

# India & The WTO

A MONTHLY NEWSLETTER OF THE MINISTRY OF COMMERCE AND INDUSTRY

VOL. 4 NO. 2

FEBRUARY 2002

## **DIPAK CHATTERJEE TAKES OVER AS COMMERCE SECRETARY**

Mr. Dipak Chatterjee, (IAS: West Bengal: 1966), has taken over on 1st February 2002, as Commerce Secretary. Prior to this, Mr. Chatterjee was Secretary, Department of Mines, in the Ministry of Coal & Mines and before that, Secretary in the Department of Chemicals and Petro-Chemicals. He had also worked as Additional Secretary and the Designated Authority for Anti-Dumping & Countervailing Duty Investigations in the Ministry of Commerce before moving to the Department of Chemicals & Petro-Chemicals. During his long career as a senior public administrator, Mr. Chatterjee had served in various capacities both at home and abroad. During 1989-91, he was with the Commonwealth Secretariat, London and had also worked as a Consultant with the Asian Development Bank, Manila. He has a rich and wide experience in policy formulation, management, planning, revenue and general administration as well as that of the financial sector, especially in the areas of External Debt Management, Plan Finance, Economic and Technical Assistance.

## **GOVERNMENTS SET NEGOTIATING GUIDELINES, POST-DOHA**

### **WTO/DG TO CHAIR TRADE NEGOTIATIONS COMMITTEE**

**W**TO Member Governments, assembled for the first meeting of the Trade Negotiations Committee (TNC) in Geneva have reached a broad agreement on the structure of the negotiations launched at Doha. They elected the WTO Director-General *ex officio* to chair the TNC. They also outlined the guidelines and procedures for the negotiations, which are scheduled to run until 1 January 2005.

The TNC agreed there should be seven negotiating bodies, on agriculture, services, non-agricultural market access, rules, trade and environment, geographical indications for wines and spirits under the agreement on Trade-Related Intellectual Property and reform of the Dispute Settlement Understanding. →

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Negotiations on agriculture, services, environment, TRIPS, and the DSU reform will all be conducted in Special Sessions of the regular committees and councils where these issues are discussed. New negotiating groups will be created for negotiations in non-agricultural market access and rules. **The TNC and all other negotiating bodies and groups will operate under the authority of the General Council, as mandated by Ministers in Doha.**

“This is another critically important step in maintaining the momentum the WTO generated with our success at the Doha Ministerial Conference, following closely on the heels of the prompt decision on the venue of the next Ministerial Conference, the approval of a significant increase in our budget and the re-deployment of some of the Secretariat staff,” said Director-General Mike Moore. “Over the course of the last two months or so Member governments have worked hard to give us the tools to carry out the instructions Ministers spelled

out in Doha last November. In establishing a sound basis for our work through these rules and procedures, governments have put in place the necessary framework for completing our negotiations within the tight deadline set by Ministers. Much work remains to be done, but governments have given themselves a fighting chance.”

Chairpersons for the other negotiating bodies and groups will be selected largely from WTO delegations based in Geneva. Those posts will be filled in the coming weeks.

Member Governments agreed that the negotiations would be conducted in the TNC and the other negotiating bodies in a transparent manner in line with the best practices established over the past two years. **The TNC will report to the General Council on its work and the work of the negotiating bodies and groups. It will monitor the calendar of meetings to ensure that, as far as possible, only one negotiating body meets at a time.**



## TRADE NEGOTIATIONS COMMITTEE MEETING : AN OUTLINE OF DECISIONS

As per the Doha Ministerial Declaration, the negotiations are to take place under the supervisions of Trade Negotiations Committee (TNC) which will function under the authority of the General Council. TNC met for first meeting on 28<sup>th</sup> Jan 2002 but got adjourned shortly after the statement by Chairman General Council. In the 1<sup>st</sup> February 2002 meeting of the TNC held in Geneva, the following structure for the future work programme has been adopted:

### ORGANISATION AND MANAGEMENT OF NEGOTIATIONS:

**TNC Chairperson:** WTO director-general in his official capacity (ex officio) until the end of the negotiations, set for 1 January 2005.

**Negotiating Groups:** The Trade Negotiations Committee agreed to constitute two new negotiating groups i.e. for **Market Access** for non agricultural products and WTO Rules (anti-dumping, subsidies, regional trade agreements). The following negotiations shall be carried out in the existing bodies:

- ◆ **Agriculture:** in special session of the Agriculture Committee.
- ◆ **Service:** in special sessions of the Service Council.

- ◆ **Geographical indications,** a multilateral registration system: in special sessions of the Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS). Other TRIPS issues given priority in regular TRIPS Council meetings.
- ◆ **Dispute Settlement Understanding:** in special sessions of the Dispute Settlement Body
- ◆ **Environment:** in special session of the Trade and Environment Committee
- ◆ Negotiations on outstanding implementation issues: in relevant bodies according to paragraph 12 of the Doha Ministerial Declaration.

The TNC also placed considerable emphasis on special and differential treatment (S&D) for developing countries in three ways. It affirms that this is an integral part of the WTO agreements. All negotiations and other aspects of the Doha agenda's work programme are to take this principle fully into account. And all special and differential provisions are to be reviewed to make them more precise, effective and operational. To this end:

- ◆ Review of all special and differential treatment provisions: in special sessions of the Trade and Development Committee.

## **PRINCIPLES AND PRACTICES**

TNC also adopted principles and practices for the Committee and the negotiations. These are summarised below:

**General Council authority:** The Trade Negotiations Committee comes under the authority of General Council. The committee and the other negotiating bodies are therefore not a parallel structure. The General Council remains responsible for the whole work programme agreed at the Doha Ministerial Conference, and for preparations for all Ministerial Conferences.

**Transparency and process:** The Doha Declaration says the negotiations should be transparent among all members and should allow all members to participate effectively. In order to achieve this, the committee will follow “best practices established over the past two years” on internal transparency. Briefly, this required all members to have an opportunity to debate their views in informal consultations, and to follow informal consultations through frequent reporting back to meetings of the full membership. In addition, the minutes of the Trade Negotiations Committee and the other negotiating bodies are to be circulated quickly in all three official languages (English, French

and Spanish). And the WTO Secretariat is to make sure all information about the negotiations reaches delegations with small missions and those without missions in Geneva, quickly and efficiently.

**TNC role:** The Trade Negotiations Committee is to monitor and supervise the timetable of all negotiations meetings so that the schedule takes into account the constraints of smaller delegations. As a guideline, on more than one negotiating body should meet at the same time.

The committee should also clarify which WTO bodies should handle outstanding implementation issues under paragraph 12 of the Doha Declaration.

**Chairpersons of the TNC and negotiating bodies:** All Chairpersons must be impartial and objective, working according to the mandate that ministers conferred. They should aim to achieve consensus and produce consensus texts wherever possible. They should encourage transparency and inclusiveness in decision-making, taking into account the WTO’s character as an organisation of governments with decisions taken by members. Their reporting to supervising bodies should reflect consensus – if that is not possible, it should reflect different positions on issues.



## MONTHLY REPORT ON MULTILATERAL TRADE ISSUES AND DEVELOPMENTS (JANUARY 2002)

### ◆ **Trade Negotiations Committee Meeting: 28/1/2002**

The Chairman, General Council, informed members that progress has been made in his consultations and that some members would prefer understanding on all the items of the agenda. He conveyed his intention to continue consultations and adjourned the meeting, which was very short.

### ◆ **Committee on Trade in Goods (CTG) – Second major review of Agreement on Textiles & Clothing (ATC) implementation**

The interim chair of the CTG held an informal consultations with select textiles exporting countries to discuss the second major review exercise currently underway. The representatives of Hong Kong China, Pakistan, Guatemala and Brazil outlined the importance of CTG review. It was underlined by all delegations that CTG review should not just replicate Textiles Monitoring Body (TMB) recommendations and that it should pronounce clearly on issues raised by the restrained countries. India also underscored that CTG makes an overall assessment of the ATC implementation and takes suitable decisions to restore this balance. The TMB's report and draft points for possible conclusions prepared by the former chair of the CTG could be a basis for further consultations among members.

### ◆ **Dispute Settlement Body Meetings**

The special Dispute Settlement Body (DSB)

meeting held on 29/1/2002 adopted the DSU Article 21.5 panel and Appellate Body reports on *US – Foreign Sales Corporations* (DS108). Thus, US was requested to bring its FSC Replacement Act into conformity with its WTO obligations. Apart from EC, US, Canada, Australia, India made a statement on this.

Special DSB meeting on 18/1/2002 agreed to Chile's second time request and established a panel to examine *Argentina's safeguard measures on import of peaches* (DS238). DSB considered EC and Japan's and EC's requests seeking authorisation to suspend concession and obligations against US for lack of compliance of DSB rulings by US in the *1916 Anti-dumping Act* and *Copyright Act* disputes, respectively. However, as the US formally questioned the level suspension as well as the principles thereof, DSB referred the matters to arbitration under Article 22.6 of the DSU.

### ◆ **Panel Meeting**

The Panel on *US – Anti-dumping and Countervailing Measures on Steel Plate from India* (DS206) held oral hearing of parties and third parties in Geneva on 23<sup>rd</sup> & 24<sup>th</sup> January, 2002. We are complainants against US. We made oral statement countering US arguments made in its first submission to the Panel. US as well as Chile and EC also made oral statements. Panel asked several questions on legal interpretation of Article 6.8 and Annex II of

AD Agreement, conformity of US law (and practice) and its application in this particular case and verifiability, difficulties etc., with SAIL's US sales data.

◆ **Trade Policy Review Body**

The TPRB has conducted the second Trade Policy Review of Pakistan on 23<sup>rd</sup> and 25<sup>th</sup> January, 2002. Members expressed appreciation for the continued, successful implementation of the Economic Revival Programme that was launched to address Pakistan's economic and other impediments to sustained growth. In this context, they noted the major market-driven measures adopted by Pakistan to liberalise trade and investment regime. Members encouraged continuation of the privatisation process. In addition, Members noted the size of Pakistan's external debt and voiced some concern over the persistently narrow production/export base on the grounds that Pakistan's long-term growth depended on export diversification. At the same time, however, it was pointed out that such diversification depended on other Members' willingness to open their markets further to Pakistan's exports. Both in the advance written question and in the oral statement, India raised the issue of denial of MFN treatment by Pakistan to exports from India. While Pakistan promised to send a written reply and pointed out that its action was well within the WTO rules, India reiterated its view that the action by Pakistan was inconsistent with the GATT rules. India also wanted to know the time frame by which MFN status would be granted to India.

The TPRB has conducted the first Trade

Policy Review of Guatemala. The Members supported Guatemala's ongoing modernisation and liberalisation efforts and acknowledged the progress made since the signing of the Peace Accords in 1996. The Members recognised the efforts undertaken to improve social and economic conditions and encouraged the authorities to maintain and strengthen the policies that have helped in the improvement. The Members commended Guatemala for its active participation in the multilateral trading system, and sought questions on its participation in Free Trade Agreements. The Members recognised the problems faced by Guatemala as a small economy and asked for details of its technical assistance needs.

◆ **Advisory Group Meeting held by DG/WTO**

The Advisory Group consists of some leading economists from all over the world selected by the DG/WTO to discuss various WTO related issues. From India, Prof. Jagdish Bhagwati and Dr. Manmohan Singh are members of the Advisory Group. At the first meeting of the Group, held on 15 January, only Dr. Bhagwati attended from India. The discussions related to the post-Doha agenda and governance issues. On governance issues, the main thrust of discussions was that the WTO was slow moving and that different methods of governance need to be found to speed up work. India strongly asserted that the WTO in fact moved faster than other international organisations, that there were different levels of development and skills within the organisation that need to be taken on board and that the present system of

decision based on consensus has worked reasonably well until now and that there was really no need for change.

◆ **Working Group on Trade & Investment (WGTI)**

WGTI meeting was held informally to discuss technical assistance and capacity building programme in the area of investment pursuant to Article 21 of the Doha Ministerial Declaration (DMD) on 30<sup>th</sup> January, 2002. A background note outlining proposed activities was circulated by the Secretariat at the meeting. The representative of UNCTAD was also present at the meeting. It was agreed that **UNCTAD and WTO Secretariat would be working together for implementing any technical assistance programme in the area of investment in view of the vast expertise of UNCTAD in this area. While affirming their commitments for supporting technical assistance and capacity building in the area of investment, the delegations of EC, Japan, Canada underscored the need for early identification of the specific needs of developing countries and LDCs for technical assistance in the area of investments. Besides India, the interventions of Delegations from other developing countries (Egypt, Indonesia, Morocco, Cuba) focused on the need for enhanced technical assistance and capacity building which would enable them to understand the implications of any multilateral cooperation for their development policies and objectives (para 21). Some delegations stated that**

**they would be presenting their specific requirements shortly. Some of the areas where analytical studies should be undertaken by the UNCTAD/WTO were also highlighted.** The next informal meeting of the WGTI is proposed in the second week of February.

◆ **Working Party on the Accession of the Russian Federation to the WTO**

The state-of-play in bilaterals of various members was reviewed, followed by a detailed question and answer session covering all areas of Russia's foreign trade regime, based on additional documentation provided by Russia. Towards the next steps for the Working Party, it was agreed that the Secretariat will prepare the first draft Working Party Report by end-March 2002. This will be discussed in an informal meeting of the Working Party scheduled for 23-24 April 2002. Thereafter, the Working Party will intensify its process, and work in longer sessions as was done recently for China, starting with a 4-days long session from 17 June 2002.

◆ **Working Group on GATS Rules**

The Working Party on GATS Rules (WPGR) met in informal mode on 17-18 January to discuss the Emergency Safeguards Measures (ESMs). The discussions were based on the synopsis prepared by the Chairman, WPGR to identify areas where members have common views. Australia and EC informed that they would be submitting papers on the ESM before the next meeting of the WPGR in February. Discussions were also held on the deadline (15 March, 2002) to complete

the negotiations on ESMs. Members had divergent views on whether negotiations could be completed within this deadline. It was agreed that an informal meeting of the WPGR will be held on February 12.

#### ◆ **LMG Meetings**

LMG (Like Minded Group of countries) met four times on 17, 21, 24 & 28<sup>th</sup> January, 2002 to consider the issues relating to organisation of negotiations envisaged under Doha Ministerial Declaration. In its 17 January meeting, India circulated two papers – 1) Organisation of negotiations envisaged under Doha Ministerial Declaration; and 2) Negotiating procedure at the Ministerial Conferences (MCs) and in the work preparatory to the MCs. It was agreed that India's paper on the negotiating procedure at the MCs would be discussed at a later stage and that the focus should be given to its first paper in view of the first TNC meeting to be held on 28 January. After detailed discussions at the LMG meetings on various aspects of papers viz. role of TNC; negotiating structure and process; & role of chairpersons of various negotiating groups, the paper was finalised on 28 January and was circulated to all WTO members as a formal document (TN/C/W/2). The paper was supported by 12 LMG countries and Jamaica (permanent invitee to LMG). Egypt did not associate itself with the paper stating that it would be difficult for them at this stage to co-sponsor the paper. It though participated actively in the finalisation of the joint paper and supported the content of the paper.

Apart from finalisation of the joint paper,

LMG members also exchanged views/information on various aspects of the Doha work programme; developments relating to TNC; slate of chairpersons of various negotiating groups etc.

LMG also met on 31/1/2002 to discuss draft possible elements for the General Council (GC) Chairman's statement on the TNC, which were circulated on January 30. The meeting was attended by the Chairman, GC, Mr. Stuart Harbinson. Mr. Harbinson stated that steady progress had been made on arriving at a consensus on the issue of TNC and the organisation of negotiations as envisaged in Doha Declaration. He highlighted three main issues where there were still divergence of opinion; implementation issues; S&D and TRIPS issues, particularly GIs. Recalling the discussions that took place at Doha and before Doha on the issue of TRIPS related issues and GIs, Indian Ambassador stated that language of the draft proposals for decisions by the TNC would need to be modified to take on board the concerns of India on these issues. He also mentioned about the inclusion of S&D (Special & Differential) issues in the draft decision of the TNC. Indonesia, Malaysia, Egypt, Jamaica, Dominican Republic and Pakistan emphasised the importance of TRIPS issues and their inclusion in the draft decision of the TNC. LMG Members also highlighted their concerns on S&D issues, structure of negotiations, chairmanship of TNC, reporting of the TNC to the General Council.

*(Source: Trade Policy Division, Ministry of Commerce & Industry with inputs from PMI/Geneva)*



## INDIA'S INITIATIVES IN REVAMPING INTELLECTUAL PROPERTY SHOW RESULTS

### SHARP INCREASE IN PATENT APPLICATIONS EXAMINED IN 2000-2001

**The Government's initiatives to complement the changes in Intellectual Property (IP) laws with major upgradation and modernisation of the administrative framework have begun to show results.** The initiatives are a strategic response to the rapidly growing relevance of intellectual property in technology and knowledge-driven economic development. The need for modernisation was also acute because of the lack of adequate manpower and supporting infrastructure necessary for dealing with the increasing workload of IP offices in India. The existing administrative frameworks which were set up in the pre-independence period also needed to be harmonised with international practices to cope with emerging challenges.

**Apart from legislative changes in relevant IP laws, the Government's initiatives have including major upgradation and modernisation of the administrative framework covering Patents, Designs, Trade Marks and Geographical Indications. Projects to modernise the Patent Office, the Design Offices, the Trade Marks Registries and the establishment of a new Geographical Indications Registry at a cost of over Rs. 85 crore have been taken up.**

**In order to improve the functioning of the Patent offices, comprehensive computerisation is under-way** and work is being sanctioned on turnkey basis to an appropriate implementing agency. This will ensure complete solutions of all IT related requirements of the offices and result in an IT enabled world class Patent Office.

The main components of modernisation include strengthening of infrastructure support; comprehensive computerisation; automation and re-engineering of work procedures; human resource development through additional manpower and suitable training at all levels and liquidation of backlog. The approach is inclusive of action for refurbishing existing offices and equipping them with state-of-the-art automation tools.

**The simplification/re-engineering of work procedures and development of data bases to facilitate on-line search as also to create user friendly systems has been undertaken through the technical assistance of the World Intellectual Property Organisation (WIPO). A comprehensive IT Strategic Plan to cover the automated offices has also been drawn up.**

**Two modernised patent offices in Delhi and Chennai were operationalised in July and August 2001 respectively and a modern Geographical Indications Registry (GIR) inaugurated at Chennai in August 2001. The modernisation of the Design office and the Patent office in Kolkata and the Trade Mark Registry in Mumbai is nearing completion.** These offices are likely to be made operational shortly. The GIR has commenced basic work to receive and process applications. A Website has already been launched and it is proposed to upgrade it to an integrated, interactive IP portal by the end of 2002. A world-class IT enabled patent offices is targeted by end of 2003.

These first-phase initiatives in regard to Patent offices have enabled initial computerisation,

establishment of on-line search facilities, development of work manuals, launch of Website, preparation of information brochures, installation of front office software to generate computerised information about status of patent applications and issue of receipts. In turn, these have resulted in the improved performance of these offices.

Modernisation initiatives related to Trade Marks Registry and its branches involve augmentation of existing capabilities through IT support, and strengthening of available infrastructure apart from improving public utility services and augmenting the staff resources of the Registry. The thrust of the project is to eliminate the backlog of pending applications.

The modernisation project to strengthen the infrastructure of the Head Registry in Mumbai is expected to be completed by March, 2002. Activities relating to initial automation support and improvement of library have already been completed. 16 additional posts have been sanctioned in order to strengthen the working of the trademark offices. Work on improving record management and digitalisation of paper records to CD Roms is under progress. The existing Trade Marks Automated System (TMAS) is being

re-designed to cover the new elements of the Act and to integrate the working of the branches through a shared network and delegated functions.

The progress of work on the reduction of backlog in the Trade Marks Registry is now gathering momentum as a result of initial computerisation and recruitment of 20 contract Examiners from October, 2001. The number of trademarks registered in 2000-2001 was 14,020 compared to 8,010 in the year 1999-2000. **The output per examiner has increased from 7-8 applications per day to approximately 25 applications per day. Consequently, against the earlier examination of approximately 9,000 applications per month, the average monthly examination has gone up to approximately 17,000 per month. The time for initial examination of pending applications has been reduced to approximately 2½ years and is expected to be further brought down to around 1½ years by March, 2002. This has been possible with the adoption of IT based search tools in the Trade Marks Registry and growing familiarisation with the computerised systems will increase the output.**

### BACKGROUND

The WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPs) — signed as part of the Uruguay Round Accord — contains, inter-alia, general provisions and basic principles relating to Intellectual Property Rights (IPRs); sets out standards concerning scope and use of IPRs; refers to enforcement at the national level; and provides for transitional arrangements. Developing and transitional economies that have to change their legislation (eg., for changing to product patent regime) have until 2005 to adhere to the TRIPs provisions. TRIPs Agreement covers several forms of Intellectual property, namely, copy rights, trade marks, industrial designs, patents, plant & seed varieties, geographical indications, integrated circuits and undisclosed information and trade secrets.



**Parliament Briefs****❖ IMPORT OF AGRICULTURAL COMMODITIES**

Import restrictions on items including agricultural products are being removed as a part of economic liberalisation programme of the Government and also in terms of our International obligations. At present, all the items on which import restrictions were maintained on account of balance of payments reasons are freely importable.

A statement showing import of major agricultural commodities during April-October, 2001, for which data is available, compared with April-October, 2000. As can be seen from the import data, this level of imports may not have any serious impact on the domestic prices of agricultural commodities.

The removal of restrictions has not altered the overall rate of growth of imports of the country. The growth rate of imports was 15.3% in 1993-94, 23.1% in 1994-95, 36.4% in 1995-96, 13.2% in 1996-97, 11% in 1997-98, 14.2% in 1998-99 and 13.6% in 1999-2000 (in rupee terms). The import growth rate during the year 2000-2001 was only 5.59% in rupee terms and 0.27% in US dollar terms. The growth rate of imports during the first nine months of this financial year was only 0.31% in Dollar terms and 4.55% in Rs. terms, compared to the same period last year. The import data for 714 items, QRs on which were re moved on

31.03.2000, for the year 2000-2001, indicates a growth in import of these items by less than 6%. Similarly, the import of 300 sensitive items, which is being monitored by a Standing Group of Secretaries, has also not indicated any unusual surge in the first nine months of this financial year.

However import; are being closely monitored and the Government is determined to ensure through appropriate use of tariff and other mechanisms that imports do not cause any serious detriment or injury to the domestic farmers. Towards that end, import duties on a number of items, where increases in imports were noticed, have already been increased. In the budget for the year 2000-2001, import of duties on many of the agricultural items, (Chapter 1 to 24 of ITC(HS) Classifications of Export and Import, 1997-2002), have been increased to provide further protection to domestic farmers, e.g. duty on rice has been increased from 0% to upto 80%, on maize from 0% to 50%, on apples from 35% to 50%, on wheat raised to 50%. Similarly, in the budget for the year 2001-2002, the custom duty on coconut, copra, tea and coffee has been raised from 35% to 70%. The import duty on various refined edible oils excepting soyabean oil has been raised upto 85%. Similarly, the import duty on crude palmolein oil has been raised to 65% and on other crude edible oils excepting soyabean oil duty has been raised upto 75%.

❖ **Import of major agricultural commodities during April-Oct. 2000 & April-October, 2001**

Qty. in tones  
Value in Rs. Crore.

Sl. No.	Items	Apr.-Oct.00		Apr.-Oct.01	
		Qty.	Value	Qty.	Value
1.	Wheat	3353	2.26	1351	0.84
2.	Rice	5890	7.83	62	0.06
3.	Other Cereals	29991	14.96	3849	2.00
4.	Pulses	146663	234.21	1165044	1685.37
5.	Tea	6068	11.63	6218	35.98
6.	Cashew Nuts	18867	75.12	78.77	188.88
7.	Fruits & Nuts Excl. Cashew Nuts	N.A.	420.63	N.A.	353.40
8.	Spices	23345	140.48	36899	232.27
9.	Sugar	22313	20.96	26529	32.43
10.	Oil Seeds	N.A.	4.25	N.A.	0.98
11.	Natural Rubber	6722	23.40	25104	76.97
12.	Jute, Raw	34031	38.74	33558	38.90
13.	Silk, Raw	2722	262.45	5177	317.23
14.	Cotton Raw: Com/Uuncomb/ waste	177147	964.45	236721	1329.49

❖ **BOUND RATE FOR RUBBER**

The Government of Kerala has proposed enhancement of bound rate of duty on rubber from 25% to 40%. **In the ongoing negotiations on Agriculture, India has proposed that the product coverage of the Agreement on Agriculture requires rationalisation by including primary agricultural commodities such as rubber. It has also been proposed by India that developing countries should be allowed to rationalise low tariff bindings by raising them to the ceiling bindings for similar category of products committed during the Uruguay Round.** To ensure a remunerative price to the rubber growers for their produce, the Govt. of India, under the provisions of the Rubber Act, 1947, has fixed and notified the minimum price for trading in natural rubber. In addition, the import of natural rubber against advance licence has been banned.

*(Source : Written replies given in Parliament)*



## WTO Briefs

❖ **WTO OUTLINES ROADMAP FOR 2002**

The following text is the WTO Director-General Mike Moore's informal end of the year message to Member Governments and his proposals for action in 2002.

"It is my great pleasure to provide to you this informal end-of-year report on the activities of the World Trade Organisation in 2001. I should also like briefly to explain the likely work programme of the Secretariat in 2002 and offer views on a **possible roadmap** to the successful conclusion of the Doha Development Agenda.

Let me begin, however, by placing on the record my appreciation and respect for the professionalism, friendship and cooperation of the Chairman of the General Council, Mr. Stuart Harbinson. I give thanks also to the chairpersons of our various working bodies. I honour the hard work of Ambassadors and mission staff in Geneva. I thank my own deputies and staff for their commitment. I want to thank Ministers for their generosity, wisdom and vision expressed so clearly in Doha. I have always believed true patriots must also be internationalists. In Doha, Ministers showed us that pursuing national interests in a cooperative and constructive manner is the surest way to advance positive global outcomes.

This has been an outstanding year for the World Trade Organisation, perhaps the most significant in our brief history. We have concluded a successful Ministerial Conference in Doha, Qatar and, as USTR Bob Zoellick said, '...removed the stain of Seattle'. We have agreed a far-reaching set of negotiations to be completed within a three-year timeframe- thus, the Seattle syndrome has been replaced with the hope and

expectation of the Doha Development Agenda. We have placed development issues and the interests of our poorer Members at the heart of our work. And we have welcomed more than a quarter of the world's population into our membership from Lithuania, Moldova, China and Chinese Taipei.

**2001 has been of a year of important lessons and new insights.** The Doha success was built on a preparatory process that was transparent and inclusive. We must carry these principles into our future work. We must also ensure all our Members, large and small, rich and poor, are given every assistance and opportunity to participate in our negotiations. Ministers have told me they want to be engaged so they can continue to guide our agenda forward.

At the conclusion of the 4<sup>th</sup> Ministerial Council, I said that while the Doha Development Agenda was launched out of mutual self-interest, for many resource-constrained Member countries, it was also a brave act of faith, trust and hope. I believe Members have already begun to deliver on this faith. I believe we are off to a good, determined and focussed start to our new mandate.

One important step came when the General Council approved a Secretariat budget for 2002 that closely reflects the priorities identified by Ministers in Doha, including in such key areas as technical cooperation and capacity-building, coherence, advancing accessions and doing a better job of explaining ourselves to those who pay our bills, the outside world. Highlights of the budget include:

- ◆ a total budget of around CHF 143 million, representing an increase of 6.75%.
- ◆ establishment of the Doha Development Agenda Global Trust Fund with a proposed

core budget of CHF 15 million to provide secure and predictable resource to build capacity;

- ◆ additional funding to allow us to double the number of trainees from developing countries who can attend the recently establishment WTO Training Institute;
- ◆ additional funds of CHF 850,000 for translation service which is in addition to the CHF 1.5 million given last year; this addresses a long-standing grievance from some non-English speaking Member delegations;
- ◆ approval to take on 8 new staff in key areas identified by Ministers; more short-term staff will be contracted once the DDA Global Trust Fund brings more resources on line; and
- ◆ funding to enable us to continue to run the Geneva Week programme in 2002, assisting non-resident Member officials to participate more fully in the work of the WTO.

This is a good budget and an important first step. It is focused and balanced and helps us to deliver on the promise of Doha. Members are delivering on this promise in other ways as well. For example, the German Ambassador conveyed to me a contribution of one million Deutsche Mark to help our efforts in technical cooperation and capacity building. I am sincerely grateful for the generosity and responsibility shown by Members.

There is much to do to ensure the next Ministerial Conference is a success and the new negotiations are concluded within the three-year timeframe agreed by Ministers in Doha. My duty is clear; to ensure the Secretariat's activities are aimed at assisting Members to undertake and conclude

their negotiations. I must also ensure our resources match our collective ambitions. I have taken important steps already in this regard:

- ◆ Secretariat resources have been re-deployed to reflect the priorities of the Doha Development Agenda, particularly in areas of development, capacity-building, accessions, coherence and outreach. Efficiency gains and cost saving are being introduced. We will also review matters further in light of decisions taken by Members on the trade negotiating machinery.
- ◆ I am establishing a Resource and Performance Analysis function in the Secretariat so we can regularly and routinely monitor our performance against agreed objectives. A report will be prepared on how this new function will operate.
- ◆ I will be commissioning work on how to make the Secretariat a better working environment for staff. I want to look at issues of working conditions, career development, tenure, recruitment and promotion processes, and ways to reward innovation and efficiency gains.
- ◆ The Committee on Budget, Finance and Administration has suggested a report on staffing issues and I look forward also to commissioning this important work.

**In terms of the roadmap ahead, I am taking other steps as well to ensure the Secretariat's work builds on the momentum from Doha and towards the next Ministerial Conference:**

- ◆ I have been communicating with key groups in Geneva. Immediately following Doha I met with Ambassadors from Arab countries to discuss our Arab Strategy. I have met

recently with Geneva-based representatives of acceding countries and have communicated with their Ministers. We are increasing our resource in this area, in line with the Doha outcomes, and I have invited delegations to give me ideas for accelerating their accession processes. We are also increasing our efforts in favour of Least Developed Countries and economies in transition. Once again, I have written to their Mission seeking advice and guidance.

- ◆ We are preparing a programme of activities for 2002 that will give heightened attention to particular regions. For example, we are planning major initiatives in coordination with other institutions in the Balkans and Central Asia. These areas have regrettably not been given adequate attention in the past.
- ◆ Direct contact is always important. My staff tell me I have travelled over 625,000 km and visited more than 180 cities in the past 2 years. This is necessary work. I will continue to visit capitals and seek guidance from Ministers. Early in the new year, I am planning a series of missions including to the United States, Africa and Oman.
- ◆ We are investigating other innovative ways to keep Ministers fully engaged and involved. In addition to personal contacts, telephone calls and regular mailings, we may shortly run a series of videoconferences.
- ◆ We will be focussing more closely on issues of coherence so we can produce models of cooperation and synergies with other institutions better suited to deliver fair results since Doha. I have already met with representatives of international agencies based in Geneva and I will continue to pursue coherence issues when I meet with heads of

agencies in the United States early next year. I am also looking to reinforce our staff resources in this area. Of course, coherence is an issue that needs to be pursued by all stakeholders. Those seeking assistance need to be more specific about their needs. Donors need to better coordinate their own efforts both in capitals and amongst each other. The same is true of international agencies. Duplication and wastage is costly, not only in financial terms but in precious time and credibility.

- ◆ We have been asked to do better, and be more creative, in our dealings with wider society including groups such as parliamentarians. I will be looking at this early in 2002. We are already planning a major Symposium in May next year which will address the concerns expressed by some Ministers at Doha on our relations with the public. Already, useful suggestions for the agenda of this Symposium are emerging. They include development issues such as Trade and Debt, Trade and Finance and the impact of technology and the digital divide; issues of participation and the problems of capacity constrained mission; the functioning and financing of the WTO; external relations; issues of social justice and the social, economic, environmental and political impacts of globalisation. Much more consideration needs to be done before our agenda is finalised. However, the serious studies being undertaken by my group of Eminent Advisors could be very useful input.

Members too must create momentum. I believe early agreement is needed on the details of the structure for dealing with the work programme from Doha. An early decision on the venue for

the next Ministerial is also important. Also, despite urgings by many Ministers and considerable efforts over the past few years, little movement has been achieved on issue such as derestriction of documents and observership. More focus on these types of issues might assist building momentum.

All of the new initiatives and actions I have discussed, and which are based on the Doha Development Agenda, do not detract from the core business of this Organisation. It reinforces this critical work. However, because of the commitment of Ministers and Ambassadors, I think we can now claim with confidence that we have truly given birth to the WTO. It is now not the old GATT with a few, symbolic gestures to the new global realities, but better reflects the new needs of our wider membership and instruction from Ministers.

On behalf of the staff of the WTO Secretariat, may I thank you for a most rewarding year and say how much I look forward to 2002.”

❖ **MOORE’S ADVISORS DISCUSS KEY ISSUES AFFECTING WTO**

The following statement was given by Director-General Mike Moore after a two-day meeting with his group of external advisors. The advisors met with the Director-General and his staff to coordinate efforts for a summer publication aimed at addressing some of the key issues and problems affecting the World Trade Organisation.

“I’d like to start by thanking all members of the Group for having participated in these discussions. We are fortunate to have as members of this group, some of the world’s most authoritative and distinguished experts on the global trading system and the WTO. These are

creative and learned people who we have asked to look beyond the immediate horizon and consider how we might shape this organisation and the system it oversees in the years ahead.

“Our objective is a publication to come out this summer which will offer collective and individual ideas on how we should move forward on the questions of substance and governance, taking into account the external political factors which will shape our organisation in the future.

“The Doha Conference was a great success and it has led to an impressive agenda of work and negotiations in the years to come. We have the development agenda and we intend to carry out the instructions of ministers. But success at Doha does not change the fact that many of the problems which surfaced at Seattle remain and will recur throughout the negotiations. Doha has not reduced in any way the need for serious thought to be given to the problems confronting the system, as well as to the substantive issues in the Doha Agenda itself. It merely gives us a more positive framework for thinking.

“I do not pretend that in two days of discussions we have found all of the answers. But we have, I think, been debating the right questions. A WTO of 144 member governments is not the same as a GATT of 23. We need to develop ideas on how this organisation can improve its play, and deliver more to its member both in terms of substance and in terms of process.

“The debate over the past couple of days has been, at times, intense and we have not all agreed on all points. But the differences of view have been healthy. Each of our experts comes from a different background and sees the world from a different perspective. But each shares a common desire: to see a vibrant and representative WTO

serving all its member governments and their people more effectively.

“In the coming months, each member of this group will write a chapter to the publication and I’m sure there will be further differences of opinion. The different perspectives and priorities will be evident in these chapters. But they will also work on a common view for the organisation. Some of the ideas that emerge will be provocative and perhaps even controversial. But addressing the issues confronting this organisation calls for fresh thinking and creative suggestions on how we can address the problems we face.

“A healthy debate which examines these institutional issues needs to offer up a variety of perspectives for consideration by our clients, the member governments. This is an inter-governmental organisation which makes decisions on the basis of consensus. We have not for a moment lost sight of this point. But the assembled wisdom of this extraordinary group can bring to member governments some ideas on how we can best address the problem that confront us today and those which await us tomorrow.”

**Mr. Moore’s Advisors:**

**Professor Robert Baldwin,**  
Hilldale Professor of Economics, Emeritus,  
University of Wisconsin

**Professor Jadish N. Bhagwati**  
University Professor, Columbia University,  
New York  
Special Adviser to the UN on Globalisation

**Dr. Peter Eigen**  
Chairman, Transparency International, Berlin

**Professor Victor Halberstadt**  
Professor of Public Economics,  
Leiden University

**Professor Koichi Hamada**  
Professor of Economics, Yale University  
President, Economic and Social Research  
Institute (Cabinet Office), Tokyo

**Professor Patrick Messerlin**  
Professor, Institute of Political Studies, Paris

**Dr. Konrad Von Moltke**  
Senior Fellow, International Institute for  
Sustainable Development, Winnipeg

**Professor Manmohan Singh**  
Leader of the Opposition,  
Formerly Finance Minister, and Governor of the  
Reserve Bank of India

**Dr. Sylvia Ostry**  
Distinguished Research Fellow, Munk Centre for  
International Studies, University of Toronto

**Professor Ademola Oyejide**  
University of Ibadan

**Senator LeRoy Trotman**  
Former President, International Confederation  
of Free Trade Unions  
General Secretary, Barbados Worker’s Union

**Dr. Ernesto Zedillo**  
Former President of Mexico



## WTO CHAIRPERSONS FOR 2002

The WTO General Council on 15 February noted the consensus on the following slate of names of chairpersons for WTO bodies:

### Regular bodies (for 2002)

- ◆ **General Council:** Ambassador Sergio Marchi (Canada)
- ◆ **Dispute Settlement Body:** Ambassador Carlos Pérez del Castillo (Uruguay)
- ◆ **Trade Policy Review Body:** Ambassador Amina Chawahir Mohamed (Kenya)
- ◆ **Council for Trade in Goods:** Ambassador M. Supperamaniam (Malaysia)
- ◆ **Council for Trade in Services:** Ambassador Mary Whelan (Ireland)
- ◆ **Council for TRIPS:** Ambassador Eduardo Pérez Motta (Mexico)
- ◆ **Committee on Budget, Finance and Administration:** Mr. Neil McMillan (United Kingdom)
- ◆ **Committee on Balance-of-Payments Restrictions:** Ambassador Anda Cristina Filip (Romania)
- ◆ **Committee on Trade and Development:** Ambassador Toufiq Ali (Bangladesh)
- ◆ **Committee on Regional Trade Agreements:** Ambassador Boniface Guwa Chidyausiku (Zimbabwe)
- ◆ **Committee on Trade and Environment:** Ambassador Oguz Demiralp (Turkey)
- ◆ **Working Group on the Relationship between Trade and Investment:** Ambassador Luiz Felipe de Seixas Corrêa (Brazil)
- ◆ **Working Group on the Interaction**

**between Trade and Competition Policy:** Professor Frédéric Jenny (France)

- ◆ **Working Group on Transparency in Government Procurement:** Ambassador Ronald Saborío Soto (Costa Rica)
- ◆ **Working Group on Trade, Debt and Finance:** Ambassador Hernando José Gómez (Colombia)
- ◆ **Working Group on Trade Transfer of Technology:** Ambassador Stefán Haukur Jóhannesson (Iceland)
- ◆ **Committee on Agriculture:** Dr Magdi Farahat (Egypt)

### Bodies established by the Trade Negotiations Committee (until Fifth Ministerial Conference)

- **Council for Trade in Services, Special Session:** Ambassador Alejandro Jara (Chile)
- **Negotiating Group on Non-Agricultural Market Access:** Ambassador Pierre-Luis Girard (Switzerland)
- **Negotiating Group on Rules:** Ambassador Timothy John Groser (New Zealand)
- **Committee on Trade and Environment, Special Session:** Ambassador Yolande Biké (Gabon)
- **Council for TRIPS, Special Session:** Ambassador Eui Yong Chung (Rep. of Korea)
- **Dispute Settlement Body, Special Session:** Ambassador Péter Balás (Hungary)
- **Committee on Agriculture, Special Session:** Mr Stuart Harbinson (Hong Kong, China)
- **Committee on Trade and Development, Special Session:** Ambassador Ransford Smith (Jamaica)



## TRADE POLICY REVIEW OF PAKISTAN: TPRB's EVALUATION

The Trade Policy Review Body (TPRB) of the World Trade Organisation concluded its second review of Pakistan on 23 & 25 January, 2002. The text of the Chairperson's concluding remarks is given below as a summary of the salient points which emerged during the discussions.

This, the second Trade Policy Review of Pakistan, has been an open, frank and very useful discussion of Pakistan's trade and related policies. Our work has been greatly facilitated by the active involvement of Secretary Beg and his delegation and by that of many Members. We now have a far better understanding by Members, and thus their collective evaluation, of Pakistan's trade and trade-related policies as well as of planned changes therein. The Review has also provided Members with the opportunity to acknowledge the recent progress made by Pakistan and to express their strong support for Pakistan's ongoing liberalisation efforts. The outcome, I believe, has been a highly successful consideration of Pakistan's trade policies, practices and measures.

Members expressed appreciation for the continued, successful implementation of the Economic Revival Programme that was launched to address Pakistan's economic and other impediments to sustained, strong growth. In this context, they noted the major market-driven measures adopted by Pakistan to liberalise its trade and investment regime; they referred in particular to the sharp cuts in and simplification of the customs tariff, Pakistan's main trade policy instrument and the fact that 100% foreign ownership is now allowed in most sectors of the economy. However, they also noted the narrowness of the tax base, the impact of loss-making state-owned enterprises on the economy as well as the reduction in state involvement and monopoly rights in certain areas; they encouraged a continuation of the privatisation process. In addition, Members noted the size of the external debt and voiced some concern over the persistently narrow production/export base on the grounds that Pakistan's long terms growth depended

on export diversification; at the same time, however, it was pointed out that such diversification depends in turn on Members' willingness to open their markets further to Pakistan's exports.

Members noted Pakistan's strong commitment to the multilateral trading system and its limited involvement in preferential and regional trade initiatives. Members recalled Pakistan's active role in defending developing-country interests within the WTO. Despite difficulties and capacity constraints, Pakistan had, by and large, honoured its WTO commitments and had undertaken legislative and institutional reforms in this respect. Members praised efforts to improve transparency in trade and investment areas as well as the introduction of trade facilitation measures.

While expressing their appreciation of past and forthcoming tariff reductions and simplification, Members nevertheless voiced some worry over the persistence of high tariff on a few sensitive items, the limited coverage of tariff bindings in manufacturing, the breached bindings, for which corrective steps are envisaged, and the widening gap between applied and bound rates, although acknowledging that this widening gap was the consequence of Pakistan's unilateral tariff cuts. Certain Members noted Pakistan's heavy dependence on customs duties for tax revenues. Members congratulated Pakistan for, *inter alia*, reducing the number of items on its negative list and for phasing out restrictions on balance-of-payments ground ahead of schedule. Members recognised Pakistan's efforts to strengthen protection of intellectual property rights.

On sectoral policies, certain Members expressed particular interest in and appreciation of Pakistan's efforts to liberalise services and its undertaking under the GATS. Pakistan was commended for extending multilateral rules to the textiles and clothing sector.

Members also sought further clarification in a number of specific areas, including:

- ◆ WTO notifications and technical assistance;
- ◆ the application of MFN treatment;
- ◆ registration, customs valuation and minimum (import) values;
- ◆ revised disciplines on the use of regulatory duties and elimination of zero rates duties;
- ◆ government procurement (price preferences, bidding procedures, foreign suppliers);
- ◆ technical standards and SPS requirements;
- ◆ export subsidies and export-processing zones;
- ◆ TRIMS and plans for their elimination
- ◆ adherence to intellectual property rights treaties and conventions;
- ◆ the Pakistan Intellectual Rights Organisation;
- ◆ applied tariffs, subsidies, State involvement (rice, cotton), and export measures in agriculture;
- ◆ measures pertaining to textile and clothing and the automobile sectors; and
- ◆ deregulation, privatisation, GATS commitments and MFN exemptions in financial services and telecommunications.

The Pakistan delegation gave written and oral replies to questions posed by Members during the Review, and undertook to provide responses at a later date on some outstanding matters. The replies provided have made a major contribution to this meeting, and were clearly appreciated by Members.

## BACKGROUND

The review enables the TPRB to conduct a collective examination of the full range of trade policies and practices of each WTO member countries at regular periodic intervals to monitor significant trends and developments which may have an impact on the global trading system.

The review is based on two reports which are prepared respectively by the WTO Secretariat and the government under review and which cover all aspects of the country's trade policies, including its domestic

laws and regulations, the institutional framework, bilateral, regional and other preferential agreements, the wider economic needs and the external environment.

Since December 1989, the following reports have been completed: Argentina (1992 and 1999), Australia (1989, 1994 and 1998), Austria (1992), Bahrain (2000) Bangladesh (1992 and 2000), Benin (1997), Bolivia (1993 and 1999), Botswana (1998), Brazil (1992, 1996 and 2000), Brunei Darussalam (2001), Burkina Faso (1998), Cameroon (1995 and 2001), Canada (1990, 1992, 1994, 1996, 1998 and 2000), Chile (1991 and 1997), Colombia (1990 and 1996), Costa Rica (1995 and 2001), Côte d' Ivoire (1995), Cyprus (1997), the Czech Republic (1996 and 2001), the Dominican Republic (1996), Egypt (1992 and 1999), El Salvador (1996), the European Communities (1991, 1993, 1995, 1997, and 2000), Fiji (1997), Finland (1992), Gabon (2001), Ghana (1992 and 2001), Guatemala (2002), (Guinea (1999), Hong Kong (1990, 1994 and 1998), Hungary (1991 and 1998), Iceland (1994 and 2000), India (1993 and 1998), Indonesia (1991, 1994 and 1998), Israel (1994 and 1999), Jamaica (1998), Japan (1990, 1992, 1995, 1998 and 2000), Kenya (1993 and 2000), Korea, Rep. of (1992, 1996 and 2000), Lesotho (1998), Macao (1994 and 2001), Madagascar (2001), Malaysia (1993, 1997 and 2001), Mali (1998), Mauritius (1995 and 2001), Mexico (1993 and 1997), Morocco (1989 and 1996), Mozambique (2001), New Zealand (1990 and 1996), Namibia (1998), Nicaragua (1999), Nigeria (1991 and 1998), Norway (1991, 1996 and 2000), OECS (2001), Pakistan (1995 and 2002), Papua New Guinea (1999), Paraguay (1997), Peru (1994 and 2000), the Philippines (1993 and 1999), Poland (1993 and 2000), Romania (1992 and 1999), Senegal (1994), Singapore (1992, 1996 and 2000), Slovak Republic (1995 and 2001), the Solomon Islands (1998), South Africa (1993 and 1998), Sri Lanka (1995), Swaziland (1998), Sweden (1990 and 1994), Switzerland (1991, 1996 and 2000) (jointly with Liechtenstein), Tanzania (2000), Thailand (1991, 1995 and 1999), Togo (1999), Trinidad and Tobago (1998), Tunisia (1994), Turkey (1994 and 1998), the United States (1989, 1992, 1994, 1996, 1999 and 2001), Uganda (1995 and 2001), Uruguay (1992 and 1998), Venezuela (1996), Zambia (1996) and Zimbabwe (1994).



## GLOBALISATION: IMPACT OF THE DOHA DEVELOPMENT AGENDA ON THE FREE MARKET PROCESS

(The text of DG/WTO- Mike Moore's address, at the US Chamber of Commerce, Florida on 25/2/2002)

“Thank you for inviting me to address this annual gathering. It's a great privilege to be able to come here and share ideas with you all. The US Chamber of Commerce represents the best and the brightest of the outward-looking US free enterprise spirit. Too often, anti-Globalisation is confused with anti-Americanism. Little credit is given to the fact that US companies account for around one-fifth of total world imports, and almost one-quarter of total exports. Critics of America and Globalisation are quick to complain when American imports slow and jobs are shed in every corner of the globe. Americans - at both a personal and a government level - have been active proponents of the merits of free trade for many decades. Your organisation plays a crucial leadership role at home and abroad.

I can sum up my message today in a few words: Globalisation works. And it isn't going away. Lester Thurow puts it bluntly, in *The Future of Capitalism*: “As we watch, the world's topography alters.” **But complex and contentious questions remain as to how we can best manage its consequences. We have to ensure that the inescapable impact of Global change does not fall unfairly upon those countries and individuals still struggling with entrenched poverty and political instability.**

I don't need to tell anyone in this room that the

free market works. While freedom and capitalism are under threat-from disaffected terrorists to anti-globalist extremists - they remain the only valid socio-economic systems world-wide since the collapse of the Soviet Bloc. Democracy is now the only true revolutionary option. The real challenge for all of us — corporates, institutions, and wider civil society in the more developed countries of the world — is to help transform today's recipients of international aid, into the free citizens and consumers of an ever-more interconnected world. The poor are the customers of the future.

I've been involved in multi-lateral trade issues since the start of the Uruguay Round of the WTO's predecessor, the General Agreement on Tariffs and Trade, I also took part in one of the pioneering national economic experiments in recent history, the New Zealand Labour government's comprehensive dismantling of protectionist barriers in the 1980s. I have now had the opportunity of leading the WTO at a pivotal point in the evolution of world trade. This has seen us rebound from the Setback in Seattle in 1999, to the successful launch of a new Trade Round centered around the Doha Development Agenda, in Qatar last year. These experiences have reinforced my belief in the merits of the free trading system, fairly managed through a democratic, inclusive, member-driven process.

Globalisation isn't a new concept - it's been

around since before Britain rules the waves - and waived the rules. What is new, is the extent to which information flows have exploded. You all know this, because you now have to deal with the consequences for your businesses not just quarterly or annually, but daily, hourly and sometimes by the minute. The world is a much smaller, and vastly more transparent and democratic place, than when Tulip futures peaked in Amsterdam in the 17<sup>th</sup> century.

For major corporates, doing business these days is like standing in a virtual windows, without a shutter. Some observers complain about the world being taken over by brands. What is a brand? It's a reputation. Which is what makes multinational companies so vulnerable to pressure from aggressive NGOs and public opinion. We have moved from a century of coercion to a new millennium of persuasion. Good corporate ethics make good business sense.

This new world still contains all too many examples of the myriad tensions problems and conflicts that have such a debilitating feature of the past century. However, it is also a much better place. The world is, according to any number of independent indices, a much better place to live in.

What are the most important issues for people across the globe? Life expectancy, hunger and poverty reduction. Access to clean drinking water, democracy, a better living environment. And on almost every useful measurement of the human condition, we have seen the greatest advances in the history of our species during the last half century, according to data collected by the UNDP and other agencies. There is still much to protest about, and injustice is still rampant. But overall,

in the words of the Beatles song, "it's getting better all the time".

For example:

- ◆ In 1900, average life expectancy was 30, today it is 67.
- ◆ On average, developing countries have increased their food intake from 2,463 to 2,663 calories per person over the past decade - an increase of 8%.
- ◆ In 1970, 35% of all people in developing countries were starving. In 1996, the figure had fallen to 18% and the UN expects the figure will have fallen to 12% by 2010.
- ◆ Between 1990-1999, adult illiteracy rates in low-income countries for males age 15 and above decreased from 35%-29%; and for females aged 15 and above, the figure decreased from 56%-48%.
- ◆ While only 30% of people in the developing world had access to clean drinking water in 1970, today about 80% have.
- ◆ Sulfur emissions responsible for acid rain have declined in both the US and the EU countries. In the US, lead concentration has dropped more than 97% since 1977. The US EPA estimates that about 22,000 deaths are avoided every year because of the dramatic decline in lead concentration level.
- ◆ Some of the Great Lakes were considered dead 30 years ago and rivers sometimes caught fire. Today, people can swim and fish in them.

None of this is to suggest that we should be happy with the current state of the world. But, as a recent

IMF paper points out, in trade-opening East Asian countries - the New Globalisers - the number of people in absolute poverty declined by over 120 million between 1993 and 1998. On the evidence to date, Globalisation has been good for an increasing number of people.

The commercial community and political leaders need to stand firm, talk and speak out strongly, and not be intimidated by self-serving lobby and special interests groups. Freedom works, and as it grows, so do people's living standards. Twenty years ago, Eastern Europe was still stifled by the iron fist of the communists. In South Africa, South America and most of Central America, colonels or command economies destroyed freedom, hope and growth.

Many of these countries are free at last. But this freedom is fragile. And many of their leaders tell me that, without growth — in which trade and open markets play a key role— they fear for their nation's future. This is not text-book theory, it's fact; Transparency International, UNDP, World Bank facts and figures show that the more open the economy, the freer the people, the higher their living standards, the better their labour and environmental outputs. The more closed the economy, the more corrupt the practices.

The problems lie in managing what is, by its nature, an ever-evolving process. Harvard Business School's Juan Enriquez, in *As the Future Catches You*, Observes that 50 years ago, three-quarters of the flags, borders, anthems and moneys represented at the UN today, simply did not exist. And this ever-increasing number of stakeholders in the international arena, inevitably

adds to the complexity of conducting multi-lateral relationship - as we learned to our cost in Seattle in 1999.

The Seattle Summit - my coming-out party as Director-General-drew global headlines, most of them bad. We saw veteran participants in this process writing off any chance of a new Trade Round being launched for a decade. The WTO is the only set of international instruments already in place to control trade in the global economy, with binding rules to settle disputes. I believed a second failure would have fatally weakened the WTO.

Big powers, big business and multi-lateral agencies, are easy targets. The irony is that some observers clearly still do not understand that the WTO's continuing efforts to reduce trade barriers are not controlled by the executive fiat of a few powerful nations. Rather, our effectiveness is governed solely by the ability and willingness of a diverse and frequently polarised membership to forge a working consensus. And our Members run the gamut from economic superpowers to the poorest LDCs, all of whom have a voice and the power of veto.

The Seattle was widely portrayed as a success for the anti-Globalisation movement. It also reflected Internet-linked NGO's ability to influence the debate on the future direction of global trade and corporate responsibility. The WTO has increasingly reached out to all sections of civil society. But we must remain resolute in condemning violent protest as a substitute for dialogue, and demand the transparency and accountability of those who demand it of us.

However, Seattle drove home hard lessons for us. We had to admit that the basis for an agreement had simply not been laid down. We resolved not to repeat the same mistake in preparing for the Ministerial meeting in Doha. And we succeeded: that meeting launched a new and substantive Round of negotiations - the first since the GATT round more than decade ago.

Several elements were key to our strategy. Firstly, we started early and focused on restoring confidence after Seattle. Perhaps most significant, was a decision to put Development at the core of the WTO's activities. Our measures included specific initiatives to help least-developed countries, a substantive reassessment of technical cooperation and capacity-building activities, and a separate mechanism to deal with implementation-related issues. We also created a dedicated process aimed at ensuring greater transparency, inclusiveness and more effective participation of all Members.

Coherence was core: we wanted to build closer cooperation with other international agencies; such as the World Bank and the International Monetary Fund, to ensure consistency and coordination of development policies.

2000 also marked the launch of the mandated negotiations on agriculture and services, a crucial component in any new Trade Round. Combined, these account for more than two-thirds of the world's economic output and employment.

Due to the importance attached to these issues, high priority was given throughout the preparations to finding an early breakthrough for Doha.

I gave close attention to building momentum for a positive outcome. During the two-year period between the conference, I travelled over 625,000 kilometers, visiting 182 cities and meeting with more than 300 Ministers. The message I kept hammering was the need both for active political involvement to allow for the necessary flexibility in negotiating mandates, and for close, continuous follow-up by Ministers to ensure that this boost in political momentum carried through into action in Geneva and ultimately at Doha.

At Doha, the difference between Members in some areas remained large, and it was only right at the end of the Conference that consensus was achieved. Tribute here is due to our hosts the Qatari Government, his Highness the Emir and especially Minister Kamal, whose skills were deployed to great effect.

The issue facing Ministers at Doha were essentially the same as those they failed to resolve in 1999. The major lesson learned from Seattle was the need to strengthen the process of consensus-building consultation that is at the heart of WTO's charter. We have successfully launched a new three-year Trade Round, with the Doha Development Agenda at its core.

I'll briefly outline the detail of what we achieved and I'd be happy to answer any of your specific questions afterwards.

In agriculture, developing countries stand to gain substantial commercial benefits under the negotiating mandate. Currently, rich countries pay out \$1 billion a day to their farmers in agriculture subsidies; that is more than four times all development assistance going to poor nations,

according to the OECD. Negotiations will open markets, and reduce “with a view to phasing out, all forms of export subsidies” and trade-distorting domestic farm support.

In services, liberalisation could mean gains of between 1.6% of GDP (for India) to 4.2% of GDP (for Thailand) if tariff equivalents of protection were cut by one-third in all countries, according to the World Bank. Telecommunications, finance, transport and business services have many links to the rest of the economy and raise the productivity of many sectors. Negotiations will liberalise the entry of foreign services in as many domestic sectors as government choose and make it easier to employ foreign workers.

Market access for industrial goods is another immediate priority for developing countries. The negotiating mandate focuses on reducing or eliminating tariff peaks and escalation, in particular on products of export interest to developing countries, as well as on non-tariff barriers.

The commitment on the environment, is focused on the relationship between existing WTO rules and the trade obligations in multi-lateral environmental agreements, and on the reduction or elimination of tariff and non-tariff barriers to environmental goods and services.

On the contentious issue of drugs patents and public health, a separate Ministerial Declaration states that the WTO’s Trade-related Intellectual Property, or TRIPS Agreement, does not and should not prevent members from taking measures to protect public health. It should be interpreted and implemented in a manner

“supportive of WTO member’s right to protect public health and in particular to promote access to medicines for all.”

We were also very pleased at Doha to finally complete the accession formalities for China and Chinese Taipei. Since Seattle, about a quarter of the world’s total population -i.e. some 1.5 billion people - have joined the WTO. On my watch we have also welcomed the entry of Lithuania and Moldova, Jordan, Oman, Georgia, Croatia and Albania. Another 28 countries are currently negotiating their terms of membership, perhaps most significantly Russia, which we hope may secure accession within the next 18 months. The WTO’s multilateral trading system is now near-universal, covering more than 97% of total global trade.

Obviously, for many members of this chamber, China’s entry is of major significance, culminating a two-decade process of market reform by the Beijing leadership, which offers enormous potential benefits for international companies . After implementing all its commitments, China average bound-tariff level will decrease to 15% for agricultural products, and to 8.9% for industrial goods. In Chinese Taipei, tariff will fall an average of just over 4% for industrial goods and to an average of just under 13% for agricultural items.

We’ve got a lot to do to make sure our Fifth Ministerial Conference, in Mexico in 2003 is a success and that the new Trade Round Negotiations are concluded within the three-year time frame agreed by Ministers in Doha.

I have set a number of objectives. These include: Maintaining transparency.

**Reorganisation :** I have restructured the Secretariat to reflect Doha's work priorities. New resources have also directed towards mandated negotiations and work programme, technical cooperation and capacity-building, accessions, coherence and outreach. Efficiency gains and cost saving are being introduced, and our budget has been increased to take account of the additional demands. In addition, Members are also delivering on their promise through specially targeted extra-budgetary resources, such as the Doha Development Agenda Global Trust Fund, to provide secure and predictable resource to build capacity.

**Development:** The Doha Development Agenda recognises that technical assistance and capacity building are essential to help developing and LDCs to implement WTO rules and obligations, to prepare for effective participation in the work of the WTO, and thus to benefit from the open, rules-based multilateral trading systems.

I'd like to pay tribute here to the US, which has always been enormously supportive on these technical issues.

**Coherence:** As mentioned, there are a multiplicity of international agencies and donor government instruments available for trade-related assistance and there is a pressing need for better coordination. I believe the WTO Secretariat can become a useful "clearing-house" for information for WTO-related technical assistance. Our aim here, obviously, is to prevent wasteful use of donor resources.

In terms of reaching out to Civil Society, I think we need to be more creative. I established a Group of Advisors last year. comprising some

of the world's most authoritative and distinguished experts on the multilateral trading system, to help the Organisation think creatively about its challenges. A number of useful ideas are already emerging.

So, we have made a good start on the WTO's Doha Development Agenda - we have a new budget, a venue, a negotiating structure, chair-people of negotiating committees, in place within three months of the Doha launch. All of that took several years after the launch of the Uruguay round.

I will be attending a meeting of agency heads in Washington, hosted by Jim Wolfensohn of the World Bank, to advance the WTO secretariat's good work on the Integrated Framework, which brings together all the agencies to discuss LDCs.

On the 27<sup>th</sup>, also in Washington, there will be a meeting under the umbrella of the Inter-American Development Bank of all the trade and, hopefully, Finance Ministers of the Americas and the Caribbean to discuss capacity-building and how resources can be most effectively deployed. In preparatory meetings with the IDB, we suggested that representatives of other regional banks and the secretariat of the New partnership for African Development (NEPAD) also be invited as observers. This will save time because we think the "model" of cooperation, shaped to new needs, that could come out of the Washington meeting will be an appropriate one to take to other regions and development banks. We also hope to have a meeting in Geneva of all the regional banks and stakeholders in April.

This has been an outstanding year for the WTO, perhaps the most significant in our brief history. We have concluded, in Doha, a successful

Ministerial Conference that has, as US Trade Representative Bob Zoellick noted “removed the stain of Seattle.”

In the Doha Development Round we can lift living standards by more open markets, but there are also other important goods governance issues on the table.

An investment regime is a development and good governance issue; a transparent government procurement regime is a development and good governance issue; a trade competition regime is a development and good governance issue; a trade facilitation regime is a development and good governance issue. The Asia Pacific Economic Cooperation Forum estimate that trade facilitation programs could generate additional GDP growth of 0.25% in the Pacific region almost double the gains that would be generated by tariff reduction. That is why I’m seized with such a sense of urgency. We do not have day to lose or a dollar to waste.

The path to Doha was a rocky one. Although I believe the road to Mexico will be smoother because of the last few months work, I do not under-estimate the difficulties of what remains to be resolved. But I strongly believe that concluding a new round is vitally important. According to the World Bank, compete liberalisation of merchandise trade and elimination of subsidies could add US\$1.5 trillion to developing country incomes. And reshaping the world’s trading system and reducing barriers to trade in goods could reduce the number of poor in developing countries by 300 million by 2015 and boost global income by as

much as \$2.8 trillion over the next decade.

I don’t need to remind this audience of the importance of what is at stake. More than 22 million American jobs depend on trade. Jobs in globally engaged companies pay 7 to 13% more than other positions. This Chamber has been a consistent supporter of the WTO’s efforts. You know that it is the 99% of US merchandise exporters, which are small and medium-sized firms, who are the major beneficiaries of increased international trade and investment, not the huge cooperations, which are so often the target of activists. You know that 96% of the world’s consumers live outside the US, and that the more prosperous they become, the better it is for your business. I note and welcome the Chamber’s statement that the US must be fully engaged in the world, and that international trade and investment represent its most positive and promising means of engagement.

We are making solid progress: according to the IMF, over the past two decades, the growth of world trade has averaged 6% annually, twice as fast as world output. My plea to you today is not to allow the negative forces fighting against Globalisation and market liberalisation to triumph. Now, as never before, is the time for corporate courage. You, I we, have a profound responsibility to marshal our forces to encourage and build institutions so that freedoms continue to grow globally. Only then will we have our world without, walls, where people can enjoy that better life held out by those pioneers who promised a different world. We must and we will succeed.”



## **SCHEDULE OF MEETINGS AT THE WTO / GENEVA\* MARCH 2002**

### **MARCH**

11	Committee on Specific Commitments
11	Negotiating Group of Rules
11	Pledging Conference for the Doha Development Agenda Global Trust Fund
12	Working Party on Domestic Regulation
12	Working Party on the Accession of Samoa
13	COUNCIL FOR TRADE IN SERVICES
13	Special Session of the Committee on Subsidies and Countervailing Measures
13	Working Party on GATS Rules
14 & 15	Symposium on Assessment of Trade in Services
15	Committee on Market Access
15	Committee on Technical Barriers to Trade
18	Committee on Budget, Finance and Administration
18	Committee on Trade in Financial Services
18	COUNCIL FOR TRADE SERVICES - Air Transport Review
19 & 20	Committee on Sanitary and Phytosanitary Measures
19	COUNCIL FOR TRADE IN SERVICES
19 & 20	COUNCIL FOR TRADE IN SERVICES - Special Session
21	Committee on Sanitary and Phytosanitary Measures
21	Committee on Trade and Environment
21 & 22	COUNCIL FOR TRADE IN SERVICES - Special Session
22	Committee on Trade and Environment - Special Session
22	COUNCIL FOR TRADE IN GOODS
25	Committee on Agriculture
26 & 27	Committee on Agriculture - Special Session
27 & 28	Committee on Customs Valuation
28	Committee on Agriculture - Special Session
29	GOOD FRIDAY (WTO non-working day)

*\*Source: WTO/Geneva as on February 2002*

Published by Ministry of Commerce & Industry, Government of India,  
Udyog Bhawan, New Delhi - 110011.

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