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Developed nations want emerging economies to take more responsibilities

Nayanima Basu, Business Standard

Interview with Harsha Vardhana Singh, Deputy Director General, WTO

July 19, 2012: Developed countries, especially the US, are seeking more market opening commitments from emerging economies like China and India, something that has stalled the Doha round of global trade talks under the World Trade Organization (WTO). In an interview with *Nayanima Basu*, on the sidelines of a Ficci seminar, Harsha Vardhana Singh, deputy director general, WTO, said he was hopeful of the issue getting solved by 2014, during the next minister-level meeting. Edited excerpts:

You said in your address to Ficci today the Doha round of talks was in a stalemate, as the US wanted more obligations from countries like China and India. Could you elaborate on this?

It is not just the US. The developed world feels, in which the US is a prominent part, emerging economies should take more responsibilities. So, when you look at it from the emerging economies' angle, these feel the level of poverty to be addressed and the development initiatives that are needed in their respective countries, it would not be reasonable for others to seek substantially higher levels of obligations than what these are offering and there is a gap in the perception.

Do you see this gap closing anytime soon during the upcoming ministerial meeting in 2014 and 2015, by which time you said you were hopeful of the Doha talks coming to a conclusion?

I hope so. But we need to see how the global system develops, how much of a political sensitivity, for reaching conclusions in a multilateral system, is of use and is beneficial to all of us. Right now, we are seeing market-restricting measures, which shows an increasing emphasis on domestic concerns without adequate recognition to the positive role played by a multilateral framework in this context. And, as I said, this multilateral agreement under WTO is important to address major problems today and is important for the future, too.

Now that the US is heading for another Presidential election, how difficult will it be to bring countries back on the negotiating table and complete the Doha round in a serious and credible manner?

They are there. There is seriousness expressed. The fact that progress is getting achieved in some areas shows the members' seriousness. But there are other issues to be addressed. Of course, a period before the election makes it somewhat politically uncertain on exactly the position that country will be taking. But, yes, there are discussions and progress. However, it is not spreading across the board.

How is the WTO viewing the recent spate of disputes taking place between the US, and India and China? Is it a fallout of what is happening at the Doha round of talks?

WTO has a credible method of readdressing these sorts of disputes, which reduces tensions. Bringing disputes to WTO are a normal part of the system. It is not as if we have got extremely high-level of disputes which have suddenly peaked. It is not that. These are normal ups and downs. There are different factors that give rise to such disputes. The important part is that there is a disciplined mechanism to settle these and avoid tensions.

Is there an attempt to bring in new issues like climate change clandestinely into the Doha Development Agenda, and do away with the older mandate?

Well, whatever is discussed in the negotiations is privy to those parties and I do not sit in those meetings. But at present, basically the discussion is on getting whatever we can or whatever the members can from the Doha mandate, as it exists and to the extent if there is any discussion of any type would be on a different platform. But within the Doha round the focus right now is to try and see whatever can be achieved in whichever sequence. The focus till now is that, but of course members keep discussing other issues which I am not privy to.

What is the progress on some of the main sticking points of the Doha talks like, reduction in agricultural subsidies and cotton?

We have moved a lot on domestic support for agriculture. But it gets linked with the single-undertaking. On cotton discussions have been going on. Last month the Cotton-4 ministers had visited US and it is now linked with the US' Farm Bill. In my understanding, to the extent market access issues are addressed, we should be reaching a conclusion in these other aspects. So, it is mainly the market access.

What is WTO doing in this era of increasing protectionism stance being taken by countries to address domestic concerns in the face of a financial crisis?

Three per cent of the world trade today depends on the restrictive measures taken. Concerns are being raised at the highest level in the WTO. Countries are taking note of this and they are taking a look at the factual basis and trying to see how it relates to coverage of various kinds of restraint. Countries are taking these market restrictive measures without looking at the overall perspective. So, they need to analyse the cumulative effect of this and should they be more careful.

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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.

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WTO meet in Dec '13 to break Doha deadlock

Nayanima Basu, Business Standard

August 23, 2012, New Delhi: Trade ministers from the 155 member countries of World Trade Organization (WTO) have decided to meet once again in December next year in a last-ditch effort to bring in the much-awaited consensus to conclude the Doha round of global trade negotiations that has been languishing since 2001.

The last meeting, the eighth so far, was held in Geneva in December 2011. Like all other previous meetings, the 2011 meeting, too, failed to arrive at any consensus.

Unlike earlier ministerial meetings that have seen heated exchanges and harsh arguments among the countries, this time the mood is expected to be much sober, and the talks would take place in the exotic Indonesian island of Bali. It remains to be seen whether this ministerial meet could agree to close the deal for the benefit of all or declare it to be over.

The ministerial meetings are generally held in every two years. The coming meeting, which is the ninth so far, assumes significance as it will be held after the US presidential elections that is taking place in November this year.

"The attempt this time is definitely going to be on how to close the talks. Signing the deal is a distant dream, though 2013 would mark the 12th year of the Doha round. The fact that all the members have agreed to a formal ministerial meeting shows the political will to finish the round," a senior commerce department official told Business Standard.

In the last meeting, the members had agreed to chalk out a benefit package for the least developed countries (LDCs), as it would help them export more by getting bigger access into rich markets. But the main deal is stuck for the last 11 years over US and Europe refusing to cut farm subsidies, and over greater access to the markets of emerging countries like China, India and Brazil.

Another important milestone that was achieved during the eighth ministerial meeting was having an agreement on trade facilitation. The idea that an agreement could be reached in trade facilitation under the

WTO trade talks received widespread political support at the OECD Trade Ministers meet held at Paris on May 23 2012.

"Momentum appears to be gathering in favour of trade facilitation although Brazil, India and South Africa continue to oppose the proposal... Improvement in customs procedures and border measures is in the interest of all WTO members, and an agreement would lead to concerted action by all of them to facilitate trade. Economic operators in India will gain not only from the improvements in other jurisdictions, but also from the improvements in India itself," said Anwarul Hoda of ICRIER in a note.

The US has been insisting on changing the basis of the talks that forms the main agenda of the Doha Development Round. Key developing countries such as India, China, Brazil and South Africa have strongly warned against drifting of the provisions from the development agenda, based on which the present round of talks were kick-started in Doha.

During an interaction with Business Standard last month, WTO Deputy Director General Harsha Vardhana Singh had said he was hopeful of the deal coming to some conclusion by 2014.

Earlier, India's Commerce, Industry and Textile Minister Anand Sharma emphasised that the round can come to a meaningful conclusion only when countries start scaling back their ambitions and adhere to only what was agreed to in 2001 that had development as the core objective for poorer countries.

The Doha round is the longest of all multilateral trade negotiations. Prior to this, the Uruguay round went on for eight years under the General Agreement on Tariffs and Trade.

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Doha is not dead for sure: WTO's Pascal Lamy

NDTV

Davos, 24 January 2013: Pascal Lamy, director-general, World Trade Organization, spoke to NDTV's Namrata Brar on the sidelines of the World Economic Forum at Davos, Switzerland about the Doha round of negotiations, which aims to lower trade barriers around the world to facilitate global trade.

Here's the edited transcript of the interview:

NDTV: My first question here in Davos 2013 - is Doha dead?

PASCAL LAMY: I don't think so. Doha is a big negotiation for WTO (World Trade Organization) and will not conclude any time soon...the way it was planned to conclude, which is a big deal. About 20 topics being principal that nothing is agreed until everything is agreed. But for sure, Doha is not dead, because problems which Doha was to address are still there...big tariff in industrial growth like subsidies, fishery subsidiaries...the problems are there so we need solutions to that, and second because if the thing doesn't unfold, bits and pieces of that, some of which are very important, can be concluded in the meantime, starting with this big multilateral negotiation which may be on the verge of conclusion of what we call trade facilitation, which is addressing path of fiscal trade and border crossing. Border crossing today cost 10 per cent of the value of trade. There is a big pond of savings for small businesses and could be doable. So the big thing not now but parts of that...yes, perfectly doable.

NDTV: So when you talk about trade facilitation agreement, do you have India on board for this subject because there is a lot of criticism that for a country like India. This will actually benefit imports but not exports, which really developed countries want and it is going to play in favour of the US, EU. So how do you address that?

PASCAL LAMY: First, the largest and growing part of world trade is between developing countries and if all countries on this plant simplify and streamline their custom procedures, this will work both ways, both for imports and for exports. Many developing countries have important offensive interest their competeviness, in services, is now very good. So it's not the question of North versus South or developed versus developing. The world today has changed and we have quite a lot of emerging companies, India, China, and Indonesia being some few examples, whose systematic interest is to improve trade of both the sides. Now, there may be tactical position and that's understandable, but overall it is in the interest of everybody to streamline, simplify, automated custom procedures.

NDTV: In your conversation with the Indian government you have they suggested to open to this agreement?

PASCAL LAMY: I think if you look at India's custom system, in many ways it is more modern than many others including developed countries. So India has an advantage in IT, in digitization of custom procedure, which India needs to export well. (Will be) Discussing this with Anand Sharma and with the Indian PM few days from now.

NDTV: I know you are visiting India in the next couple of days. Do you feel Indian government is on board with Doha once again?

PASCAL LAMY: I don't think India ever left the table. The main reason why, so far, this negotiation has not been concluded is because of industrial tariff reduction. We know countries like India have this part to play and would not characterize the situation. India, having left the table, recently got a proposal that provided number of flexibility for financing public which the Indian government buys from their livelihood of farming and India has a big interest in this sector; roles have been adjusted in order to match this capacity. So this notion that India is on the defensive, I think, is not right. India, like us, like China, like Japan, has offensive and defensive, and the whole thing is how you balance it at the end of the day.

NDTV: But a lot of people say India just got completely exhausted with their discussion, particularly US' position on farm subsidiaries. That's a given. Nobody is still willing to come in and compromise on that front. The US and the EU - do you see a possibility of them compromising on farm subsidiaries?

PASCAL LAMY: Of course, they will have to do that, not only for budget reasons; we all know US has a big budget problem and the EU has to put order in its public finance. So I think they will have to do that. The question is, like always, in terms of negotiation, the US President wants to get the majority in Congress reducing their problems; the US President has to come with something as a tradeoff to tell people in Congress that, yes, we have to do that and it's going to be painful for some of you, but I have good news for others. This is the whole negotiation now; trade facilitation, custom procedures is as compared to this ...... which mobilise domestic .....is relatively an easy thing. I mean after all the procedures to handle, custom clearing is something of an administrative nature; its governances decided whether you make it complex or simple or cheap or expensive. It is, in a way, an easier issue to deal with, which is why it needs a better start.

NDTV: So is that going to be a new tone of WTO from now on? Will you focus on this specific agreement because what has happened is the principle that 'nothing is agreed till everything is agreed' is really difficult to come back on the table; It is really difficult and then again you have a backdrop; countries like US, you spoke about President Obama, he is clearly not that interested in a global trade issue; he is more focused on his domestic economy; countries have turned more protectionist after the crisis.

PASCAL LAMY: I would be cautious about this. We have been protectionist for sure. So far, we haven't had any significant wave of protectionism, which, by the way, show important... WTO is for keeping trade open on this planet, true and this is absolutely right; governance - that is everywhere - have a tendency to focus on their domestic issues while there is an economic and social crisis. But we all know, more export is very important for many countries and it is one of the cheap ways of stimulating your economy.

NDTV: I am referring to trans-specific partnership that is taking place. The US starts it off with the meeting with Australia, Canada, Chile, Mexico and so on, and then you have talks about EU-US free trade zone coming in. Does that fail the Doha talks, the WTO significance?

PASCAL LAMY: Depends on what you are talking about. In some areas, these bilateral deals may be conducive to more multilateral trade opening; in other areas it may scatter the market instead of leveling it. Take India, which has its own stream of bilateral negotiations. So overall, the question of whether bilateral negotiations are good or bad for multilateral trade opening doesn't have a black and white answer. And of course, the mood is that this bilateral (deal) has to remain complacent with other structures of multilateral groups.

NDTV: What are you going to be asking the Indian government and the Prime Minister when you are in India? What is the top thing that Pascal Lamy wants from India?

PASCAL LAMY: The WTO director general is not there to want things from countries. The WTO is a system between countries, and countries want things from other countries; not me. I am a facilitator; I am trying to take a look at what the current situation is.

NDTV: In your negotiation with India so far, what has been the biggest dumpling block so far for the larger deal?

PASCAL LAMY: I think overall India is modernizing this economy and is using international trades to level. Look at services in distribution or banking and insurances, where India recently has stepped in to say we need more open system, and this is great. (I) am here not to request India from doing things that India won't do; (I) am here to facilitate what Indian authorities believe they have to do in order to modernise their economy and service plays a big factor, as we know how important service is for the performances of the productivity of an economy today.

NDTV: Could there be a possibility of opening up environmentally beneficial goods on your visit?

PASCAL LAMY: Well that's an area which has been discussed, especially in the Pacific countries. I don't see this as something that can be solved in a week; there are more efforts to be put in for it to work.

NDTV: Is there also a meeting planned with President Barack Obama at some stage?

PASCAL LAMY: You know I am always travelling, trying to coil this contact on top of what we have to do every day to keep trade open, which again, in this difficult environment with Europe, Japan still being ...... in terms of growth, which, of course, impact India or China.

NDTV: You are retiring this year in August and you will be missed; the opposition has been a big one. Do you want to leave Doha behind like this?

PASCAL LAMY: I think, we need, especially poor countries, a vibrant and strong WTO in India. We have a WTO stronger than ever it used to be, but on this area, obviously, even if a small step is taken, which will lead to other small steps, I will be very happy.

NDTV: And who is going to succeed you? Since there is long list of potential candidates coming from the countries, which are emerging markets, do you feel, this time, the WTO should have more of an emerging market flavor at the top?

PASCAL LAMY: That's not for me to say. I mean there are nine candidates to succeed me, which I think is a reasonably good open competition. I am happy that we have a big number of good candidates. That says something about how important this organization is for its member. Well, I am not involved in this process. Members will decide and am sure, in their wisdom, they will pick up the best.

NDTV: But the emerging market dialogue in WTO has got stronger in your tenure, do you feel that?

PASCAL LAMY: Of course it has, not because the WTO as a system has affection of the countries that make it, and clearly, emerging and developing countries are more important since they are a part of the world economy. After all, this is what development is all about.

NDTV: Sir may be, we have an emerging market face. Any plans of what you are going to do after August?

PASCAL LAMY: Not yet. For the first time in my life, I will have freedom and I want to taste it.

NDTV: And you deserve it. Mr Pascal, many thanks.

PASCAL LAMY: Thank you

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Difficult to conclude Doha Round as single package, says Pascal Lamy

Dilasha Seth, Economic Times

Agra, 29 January 2013: Outgoing director general of the World Trade OrganizationPascal Lamy on Monday said in the near term the members should look at reaping the 'low hanging fruits' as it would be difficult to conclude the Doha Round as a single package.

"Differences between rich and developing nations have been a stumbling block in the conclusion of the talks," he said at the Partnership Summit in Agra.

The Doha talks came to a near conclusion in 2008, but broke down as India, China and the US fell out over measures to protect poor farmers.

Since then India and other developing nations are defending their agricultural markets to protect millions of subsistence farmers from easy imports that may result from the multilateral agreement. The next round of ministerial talks will be in Bali in December this year.

Lamy said that members could move forward on issues like trade facilitation.

"This is a part of the Doha Round that can be concluded as early harvest," he said, adding everybody should be agreed on this if it has to conclude it this year. "There will issues which could not be resolved until now like fishery subsidy. Those issues will be resolved later probably in the same spirit...take the ones that can be reached on short term consensus," he added.

Under the early harvest, developed countries, including the US, want India and other emerging economies to be part of the four major sectoral pacts - trade facilitation (TF), information technology (IT), environmental goods and international services agreement.

However, India has said that it would not accept any agreement on IT and environmental goods, as it would adversely impact its domestic industry.

Lamy, who will step down as the director general of the WTO in August, blamed the lack of regulation in the financial sector for the global economic crisis.

"Open trade has not triggered the crisis. No regulation in the financial system is responsible," he said. Opening trade and improper regulation are two different things. You can have open trade and proper regulation and vice versa, he said.

Lamy said that issues like strengthening world trade, further opening trade and restricting protectionist tendencies would be the major challenges for the new director general, who will be named on May 31.

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Goodbye Doha, hello Bali

Economist

September 8, 2012: Trade and growth go hand in hand. When the economic crisis first hit in 2008, world trade and growth collapsed together. In 2009 both recovered, and did reasonably well until this year, when both slipped again (see article). Cutting tariffs and red tape would boost trade, and support the faltering recovery. This should spur efforts to replace the failed Doha trade talks with a new effort to do a multilateral deal.

The aims of the Doha round, launched by the World Trade Organisation (WTO) in 2001, were laudable. It deliberately put poor countries first, placing particular priority on improving the access of their farmers to rich-country markets. It was ambitious too, covering not only trade in manufactured goods, agriculture and services, but also a host of things more indirectly related to trade (antitrust, intellectual property and foreign-investment rules, for example). According to the Peterson Institute, a think-tank, the potential gains were around $280 billion a year. Its failure is a tragedy.

The villains are powerful lobbies, notably in agriculture, such as America's cotton and sugar industries and Japan's rice farmers and fishermen. But there were also two structural problems with Doha. One was the number of countries. At the end of the first world-trade talks in 1947, 23 countries were involved. When Doha started, 155 were. Second, the idea was to achieve a grand bargain in which agriculture, manufacturing and services would all be liberalised. But reaching agreement on some areas was so difficult that the WTO's mantra— "Nothing is agreed until everything is agreed"—proved fatal.

Less ambition, more achievement

After many missed chances to conclude a deal, an "absolute deadline" was set for December 31st 2011. That too, was missed. Since then, protectionism has been intensifying. In the past two weeks Argentina has lodged complaints against America over lemons and beef and against Spain over biofuels. Altogether, tit-for-tat actions mean that new restrictions cover 4% of global trade, more than Africa's exports. On the plus side, disputes over these are being adjudicated by the WTO system.

With Doha paralysed, regional alternatives to a multilateral deal are springing up. They are not all bad, but regional deals tend to benefit insiders at the expense of outsiders, so that global gains will be achieved only if they can be fitted together. And the small deals often enshrine rules—such as electrical and emissions standards—which vary from region to region, so they make global deals harder to forge.

Instead of allowing the Doha round to be replaced with a patchwork of regional deals, the WTO's boss, Pascal Lamy, should close it and resurrect the best bits in a "Global Recovery Round". He should drop the all-or-nothing "single undertaking" rule that helped kill Doha. Instead, talks would be broken up into small chunks and allowed to progress independently of one another. Negotiations would be open, so that any member could leave or join. Some deals, therefore, would not include everyone. But another of the WTO's guiding principles—the "most-favoured-nation" clause—must apply. This rule means that any deal between a smaller group must be applied to all WTO members, even if they do not reciprocate. WTO-brokered regionalism would thus lower trade barriers for all.

The Global Recovery Round should focus on manufacturing and services. Manufacturing represents around 55% of total trade. There is much to be gained: tariffs on cars, buses and bicycles are still high. Even low-tariff countries maintain a selection of high ones. In America ski boots attract a zero tariff, but golf shoes can face a 10% rate, and steel-toe-capped boots 37.5%. Services, which account for only 20% of world trade but are more important on a value-added basis, have hardly been liberalised at all.

If progress on agriculture is slower, so be it. Farm protectionism, which this newspaper was founded to oppose, still starves millions. New madnesses appear by the day: Russia has blocked the import of pigs from the EU because of a virus that affects cows and sheep. But an industry that makes up only 7% of world trade cannot hold everything else hostage.

The timing should be as tight as possible. When G20 finance ministers meet in Mexico City in November 2012, they should ask the WTO to launch the Global Recovery Round, and to finish it by the time of the WTO's next big meeting, in Bali in December 2013. It would be the best thing to happen to the world economy for five years.

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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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India stresses on completion of stalled Doha round

On Board Air India One, 21 November 2012 (IANS): India is for successful conclusion of the stalled Doha round of the global trade talks and is willing to work with all stakeholders to take it forward, said Commerce and Industry Minister Anand Sharma.

Addressing the media on board the special aircraft returning home after Prime Minister Manmohan Singh's visit to the Cambodian capital of Phnom Penh, Sharma said that India at the East Asia summit had urged the need to "revitalize the Doha WTO negotiations to put in place a rule based multilateral trade regime in order to revive the global economy".

"India feels that protectionism and not completing the WTO negotiations will cause further damage to the world economy," he stressed.

The Doha round "is the longest negotiations in the history of global negotiations".

"It has never happened that any round has ever been aborted... and India has the conviction that this round has to be taken to an early and successful conclusion and we are committed to work with all the stakeholders and negotiating partners," he said.

He said the Doha round was held up by two processes involving two of the biggest world economies − the US presidential polls and the once−in−a decade leadership change in China.

"With the two major processes over hope the US will now re−engage in the process which got stalled in January, he added.

He said India is committed to complete it in a single undertaking.

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'Re-energise, revitalise stalled WTO process'

Gireesh Chandra Prasad, Indian Express

21 November 2012: India on Tuesday urged US President Barack Obama and leaders of agencies like the WTO to urgently resume multilateral trade liberalisation talks in order to limit protectionism and prevent global trade and investment from sinking further.

The suggestion from Prime Minister Manmohan Singh was put across to world leaders at a global economic dialogue in Phnom Penh on the sidelines of the East Asia summit, which was also attended by WTO Director General Pascal Lamy, IMF MD Christine Lagarde among others.

Commerce and industry minister Anand Sharma told reporters that there is an urgent need for course correction in the global economy, which if not made, could lead to huge social costs. India wants an early completion of the Doha round of trade negotiations, the longest round of trade talks under WTO yet.

"We should reenergise and revitalise the stalled WTO process. India feels protectionism or not completing the WTO process will cause further damage to the world economy. It would deepen the recession and delay the recovery," he said.

New Delhi believes that with Obama re-elected for the second term and a new leadership in place in Beijing, it may be an opportune time to resume talks. "We hope that the US will now reengage," said Sharma.

India has also expressed its desire for a peaceful resolution of disputes China has in the South China sea as per international law to ensure freedom of navigation, sources said.

India also reiterated its demand for greater say in the affairs of global financial institutions like the World Bank and the IMF saying emerging economies that now account for two-fifth of world trade needs a greater representation.

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WTO Members Aim for "Realistic" Doha Deliverables for 2013

Bridges Weekly Trade News Digest, Volume 16, Number 43

12 December 2012: One year after the Doha Round of trade talks was formally declared at an impasse, WTO members are beginning to show signs of re-engagement in the negotiations, according to WTO Director-General Pascal Lamy. However, he warned delegates last Friday, members must be realistic and pragmatic in the months ahead to avoid jeopardising the small Doha deliverables package that they aim to clinch by next December's ninth ministerial conference (MC9) in Bali, Indonesia.

"MC8 left us with a long to-do list," the Director-General told WTO members, referring to last year's ministerial conference in Geneva, where trade ministers formally directed the global trade body's members to explore new negotiating approaches in light of the stalemate in the talks.

However, Lamy added, members now appear to be showing "encouraging signs" that they are ready to resume their negotiations in earnest, despite 2012's admittedly slow start."The activities of 2012 have contributed to building some momentum. You have put on your negotiating caps again. And we cannot afford to lose it," he said, urging members to transform this renewed sense of engagement into concrete proposals during the first quarter of 2013. "Our credibility in the next phase will depend on our ability to make tangible progress on specific issues as they mature."

Progress in some areas, standstill in others

Chairs of the various Doha negotiating groups also spoke at Friday's meeting of the WTO's Trade Negotiations Committee (TNC) - which is tasked with all negotiating aspects of the Doha Round - in order to give delegates the current state of play on the different topics under negotiation.

Topics such as trade facilitation, agriculture, special and different treatment (S&DT), least developed country (LDC) issues, and dispute settlement have advanced over the past twelve months, they said, while others - such as the WTO's negotiations on services - have barely moved at all, and are unlikely to move forward in the months ahead.

The possibility of a trade facilitation deal by end-2013 - an area of the talks that deals with easing customs procedures and other border restrictions - has gainedincreased prominence over the past several months. Negotiators have been working toward finding internal balance within the subject-specific talks, as well as trying to find deliverables from other areas of the Round to go with it, in response to concerns from some members that a deal focused solely on trade facilitation would not be "self-balancing."

On trade facilitation, negotiating group chair Eduardo Ernesto Sperisen-Yurt - who serves as Guatemala's WTO ambassador - noted that talks in this area have shown promising developments over the past year, with members demonstrating a willingness to continue negotiating further in the year ahead.

In his oral report to the TNC, Sperisen-Yurt also stressed that members should not be alarmed by the various unresolved parts of the trade facilitation draft text."Those who don't follow these negotiations closely could see themselves tempted to count the brackets that still remain in the text," he said. "But I'd warn them that it would be an error to see that as an indicator of current progress," he added, noting that in many cases, just one area of disagreement is the source of many of those brackets.

Notably, the topic of S&DT in the trade facilitation talks was raised by many members in their interventions, and is expected to feature prominently in upcoming negotiations.

In parallel, three proposals on agriculture - two from the G-20 coalition of developing countries, and one from the G-33 developing country group - have been debated as possible components to pair with a trade facilitation deal, earning a cautious welcome from fellow WTO members.

Australia, speaking on Friday on behalf of itself and for the Cairns Group of agricultural exporters, reportedly commented that the new proposals have been a positive development, given that they have helped re-establish agriculture as a key element of the negotiations. However, sources note that Switzerland, on behalf of itself and the G-10 coalition of countries with highly-protected farm sectors, remarked that agriculture is not the only issue on the table.

Steer clear of surprises, Lamy cautions

In preparing for MC9 in Bali next year, members should "go back to our well-known principle of 'no surprises'," the Director-General cautioned on Friday. "Any kind of Christmas-tree syndrome as we get closer to MC9 would have destabilising effects on the entire process, jeopardise the ministerial conference itself, and dent the credibility of the WTO."

Efforts last year at building an LDC-focused "Doha-light" package in time for the December 2011 Geneva ministerial ultimately fell apart, due to members being unable to agree on which LDC - and non-LDC - issues to include in such a deal, in what was also referred to as a "Christmas-tree" problem.

In order to achieve results in time for Bali, Lamy added, members should pursue "realistic" demands that account for other members' so-called "red lines," while avoiding unattainable goals or being confrontational in the negotiating process.

He also said that proponents of any new proposals should take on the responsibility themselves to build consensus among other members, and that members must avoid setting "new and unworkable deadlines."

MC9: a Doha Round stepping stone

While a small package of Doha deliverables for next December now appears to be members' current goal, many made clear at Friday's meeting that the Bali event would not mark the end of the organisation's efforts to conclude the entire Round.

"Of course, we should be under no illusion about the breadth of what we can achieve in the short timeframe between now and MC9," Lamy said. "Nor should we create unrealistic expectations. The main stumbling blocks of the [Doha Development Agenda] are still standing and many of the toughest nuts will likely not be cracked by the time ministers meet in Bali.""But we should also not wait for the last minute to engage," the trade chief warned. "One more housekeeping ministerial conference in Bali would not suffice to keep the Doha House alive."

Various delegations who spoke on Friday echoed the Director-General's comments, noting that Bali is just one step in a longer process. Many also cautioned that the year until Bali's meeting is - in practice - less time for negotiating than it sounds.

"A successful MC9 appears today clearly as a necessary precondition for the conclusion, at a later stage, of the whole Round," EU Ambassador Angelos Pangratis commented. "Progress achieved is fragile; the road ahead is long and the time to MC9 is in fact very short."

"Bali is not a deadline, but it has already emerged as a milestone. One way or the other, Bali will mark a moment when not only we but the world outside of Geneva take stock of our work and the health of the trading system," US Ambassador Michael Punke added.

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Bali – More Than Housekeeping

Washington Trade Daily

Geneva, 16 January 2013: At a closed-door "green room" meeting with World Trade Organization Director General Pascal Lamy, a score of trade envoys came to a broad consensus that the Bali ministerial meeting in December cannot be a mere "housekeeping" exercise like the last ministerial in 2011.

The WTO ambassadors said Bali must deliver on a package of issues that include trade facilitation, special and differential treatment flexibilities for developing and least-developed countries, some aspects of the Doha agriculture package and the market access issues raised by developing countries.

Australia, the United States and Japan called for greater "clarity" and a better understanding of what is "do-able" for the Bali meeting by early spring, WTD was told.

But Mr. Lamy urged against setting such a deadline, based on past experiences. He suggested that members put up their proposals soon and accelerate work on all fronts.

The WTO chief said he will advise trade ministers when they meet in Davos later this month to direct their negotiators to accelerate work on the four issues – trade facilitation, agriculture, special and differential treatment flexibilities and LDC issues. He suggested a "reality check" before August.

A Post-Bali Agenda

The Director General also signaled to envoys in the "green room" meeting that he would hold consultations with members on a post-Bali work program – as suggested by India, Morocco, South Africa, Pakistan and the European Union.

Morocco – which coordinates the African group of countries – said there has to be a clear post-Bali work plan to address all the remaining issues of the Doha Development Agenda negotiations.

Japan, Mexico and Colombia cautioned that it would not be prudent to work on a post-Bali roadmap without first having a clear picture on what could be achieved in December. Australia welcomed the focus on post-Bali, while Pakistan said the "shop" involving all the Doha issues cannot be closed after the Bali meeting. The United States suggested that lots of issues will remain after Bali that will require new ideas and approaches, said one trade envoy who took part in the meeting.

Nepal said the results from Bali would be a litmus test of whether members can deliver on developing-country issues, such as duty-free/quota-free market access, "cotton" and the special LDC services waiver. India said a "give-and-take" approach is imperative for any successful outcome from Bali. South Africa asserted that any outcome should be balanced, but focus on the interests of developing countries.

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India seeks easier norms in trade pact with developed nations

Amiti Sen, Business Line (The Hindu)

New Delhi, 14 January 2013: India has said the trade facilitation agreement proposed by developed members of the World Trade Organisation for infrastructure upgrade at customs and ports cannot be binding and has to be softer on developing nations.

It also needs to be balanced with pacts in areas that favour poorer countries such as elimination of cotton subsidies and extension of compliance deadline for intellectual property agreement for Least Developed Countries (LDCs).

"It is important for developing countries to be given a longer time frame to implement an agreement on trade facilitation as it would require changes in laws and a complete over-haul of port and customs infrastructure," a Government official told Business Line.

A trade facilitation agreement could cut down trade costs by 10 per cent, as per estimates made by the WTO.

Since extension of electronic clearance facilities and e-computing would also entail huge investments, poorer countries need to be given monetary and technical support, New Delhi argued.

With the decade old Doha round of trade talks at the World Trade Organisation not reaping results, some members are looking at carving out pacts in select areas such as trade facilitation and services during the ministerial meet in Bali in December.

In a recent meeting on the issue at the WTO, India's representative spoke against making the pact mandatory.

"If the agreement becomes binding, developing countries will be taken to dispute if there is a lapse in implementation and be penalised. This is not acceptable," the official said.

While the pact is acceptable to India in parts, a number of proposals like providing for advance ruling or a pre-determination of the import tax burden and allowing bank guarantees in lieu of cash duty payments were difficult to implement.

"We have said that there should be a tiered formula which allows developing countries to implement the agreement in parts," the official said.

As the pact will essentially benefit developed countries as the volumes of their traded goods is much more than the rest of the world, it needs to be balanced off by agreements in areas of interest to developing countries and LDCs.

"We have proposed that a number of other agreements should be signed at the Bali ministerial including one on cotton subsidies, LDC waiver in services and IP extension," the official said.

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India, China on same page on food security

Kirtika Suneja, The Financial Express

New Delhi, 4 February 2013: India and Brazil, the chief coordinators of the G20 formation in agriculture connected with the World Trade Organisation's (WTO) Doha Round negotiations, have secured China's allegiance to a proposal to include "all" budgetary expenses on food security and rural livelihood & development in the list of "green box" subsidies, which are "non-trade distorting" and meant to be freely allowed.

The G20 move is in early preparations for the year-end's WTO ministerial meeting at Bali in Indonesia and amid reports that the US and the EU are drifting towards reinforcing their trans-Atlantic trade relations under a new formal framework, at the expense of the moves to ease world trade further under a rules-based multilateral framework.

In WTO terminology, subsidies are identified by "boxes" that are given the colours of traffic lights: green (permitted), amber (slow down or to be reduced) and red (forbidden).

According to official sources, New Delhi making common cause with China on the green box items is a significant breakthrough, especially since an ambitious national food security law is in the offing. The new, strong consensus among the emerging economies would serve as a balance-tilting counterweight to the US-EU bloc, while cherry-picking the doable things on the WTO front.

The US and EU had proposed some definitional curbs on food security spending for their green box inclusion, accepting which would mean constraints on India in implementing its proposed food security law. For instance, the advanced economies have long said that (state) expenses on food security schemes — like the public distribution systems — can't be treated as a green box item if food procured at market prices are not sold at market prices.

WTO chief Pascal Lamy recently urged the world to harvest "low-hanging fruit" (in terms of trade liberalisation) while it is clear during his tenure that the decade-old Doha Round talks are unlikely to be concluded. While developing countries insist that "any change on the Doha mandate should be a negotiated outcome," The 9th ministerial in Bali from December 3-6 is a glimmer of hope.

As far as WTO talks on agriculture is concerned, there is a demand on emerging economies like India to reduce tariffs. Currently, the bound tariffs (the extent to which it can be raised) maintained by India is the highest in the case of oilseeds at 300% and the highest applied (real) tariff is 80% in case of wheat. Reduction of these tariffs is linked to subsidy reduction by the developed world.

In order to qualify, green box subsidies must not distort trade or at most cause minimal distortion. They have to be government-funded (not by charging consumers higher prices) and must not involve price support. Hence, green box subsidies are allowed without limits, provided they comply with the policy-specific criteria. The green box is defined in Annex 2 of the Agriculture Agreement.

At present, there is ambiguity on including India's food subsidy programme in the green or amber box and the country is seeking legal certainty on the same.

"India is trying to draw the attention back to its core interest and this has been a part of the modalities on the negotiating table for almost five years. India's proposal is not out of the hat," said Abhijit Das, head and professor, Centre for WTO Studies, Indian Institute of Foreign Trade.

The National Food Security Bill, 2011, which makes the right to food a legal right, is currently pending in Parliament. It seeks to deliver food security by providing specific entitlements through the targeted public distribution system.

“If this is accepted, then the WTO rules will not put fetters around India. Besides, it is an attempt to see if there a consensus can be built on some issues before the Bali ministerial,” said an analyst requesting anonymity.

Some WTO members are looking at carving out pacts in select areas during the Bali ministerial conference.

Developed countries including the US want India and other emerging economies to be part of the four major sectoral pacts — trade facilitation (TF), IT, environmental goods and international services agreement. On these four matters, developed nations want to go plurilateral, that is, the trade benefits arising out of such an agreement will be shared only by signatories.

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Balancing trade and farming

T S Vishwanath, Business Standard

27 February 2013: India's proposal on food stockpiling as part of the G33 coalition on agriculture, which includes China as well as other developing countries, is gaining momentum with the chair of agriculture negotiations at the World Trade Organisation (WTO), New Zealand Ambassador John Adank, stating that it needs to be discussed in a time-bound fashion.

The member countries of WTO are in the process of identifying some key issues for the Bali Ministerial meeting that is due end of this year. While several developed country members have been keen on moving forward on the issue of trade facilitation as part of an early harvest for the Doha Round, several developing countries, including India, have been pointing out that there is a need for some balance in the outcome at the Bali Ministerial.

The issue of widening the scope of government support to small farmers was tabled by the G33 to ensure that as the Doha Round moves forward, concerns of the developing countries on the issue of livelihood for small and marginal farmers are kept on the table for negotiations.

The G33 proposal, which has been tabled, urges the member countries to support more flexible rules for farm subsidies in WTO's "green box" - those that are exempt from any ceiling or reduction commitments on the grounds that they cause not more than minimal trade distortion.

A news report by Geneva-based Bridges said the G33 proposal calls for new rules on public stockholding for food security purposes and on domestic food aid. The proposal said if a developing country government purchases food for its stocks at administered prices in order to support "low income, resource-poor producers", it should not count this towards the aggregate measure of support (AMS) it provides. AMS is capped for each country under WTO's rules. One important area of discussion at Geneva has been on how to bring down AMS for countries, especially in the developed world.

Also, the G33 proposal said if developing country governments acquire food for domestic food aid at subsidised prices, they should not count these towards their AMS ceiling, so long as the food was "procured generally" from "low income" or "resource-poor" producers in developing countries. However, the proposal is not clear on the definition of a "resource-poor" producer.

Besides, the group proposed that several kinds of developing country farm programmes should be exempt from any ceiling on subsidies by grouping them with other "green box" programmes at WTO. Policies and services related to farmer settlement, land reform programmes, rural development, and rural livelihood security in developing countries should be among them, the Bridges report said quoting the proposal. This proposal is important for countries like India, since it will be difficult to move away from the concept of stockpiling of food grains in the near future. Not only is this issue politically sensitive, but it is also an important component of food security - which is critical for any developing country.

While the concern for arriving at a solution on trade facilitation is genuine, it will be important for the developed world to consider this proposal from the G33 to bring about a balance for the Bali Ministerial. The coming months are expected to witness some intense debate on this issue in Geneva with countries sharing their thoughts.

Senior commerce ministry officials had highlighted the importance of this proposal to WTO Director-General Pascal Lamy when he was in New Delhi recently. However, Lamy would be stepping down from his post before the Bali Ministerial, and his successor will have to work closely with the member countries to ensure that the agenda for the outcome at the Indonesian seaside resort remains balanced.

The next four or five months will be crucial at Geneva with countries jostling to get their issues on the table. But given the fact that Bali presents a good platform to move the WTO agenda forward, countries must remain practical in their expectations from the meeting.

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Punke Signals Hurdles For WTO Package, Slams Food Security Proposal

Inside U.S. Trade, Vol. 31, No. 10

8 March 2013: Deputy U.S. Trade Representative Michael Punke yesterday (March 7) left little doubt that pulling together even a small package of trade concessions for the next World Trade Organization ministerial will be difficult, partly because negotiations on trade facilitation face many hurdles and partly because developing countries like India and China are advancing a controversial proposal on food security that, in the U.S. view, could undermine existing subsidy rules.

On trade facilitation, Punke said the increased engagement between negotiators in recent months "is resulting in more clarity, but it is also revealing more gaps than it is bridges." Some of the differences that are emerging are over "very frustrating issues that ought to be very easy," he said. For instance, he noted that he spent hours in a meeting last week over "whether countries should post copies of their existing customs forms on their existing web pages."

In response to a question, Punke said that despite these challenges, it is not time to break off that issue and try to conclude a deal with only a select group of WTO members, as the United States has done for services. "I think that is jumping ahead a very significant number of steps, and I still retain a significant amount of hope that we can achieve a trade facilitation agreement multilaterally," he said.

On food security, Punke blasted the proposal advanced by India and supported by China and other developing countries, arguing that it would weaken agricultural subsidy rules.

The Indian proposal would create a "brand-new loophole that would allow developing countries to subsidize agriculture to an unlimited degree if they say that the purpose of that subsidization is to create a stockpile in order to promote some broad goals, like poverty alleviation and rural development," he said at an event organized by the Washington International Trade Association.

The Indian proposal "potentially would create a massive new subsidization of global agricultural markets, and the notion that that would be a good idea at all is highly suspect," he added. The proposal would allow governments to stockpile food purchases from poor farmers at above market prices, and would then classify these purchases as "green box," minimally trade-distorting subsidies, which face no limits under WTO rules.

India has insisted that a version of this proposal be included in a final package, but the U.S. and European Union have essentially rejected that idea, Geneva sources say (Inside U.S. Trade, March 1).

Punke said that the U.S. has been "very open" to talking with India about how it may address its food security needs. At the same time, it has also been "very honest in saying that the version of the solution that they have put on the table is very unlikely to be something that gains consensus in Geneva," he said.

The deputy USTR made clear that it is especially difficult to find a mutually agreeable accommodation on this issue if India, China and other members supporting it do not provide more information and guidance.

"The difficulty with the India proposal right now ... is we do not yet even have a clear articulation from the Indians of what the problem is that they are trying to solve," he said. Members of the so-called G-33 group that supports the proposal have not adequately clarified "how they are using existing WTO rules in this area, and why those existing rules are not sufficient to address the problem," he said. Greater transparency is necessary to have a meaningful conversation, he said.

"Unfortunately, the situation right now ... is that we still don't even have some very basic information that we've asked for to inform the conversation at that very basic level," he said. "So we remain open to problem solving, but it is going to take a lot of work on the part of the Indians and the Chinese and other members of the G-33 that put this proposal forward to do something that they haven't always been very good at, and that is to provide information."

More fundamentally, however, Punke argued that there is simply not enough time to work out this difficult issue in time for the December ministerial, which will take place in Bali, Indonesia. "[T]he notion that we would be capable of grappling with an issue that big, that goes in such a central way to the core of balances in the world today on agricultural issues, by Bali, which is only a few months away, to us is highly unlikely," Punke emphasized.

Trade facilitation is widely viewed in Geneva as the centerpiece for any Bali package and Punke described it as the "big ticket item" that has the greatest chance of being finalized by that summit.

At the same time, Punke acknowledged that trade facilitation cannot move as a standalone item in Bali, and said the "most promising" additional item is a Brazilian proposal on tariff-rate quota (TRQ) administration. "We are hopeful that that may be the type of carefully calibrated, technically not-too-difficult issue that we could pull together in the context of the Bali ministerial," he said.

In essence, the proposal would place disciplines on the administration of TRQs to ensure they are managed in a way that does not hinder trade (Inside U.S. Trade, Jan. 25).

Punke said he has "urged a significant degree of careful calibration in putting ideas forward, because a starting point of a small package is the concept that it is small." For instance, he noted that major U.S. priorities, including cuts on industrial goods, agricultural market access, and multilateral services liberalization, will simply not be achieved at the upcoming ministerial, or anytime soon in a multilateral WTO setting.

WTO members must recognize that there are going to be areas "where they are disappointed" that more does not come together in Indonesia, he said.

If countries want to table new proposals, Punke stressed that they need to do so quickly. "It is vital that anybody who has a proposal in the Bali context gets it out quickly, and I think the further into the calendar we go, the more inherent prejudice there will be against proposals because all of these things, even the ones that on their face appear relatively straightforward, take a lot of time to deal with," he said.

Punke also seemed to downplay the likelihood of a potential G-20 proposal on export subsidies, which has been discussed as a possible element for a Bali package, could make it into a final deal. This issue is of particular interest to developing countries like Argentina and Brazil, and Geneva sources have said those two countries are both developing ideas that could be tabled as a formal proposal for the ministerial package (Inside U.S. Trade, March 1).

Discussion of export subsidy disciplines "has always been conceptualized as part of a very broad discussion and a very broad array of tradeoffs, and I think agriculture ... is one of those issues where it is very difficult to pluck out of that original context and simply plop down in a new context," he said.

There are other proposals that are still in play for the ministerial, including a "monitoring mechanism" favored by developing countries that would examine the effectiveness of existing "special and differential treatment" mechanisms put in place by developed countries, he said. There are also a range of issues discussed at the 2003 WTO ministerial in Cancun that are being examined to see if agreements could be reached, Punke said.

In response to another question, Punke said there is an "awful lot of sentiment" in Geneva that there is no reason the talks to expand the 1996 Information Technology Agreement cannot conclude this year, although he shied away from setting precise deadlines. "The question will come down to the political will of all those participating to bring that result about. There is good momentum in that regard," he said.

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India ready for trade facilitation deal at WTO: Govt

Siddharth, The Times of India

New Delhi, 26 March 2013: India is willing to negotiate an agreement over trade facilitation at the World Trade Organization (WTO), provided the developed countries agree to its demand for talks on food security, a critical issue for poorer and even emerging economies.

"We will agree to trade facilitation as much as we can but accommodation of food security is essential. We are prepared to discuss the details on food security," said a government official.

In fact, the government is trying to get other BRICS members on the same platform with commerce & industry minister Anand Sharma expected to raise the issue during the trade ministers' meeting in Durban on Tuesday.

India is keen that the interests of the developing countries are not sidestepped by the US and the European Union since talks on the main Doha Round issues — agriculture, non-agricultural market access and services — are on the backburner , while the WTO leadership is pursuing a consensus on an Early Harvest Scheme at the Bali ministerial meeting scheduled for December.

Apart from trade facilitation and food security, the developing countries are in favour of having monitoring mechanisms and tariff rate quotas (TRQs) for farm products in the Early Harvest Scheme. In fact, the proposal on administration of TRQs, which means imports above a specified threshold face a higher import duty, was moved by Brazil.

Brazil, India, China and South Africa seem to be on the same page regarding some of the other issues being pushed by the US and EU. For instance, they are not part of the negotiations on an International Services Agreement as it does not cover easier access for professionals. Similarly, with the proposed Information Technology Agreement, India has opted out of talks.

New Delhi has concerns over inclusion of 21st century issues that are being pushed by the developed countries, which include trade and its relationship with currency, climate change, energy security and food security.

Even other BRICS members would have concerns over some of the topics. For instance, China may not be party to any talks on currency, while Russia could have reservations on energy security.

"The developed countries are trying to push the core issues such as agriculture and industrial goods out of the agenda and shift the focus on new issues. They have started demanding greater concessions from emerging economies , which essentially leave developing countries with a disproportionate burden of poverty," said a senior Indian government official.

Conditional approach

India unwilling to negotiate services, IT agreement in its present form. It fears that US and EU will push to link trade talks with currency, energy and food security, climate change and avoid core Doha Round issues such as farm and industry Bali ministerial agenda may include trade facilitation, food security, tariff rate quotas and 28 issues from Doha Round. Anand Sharma to pitch for common strategy for Bali during BRICS meet.

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WTO Farm Trade Talks Enter New Stretch

Bridges Weekly Trade News Digest, Volume 17, Number 11

27 March 2013: The race to make progress on farm trade negotiations ahead of the year-end WTO ministerial conference entered a new stretch today, as the chair announced the start of ambassador-level talks on issues that members believe could be agreed at the December meeting in Bali, Indonesia.

A proposal to ease farm subsidy rules on food stockholding purchases in developing countries will take centre stage, trade sources said, following several weeks of technical talks among delegates on how such schemes currently function in practice. The proposal was first tabled by the G-33 group of developing countries with large populations of smallholder farmers.

However, negotiators were also believed to be putting the finishing touches on a new proposal on export subsidies and related measures, led by the G-20 developing country coalition that favours reform of developed country agriculture. Trade sources said that technical talks on the submission were continuing within the group this afternoon, ahead of Thursday meeting among heads of delegation that is due to approve the final version.

Food stockholding: members ready to begin talking

The chair of the farm trade talks, New Zealand ambassador John Adank, told negotiators today that a new phase of talks would now start matching "knowledge about the existing policies with different elements of the proposal." The ambassador-level meetings would therefore raise both technical and political questions, he said.

"The substantive discussion of the proposal is only beginning," warned the chair, who told officials that WTO members were "not yet close to agreement."

Trade sources told Bridges that the chair was expected to report back on any progress in the consultations at the next meeting of the Trade Negotiations Committee (TNC), scheduled for two weeks' time. The TNC is tasked with the overall Doha discussions.

A number of developed countries have expressed concerns that the proposal could effectively allow countries to provide unlimited amounts of market price support to be included in the WTO's "green box" - where farm subsidies are exempt from any cap or ceiling on the grounds that they cause no more than minimal trade distortion.

Some of those speaking at Wednesday morning's negotiating meeting favoured first examining whether existing rules would still allow WTO members to achieve their food security goals.

Developing countries have also said they are worried that the G-33 proposal could potentially undermine their own poor producers if subsidised food stockpiles end up being released onto world markets, or if their own exporters are no longer able to sell to countries operating the schemes. Some G-33 members are amongst those voicing concerns about how any new proposal should be crafted.

However, another G-33 trade official told Bridges they were still keen to see other groups table counter-proposals.

"Solutions could be from either side - from anybody," said the source.

Export competition: new proposal imminent

With the new G-20 proposal still being finalised, details remained sketchy as Bridges went to press. However, sources familiar with the submission said that it was aimed at galvanising further action without over-reaching the limits of what is achievable in the current political context.

The new proposal was therefore aimed at a “standstill and reduction, while pending the implementation of modalities on export competition,” said one official, in a reference to the cuts to export subsidies and similar measures outlined in the draft Doha deal.

Along with the Cairns Group of agricultural exporters, the G-20 have continued to emphasise their desire to see progress in 2013 on export competition, in the wake of a decision by trade ministers to eliminate export subsidies and disciplines-related measures at the global trade body’s conference in Hong Kong over seven years ago.

The EU - which has historically made heavy use of export subsidies - has indicated it is unwilling to eliminate this form of trade-distorting support in the absence of wider progress in the WTO’s Doha Round. The US, which has used tools such as export credits and subsidised food aid to similar effect, is also opposed, trade sources said.

The move follows the release last week of a WTO study looking at the use of export competition measures, itself prompted by a proposal for new analysis on the topic that was put forward by the G-20 last October. The study is available online as document number TN/AG/S/27, along with another new study on export prohibitions and restrictions, available as TN/AG/S/28.

Members are also still expected to discuss a separate G-20 proposal on easing the administration of import quotas, trade sources said, although it was unclear when these discussions would take place. Japan, Korea, and the Dominican Republic expressed concerns about the G-20 proposal at the Wednesday morning meeting.

A small package or a big one?

Some trade officials expressed concern that progress on a possible Bali deal on trade facilitation - widely seen as the motor for the recently reinvigorated talks - was not moving fast enough to galvanise action in other areas, including agriculture.

“There’s huge divergence among members,” the source said, who cautioned that a more comprehensive package might actually be easier to achieve than the relatively low-ambition topics currently under discussion.

“A small package is much more difficult than a single undertaking,” the source wryly observed. Many trade observers have argued that a small package of measures is more manageable in the current political climate than the more comprehensive set of agreements envisaged under Doha.

In contrast, a developing country official warned that negotiators may again risk overloading the set of topics on which decisions would be required at Bali.

“The attempt to put more issues on the agenda… we’ve seen that at MC8 and MC7,” sighed the delegate, using negotiators’ short-hand for the WTO ministerial conferences held in 2011 and 2008, respectively.

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India seeks balanced outcome at WTO meet

Asit Ranjan Mishra, Livemint

New Delhi, 9 April 2013: India has demanded a balanced outcome from the World Trade Organization (WTO) ministerial meeting in Bali, Indonesia, scheduled for December, with the interest of so-called least developed countries (LDCs) and developing nations at its core. While developed countries are pushing for an agreement on trade facilitation to boost their exports, India and other developing countries want an agreement on food security and duty-free, quota-free market access for LDCs.

Interacting with key ambassadors of the WTO in Geneva on the road map for the Bali ministerial meeting, trade minister Anand Sharma said while India is not opposed to trade facilitation, there is a need for an internal balance, with adequate special and differential treatment for developing countries, LDCs and so-called small and vulnerable economies.

In the absence of a broad-based agreement on the Doha round of trade talks which started in 2001, member-countries are making a last-ditch attempt to work out areas where a consensus could be reached. Developed countries are projecting trade facilitation as a sure thing at the Bali ministerial meeting. The outgoing director general of the WTO, Pascal Lamy, in his report to the general council of the organization, recently stated that there could be closure on trade facilitation along with some elements of agriculture and issues related to LDCs in the upcoming meeting.

Most trade facilitation proposals under negotiation are about imports and have been put forward by developed countries and a few high-income developing countries. The proposal does not include export facilitation for developing countries and has no emphasis on development of export infrastructure such as ports, highways and railways to bring down trade costs. Sharma advocated providing technical and financial support to such economies so that they benefit from trade facilitation.

Sharma said India strongly endorses a proposal of the group of 33 developing countries (G-33) for food security and flexibility in their public stock holding operations for the public distribution system. “The interests of subsistence farmers in developing and poor countries have to be recognized and protected,” Sharma said.

The cabinet last month approved the food security Bill which, if passed by Parliament, will commit the government to provide subsidized foodgrain to two-thirds of the country’s population, thus putting additional subsidy burden on the government. India apprehends this new commitment on food subsidy may be interpreted as a violation of permitted subsidy under WTO regulations. India argues such food procurement for the purpose of food security should be kept out of its commitments under WTO.

Abhijit Das, head and professor at the Centre For WTO Studies under the Indian Institute of Foreign Trade, said even a balanced agreement in trade facilitation in isolation will not be in India’s favour and an agreement on food security is essential for the country.

Sharma also supported including an LDC package including duty-free, quota-free market access in the Bali agenda, that countries like India and China have already implemented. In December 2005, at the WTO’s sixth ministerial conference in Hong Kong, member-countries had agreed that developed countries would provide duty-free, quota-free market access for at least 97% of products originating from LDCs. Developing countries, within their capacity, were also invited to provide such market access for LDCs’ products. However, so far all developed countries have not yet met the commitment.

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WTO chief urges success at Bali ministerial meeting on trade

Xinhua

Geneva, 11 April 2013: World Trade Organization (WTO) Director-General Pascal Lamy said on Thursday that members needed a change in mindset in order to gain the "early harvest" they want in a ministerial meeting due to be held in Bali, Indonesia in December.

"The stark reality is that the current pace of work is largely insufficient to deliver successfully in Bali. But, more than changing the pace of work, we need a change in mindset," he said.

Lamy told an informal trade negotiations committee meeting that negotiators had to urgently change course, to be more flexible in their negotiating attitude, to accelerate substantive work and to refrain from "throwing bricks at each other."

"Without rapid acceleration and real negotiations, it is highly probable that you will not see the deliverables you desire in Bali," he warned.

Bali is set to host a ministerial meeting on issues such as trade facilitation, agriculture and food security. But there are fears the talks could end in a deadlock like the Doha round of talks in 2001.

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'Doha Round of talks on global trade is deadlocked, not dead'

Amiti Sen, Business Line (The Hindu)

27 April 2013: This September, World Trade Organisation Chief Pascal Lamy is ready to make way for the new Director General after eight years at the helm of tottering trade talks. But, he is not quite willing to give up on the Doha Round. "The Round is deadlocked, not dead," Lamy said in an interview to Business Line. The DG gave a take on his assessment of what ails the Round and the prospects at the Bali Ministerial Excerpts:

Q. With countries still taking extreme positions on the small package of issues picked up for agreement at Bali in December, what are the chances of its success?
A. We are running out of time and need to move fast. I think the big issue that has moved, and is of mosteconomic significance, is trade facilitation. You know the number for moving trade through borders is about 10 per cent of trade value. If you shrink that by half, the value of 5 per cent of world trade is available. More importantly, it is available to small businesses for whom the 10 per cent entry ticket is often the border they cannot cross. I think it is doable. It is very complex, as harmonising and streamlining procedures are complicated. But, it is an administrative issue. You won't have taxi drivers or farmers or workers on the street if the procedure was simpler.

*Q. But, developing countries like India say there needs to be balance within the agreement and in terms of better customs co-operation and have spelt out steps that are being ignored by developed countries?*A. It (agreement) is doable…If people want to conclude it, they can do it. The issue is how you scale up development country commitments as a function of needs assessment and capacity-building, because a number of these countries need support to modernise their customs system. On the table, there is some kind of a monitoring mechanism, which includes needs assessment, capacity building and capacity to scale up operations. The fact that there is recognition, that there are different capacities for entering into this commitment, just organises this process in a more pragmatic way.

Q. What about the G-33, including India's proposal of not counting Government procurement from poor farmers at support prices as a trade distorting subsidy?
A: The proposal came quite late as compared to the rest and so far hasn't converged with both sides. The proponents of the proposal say they need flexibilities to purchase food at higher than market prices and cannot do that with the existing disciplines. So, the disciplines need to be revised. The other side says this round is about improving agricultural trade through more market access. This is asking for one step backward, which is not acceptable. The problem lies on the purchasing side. When you decide to buy at higher than market prices, then the difference between market prices and the price at which you buy is price support. And is there a fix for this. Well, it is not for me to say. The chair of the negotiating group has to manage this process. But, so far this hasn't converged.

Q. Does it worry you that the two issues of trade facilitation and price support for poor farmers are being linked?
A. If India says it wants a mini single undertaking as an early harvest at Bali, what can we say? Every nation is sovereign in this organisation. They can decide the trade-offs and their offensive and defensive, and they can decide to present their case. It's a game of negotiations. I have been a negotiator. I have been

trying to explain to my partner that something was formidably important for me while I knew it wasn't. The only question that they (the membership) need to bear in their mind is whether they collectively will better off or worse if there is no deal in Bali.

Q. There are smaller economies which feel that their trade deficit might worsen if trade facilitation happens?
A. I heard this view, which is mathematically impossible. If all exports are facilitated and all imports are facilitated then how can some benefit more?

Q. But there is a line of argument that most of the developed countries have good infrastructure in place, so there is nothing in it for developing countries …
A. If that were true, section one of the trade facilitation proposal would be cooked already. Section one is there because of differences between developed countries. They will have to change the way they operate, like pre-shipment inspection, evaluation fees, advance ruling and single window. India is probably the best placed country to realise that how mastering IT has the capacity to improve speed, safety and customs perceptions.

Q. After speaking to several officials of member countries in Geneva, one gets an impression that nobody is willing to move?
A. They all have negotiating positions. They are all fighting their corners. My diagnosis at this stage is that trade facilitation is doable. LDC development is doable. I am less sure about a compromise on the G33 proposal, because in my view, positions are further away on this than the rest. There have been suggestions by some at some stage and it is all part of the discussion that ensuring that stock disposal Doesn't lead to the international market might need a quid pro quo. This would imply not only to make flexible rules of the amber box (subsidies that are prohibited) in this specific case but also strengthen rule in green box (subsidies that are allowed) on what you do with this stuff which at the moment is reasonably flexible. Given the number of parameters to play with, it is formidably complex. But it also gives us a chance. If there is enough goodwill, you may by fixing a few things and have a bit of space that you did not have before.

Q. If an agreement on a small package happens in Bali, what happens to the rest of the Round?
A. That's the principle of early harvest. It doesn't kill the Round.

Q. But what about implementation of what is agreed upon? Does it wait till the entire Round is finished?
A. That's up to the members to decide…. My guess is that if you have an agreement on something which everybody can live with, which everybody believes is good for everybody, they better do it.

Q. One gets a feeling that the Doha Round was already under a dark shadow when it was launched because it was too ambitious….
A. With retrospect, we can say many things. We use the single undertaking (that nothing gets settled till everything is settled), a sort of trick in order to balance trade offs, which is complex, the virtue of which is in theory that you compensate your offensive with defensive. The fact is that it has not worked well with 20 topics and with three times more members in the negotiations. The Uruguay Round technology probably never tested this size.

Q. What about the development agenda of the Round? Were the commitments taken on by developed countries too high?
A. The development agenda was inescapable. The rules of trade were framed at the time when the balance of forces between the developed and developing countries were different. And there is always been a recognition that these need to be adjusted. But, given the fact that developing countries are developing, this rebalancing must have a viable geometry so that you really fix the problems of those who are still in development and capacity needs. I totally recognise that this necessitates viable geometry, but what about China, India, Mexico, Indonesia and Brazil which, if you look at the numbers, had formidably benefited from expansion of trade in this period.

Q. Despite the jump in trade in large developing countries, isn't their per capita GNP several times lower than developed countries?
A. The argument is not that there should not be a viable geometry. The argument is that the viable geometry should be organised in such a way that it promotes convergence.

Q. Will the fate of the Doha Round have a bearing on what already exists in terms of multilateral trade rules that were agreed upon in the previous Rounds?
A. Long term probably. It is a fact that trade is a living animal. Patterns of trade change. Obstacles to trade change. And if you are in the rules business, you better adjust your rule book in order to remain a public good that offers levelling the playing field, stability and predictability. We need to change. Otherwise who will adjust the rule book? The dispute settlement system would be mauled with interpretation because the rules were written with one world in mind and they are interpreting it in another world. If WTO members cannot agree to revamp the rule book regularly, and probably in a way which is more flexible than the big spaghetti bowl of single undertaking, the public good is damaged.

Q. Are you suggesting that they should choose topics that are easily doable and do it in stages?
A. Overall, they should listen more to reality, to what really matters to people, to what really makes opening trade work. But this is politics. This is not universal rationality.

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More food for 'multilateral' thought

T S Vishwanath, Business Standard

8 May 2013: The agenda for the Bali Ministerial meeting of the World Trade Organisation (WTO) is warming up. The three main deliverables that it hopes to deliver are: food security as proposed by the G33 grouping; trade facilitation that the developed world is keen to pursue; and the developmental agenda that would benefit the least developed nations.

What will be important is to ensure that a balance is arrived between these three issues so that all member nations find enough meat to support the multilateral negotiations for trade liberalisation under the WTO in the post-Bali process.

One critical area will be the food security proposal of the G33 countries, which also includes India. The proposal states that the procurement of food and its distribution, which benefits the resource-poor farmers, should not be counted as a prohibited or actionable subsidy. The US, however, disagrees. The American position is surprising since food stamps have been an integral part of the US food security strategy. Several other countries, including China, Philippines and Indonesia, have schemes to support the overall food security issue.

Reports by Bridges from Geneva state that the Chair of the WTO agricultural negotiations, New Zealand Ambassador John Adank, is looking at various options to bridge the divide between the G33 proposal and the position advocated by countries like the US.

The options, reportedly, include exploring whether the WTO member countries could agree to exempt a set of developing country farm programmes from subsidy limits; whether countries could agree to reiterate a commitment not to bring legal challenges to minimally trade-distorting support programmes under a possible "peace clause"; or agreeing to greater flexibility subject to certain conditions, such as better targeting of beneficiaries.

A smaller group of countries - the US, the European Union (EU), Australia, India, Pakistan and China - are now looking to find any middle ground that satisfies the needs of both sides. The smaller group has, reportedly, had some positive discussions and they are looking at ways to bridge the current divide.

It is understood that some developing countries, including India, have conveyed their intention to move forward on the trade facilitation programme only when the food security issue is settled. India has been keen on pushing this proposal forward in Geneva, since it is concerned that the food security Bill - which is awaiting Parliament approval, does go through - will take it close to the de minimis of 10 per cent of the country's value of production, which is set for the extent of subsidy a developing country can provide under the WTO rules. One of the possible solutions would be to take up the de minimis levels to a higher percentage.

From an Indian perspective, it will be important to push the food security Bill to ensure that the resourcepoor farmers receive compensation through an administered price mechanism.

The EU and the US have been at the forefront in providing agricultural subsidies to farmers. In 2010, the US had provided trade-distorting support of $4 billion by supporting agricultural supporters. Nontradedistorting support by the US totalled $120 billion for the same year. The EU had provided trade-distorting support worth Euro 9 billion in 2010, and about Euro 64 billion in non-trade-distorting support.

The EU had also provided Euro 5 billion towards production limiting programmes that help keep prices of some commodities high in the global markets.

The developmental agenda for the least developed countries becomes important, as the Doha Round was expected to help drive equity in world trade. Member countries need to get together to ensure that they are able to find a right mix of proposals that will benefit the least developed countries substantially.

The Bali Ministerial is billed to be a stepping stone for the revival of the multilateral process of trade negotiations, which has been dented after the Doha Round has failed to conclude in over 10 years of negotiations. It will be important for member countries to make concrete attempts to drive consensus on contentious issues. There is a lot at stake for the growing tribe of member countries in the WTO. The next few months of the run-up to the ministerial meet in December are critical to ensure that multilateralism prevails.

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India Seeks Change In Food Subsidy

Pakistan and Gulf Economist

19 May 2013: The proposed food security law may attract penal action at the World Trade Organization for a possible breach of the subsidy cap allowed under these rules, prompting the government to seek an amendment to the norms.

Although a proposal from the G-33, spearheaded by Indonesia, China, Pakistan, the Philippines and India, had already been moved in the run-up to the ministerial meeting in Bali in December, the proposed food security legislation has increased the urgency.

At the heart of the problem is WTO's agreement on agriculture which mandates that procurement from poor farmers be capped at 10% of the value of production. With international prices on the rise, and local price fixed at 1986-88 levels, most developing countries with large populations are now staring at the prospect of breaching the ceiling.

Similarly, food sold through the public distribution system also faces restrictions. In case of India, the prospects appear stronger given that the food security law will increase the procurement requirement and increase the subsidy level.

"The food aid commitment is increasing and welfare of the people is a sovereign function of the government," said an official who did not want to be identified. While the G-33 had suggested that the norms need to be reviewed, developed countries led by the US have opposed the proposal, saying it will reopen a decision taken in 1994. Indian officials, however, said while the WTO wanted subsidy reduction by the rich, it was not meant to hit poor farmers, such as those in India.

"It's not our proposal alone. It represents the views of countries that account for nearly 40% of the world population. It's a problem that all of us will face," said an official.

But there is good news for India as some major players such as the European Union, Norway and Australia have shown flexibility, leaving the US virtually isolated.

India has taken a strong position saying it is unwilling to negotiate another issue on the Bali agenda -trade facilitation - which is being pushed by the developed countries, led by the US.

"During a meeting in Geneva last week, we said that we are willing to show flexibility. We can discuss the issue but the agenda has to be comprehensive," a senior official said.

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Draft Bali Decision on Ag Export Subsidy Cuts Tabled

Bridges Weekly Trade News Digest

30 May 2013: Developed countries should halve ceilings for budgetary spending on farm export subsidies in a decision at the WTO's ministerial meeting in the Indonesian resort of Bali this December, the G-20 group of developing countries has said. The group, which seeks farm policy reform in the developed world, has said that the move would be a token step towards ending the controversial payments - widely seen as the most trade-distorting type of support to producers. Quantity commitment levels should also be cut to actual average levels in a 2003-05 base period, the G-20 also said. WTO ministers agreed that farm export subsidies would be eliminated by 2013 when they met in Hong Kong nearly eight years ago - alongside parallel moves to curb other forms of export competition.. But slow progress on the broader Doha Round of trade talks, launched in 2001, has stymied efforts to phase the payments out. Ministers agreed that the Doha negotiations were at an impasse. When they met in Geneva eighteen months ago, and said they would focus instead on small steps that could be fast-tracked as the basis for a broader accord.

'Another milestone missed.'

The G-20 non-paper, which was submitted last Thursday, said that the group regretted that the 2013 deadline for ending farm export subsidies is yet another Doha Round milestone to be missed.. The group's proposal should therefore be seen as part of an incremental approach. to achieving the more ambitious goal, according to a copy of the submission seen by Bridges. While the latest version of the draft Doha accord continues to deserve the unwavering support of the G-20, the group was nonetheless willing to propose agreement on intermediate. Commitments for Bali, in a spirit of flexibility and pragmatism. Export credits: intermediate targets The proposal therefore sets targets in a number of areas that are less ambitious than those included in the draft Doha modalities. Text, the most recent version of which dates from December 2008. Developed countries should immediately set maximum repayment terms at 540 days, the group proposed, while developing countries would have to do so no later than three years after implementation. The original Doha accord would instead have set a maximum of 180 days for subsidised export credit repayments. However, the non-paper's sponsors do not set out in detail new disciplines for addressing any trade-distorting effects arising from the activities of exporting state trading enterprises or the provision of international food aid. In 2005, WTO members had agreed to address these in the Doha talks in parallel to negotiations on export subsidies and export credits.

'Overloaded boat for Bali?'

Trade sources said that the EU and US immediately opposed the G-20 non-paper. Some members of the G-10 group of countries with highly-protected and subsidised farm sectors were also reported to have expressed concerns. The boat is already overloaded, warned one negotiator who expressed misgivings about the G-20 proposal. If you add one extra issue, you make things much harder,. the source explained. Many trade officials have cautioned against adding too many items to the global trade body's agenda ahead of the ministerial conference, fearing that another high-profile failure could potentially deal a death-blow to the faltering Doha Round talks. However, others cautioned against setting the bar for ambition too low. This year, we were supposed to be eliminating fully export subsidies, another trade source said. Actual spending on agricultural export subsidies and export credits has dropped substantially from the levels seen in the 1980s and 1990s, when the European Community and US used these programmes to keep producer prices high at home by shifting surplus production off of domestic markets. Trade facilitation: finding the balance

Some developing countries have argued that a Bali deal on trade facilitation - seen by many as a potential centrepiece of the ministerial gathering - would have to be complemented by action in other areas, such as agriculture, if it is to generate consensus amongst the organisation’s membership. A proposal last year from the G-20 on tariff rate quotas was aimed at establishing this balance, as was another submission on food stockholding and domestic food aid from the G-33 group of developing countries with large populations of smallholder farmers. Trade sources told Bridges that countries such as India are making progress on trade facilitation conditional on corresponding action on their priorities - such as increased flexibility for developing countries to purchase food at administered prices when building food stocks or providing domestic food aid. Others reported that the US was also proving reluctant to entertain new proposals on other issues in the absence of faster traction on trade facilitation. G-33 proposal: some convergence? The chair of the agriculture negotiations, New Zealand ambassador John Adank, told a meeting open to all negotiators last Thursday that elements of potential convergence have begun to surface. in two areas on consultations on the G-33 proposal. Countries might be willing to explore whether WTO members could agree to exempt a set of developing country farm programmes from subsidy limits, so long as these cause no more than minimal trade distortion, the chair said. They may be also be willing to agree not to bring legal challenges to minimally trade-distorting support programmes under a possible peace clause,perhaps along the lines of similar commitments made in the past. However, members are still very much divided. Over any possible amendment to the Agreement on Agriculture, or an agreed interpretation of its provisions, in the run-up to the Bali ministerial. They were also divided over the utility of setting up some kind of case-by-case mechanism that could allow members with specific concerns to seek additional flexibility. �\I know that some delegations will be disappointed that I am not able to report rather more definitive progress, Adank acknowledged. However, he proposed to continue holding further informal consultations to identify more clearly the range of potential landing zones.. OECD meeting: negotiators look for a signal several trade officials told Bridges that they were hopeful that ministers meeting in the sidelines of an OECD event in Paris this Thursday and Friday might be able to provide some sort of signal on how to move forward in the talks. A number of ambassadors, including Adank, were due to attend, sources said. Both OECD members and some other countries would be there. Maybe right now it’s too early to make a compromise, mused one negotiator. Another concurred, telling Bridges that the deal is always going to get done closer to the time.. Negotiators will have a better idea. of prospects for the ministerial by September, the source said.

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Trade Negotiations: Officials Put Focus on Advancing Trade Facilitation at Bali Ministerial

Daniel Pruzin, WTO Reporter

Paris, 31 May 2013: Trade ministers and senior officials from some two-dozen key World Trade Organization member countries wrapped up a half-day mini-ministerial. Meeting in Paris on May 30 with a commitment to step up technical discussions on a proposed agreement on trade facilitation and a handful of other issues which they hope to conclude by the organization's critical Bali ministerial conference in December. Officials taking part in the meeting said an immediate focus would be on trade facilitation, in particular clearing up what was described as the underbrush of technical issues holding up progress in the negotiations. That underbrush is reflected in the 550 or so brackets still in the draft trade facilitation text reflecting areas where WTO members still have disagreements. While no deadline was fixed for achieving progress, the chairman of the Paris meeting, Australia trade minister Craig Emerson, said sufficient forward movement would have to be made by the time of the WTO's summer break in August. We'll all know by then whether Bali is feasible,. Emerson declared. If progress in the talks is not achieved by then, time will have beaten us.

Punke: Intensive Effort' Ahead

Deputy U.S. Trade Representative Michael Punke, who represented the United States at the Paris meeting, said that one of the positive things which emerged was a very clear agreement for an intensive effort over the next month to remove brackets from the trade facilitation text. We'll be engaged in that very robustly and I think at the end of that time we'll have a much clearer idea of where we stand, Punke said. Trade facilitation is viewed by many as a cornerstone of a Bali package, which in turn is considered vital to jump-starting the stalled Doha Round of trade talks, now in their 12th year. Emerson said the three hours of discussions in Paris were focused and quite specific in terms of the work program that needs to be implemented in order to achieve a successful outcome in Bali. Today we gave clear instructions to negotiators,. Emerson declared. Ambiguity was not a feature of the discussions today. We’ve recommitted to finding a way forward and doing so in a very aggressive way, Canadian trade minister Ed Fast added.

The trade facilitation agreement would address issues such as freedom of transit, import and export fees and formalities, and transparency in trade regulations and administration. Emerson said trade facilitation was not a highly political and vexed issue but one which does require technical expertise.To date, while there has been progress, the rate of progress has not been consistent with getting a trade facilitation agreement in Bali, he declared. We cannot get an agreement without removing those brackets, and we cannot be in a position where there's a reluctance to remove those brackets pending agreements in other areas, Emerson continued. So it essentially comes down to the practicalities of removing a very large number of those brackets by July.

Agriculture Looms as Major Challenge

The ministers claimed less success at the May 30 meeting in addressing ambiguities on issues proposed for Bali relating to agriculture, in particular a proposal from the Group of 33 developing countries on food security, but they said there was a better understanding of the issues which negotiators will need to tackle.

The G-33 proposal would allow developing countries to classify purchases of food stocks at subsidized prices to be classified as green box. Subsidies exempt from WTO spending limits. Normally, such price supports must be classified as trade-distorting amber box support. The main proponents are India, where legislators are now considering a bill that would expand subsidized purchases of rice and wheat at an estimated cost of $24 billion annually, as well as Indonesia, Pakistan and the Philippines. The United States, the European Union and others argue that it is not possible to agree to such fundamental changes in the WTO's agriculture subsidy rules, particularly in the short time remaining to Bali, and have proposed instead to establish a work program to address the proponent's concerns. WTO Director-General Pascal Lamy said discussions on a separate proposal from the Group of 20 developing countries on export competition were still in the early stages. That was proposed 10 days ago, Lamy noted. Many delegations still have to look at that at this stage it's very difficult to say whether or not this will lead to a result in Bali.. New Zealand trade minister Tim Groser told BNA he was always confident. WTO members would be able to reach a deal on a Bali package by the time of the Dec. 3-6 ministerial. The real question is the quality of it, he said. That will be determined through the negotiating process. My only real concern is that [the Bali package] is such a subset of the bigger problem, which is a larger Doha deal, he added. There’s still a mountain to climb after Bali.

India Promises to Be Cooperative India

Trade minister Anand Sharma promised India would play a constructive role in ensuring a successful outcome in the Bali ministerial.In a statement issued after meetings with Lamy and Roberto Azevedo, the Brazilian who will take over the director-general post on Sept. 1, Sharma assured Mr. Lamy and Mr. Azevedo that India will remain fully engaged with all key stakeholders from the developed and developing countries to find a fair and balanced outcome in Bali, according to a statement issued by the Indian commerce ministry. While recognizing the importance of Trade Facilitation (TF) and upgrading infrastructure at border, ports and custom procedures for giving a boost to exports, [Mr.] Sharma underscored the need for addressing the concerns of food security which have been outlined in a proposal presented by G-33 countries, the statement noted.

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India for fair outcome at WTO's Bali Ministerial meet: Anand Sharma

PTI

New Delhi, 30 May 2013: India will remain fully engaged with all key stakeholders from developed and developing nations to find a fair and balanced outcome at WTO Ministerial Conference to be held in Bali in December, Commerce and Industry Minister Anand Sharma said today. The minister made these observations during his meetings with the outgoing World Trade Organisation (WTO) Chief Pascal Lamy and Designate Director General Roberto Carvalho de Azevedo in Paris, an official statement said. The meet was convened by Australia to push the long- stalled Doha Round of talks for reaching a global trade deal. During the meeting, Sharma informed the WTO head that India will play a constructive role in ensuring successful outcome in the Bali Ministerial, the statement added. The 9th WTO Ministerial Conference is scheduled to take place from December 3-6 in Bali, Indonesia. The Conference is the highest decision-making body of the 158-member strong WTO. It meets every two years. The key WTO members are trying to resolve some of the major issues and reach a consensus on an early harvest package which would benefit all the members. Under that, rich nations, including the US, want India and other emerging economies to be part of the four major sectoral pacts -- Trade Facilitation, IT, environmental goods and international services agreement. The Doha talks, launched in 2001, have missed several deadlines due to divergent views on some of the issues like agriculture subsidies between the developed countries like the US and developing nations such as India. Besides, Sharma stressed that the centrality of multilateral processes must be retained. All nations need to work together to strengthen WTO as an institution, said the statement, quoting Sharma. The minister is also scheduled to attend an informal WTO Ministerial meeting which will discuss the possible outcome at December Bali Ministerial, it added.

Recognising the importance of Trade Facilitation and upgrading infrastructure at border, ports and customs procedures to boost exports, Sharma underscored the need for addressing the concerns of food security which have been outlined in a proposal presented by G-33 countries.

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Lamy: July the "Last Petrol Stop" on the Road to Bali

Bridges Weekly Trade News Digest

6 June 2013: With just weeks before the WTO's annual summer break, "time is turning against us," Director-General Pascal Lamy warned members on Monday, referring to the pace of efforts to prepare a package of deliverables for the organisation's ministerial conference this December in Bali, Indonesia. Members have spent the first half of the year attempting to craft a deal from the overall Doha Round of trade talks, which were declared at an impasse at the WTO's last ministerial in December 2011. The proposed deal, if completed, would include an agreement on trade facilitation, as well as components relating to agriculture and some developing and least developed country (LDC) issues.

However, at Monday's meeting of the Trade Negotiations Committee (TNC), which is tasked with the Doha negotiations, members grimly noted that much more progress is needed between now and the end of July if they still wish to see an ambitious outcome in Bali at year's end.

"Despite the challenges in front of us, China does not believe that there is a 'Plan B' for this organisation, and actually we have no route of retreat," Chinese Ambassador Yi Xiaozhun said on Monday - a sentiment that sources say was expressed by various others. "We all know what is at stake here: the negotiating function of this organisation, the confidence of the outside world in this system and, most importantly, the interests of each and every of us, particularly the weak ones."

Paris mini-ministerial

The week before this Monday's TNC, Australia convened over a dozen trade ministers and senior officials at the Organisation for Economic Co-operation and Development's (OECD) annual meeting in Paris in order to take stock of the current negotiations.

These "mini-ministerials" have traditionally served as an exercise for WTO members to evaluate the status of the Doha talks. Following last week's meeting, ministers said that June and July must demonstrate results - particularly with regards to cleaning up the trade facilitation draft text - in order to ensure the Bali conference's success.

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Preparations for WTO meeting grinding on

Linda Yulisman, The Jakarta Post

Jakarta, 28 June 2013: The upcoming World Trade Organization (WTO) ministerial meeting in Bali will not have any significant outcome unless members conclude preparatory talks before the end-of-July deadline. WTO information and external relations chief Keith Rockwell was in Jakarta on Thursday when he declared that the current state of talks was “still too slow”. Goodwill and flexibility in resolving a number of political differences are urgently required to get the talks back on track, he said. “If you get agreements in two or three key areas, many of these disagreements will be settled,” Rockwell told The Jakarta Post. “Governments have to show a little more good will. They have to be a little bit more willing to take a risk in the negotiations; to say. I am prepared to do this if you.re prepared to do that, because now everyone is taking up tactical positions.” Ministers responsible for the Doha Development Agenda last met in Paris on May 31, and understand the importance of goodwill and flexibility. In Paris they declared an intention to adjust “levels of ambition”, adopt a more pragmatic approach and make Bali a success. Despite the commitment, negotiations are slow, especially on trade facilitation. WTO members are locked in discussion of draft agreements and proposals for the meeting. Trade facilitation ways to ease customs procedures, improve transparency and simplify trade is one of the three consensuses sought in Bali. A one percent reduction in trade costs will create US$40 billion in world income, 65 percent of which will benefit developing countries, according to an estimate by the Organization for Economic Cooperation and Development. Other deliverables, agreements on agriculture, development and market access for least developed countries (LDCs) balance the interests between rich and poorer countries. They are considered vital to the Doha Round of trade talks, deadlocked since 2008, and to restoring confidence in the 159-member global trade body. Trade Ministry director general for international trade cooperation Iman Pambagyo acknowledged that the pace of talks was still “slower than expected”. The slow progress of the negotiations stems from disagreement between rich countries and other members on how to increase the trade capacity of developing countries and LDCs, Iman said.

On the other hand, advances have been made in negotiations on agriculture and other LDC issues, opening the possibility of a few scattered results by the end of July. Debates on agriculture center around a proposal by the G33 Group, which comprises 46 developing nations, concerning public stockpiling for food security and domestic food aid. The farm coalition has requested an increase in the limits on subsidized food stockpiles to support poor farmers. “Consultation on the proposal by G33 have been intensifying, with members reaching new deals on issues such as measures excluded from the AMS [aggregate measures of support],” Iman said. AMS is a commitment to reduce trade-distorting subsidies each member makes when joining the WTO. Along with progress on agriculture, the LDCs have come up with numerous proposals for duty-free and quota-free trade, simplified rules of origin and waivers on services. “We do not want to set a deadline, so we will continue to work on all issues until the meeting in Bali,” Iman said. Trade Minister Gita Wirjawan, who will chair the meeting, is scheduled to meet trade officials from fellow WTO members as well as key WTO bodies during the fourth Global Review of Aid for Trade in Geneva, Switzerland, from July 8 to 10.

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India pins hope on Bali meet for WTO Doha Round talks to move forward

Sujay Mehdudia, The Hindu

New Delhi, 29 July 2013: Pinning hopes on the Bali Ministerial meet in December for further progress of the WTO Doha round trade negotiations, India on Monday warned that if no progress was made on the G-33 proposal of developing countries like India to deal with food security issues, the Trade Facilitation Agreement (TFA) progress could also stand stalled.

"If talks on the G-33 proposal of developing countries like India, which deals with food security issues, does not move forward at the meeting, the TFA may also not see any progress. India is looking for a possible outcome in Bali meet. Last week's development in Geneva does give us a sense of positivity. We feel that things will move. But we are also circumspect that if the G-33 proposal and some of the developmental elements do not move, then TFA also may not move," additional secretary in the Commerce Ministry, Rajeev Kher said here at a WTO function.

Under the TFA, a proposal of developed countries, WTO members are negotiating ways to facilitate trade, simplify and harmonise customs rules and reduce transactions cost.

Mr. Kher, who is also India's chief negotiator at WTO, said that although India is willing to negotiate on TFA, it has raised a few concerns over the proposed agreement as it would entail huge investments in creating infrastructure at ports and airports. "TFA is a desirable agreement. But the way it is placed on the table, it does not have all the elements the developing countries would want," he added.

He said TFA would put tremendous burden on developing countries like India in terms of requirement of human resource, finances, infrastructure and more in terms of changing laws and procedures and practices. The ninth WTO Ministerial Conference would be held in Bali from December 3 to December 6. The Ministerial Conference is the highest decision-making body of the 158-member multi-lateral Organisation, which meets at least once every two years.

The G-33 proposal, mooted by developing countries like India and China, is for food security and flexibility in their public stock holding operations for public distribution system.

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India Moves on Sweeping Food Aid

Biman Mukherji & Rajesh Roy, The Wall Street Journal Asia

New Delhi, 4 July 2013: India has decided to introduce one of the most ambitious food-aid programs ever attempted, adding the right to food to others enshrined in Indian law such as free speech and equality of all citizens.

The government of Prime Minister Manmohan Singh, which pushed through the National Food Security Law by executive order on Wednesday while Parliament was in recess, will spend $4 billion or more a year under the program to distribute cheap grains to around 70% of India's 1.2 billion people.

The legislation has sparked debate in India between those who say it is a way to eradicate deep rural poverty and others who want the state to instead focus on creating jobs and better infrastructure like irrigation facilities in remote areas.

The executive order will need to be approved by the Indian President, which is expected to be a mere formality.

Parliament, which is due to come back into session at the end of July or early August, needs to pass the bill by a simple majority for it to become law. That is expected to happen as few politicians want to oppose such legislation before a number of state polls this year and national elections, which must be held by May 2014.

Few countries have embarked on such an ambitious mission. India has about a third of the world's extreme poor, according to the World Bank. About half of children below five suffer from malnutrition and a third of women are underweight, according to the Indian government's National Family Health Survey.

"In terms of nutrition indicators, India is very far behind. The food-security bill is an opportunity to address these gaps, and to create a political momentum for further action," said Jean Dreze, a development economist and an honorary professor at the Delhi School of Economics.

Amartya Sen, an Indian Nobel Prize-winning economist who is an expert on rural poverty, has argued that India could easily make up for the revenue spent on the food-security bill by ending tax breaks given to the gem and jewelry industry.

Critics say the legislation, which will swell the total food-subsidy bill to around $20 billion, is a bid by the ruling Congress Party to win votes ahead of national polls in 2014 but that it comes at a fiscal cost.

Mr. Singh's Congress Party-led government came to power in 2004 in part due to promises to guarantee work for India's rural population. It retained power five years later partly by deepening social spending.

Such gestures widened India's budget deficit to 5.2% of gross domestic product in the last financial year through March. Ratings firms have warned that India needs to take steps to control the deficit and boost economic growth. The rupee has also come under pressure, hitting a record low of 60.75 to the dollar on June 26 and falling around 9% since the start of May.

Some observers say the food-security program could also blunt entrepreneurship and increase dependency on the state.

"The food-security bill will essentially reinforce a culture of handouts," said Gurcharan Das, an author on economic topics.

"The very poorest in the country do need help. But there are better ways of doing it," he said. "What you are doing is creating a huge mechanism which will promote inefficiency and corruption."

Authorities funnel about 30 million tons of subsidized food grains annually through a distribution system with myriad problems.

State agencies buy about a third of the country's food-grain production at high guaranteed minimum prices to support farmers, stacking up so much grain that state warehouses are unable to cope.

Mounds of grain rot each year, as often there are no takers for the high-cost grain in the market, except for a portion sold cheap through existing subsidy programs.

Brokers of the food-security bill say it will offer a market for much of this grain that otherwise would spoil.

Critics question the ability of the system to efficiently get the grain to India's most needy. The current system is rife with corruption, with much subsidized grain ending up being sold in markets, they say.

To ensure that handouts reach India's poorest, the government is implementing direct cash transfers to the needy to replace a range of price subsidies it currently offers on items ranging from fertilizers to diesel. But Food Minister K.V. Thomas told The Wall Street Journal earlier that the government doesn't plan to replace food subsidies with cash transfers.

Under the program, beneficiaries will be entitled to five kilograms of subsidized grain a month. The food will cost between two and three rupees (3.4 - 5 U.S. cents) per kilogram for wheat and rice, compared with 20 rupees on the market. The law includes higher allocations for vulnerable sections of society, such as pregnant mothers and destitute children.

Madan Sabnavis, chief economist at CARE Ratings, an Indian credit-risk advisory firm, says the bill likely would mean the government will fail to contain its fiscal deficit at its target of 4.8% in the financial year that began April 1.

The fiscal burden is likely to increase as the law will keep subsidized selling prices frozen for three years, while the government usually raises the state-assured prices paid to farmers every year, Mr. Sabnavis added.

India's economy has slowed sharply over the past couple of years due to lack of economic reforms and infrastructure development. Growth last fiscal year was 5%, much lower than 9% rates of recent years.

"I just think that these kinds of interventions like the food-security law should be kept to the very minimum in the economy. It is much better to invest in infrastructure," Mr. Das said.

The government has made some moves to deepen economic reforms, agreeing last fall to allow more foreign investment in sectors such as retail, broadcast and aviation.

But it also has continued to spend huge amounts on social-welfare programs.

India launched a multibillion-dollar program in 2006 that guaranteed 100 days of work a year for unskilled laborers to build rural infrastructure like irrigation ditches and roads. Supporters say the program has raised rural incomes; critics say the projects have not added any economic value to these communities.

India raised the budgetary spending on the program by about 13% this fiscal year to about $5.5 billion.

Economists say the food-security law may also jeopardize development of the agriculture sector as it would further incentivize farmers to produce low-margin grains, rather than focusing on cash crops that could help raise rural living standards and reduce dependence on imports of some staples.

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Food Security Ordinance may invoke WTO compliance issues

Nayanima Basu, Business Standard

New Delhi, 25 July 2013**:** The recently promulgated National Food Security ordinance, which aims to provide 5 kg food grains per person per month at subsidised prices under the targeted public distribution system, might be in violation of the global trading rules on agriculture under the World Trade Organization (WTO) if an attempt is made to divert subsidized food grains for export purposes.

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

The situation is much more complex than it appears to be.

On one hand, even if the subsidy given under the food security ordinance is provided to consumers and not farmers, there is no mechanism to monitor such a leakage. On the other hand, India is one of the main countries in the G-33 along with other developing countries which is spearheading the proposal on food security at the WTO that seeks to legalise the so-called prohibited 'Amber Box' subsidies.

Thus it is crucial for India and other developing countries to get the agreement on food security approved at the WTO in order to continue giving such subsidies within their domestic constituencies in future also. Additionally, consensus on the G-33 proposal would not only remove the asymmetry and imbalance in the Agreement on Agriculture in respect of food security and domestic food aid in WTO, but would also provide a positive stroke for removing hunger.

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

As far as exports of food stocks are concerned, India has never exported rice from its public stockholding. However, in certain exceptional and rare circumstances it had to export wheat.

So the problem is two-fold. There is an inherent asymmetry in WTO's Agreement on Agriculture whereby countries can provide unlimited amount of direct food aid to sections of the population in need. While on one hand, developed countries like the US have resorted to direct food aid to their population and have provided subsidies to the extent of $94 billion during 2011, on the other hand, developing countries, being cash-strapped, are unable to use the provision on direct food aid. Instead, they acquire and hold stocks of food products and subsequently release it at administered prices to the target population in need.

"Smooth implementation of the Food Security Law may be require tweaking of the WTO agricultural subsidy regime. India and several other developing countries have proposed amendments to the subsidy regime, which will ensure that we are above board. Considerable efforts would have to be put in order to ensure that the forthcoming WTO ministerial meeting in Bali is able to seal a deal on this issue," said Biswajit Dhar of New Delhi based think tank RIS.

In the aftermath of the global food crisis, developing countries have become more vulnerable than developed countries because of differences in productivity, scale and financial means to cope with problems besetting agriculture. Agricultural sectors in developed countries are equipped with advanced technologies, large financial resources and support systems to provide secure incomes to their farmers and to manage quick shifts in the market and in environmental conditions.

In contrast, many developing countries like India are not able to provide services, infrastructure and support to their small farmers or to deal effectively with volatility in agricultural markets, due to a lack of institutional and financial means.

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

"The problem is that because the Doha Round has not been finalised, this remains a draft proposal. In the meantime, our subsidies have been rising and could cross the permissible de-minimis levels. If that happens, it would amount to a violation of our WTO commitments and some country could possibly bring a WTO dispute against us," said a Geneva-based trade economist who refused to be identified. 'De Minimis' level means the threshold beyond which subsidies cannot be given under global trading rules. The economist said the additional requirements of implementing the Food Security ordinance are bound to further raise our subsidy levels. In case the requirements in ordinance force us to procure more from farmers and supply the food-grains at deeper subsidies to the consumers, overall subsidy levels would go up.

The G33 proposal in the WTO therefore seeks a decision on this issue in the Bali Ministerial. The US and others have raised the old bogey of India trying to sabotage progress on issues like Trade Facilitation by raking up the food security issue.

According to Manoj Pant, professor, Centre for International Trade and Development, School of International Studies, JNU, "Subsidies given under the food security ordinance is being given to consumers on which there are no restrictions and not to the farmers."

The December 2008 text on Agriculture states: "acquisition of stocks of foodstuffs by developing country members with the objective of supporting low-income or resource-poor producers shall not be required to be accounted for in the AMS (Aggregate Measurement of Support)."

While the US is completely against such a proposal, the European countries are still ready to discuss the issue and find out an amicable solution to the problem. This is because the US feels, any agreement on this issue will give unprecedented flexibilities to China as it gives much more subsidies compared to India in terms of numbers and their procurement levels are much higher.

An agreement on this proposal is extremely crucial for India as 99% of its farmers fall under the 'low-income or resource-poor' category. Moreover, Indian government is also concerned of the fact that in public procurement it is soon going to overshoot the 'de minimis' level.

The current threshold is 10% of the total value of output in agriculture that can be given as subsidy. The agriculture ministry has already said that it is concerned that the threshold could be breached in near future.

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India, China plan to jointly oppose EU regulation on API at WTO forum

Joseph Alexander, Pharmabiz.com

New Delhi, August 6, 2012: India and China may together move the World Trade Organisation (WTO) against the European Union (EU) regulation on bulk drugs which may affect the current exports of Active Pharmaceutical Ingredients (APIs) from both the countries to Europe.

EU has changed the rules for importing active substances into EU for medicinal products for human use and the amended regulation would come into effect fully by July 2013. It would make mandatory the current good manufacturing practices (cGMP) certificate from the local authority for all bulk drugs exports.

Sources said the Commerce Ministry had already taken up the matter with the EU authorities as the directive is expected to pose serious challenge to the API exports and is meant to secure the EU pharma supply chain.

Under the technical barrier to trade (TBT) provisions, India can raise the issue at the WTO forum and it is learnt that India would possibly make a joint statement with China at the next meeting of the WTO. China Chamber of Commerce had already written to Pharmaceutical Export Promotion Council of India (Pharmexcil) on the possibility of making joint representation, it is learnt.

China's share in EU's API imports is 12 per cent while India commands only two percent share in the API imports into the EU. Hence, China is going to be affected more than India.

The Commerce Ministry has also sought the opinion of the Bulk Drug Manufacturers Association over the issue.

Meanwhile, the industry representatives are also trying to take up the issue with Drugs Controller General of India (DCGI). Industry had pointed out that the DCGI was not authorized or conversant enough with EU GMP standards to issue certification. The companies will have to produce such certificates even after their manufacturing facilities and products (meant for exports) get all regulatory clearances directly from the EU drug regulatory authorities in that case.

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EU Launches Probe Into Dumping Of Indian Steel Wire

Reuters

Brussels, August 11, 2012: The European Commission said it had received an anti-dumping complaint by European steel producers' group Eurofer against imports of stainless steel wires from India.

The complaint alleges that producers of certain types of steel wire have benefited from a number of subsidies granted by India, and are selling their wire in the EU at below-market prices hurting European competitors.

The Commission said late on Friday it was opening an investigation into whether or not the steel wire is being unfairly subsidised and has invited the Indian government for consultations on the matter.

India and the European Union have been negotiating a free trade agreement since 2007, but talks stalled this year over differences in duties on cars and market access for software and service companies.

The EU is India's biggest trade partner and bought more than 40 billion euros ($49.26 billion) worth of Indian goods and services in 2010. But trade with India represented just 2.4 percent of the EU's total.

India has also locked horns with the 27-country bloc recently over an EU law to make all airlines flying in and out of Europe pay for their carbon emissions.

India has said it won't comply with the law, but changes to the aircraft leases almost all of its airlines rely on may force the country's hand.

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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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WTO to take up India's complaint against US on steel

Business Line

August 26 2012, New Delhi: The WTO's dispute settlement body will take up on August 31 India's complaint against duties imposed by the US on imports of some Indian steel products, the multilateral body has said.

In April, India complained that the US had wrongly imposed countervailing duties, a kind of restrictive duty, on certain hot-rolled carbon steel flat products from India.

"The duty imposed by the US is inconsistent with the WTO rules. The issue will now be discussed in the WTO's dispute panel," an official said.

Countries impose countervailing duties when they believe that their domestic manufacturers are suffering losses because of competition from unfairly subsidised imports.

India is contesting the US conclusion that Indian steel producers received subsidy on iron ore purchased from a state-owned company.

According to reports, in December 2001, the US imposed the restrictive duty and further extended the duty after six years. The duty fixed was 102.7 per cent.

By asking for setting up of a dispute panel, India is indicating that it has failed to resolve the issue via consultations with the US. Bilateral consultations are the first step under the WTO's dispute settlement mechanism.

In April, India had moved the WTO against the US on the issue but the matter was not resolved at the bilateral consultation stage.

India is also considering seeking consultations with the US under the aegis of World Trade Organisation (WTO) on visa fee hike for professionals, which it says discriminates against Indian software companies that send employees to America on short-term contracts.

Earlier in March, Washington had dragged New Delhi to the global trade body against India's ban on imports of certain American farm products, including poultry meat and eggs. The US had termed the ban as unjustified health-safety worries.

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WTO panel to look into US duties on Indian steel

Sheila Mathrani, Financial Express

Geneva, September 1, 2012: The Dispute Settlement Body (DSB) of the WTO has set up a panel at India's request over the US imposition of countervailing duties on certain hot-rolled carbon steel flat products from India. New Delhi argues that the measure is inconsistent with several provisions of the agreement on subsidies and countervailing measures and the GATT, 1994.

Members which reserved their third-party rights were the EU, Saudi Arabia, Canada, Turkey and Australia.

India acknowledged at the meeting that every WTO member has a right to levy countervailing duties, but this right can be exercised only within the framework of the Agreement on Subsidies and Countervailing Measures and the GATT, 1994.

Steel exports by leading Indian manufacturers (Jindal and Tata) have been rendered uncompetitive in the US because of the CVD imposed there. According to India, provisional CVD measures imposed by the US on 20 April 2001 were made final after the US conducted a sunset review, with effect from December 3, 2001. The US extended these measures for a further five years.

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India may move WTO against US visa fee hike by Oct end

PTI

September 23, 2012, New Delhi: India is expected to soon seek consultations with the US under the aegis of World Trade Organization (WTO) on visa fee hike for professionals, which discriminates against Indian software companies that send employees to America on short-term contracts.

Although the commerce ministry had internally started the process in April, collecting all the relevant information and data to make a strong case in the WTO is taking time, a senior official told PTI.

"But now we have finalized our case. We are putting all the evidences together. The US visa fee hike is a discriminatory move against Indian IT firms. We are expecting that by October end, we will formally file the complaint and seek consultations under WTO," the official said. The US had raised visa fee in 2010 to fund its enhanced costs on securing border with Mexico under the Border Security Act. India has been protesting against the measure at different forums.

An American law (Emergency Border Security Supplemental Appropriations Act, 2010) has substantially increased the fees for H-1B and L-1 categories of visas for applicants that employ more than 50 employee in the US or have more than 50 per cent of their employees admitted on nonimmigrant visas (called the "50/50 rule").

"... which is prima facie discriminatory for Indian companies," minister of state for commerce and industry Jyotiraditya Scindia had said earlier.

According to industry experts the H1B visa fee has been increased to USD 2,000 per visa application and L1 by USD 2,700 per visa application.

Some of the top Indian companies — TCS, Infosys, Wipro and Mahindra Satyam — were affected by the US action on visa fee. The US is the largest market for the Indian software exports.

As per the procedure of WTO, consultation is the first stage of a complaint filed with the global trade body.

Consultations give the parties an opportunity to discuss the matter and to find a satisfactory solution without proceeding further. After 60 days, if consultations fail to resolve the dispute, the complainant may request adjudication by a panel.

Meanwhile, New Delhi and Washington have also completed consultations on other issues in WTO that include avain influenza and steel.

In April, India had complained that the US had wrongly imposed countervailing duties, a kind of restrictive duty, on certain hot-rolled carbon steel flat products from India.

"We have asked for setting up of panel under the WTO's dispute settlement mechanism on the steel issue," the official said.

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Russia and the future of WTO

Biswajit Dhar, Mint

August 28 2012, New Delhi: More than 19 years after it had expressed its intention to join the multilateral trading system; the Russian Federation formally became the 157th member of the World Trade Organization (WTO) last week. Although members of WTO had agreed to allow Russia to accede to the organization last year, the process of domestic ratification took several months before the sixth largest economy could join WTO. Coming as it does at a time when the future of WTO is being questioned, this development should enable all major economic powers to re-group to strengthen the basis for multilateralism in trade.

Accession to WTO, at least in theory, brings with it a slew of benefits to the Russian Federation stemming, in particular, from the application of the most favoured nation (MFN) principles. The enjoyment of MFN benefits under WTO implies that other members of the trade organization will no longer use discriminatory trade measures against Russia. In other words, countries such as the US that had refused to grant normal trade relations status will now have to amend their legislation. The US has denied normal trade relations to Russia since the introduction of the Jackson-Vanik amendment in its Trade Act of 1974. This amendment, intended to alter US trade relations with countries with non-market economies that restrict freedom of emigration and other human rights, required the latter countries to comply with specific free emigration criteria for better trading ties with the US. This amendment was considered a response to the Soviet Union's "diploma taxes" that were levied on its Jewish citizens attempting to emigrate. Repeal of this legislation seems round the corner as President Barack Obama has issued an appeal to the US Congress to do so.

Like all new members of WTO, the Russian Federation has had to pay a higher entry ticket to gain membership of the organization by agreeing to a greater degree of liberalization. The real market access opportunities offered by the Russian economy as a member of WTO is in the area of services. Of the 12 broad sectors over which the General Agreement on Trade in Services (GATS) of WTO has jurisdiction, Russia has taken commitments in 11 sectors. Again, of the 161 sub-sectors included under GATS, the country has commitments to liberalize 112 sub-sectors.

At the same time, Russian negotiators were able to protect the interests of their domestic firms/individuals in some important sectors, more prominently banking. Unlike most new members of WTO that had allowed liberalization of their banking sectors by setting up branches of foreign banks, Russia has agreed only to allow subsidiaries of foreign banks. While there will be no cap on foreign equity in individual banking institutions, overall foreign capital participation in the banking system of the Russian Federation will be limited to 50%, not including foreign capital invested in potentially privatized banks.

Another significant bargain that the Russians have been able to secure is in their automobile programme, which imposes local content regulation and minimum production requirements on foreign investors for obtaining preferential tariff treatment on imported inputs. Although these constraints are considered violations of WTO's Trade Related Investment Measures, Russia succeeded in obtaining a transition period of six years before it is obligated to terminate these rules.

There are expectations that by the end of the six-year transition there will be a substantial increase in Russian automobile assembly and parts production, and therefore, the negotiated transition period could contribute handsomely to the consolidation of the country's industrial sector. This is not the only concession that Russia was able to secure—its tariff commitments on goods include substantial transition periods, so that it will have to effect reductions in tariffs in several products only seven or eight years after accession.

The ability of the Russian Federation to negotiate a deal, which has several positive features for its domestic sector, should encourage a vast majority of the countries that have been trying to change the rules of the game in WTO. For these countries, the Doha Round was expected to be a game changer, as it had made significant promises to introduce new disciplines in several key sectors such as agriculture that were more "development friendly". What this, in effect, meant was strengthening the domestic capacities of developing and the least developed countries, which can enable the relatively disadvantaged small farmers and the small- and medium-enterprises to stand up to competition. It will be clear to many that at this juncture the Doha Round needs a political push and Russia's accession to the organization may, in fact, provide the much-needed impetus.

Apart from local pressure, the Russian Federation's accession to WTO can help bring the pressure from forums such as the Group of 20 and BRICS (Brazil, Russia, India, China and South Africa). These forums have emphasized the need to break the logjam in the Doha Round to enable an early conclusion of the negotiations. What difference Russia makes to the dynamics of these forums will, therefore, be watched with immense interest.

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WTO head confirms 2012 slowdown in world trade

AFP

Paris, August 30, 2012: Pascal Lamy, head of the World Trade Organization, confirmed on Thursday that growth in global trade would remain below four percent this year and urged governments against protectionism.

Annual growth in world trade has averaged six percent over the past 15 years, but this year "we will be below four percent," Lamy told France's BFM radio, blaming the slowdown on a sluggish world economy.

"The world has crossed this crisis without a protectionist tsunami, but there are preoccupying signs that the WTO is watching over closely," Lamy said.

In April, the WTO warned that world trade growth, which slowed in 2011 after a big rebound in 2010, would weaken again this year and grow by 5.6 percent in 2013.

Interest in global trade talks wane in Asia: Survey

AFP

Vladivostok, September 5, 2012,: Interest in global trade talks in Asia, especially among the business community, has waned as focus shifts to regional agreements, a survey of Asian powerbrokers said on Wednesday.

Only 17.5 percent of respondents in the survey by the Pacific Economic Cooperation Council (PECC) think tank believe the stalled Doha World Trade Organisation (WTO) talks should be discussed at an annual Asia Pacific summit.

This was down from 52.1 percent in 2007, according to the survey released ahead of the Asia Pacific Economic Cooperation (APEC) leaders' meeting this weekend in Vladivostok, a port city on Russia's Pacific coast.

"Since 2007, the annual survey of opinion leaders has asked for respondents' views on the top 5 priorities for APEC summit discussions, and without fail the WTO Doha Development Round has been a priority until this year," PECC said.

The decline was "most pronounced among the business community", said the PECC, which polled more than 500 corporate executives, senior government officials, central bankers and academics.

Only 10.5 percent of the business executives listed the stalled Doha round of the global trade negotiations as a key agenda for APEC leaders, compared with 25 percent for government officials and 19.7 percent for non-government respondents.

"This finding, while disturbing, should not come of any surprise. For some years, the regional business community has been pushing the idea of a free trade area of the Asia Pacific," it said.

PECC said the declining interest in the Doha round should spur APEC leaders in Vladivostok to discuss ways to link various proposed regional free trade agreements into a wider zone encompassing both sides of the Pacific Rim, from China to China via the United States.

Among the free-trade initiatives is the Trans-Pacific Partnership (TPP) spearheaded by the United States. Washington has been negotiating details of the potential pact with Australia, Brunei, Chile, Malaysia, Mexico, New Zealand, Peru, Singapore, Canada and Vietnam. However China and Russia are not involved.

Another initiative is the proposed East Asia free trade zone that would cover the 10 members of the Association of Southeast Asia Nations (ASEAN) plus China, Japan and South Korea.

There are proposals to further expand East Asia talks to include India, Australia and New Zealand under a Regional Comprehensive Economic Parntership.

Launched a decade ago in the Qatari capital, the Doha round of negotiations faltered because developing and developed countries failed to bridge entrenched positions on cutting farm subsidies and lowering industrial tariffs.

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WTO: forums mooted to voice concerns

The Hindu

18 September 2012, Thiruvananthapuram: States which have to bear the impact of the World Trade Organisation's (WTO) negotiations should form "anchor bodies" to voice their demands and concerns at the international level, Planning Board Vice-Chairman K.M. Chandrasekhar has said.

Inaugurating a two-day seminar on 'WTO and its impact on the Kerala Economy' organised under the joint aegis of the Institute of Management in Government (IMG), and the Centre for WTO Studies Indian Institute of Foreign Trade in Thiruvananthapuram on Monday, Mr. Chandrasekhar said that IMG could ideally become such a forum of Kerala as the State had to bear the impact of the negotiations. WTO was in limbo at present.

A decade ago WTO had played a critical role and it had created great excitement among the intelligentsia and people of different genre. Various ideas and concerns were raised about the future of the negotiations.

India had developed a motley group of likeminded developing nations, including Pakistan and Egypt to put up a resistance. But during the Doha round of talks, India got isolated. Subsequently China joined the block of resistance. The thrust of the negotiations was on agriculture.

The United States and the European Community then finalised an agreement protecting their mutual interests. The tenor of the negotiations then changed and Brazil and India worked out a counter text with the support of other nations. South Africa, Thailand, Egypt and such others formed the G-20 block of nations.

This block held on during the Cancun meet and the Doha round of negotiations continued to remain incomplete. This was despite the developing countries' interest to complete the round. India had a pivotal role in the negotiations. In this context, the States which had to bear the outcome of the talks should have "anchor bodies" to raise their demands, he said.

IMG director Nivedita P. Haran welcomed the gathering. Abhijit Das, professor and head of the Centre for WTO Studies, and Sajal Mathur of the Centre addressed the seminar.

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WTO cuts 2012 global trade growth outlook

AFP

21 September 2012, Singapore: The World Trade Organization on Friday slashed its 2012 global trade forecast to 2.5 percent from 3.7 percent, citing the eurozone debt crisis as a key factor behind the downgrade.

The sputtering US economy and a slowdown in China were other factors dragging down global trade, the Geneva-based body said.

"The global economy has encountered increasingly strong headwinds since the last WTO Secretariat forecast was issued," the WTO said in a press statement released in Singapore.

"Output and employment data in the United States have continued to disappoint, while purchasing managers' indices and industrial production figures in China point to slower growth in the world's largest exporter.

"More importantly, the European sovereign debt crisis has not abated, making fiscal adjustment in the peripheral euro area economies more painful and stoking volatility."

In April the WTO had warned that world trade growth, which slowed in 2011 after a big rebound in 2010, would weaken again this year.

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India, China Begin To Engage With Domestic Industries On ITA Expansion

World Trade Online

September 25, 2012: The governments of China and India are beginning to more intensely engage with stakeholders in their domestic high-tech industries about which priorities they might pursue in an ongoing effort in Geneva to expand the the list of products covered by the tariff-cutting Information Technology Agreement (ITA), according to a U.S. industry official.

Up until now, the government of India has been reluctant to engage at all in efforts aimed at expanding the 1996 trade deal, citing the domestic sensitivities of its industry. But New Delhi now seems to be shifting its position, if only slightly, said John Neuffer, vice president for global policy at the Information Technology Industry Council (ITI).

"The government is now actively working with stakeholders in India to pull together their own product list," Neuffer said in a conference call yesterday (September 24) with reporters. He explained that he did not know how far this process has advanced, but took it a positive sign given that India had previously shown no interest in ITA expansion.

"I don't know if there's been a turnaround. But at least now India seems to be vectoring towards engagement," he said. "I think that's a good sign."

China, which observers see as generally supportive of ITA expansion but reluctant to divulge its views, is also talking with its industry about what its priority products could be, Neuffer added. "I myself have had a number of conversations with the Chinese government, and I'll say that over the months of discussions with them, they are more and more engaged internally, so we expect them to be supporters of this thing," he said.

Neuffer's remarks followed ITI's release yesterday of a statement also signed by 55 other industry associations that calls for the conclusion of the ITA expansion effort within a year. The Communications and Manufacturing Association of India (CMAI) was one of the signatories supporting the statement.

No industry associations from China signed on to the statement in support of the ITA expansion effort. However, industry associations in China are not independent from the government, so such groups generally only take a position on a matter if the government has approved it, one private-sector observer said.

Observers following the ITA expansion effort in Geneva have underscored the importance of China and India participating in the initiative.

This is not only because they are large emerging economies and major traders in technology products -- and thus essential to ensuring that a "critical mass" of countries participate -- but also because they are members of the current ITA. The "review" framework under which ITA participants are now trying to expand the deal requires that any expansion of the agreement be completed by consensus of current members, one source noted this week.

The relevant portion of the 1996 declaration says that ITA members shall meet periodically to review the coverage of the ITA "with a view to agreeing, by consensus, whether ... [the agreement] should be modified to incorporate additional products, and to consult on non-tariff barriers to trade in information technology products."

Neuffer, in speaking with reporters, specifically acknowledged the importance of including India in the talks but stopped short of saying that the country's participation is critical to the success of ITA expansion. "Our objective is to get all ITA members fully on board with expansion," he said. "We're hopeful that India will come on board."

The release of the industry statement comes as government officials in Geneva planned another round of technical talks this week on what kinds of items should be on the table. The Canadian mission is hosting the talks this time around on Sept. 26-27.

Officials are viewing this as an exercise that will help shape formal negotiations later down the road, but say that negotiations have not actually started yet.

So far, only 11 ITA members are participating in these intensive technical talks because they are the only participants who have submitted "wish lists" of products they want covered. They are Australia, Canada, Costa Rica, the European Union, Japan, Korea, Malaysia, Norway, Taiwan, Thailand and the United States.

Aside from those 11 members, another 20 or so ITA participants are closely following this process as they consult with their own domestic industry, including China.

The small group has come up with about 350 different kinds of goods in a "consolidated list," although this is not an agreed list and there is still debate over what should be considered IT-relevant (Inside U.S. Trade, Aug. 3). It is also significantly larger than the proposed list submitted by U.S. industry groups.

Asked about the additional products, Neuffer said that his group has not yet sorted through all of them. "I'm sure there are some things that we would have no problem with adding . and there may be some things that may not make a whole lot of sense for us, that we may not see as ICT-relevant," he said, referring to information and communications technology.

The statement released yesterday was similar to one sent out by 40 industry groups in March of last year. In that release, the groups expressed support for advancing the ITA initiative, but did not set a timeline.

In addition to CMAI, there were 15 other groups who signed the statement today that did not sign on last year. They included associations from countries that are participating in the 11-member small group talks, like the Australian Information Industry Association and the U.S.-based Business Software Alliance.

Also joining the statement was Brazil Association of IT Companies, although Brazil is not a member of the current ITA and many observers doubt that it is interested in joining. The current ITA participants, sources say, are also largely focused on expanding the deal's product scope, with geographical expansion of the agreement a second-tier priority.

According to its website, CMAI's membership includes a number of Indian companies like Tata along with multinationals like Intel and Ericsson.

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India against trade pact on electronics

Surabhi Agarwal / Asit Ranjan Mishra, Livemint

30 October 2012, New Delhi: India plans to oppose the second instalment of the World Trade Organization's (WTO) information-technology agreement that proposes to do away with import tariffs on consumer durables and electronics items.

Signing the pact could result in a further disadvantage to the domestic electronics manufacturing industry, which lags because the country signed the first version of the agreement in 1996 and companies had little incentive to manufacture in India, officials of the department of electronics and IT and commerce said. The new pact intends to include more consumer durable products such as air conditioners, refrigerators and washing machines under the label of IT products.

"India is resisting such moves,' a government official said, requesting anonymity. "We will not be part of any such agreement."

The cabinet had just cleared the country's electronic policy that provides incentives for promoting indigenous manufacturing.

"If we bring down customs duty on such items to zero at this stage, we will only be shooting ourselves in our foot," the official said.

India's electronics manufacturing industry is suffering today because it signed the first instalment of the international agreement, another government official said, also declining to be named.

The argument in favour of pact is that it reduces prices due to economies of scale besides enabling developing countries to reap the benefits of cheaper technology. However, it also leads to concentration of technology in the hands of a few companies and, therefore, countries, the second official said. "It's an agenda driven by a few companies and we have taken a position to not join it this time."

India's electronics manufacturing industry is projected to grow at an annual pace of 22% to $125 billion (Rs.6.8 trillion) by 2014 and $400 billion by 2020, according to official estimates. However, if local manufacturing is not provided incentives, India's cost of importing electronics may exceed its crude import bill—$300 billion by 2020.

Participants to the agreement have grown to 70, representing about 97% of world trade in information technology products, according to information available on the world trade body's website.

The talks for second instalment began earlier this year.

Each country will propose a set of items that should be included in the pact before a final list is drawn up. An official with a lobby group, who is aware of the country's anti-pact stand, said it could invite pressure from large multinational technology companies, especially from the US, which see India as a huge market. He too requested anonymity.

Developed countries are trying to achieve some of their non-agricultural market access aspirations in the guise of the latest proposal, said Biswajit Dhar, director general at Research and Information System for Developing Countries, a New delhi-based think tank.

While developed countries have been pushing developing countries such as India and China to accept heavy tariff cuts in some of the industrial sectors under the languishing Doha round of trade talks, India has been maintaining that any such tariff reduction has to be voluntary and cannot be forced upon developing countries.

The government last week approved a national electronics policy, which includes incentives for semiconductor fabrication units and industrial clusters for manufacturing electronics. The cabinet had in July also approved a Rs.10,000 crore package of incentives for makers of electronics products and components under the so-called modified special incentive package scheme.

The policy also specifies standards for electronics imports to stop spurious goods from entering the country. A proposal for electronics clusters has also been approved. The government will offer incentives of Rs.50 crore each to 200 clusters set up by manufacturers. Moreover, the government has also reserved 30% of all its electronic procurement for companies that can add at least 25% of domestic value to products in the first year of the policy being implemented.

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India says no to inclusion of more items in WTO list by US, EU

Amiti Sen, Economic Times

10 November 2012, New Delhi: India has opposed a move by the US and the European Union to expand the list of electronic items under the World Trade Organisation's IT Agreement, which will result in elimination of import duties on mobile handsets, printers, fax machines and consumer electronic goods. The government is of the view that inclusion of more items in the list would have an adverse impact on the "fledgling" domestic industry.

"India placed on record its serious reservations on this matter at ITA committee's meeting in Geneva late last week," a WTO official said. "It said that in consultations with stakeholders, it sees problems regarding relevance of the proposed products, their multiple uses and possible difficulties in processing at customs."

South Korea along with the US and EU are pushing for inclusion of these items in the ITA's product list. They have sought negotiations on the issue when talks begin on the second instalment of ITA from January.

The existing ITA was signed between 29 WTO members, including India, in 1996. The membership has since increased to 70. The original agreement sought to eliminate import duties on 217 items like parts of microscope, semi-conductor equipment, spraying appliances and other laboratory instruments. India claims that its industry was hit by the decision to eliminate duties on these products.

"As per government's estimates, India's share in world trade of these items came down from 0.3% to 0.2% after signing the agreement," an Indian government official said. The commerce department had extensive discussions with the department of IT as well as the Planning Commission on whether it should be a signatory to the proposed second tranche of the ITA. The common wisdom was that India would not gain from it, the official said.

"Since the ITA-2 talks about adding 357 items like mobile sets, printers, fax machines, flat screen TVs and consumer electronics, there is an apprehension that it may affect our fledgling domestic industry. The broad message that emerged from our internal consultation is that we should be very careful before taking on additional commitments," the official said.

Nicaragua and El Salvador are other ITA members that expressed their reservation on expansion of the agreement and said the matter was still under consideration in their countries.

South Korea, however, reported some progress on technical discussions it hosted early last week on expanding the product coverage of the ITA. It said that as many as 17 participating members are moving towards more discussions and that a revised consolidated list of products proposed for inclusion in ITA expansion would be circulated in mid-December.

The US asked delegations to examine the next version of the product list and be prepared to negotiate in January. Japan, the EU and Costa Rica were other members that expressed support.

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WTO services talks progress; China, Brazil, India still hold out

Market News International

14 December 2012: An initiative by 47 rich and emerging economies to negotiate a trade pact to slash barriers to trade in services has posted substantial progress with the participants agreeing in principle on a blueprint framework on how to broker a global accord but still face foot dragging or opposition by key emerging market nations.

The talks, which are strongly backed by U.S. and European services conglomerates, especially major financial services providers on both sides ofthe Atlantic, came up with the blueprint after a week of closed door talks here last week, but have to date been snubbed by giant emerging economies such as China, India and Brazil.

"I think this will receive a warm reception in Washington ... U.S. companies are very interested in getting this done. And this should be not oneof those that creates (problems)," Samuel di Piazza, chair of the U.S. Coalition of Services Industries (CSI), an umbrella group, told MNI.

Top trade diplomats tracking the talks, speaking on the condition of non attribution told MNI the objective is to launch the negotiations officially inMarch and for participants to start putting forward offers in May.The talks are spearheaded by the United States and backed by the European Union, Japan, Australia, Hong Kong, Turkey, Switzerland, Panama and Colombia, among others.

Di Piazza, who is also vice chair of Citigroup's Global Markets Inc. institutional clients group, said in an interview that Washington "has been very supportive ... so we're hopeful." And "there's no question, Wall Street would like to see this done."

Exports of commercial services such as banking, insurance, telecommunication, transportation, retail and energy, among others, grew by 11%last year to $4.1 trillion, according to WTO data.The United States is the top services exporter with $578 billion, followed by the United Kingdom with $274 billion, and Germany with $253 billion.

CSI President Peter Allgeier, a former senior U.S. trade negotiator, told MNI "this is the first real effort in negotiating on services in years.

Certainly, since probably the (WTO) ministerial in 2008, and its important. First of all, there is a large number of countries that is involved that account for 70% of world trade in services, and also it is a first look really at the new landscape," since the Uruguay Round liberalization talks from 1986-1994.

One of the focal point of the talks, sources say, is to try and ensure countries make commitments that allow majority equity for foreign investors in a host of service sectors from banking and insurance to telecom, energy, courier and retail services.

Di Piazza said, "Equity caps has to clearly be one of the issues the negotiators have to deal with otherwise the agreement is not a comprehensiveagreement."Frankly, business would like equity caps to go away. The question is how do you get to that place, what sectors, and whether it's realistic to put that as a minimum. But equity caps is an issue for service companies," he added.

EU Trade Commissioner Karel de Gucht, talking to reporters in Geneva Thursday, said the goal of the plurilateral talks on a trade in services agreement is "to make sure it's a deal, if it comes about, that can be easily multilateralized" and anchored on the World Trade Organization's General agreement on Trade in

Services.

That initiative was launched because efforts in the Doha round of trade liberalization talks were bogged down because progress in the services segment was linked by emerging countries to movement in other areas of the negotiations such as agriculture and industrial tariffs.

With regards to the ambivalence of major emerging powers, such as China, De Gucht said:"In the end its not our fault that China would not become a member. It's not because they do not want to become a member, that we should stay quiet or standstill that's not good either."

A Chinese trade diplomat told MNI, "China is not interested at all" in the plurilateral services talks. Moreover, in a recent WTO forum, China said itsposition "on this controversial issue has not changed so far."

However, top services industry executives monitoring the talks are of the view that if China shifted and came on board, it would be very hard for Brazil, India and others to stand on the sidelines.

A top European executive told MNI his assessment, at the moment, is that the so-called BRICS nations - Brazil, Russia, India, China and South Africa - will not join the services intiative. "They're watching carefully, but we don't expect them to make it," he added.

Pascal Kerneis, managing director of the European Services Forum, an umbrella group, said the initiative "has come a long way" and he expects thenumber of countries taking part to grow.

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India says no to WTO agreement on IT, environment

PTI

New Delhi, 13 January 2013: India will not accept any agreement on IT and environmental goods which is being proposed by a group of developed nations at WTO, as it would adversely impact the domestic industry, a top official said.

Rich nations, including the US, want India and other emerging economies to be part of the four major sectoral pacts – trade facilitation (TF), information technology (IT), environmental goods and international services agreement.

“On IT and environmental goods agreement, India has clearly showed its reluctance. We are against this approach. On TF, we have not said no, but we are viewing the situation and on international services agreement, we will continue to observe it from a distance and later on take a view,” the official said.

On these four matters, developed countries wants to go plurilaterally. In other words, the trade benefits arising out of such an agreement will be shared only by signatories.

The plurilateral agreement on these issues that the US and Europe seem to be eager to ink would exclude the interests of developing and the least developed countries, the official added.

The official also said that the developed economies instead of focusing on the issues of Doha Round, they want to sign agreements which would benefit more to them instead of developing and least developed nations.

“IT is a sectoral agreement, environmental good will be a sectoral agreement. So, effectively what they are doing is they are cherry picking sectors where the developed world is strong and getting you to agree to those elements because if you do not agree today and if you decide to join the agreement tomorrow there will be a cost to be paid,” the official added.

Explaining how rich nations are pushing their own agendas on poor and developing economies, he said that under the IT agreement, they want to include 357 products out of which 50 items belong to non-IT category like washing machines, refrigerators and window AC.

Similarly 136 are dual use products in which developed countries have suggested to eliminate duties. There are another 50 items on which domestic industry has expressed serious sensitivities.

“One of the objectives of (developed world) all these four proposals is to cash them and then forget Doha and that is what exactly we do not want to happen. That is one the main reason why we are acting soberly and with so much of caution … once you harvest these agreements, there is nothing left in Doha for countries like the US,” he said.

Big differences between developing and developed countries have bedevilled the WTO talks, which were launched in 2001 in the Qatari capital with the goal of helping poor countries prosper through enhanced trade.

India has also rejected the US allegation that developing countries are seeking significant concessions for pushing the global trade deal under WTO. Rich nations are hampering the conclusion of Doha Round, stalled since 2001, the official added.

“The US and other developed nations are again bringing those issues which were agreed earlier and are also pushing new agendas like trade facilitation, international services agreement and information technology,” the official said.

The official was responding to the comments made by US Deputy National Security Adviser for International Economic Affairs Michael Froman, who is tipped to be the next US Trade Representative.

Froman is reported to have said that “a small group of middle income countries particularly India is standing in the way (of concluding Doha Round of talks) because they want to be ‘paid’ by developed countries for agreeing to something that is beneficial to the global trading system, especially poorer countries”.

The negotiations have seen numerous deadlines come and go amid basic disagreement over rich-country farm subsidies and access to developing-country markets for manufactured goods.

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India to skip talks on expanding ITA scope

The Hindu

New Delhi, 14 March 2013: India, and some other World Trade Organisation (WTO) members who are part of the Information Technology Agreement (ITA) group, have decided not to join negotiations on broadening the scope of the ITA — citing protection of national interest.

Officials in the Commerce and Industry Ministry said that some signatories of the ITA such as the U.S., the European Union and Japan had proposed a broadening of the scope and product coverage of the ITA (it is being referred as ITA-2), on which customs duty would be bound at zero.

They said the proponents of ITA expansion had also prepared a consolidated list of IT products on which tariff reduction was being sought. These discussions were at a preliminary stage in the WTO, they added.

"India's experience with the ITA-1 has not been encouraging as it has almost wiped out the IT industry from India. After examining the matter in consultation with the nodal Ministry i.e. Department of Electronics and Information Technology and other stakeholders, it has been decided, for the present, not to join the negotiations as it will not be in our national interest," a senior Ministry official said.

Stating that India was an active participant in WTO trade negotiations, officials in the Commerce Ministry said that the U.S., Australia, EU, Canada, Costa Rica, Japan, South Korea, New Zealand, Hong Kong, Taiwan, Chile, Colombia, Switzerland, Pakistan, Peru, Norway, Panama, Mexico, Israel, Turkey and Iceland had been exploring a `plurilateral approach' to a services agreement also known as International Services Agreement (ISA).

This group had held several rounds of discussions to finalise the architecture and modality of the proposed agreement.

"India is not part of these discussions, and these discussions are not part of the WTO Doha Round process," the official said.

The ITA negotiations have been threatened by the reluctance of many members, including India, thereby defeating the concept of broader participation.

'Our experience with the ITA-1 has not been encouraging'.

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India and the WTO procurement deal

Archana Jatkar & Vinitha Johnson, Business Line (The Hindu)

21 February 2013: In 2010, India attained an 'observer status' in the WTO Government Procurement Agreement (GPA). Its accession to full member status in GPA hangs in the balance. It gathered momentum with the slowdown in world trade and increase in current account deficits of several major economies.

The potential size of the market for government procurement is estimated at $1.6 trillion and the need for principles of good governance is felt all the more in these difficult economic times, making active participation of developing countries in the WTO GPA a much-sought-after initiative.

The literature on government procurement suggests two key objectives for countries anticipating accession to the WTO GPA: a) to enhance export markets as provided by GPA member countries, and b) to embrace reforms to internal market and administration so as to benefit from good governance aspects of the WTO GPA.

While a country can employ a combination of objectives, its strategy of accession to the Agreement would need to be considered on its own merits, based on an assessment of potential benefits and costs.

In the WTO GPA, commitments are made in the form of 'government entities' apart from committing certain sectors of goods, services and concession contracts. These commitments are further qualified by thresholds (value of the government purchase) above which the agreement begins to apply, and exclusions and exceptions are determined.

Market Access

Despite the touting of good governance principles of transparency and integrity, these reasons appear to pale in comparison with tangible economic reasons of "market access".

The GPA members present huge figures as indicative of potential market access opportunities. In practice, a large number of contracts granted by the Government are below the threshold value, which is out of the purview of the commitments under the WTO GPA. Further, countries maintain significant 'exceptions' and 'exclusions' for social purposes or for procurement pertaining to certain utilities, or exclude procurement by their sub-central entities.

For instance, in case of Chinese Taipei, data reveals that more than 95 per cent of total procurement contracts above threshold are awarded to domestic firms while in the EU, less than 5 per cent of the size of its total government procurement market — that is, out of €292 billion only €13 billion contracts in value terms was awarded to other GPA countries.

Furthermore, owing to the absence of the principle of non-discrimination, WTO GPA members prohibit the access of certain markets to certain other member countries unless comparable market access is dealt out.

In WTO GPA negotiations, once the size of one's government procurement market and resultant "negotiating capital" is calculated, a complex game of layering one's demands with respect to different negotiating countries comes into play. Several newer challenges are experienced, such as certain countries refusing to commit their sub-central government entities or procurement pertaining to the provision of certain utilities to the disciplines of the WTO GPA.

Countries may also offer certain restricted markets to selective countries in return for increased market access distinct from the market access available to other member countries of the WTO GPA.

India's Situation

Where does all this leave India? India may desist from joining the WTO GPA indefinitely. However, such a decision to 'abstain' from joining this agreement will not be passive anymore and will have to be taken after defending and foraging for market access opportunities elsewhere.

The following are some specific factors that India should consider while deciding its possible accession to the WTO GPA:

India remains outside an elite club which is currently formulating modalities and disciplines for participation in government procurement.

Potential Areas

The members of the club will evolve newer channels of inducing increased participation and impel exclusion of countries through increased application of "Buy Local" laws which may exempt WTO GPA countries in certain countries.

If India considers joining the agreement at a later point of time, it may encounter harsher demands from the then existing members.

The WTO GPA contains certain flexibilities for developing country members — it allows them to phase-in entry of certain entities and social exceptions can be maintained when concomitant market access opportunities are pledged.

Keeping these factors in mind, a CUTS study on government procurement has done some quantitative analyses of market access opportunities for India in GPA and non-GPA countries. It argues that other than construction services, pharmaceuticals and computer and related services offer biggest opportunities for the Indian firms.

Most of the opportunities in these sectors are expected to emerge from the EU, Japan and the US, who are members of the WTO GPA.

By calculating market access opportunities in government expenditure, our study reveals that there is a sizeable market in many major economies who are currently not members of the WTO GPA but expected to be — for instance, $1.7-trillion market in China, $ 960-billion market in Brazil.

Among those who are members of the WTO GPA, government expenditure accounts for as much as 56.2 per cent of gross domestic product in France, a market worth $1.56 trillion and as much as 42.4 per cent in the US amounting to a market of $ 6.37 trillion. These countries present opportunities for Indian suppliers to develop their competitiveness and contest for procurement contracts internationally in sectors such as information technology, pharmaceuticals, minerals, machinery and electrical equipment.

Thus, membership to the WTO GPA may not be entirely bad news for India but it is important to bear in mind that potential benefits of joining this agreement will be determined by various factors, such as India's ability to compete with other member countries, willingness of other countries to make their procurement market available to Indian firms.

Hence, it is advisable to enter this negotiation armed with pertinent information seeking to optimise value for both parties. In this regard, inputs from stakeholders in different government departments, industries, public sector undertakings are crucial, keeping in mind the value that our commitment can generate and what we expect from other GPA members.

(The authors are lawyer and policy analyst, respectively, with CUTS.)

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Free trade for a fair world?

T S Vishwanath, Business Standard

Trade liberalisation can be a tool for reducing income inequality

September 27, 2012: CUTS International has come out with a draft report "Making trade a tool for poverty amelioration in the 21st century". The report is based on a survey that collected perceptions of global trade and development experts, and is expected to guide discussions of the High Level Panel on the Future of Trade that was set up earlier this year by World Trade Organisation (WTO) Director General Pascal Lamy.

Interestingly, despite the fact that the Doha Round of the WTO has been languishing for long, a majority of respondents to the survey are reportedly of the view that the multilateral organisation will be able to address the challenges that it faces, provided future trade negotiations have inbuilt features and greater orientation towards development issues, especially on problems faced by the developing world. However, for this to happen, there is need for a renewed spirit of cooperation that balances strengths and weaknesses for the benefit of all.

To arrive at this conclusion, the report has gone about seeking responses on some of the issues that have been raised by interest groups over the past few years. For instance, the report seeks to develop a "Geneva Consensus" that seeks to involve inter-governmental organisations that cover a wide variety of governance issues. The survey report states that these issues travel down to countries and, thus, there is a need to develop coherence among them to address global economic challenges, including trade policy. A majority of participants called for convergence between state and non-state actors for developing such a consensus.

However, this "majority" view may need debate. Given the complexity of relationships that exist between the state and non-state players, at present, this would be difficult to manage in a practical way if countries want to ensure the completion of the Doha Round. The WTO negotiations have always been government-led and it would be best to keep it that way. Each member country has to work towards building a broad consensus on its position among state and non-state players in its own constituency.

Another important aspect raised in the survey is about the use of trade liberalisation as a tool for reducing income inequality. The survey participants are of the view that trade liberalisation should be an opportunity to address structural rigidities to reduce income inequality.

The idea is good and governments must look at how trade liberalisation does not lead to any reduction on the policy space available to developing and least-developed countries to build competitiveness in their economies. The focus should not be on protection but building competitiveness. Interestingly, a large portion of those surveyed were of the view that trade liberalisation has no role to play in reduction of income inequality.

The report goes on to say global value-chains are shaping economic development and giving countries new opportunities to engage in industrial activities, which are often characterised with higher domestic value-added. The WTO, the report states, is missing an opportunity in regulating these issues and countries are filling this gap by engaging in free trade agreements (FTAs).

Though the survey makes a point, it is important to point out that FTAs are not exactly filling the gap that the WTO is giving up. Regional or bilateral trade agreements cannot replace multilateral trade agreements that even today remain at the core of trade policy planning for many countries, including India. FTAs can only cover reciprocal market access issues, while the WTO has the capability to address issues such as the lack of opportunities for developing or least-developed countries.

Even as the survey provides several significant points for consideration, it is important for any panel that looks into the future of trade to address the issue of removing imbalances among member countries of the WTO in accessing markets and moving up the value chain to create higher employment opportunities in the domestic market. The discussion should centre on getting the WTO to deliver economic growth for all its member countries. This can only be done if the multilateral trade negotiators connect with realities across the globe, and not remain insulted from the issues impacting countries.

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India emerges as top 25 leading exporters in world

PTI

October 3, 2012: WASHINGTON: India has emerged as one of the top 25 leading exporters in the world along with countries like Brazil Mexico and Malaysia, WTO chief Pascal Lamy has said.

"In addition to China, many new trading powers have emerged -- Brazil, India, Mexico and Malaysia are all in the top 25 leading exporters' table and all posted export growth of 15 per cent or better in 2011, " Lamy said at the Brookings Dialogue here.

He said developing countries' share has increased to about 50 per cent compared to around 33 per cent of the global trade in 2008.

Also trade as a share of the world GDP has risen from roughly 40 per cent in 1980 to around 60 per cent today.

However, Lamy said that increasing use of non-tariff measures by different countries are impacting trade. "...governments are implementing a variety of non-tariff measures which impact trade flows, sometimes profoundly," he said on October 1.

These measures are regulatory in nature and are aimed at protecting consumers' health and safety, he added.They include standards, testing and certification procedures.

"But removing these types of regulations is often neither desirable nor politically feasible," Lamy added. The challenge before the WTO and other multilateral organisations is to reduce such discrepancies so that they do not conflict and unnecessarily restrict trade, he said.

Besides, regional or bilateral preferential trading arrangements may include elements not covered by the WTO agreements such as social and environmental standards, recognition of standards or qualifications. "There is a danger that the regulatory elements of each accord may not only differ but clash, creating perhaps unintended but very real barriers to trade," Lamy said.

He emphasised the need for global co-operation to address these measures.

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New trade winds

T S Vishwanath, Business Standard

October 11, 2012: World Trade Organisation (WTO) Director General Pascal Lamy is an optimist who wants to ensure that WTO remains relevant. This is evident when one looks at his statement to the General Council of WTO a few days ago when he said that discussions among ministers, negotiators, and other stakeholders confirmed a "collective desire to re-engage".

However, it is important to note that he is a cautious optimist. Pointing at the impasse that the Doha Round of negotiations of WTO have faced in the last one year, Lamy referred to the re-emerging desire to negotiate by cautioning that, "I am neither under any illusion that the factors that have shaped the impasse which we face have changed substantively, nor do I harbour any dream about achieving grand designs or comprehensive deals."

But reports from Geneva suggest that Lamy's optimism is not unfounded. Countries, reports indicate, are showing some cautious optimism to new proposals that are now coming to the table for negotiations. One such proposal that Lamy alluded to in his address to the General Council was the current position on trade facilitation where some countries are of the view that there is a need to move ahead if consensus can be arrived on this specific agreement. However, in the General Council meeting in July several countries had, while stressing the significance of trade facilitation, noted that they did not at this stage consider this area as self-balancing.

Several member countries had stressed the importance of transparency, inclusiveness and multilateralism in any processes ahead, including in agreeing on early harvest candidates within the Doha Round. A number of other countries had also emphasised the importance of respecting the development mandate of the Round.

In his address, Lamy cautioned that the members were now faced with a global economy that is confronted by increasingly strong headwinds. "Slowing global output growth has led us to downgrade our 2012 forecast for world trade expansion to 2.5 per cent from 3.7 per cent in April and to scale back estimates for 2013 to 4.5 per cent from 5.6 per cent. The trade slowdown in the first half of 2012 was driven by an even stronger deceleration in imports of developed countries and by a corresponding weakness in the exports of developing economies. Past experience has shown that in an increasingly interdependent world, economic shocks in one region quickly spread to others - no one is immune. In other words, and I think we all agree this is becoming increasingly obvious, the only way to effectively face up to this crisis is through global collective action."

One area that needs collective action is taming export competition in agriculture. The G20 group on agriculture has come up with a proposal that seeks an update on the information available with WTO secretariat on export subsidies, export credits, state trading enterprises, and food aid that together constitute export competition.

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Member countries show a collective desire to re-engage at the WTO

T S Vishwanath, Business Standard

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The G20 has also asked for more details on tariff rate quotas that are used by countries to charge high tariffs on products after the initial quotas are over. It is without doubt that to keep the Doha Agenda development oriented, it will be important to seek higher access for agricultural products from developed country markets that have maintained tariff and non-tariff barriers on these products. There is also a need to look beyond tariffs and identify other barriers like the sanitary and phyto sanitary conditions that are imposed on goods coming into developed country markets from developing and least-developed countries.

Reports emanating from the recent public forum held in Geneva also show that there is a new-found interest developing in the Doha Round. But then it will be important to ensure that the interest that has remained at low ebb for some time is now not just renewed but sustained through some action from members, especially countries like the US that will be critical to the success of the Round.

The Bali Ministerial meeting slated for December 2013 provides negotiators with enough time to come up with some proposals that can help revive the Doha Agenda and bring the WTO back on track. But for that it will be important for all countries to look at proposals that have the greatest possibility of creating a strong consensus on some critical areas like agriculture and industrial goods.

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World trade growth to rebound in 2013: Pascal Lamy

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13 October 2012: World Trade Organisation (WTO) expects trade growth to modestly rebound to 4.5% in 2013 with exports of developed and developing economies increasing by 3.3% and 5.7% respectively and imports increasing by 3.4% and 6.1% WTO Director General Pascal Lamy. It is clear that the world is still working its way out of the crisis he added. The global economic growth rates remain sluggish and global unemployment still remains far too high. New threats to food security are growing and questions about how to effectively address climate change remain. Just last month the WTO revised downwards its projections for trade growth in volumes from the Spring forecast of 3.7% growth to 2.5% which is a larger than expected downgrade.

There have been some recent positive signals regarding measures to reinforce the euro and boost growth in the United States but the fact remains that the European sovereign debt crisis has not yet retreated and this continues to have implications for fiscal adjustment in the peripheral euro area economies and in the developing country markets particularly those in Africa given their strong trade links with Europe. Output and employment data coming out of the United States continues to be below expectation while and industrial production figures in China point to slower growth in that economy. Given that China is the world's largest exporter this has far reaching implications for the global economic landscape. Even though it is expected that trade growth will rebound in the coming year.

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Whither the Next WTO DG?

Washington Trade Daily

29 October 2012, Geneva: Developing countries – among them India, China, Brazil, Argentina and South Africa, on Friday stated that the next World Trade Organization Director General should come from a developing country, WTD has learned (WTD, 10/17/12).

Current Director General Pascal Lamy is slated to step down next year.

Raising the issue under "other business" at a special General Council meeting on Friday, convened to approve the accession package of Laos (see related report this issue), India stated that since the present Director General is from a developed country and his predecessor was from a developing country in Asia, the membership should consider rotating the post in favor of a candidate from either Africa or Latin America.

The debate among members arose over comments by Mr. Lamy made at last month's joint World Bank/International Monetary Fund meeting in Tokyo that there is no rotation policy to select his successor. "There is nothing in the rules of the WTO that say that if somebody came from this country, then the next one should come from this country……. I think what really matters is that it's not a diplomatic game… It's a headhunting game," he told Reuter's news service.

But India envoy Jayant Dasgupta on Friday said that "though there are no written agreements or guidelines in some areas relating to appointments to important positions in the WTO, we have a few unwritten understandings among the members, which have been working exceedingly well."

Other Bodies

The ambassador mentioned as examples selection of chairpersons for the General Council, the Dispute Settlement Body and the Trade Policy Review Body and how they are rotated annually between developed and developing country members. Merit and acceptability among all regions and a consensus-based decision form the bedrock of the selection process, he emphasized.

New Delhi underscored the need to develop an understanding among members that a policy of rotation should be followed for appointment to the post of Director General who also is the chair of the Trade Negotiations Committee.

Last month, US trade envoy Michael Punke told journalists that the main consideration for the United States in deciding its support will depend on whom is the most qualified candidate. "I think one of the most important considerations would be – is the candidate someone who can be an honest broker and can help members to build consensus in different areas."

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Candidates from nine countries vie to become WTO head

AFP

Geneva, 31 December 2012: Nine countries have presented candidates to succeed Pascal Lamy as head of the World Trade Organisation ahead of the deadline Monday.

The last candidate was Roberto Azevedo, Brazil's envoy to the WTO, whose name was put forth on Friday. He has been with the world's trade oversight body since 2008.

Mexico has nominated Herminio Blanco Mendoza, an economist and former minister who led that country's negotiations on the North American Free Trade Agreement.

Mendoza also led Mexico's participation in the Uruguay round of talks that preceded the creation of the WTO in 1995.

Costa Rica proposes that its foreign trade minister, Anabel Gonzalez, is the best candidate for the job. South Korea and New Zealand have also nominated their trade ministers, Taeho Bark and Tim Groser, respectively.

From Jordan, the name of ex-minister Ahmad Nindawi has been put forward, while Indonesia is going with Mari Pangestu, current tourism minister and also a former trade minister.

The race kicked off on December 17 when Ghana nominated its former trade minister Alan John Kwadwo Kyerematen, while Kenya has since suggested that its former WTO ambassador Amina Mohamed be given the job.

The WTO's 158 member countries had until Monday to nominate candidates for the prestigious position, and the UN trade body is to make its decision known by May 31.

When Lamy, who is French, was first chosen in 2005, three other candidates from Brazil, Mauritius and Uruguay also threw their hats in the ring, but the Frenchman was unopposed to succeed himself in 2009. As his second term drew to a close, developing countries said it was time that one of their own get another chance as WTO director general. Supachai Panitchpakdi of Thailand preceded Lamy in the post, serving one term.

The WTO's General Council is mandated with selecting the director general by consensus, and candidates that stand little chance of being selected are expected to withdraw on their own.

The next WTO head will be charged with trying to wrap up the so-called Doha Round of trade talks, which were launched in 2001 but have since encountered obstacles set in particular by China, the European Union, India and the United States.

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India in a bind over new WTO chief

Sidhartha, Times of India

New Delhi, 14 January 2013: The Indian government is in a bind over who it should support for the top job at the World Trade Organization that is to be decided by the end of May, reflecting the familiar dilemma over crucial assignments at international bodies.

There are nine candidates in the fray, and officials in the commerce ministry seemed unclear over whom to back given that the government will have a tough time choosing between a BRICs representative and a candidate from Asean, apart from a Muslim woman from Africa, who is also in the race for the post of WTO director general's post that falls vacant on August 31 when Pascal Lamy is due to step down.

Brazil has nominated its ambassador to WTO Roberto Carvalho de Azevedo as its candidate for the job, while Indonesia's former trade minister Mari Elka Pangestu is also among the nine who have filed their nominations.

Kenyan diplomat Amina C Mohamed is seen to be ahead in the race although former Ghana minister Alan Kyerematen is the other candidate from Africa. "We are internally discussing the candidates, although it is going to be a tough call. Over the next few weeks we will be in a better position to decide," an official said.

As far as the other candidates are concerned, in the Indian government's scheme of things, former New Zealand trade and climate change minister Tim Groser, Mexico's Herminio Blanco, South Korea's Taeho Bark and Costa Rica's Anabel Gonzalez rank lower.

Officials and trade experts said New Zealand has already sent a DG to WTO in Mike Moore. Similarly, the Koreans are seen to be heading several international organizations, including the World Bank. With Angel Gurria heading Paris-based OECD, often dubbed as the rich countries' think tank, Blanco too is seen to have a slim chance.

What weakens the case for Pangestu and Jordan's Ahmad Thougan Hindawi is the fact that another Asian, Thailand's Supachai Panitchpakdi, was Lamy's predecessor at the WTO. While nominations for appointing Lamy's successor closed on December 31, a replacement has to be found by May 31. As is the norm, the decision will be taken by consensus, with the US and the European Union expected to play a key role.

This time, the appointment is seen to be even more crucial given that there is going to be renewed thrust from the US to conclude the talks, especially with a narrower agenda.

There are nine candidates in the fray, the government will have a tough time choosing between a BRICs representative and a candidate from Asean, apart from a Muslim woman from Africa.

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De-democratising the WTO

Arvind Subramanian, Business Standard

21 January 2013: The list of candidates to succeed Pascal Lamy as director-general of the World Trade Organisation (WTO) has just been finalised. Astonishingly, not one of the nine aspirants is from the world's four big major trading entities – the US, Europe, Japan, or China – that together account for over 55 per cent of global merchandise exports. That is both a metaphor for what ails the supervisory body for global trade — and a signal of its bleak prospects.

Over time, the WTO has become an institution where smaller and poorer countries have acquired a stake and voice. This transformation may seem a welcome sign of legitimacy. But it has gone too far. For its future effectiveness, indeed survival, the WTO needs to be de-democratised, with the large countries reasserting themselves. Otherwise, trade will become more fragmented and friction-prone, undermining the very system from which the smaller countries stand to benefit and slowing global growth momentum. The multilateral trading system faces not just a serious threat but an existential one. Increasingly, liberalisation is taking place outside the WTO, either through unilateral reform or via increasingly popular regional trade agreements. But these agreements did not jeopardise the WTO for the important reason that none of these agreements was between the large trading nations themselves.

Ominously, that now stands to change. The US has thrown its weight behind theTrans-Pacific Partnership, which could potentially include Japan. It is also seriously contemplating a transatlantic agreement with Europe. Soon, there will be a scramble among other large nations to conclude deals with each other.Multilateral trade, as we have known it, will progressively become history. So too might the WTO's importance and relevance because it was the institution where the US, Europe, Japan, and China liberalised trade and settled disputes, especially with each other.

Leaving aside the experience of European integration, which had its unique post-World War II imperatives, it is the US that will bear history's burden for these new developments. The US, which began the process of undermining the non-discriminatory trading system by negotiating regional agreements with Israel and Canada in the 1980s, will have effectively ensured its completion by embarking on these new agreements.

How can this be addressed? Aaditya Mattoo of the World Bank and I have argued that the effectiveness of the WTO as a forum for fostering further liberalisation has been undermined by at least two factors. The first is the Doha Round of multilateral trade negotiations. Launched in the aftermath of 9/11, the world has neither been able to conclude nor bury them successfully.

As a result, it has become impossible to move to a more relevant agenda that can expand market opportunities for the private sector and deal with the current concerns of governments. An example is food where a decade ago, subsidies and barriers to imports were the important issue. Today, high prices and barriers on exports are more important. Similarly, currency manipulation is now a pressing issue — but is not on the Doha agenda.

Emerging powers such as China and India must be more active in shaping this new agenda and constructive about liberalisation in the WTO or risk their trading partners seeking alternatives to it. There is a strategic issue here for these countries to ponder: are they, through their acts of commission and omission, facilitating the weakening of the multilateral trading system?

But interring Doha will not be enough to revitalise the WTO's effectiveness. Unlike the International Monetary Fund (IMF), which has suffered from a democratic deficit and legitimacy problem, the WTO has suffered from too much democracy and associated blocking powers. A few small countries exercise their veto if, say, cotton subsidies – an issue of legitimate concern to them but not necessarily of systemic importance – are not addressed. And it must be remembered that the interests of the smaller countries are not always consistent with multilateral liberalisation: as beneficiaries of preferential access to global markets they are hurt by multilateral liberalisation; and as food importers they suffer from elimination of agricultural subsidies that tends to raise world food prices.

Their veto must be taken away or else future negotiations can be stymied by, even held hostage to, any of the WTO's 157 members. This outcome can be achieved by allowing the larger countries to negotiate among themselves while offering assurances to the smaller countries that they would receive the benefits of such negotiations and spared any undue burdens.

Unless this change occurs, the WTO cannot deliver on its key mandate of being a forum for further liberalisation. And, if it cannot, it will be reduced to a body that settles trade disputes between countries based on rules that are increasingly overtaken by those negotiated under regional agreements.

Recently, the legitimacy of the IMF and the World Bank was under question because the procedure for selecting their leaders appeared rigged in favour of Europe and the US. It is perhaps ironic that, in the case of the other part of the Bretton Woods troika – the WTO – the absence of candidates from the most economically powerful countries would be seen as lamentable. But lamentable it is as it signals that the world's largest trading nations have relinquished responsibility in making it an effective and relevant multilateral institution. That is situation that threatens to make everyone a loser. Indian policy makers and strategic thinkers should be alert to this ominously evolving global landscape.

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India to support member from developing nation for WTO's top post

Economic Times

24 January 2013: India today said it will support a candidate from a developing country for the top post of the World Trade Organization (WTO) that is to be decided by the end of May.

Commerce and Industry Minister Anand Sharma, who is here for the annual WEF meeting, has met four contenders from Costa Rica, Mexico, New Zealand and Indonesia here.

"Sharma welcomed their candidature and expressed India's stand regarding need for a Director General who is from the developing country and is committed to the development dimension of WTO negotiations," the Commerce Ministry said in a statement.

There are nine candidates in the race for the WTO Director General's post that falls vacant on August 31 when Pascal Lamy is due to step down.

Costa Rica's Foreign Trade Minister Anabel Gonzalez, Mexican Economy Minister Hermino Blanco Mendoza, New Zealand Trade Minister Tim Groser and Indonesian Tourism and Creative Economy Minister Mari Elka Pangestu met Sharma and have sought India's support for the post, it said.

Meanwhile, in a session, Sharma said that the delay in conclusion of the Doha Round is impacting the global economy.

"This the only round of trade talks that is focused on developmental agenda and it has taken the longest. The delay is definitely impacting or injuring the global economy," he said.

Differences between rich and developing nations have been a stumbling block in the conclusion of the talks, which were started in 2001. India and other developing nations are defending their agricultural markets to protect millions of subsistence farmers from easy imports that may result from the multilateral agreement.

"We will meaningfully engage with the US on this. The countries that are negotiating need to work on this," he said.

Indonesian Trade Minister Wirjawan said: "The Doha Round has some oxygen as long as we stick to focus on low-hanging fruits, and India will play a big part in making the meeting in Bali a big success".

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WTO Members Wrap Up Personal Review Of Candidates; Selection to Begin in May

By Daniel Pruzin, WTO Reporter

Geneva, 1 February 2013: Members of the World Trade Organization were given the opportunity January 31 to quiz the last of nine candidates in the race to succeed Pascal Lamy as director-general of the WTO.

South Korean trade minister Taeho Bark and Brazil's WTO Ambassador Roberto Azevedo each told members at a meeting of the WTO's General Council that they were uniquely positioned to bridge differences among the members and facilitate a deal on the stalled Doha Round of trade talks.

The next step in the WTO process will be the selection of the new chairs of the General Council, Dispute Settlement Body, and Trade Policy Review Body at the end of February; the three chairs will be the “facilitators” tasked with querying each WTO member delegation on their preferences for the next director-general.

WTO facilitators are not expected to begin consulting with members individually on their preferences until early April.In the meantime, the nine nominees will embark on a global lobbying campaign to round up support for their candidacies. The WTO facilitators are not expected to begin consulting with members individually on their preferences until early April, with the process of eliminating candidates possibly starting in early May.

WTO members are due to reach a consensus on Lamy's successor—or, if consensus cannot be reached, to vote on his successor—by the end of May, with the new director-general taking up his or her post on September 1.

Korea's Bark told members that a top priority for the next WTO chief is to “rebuild trust” in the organization. “We must seek to restore the original Geneva culture, whereby we discuss our differences frankly to explore possible solutions.”

“Once we have worked hard towards generating this critical level of trust…there will come the moment when we will be able to move together towards a final agreement of the [Doha] negotiations,” he declared.

Mesh of PTAs With WTO at Issue

Bark also said that preferential trade agreements “present both challenges and opportunities” to the multilateral trading system but said he “agreed to an extent that PTAs do not replace but rather complement the WTO.” South Korea has become more active in this field and has concluded two high-profile free trade agreements with the European Union and the United States, which entered into force in July 2011 and March 2012 respectively.

“The WTO can, and should do its part, to help PTAs become more compatible with each other and with the WTO framework,” he declared.

A number of WTO members, most notably Brazil and India, have argued that, after eight years with a Frenchman at the helm, the WTO leadership post should go to a candidate from the developing world, which accounts for three quarters of the WTO's membership.

“Technically speaking, we are a developing country.”

Taeho Bark, South Korea Despite South Korea's membership in the Organization for Economic Cooperation and Development, Bark noted that Korea still maintains its status as a developing country within the WTO. “So technically speaking, we are a developing country,” he told reporters, although Korea has voluntary agreed to accept WTO obligations as a developed country in most areas excluding agriculture.

South Korea's success in building a modern economy from the rubble of the Korean War has shown that trade can be used as a tool of economic development, “so maybe we can share this experience with many members of the WTO,” Bark said. However, Korea's “chaebol”-based model of development, with government policy favoring the development of large, globally competitive business conglomerates, was not the solution for every country, he said.

Brazil's Azevedo stressed the importance of concluding the stalled Doha Round of talks, deadlocked since 2008 and now in their 12th year. “We can't move forward without resuming the round,” he told reporters after the General Council meeting. “Unless we sit down and try to figure out a way to move the round forward…the system will remain paralyzed.”

Azevedo dismissed suggestions that his status as a WTO ambassador rather than a trade minister was a negative for his candidacy. Only one other of the nine director-general candidates has never held a ministerial post.

“I have been the chief negotiator for Brazil for a long time,” he noted. “As chief negotiator, I cannot possibly move negotiations or engage with others unless I talk to the highest level of the decision-making process, and the ministers are at the top. I feel absolutely comfortable in terms of reaching ministers.”

“Ministers are very important to close rounds, yes, but [experts] have to walk 90 percent of the way before ministers really finalize the deal.”

Roberto Azevedo, said that he also believed success in Doha would not be achieved through a top-down approach.

“What we need today, more than anything, is the expertise to find solutions,” he declared. “And that doesn't happen, frankly, at the ministerial level. Ministers are very important to close rounds, yes, but you have to walk 90 percent of the way before ministers really finalize the deal.”

“We're not 90 percent of the way, there's still a long way to go,” the Brazilian ambassador added. “If you want to work only at the political level, you're going to be stuck.”

Azevedo said negotiators “were doing the best they could to get an outcome,” in Doha at a July 2008 ministerial meeting and were close to a deal, “but they had political constraints at home, they had constituencies they had to answer to.” The talks eventually collapsed and have been in a stalemate ever since.

“If you do things the same way as before, the chances [of getting a Doha agreement] are zero in my view,” he said. “You have to do things differently. How differently, in what way, what has to change, the answer is, I don't know. But many times when I had to unlock stalemates, I didn't know either when we started the conversations.”

“I think this is doable,” he said in regards to an eventual Doha deal. “It's going to be a herculean task, but if you don't face it, it won't happen.”

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India yet to decide on next WTO chief

Anirban Bhaumik, Deccan Herald

New Delhi, 1 April 2013: With quite a few among the nine candidates vying for the WTO chief's job representing the developing world, New Delhi is finding it difficult to pick one to throw its weight behind.

Pascal Lamy of France held the office of the WTO Director General for two four-year terms since 2005. His second term will end on August 31.

Though Mari Elka Pangestu, Minister for Tourism for Indonesia and her country's nominee for the top job at the WTO, was here on Monday to lobby for New Delhi's support, India refrained from committing its support to her candidature.

Pangestu is the only candidate from the South East Asia and her country is a key member of the Association of South East Asian Nations (Asean), a bloc with which New Delhi has just upgraded its relations to a strategic partnership. Indonesia is also India's second largest trading partner in the Asean.

India is the largest buyer of crude palm oil from Indonesia.

"It is important for me to get the support of India, not only because it is an old friend of Indonesia, but also an emerging economy and a very active player in the WTO affairs," Pangestu told journalists after speaking at an event at the Federation of Indian Chambers of Commerce and Industry.

She later called on Commerce Minister Anand Sharma to formally seek India's support for her candidature.

New Delhi, however, also has at least two more candidates to consider before making public its choice. They include Roberto Carvalho de Azevêdo of Brazil and Alan John Kwadwo Kyerematen of Ghana. Brazilian President Dilma Rousseff is understood to have formally sought India's support for Azevedo during a meeting with Prime Minister Manmohan Singh on the sideline of the BRICS summit in Durban last week.

India also has not yet ruled out supporting Kyerematen of Ghana as his candidature has been supported by South Africa, a member of the BRICS, and endorsed by African Union – a bloc with which New Delhi has a long traditional ties.

Sources in New Delhi said that India would weigh options carefully over the next few weeks, taking into account its engagements with South East Asia, Africa and Latin America.

The WTO's 159 member-nations will have to select a new chief by May 31.

With Pakistan being the chair of the General Council of the WTO, Islamabad's envoy to the organisation's highest decision-making body in Geneva, Shahid Bashir, is expected to start consultations with other representatives on Tuesday.

India is understood to have proposed that four candidates should be eliminated in the first round of consultations, three in the second round and one in the final and third round.

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Candidate Field Narrows for WTO Director-General's Race

Bridges Weekly Trade News Digest, Volume 17, Number 13

18 April 2013: The first cut in the race for the position of WTO Director-General took place last week, after four candidates were deemed as not having sufficient support to make it to the leadership contest's second stage. The process to whittle down the remaining list of five candidates - which come from either Asia-Pacific or Latin American countries - to three is already underway, with the second round of consultations kicking off on Tuesday.

General Council Chair Shahid Bashir - Pakistan's ambassador to the global trade body - reported to fellow WTO members on Friday that Alan Kyerematen of Ghana, Anabel González of Costa Rica, Amina Mohamed of Kenya, and Ahmad Thougan Hindawi of Jordan had attracted the least support in the first round, and would therefore be expected to withdraw from the race.

Bashir, together with Dispute Settlement Body Chair Jonathan Fried of Canada and Trade Policy Review Body Chair Joakim Reiter of Sweden, is part of the troika that is conducting consultations with the membership in the Director-General selection process.

The five candidates that will formally remain in the race for the next round will therefore be Mari Pangestu of Indonesia, Tim Groser of New Zealand, Herminio Blanco of Mexico, Taeho Bark of South Korea, and Roberto Carvalho de Azevêdo of Brazil.

Pangestu, Groser, Blanco, and Bark are all current or former trade ministers of their respective countries, while Azevêdo has served as his country's WTO ambassador since 2008.

With the remaining five candidates from either the Asia-Pacific or Latin American regions, many expect the next big fight to be over who attracts the most support from African member countries, as well as from the EU and US. Other factors, such as how well a candidate is known in Geneva, their views on trade policy, and whether other international bodies are already headed by someone from their region could very well play into the race.

While speculation abounds over who might advance to the third - and likely final - consultations round, many caution that it is still anybody's race, and that it is difficult to predict who will support which candidates, as the consultations are conducted confidentially.

Kenya, Ghana express concerns over process

Under the guidelines for selection of WTO Directors-General, candidates who attract the least support are expected to withdraw from the consultations process. On Friday, however, Kenya reportedly said that they were not able to join the consensus, according to multiple sources familiar with the meeting, and would not be withdrawing Amina Mohamed's candidacy. However, whether Mohamed would continue to remain in the race, and for long, was unclear at the time of this writing.

Sources told Bridges that both Ghana and Kenya expressed concerns at the General Council about the consultation process, specifically over how some members submitted five preferences instead of the four that the troika had requested for this first round. Others from the African Group reportedly raised similar questions over transparency and adherence to procedure, one source told Bridges.

Some delegates from other countries commented privately to Bridges that - should Mohamed stay in the race - the result could be “worrying.” Such a result has only occurred once in the WTO’s history, during the Director-General’s race of 1999. Others, however, suggested that Mohamed staying in the race - though “surprising” - would ultimately have limited impact on the process, as they speculated that she would be unlikely to attract much support.

In his report to members on Friday, Bashir stressed, however, that “the fact that some delegations deviated from four preferences did not affect the results in this round.” Furthermore, he added, the list of four candidates with the least support did not change regardless of whether preferences were counted purely in terms of numbers received, or in breadth of support across geographic regions, or over generally recognised groups within the membership.

No candidate received unanimous support from any region, the General Council Chair added.

Multilateral system at a crossroads

The race for a new global trade chief comes at a time when many see the WTO as being at a “crossroads,” with the Doha Round negotiations now finishing their twelfth year with no end in sight. Many have said that a failure to conclude even an abridged package of Doha deliverables in time for the December ministerial conference in Bali, Indonesia, could spell failure for the overall negotiations, and could cause long-lasting damage to the credibility of the multilateral trading system.

A new Director-General will only have been in place for a few months by the time the Bali conference takes place, having just taken office at the beginning of September. While the next WTO head will be faced with ensuring the final ministerial preparations come together, trade observers and officials alike say that the new Director-General’s impact would most likely be seen in the post-Bali process, as members determine what to do with the remaining issues on the table in the Doha Round, along with the so-called “21st century issues, such as food security, climate change, or the proliferation of preferential trade agreements.

Outgoing Director-General Pascal Lamy has already been conducting consultations with members on a post-Bali process. However, some members have said - both privately and, in some instances, publicly - that whether or not there will even be a “post-Bali” agenda for the new WTO chief depends on whether members can achieve some sort of meaningful outcome for this December’s ministerial.

“The WTO members need to face up to the key trade policy questions of the day, even if they do not yet agree on the answers,” former World Bank President Robert Zoellick said in an op-ed in the Financial Times. “If the WTO members do not select a new leader with an agenda, global trade diplomacy will drift and other negotiations will fill the vacuum.”

However, how much of an effect any Director-General may have could be constrained by the fact that the WTO is a member-driven organisation, some have warned, with its head having limited powers.

Second round already underway

The second round of consultations began on Tuesday 16 April, and is scheduled to end on 24 April. The “troika” conducting the consultations will convene another informal meeting of the General Council shortly thereafter to report on the results.

In this ongoing second round, members have been given the revised slate of five candidates, and asked to name two preferences - “not more, not less” - according to Bashir. Delegations will be asked to answer the question “What are your preferences?” in confidential individual meetings held with the troika. The preferences stated by members in the first round will not be used in this second set of consultations.

Following this second round, the three candidates with the least support will be expected to withdraw, leaving two candidates to battle it out in the third round. Members must name a successor to Lamy by 31 May, according to the WTO’s procedures for the selection of the Director-General.

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Brazil's Roberto Azevedo to head World Trade Organization

Dilasha Seth, The Economic Times

New Delhi, 9 May 2013: Brazil's Roberto Azevedo was named head of the World Trade Organization at a time it struggles to find ways to revive stalled talks on freeing global commerce and to help develop poorer nations. He will replace Pascal Lamy at the helm of the Geneva-based body in September.

The 55-year-old has been the Permanent Representative of Brazil to the WTO and other InternationalEconomic Organisations in Geneva since 2008. His backers, including India, believe that as an insider, he will be able to forge a consensus between conflicting members before the 9th ministerial in Bali, seen as key to the future of the multilateral trade talk started way back in 2001 in Doha.

Azevedo has said that he believes in ensuring that developing countries must secure a share of international trade commensurate with their needs, referring to the preamble of the MarrakeshAgreement that was signed in 1994, thereby establishing WTO. Welcoming the appointment, commerce and industry minister Anand Sharma said, "It is significant that this apex trade body is being headed by an able nominee from the developing world. He is assuming office at a crucial juncture as there is considerable expectations from the December Bali Ministerial Conference."

Differences between the developed and the developing nations have prevented a successful conclusion of the multilateral trade talks as India and other developing nations defend their agricultural markets to protect millions of subsistence farmers from easy imports that may result from the multilateral agreement. "Reduction in the agriculture subsidies by the developed nations will definitely see a breakthrough," said Manoj Pant, professor, JNU.

Azevedo has on several occasions challenged Europeans and the US against the farm-subsidy policies. "Since India and Brazil are working together as BRICS, having a Brazilian as the director general of WTO is a good sign", said Anwarul Hoda, former, deputy director general, WTO and presently chair professor at ICRIER. How far this will help the developing economies and India will depend on his leadership qualities, he felt. "Azevedo has never been the minister, which may be an initial hurdle in terms of clout in dealing with ministers. But then a DG can only go to an extent of moderating or give a direction to the talks," he said.

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A tightrope walk ahead for WTO head Roberto Azevedo

Vinay Pandey, The Economic Times

9 May 2013: Brazilian Roberto Azevedo's election as head of the World Trade Organization (WTO) is an important victory for the developing world and the BRICS that have championed their cause, coming at a time of great mistrust and divide between the rich and the poor over the stalled Doha Round trade talks.

The developed world, led by the US, has pinned the blame on developing countries, calling them "obstructionist", a charge Azevedo has countered with gusto. He now faces the unenviable task of shedding years of hardened position without letting down the developing countries that have rallied together to put him in the chair occupied mostly by Europeans since the WTO was set up in 1995.

Multi-Task

Of course, no one expects the WTO's director-general to be partisan, Azevedo himself has said that he is not going to defend Brazilian interests, but his presence should at least ensure that issues raised by India and the rest of the developing world are not brushed aside, as has been the case earlier. That said, the tightrope is going to be difficult for even the career Brazilian diplomat with near two decades of experience in trade talks.

He will always be under pressure to be neutral, a task Thailand's Supachai Panitchpakdi, who headed the WTO between 2002 and 2005, found difficult and he often ended up antagonising developing countries for toeing the developed world's line. But all that comes later.

Azevedo's biggest challenge, even before he gets down to the task of tackling the issues that have stalled the Doha round since 2008, would be to refocus energy on multilateral trade talks, away from the rising preference among nations to explore trade ties with each other. The years of lack of progress and seemingly irreconcilable differences among the global powers have eroded faith in multilateralism and even the WTO itself, encouraging countries to embark on bilateral free trade negotiations.

The recession in the developed world, which has led to rising protectionism, has further weakened the commitment to the WTO because justifying new barriers would become difficult in talks to open trade further.

Before Bali

The danger is that once the big countries have secured their interests through bilateral deals, reviving multilateral trade order could almost become impossible, and the biggest casualty will be the smaller countries that need a free and fair global trade regime to progress.

Azevedo must clearly come up with his views on the crucial issues and what he wants to do with the organisation before the WTO's Bali ministerial in early December to generate some interest in the meet that seems destined for failure. Outgoing director-general Pascal Lamy's offer of "early harvest" solution, among others, to take the trade talks forward has not gone down well with the developing countries that have dismissed it as an attempt to "cherry-pick" issues that matter to the rich nations.

The US has already said that it does not expect much from Bali. Azevedo needs to engineer some positivity to get a better response from the key players in the talks. India and Brazil, and the rest of the developing world, meanwhile, would do well not to see Azevedo's election as a victory and harden their stance on issues that have held up progress. Instead, Azevedo's presence should impart a greater degree of trust in the WTO and create a genuine willingness to take the trade talks forward for the larger interests of many of the smaller nations that have backed him.

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Leaving struggling WTO, Lamy tells member states to try harder

Tom Miles, Reuters

Geneva, 24 July 2013: Pascal Lamy signed off as head of the World Trade Organization on Wednesday with criticism of the way the 159 member countries try - and usually fail - to agree new trade deals.

"You must look beyond your interests and also care about this institution, both as owners but also as stakeholders that you are," he told trade ambassadors in his farewell speech.

The WTO is in crisis because it has failed to agree on how to open global trade. Talks launched in Doha in 2001 dragged on for a decade before the WTO settled on a much less ambitious programme, which it is now struggling to finalise in time for a ministerial meeting in Bali in December.

"I do believe critics have a point when they suggest that the manner in which we conduct multilateral negotiations could be improved," said Lamy, who will be succeeded by Brazil's Roberto Azevedo on September 1.

Lamy has presided over an 11 nation expansion of the WTO but China's economic rise and a global economic crisis made it harder for governments to challenge vested interests and make the concessions necessary for trade reform.

The 66-year-old former European Union trade commissioner said the WTO should follow the process used by other international organisations and let WTO staff draft trade agreements, with member states setting the initial objectives and signing off on any final decision.

"Much time could be saved," he said.

Critics of the WTO were wrong to say it was becoming irrelevant, but right to question its credibility if it could not deliver on trade reform, he said. There was "no escape" from trying to achieve the original Doha goals.

Trade experts say the lack of a WTO deal is undermining the body's role as arbiter of trade, partly because governments are forging bilateral and regional deals instead, such as an U.S.-EU pact and the U.S.-led Trans-Pacific Partnership.

As the trade rule book gets outdated, governments are also increasingly using loopholes to protect their economies, defeating the purpose of the WTO.

Lamy is often rumoured to be in line for a job in the French government of Francois Hollande. He gave no hint of his future plans, saying only: "It is time for me to embark towards another life cycle".

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Incoming WTO Chief Azevedo to Set Plans For Stepping Up Bali Ministerial Preparations

Daniel Pruzin, BNA Reporter

Geneva, 26 July 2013: Incoming World Trade Organization Director-General Roberto Azevedo will address members of the organization Sept. 9 when delegations will be informed about plans to step up preparatory work for the WTO's critical December ministerial conference in Bali, Indonesia.

In a note sent to delegations July 25, Shahid Bashir, Pakistan's WTO ambassador and chairman of the trade body's General Council, said that a special meeting of the council will be convened on Sept. 9 where the new WTO chief is expected to make a statement on his plans for the organization.

"At the end of the meeting, I intend to announce, in cooperation with the new Director-General, the intensification of our work in preparation for Bali, starting with a focus on the shape of MC9, including its outcome document," Bashir added.

WTO members "probably managed to do just enough over the past seven months to give us one final shot at a meaningful package."

Michael Punke, Deputy USTRMC9, or the WTO's 9th Ministerial Conference, will take place in Bali Dec. 3-6. Azevedo, Brazil's ambassador to the WTO, takes over from the Frenchman Pascal Lamy as WTO chief on September 1.

Bali 'Early Harvest' Deemed Urgent

Azevedo faces the immediate challenge of helping to secure a deal in Bali on an "early harvest" package of agreements covering trade facilitation and several issues related to agriculture and concerns of least-developed countries. A deal on the package is considered a prerequisite for salvaging the stalled Doha Round of trade talks, now in their 12th year.

Lamy told the General Council July 22 that WTO members were "on track" to secure a Bali package deal, declaring that the "road to Bali is much clearer than two months ago."

Delegations took a more cautious tone. Deputy U.S. Trade Representative Michael Punke said WTO members "probably managed to do just enough over the past seven months to give us one final shot at a meaningful package" in the fall, while China's WTO ambassador Yi Xiaozhun said "we have to soberly admit that the current pace of work remains too slow to guarantee a harvest" in Bali.
Mr. Kher said that the WTO's pre-dominance in trade discourse must be upheld. "We have shown tremendous flexibility and we are dropping brackets on resolving contentious matters very significantly and on the other hand there is a very little movement in the G-33 proposal on food security and that is where the problem is," he said.

He said that the proposal was open-ended and that India was ready to negotiate flexibilities and other alternatives. He also expressed concern that if the Bali meet would not deliver anything, there may not be any Doha Round in the future as new agendas have already been emerging.

Rich nations, including the U.S., want India and other emerging economies to be part of the four major sectoral pacts — TFA, information technology, environmental goods and international services agreement. "India has said that it will not accept any agreement on IT and environmental goods as it would adversely impact the domestic industry," he added.

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WTO: Fewer New Trade Restrictions Among G-20 Members, Though Warning Signs Remain

Bridges Weekly Trade News Digest

31st October 2012: The use of new trade restrictions among the Group of 20 leading economies has slowed down over the past five months, the WTO announced earlier today. However, the continued build-up of protectionist measures put in place since the onset of the economic crisis remains a source of concern, given their potential to worsen global problems. The mixed news comes amid warnings this week from French and German national leaders as well as the heads of the world's international finance institutions that the global economic recovery is still far from being assured.

WTO: Slowdown in new G-20 trade restrictions, but more must be done

Despite growing headwinds, G-20 members appear to be issuing fewer trade restrictions than in previous months, the Geneva-based WTO said today, in a report issued under the responsibility of Director-General Pascal Lamy. The pace of removal of trade restrictions, 21 percent over the past five months, is also faster than the 18 percent noted in May, the global trade body said. The report comes four months after G-20 leaders, meeting in Los Cabos, Mexico at their annual heads of state summit, extended until 2014 their earlier pledge to refrain from issuing new protectionist policies and to rollback those instituted since the start of the crisis, after months of heightened concern that economies were relying excessively on trade restrictions in an effort to stimulate recovery on a national level.

However, the long-term build-up of trade restrictions since the start of the crisis as well as increasing trade frictions "at a time of continuous economic difficulties" still warrants further action from the world's major developed and emerging economies, the WTO report said.

"G-20 governments need to redouble their efforts to keep their markets open, and to advance trade opening as a way to counter slowing economic growth," the WTO urged in its report. Furthermore, "the outlook for the global economy is worse than at the time of release of the previous G-20 monitoring report due, among other things, to budget developments and the persistent debt crises in major economies."

The report found that 71 new trade restrictive measures have been imposed since mid-May 2012, when the WTO issued its last report on G-20 trade measures. The previous report had recorded 124 new restrictive measures during the seven months between October 2011 and May 2012.

The new policies outlined in Wednesday's report cover 0.4 percent of G-20 merchandise imports, or 0.3 percent of world imports. The initiation of anti-dumping investigations and increasingly stringent customs procedures were the most prevalent among the new restrictions, the WTO said.

Notably, the WTO found that fewer export restrictions had been introduced over the past five months than during previous periods, which is a topic watched closely by trade observers due to the effects on price levels that such restrictions have. Moreover, trade facilitation measures account for approximately 55 percent of the new measures recorded among G-20 members, the organisation said outnumbering trade restricting measures, and greater than the 45 percent noted in the May 2012 report.

The WTO also urged G-20 economies, among others, to show “a stronger and renewed commitment” to reinvigorate the multilateral trading system. Even with the Doha Round of trade talks unlikely to come to a full conclusion in the short-term, the report urged that the organisation’s 157 members continue to work toward negotiating progress in small steps. “This possibility should not be lost,” the report stressed.

The report is part of a joint exercise by the WTO, the Organisation for Economic Co-operation and Development (OECD), and the UN Conference on Trade and Development (UNCTAD) on G-20 countries’ adherence to their pledges to resist implementing trade and investment restrictions during the ongoing financial crisis.

Calls for increased competitiveness, reforms as Merkel and Hollande meet with international organisation chiefs

The WTO report comes following weeks of growing attention to how the world’s advanced economies particularly the EU, US, and Japan, will stave off further problems that many fear will prompt a renewed global economic slowdown. The eurozone crisis has been at the forefront of these concerns, dominating the recent International Monetary Fund (IMF)-World Bank Annual Meetings that were held in Tokyo, Japan just weeks ago amid scaled back economic and trade growth forecasts.

The recent imposition of new rounds of quantitative easing by the European Central Bank, the US Federal Reserve, and the Bank of Japan have brought the issue further into the limelight, as leaders debate how much additional monetary policy efforts will help and the possibility of adopting fiscal consolidation and structural reforms in the eurozone. Concerns over whether Greece might soon run out of funds have added further urgency to the situation, as have warnings that protectionist pressures remain strong. In this context, leaders from five of the world’s major international organisations - the IMF, World Bank, International Labour Organisation (ILO), the OECD, and the WTO - met with French President François Hollande on Monday and German Chancellor Angela Merkel on Tuesday to assess ways to boost growth and competitiveness within the eurozone.

“The prospective for economic growth is not as big as we would wish,” German Chancellor Angela Merkel said yesterday. “Because of modest growth prospects and considerable uncertainty, financial markets, investor, and household confidence has not yet returned to pre-crisis levels,” the chancellor said in a joint statement with the heads of the IMF and the OECD on Tuesday.

The international organisation leaders stressed that reforms are necessary for the eurozone to boost growth and become more competitive, while noting that increased trade liberalisation is another key component in stimulating such economic growth.

While Merkel has held regular gatherings with leaders from these five organisations since 2007, this was the first such meeting for France. Hollande said on Monday that he aims for these meetings to become an annual tradition.

“Today’s meeting was an opportunity, first of all, to realise that the world economy is slowing down, even in emerging countries,” Hollande said at a joint press conference following Monday’s meeting. “It’s sluggish in the United States and very weak, if not negative, in Europe,” he continued, noting also the rise in “protectionist temptations.”

Along with calling for changes on the currencies front, and noting the “collective responsibility” of international organisations to spark a reform of the international monetary system, Hollande warned that the crisis could continue for some time should financial markets be left to resolve the crisis on their own.

“We need to put in place regulatory mechanisms; we also need to take a certain number of resolute steps,” the French President said. Despite recent signs that the eurozone could be showing some signs of recovery, “We’re not out of the woods yet,” Hollande told reporters.

“The idea isn’t to make one more splashy announcement, to unveil yet another reform - no. Our task is to give substance to a competitiveness path,… a growth path, and a fiscal path,” Hollande said. France is expected to outline a series of competitiveness measures that it plans to take in early November.

“Competitiveness requires structural reform, which touches upon every aspect of the economy,” the French President continued. “Indeed, as Pascal Lamy was saying earlier, those countries who decided to bet on competitiveness are those countries which have experienced the strongest growth and who have the best employment figures.”

At the same press conference, Lamy stressed the link between growth, competitiveness, and jobs. “We… understand that unemployment rates are way too high and also, in order to create jobs, there needs to be demand. Ninety percent of the demand will come from outside of Europe - so, let’s be clear about that,” the trade chief said.

“This means that, in the next five years, the way to go out and create jobs is to actually seek out growth where it exists. That means in the developing countries, and in the emerging countries more specifically. This also means that markets remain open, or open up more,” Lamy continued. The comments come a week after a public back-and-forth in the international press between Lamy and French Industry Minister Arnaud Montebourg over the latter’s push to promote a “Buy France” campaign in an effort to regenerate industry in his country, which the WTO chief warned could lead to “patriotric protectionism.”

The French minister, in turn, argued that France cannot compete with emerging industrial powers such as China, though Lamy has said that France’s competitiveness problem is not limited to Beijing but extends to its relationship with the rest of Europe.

ICTSD reporting; “G20 to urge members to act against economic uncertainty,” Reuters, 26 October 2012; “IMF chief Lagarde urges further consolidation in major economies despite ‘tepid growth’,” The Washington Post, 30 October 2012; “Minister defends ‘Buy French’ push from critical WTO,” Reuters, 22 October 2012; “France Can’t Compete With Rest of Europe: WTO Chief,” CNBC, 31 October 2012.

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Cautious Welcome for Farm Trade Proposals at WTO

Bridges Weekly Trade News Digest, Volume 16, Number 40

21 November 2012: Trade officials gave a cautious welcome to new proposals on farm trade at an informal WTO negotiating meeting last Friday, sources say.

Officials told Bridges that the proposals could help countries carve a path towards a scaled-down package of measures to be agreed at the global trade body's ninth ministerial conference in Bali, slated for next December. However, deep-seated differences remain over how best to resolve the overall impasse in the WTO's Doha Round of trade talks, which were launched over a decade ago.

Making it easier to send agricultural goods overseas to countries that use import quotas could be one step forward, developing countries in the G-20 coalition at the WTO have argued. Such a move could also help "re-balance" a separate package of measures on trade facilitation, says the group, which includes major economies such as Brazil, China, and India.

The G-20 proposals are being widely seen as "doable," trade sources told Bridges, with negotiators from the G-10 group of countries with highly-protected farm sectors amongst those saying they were willing to engage in discussions.

A request from the G-20 for the WTO secretariat to conduct studies on export subsidies and related areas was not opposed by other members, despite initial misgivings by some that had feared the issue could be linked to the trade talks. G-10 countries asked that these studies also include updated information on export restrictions - measures which they fear can exacerbate price spikes on world markets, and harm food-importing countries.

Food stockholding: more discussion needed

A proposal from another developing country coalition, the G-33, was seen as more complex by trade officials. Members of the coalition - which includes China and India, alongside other countries with large smallholder farming populations - were among those privately saying that more discussion may still be needed on the proposal, which would exempt subsidised food purchases from current WTO ceilings under certain conditions.

Proponents of the initiative, which trade officials said had been led by India, had argued that subsidised food purchases for public stockholding or domestic food aid should not have to count towards countries' maximum-permitted levels of trade-distorting support, so long as the food has been bought from low-income or resource-poor producers.

However, both developed and developing countries privately cautioned that the move could counter reforms aimed at moving towards less trade-distorting forms of farm support, by allowing payments that could distort trade to be included without any limit under WTO rules.

The lack of any agreed definition of "low-income or resource-poor producers" could also make it harder to ensure support was being targeted towards the most vulnerable farmers, said others.

Some negotiators warned that the move could lead to over-production of certain products - possibly leading to the 'dumping' of farm goods in other markets, and harming small farmers elsewhere. Others said that many small developing countries lacked the resources to run food stockholding schemes or provide substantial amounts of domestic food aid.

However, proponents of the G-33 initiative said that the flexibility could be important in cases where public food stockholding schemes caused poorer countries to run up against their current ‘de minimis’ ceilings under WTO rules.

Currently, each developing country is allowed to provide trade-distorting support so long as this does not exceed ten percent of the value of the country’s agricultural production. Under a special arrangement made when China joined the global trade body, Beijing has to keep within a lower ceiling of 8.5 percent.
ICTSD reporting.

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India, China influencing pattern & scope of international trade: WTO

PTI, Economic times

28 November 2012, Melbourne: Emerging economies like India, China and Brazil are no longer "policy takers" but are significantly influencing the pattern and scope of international trade, according to WTO Director General Pascal Lamy.

"These emerging powers -- China, India, Brazil, Mexico, Indonesia, Malaysia, South Africa -- and many others are no longer policy takers.

"These countries now increasingly influence the pattern and scope of international trade, creating new supply and demand pulls and flexing their influence in international organisations," he said recently at the Richard Snape Lecture here.

Lamy said, "This is no longer the world of the twentieth century dominated by the US pillar on one side and the European pillar on the other. We are in a twenty-first century multi-polar world".

The WTO chief said emergence of some developing countries as key players and as "real contributors" to global dialogue on trade and economics is a fundamental feature of this new geo-political reality.

He said the global network of imports and exports is no longer just the North-South paradigm of the past century.

"Increasingly we are seeing developing countries as producers and as markets for each other and this is one of the growing patterns of the new landscape of trade," he added.

The WTO chief said that the in the past 20 years, merchandise trade between developing countries has expanded much faster than the North-South trade.

A recent report by UNCTAD notes that in 2010 South-South exports made up 23 per cent of world trade compared to just 13 per cent in 2000.

"Developing countries are now the largest market for other developing countries. While this is encouraging, the contribution of developing regions to South-South trade is highly skewed," he said.

Asian countries make up more than 80 per cent of South-South trade, with the shares of Africa and Latin America being just 6 per cent and 10 per cent respectively in 2010.

Lamy said that economic ties between Africa and China and Africa and India are growing considerably.

"Trade between China and Africa will likely hit upwards of $ 200 billion in 2012, up 25 per cent year on year. If this trend continues, reports are that Africa could surpass the EU and the US to become China's largest trade partner in three to five years," he added.

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Asian economies discuss best practices for dispute settlement

WTO: 2012 Press Releases, Press/683

30 November 2012: Hosted by the Centre for WTO Studies at the Indian Institute of Foreign Trade (CWS/IIFT), the workshop unites practical WTO litigation training and exchanges of experiences on the domestic needs and challenges that often characterise engagement in WTO dispute settlement.

The event, co-organised by the World Trade Organization, the Advisory Centre on WTO Law (ACWL) and the International Centre for Trade and Sustainable Development (ICTSD), in collaboration with the CWS/IIFT, is the first of its kind in the Asian region and builds upon an earlier Tripartite Specialised Training on WTO Litigation that was organised in Geneva in May 2012.

Litigation Training Course

"The WTO Dispute Settlement system has proved to be an important tool to Asian economies, including many developing countries. Nonetheless, challenges remain as countries can only take advantage of the system if they have domestic legal capacity to identify and prepare cases - whether it is with the assistance of outside counsel or on its own," Valerie Hughes, Director of Legal Affairs at the WTO said when welcoming the trainees on 26 November 2012. "It is these practical skills that we hope to build with this innovative training programme," she added.

Senior legal experts from the WTO and ACWL provided a 2.5 day training course to 20 junior officials, which ended at noon on 28 November with an interactive Moot Court.

"Training is an important element of the ACWL's activities. In addition to providing legal advice and litigation services to developing countries, we are committed to sharing our own experience and expertise to further strengthen the legal capacity in our Member States' capitals," Cherise Valles, Deputy Director at ACWL, commented on the course.

Regional Dialogue

With a shared belief that advanced learning can be enhanced with the exchange of experiences and best-practices on the real life challenges that countries face when managing trade disputes, the workshop was joined by 11 high-level experts from within the region. On 28 and 29 November, the senior experts participated in two roundtable debates on intra-governmental coordination and on private sector engagement, coordinated by ICTSD.

"I am very glad that the organizers have chosen this subject for the discussions," Ambassador Narayanan, former Ambassador of India to the WTO, said when opening the first roundtable session. "Governmental coordination is not only of pivotal importance, but one also cannot find any guidance on this in books or other literature. It has to come from practice and experience and this is a perfect forum for such discussions".

As pointed out by Miguel Rodriguez Mendoza, Senior Fellow from ICTSD, by 2012, Asian economies have accounted for 20% of all WTO complaints, reflecting a similar figure for their share of world merchandise exports; by comparison, the Latin American countries have initiated 24% of all cases, despite accounting for only 4% of world merchandise exports. Also, despite the overwhelming importance of intra-regional trade, Asian economies rarely engage in intra-regional disputes, perhaps due to value chains in the region, he noted.

National Dialogue

Following the intra-regional component, two dozen Indian representatives from industry, civil society, academia and private counsel gathered to discuss Indian opportunities and challenges on 30 November. High-level representatives introduce the mechanisms that are in place in India for intra-governmental coordination and private sector outreach.

"Informing industry about the opportunities provided by the WTO rules-based system and means of engagement is considered critical to realise the development potential of the multilateral trading system," Marie Wilke from ICTSD noted in her opening remarks at the National Dialogue.

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WTO sees more trade disputes ahead after vintage year

Tom Miles , Reuters News

14 December 2012: A surge in trade disputes has forced the World Trade Organization to reallocate staff to cope with a flood of litigation in the pipeline for 2013, according to diplomats and documents at the global trade body in Geneva. The WTO's 157 members have launched 26 trade disputes so far in 2012, the most since 2003 and three times more than the eight new complaints filed in 2011.

According to an internal WTO document seen by Reuters, the WTO decided to reallocate staff to the disputes team to deal with the increasing number and complexity of legal cases. "We are seeking to reallocate resources from other divisions. It's happening already," said one WTO source.

As well as moving staff, the trade body also advertised for a senior dispute settlement lawyer, at a starting salary of around 161,900 Swiss francs ($175,300), and is seeking short term candidates to help deal with the caseload.

The boom in litigation comes as the WTO struggles to get back on the path to reforming its rules, after the failure of the decade-old Doha round of trade negotiations last year.

"The less you negotiate the more you litigate, and vice versa," said one trade diplomat.

The resort to the dispute settlement system signifies both trust in the global trade rules and distrust among its members, as they fight for a share of a pie that is not quite shrinking, but expected to grow by a mere 2.5 percent this year.

Although the WTO expects global trade growth to quicken to 4.5 percent in 2013, that would remain below the annual average of 5.4 percent over the past two decades.

WTO Director General Pascal Lamy will report to WTO members on the global trading environment on Monday, armed with a report showing they had brought in 308 new trade-restricting policies, covering 1.3 percent of traded goods, over the past 12 months. "The difficulties and concerns generated by the persistence of the global economic crisis, with its many facets, are fuelling the political and economic pressures put on governments to raise trade barriers," Lamy's report says. "This is not the time to succumb to these pressures."

US and China under fire

The countries attracting most complaints in 2012 were China and the United States, each the target of six disputes. The United States also initiated the most disputes - three against China and one apiece against Argentina and India.

This year's new disputes included many that were either apparent tit-for-tat actions or counter-challenges, ensuring that the heat was concentrated in certain areas.

Solar power components were the subject of several disputes, as accusations flew that China's overstimulated producers had flooded the world with cheap supply. China hit back with its own claims against the United States and the EU, alleging that the U.S. case was illegal and renewable energy markets in Italy and Greece were rigged in favour of local firms.

Other recent disputes have taken aim at countries using environmental or health concerns as trade barriers, such as China's export restrictions on rare earths and Australia's tough cigarette packaging laws. One of the most fertile areas for potential new disputes in 2013 is trade-distorting subsidies, whether overt or covert.

The United States and China are already wrangling over the legality of Beijing's alleged subsidies and Washington's attempts to root them out.

But China was hit from an unexpected angle in October when Mexico launched a wide-ranging complaint about China's support for exports of clothes and textiles.

Eight WTO members - including the EU, United States, Brazil and Australia - asked to observe the case as interested third parties but, in a highly unusual move, China refused to admit any of them, cloaking the dispute in even more secrecy than is usual and fuelling speculation that it is concerned about others building their own case against Beijing.

Covert subsidies include "local content" rules, where a country makes sure local firms get a certain cut of government projects at the expense of foreign competitors. Appetite for "local content" disputes has been boosted by a case against Canada brought by the EU and Japan, which Canada is expected to lose. China has already brought the complaint against renewable energy rules in Italy and Greece, while the EU, United States and Japan have repeatedly criticised local-content rules in Brazil, India, Indonesia and Nigeria.

More disputes could also come from this year's addition of Russia to the WTO. The EU has said it is ready to take open legal cases on several fronts, and the United States has said Russia's rules on meat imports appear to be inconsistent with WTO rules.

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A drag on the developing world

T S Vishwanath, Business Standard

6 December 2012: The ongoing dispute between the GMR group and the Maldives government over the investment for an airport in Male brings focus on a recent discussion at the World Trade Organisation (WTO) public forum, and which was followed by an article by Martin Khor, executive director of Geneva-based South Centre.

The WTO public forum session, which was reported by the Third World Network (TWN), was on "Investment Provisions and Agreements: What is the right 21st century approach?", and was organised by Our World Is Not for Sale Network, the International Trade Union Confederation and Public Citizen. This report and Khor's article emphasised a viewpoint that investment treaties could prove to be a drag on the developing world and might adversely impact policy space for governments.

The TWN report quoted the comments made in the WTO forum by South Africa's senior trade official, Xavier Carim, on the recent changes made by Pretoria in its investment policy. This followed a review that found that the country's bilateral investment treaties (BITs) were inconsistent with South Africa's constitution, the TWN report said.

After the review, Carim said, the South African Cabinet concluded that Pretoria "should refrain from entering into BITs in future, except in cases of compelling economic and political circumstances". "The review also identified difficulties with respect to international arbitration. It observed fragmentation in the system; the lack of common standards of protection; inconsistent interpretations by arbitration panels even on similar matters; as well the growing complexity of the international system through an evolving jurisprudence. All this exacerbates uncertainty and risk." Carim then said, "In particular, we were concerned with investor-state dispute provisions in our BITs. This, in our view, opens the door to narrow commercial interests on subject matters of vital national interest and to unpredictable international arbitration outcomes, and is a direct challenge to constitutional and democratic policy-making."

The view against investor-state provisions in agreements was also supported by Khor in his article where he noted "the epidemic of cases and the high losses that governments have suffered or will potentially suffer is giving rise to grave concerns and calls by several governments as well as public interest groups and legal experts to review and amend the agreements that have led to the legal suits".

The agreements are of two types —BITs signed between pairs of governments (of which there are now around 3,000) and the investment chapter contained in bilateral or regional free trade agreements (especially those involving the US). Many agreements have "investor-state" dispute systems under which a private company or investor can directly sue governments in an international tribunal by claiming that its property or profits have been "expropriated" or "adversely affected by a violation of contracts or by recent policy measures".

Interestingly, the Indian government is reportedly looking to review its bilateral agreements after foreign telecom companies decided to use BITs, following the Supreme Court's decision to cancel their 2G licences in April 2012. Sistema invoked the treaty between India and Russia, while Telenor invoked the agreement with Singapore. As is evident from the TWN report and Khor's article, there is a view in the developing world that countries need policy space when it comes to accepting obligations in investor-state disputes in trade agreements.

This holds true if the investor-state tiff over an investment does not have a political hue, but is purely based on commercial issues. What emerges from the Indian company's problem with Male points to a need for a possible fresh view of the position taken by the panel at the WTO public forum.
While taking a genuinely important case of protecting developing countries from unwanted legal processes, it is also important to understand that investment decisions need to be backed by strong safeguard provisions.

Political decisions can sometimes be shrouded in policy moves, which can be detrimental to both the investor and the state itself, which is receiving that investment. The decision taken by Male could, for instance, impact Maldives in attracting genuine private investors into the country. State enterprises in some countries, which may back the current leadership in Maldives, may be willing to invest, but authentic private sector investors may lose faith in the regime.

It would be interesting to have a perspective on this issue from Khor and the other speakers at the WTO public forum.

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The bilateral threat to free trade

Peter D. Sutherland, Livemint

31 December 2012: The Doha Round of global trade talks appears to have died this year, almost without a whimper. While a small portion of the project may be saved, the essential reality is that this is a unique failure in the history of multilateral trade negotiations, which have transformed the global economy since World War II.

Many of the seven previous rounds of negotiations—including the Uruguay Round, which resulted in the establishment of the World Trade Organization (WTO) in 1995 as the successor to the General Agreement on Tariffs and Trade (GATT)—took years to complete, but none died of neglect or disinterest.

Today's indifference is particularly, though not exclusively, evident in the US. President Barack Obama was silent on the issue in his re-election campaign, and breathed scarcely a word about it in his first campaign, too. One wonders whether what is at stake is even fully understood in some capitals.

Successful multilateral trade negotiations have significantly shaped the world in which we live and have dramatically enhanced the lives of millions of people. Between 1960 and 1990, only one person in five lived in an economically open society; today, nine in 10 do.

The rule-based trading system developed by GATT and WTO has been embraced by virtually the entire global community. It has provided an effective road map for the former planned and import-substituting economies, facilitating their integration into the global market.

Initially, "globalization" was a dirty word to some. But even among its opponents, its value for poorer countries came to be recognized as it helped to lift more than a billion people in Asia out of abject poverty. While much more needs to be done for Africa and parts of Latin America, the Doha Round was intended to assist in providing market access (and, therefore, opportunity) to many more in the developing world.

The essence of the multilateral system consists in two principles: non-discrimination and national treatment. The former is described in the trade negotiators' lexicon as the "most favoured nation" principle, which essentially seeks to ensure that trade benefits provided to one country are provided to all. The latter requires member states to provide the same treatment to trading partners within national borders as that provided to nationals.

The non-discrimination principle ensured that global trade did not become a "spaghetti bowl" of preferential bilateral trade agreements. Moreover, a multilateral framework for trade negotiations gave weaker states far more balanced conditions than they would face were they forced to negotiate bilaterally with the likes of China, the US, or the European Union (EU).

In fact, what we have seen in recent years is an increasing rush to bilateral agreements by the major trading countries and blocs. This has apparently consumed virtually all of their attention. WTO has been marginalized, and even what has already been achieved in the incomplete Doha Round appears unlikely to be delivered in a final agreement in the foreseeable future.

The damage to the credibility of WTO—once lauded as the greatest advance in global governance since the inspired institution-building of the immediate post-war period—may yet prove lasting. Worse, it could have a serious impact not merely on trade, but on political relationships more generally.

One of WTO's great achievements has been the adjudication system that it provides—the so-called Dispute Settlement Mechanism. This independent body has been a resounding success, giving the world an effective quasi-judicial system to resolve disputes between trading partners. But its continued success depends ultimately on the credibility of WTO itself; it will inevitably suffer collateral damage from a failure of multilateral negotiations.

Indeed, the current rush to bilateral trade agreements has been accompanied by a rise in protectionism. For example, there have been 424 new measures of this kind in the EU since 2008. Furthermore, the EU's non-discriminatory tariffs are fully applicable to only nine trading partners. Everyone else has "exceptional" treatment.

Next, no doubt, we will have the prospect of a bilateral free-trade agreement between the EU and the US. An EU-Japan treaty is already in the wind, as is a "Trans-Pacific Partnership" to liberalize trade among the US and major Asian and Latin American economies. If either ever comes to pass, which I doubt, a huge share of world trade would be conducted within a discriminatory framework.

Some recognize the risks. In May 2011, Jagdish Bhagwati of Columbia University and I co-chaired a high-level group convened by the prime ministers of the UK, Germany, Turkey and Indonesia to attempt to move the multilateral process ahead. Our sponsors welcomed our recommendations, but that and similar efforts have gained little traction, leaving all countries rushing headlong towards a world full of uncertainty and risk.

It is not too late to reverse the apparently inexorable tide of bilateralism. But the only way to do so is by proceeding with WTO negotiations. Even if the Doha Round cannot be concluded, there may be other routes, such as implementing what has already been agreed.

Another alternative might be to advance multilateral negotiations among willing countries in specific areas, such as services, with other WTO members joining later.

But if we are to move forward rather than revert to earlier, more dangerous times, the US, in particular, must reassert a constructive role in multilateralism. The US must lead again, as it did in the past. And now it must do so with China at its side.

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Chanakya's message

Business Standard

New Delhi, 30 January 2013:The concept of trade facilitation is in the Arthashastra. Or so says Pascal Lamy, the World Trade Organisation's colourful director-general. Speaking at a session on global emerging nations at the Confederation of Indian Industry summit on Monday, Lamy was making the point that India and other emerging countries needed to play a greater role in promoting trade facilitation.

Taking a sidelong look at his fellow panelist, Commerce and Industries Minister Anand Sharma, he said, "I recently found out that India is the father of trade facilitation," referring to the Arthashastra. India and other countries should learn from this treatise that was written more than 2,000 years ago, he added. He appeared to have surprised Sharma as much as the rest of the audience.

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A poor trade-off

Devashish Mitra, The Indian Express

5 February 2013: India may lose more than it gains by staying out of WTO talks on tariff liberalization.

Until the 1980s, India followed a virtually autarkic policy. Over the last two decades, it has liberalised its trade regime, with the average tariff rate on manufacturing imports falling from over 100 per cent in 1991 to between 5 and 10 per cent today. This reform has been unilateral and not based on reciprocity from its trading partners. The reform period has experienced high rates of growth, giving India economic heft and making it an important player in multilateral trade negotiations, fighting its own cause as well as exercising leadership on behalf of the developing world.

Recently, India announced that it was opting out of negotiations between key World Trade Organisation (WTO) members on the tariff liberalisation of 357 information technology (IT) products and 54 environmental goods, and on the reforms of foreign direct investment (FDI) and visa regimes. Senior government officials claimed the talks were not in India's interests. To judge this a priori is not easy. Note that these talks are being called "plurilateral". This means a subset of WTO members will discuss among themselves the extent of this liberalisation. At the same time, they may add to or subtract from the product list on their agenda. Once they reach an agreement, the concessions could be extended to all members of the WTO or restricted to the select group of members that takes part in these negotiations. There is precedence for both kinds of plurilaterals. The first kind is truly a WTO agreement, where all the concessions are extended to all WTO members on a most favoured nation (MFN) basis, as was the case with the Information Technology Agreement (ITA) in 1996. The second is no different from a free trade agreement (FTA).

Right now, there seems to be uncertainty about the kind of plurilateral these talks are going to result in. If it is of the first type, that is still multilateral liberalisation and might be a genuine alternative to the Doha round as a "single undertaking". If India wants to remain a major player in the world trading system, it does not make sense not to participate in these negotiations. After all, taking part in discussions to try to shape the final agreement does not mean signing the agreement. If the plurilateral is of the FTA variety, the WTO should not allow it or at least refuse to sponsor it. Such a plurilateral would go against the basic spirit of the WTO, which is multilateralism. An FTA is discriminatory as it gives preferential treatment to imports from member countries, leading to a switch from non-member country imports to member country imports. It is possible that India will lose markets for its products through such a plurilateral. And that is another reason why India should be participating in these talks: to shape the nature of the plurilateral away from the FTA type. A related reason is that with "global production networks", it is not possible to say where a product is manufactured. For example, the iPad was designed in the US, its various components are produced in Korea, Taiwan, China etc, assembled in China and marketed in the US. This makes it difficult to predict which industries get affected by a particular tariff reduction, unless international input-output relations are evaluated in detail. Even if the government is trying to protect producer interests, one producer's output is often another producer's input, which means the tariff reduction that hurts a producer benefits another producer. In the case of the plurilateral under discussion, the IT products being considered are an important input for services that form India's comparative advantage. Tariff reductions on IT products reduce costs in the services sector.

Another reason cited for opting out of the plurilateral is that India wants to preserve its policy space. For example, India's tariff bindings at the WTO are higher than its applied tariffs. This gives the government some flexibility to raise tariffs when needed. On the agenda for this plurilateral is the reduction of these bindings to the current applied levels. Similarly, the proposed agreement aims to put a floor on FDI in services to its current permissible level. While governments keep talking about the need for policy space, it is not always desirable. Government actions, including changes in policy, are often dictated by powerful lobbies. Policy space generates and encourages lobbying activity that can use up otherwise productive resources. Committing to certain policies through international agreements can eliminate incentives for such lobbying. In fact, policy space is quite undesirable in countries with high levels of corruption. Commitments through international agreements also eliminate, to a great extent, uncertainty in the economic environment, which in turn boosts production.

India should keep liberalising its trade regime through the multilateral mechanism of the WTO as well as unilaterally. When the government talks about benefits from trade protection in certain industries, it is referring to the benefits to producers of those goods, but this at the cost of producers in other industries using those products as inputs as well as consumers. Once you factor in the welfare impact on these groups, basic international trade theory shows that the arguments made about the losses from liberalisation are flawed. Finally, let me reiterate that trade reforms have been quite deep in India. Protection levels are now quite low. However, a lot of attention is still being paid to further trade reforms at the cost of domestic reforms (for example, labour law and land reforms), without which sustaining India's high growth rate in the future will be impossible.

The writer is professor of economics and Cramer Professor of global affairs at the Maxwell School of Citizenship and Public Affairs, Syracuse University, US

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US, Australia raise "subsidised" India wheat export issue with WTO

Stuti Chawla, NewsWire18

21 November 2012, New Delhi: India's robust wheat exports from the central pool seem to have ruffled many feathers. A number of countries, including Australia and the US, have raised the issue of India's "subsidised" wheat exports with the World Trade Organisation, two government officials said.

"Some countries have problems with India's wheat exports, as they feel there is an inherent subsidy in exports," one of the officials said.

Under the World Trade Organisation norms, members cannot introduce new subsidies that could distort international trade.

Though the Indian government maintains it is not giving any subsidy on wheat exports, some countries have questioned that, as the government's wheat export prices are lower than its economic cost of procuring wheat.

The government's economic cost of wheat procurement was 19,100 rupees a ton this year. The highest price the government has fetched in its export tenders so far is $319.15, or about 17,700 rupees, a ton.

The second government official said the government is not giving any direct subsidy on export of wheat, as the Food Corp of India is anyway reimbursed for incidental costs incurred on procurement. "If you look at sale of wheat from the government stock, exports are fetching the highest price compared to other state-run welfare schemes...There is no subsidy that we are giving only for exports," the official said.

The government has so far sold a little over 1 mn ton wheat via tenders, and plans to sell another 1 mn ton this year.

Exports are part of the government's plan to liquidate grain stocks from the central pool, as total stocks are far higher than the government's warehousing capacity. At the start of this month, the government had 69.5 mln ton food grain in stock, including 40.6 mln ton wheat, as against its total storage capacity of about 62 mln ton.

The government has also stepped up allocations in the local market to liquidate the wheat, some of which could start deteriorating if kept much longer.

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Shrimp Export: India protests unscientific, unjustified standards

Amiti Sen, Economic Times

4 December 2012: India has raised with the World Trade Organisation what it calls "unscientific and unjustified" health standards imposed by Japan on its shrimp exports.

The move comes as more than 140 containers of frozen Indian shrimps await clearance at Japanese ports. Japan, which has recently lowered the acceptable level of ethoxyquin in shrimps, has since August rejected seven Indian consignments of the seafood. Ethoxyquin is an anti-oxidant widely used in shrimp feed.

"We have raised the issue with the sanitary & phytosanitary committee of the WTO. We believe the new standards that have been imposed are unscientific and unjustified," a commerce department official told ET.

According to industry estimates, export of shrimps from Odisha and West Bengal has fallen by up to 50% in the last four to five months due to the Japanese restrictions. In 2011-12, shrimps accounted for half of India's total seafood export of $3.5 billion.

While India is not immediately filing a case against Japan at the WTO, it hopes that discussing it at the SPS committee will generate pressure on Japan to respond positively.

"There are other countries like Vietnam that are facing similar entry barriers in Japan for their shrimps. We hope to generate enough pressure at the WTO forum to force Japan to reconsider," the official said. "If this doesn't work, we could consider a formal case against this restrictive measure."

The commerce department has also sought a clarification on why the testing procedures were institutionalised selectively only in 2012, despite the notification being made in 2005.

Japanese authorities rejected shrimps from India in August after the level of ethoxyquin, an anti-oxidant, in some shrimps was found to be in the 0.02-0.04 ppm range. Japan's newly introduced health standards tolerate ethoxyquin levels up to 0.01 ppm.

"Figures supplied to us unofficially by the marine products export development authority reveal that more than 140 containers that have reached the Japanese port face the risk of rejection," the official said.
New Delhi's primary concern is that Japan has not carried out a risk assessment for setting the tolerance limit for the chemical and the extremely low default level of 0.01 ppm has been set without any scientific justification.

"Most of the countries, including the US and the EU, and international bodies like Codex have not prescribed any limit for ethoxyquin in fish and shrimp. So far, there is no evidence to prove that ethoxyquin at a level above 1ppm is injurious to health," MPEDA chairman Leena Nair said.

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India may drag Egypt to WTO against levy on cotton yarn

Amiti Sen , The Hindu

New Delhi, 25 January 2013: India is considering filing an official complaint against Egypt at the World Trade Organisation for “wrongful’’ imposition of penal duties on cotton yarn imported from the country. With Turkey recently withdrawing similar duties on Indian cotton yarn after the country filed a WTO complaint, New Delhi is hoping for a similar outcome with Egypt.

Egypt is the fourth largest market for Indian cotton yarn after China, Bangladesh and South Korea, and the additional duties ranging between 13 per cent and 14 per cent has affected the industry’s competitiveness.

“We realise that the Egyptian economy is going through a low phase. But the country should not be taking so long in removing the safeguard duties as we have pointed out several times in our bilateral discussions that these violate WTO norms. We may take the WTO route if we are left with no other option,” a Commerce Department official told Business Line.

Egypt imposed safeguard duties – a levy to check surge in import of a particular commodity causing disruption in the local market – on cotton yarn from India last July.

India has argued that its cotton yarn imports to Egypt have not surged or disrupted the local market and there is no justification for the safeguard duties.

“Egypt is the fourth largest market for cotton yarn exports from India and it is in our interest to ensure that the safeguard duty is removed at the earliest as there appears to be no economic justification for imposing such a measure,” said Siddhartha Rajagopal, Executive Director, Texprocil.

Turkey had extended a similar duty on cotton textiles from India beyond its expiry date of August 2011 following which India had filed a case against it at the WTO. The case was subsequently withdrawn when Turkey promised to remove the duties by December 2012 which it did.

“We hope Egypt, too, would agree to withdraw the duties and we do not have to fight a full-fledged case at the WTO,” the official said.

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US ban on LNG exports would violate WTO rules - experts

Doug Palmer, Reuters

Washington, 31 January 2013: A U.S. government decision to subsidize steel, chemical and other manufacturers by restricting exports of liquefied natural gas would violate global trade rules and damage U.S. credibility after years of pressing other countries like China to drop restrictions on natural resource exports, experts said.

"It would be hypocritical and contrary to WTO rules for the United States to impose restraints on the export of LNG while permitting unfettered domestic consumption of natural gas," said Gary Hufbauer, a senior fellow at the Peterson Institute for International Economics, who recently wrote about the issue for the think tank.

The U.S. Department of Energy is considering more than a dozen applications to export LNG as a result of breakthroughs in drilling technology that have dramatically increased U.S. oil and gas production.

That has triggered a fierce debate within the business community, with industrial users like Dow Chemical and Nucor that have benefited from lower natural gas prices arguing against more exports.

Other business groups like the National Foreign Trade Council and the Emergency Committee for American Trade are pushing for a liberal export policy, fearing U.S. restrictions could come back to haunt American firms.

Environmental groups also worry that the new drilling techniques could contaminate water supplies and lead to more greenhouse gas emissions that are blamed for climate change.

Hufbauer said he expected the Energy Department to decide in favor of more LNG exports but proceed slowly with approval of individual projects to monitor the environmental impact.

Price concerns raised by domestic natural gas users are unlikely to carry the day because "it is so contrary to what the United States has been arguing against other countries. I think there would be strong forces in the U.S. government pushing back against that," Hufbauer said.

Free Trade Exception

The United States generally does not restrict exports to give domestic companies a price advantage, or subsidy, and typically objects when other countries impose export bans.

In the case of LNG, the issue is before the Energy Department because a 1938 law requires it to decide whether natural gas exports are in the U.S. public interest.

Congress amended the law in 1992 to allow natural gas exports to countries that have a free trade agreement with the United States. That list has grown to 20 including Canada, South Korea and Australia.

As recently as 2007, the United States was making plans to expand imports of natural gas, so the issue of U.S. export restrictions was not a serious concern.

But Jim Bacchus, a former WTO appellate judge now in private practice at Greenberg Traurig, an international law firm, said he felt certain U.S. export curbs would be found in violation of the WTO if challenged by another country.

"One of the biggest recent WTO cases was one that the U.S. brought against China's quantitative restrictions on exports of raw materials. The United States won that case on the basis of Article XI of the GATT," Bacchus said.

'Blunt Trade Measures'

In that dispute, the United States argued that China's restrictions on exports of raw materials used to make steel and other industrial products gave Chinese producers an unfair advantage by depressing domestic prices for those goods.

"These export restraints are blunt trade measures that are, by China's own admission ... inconsistent with WTO rules," U.S. trade lawyers said in oral arguments in that case.

The United States is making the same point in a case that it has brought with the European Union and Japan against Chinese restrictions on exports of rare earth minerals used in a variety of high-technology products.

"The export restrictions can increase supplies in China's domestic market, driving down the prices that Chinese producers would otherwise pay for these same inputs," USTR said in an October 2012 legal brief.

"Not only does this dynamic create tremendous advantages for Chinese producers vis-à-vis non-Chinese producers, but it also places strong pressure on non-Chinese producers to move their operations, technologies and jobs to China," USTR said.

Still, the U.S. Trade Representative's office on Wednesday declined to say whether a Department of Energy decision to curb additional LNG exports would violate WTO rules.

"Generally, the office would not comment on whether a U.S. export measure that has yet to be decided might or might not raise concerns under trade rules," a USTR spokeswoman said.

But in international venues like the Group of 20 leading economies and the Asia-Pacific Economic Cooperation (APEC) forum, the United States has been a driving force in crafting language urging countries not to curb exports.

Reflecting concern that a new round of protectionism could damage the fragile global economy, APEC leaders in October again pledged to refrain "from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing WTO-inconsistent measures in all areas, including those that stimulate exports."

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Widening domestic sourcing net may hurt India's case

Amiti Sen, Business Line (The Hindu)

New Delhi, 11 February 2013: The US could have a stronger case against India at the World Trade Organisation (WTO) if the country goes ahead with its plans of covering more products under domestic sourcing norms in the second phase of the National Solar Mission.

In a response being framed on the draft rules for the second phase circulated by the Ministry of Non-renewable Energy recently, the Commerce Department has taken a view that inclusion of a larger number of items like thin films and solar cells under sourcing norms could spell trouble at the WTO, an official told *Business Line*.

The US filed a complaint with the Dispute Settlement Body of the WTO last week against domestic content requirement in the Jawaharlal Nehru National Solar Mission (JNSSM) which mandates that solar photovoltaic modules based on crystalline technology has to be sourced locally.

"The US is not actually bothered about domestic sourcing of solar modules as mandated under the first phase as most producers under the solar mission prefer to use thin films, which are cheaper and not covered under domestic sourcing. In fact, US companies are exporting a large amount of thin films for the solar mission," the official said.

The dispute raised by the US at the WTO against India is largely to prevent widening of the domestic sourcing net to include thin films that are much cheaper than crystalline modules but have shorter life-span. More than 60 per cent of projects under the solar mission have opted for importing thin films prompting the MNRE to close the loop-hole in policy and include thin films under domestic content requirement as well.

India's main argument in its defence is that domestic content requirement is applicable to grid solar power projects where procurement of solar power will be essentially done by the Government through public sector entity NTPC and thus would fall under the government procurement category. Since India is not part of the Government Procurement Agreement, it could impose any condition on Government procurement.

The argument, however, is not fool-proof as Government procurement is taking place only after solar power has been produced while the initial sourcing is being done by private companies. The greater the number of products that get covered under the procurement net, the weaker could be India's case, fear officials at the Commerce Department.

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US Lodges WTO Challenge Over India Renewable Energy Incentives

Bridges Weekly Trade News Digest

13 February 2013: The US has filed a formal challenge at the WTO regarding India's support policies for solar energy, Washington officials announced last week. At issue in the complaint is a local content requirement in the Asian country's national solar programme, which Washington claims discriminates against foreign solar equipment manufacturers in favour of their domestic counterparts.

The challenge comes amid growing questions over the degree to which countries can help support their burgeoning renewable energy sectors, particularly given the global trade arbiter's recent panel ruling regarding a similar programme in the Canadian province of Ontario. The Canada dispute, which had been tabled at the WTO by the EU and Japan and also involved a local content requirement, is currently facing appeals from all parties.

US officials have stressed that the India-focused complaint targets only the Asian nation's local content requirement, and not the overall objective of developing renewable energy sources.

"Let me be clear: the United States strongly supports the rapid deployment of solar energy around the world, including with India," US Trade Representative Ron Kirk said in announcing the US challenge. "Unfortunately, India's discriminatory policies in its national solar programme detract from that successful cooperation, raise the cost of clean energy, and undermine progress toward our shared objective."

The benefits of local content requirements (LCRs) have long been a controversial topic. While countries often pursue multiple policy objectives through LCRs in the renewable energy sector, primarily to green their economy and to foster the sector's domestic development, while in parallel stimulating employment and investment, some analysts have noted that domestic content requirements might instead increase costs of energy, reduce competition, and therefore potentially slow down innovation.

India's programme - known formally as the Jawaharlal Nehru National Solar Mission (NSM) - was launched in 2010, with the goal of deploying 20,000 MW of solar panels through an interconnected grid by 2022. According to the country's Ministry of New and Renewable Energy, the scheme aims to reduce the cost of solar power generation in India, specifically via long-term policy, large-scale deployment targets, intensive research and development, and domestic production of the necessary raw materials and components.

"The objective of the National Solar Mission is to establish India as a global leader in solar energy, by creating the policy conditions for its diffusion across the country as quickly as possible," according to the programme's mission statement.

One of the mission's goals, the statement says, is to undertake an international leadership role in the area of solar manufacturing across different stages of the value chain, in "leading edge solar technologies." In doing so, it is hoping to achieve a 4-5 GW equivalent of installed capacity by 2020, which would include developing manufacturing capacities for polysilicon material that would allow for the production of approximately 2 GW capacity of solar cells annually.

Washington: Policy gives domestic producers unfair advantage

Under the current phase of India's programme, the US says, New Delhi has required developers of photovoltaic projects using crystalline silicon technology to use solar cells and modules made domestically.

"As a result, solar power developers, or their successors in contract, receive certain benefits and advantages, including subsidies through guaranteed, long-term tariffs for electricity, contingent on their purchase and use of solar cells and solar modules of domestic origin," Washington says in its complaint, arguing that this violates the WTO's rules on national treatment.

Washington also argues that the measure constitutes an illegal subsidy, due to it allegedly providing a subsidy that depends on the use of domestic goods over their imported counterparts.

Among other concerns, the US claims that the Indian measures at issue have not been appropriately notified, thus violating the Subsidies and Countervailing Measures (SCM) Agreement. In its consultations request, Washington also argues that the policies "appear to nullify or impair" the benefits due to the US directly or indirectly under this agreement, as well as the WTO's General Agreement on Tariffs and Trade (GATT) and Trade-Related Investment Measures (TRIMS) Agreement.

The upcoming phase of the programme would extend the local content requirement to cover more types of equipment imports, which the Office of the USTR says is also cause for concern.

The planned changes to the scheme would involve expanding the NSM local content requirement to include solar thin film technologies, which make up most of the US' solar exports to the Asian country. Over half of the projects under NSM have relied on imported thin films, which has been credited for prompting New Delhi to propose bringing these into the local content requirement.

Given that the majority of US solar exports involve solar film technologies, US companies are "not actually bothered by domestic sourcing of solar modules" under the current phase of the programme, one Indian trade official commented to The Hindu. The official speculated that the planned changes could have influenced the timing of the US complaint.

India responds

New Delhi officials quickly responded to Washington's challenge, arguing that the requirement has not substantially reduced imports of equipment and that its policy is in line with WTO rules.

The domestic content provision has been applied to only "a few projects totaling 350 megawatts (MW)," Tarun Kapoor, joint secretary at the Ministry of New and Renewable Energy, told Reuters. India's total capacity for solar generation is 1200 MW, compared to 18 MW three years ago when NSM was in its infancy. India is currently building 1000 MW of solar power plants and will soon be building an additional 2000 MW, the official added, noting that this new capacity will not be subject to a local content requirement.

In the past, India has also argued that the scheme qualifies as government procurement and is thus exempt from national treatment requirements, according to Reuters - an argument that New Delhi could potentially try to use if this case reaches the panel stage, some trade observers have speculated.

A similar argument was also made in Canada's WTO row with the US and EU, only for a dispute panel to find that - while the Ontarian measures at issue were government procurement - it was done with a view for commercial resale. The Ontario scheme was therefore not exempt from the national treatment requirements referred to in the GATT, TRIMS, and SCM Agreements. That finding is currently under appeal by Ottawa.

Dispute panel proceedings do not have precedential effect, however, meaning that the results in the Canada dispute would not necessarily apply in India's case, should the latter dispute reach the panel stage.

Next steps

The request for consultations is the first step in the WTO dispute settlement process. Should the parties to a dispute be unable to reach a resolution after 60 days of talks, the complainant may request the establishment of a panel to hear the complaint.

ICTSD reporting; "The Solar War Heats Up," THE HINDU, 11 February 2013; "Widening Domestic Sourcing Net May Hurt India's Case," THE HINDU, 11 February 2013; "India to consult its solar sector on domestic content issue," SEE NEWS, 11 February 2013; "India Denies Violating WTO Rules on Solar-Product Import," BLOOMBERG NEWS, 07 February 2013; "US Challenges India's Solar Program Restrictions at WTO," REUTERS, 06 February 2013.

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Look beyond IT services

T S Vishwanath, Business Standard

14 February 2013: Services negotiations form a significant pillar in India's negotiations at the World Trade Organisation (WTO), or with important trade partners, while negotiating a comprehensive free trade agreement.

This sector is an important component of India's economy because services account for about 60 per cent of the gross domestic product, 40 per cent of exports, 35 per cent of employment, 20 per cent of imports and 25 per cent of total trade. However, the main demand for India in trade negotiations has remained in Mode 4 — that is, movement of professionals to provide services, especially in the information technology (IT) services segment.

However, with India's decision to not join plurilateral negotiations at the WTO on services, many analysts in India and outside are questioning the importance of services in India's trade strategy. Twenty one members of the WTO, called the "real friends of services", are negotiating to deepen the services commitment for each other through negative and positive lists approach. A negative list will mean that areas not on the list would be open for liberalisation, while a positive list will only list sectors that can be opened up for liberalisation. These 21 countries hope to carry negotiations over the next few months to finalise an agreement.

While India certainly has good reasons for not joining the WTO plurilateral negotiations, a recent Indian Council for Research on International Economic Relations (ICRIER)-Asian Development Bank study on "Integrating South and East Asia: The Case of Liberalising Services between India and Thailand" provides some interesting insights on India's services competitiveness. The preliminary findings of the study done by Arpita Mukherjee and Tanu Goyal, which was presented at a Confederation of Indian Industry meeting recently, showed that India's main area of interest within the services sector remains with the IT sector. Beyond this sector, New Delhi's interests in the services arena remain limited at present.

It showed that 40 per cent of the Indian companies were present in Thailand on a project basis. Of these, 83 per cent provided computer and related services. Interestingly, 48 per cent companies get projects through agents, 14 per cent through competitive bidding, 10 per cent through joint venture partners and the remaining through their networks.

The study seeks to build a services value chain, which will work on the complementarities between India and her important trade partners in Southeast Asia, such as Thailand. The findings of the study point to the fact that South Asia has an advantage in knowledge-based services, while East Asia in infrastructure and travel services. Further, efficient trade and production networks require services market integration, which includes physical connectivity, people-to-people connectivity and institutional connectivity, making the services element in a free trade agreement critical to building synergies between the two partners.

Interestingly, growth in South Asia's share in world's services trade increased from one per cent in 1990 to four per cent in 2010. For East Asia, the share in world services export increased from eight per cent in 1990 to 12.8 percent in 2010, and share in world services import increased from 7.7 per cent in 1990 to 11.7 per cent in 2010.

With services becoming an important component in the economy, India will need to look at developing competitiveness beyond the existing strength in the IT sector, and move to demands other than Mode 4. It will need to have an aggressive position in investment in the services sector. With manufacturing accounting for a large portion of the exports from India, there is also a need to build strength in services that complement the manufacturing sector.

With India looking to grow at seven to eight per cent a year, it will be important to build strength in the services sector, such as infrastructural services, which will complement the manufacturing services.

To make the free trade negotiations more meaningful, India needs to build strength in areas such as tourism or medical services, where it can look at building services value chain across Asia, as suggested in the preliminary findings of the ICRIER study.

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India needs to act fast on local content for Solar Mission

Richa Mishra & Amiti Sen, Business Line (The Hindu)

21 February 2013: The Ministries of Commerce and Industry and New and Renewable Energy are looking for an early solution that would enable use of more domestic products under the second phase of the Jawaharlal Nehru National Solar Mission without attracting more trouble at the World Trade Organisation.

Official sources told Business Line that MNRE was looking into the concerns expressed by the Commerce & Industry Ministry regarding mandating local sourcing of more products such as thin films and solar cells. The clock is ticking as the second phase of the Solar Mission is to take off from April.

"We have 30 days to respond and another 60 days to hold consultations. We would like to address the concerns raised by the Commerce Ministry," the official said.

India has already been dragged by the US to the WTO over phase I of the Mission that mandates local sourcing of the solar modules.

A cautious Commerce Ministry had expressed reservations on the draft circulated by MNRE proposing to expand local sourcing to more products under the second phase. In fact, the Commerce Ministry is peeved with the MNRE for not consulting it during phase I.

India and the US are already in consultations at the WTO over the ongoing dispute.

In fact, officials of the two Ministries have been holding meetings daily, over stance that will reflect the Government's position, official sources said.

Besides, at the WTO, it is the Commerce Ministry which will take the lead.

MNRE has defended the local content on the grounds that this was Government procurement which is allowed as India is not governed by the Government Procurement Act of the WTO.

But, the Commerce Ministry is apprehensive of questions being raised since the power ultimately will be sold to private consumers and is not limited to Government use. WTO requirement allows domestic sourcing strictly for Government use.

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US-India row over poultry, steel shifts formally to WTO

Amiti Sen, Business Line (The Hindu)

5 March 2013: The US and India are all set to begin their formal fight against each other at the World Trade Organisation over a poultry import ban imposed by New Delhi and penal duties on steel charged by Washington.

The panels for deliberating on the two cases have been now finalised and the hearings will begin soon, a Commerce Department official told Business Line.

The decision of the poultry panel would determine if India can continue to stop import of cheap chicken legs from the US citing the risk of avian influenza or bird flu.

The panel on steel duties, on the other hand, would look at the validity of the penal duties imposed by the US on hot-rolled steel sold by Indian companies on the ground that these were subsidised by the Indian Government.

Strengthening arguments

"Both countries had sought the establishment of dispute settlement panels in the middle of last year, but things got delayed due to disagreements over who would be included in the panels," the official said.

The countries involved have to approve the panels as they have to be assured of their neutrality.

India has used the last few months "productively'' to further strengthen its arguments in both cases and has also sought help of other Ministries and Departments, a Ministry official said.

"The Animal Husbandry Department is working on risk assessment studies on individual products to further strengthen our case for banning poultry from countries affected by bird flu," the official said.

The US, which is batting for its domestic poultry industry that sees a market worth $300 million in India, has argued in preliminary discussions with India that its measures are inconsistent with the relevant science, international guidelines and the standards India has set for its own domestic industry.

While the US is currently allowed to export poultry to India, it is not able to ship anything as India's strict avian influenza regulations increase the risk of import curbs and importers don't feel confident to place long-term orders.

The Indian poultry industry will be hit badly if the US starts exporting its cheap chicken legs as it would drive down prices drastically.

India is on a firmer wicket on the steel case where it has complained against the countervailing or penal duties, as high as 500 per cent in some cases, imposed by the US on companies such as Essar, Tata, SAIL and Jindal. These companies have not been able to export hot-rolled steel products to the US for the past few years due to the levy.

"The US argument that the iron ore sourced by Indian steel makers from NMDC is supplied at subsidised rate because it is a public body is completely baseless as ore is sold at the prevailing market prices. We have enough proof to substantiate our case," the official said.

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U.S. Challenges India's Solar Energy Incentives at WTO: What's at Stake

Metis Energy Insider

7 March 2013: The transition to a clean energy economy is imperative not only to tackle the climate crisis, but also to spur development through new economic opportunities, new investment, and the creation of new green jobs. In seeking to capture these benefits, however, governments are increasingly turning to trade rules to challenge one others' domestic renewable energy industries, thereby undermining the global clean energy transition we all seek. Put simply, all governments must have the ability to develop domestic renewable energy industries to fight climate change and the entrenched fossil fuel industry behind the crisis.

In the most recent example, the United States has filed a case at the World Trade Organization (WTO) to challenge India's use of subsidies and "buy local" rules in its domestic solar program. This case exemplifies the misguided and harmful impacts of these challenges. It is particularly important because of India's potential as one of the world's largest solar markets and because of the local and global benefits to India's transitioning from fossil fuels to renewable energy.

In order to understand the importance of this case, it is important to first understand the progress that the Indian government has made in supporting solar. India's solar mission provides strong support to solar deployment and includes a goal of developing 20,000 megawatts of solar power capacity by 2022. A key objective of the program is to boost the capacity of India to domestically manufacture solar panels. To achieve this objective, the government of India has required Indian developers of solar photovoltaic ("PV") projects using crystalline silicon technology to buy solar modules manufactured in India in order to take advantage of the programs benefits, including subsidies and guaranteed long-term competitive rates for solar power. These requirements to purchase locally manufactured solar panels are referred to as domestic content rules.

The government of India initially exempted thin film solar cells -- lower efficiency solar panels used in large-scale industrial solar projects -- from the domestic content rules because of low domestic capacity to manufacture such cells. This loophole created an opening for foreign countries, including the United States and China, to export thin-film cells to India. The U.S. exports of thin film solar cells to India have been particularly successful thanks to low interest loans from the U.S. Overseas Private Investment Corporation and the Export-Import Bank.

The result is that foreign thin-film panels now dominate India's market. Whereas global thin film installations are a very small portion of total solar deployment, in India they are the vast majority. To correct this imbalance and protect India's solar manufacturers, India is now considering expanding the use of domestic content rules to thin-film technologies in the second phase of its program, which may curtail imports of U.S. solar panels to India.

Concerned about the impact that the potential expansion of India's domestic content rules to thin-film technologies would have on its exports, the United States filed a claim at the WTO. In its claim, the United States asserts that India's domestic content rules appear to have violated trade rules in the General Agreement on Trade and Tariffs, the Agreement on Trade-Related Investment Measures, and the Agreement on Subsidies and Countervailing Measures by allegedly providing more favorable treatment to domestic solar producers and products than to foreign ones.

According to WTO rules, the U.S. and India have 60 days to try to find a resolution. If no resolution is reached, the U.S. can then request the establishment of a WTO panel to determine whether India has violated trade rules. A recent WTO panel ruling which found that Ontario, Canada's domestic content rules in its renewable energy sectors violated trade rules does not bode well for India's case.

What's at Stake

Historically, as countries have industrialized, domestic content rules have been a standard policy tool used to foster, nurture, and grow their new industries. In this process, countries have sought to find the appropriate balance between allowing some degree of foreign competition while still protecting the new industry until it is internationally competitive.

In the case of India, allowing some degree of foreign competition may be important to stimulate its domestic companies to increase their efficiency and competitiveness. But, foreign competition must not undermine the ability of India to grow its own solar industry.

Here's why we think India must be in the driver's seat when it comes to determining the future of its renewable energy industry, and what is at stake in this case.

First, the growth and success of India's solar industry is being undermined by the power of its coal industry, which receives enormous subsidies and enjoys strong political backing in India. One way to challenge the power of the fossil fuel industry in India is to successfully develop a viable domestic renewable energy industry. The use of domestic content rules is one way to develop a domestic solar industry with skin in the game, which is necessary to counter the power of the fossil fuel industry.

Second, the presence of strong renewable energy industries in multiple countries, including India, can help spur competition and innovation that can ultimately drive down the global price of renewable energy technologies in the medium and long-term.

Third, local content rules can help increase the political support for renewable energy programs by generating multiple local benefits, including new investment opportunities in a growth industry, opportunities for technological innovation, job creation, and new sources of tax revenue. For a country like India, with hundreds of millions of people still living in poverty, these added benefits are critical.

And fourth, because our planet is at stake. Our global climate will remain in peril if only some countries develop renewable energy industries while others continue to rely on fossil fuels. There is absolutely no question that in order to avoid catastrophic climate impacts, all countries must be seriously investing in renewable energy technologies and transitioning away from fossil-fuels now. The global solar industry has seen significant gains in the last few years. In 2012, more than 100 gigawatts of solar PV were installed worldwide, breaking new records. Now is the time to encourage countries to keep developing their domestic solar capacity in order to tackle the climate crisis, not to slow this process with trade disputes.

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'Reconsider decision to drag India to WTO on solar energy'

PTI

Washington, 20 March 2013: A dozen odd eminent American and international organisations have asked the US to reconsider its decision to drag India to WTO over solar energy policy.

In a letter to US Trade Representative (USTR) today, these organisations have said that dragging India to World Trade Organisation (WTO) related to local content in solar panels would not only undercut New Delhi's effort to reduce poverty, but also detrimental to developing a solar energy industry.

"We are troubled that climate policy may increasingly be determined by the WTO and similar arenas based on unfair or inappropriate trade law, rather than on climate science and the real world necessities of building a green economy," these organisations told the USTR.

"We urge the United States to agree to a solution that allows India to support and build its domestic solar industry, just as we do at home," said the letter signed by 12 organisations.

The organisations are 350.org, Action Aid USA, Center for Biological Diversity, Center for Food Safety, Center for International Environmental Law, Earth Day Network, EcoEquity, Friends of the Earth US, Global Exchange, Greenpeace USA, Institute for Policy Studies, Global Economy Project and Sierra Club.

Regarding the case brought by the US at WTO challenging domestic content rules and subsidies in India's national solar programme, the Jawaharlal Nehru National Solar Mission (JNNSM), the letter said challenging this programme undercuts India's efforts to pursue appropriate economic development and reduce poverty and to take urgently needed steps to tackle the pressing and shared challenge of climate change.

"We understand that the Office of the US Trade Representative is concerned about the expansion of India's domestic content rules to thin film solar technologies, which currently comprise the majority of US solar exports to India," it said.

While it is critical to support and build a US solar industry, the development of US solar industry should not come at the expense of India's ability to develop its solar industry, the organisations added.

"Domestic content rules have been a vital policy tool used to foster, nurture, and grow new industries throughout history and can be used today to build and support renewable energy industries.

Particularly in the context of the substantial challenges posed by climate change-- most recently highlighted by President Barack Obama in his inaugural and State of the Union addresses--it is critical that countries have every tool at their disposal to transition to clean renewable sources of energy, such as wind and solar power," the letter said.

India's ability to grow a domestic solar industry is critical for several vital reasons, the organisations said in the letter.

"First, the development of a viable domestic renewable energy industry is a way to increase the share of the energy market available to renewable energy. Currently, the energy market in India, and the financing available to it, is dedicated to fossil fuels.

"The use of domestic content rules can play an important role in developing a domestic solar industry and in diversifying the country's energy portfolio," it said.

"Second, domestic content rules can increase political support for clean energy programmes by generating local benefits such as new investment opportunities and green jobs.

"Ensuring that a significant proportion of these benefits remain in India is critical not only to addressing climate change, but to reducing poverty in India," the letter said.

"Finally, and most important, the ability of India to grow a domestic solar industry is critical to global efforts to tackle climate change. Our global climate will remain in danger if only some countries develop renewable energy industries while others continue to rely on fossil fuels.

"In order to avoid catastrophic climate impacts, all countries must urgently be investing in renewable energy technologies," it said.

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India to give first submission to WTO dispute body

Amiti Sen, Business Line (The Hindu)

New Delhi, 1 April 2013: India will put on record its arguments against the penal duties imposed by the US on hot-rolled steel from the country in its first submission to the Dispute Settlement Panel of the World Trade Organisation (WTO) on Tuesday.

The countervailing duties, which are as high as 500 per cent in some cases, affect all major Indian steel producers including Essar, Jindal, SAIL and Tata, who have not been able to export hot-rolled steel to the US for the last few years.

The panel will give its initial report after two rounds of submissions are made by both sides. "We are trying to be convincing in our arguments at the submissions stage itself so that the panel doesn't find it difficult to make up its mind when it is time for the panel report," a Commerce Department official told *Business Line*.

The US imposed countervailing duties – a levy to neutralise subsidised exports – on hot-rolled steel from India on the grounds that the public sector NMDC supplied iron ore to Indian steel companies at subsidised rates.

India has rubbished the claims and stated that the prices charged by NMDC were purely market-driven and were comparable to the prices at which it exported iron ore to South Korea and Japan.

"We have the required data with us to prove our case. All this will be included in the submission," the official said.

There is some way to go before the dispute settlement panel arrives at a decision. After two rounds of submissions, there would be interaction with both parties that could also include third parties interested in the dispute as well as experts.

The process could take up to nine months, following which an interim report would be released which would be finalised after another round of discussions with India and the US.

If US is found guilty, it would be asked to withdraw the duties within a time-frame failing which India would be free to penalise it by imposing higher duties on items imported from that country.

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India Reports Jump in InvestigationsOf Antidumping, New Duties on Imports

Daniel Pruzin, WTO Reporter

Geneva, 4 April 2013: India has reported a sharp rise in new antidumping investigations and new antidumping duties targeting imported goods, with most of the measures directed at imports from developing countries.

In its latest semiannual notification circulated to World Trade Organization members March 27, India reported the initiation of 13 new antidumping investigations over the second half of 2012, up from seven new investigations during the first half of the year. Ten of the new investigations targeted imports from developing countries.

In its most recent report to the Group of 20 leading economies issued Oct. 31, the WTO noted that the initiation of new Indian antidumping investigations had been trending downward, with four initiated between May and September 2012, compared to eight over the previous six-month period.

However, nine of the 13 new Indian investigations over the second half of 2012 were initiated in the final quarter of the year, with four in December alone.

Four of the new second-half investigations targeted imports from China, with two investigations each aimed at imports from Taiwan and the United States. Additional investigations were initiated against imports from the European Union, South Korea, Malaysia, Mexico, and Thailand.

Solar Cells and Cast Aluminum Alloy Wheels Targeted

More than half of the new Indian investigations targeted imports of two products—solar cells and cast aluminum alloy wheels.

Along with the United States, India has traditionally been one of the most prolific users of antidumping measures to protect domestic producers against what authorities have determined to be unfairly priced imports.

India also reported that 21 final new antidumping measures were imposed in the second half of 2012, up sharply from the eight new measures imposed in the first half of the year. Fifteen of the new duty orders targeted imports from developing countries.

Four of the new duty orders targeted imports from China, while three were levied on imports from the European Union. Two additional measures apiece were imposed on imports from Iran, South Korea, and the United States.

Additional duty orders were imposed on imports from Indonesia, Israel, Japan, Kenya, Pakistan, Taiwan, Thailand, and Ukraine.

Seven of the new duty orders were imposed on imports of soda ash, with four measures targeting imports of melamine. Three measures apiece were imposed on imports of stainless steel cold rolled flat products and phthalic anhydride.

India now has 227 antidumping duty orders in force, with 79 measures, or more than a third, targeting imports from China. Other main targets of the Indian duties are: South Korea and Thailand (18 each), the

European Union and Taiwan (17 each), and Japan and the United States (nine each).

Fourteen Indian antidumping duty orders were terminated in the second half of 2012, up from five during the first half of the year. Included among these measures were two duty orders each targeting imports from Malaysia, Singapore, South Korea and Taiwan.

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Green Groups Urge U.S. to Back Off Indian Solar Trade Case

Doug Palmer, Reuters

5 April 2013: U.S. environmental groups are pressing President Barack Obama's administration to back off a World Trade Organization case against India they say threatens the ability of the world's second most populous country to cut greenhouse gas emissions.

"We're really worried about this proliferation of trade cases on renewable energy," Ilana Solomon, trade representative for the Sierra Club, said in an interview on Thursday.

"With the climate crisis upon us, governments should have every tool at their disposal to incentivize renewable energy" and cut use of fossil fuels, Solomon said.

The U.S. Trade Representative's office in early February asked India for WTO consultations on its national solar program, the Jawaharal Nehru National Solar Mission.

That programme, launched in 2010, appears to discriminate against U.S. solar equipment by requiring solar energy producers to use Indian-manufactured solar cells and modules and by offering subsidies to those developers for using domestic equipment instead of imports, the USTR said.

That violates a core WTO principle that requires countries to treat foreign goods and services the same way they treat domestic goods and services, U.S. trade officials have said.

With the formal 60-day consultation period ending on Sunday and no sign of a deal, USTR could soon ask for a WTO dispute settlement panel to hear its complaint.

Andrea Mead, a spokeswoman for the USTR, declined to comment on the trade office's next step, but said there were better ways for India to support its solar energy sector.

"Countries have a wide range of policy tools available to promote increased reliance on clean energy that are far more effective than local content rules, and that do not unfairly discriminate against U.S. workers and businesses," she said.

The Sierra Club, Greenpeace USA and ten other environmental groups sent a letter in March to acting U.S. Trade Representative Demetrios Marantis expressing "deep concern" about the case.

"We urge the United States to agree to a solution that allows India to support and build its domestic solar industry, just as we do at home," the groups said.

India has argued that its solar policy measures are legal under WTO government procurement rules that permit countries to exempt projects from non-discrimination obligations.

But cases challenging local content rules have received a boost since the WTO ruled against Canada's requirements for a green energy plan in Ontario province. Canada has appealed that case, brought by Japan and the EU.

"There's a problem with the existing WTO rules from our perspective," Solomon said. "It is very difficult to design a program with domestic content rules at this point, despite the fact that domestic content rules have been used by industrial countries throughout history to develop new emerging industries," she said.

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WTO's dispute panel to take up India-US poultry row

Nayanima Basu, Business Standard

New Delhi, 12 April 2013: India and the US have finally brought the imbroglio over poultry imports to the doors of the World Trade Organization's (WTO)'s dispute settlement body (DSB), a year after the US filed a complaint accusing India of violating global trading rules.

A consultation process that ended in December 2012 failed to reach a solution. "The US was not satisfied with the consultations. Now, the case has started formally. We are very clear on our position. This is a matter which concerns public health and safety. We are going to retaliate very strongly," a senior commerce department official told Business Standard.

According to WTO norms, after a complaint is filed, consultations are held between the two sides involved. If a settlement is reached, the case is dismissed. However, if consultations fail, both sides are asked to form a panel, after which the case is initiated.

India had imposed a ban on importing chicken legs from countries that had recorded cases of avian influenza. The decision was based on a notification issued by the Department of Animal Husbandry last year. The notification stated the import of poultry products would be restricted from countries that had cases of avian influenza, even if those were under the low-pathogenic category (not serious). However, the notification was country-neutral and didn't mention the US separately.

Till September 2011, the US had recorded low-pathogenic cases.

The notification was termed unscientific by the US; it accused India of violating sanitary and phytosanitary measures. In its complaint, the US said India had imposed a non-tariff barrier on its imports. The Indian poultry industry was apprehensive of the fact that cheaper poultry products from the US might affect its business, as it would be compelled to revise prices, the US said.

Another trade dispute between the two countries, one concerning a solar programme, is yet to be taken up by the DSB, as the consultation process for the dispute has just been concluded. "Now, it is the US that has to decide whether it wants to seek a panel or is satisfied with our explanation," the official said.

Early this year, the US had filed a complaint against India at the WTO, alleging discrimination against American products by India's National Solar Mission. It said under the programme, India was discriminating against US solar equipment manufacturers by offering subsidies to those who procured cells locally.

In March 2012, the US commerce department had imposed countervailing duties of 286 per cent on specific steel rods imported from India, arguing these products were heavily subsidised and, therefore, led to an unfair pricing mechanism. After consultations in this case failed, the issue was taken up by DSB. However, the US has asked for more time to structure its case. India had already informed WTO the US had arbitrarily imposed countervailing duties on its steel products, as the steel manufacturers' lobby in the US wasn't able to compete with India's competitive pricing, the official said.

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India Targets More U.S. State Renewable Energy Programs

Daniel Pruzin, WTO Reporter

Geneva, 19 April 2013: India has identified an additional four U.S. state programs for the promotion of renewable energy that it says might be offering illegal subsidies in violation of World Trade Organization rules.

In a communication circulated to WTO members April 18, India said it was "concerned" that solar energy incentive programs in the states of Delaware, Minnesota, Massachusetts, and Connecticut "have provisions relating to local or domestic content requirements which raises issues of consistency with Article 3.2 (and) Article 3.1 (b)" of the WTO's Agreement on Subsidies and Countervailing Measures (SCM).

India said there were also "issues of consistency" with the WTO's Agreement on Trade-Related Investment Measures (TRIMs) and the General Agreement on Tariffs and Trade.

Two provisions of the SCM Agreement prohibit WTO member countries from providing subsidies contingent on the use of domestic over imported goods.

India's latest claims follow accusations circulated April 17 that incentive programs for the renewable energy sector in the states of Michigan and California and the cities of Los Angeles and Austin, Texas, may also be illegal under WTO rules because of domestic content requirements (75 WTO, 4/18/13).

India also charged April 17 that water utilities in South Carolina, Pennsylvania, West Virginia, and several New England states have been mandating domestic content for equipment use in water projects.

The Indian accusations come in the wake of a U.S. decision Feb. 6 to initiate WTO dispute proceedings to address what Washington charges are illegal domestic content requirements in India's national solar energy program (26 WTO, 2/7/13).

Dispute Follows Ontario Violations

In a separate complaint filed by the European Union and Japan, a WTO dispute panel ruled Dec. 19 that domestic content requirements in the Canadian province of Ontario's Feed-In-Tariff (FIT) program violated WTO rules (244 WTO, 12/20/12). The program requires renewable energy producers to meet a "Minimum Required Domestic Content Level" in the development and construction of electricity generation facilities.

Canada has appealed the ruling; a decision from the WTO's Appellate Body is due by May 6.

India asked the United States to provide information regarding the programs in Delaware, Minnesota, Massachusetts, and Connecticut as well as to provide information on any state, regional or local level renewable energy programs providing incentives contingent upon compliance with domestic content requirements.

The Indian claims are due to be raised at the next meeting of the WTO's SCM committee scheduled for April 22.

India notes that Delaware's Solar Renewable Energy Credits program grants energy suppliers an additional 10 percent credit toward meeting mandated requirements if at least 50 percent of the cost of the renewable energy equipment is sourced in the state.

Minnesota's Xcel Energy-Solar Rewards Program and MN Made PV Rebate Program require that solar photovoltaic module qualifying for incentives be manufactured in the state. Likewise the Commonwealth Solar II Photovoltaic Rebate Program in Massachusetts conditions the granting of rebates on solar modules being manufactured by a company with a “significant” Massachusetts presence.

Connecticut's Residential Solar Investment Program allows the state's Public Utilities Regulatory Authority to provide additional incentives for the use of major system components manufactured or assembled in Connecticut, India added.

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U.N body calls for balanced 'social benefit' IP regime

The Hindu

Istanbul, 24 April 2013: The World Intellectual Property Organisation (WIPO), a United Nations body, has pointed out the need for a second interpretation of global intellectual property law, one that balances social benefit with the need to protect investment.

This balancing could help reconcile the differences between developing nations such as India, and the concerns of multi-national companies and developed nations, according to Francis Gurry, Director-General of the WIPO.

“I think there are two definitions of intellectual property. One has been defined by the need to innovate, and, therefore, the need to protect investment. The second way is that it should not solely be about protecting the interests of investment, but instead should be about balancing social benefit with the whole mix,” Dr. Gurry told The Hindu here on Wednesday.

He was here to attend the 7th Global Congress on Combating Counterfeiting and Piracy.

Dr. Gurry’s comments come at a time when the Supreme Court’s recent decision to deny Swiss major Novartis a patent extension for cancer drug Glivec has prompted some multi-national drug firms to re-think their India research and development investments.

Replying to a query, Dr. Gurry said that there could be a shift towards a social benefit intellectual property regime at some point in the future.

“While I don’t want to comment on the Novartis decision, I think that, yes, an intellectual property regime that balances social benefit perhaps could be in the offing. In the end, it is basically a problem of variance in purchasing power between countries. There is a global market, but no global consumer as of yet,” Dr. Gurry said. “In the end, the right balance must be found repeatedly. We will have more and more situations like Novartis in India, and we must see how IP can not only be about protecting investment, but also social benefit,” Dr. Gurry added.

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WTO panel seeks talks on new issues, end of sops for developing nations

Sidhartha, The Times of India

Geneva, 25 April 2013: A panel appointed by the World Trade Organization (WTO) chief Pascal Lamy on Wednesday recommended sweeping changes, including special treatment for developing and poor counties, pushed for inclusion of new issues such as investment, currencies and climate change in the multilateral body's programme, besides reiterating the need to conclude the Doha Round talks.

It has also suggested that the existing system of across-the-board flexibility to developing and poor countries be replaced with a needs-and-capacity-based approach that could be time-specific. This may result in countries such as India getting the same treatment as the developed countries.

Indian officials immediately attacked the report saying it is not in the country's interest. "It is not WTO's report. It is WTO director general's (Pascal Lamy) report. We will oppose the proposals," said an official.

Others too opposed the move with some going to the extent of accusing the panel of pushing the rich nations' agenda.

Lamy, however, backed the suggestions. "It offers food for thought to members on what they should do in the medium to long-term."

If the recommendations are accepted, the bilateral trade deals, which have mushroomed in recent years as the Doha Round talks have made little progress, would be impacted. "The multilateral system will remain deficient until a real set of disciplines is established to facilitate convergence of PTAs (preferential trade agreements) with the multilateral trading system," the report said.

In other words, it could mean that countries such as India that cut import duty on cars or wine and spirits under a trade pact with, say, the European Union (EU), would allow the import of the products on payment of same customs duty from all WTO member countries.

The change in the trade architecture is meant to check PTAs becoming the dominant way of doing business. After all, there are 300 such agreements that the 159 WTO members have signed and several are under negotiation. On an average, any member belongs to 13 separate PTAs and is negotiating at least one agreement.

For Indian policymakers the new issues that are currently "no go" areas are a bigger concern. The panel has given a list of nine areas - competition policy, international investment, currencies, trade finance, labour, climate change, corruption and integrity, Aid-for-Trade and international economic rules - that it believes are relevant to the global trading system. Some the of the developed countries such as EU members had earlier tried to get subjects such as competition, investment, environment and labour into the Doha Round talks but had to back off after India managed to hold its ground vetoed their inclusion.

In fact, the panel has now suggested that the consensus model, so far followed in global trade negotiations, be tweaked and countries be asked to specifically state the reason for their opposition to an issue.

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WTO panel wants large developing countries to open up market more

Amiti Sen, Business Line (The Hindu)

Geneva, 25 April 2013: India‟ s rights as a developing country to take on lower market opening commitments than developed country members at the World Trade Organisation could be challenged if a report of an expert panel questioning the flexibilities is accepted by all members.

New Delhi, however, will not accept the contents of the report as it "went against the interests‟ ‟ of the country, an Indian Government official told *Business Line*.

Developed countries essentially want countries such as India and China to undertake deeper tariff cuts to make their markets more accessible to developed countries.

The report on "Defining the future of trade," prepared by a group of 12 independent experts, also suggests inclusion of new issues in multilateral trade talks earlier rejected by developing countries like India such as investment, competition policy, trade finance, labour, climate change and trade and even corruption and integrity.

"There is nothing in the report of interest to us. Why should we endorse it?" the Indian official said. The report launched on Wednesday stresses that it is time to embrace a new perspective on managing reciprocity and flexibility.

"Flexibilities should be based on needs and capacities and should target specific challenges and not focus only on categories of countries," it said.

Although the threat is not immediate as the new flexibility norms and issues are being proposed only for fresh negotiations, but it may be a signal of how things could shape up in future.

The main problem that has led to the deadlocked Doha Round of the WTO is the feeling amongst developed countries that they have not been able to extract enough market opening commitments from large developing countries such as India, China and Brazil because of the less than full reciprocity clause of the WTO. Led by the US, several developed countries claimed that unless the large developing economies offered more market access to them, a deal was not possible. These countries argued that the large developing countries need to be treated differently from the smaller and more vulnerable developing countries.

This view has been, to a certain extent, endorsed by the report compiled by the group of experts handpicked by WTO Director-General Pascal Lamy that includes businesses, consumer groups, research organisations and also a labour body.

The D-G, however, pointed out that the suggestions in the report were not a solution to conclude the Doha Round that was launched over 11 years ago.

“This report is not a quick-fix to conclude the Doha Round. This is to provide food for thought to WTO members and many stakeholders of the multilateral system,” Lamy said.

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Little support for pharma MNCs on patent issue

Sidhartha, The Times of India

Geneva, 27 April 2013: Multinational drug companies that are complaining against the Indian government and patent authorities using flexibilities under the World Trade Organisation's Agreement on Trade Related Aspects of Intellectual Property rights are finding little support in the international community.

WTO director Pascal Lamy told TOI in an interview that despite the recent debate following the Supreme Court ruling upholding the Indian Patent Office's decision against a patent for Novartis anti-cancer medicine Glivec, there was no question over the law.

Terming the judicial decision as "independent" review, Lamy said, "It's a decision taken by the judiciary and it's independent. The flexibilities are there and they have never been questioned by anyone in the WTO. After all, they all agreed. The question was not on the rule and they are structured specifically to provide access to medicines."

The statement will come as good news for Indian government which had come under attack from Big Pharma, although it maintained that the decision was in line with the Indian patents law and was aimed at checking "evergreening" and keeping drug price affordable.

Data shows that the MNCs may be making unnecessary noise as Novartis alone had received close to 150 patents in India, while Roche topped the list of medicine patents that add up to over 160.

In fact, the other decision related to grant of compulsory licence or waiving the patent rights for Nexavar, a renal cancer medicine, produced by Bayer Corporation had earlier generated more heat.

But the Patents Office and the Indian government had justified the move saying local player Natco Pharma will sell the same medicine for as low as Rs 8,000 compared to Bayer's patented drug that costs over Rs 2.8 lakh.

Officials said that foreign governments are under pressure from the civil society that are backing cheaper drugs to help fight dreaded diseases such as AIDS and cancer and India is seen to be at the forefront of the fight.

Following, Natco's victory, there is demand for issuing compulsory licence for at least three other cancer drugs.

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‘Lamy panel report ignores development concerns’

The Indian Express

29 April 2013: In the context of fresh position papers being crafted for the World Trade Organization, a significant development is the panel formed by Pascal Lamy, DG WTO, to examine challenges for international trade in the 21st century. Its report recently issued, contains many recommendations that could adversely impact developing countries like India. *Abhijit Das, Professor & Head, Centre for WTO Studies at the Indian Institute of Foreign Trade*, New Delhi talks to The Indian Express on the issues.

How do you evaluate the Lamy Report?

Overall, the report lacks balance and is not development friendly. It has gone against the known positions of a large number of developing countries on many issues. Instead, it has chosen to project the views of developed countries on most of the issues. Its silence on how to address the biggest challenge confronting the WTO — successful and balanced conclusion of the Doha Round — raises questions about the relevance of the panel. It is unlikely to see any convergence of support among WTO members in favour of its recommendations.

What are the key recommendations of the report?

From the perspective of developing countries, perhaps the most troubling aspect is that it effectively suggests review and modification of WTO rules with a view to curtailing special and differential treatment provisions that favour the developing countries. Many of these rules were a result of hard bargaining during the Uruguay Round of trade negotiations. Many developing countries acquiesced to taking on onerous obligations as they had the assurance of some flexible treatment. Rewriting these rules would not only change the existing rights and obligations of WTO members, but also reinforce the perception that development considerations have little space in the WTO. While delineating the agenda for trade reforms in a changing world, the report recommends establishing labour standards along international value chains. Implementing this recommendation would erode the price competitiveness of developing countries. It would provide yet another instrument to the developed countries to block competitive exports from developing countries.

The report calls for involving NGOs. Your views.

The report forcefully argues that the WTO should engage more directly with NGOs as this would result in better informed decisions. Now this is fraught with considerable risk. This process would result in promoting NGOs who have the financial wherewithal to participate in such an engagement, excluding many in developing countries. There could also be a tendency to cherry pick NGOs known for articulating the views of the donor agencies of developed countries. These factors could severely disadvantage developing countries in the proposed dialogue and consultation process.

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India says US cannot point fingers on local input norm

Amiti Sen, Business Line (The Hindu)

New Delhi, 2 May 2013: In a move to counter the US gripe against compulsory local sourcing for solar projects, India is digging up cases where American states have mandated domestic sourcing.

At a meeting earlier this week of the WTO Committee on Trade Related Investment Measures, India said water utilities in many US states — South Carolina, Pennsylvania, and West Virginia among others — have made domestic sourcing of ductile iron pipes and fittings compulsory for use in water projects.New Delhi's charges come two weeks after it sought clarifications from the US at a WTO subsidies committee meeting on local content requirements in renewable energy programmes in Michigan, California and Texas.

India's arguments can play a decisive role in the case the US has lodged against India at the WTO for making it compulsory for all investors in programmes under the National Solar Mission to buy some of the inputs locally.

"It is appalling that the US has raised a dispute against India for local content mandate when it has been using it for so long in multiple areas. New Delhi has patiently prepared its case against all such instances and will now fire from all sides," a Government official told *Business Line*.

Ironically, at the moment India does not have much commercial interest in the areas where the US has set local content norms, but removal of restrictions could open new vistas for business.

"We are mainly trying to point out to the US that we are not the only ones trying to encourage domestic industry through local content norms. It is hypocritical to point fingers at us when they are doing the same," the official said.

India asked the US to explain how these measures could be considered consistent with the TRIMs Agreement that prohibits sourcing restrictions without ample justification.

Interestingly, the US has used the same argument in its case against India for domestic sourcing under the Jawaharlal Nehru National Solar Mission. The Mission, which seeks to promote use of solar energy and also build local capacities, made it compulsory under the first phase for all investors to use solar modules manufactured in India and source 30 per cent of the inputs locally.

India's defence is that since the power will be purchased by an arm of public sector NTPC, it qualified as government purchase and was, therefore, exempt from the TRIMs rules.

The US, however, is determined not to allow India to extend the domestic sourcing norm to solar thin films (exempt so far) in its second phase as American companies are major suppliers of thin films for solar projects in the country.

"Once a larger debate on local content being mandated by various countries in different projects starts at the WTO, it will be easier for India to persuade the US to drop its case," the official said.

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India wants copyright laws eased for visually impaired

Anubhuti Vishnoi, The Indian Express

New Delhi, 13 May 2013: Home to one-fourth of the world's visually-challenged persons, India will play a key role in negotiating a historic international treaty next month that will ensure that the community's access to globally-published material is not stymied by rigid copyright rules.

The Extraordinary General Assembly of the World Intellectual Property Organization (WIPO) has called a diplomatic conference in June (17th-28th) 2013 in Marrakesh, Morocco, to conclude the WIPO Treaty for Visually Impaired Persons/Persons with Print disabilities.

The treaty holds the promise of ushering in a "more flexible copyright regime adapted to current technological realities" and would benefit over 300 million blind or visually impaired/reading impaired persons. The move is pertinent because majority of world's visually-impaired persons live in developing or least developed countries and only a small fraction of published material is available in accessible formats like Braille, audio books, large print formats and digital and assistive books.

The treaty aims to create a global framework to allow visually impaired persons access all published material in accessible formats freely or at a reasonable price. In May 2012, India brought in the Copyright Amendment Act that permits a visually impaired person to convert any book into accessible formats without copyright permission from publishers. India is now advocating that this level-playing field be extended worldwide. The proposal is likely to hurt global publishers.

The Union Human Resource Development (HRD) ministry will soon seek Cabinet nod for the terms on which it will negotiate the international treaty. "It is imperative that international publishers also allow free conversion of books to accessible formats as the bulk of technical books across subjects still come from the West. That apart, in this digital age, Braille alone is not the answer. Both India and Africa have been trying to get this through", said an HRD official.

The official said that while Europe and the US agrees with the idea, they want to bring in far too many conditions as they feel that unconditional access could lead to dilution of their copyright. "But bringing in too many conditions and limitations will only create hurdles and defeat our very purpose. The Morocco conference will be critical and will have to find a fine balance," the official added.

Dr Sam Taraporevala, Director, Xavier's Resource Centre for the visually challenged and Vice President Committee on Policy Intervention Daisy Forum of India, has already written to the HRD minister Pallam Raju requesting him "to ensure India plays a key role in signing and ratifying the treaty".

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India under pressure at WTO to phase out textile export sops

Amiti Sen, Business Line (The Hindu)

New Delhi, 16 May 2013: Pressure is mounting on India at the World Trade Organization (WTO) to pare subsidies and incentives given to its textiles sector.

The European Union and Japan have joined hands with the US and Turkey to demand that India stop giving fresh subsidies and gradually phase out the existing ones as the textiles sector had already achieved export competitiveness.

India, however, maintains that many of the subsidies identified by the US and others are not subsidies and merely a reimbursement of input duties. It said before the phasing out happens, there has to be a common understanding on what the subsidies are.

The issue came up for discussion at a recent meeting of the WTO Committee on Subsidies andCountervailing Measures.

“We agree that the textiles sector in India has achieved export competitiveness, as defined by the WTO. But, we have some time to phase out subsidies and many of the incentives given to the sector cannot be classified as subsidies at all,” a Commerce Department official told Business Line.

In an indirect reference to the new package of incentives announced for exporters in the Foreign Trade Policy last month, the US said it was concerned about press reports on India providing new subsidies to its textile industry.

Textile export is important for India’s economy as the sector is the largest job provider in the country. With the downturn in global trade reducing demand for exports, the Government has been providing several incentives to exporters.

Turkey said export subsidies by India had created unfair competition for Turkish textile industry. It urged India not to implement new programmes, and said it was ready to discuss this issue with the country.Japan and the EU also expressed concern and said that the matter had to be sorted out soon so that there was a check on subsidised exports.

The WTO allows countries with per capita income below $1,000 to give export subsidies till exports are lower than 3.25 per cent of world trade in that particular commodity. India’s share in the global market for textiles crossed the limit in 2007, according to WTO records, and is almost four per cent at the moment.

Since countries are given eight years to remove the subsidies, India has time till 2015 to do so.

“There is also no clarity over whether India actually crossed the threshold in 2007. We have to reach an agreement even on this,” the official said.

India’s garments exports in 2012-13 declined 12.23 per cent to $8.4 billion while exports of cotton yarn, fabrics and made-ups increased 10 per cent to $7.5 billion.

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India worried over WTO's verdict on Ontario solar case

Richa Mishra & Amiti Sen, Business Line (The Hindu)

New Delhi, 19 May 2013: The World Trade Organization's (WTO) recent ruling against Ontario‟ s domestic content requirements for renewable energy projects is setback for India, which is defending a similar case filed against it by the US.

But the country has not given up hopes of a favourable verdict, as it believes that the finer details of its case are different.

"Our situation is very different from Ontario‟ s. In our case, production is for Government procurement, which cannot be brought under WTO discipline. Besides, in phase-II of the solar mission, we propose to divide the 750 MW capacity put on offer into two. Some projects would mandate domestic content, and some would be open for use of imported products," a senior official from the Ministry for New &Renewable Energy *told Business Line*.

The Commerce Department, which represents the country at the WTO, is analysing the details of the Ontario verdict.

"We are at the moment going through the judgement as we want to be clear about how the WTO arrived at its decision. This will help us fight our case better," a Commerce Department official said.

In February, the US filed a complaint with the Dispute Settlement Body of WTO against domestic content requirement in the Jawaharlal Nehru National Solar Mission (JNSSM), which mandates that solar photovoltaic modules based on crystalline technology have to be sourced locally. As per WTO rules, members cannot impose such conditions on investors.

India has so far argued in the WTO that as the power produced under the mission will be bought by NTPC, a public sector unit, it amounted to Government procurement, which does not fall under the ambit of WTO rules.

India is not a signatory to the Government Procurement Agreement of WTO, a plurilateral agreement that has just a few countries as members.

The US is hopeful that by successfully fighting its case at the WTO, it will manage to foil India‟ s plans of extending the local content requirement to solar thin films, most of which are supplied by US companies, in the second phase of the mission beginning this year.

The Indian industry is, understandably, worried that removal of domestic content requirement could lead to foreign manufacturers benefiting from it at the cost of local producers.

"The core issue remains that any dilution of the domestic content requirement under the solar mission sets up perverse behaviour in the market place due to current global supply dynamics where value leaks out to exporters in the US and Asia," said Ajay Goel, CEO, TATA Power Solar.

Most Indian manufacturers continue to operate at less than 25 per cent capacity utilisation and incur huge losses.

In 2013, analysts expect there would be close to 1 GW worth of project installations in India, out of which only 10-15 per cent will use domestically made cells and modules, even though the domestic industry has a capacity to provide 100 per cent of these installations.

According to Raj Prabhu, CEO, Mercom Capital Group, India should amicably settle its dispute with the US and should help the domestic industry in other ways.

“The focus should be on creating a conducive investment environment with an eye on demand creation,” he added.

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Trade Restrictions on the Rise Among G-20 Members, WTO Warns

Bridges Weekly Trade News Digest

20 June 2013: Trade restrictive measures by the Group of 20 economies are once again on the rise, according to the latest monitoring report released by the WTO this week. The news comes just months after the organisation reined in its 2013 trade growth forecasts by more than one percentage point, in light of continued global economic uncertainty.

Monday's report, which covers the period between mid-October 2012 and mid-May 2013, is part of the organisation's effort to monitor G-20 countries' adherence to their post-financial crisis pledge to avoid resorting to trade protectionism.

The document is released jointly with the UN Conference on Trade and Development (UNCTAD) and Organisation for Economic Cooperation and Development's (OECD) report on investment measures. The three organisations have issued these two reports at roughly six-month intervals since September 2009.

Over 100 new trade restrictions

Despite having reaffirmed their commitment to refrain from raising or imposing new barriers to trade and investment at last year's leaders' summit in Los Cabos, Mexico, this latest report finds that G-20 countries have continued to implement trade restrictive measures, with over 100 such measures recorded in the last seven months.

During this period, trade remedy investigations accounted for 61 percent of all trade restrictive measures, with anti-dumping investigations and temporary tariff increases being the most prevalent.

Notably, 70 trade facilitation measures have been implemented since the last monitoring report. However, in the same time period, the share of trade-facilitating measures has decreased from 55 percent of all trade measures to 40 percent.

Moreover, only 19 percent of trade restrictions imposed since October 2008 have been eliminated, as compared to 21 percent last year, fuelling concerns that such measures are accumulating rather than dissipating.

Lamy: G-20 should "unlock the potential for trade " in time for Bali

The weakness of import demand within the EU, which previously accounted for 35 percent of all world merchandise imports in 2011, has had far-reaching repercussions within the international trade system. In total, imports of developed economies fell by two percent and imports of developing countries rose by two percent, leaving a zero percent overall growth in world imports in the second half of last year, according to the report.

Despite the worrying increase in G-20 restrictions, the report notes that the trade impact of import measures is only approximately 0.2 percent, indicating that countries have overall been successful in resisting widespread protectionism.

However, given the uncertain prospects for the global economy, WTO Director-General Pascal Lamy reiterated previous calls to G-20 governments to avoid "making matters worse" by adopting isolationist and trade-restrictive policies.

Instead, he said, governments should focus on "unlock[ing] the potential for trade to grow stronger" by ensuring a successful WTO ministerial conference in Bali this December, such as by clinching a deal on trade facilitation (for more on the Bali preparations, see related article, this issue).

"Trade can once again be an engine of growth and a source of strength for the global economy rather than as a source of instability and tension," Lamy said. "At this stage, the world economy needs all the help it can get, and trade is an important and viable option."

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Solar players upbeat over EU action against China

M. Ramesh, Business Line (The Hindu)

Chennai, 14 June 2013: Indian solar cell and module manufacturers are enthused by two developments in the last few days.

First, the European Union's action of imposing anti-dumping duty on solar panels imported from China has raised expectations that the Indian government will follow suit. (India has initiated anti-dumping investigations against companies in China, the US, Taiwan and Malaysia.)

Domestic content

Second, the Minister for New and Renewable Energy, Dr Farooq Abdullah, said on Wednesday that of the 750 MW to be tendered for bidding in Phase II of the National Solar Mission, 75 per cent would come under 'Domestic Content Requirement'— which means these solar plants will have to use locally produced modules.

"It was a pleasant surprise," said H.R. Gupta, MD, Indo Solar, a company that manufactures solar modules. Only a few days earlier, Gupta was lamenting about the sorry state of solar equipment manufacturers and how unfettered imports would ring the industry's death knell.

The Minister's statement about the 75 per cent DCR is yet to find mention in any policy document but the industry is enthused by the Minister's statement.

The Indian Solar Manufacturers Association had been demanding 100 per cent DCR in Phase II of the Solar Mission, but is now saying 75 per cent is not too bad.

"Some life will be brought back into the Indian industry," said Narender Surana, MD, Surana Ventures Ltd, both a manufacturer of modules and developer of solar projects.

Europe to rescue

Against this backdrop, developments in far away Europe have also brought cheer to the Indian industry. Last week, the EU imposed duties of 11.8 per cent on all Chinese solar panel imports for two months. From August 6, the duties go up to 47.6 per cent.

The European Trade Commissioner, Karel De Gucht, said that in his estimate "the fair sale price of a Chinese solar panel would actually be 88 per cent higher than the current price for which they are sold on the European market."

Surana feels that the EU action will result in European developers buying from India. "I am getting at least one enquiry each day," he said.

From the other side of the fence, Pashupathy Gopalan, Managing Director, SunEdison, a US-headquartered solar power company, says that mandated local purchase will raise the prices of solar power, "but if the government feels that that is the price to be paid for developing a solar manufacturing industry, so be it."

However, the government should be consistent in its approach, Gopalan feels. For instance, if the local content requirement is fixed at a level for a large capacity, then the industry will figure out how to deal with it. Gopalan also feels that solar power producers to buy locally produced modules, but the module manufacturers should be allowed to import cells.

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WTO refuses Indian request to throw out U.S. trade dispute

Reuters

Geneva, 1 July 2013: India has failed to persuade the World Trade Organization (WTO) to dismiss a trade complaint brought by the United States, according to a preliminary ruling published on the WTO's website on Monday. The United States launched the legal challenge at the world trade body in March 2012, contesting Indian restrictions on imports of poultry, pigs and related products. India says its checks on U.S. imports are justified by concerns about bird flu, but the United States argues the rules are a "disguised" illegal restriction on foreign trade and not backed by science. India tried to have the U.S. complaint dismissed on technical objections, including that the allegation was not precise enough and did not spell out the legal argument. But according to the preliminary ruling published on Monday, the WTO's adjudicators dismissed India's technical arguments, saying "there can be no uncertainty on India's part". This leaves the original U.S. complaint intact, with a ruling likely later this year. The WTO's decision strengthens the hand of the new U.S. Trade Representative Michael Froman, who told Reuters last month that growing trade problems with New Delhi would be a major early focus of his tenure. India and the United States are also at loggerheads over several other trade issues, ranging from fees charged on U.S. business visas to India's support for the solar power sector. Friction between the two countries is a major obstacle to a global trade deal being negotiated by all of the WTO's 159 members. The deal aims to slash red tape that is costing trade hundreds of billions of dollars a year.

The WTO hopes ministers will sign the agreement at a meeting in Bali in December, but the United States and India are championing rival visions for the future of trade reform, splitting the trade body's membership and making it hard to reach a consensus. The Bali deal is widely seen as the last chance to revive global trade negotiations after the failure of the Doha round of trade talks in 2011.

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WTO hearing on India-US poultry import dispute this week

Amiti Sen, Business Line (The Hindu)

New Delhi, 21 July 2013: India and the US are set to lock horns on the validity of import restrictions by New Delhi on poultry and poultry items from areas afflicted by the bird flu virus at the first panel hearing at the World Trade Organisation this week.

Senior officials from the Commerce Department and the Animal Husbandry Department, with a supporting team of top advocates, will give a presentation to the WTO Dispute Settlement Panel explaining why restrictions on poultry from areas afflicted with even mild strains of the avian infulenza virus were necessary to protect the country from the disease.

The decision of the panel will determine if India can continue restricting import of cheap chicken legs from the US – which poses a serious threat to the domestic poultry industry – citing bird flu fears. "Since this is the first panel hearing, we have to argue our case with conviction, as it would contribute hugely to the panels' final verdict," a Commerce Department official told *Business Line.*

The hearing on July 24-25, where both sides will present their case and answer queries, will be followed by a second hearing at the end of the year, after which the panel will give its draft report.

Once the draft report is discussed and argued by both sides, the panel will give its final judgement. The US had disputed India's decision last year for banning import of poultry and poultry products on unscientific grounds.

It had argued that the ban imposed on countries' reporting outbreaks of low pathogenic notifiable avian influenza had no basis in science and was not supported by the World Organisation for Animal Health. While there is no ban on import of chicken or poultry products from the US at the moment, there is a high risk of low-pathogen virus getting detected in one of its remote farms that would trigger the ban once again.

Because of the unpredictability of supply, Indian buyers are not willing to source US chicken despite the fact that it is available at less than half the domestic price.

According to estimates by the US poultry industry, including the National Chicken Council, National Turkey Federation and USA Poultry & Egg Export Council, the potential market in India for US poultry products is over $300 million a year.

India, on the other side, has argued that its restrictions were completely scientific and low pathogen virus also posed a serious risk.

The Animal Husbandry Department has worked on risk assessment studies for individual products to establish how the virus threatens different products at different levels.

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