russia may change the approach and treatment of the energy sector in the WTO.

The issue of dual pricing of energy products with different prices domestically and for export has generated debate in the subsidies context. Energy-related activities such as pipeline transportation, energy distribution services or services incidental to mining are service sectors covered by the Gats, or WTO's trade in services agreement.

The coverage is patchy though energy majors such as Saudi Arabia, Oman and now Russia have specific commitments in these areas. Tariffs and NTBs on energy products also affect countries like India, an importer and exporter of mineral fuels (we have spare refining capacity).

WTO rules governing transit trade and the negotiations on trade facilitation are also of relevance. For example, if India were to explore gas pipelines from the Middle East to cater to its growing energy needs, it would need reassurances that the pipelines through neighbouring countries are secure and will not be turned off (a situation that has raised concerns in other parts of the world and has led to an Energy Charter).

Securing supply of energy products is a major preoccupation and a potential source of tension across the world. Russia, with its abundant supply of oil and gas, has been a major player in the geopolitics of energy. New and often competing pipeline projects have been laid out. Disciplines on export restrictions and duties applied to raw materials have been mooted by some WTO members on the grounds of energy security.

It is possible that energy and other 21st century issues such as climate change could be brought to the negotiating table in the future. In fact, Russia's entry may change the negotiating dynamics of the WTO. Russia is one of the five permanent members of UN Security Council. In the WTO, it would have to share its veto power with over 150 other members. How Russia adjusts and contributes to decision-making in the WTO would be closely observed. Even if additional members make consensus-building a challenge, it would be fair to say that Russia's entry should be welcomed. *(The author is professor at the Centre for WTO Studies, IIFT)*

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India still needs a WTO

Suman Bery, Business Standard

The Doha Round has been left behind, but India's trade requires a solid institutional structure

December 13, 2011: The ministerial meeting of the World Trade Organisation (WTO) later this week is likely to acknowledge that, after ten long years of trying, negotiations under the Doha Development Mandate are unlikely to reach closure in their present form. Such meetings of trade and commerce ministers take place every two years, and represent important opportunities to provide political guidance to the WTO. Despite the generally low expectations from the upcoming ministerial meeting, it does provide a useful opportunity to reflect on India's role and stake in the global trading system.

In a forthright message to ministers a month ago, which followed the meeting of G20 leaders in Cannes, WTO Director-General Pascal Lamy indicated that the deepest divide in completing the Doha round is over market access for industrial products. As he notes, underlying the current impasse are different views as to what constitutes a fair distribution of rights and obligations within the trading system. In the view of some, "emerging economies have attained a level of competitiveness and efficiency in key sectors that warrants treating reciprocity as parity in obligations," while others emphasise that emerging economies still face formidable development challenges in many areas of their economies. He concludes: "It is clear that progress in multilateral trade negotiations, as is the case in climate change negotiations, will require a political response to this political question." And while this concern is largely directed at China, now the world's largest exporter of goods, other large emerging markets such as India and Brazil will face equivalent pressure.

Lamy also points out that negotiations are only a part (although no doubt the most visible part) of the work of the WTO. Other elements include implementation of agreements, dispute settlement, monitoring and surveillance, and capacity-building. This framework deserves at least part of the credit for the relatively low resort to protection in the present economic crisis. An important issue facing leading members of the WTO, including India, is whether these other roles will continue to retain their potency if the WTO ceases to be a principal venue for negotiating market access.

This is not by any means to argue that India, or emerging markets as a group, carry the principal responsibility for the progressive marginalisation of the WTO; far from it. Even as the WTO came into existence in 1995 to replace its highly successful predecessor, the General Agreement on Tariffs and Trade (GATT), the US had just signed the North American Free Trade Agreement (NAFTA), partly to counter the steady expansion of the European Union (EU). With the major exceptions of agriculture, textiles and automobiles, tariffs on other traded goods were already very low, shifting attention of the rich countries to behind-the-border measures inhibiting goods trade, and to intangibles such as trade in services and intellectual property.

For the moment, and for most countries, including India, the negotiating action has moved elsewhere — mainly to various forms of preferential trade arrangements (PTAs), either bilateral (for example India-Japan) or plurilateral (India-Asean; India-EU). In common with other Asian countries (including Japan), India was a confirmed multilateralist and has only entered into the PTA game seriously since the middle of the last decade. The impact of these PTAs on the multilateral system is a hotly-debated topic, with protagonists on both sides: those who argue that such agreements pave the way for broader and deeper

liberalisation, and those who assert that they distort the pattern of global trade and are inherently discriminatory.

In its World Trade Report 2011 published earlier this year, the WTO reviewed the experience with such arrangements, and came to some surprising conclusions, at least to a non-specialist like me. It argued that border measures (such as tariffs) are in general so low that they are increasingly less relevant as the motivation for such PTAs. Rather, PTAs are increasingly being used to provide stability and comfort in such areas as regulation, or intellectual property protection, which are a prerequisite for deeper integration than just trade.

Since it has proved difficult to make progress on these issues on a multilateral, most-favoured nation basis, countries are resorting to agreements outside the WTO to achieve these goals. The most recent example of this is the US initiative to participate in the so-called Trans-Pacific Partnership, which is explicitly designed to address a more ambitious liberalisation agenda than is possible within the WTO. Initially a pact between relatively small members of the Asia-Pacific Economic Community – Singapore, Chile, Brunei and New Zealand – the negotiations have widened to include the United States, Malaysia, Peru, Vietnam, Australia and, most recently, Japan. It is too early to judge how successful these negotiations will prove to be, and indeed whether once concluded the agreement will be passed by the US Congress. But the signal being sent by the US is unmistakable: it is serious about establishing a template in Asia that will deepen market access and integration in both directions, and more reluctant powers, notably India and China, could be at a disadvantage as their economies evolve in more sophisticated directions.

India faces an equally daunting challenge with respect to China's role in Asia. On the basis of multilateral, most-favoured-nation (MFN) disciplines, supported by excellent infrastructure and a favourable exchange rate, Asia's production networks have been reshaped over the last decade to feed into final assembly in China. India's manufacturing employment would be enormously boosted were it to become better integrated into such Asian networks; indeed this is one of the hopes of the national manufacturing policy that was recently approved. This process would stand a better chance if there were a solid institutional structure to underpin it, but for political reasons a bilateral accord seems unlikely any time soon. India may be better served in joining some Asean-linked accord (such as the proposed Comprehensive Economic Partnership for East Asia), despite being overshadowed by China in such a forum.

What then of the WTO? As a middle-ranking trading power that is likely to expand its footprint, India's long-term interests are best served by a strong, empowered WTO. Our politicians had done little to prepare Indian public opinion for the need for compromise and negotiation when a deal was on offer in 2008, so there was no domestic basis for accepting it. If such an opportunity recurs, we should seize it.

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US, Indian Nominees Appointed to Appellate Body

Bridges Weekly Trade News Digest

23 November 2011: The WTO Dispute Settlement Body (DSB) has announced two new appointments to the Appellate Body (AB). Thomas Graham, of the United States, and Ujal Singh Bhatia, of India, were officially selected on 18 November to join the other five AB members and will begin their four years of duty on 11 December.

This year's election comes at a time where the Appellate Body finds itself under fire after issuing a number of controversial rulings that have been criticised as 'law making' and not 'law application'. With dispute settlement procedures becoming more and more legalistic and trade conflicts touching upon an array of other public policy areas, AB member selection has become an important tool to influence the evolution of WTO law.

"If members are unhappy with the positions of the Appellate Body, they should be more careful with whom they give their vote," a high-level trade law expert told Bridges, speaking with regards to the criticism that followed an AB ruling from March on US antidumping and countervailing measures on Chinese imports.

The appointments follow an extensive interview process that began in summer of this year. A Selection Committee - made up of WTO Director-General Pascal Lamy and the Chairpersons of the General, Goods and Services Councils, the DSB, and the Trade Related Aspects of Intellectual Property Rights (TRIPS) Council - led the interview marathon. During those hours, nominees were quizzed on their knowledge of WTO law, their positions on controversial legal questions, and their approach to trade litigation.

Interviews with all interested missions in Geneva followed, during which delegates examined whether candidates supported their approaches to WTO dispute settlement. Questions focused on, amongst others, zeroing, the applicability of public international law, including the Vienna Convention on the Law of Treaties; judicial activism; and the role of dispute settlement in general - for bilateral dispute resolution or as a 'constitutional court'.

Major players, such as the US and EU, tend to claim opposing positions on these controversial subjects; for instance, the US traditionally seeks candidates that do not engage in too much 'gap filling', i.e. rule making where existing rules are imprecise.

Seats on the Appellate Body are typically distributed on a regional representation basis. Though there are officially no permanent seats, in practice, the US, EU, and Japan each claim a permanent appointment.

Notably, China was also granted a seat on the Appellate Body in its latest iteration.

In the present nomination cycle, there were two US nominees for the US seat, and nominations from India and Pakistan for the Asian seat.

Both of the new AB appointees - Bhatia of India and Graham of the US - have extensive resumes with relevant experience ranging from academia, to private law, and international trade relations.

Graham was previously at a private law firm, focused on international trade law. He has also represented the Office of the US Trade Representative, serving as Deputy General Counsel in negotiations on the Tokyo Round Agreement on Technical Barriers to Trade.

Bhatia, most recently an academic and consultant, notably served as India's Permanent Representative to the WTO from 2004 to 2010, where he participated in the dispute settlement process and served as a WTO dispute settlement panellist. *ICTSD reporting*.

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WTO diplomat: 42 nations nearing deal on state contracting to unlock billions in commerce

John Heilprin, Associated Press

18 October 2011, GENEVA - An international deal is nearing agreement that would open up government contracting to more transparency and foreign competition and unlock tens of billions of dollars in new opportunities, a World Trade Organization diplomat said Tuesday.

Nicholas Niggli, a Swiss diplomat to the WTO who chairs its government procurement committee, said 42 nations, including the United States, the European Union, Canada and Japan, are overcoming most hurdles toward an agreement in mid-December when trade ministers gather in Geneva.

Other nations that could join the deal include China, Jordan and Ukraine.

"I bet on the fact that we'll strike a deal," Niggli told reporters at WTO headquarters.

To many governments, the incentive is that they can find cheaper ways to do business and come up with more money to repay debt, he said.

China's participation is a major attraction to other nations hoping to crack that enormous emerging market. But the negotiations have been under way for a decade, and Niggli said a major remaining obstacle is that the U.S. and Japan are each holding talks with the EU aimed at wringing the most possible concessions.

The deal takes aim at corruption and favoritism in government supply contracts -- typically 15 to 20 percent of a nation's gross domestic product. It would essentially update the WTO's only legally binding agreement on government procurement.

Niggli said the December meeting of trade ministers -- the last one was in 2009 -- will be something of a make-or-break session.

"If the negotiations are not concluded in December, the whole package will crumble," he told diplomats at the WTO according to a statement he later released to reporters. "The text will go stale and parties will come under pressure to withdraw concessions that have been put on the table."

The earlier WTO anti-corruption agreement on government contracting took effect in January 1996 and covered trade in a huge variety of goods, services and construction initially among 28 WTO member nations, ranging from drugs and high-tech computer items to machinery and building.

It generally applies to goods and services over \$200,000 and construction projects starting at about \$5 million.

Participation by WTO members is optional, trade officials say, though there's strong incentive to do so because it can help nations get a foothold into new markets by expanding the deal among 200 new ministries, government agencies and other entities.

A WTO study of the 42 nations' economies and some others, such as China and Brazil -- which hasn't shown an interest in joining the contracting deal -- says it could lead to anywhere from \$380 billion to

\$970 billion a year in new market access.

"These market access gains will result in significant commercial opportunities for parties' suppliers, representing tens of billions of dollars or euros annually," Niggli said.

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India WTO Review Highlights Growth, While Urging for More Reforms

Bridges Weekly Trade News Digest

21 September 2011: The last four years have seen strong economic growth in India, largely as a result of trade liberalisation and structural reforms set in motion in the 1990s, according to a new WTO secretariat report on the country's trade policies. While the country has done well to avoid the adoption of protectionist trade measures in response to the global economic crisis, the report found room for improvement in areas such as agricultural import tariffs, transparency in government procurement, and the use of anti-dumping measures.

WTO members met on 14 and 16 September to review the report from the trade body's secretariat; the report, known as the Trade Policy Review (TPR), praised India's promotion of sustainable growth through trade policy and foreign direct investment. The review also lauded India's ability to use trade policy for the achievement of long term goals, such as promoting economic growth.

However, the secretariat warned, India's tendencies toward using trade policy for resolving short term problems such as inflation could be counterproductive. The report noted that using trade policy instruments for such purposes "may detract somewhat from the stability sought, as this requires constant fine tuning of policies, rendering the trade regime more complex."

Members at the review largely acknowledged India's efforts in reducing average most favoured nation (MFN) tariffs; during the period under review, MFN tariffs fell from 15.1 percent in 2006-7 to 12 percent in 2010-11. Attempts in India to "streamline customs procedures" were also commended by both members and the secretariat report, particularly the adoption of an electronic customs clearance system.

Agriculture, antidumping policies draw notice from members

Agricultural tariffs and anti-dumping measures took centre stage in the review's suggestions for further improvements, and drew particular attention from the US at the review.

Despite an overall drop in tariffs, the review reported an agricultural tariff rate of 33.2 percent, compared to 8.9 percent for manufactured goods. This protective trade policy is propagating "low productivity and modest growth rates," the report cautioned.

US Ambassador Michael Punke, in his statement at the review, acknowledged the challenges posed by inflation in India; however, he also called for increased openness in the country's trade policies, placing particular emphasis on "long-term reductions in agricultural tariffs, and removal of unjustifiable sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT) impediments on agricultural imports."

Chairperson Mario Matus, who is also Chile's ambassador to the global trade body, also highlighted in his concluding remarks the questionable "scientific basis for certain [SPS] measures adopted by India" and urged the country to eliminate those technical standards that were acting as trade barriers.

Similarly, the review cited India as one of the highest users of anti-dumping measures, which target products whose price abroad is less than that in their country of origin.

The secretariat report found that India had initiated 209 anti-dumping investigations against 34 trading partners in the period covered by the review period, imposing 207 anti-dumping measures; this was an increase from the 176 anti-dumping investigations and 177 anti-dumping measures initiated during the previous review period.

The US also spoke out about transparency concerns, citing “India’s failure to submit required notifications to the WTO, particularly in the areas of agriculture [and] subsidies,” and not regularly engaging in public notifications of matters impacting trade and investment as a source of difficulty for those firms seeking to conduct business in India.

Doha issues creep into discussion

While the review generally praised India’s involvement in the Doha Round negotiations, the US made a point in its remarks to bring up the long-standing differences between the US and India in the struggling trade talks.

Punke noted that, while the US “support[s] India’s use of an open trade policy” to fulfil objectives of inclusive growth and economic development, such support “underscores our disappointment in India’s reluctance to participate in meaningful market opening through the Doha Round negotiations, despite India’s place as one of the world’s fastest growing economies.”

The US has long disagreed with Brazil, India, and China over industrial sector tariffs, with the US arguing for mandatory participation in ‘sectorals,’ i.e. the cutting of tariffs across an entire industry. Washington has asked that emerging economies take on greater responsibilities when it comes to non-agricultural market access, in order to reflect their growing role in the global economy.

More information

Trade policy reviews are held for all WTO members; the global trade body’s rules mandate that the four largest traders - China, the EU, Japan, and the US - undergo such reviews every two years, with other countries having longer lag times between reviews. The last review of India’s trade policies was in May 2007. *ICTSD reporting*

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India, Pak to compete for vacancy at WTO's highest court

Geneva, August 7 (PTI) India and Pakistan are going to battle it hard for a vacancy for judge at the WTO's highest court for trade disputes- the Appellate Body-- after New Delhi nominated former trade envoy Ujal Singh Bhatia as its candidate.

As more candidates are expected join the race for two vacancies at the Appellate Body that will be filled by the end of this year, India and Pakistan have already queered the pitch by nominating their recent trade envoys. "I am pleased to inform you our decision to nominate Ujal Singh Bhatia as India's candidate for the membership of the Appellate Body," India's trade envoy Ambassador Jayant Dasgupta told his counterpart Ambassador Elin Ostebo Johansen, the chair for the WTO's dispute settlement body.

"Bhatia," wrote Ambassador Dasgupta, "played an active role in the Dispute Settlement process both as a panelist and as a representative of India in dispute cases."

Bhatia was India's ambassador to the WTO during 2004 and 2010.

Earlier, Pakistan nominated its former trade envoy Manzoor Ahmad, who has worked closely with Islamabad's trade ministry. He also served on dispute settlement panels and represented Pakistan in the World Customs Organization.

Ahmad is reckoned as a strong trade liberalizer, sources said.

The Appellate Body is the highest legal limb of the WTO and is reckoned as jewel in the crown for resolving complex global trade disputes.

It is a standing body of seven persons who can uphold, modify or reverse the legal findings and conclusions passed by a dispute settlement panel, which is the lower court.

So far, the Appellate Body has passed rulings in about 200 cases ranging from brooms to sea turtles, and anti-dumping to distorting cotton subsidies. A V Ganesan, former commerce secretary, served on the seven-member bench until 2008.

During Ganesan's term which lasted for almost eight years, the AB passed some landmark rulings in intellectual property rights, cotton subsidies, and anti-dumping measures. The AB's rulings on anti-dumping, particularly over its repeat condemnation of the controversial zeroing methodology to calculate anti-dumping margins, have been severely criticized by the United States.

Much would depend on how big is the race going to be from Asia as well as the support of the United States and China, sources added.

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Pressed into service

T S Vishwanath, Business Standard

July 19, 2012: A group of 18 countries at the World Trade Organisation (WTO) recently issued a joint statement stating that they look forward to entering a “new phase” of negotiations on services from September this year.

In a broad statement, these countries have said that “a significant number of Members have made great advances in opening up their markets, both autonomously as well as through more than 100 services trade agreements notified to the WTO ... We believe it is time to bring this progress back to Geneva with the ultimate aim of reinforcing and strengthening the rules-based multilateral trading system.”

The list of signatories includes some developed and developing countries, though India is not part of the group. The European Union (EU) and the US are both signatories to the statement.

The statement says the agreement should be comprehensive in scope, including substantial sectoral coverage; should include market access commitments that correspond as closely as possible to actual practice and provide opportunities for improved market access; and should contain new and enhanced rules developed through negotiations.

This statement is significant since negotiations on services have lagged most other discussions when countries were taking the Doha Round forward. Therefore, to signal that countries would be taking the services agenda forward in the coming months is a development that needs attention.

It is also important to note that according to preliminary estimates by the WTO and the United Nations Conference on Trade and Development (UNCTAD), in the first quarter of 2012, world exports of commercial services rose by three per cent year-on-year, following the same pattern recorded in the fourth quarter of 2011.

The joint statement also comes a few days after WTO Director General Pascal Lamy said at a meeting in Beijing: “it was time we put services at the heart of our trade opening agenda.” Lamy pointed out that for many developed countries, services account for more than 70 per cent of GDP; and that in many developing countries, this share has increased to around 50 per cent. He pressed China to drive a positive agenda in negotiations on services.

The joint statement is a reflection of the agenda that the US and the EU have been pushing with developing countries like India and China. There has been considerable pressure on India, for instance, to open up some areas of services for greater foreign participation — retail services, financial services and legal services. In all three sectors, there has been considerable political opposition within the country to opening up, and bilateral discussions have not yielded much result.

The WTO may help developed countries move this process forward in a meaningful fashion. As Lamy suggested to Beijing, when countries have an offensive agenda to open trade in services the WTO framework remains the best option.

If the services negotiations do gather momentum, as is suggested in the joint statement, then for the negotiations to bear fruit countries must look at regulations across the globe that hinder the flow of

services. It is not just the opening up of the sector that is important. What is equally important is that the local regulations should not be stacked against foreign suppliers. Further, there is a very important introspection to be done by the US and the EU on whether they are keen to look at movement of professionals as part of the services negotiations.

There is considerable pressure within the US, for instance, to allow more Indians and Chinese to obtain green cards. Reports have said that over 300 technology companies from the Silicon valley and other places have petitioned the US Senate Subcommittee on Immigration, Refugees and Border Security to support a piece of legislation that seeks to remove the per-country limit in allotting green cards. Under the current law, 140,000 green cards are available, of which each country has a cap of seven per cent.

Given the current global economic environment, the services negotiations will need much support as work-related cross-border movement of professionals, which is an important demand for countries like India, could create concerns for some developed countries that are already under stress owing to unfavourable jobs data in their respective countries