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INDIA COMMENDED FOR ECONOMIC PERFORMANCE AND TRADE REFORMS

TRADE POLICY REVIEW OF INDIA 2002

India's trade policy review by the World Trade Organisation (WTO) concluded successfully on 21 June, 2002 after the Indian delegation effectively responded to all the various issues raised at the **meeting of the Trade Policy Review Body which was held in Geneva on 19 and 21 June 2002. The Indian delegation to the meeting was led by the Commerce Secretary Mr. Dipak Chatterjee.** Such trade policy reviews of India are held every four years, the last one having been held in 1998.

In his opening statement at the Review on 19 June 2002, Mr. Chatterjee presented a comprehensive account of the various economic and trade related reform measures undertaken by the Government during the last four years. He highlighted in particular the initiatives taken like removal of quantitative restrictions, lowering of customs duties, de-regulation in a number of service sectors like banking, insurance and telecom and the liberalisation of the Foreign Direct Investment regime to a significant extent.

The Commerce Secretary also dwelt at length on the second generation of economic reforms underway in specific sectors and at the State level. He also explained the various steps and strategies being adopted for achieving the projected share of 1% of international trade by 2006-07.

During the review, which attracted a high level of participation and interest, the WTO members commended India for its strong economic performance over the past decade with growth at an average of 6% a year and a reduction in poverty. They noted that this resulted, in great part, from continued economic reform, including trade liberalisation, lower government involvement in economy and liberalisation of key services sectors. They further noted that trade reforms had concentrated on tariff reforms and the removal of quantitative restrictions on imports. The issues raised regarding the number of exemptions for customs duties as well as about the role of additional duties and special additional duties were clarified by the Indian delegation.

Some delegations expressed concern about India's increased use of anti-dumping measures. Certain concerns were also raised regarding the labelling, certification and standards requirements as well as about certain procedures. In its response, the Indian delegation conveyed that at a time when India was going through a process of economic reform and liberalisation, such moves will be meaningful only if there was fair trade and a level playing field for the domestic industry. It was made clear that the anti-dumping investigations were being conducted strictly on the basis of anti-dumping rules which were fully in accordance with the WTO Agreement on Anti-Dumping. A point was also made that the actual trade affected by these measures were not significant in that all the 39 measures against EC and US, for instance, altogether accounted for less than 0.1% of all of India's total imports. Similarly, it was also clarified that all the requirements of labelling, standards, etc. on imported products were already applicable on like domestic products.

The WTO members showed recognition to the importance of the agricultural sector in India. Some concerns were however expressed over the subsidies, the large grain stocks, etc. India pointed to the various measures that have been undertaken including the removal of export restrictions on agricultural products and the move towards allowing freer inter-State movement of food grains. **It was also pointed out that further liberalisation would also depend on how the trading partners committed**

themselves to reduction export subsidies and domestic support.

In respect of textiles, certain delegations pointed to the high tariff and small scale sector reservations. Here again, several recent initiatives regarding de-reservation of readymade garments both in the woven and knitwear segments, continuous modernisation and technological upgradation were referred to by the Indian Delegation. The limitation on market access resulting from slower phase out of quota restrictions, tariff peaks in developed markets for quota items and repeated trade defence actions were pointed out by the Indian Delegation.

India was also commended for its efforts to enforce protection of Intellectual Property Rights both through the adoption of new legislation and through educational awareness campaign. Some members, however, pointed to further efforts in this regard especially in view of India's need to attract more FDI.

In respect of services sectors, it was recognised that significant progress had been made in reforms in the telecommunications, banking and insurance sectors. There were also remarks pointing to the success of India's software sector as being indicative of its ability to compete globally.

In the overall, India was complimented for its reform process, including trade liberalisation and simplification of trade and investment regime. A view was conveyed that something additional needed to be done if the ambitious growth targets were to be met. Many delegations also stressed that India's efforts would be greatly enhanced by steps on the part of India's trading partners to reduce, if not remove, the impediments to India's exports, especially in the context of new negotiations in line with the Doha Work Programme. While India reiterated its support for WTO and the Doha Work Programme, it was added that if further progress was to be made, the onus remained on the developed countries to keep the promises made in Doha. This view was endorsed by many other members who also said that they looked to India for leadership in these negotiations.



TRADE POLICY REVIEW OF INDIA, 19 JUNE 2002

(OPENING STATEMENT BY MR. DIPAK CHATTERJEE, COMMERCE SECRETARY AND THE LEADER OF THE INDIAN DELEGATION)

Madame Chairperson, Ambassador Mary Whelan, Excellencies, Distinguished Delegates,

It is a welcome opportunity for me to interact with the membership of WTO on the occasion of the third trade policy review of India. Let me first of all thank Madame Chairperson, Ambassador Amina Chawahir Mohamed for chairing this meeting. We are also grateful to Ambassador Mary Whelan for very kindly accepting to be the discussant for today's Review. We are confident that under your guidance we will have a very informed and objective review of our trade policies.

2. Before proceeding further, let me also congratulate the WTO Secretariat for preparing a comprehensive report dealing with various aspects of our trade and related economic policies. We may not perhaps agree with every aspect of the analysis in the report. Its depth and coverage, however, is a tribute to the diligence of the Secretariat Team which also paid a visit to India in March this year. The report is also a testimony to the openness of our system. A large part of the material relied upon in the Report is from the various official websites of the departments of the government of India or other published reports. Internally, we are a vibrant democratic nation, quite unsparing in our criticism of our own trade and economic policies. We find that such materia including all the critical analyses have been well used in the Secretariat Report!

3. In the last four years under review, India has been able to maintain an average annual growth rate of about 6% making it one of the more rapidly growing major economies. Export performance has, however, been mixed in 1998-99, exports declined by 5%, whereas during the year 2000-2001 it increased by over 20%. Exports remained more or less

stagnant in 2001-2002 primarily due to the global economic slow down, exacerbated by the terrible events of September 11. The import growth rates have also shown a varying pattern although the growth has always remained positive and exceeded 17% in 1999-2000. The macro economic fundamentals of India remain strong with 51 million tons of food stocks, foreign exchange reserves of \$ 55 billion equivalent to 10 months import requirements, an interest rate regime that has progressively become softer over the past four years and a low rate of inflation of 1.4%. Concerns about the level of fiscal deficit of the Government, however, persist. We are optimistic that through comprehensive reforms in core sectors including the agricultural sector, the coming years will witness higher rates of growth.

4. It is important to see economic progress also through the prism of social development. The incidence of poverty, as a percentage of people living below the poverty line has declined from 36 per cent in 1993-94 to 26 per cent in 1999-2000. Overall employment grew by about 1 per cent per annum during 1993-94 to 1999-2000. The literacy rate increased from 52.21 per cent in 1991 to 65.38 per cent in 2001 and free and compulsory education for children between 6-14 years of age has now been made a Fundamental Right. The average annual growth rate of population has declined to 1.93 per cent as compared to 2.14 per cent in 1991.

5. Since our last trade policy review in 1998, the world economy has been jolted by several external shocks such as the East Asian crisis, high oil prices during 2000-2001 and the most recent global economic downturn. On the domestic front also, we had to endure the devastation wrought by natural

calamities like the Orissa cyclone and the Gujarat earthquake. Despite these internal and external impediments we were able to maintain a reasonably high growth rate. This shows the resilience of India's economy. Our deep commitment to the ongoing economic reforms programme has provided the added motivation.

6. During the last four years a number of economic reform measures have been introduced and in various areas as highlighted in paras 13 to 42 of the Government report. The objective, inter alia, has been to achieve greater integration with the world economy. This can be seen in policy initiatives like removal of quantitative restrictions and doing away with dividend balancing requirements, lowering of customs duties, a very liberal foreign direct investment regime and deregulation of important sectors such as banking, insurance and telecom. These policy initiatives have been complemented by undertaking domestic reforms in key areas like removal of administered price mechanism in the petroleum sector from 1 April, 2002, introduction of a single rate of 16% Central Excise Duty, widening of tax base, agriculture diversification, rationalisation of user charges for various services, monetary policy reforms including reduction of interest rates, greater momentum towards privatisation of public sector units, progressive removal of reservation for small scale industrial units, improvement and modernisation of the infrastructure sector, introduction of laws for better corporate governance and efforts to reduce the fiscal deficit.

7. The complexities involved in the introduction of reform in a vast federal country like India can perhaps be illustrated by our attempt to introduce a country wide Value Added Tax (VAT). The process of consultations with the State Governments was started as long ago as 1994. It could however come to fruition only in November 1999 when all the Chief Ministers of States and Union Territories took a decision to implement uniform floor rate of sales tax and phase out sales tax based incentives by January 1, 2001. It is now

expected that the VAT regime will be implemented from 01.04.2003. The interim period is to be used for preparation, training, computerisation, publicity and initiating steps for amendment of the relevant laws.

8. Thus the reforms undertaken in the country have been carried out through a process of consultation and consensus taking into account the varied needs of the different segments of the population and within the framework of our democratic and federal structure. We want the changes to be sequenced carefully and their implementation closely monitored so that they have positive support from all sections of our society.

9. We are now moving towards implementing a host of second generation reforms. The broad strategy for this is to: (i) Continue the emphasis on agriculture and food economy reforms; (ii) Enhance public and private investment in infrastructure (iii) Strengthen the financial sector and capital markets; (iv) Deepen structural reforms and regenerate industrial growth: (v) Provide social security to the poor (vi) Consolidate tax reforms and continue fiscal adjustment at both the Central and State levels.

10. Agriculture has a special place in the economy as it accounts for 25% of the GDP and employs nearly 70% of the Indian workforce. It is a significant export earner, supplies the bulk of basic food requirements and provides subsistence and incomes for large rural populations. We have taken various initiatives like progressive dismantling of restrictions on the domestic movement and export of agricultural commodities, improvement of rural infrastructure, promoting private sector participation in agriculture and creation of Agricultural Export Zones. Decontrol of the sugar and fertilizer sectors is being done in a phased manner. However, trade policy in the agricultural sector has necessarily to be tailored also to safeguard the food and livelihood security of our people and to actively promote rural development.

11. In other areas of trade policy, a substantial level of

liberalisation has taken place in recent years. All quantitative restrictions maintained under the Balance of Payments cover have been removed from April last year. The rates of customs duties have been reduced progressively with peak rates now reduced to 30% and the goal, as has been announced by our Finance Minister in the last Budget Speech, is to bring in a regime of two basic rates of 20% and 10% by the year 2004-05 for non-agricultural products

12. The new Export-Import Policy framed for the five-year period 2002-2007 and announced on 31st March, 2002, seeks to usher in an environment free of restrictions and controls. The focus is on trade facilitation and export promotion through greater automation in procedures and steps like removal of all QRs on exports except on a few sensitive items, special focus on cottage sector and handicrafts, extension of facilities to industrial cluster towns with high export performance and assistance to states for infrastructural development for exports.

13. The Medium Term Export Strategy for 2002-2007 provides a vision for creating a stable policy environment with indicative sector-wise strategies. An important element of this strategy is to achieve overall lower average tariffs which would benefit exports through cheaper cost of inputs. Our Medium Term Export Strategy has a mission to achieve 1% of the global trade by 2007 as compared to the present share of 0.7%. The projected growth will require to aim for doubling the value of merchandise trade over the 10th Five Year Plan covering the period 2002-2007.

14. Our reform programme would also need to be alive to the legitimate needs and concerns of our domestic industry whose support is crucial for bringing about sustained economic growth. India has unfortunately been facing the problem of dumping of goods by foreign exporters at a time when its industry is in a vulnerable situation, trying to adjust to a new QR-free environment. It must, however, be stated that the initiation and conduct of anti-dumping investigations in India

is fully in accordance with the procedure required under the WTO Agreement on Anti-dumping and GATT 1994. The investigations conducted by the Designated Authority are open to a rigorous process of appellate and judicial review. All our actions in this regard are notified to the WTO in a timely manner and this adds to the transparency of the domestic exercise.

15. Several product standards have been notified in the recent past under the Foreign Trade (Development and Regulation) Act, which would apply for imported goods. In this regard, I would like to clarify that the Export-Import Policy of India has always prescribed that all imported goods shall be subject to domestic laws, rules, orders, regulations, technical specifications, environmental and safety norms as applicable to domestically produced goods. By virtue of this provision, all regulations, that are applicable to the domestic industry, would apply to Imported products as well. However, on account of the existence of QRs, no significant imports took place and as such there was no real need to highlight these provisions as they related to imported products. After removal of QRs, in the interests of greater transparency and predictability, these regulations, which were already applicable on domestic products and were legally applicable on imported products as well, have been notified under the Foreign Trade (Development and Regulation) Act in a consolidated manner, so that these provisions come to the notice of the public as well as of the border enforcement authorities. For example, Standards of Weights and Measures Act is applicable since 1976 and has not been revised after removal of QRs. A notification has now been issued under the Foreign Trade (Development and Regulation) Act, which draws attention towards this provision. Similar is the case with other Acts, like Prevention of Food Adulteration Act, Motor Vehicles Act, Meat and Food Product Order etc.

16. India is a founder member both of GATT and WTO. We have taken our commitments to WTO seriously and made every

effort to implement them domestically. Most recently, in the area of protection of intellectual property rights, the Second Amendment Bill, 1999 to amend the Patent Act, 1970 has been passed by the Parliament last month. The amendments to the Patent Act not only honour our international obligations under the relevant provisions of the TRIPS Agreement, Paris Convention and other Conventions, but also charts a path for R&D driven economic development.

17. State owned enterprises have historically played an important role in India's economic development. However, on account of factors like scarcity of capital resources, inefficient and loss making operations of existing public sector enterprises, increased competition resulting from liberalisation of the economy, and the drain of public resources to fund public sector losses, a consensus has now emerged that the government should not be operating commercial enterprises. It is the government's stated policy to reduce government equity in all non-strategic Public Sector Undertakings to 26% or lower, if necessary. While progress on this has not been as rapid as we would have liked, the pace has gathered momentum in recent months as indicated in the reports before you. What is more, between March and May 2002, three more large public sector enterprises have been put through this process, which would fetch the Government a total of Rs.43.59 billion.

18. The Foreign Direct Investment policy of India has undergone significant liberalisation since the last review as observed in page 23 of the Secretariat report. Our procedures have been simplified including by placing most of the activities on the automatic route under which the foreign investor has only to notify the Reserve Bank of India regarding the investment made. FDI is permitted up to 100% in most sectors. Many new sectors such as integrated townships, mass rapid transit system and the defence industry have been opened up to FDI. Dividend balancing conditions in respect of 22 specified consumer items have been removed and local content

requirement conditions for the auto sector has been withdrawn. A new auto policy has been announced which, inter alia, provides automatic approval for foreign equity investment up to 100% for manufacture of automobiles and components. During the financial year 2001-02, FDI inflows into India amounted to US\$ 4.06 billion (exclusive of ADR/GDRs) which shows 65% growth compared to the previous year (US \$ 2.46 billion).

19. India has made significant strides in the opening up of the telecom sector for private participation and competition. This again has been well highlighted in the two reports before us. The International telephony sector has been opened up with effect from 1 April, 2002 even ahead of our commitments under the GATS. The Telecom Regulatory Authority of India have rationalised and reduced tariff over the last few years and has also substantially reduced the element of cross-subsidy in the sector. There has been significant improvement of teledensity in the country and this sector has also been one of the largest recipients of FDI in the recent years. A new comprehensive statute called the Communication Convergence Bill is presently under the consideration of Parliament which when passed, would replace the Indian Telegraph Act 1885

20. Madam Chairperson, I hope the overview of our economy that I have attempted here would have indicated how, despite many constraints, we have undertaken to implement all our WTO commitments faithfully. Likewise, we also expect our concerns to be addressed meaningfully. Some of these concerns have been indicated in the Government Report. I do not have to highlight the importance that our delegation has constantly attached to the satisfactory resolution of the implementation issues and Special and Differential treatment issues. The Doha declaration has given it a high priority and developing countries have also submitted proposals on several of them. We look forward to their meaningful resolution strictly in accordance with the deadlines spelt out in the Doha Ministerial Declaration.

21. We are also keen to see the elimination of all barriers that impede the market access of our products. We have given illustrative examples of such barriers in our Government Report. We appreciate that our products should meet international standards and we have made considerable progress in this regard by way of harmonisation of Indian standards with international standards. However, our experience is that we are hopelessly outnumbered in deliberations of various international bodies-such as ISO and the Codex Alimentarius. This results in adoption of standards not capable of implementation by developing countries. We hope that efforts made by the DG, WTO would prove fruitful to enhance participation of developing countries in the work of the international standard setting bodies.

22. Our problems concerning market access for textile products are well known and need no repetition. We would like to stress here that this is an important sector for developing countries and further opening up would greatly help them in gaining enhanced share in world trade. We also look forward to improved market access for our agricultural products in the on-going negotiations under the Agreement on Agriculture by reduction of high tariffs and subsidies prevalent in the developed countries.

23. The increasing proliferation of regional trading arrangements has impacted on our trade as some of them have resulted in trade diversion. Items of export interest to us, especially textiles, are getting more and more channelised through such RTAs, thereby reducing our market access.

24. We hope to see a big forward movement in Mode 4 during the current negotiations on services. This mode is an important one not only for India but also for most of the developing countries. India hopes that the liberalisation in

Trade in services would take place in sectors and modes of export interest to developing countries, while maintaining the GATS architecture. This would be absolutely essential for obtaining a balanced result from the on-going negotiations.

25. If we have to reach our goal of 1% share of world trade by the year 2007 as well as to achieve the targeted 8% growth rate mentioned in the Approach Paper to our 10th Five Year Plan, our efforts would need to be complemented by action from our WTO trading partners to meet our legitimate concerns and aspirations. In this regard, we look forward to further opening up of markets in the developed countries and bridging of gap between preferential and non-preferential tariffs, harmonisation of rules of origin and reduction of non-tariff barriers.

26. In conclusion, Madam Chairperson, I would like to emphasise again that we aim to continue with our reforms but with a human face. This is the only way to ensure that the reform programme is sustainable over the long term and that it would continue to enjoy the support of the widest spectrum of our society and polity. While on our part, we would like to reiterate our strong commitment to the multilateral trading system and to ensure success of the WTO, we would need the continued support of the WTO Members both by way of encouraging our efforts and by addressing our concerns. This would also require an appreciation of the fact that different countries are in different stages of development and resource generation and therefore, changes in the WTO order would need to be calibrated in such a manner so as to accommodate the development needs of all countries. Once again I wish to thank the Chair, the Discussant and Members for participating in such large numbers. My delegation looks forward to fruitful discussions over the next 2 days.



TRADE POLICY REVIEW: INDIA

Economic reforms led to strong economic performance

The Trade Policy Review Body of the World Trade Organization (WTO) concluded its third review of India on 19 and 21 of June 2002. The text of the Chairperson's concluding remarks is given below as a summary of the salient points which emerged during the discussion.

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. A record of the discussion and the Chairperson's summing-up together with these two reports will be published in due course at the complete trade policy review of India and will be available from the WTO Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21.

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, 1998 and 2002), 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), Malawi (2002), Malaysia (1993, 1997 and 2001), Mali (1998), Mauritius (1995 and 2001), Mexico (1993, 1997 and 2002), 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), Slovenia (2002), 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).

TRADE POLICY REVIEW BODY: REVIEW OF INDIA

concluding remarks by the Chairperson*

This meeting has led to a much better understanding of India's trade policies. The outcome has been a very successful third Review of India's trade policies, practices and measures, due mainly to the active involvement of the Indian delegation.

* Ms. Amina Chawahir Mohamed, Ambassador of Kenya

Members commended India for its strong economic performance over the past decade, with growth at an average 6% a year and a reduction in poverty. They noted that this resulted, in great part, from continued economic reforms, including trade liberalization, lower government involvement in the economy and liberalization of key services sectors. Trade reforms had concentrated on tariff reform and the removal of quantitative restrictions on imports.

Members noted that India was targeting even higher economic growth, particularly to reduce poverty further. This was to be achieved by stepping up reforms, including trade measures, especially to reduce the anti-export bias in the import regime. Several Members also remarked on the importance of investment, particularly for infrastructure, which needed urgent attention. The FDI regime had been significantly liberalized, but FDI inflows had not increased significantly. Moreover, the high fiscal deficit constrained public investment in infrastructure. The deficit also had implications for further reform of the tariff, which remained a major source of tax revenue; tariff reform needed to be accompanied by significant reform of the internal tax system, which India was striving to do.

India was commended for its initiative to simplify the tariff, but Members voiced concern over the persistence of high rates, escalation, complexity (including exemptions), and the gap between applied and bound rates. Details were requested on plans to reduce the tariff to two rates (10% and 20%). The imposition of additional and special additional duties to countervail indirect taxes remained a concern among Members.

Members were worried about India's increased use of contingency measures, notably anti-dumping. Some Members also worried that the removal of QRs had been followed by an increase in other measures such as strict labelling, certification and SPS requirements. India was commended for its efforts to enforce protection of intellectual property rights both through the adoption of new legislation and through education campaigns. Members stressed, however, that further efforts were required in this regard, especially in view of India's need to attract more FDI. Members noted the importance of the agricultural sector in India and stressed the need to further liberalize it in order to develop its full potential. Concerns were expressed over subsidies for agricultural products and inputs, which have contributed to large grain stocks and to export restrictions on agricultural goods. Some Members also urged liberalization of the Indian textile sector, noting that protection through high tariffs and small-sector reservations had hindered its competitiveness.

India has made significant progress in reforming services sectors, notably telecommunications, banking and insurance. Some Members raised queries in relation to banking reform,

including national treatment. Questions were also raised about market access in other services such as telecommunications, audiovisual and software services. Members pointed to the success of India's software sector as being indicative of its ability to compete globally.

Members also sought clarification on several specific issues including:

- procedures to review and reduce over-regulation in the economy;
- customs procedures and valuation;
- import restrictions and licensing;
- the role of state trading companies;
- export processing zones;
- performance requirements in the automobile sector;
- government ownership of, and involvement in, financial services;
- policy in transportation services, and land ownership, reforms in the electricity sector and public postal services.

Members expressed their appreciation for the oral and written responses and explanations provided by the Indian delegation; they looked forward to receiving answers on still outstanding questions.

This brings us to the conclusion of our Review of India. The large number of advance questions, numerous interventions (some 30) and the high level of attendance indicate the important role that India plays at the WTO. India was commended for its reform process, including trade liberalization, and simplification of the trade and investment regime. However, I think we all agree that India needs to do more if growth targets are to be met and a serious dent is to be made in the still high rate of poverty. In this regard, Members gave India their full support for its efforts to reform the economy. Many Members added that these efforts would be greatly enhanced by steps on the part of India's trading partners to reduce, if not remove, their impediments to India's exports, especially in the context of new negotiations in line with the Doha Development Agenda (DDA). India has clearly stated its support for the WTO and the DDA but considers that if further progress is to be made, the onus remains on the developed countries to keep the promises made in Doha. This view was endorsed by many other Members, who look to India for leadership in these negotiations.



TRADE POLICY REVIEW: INDIA

Indian reform contributes to growth: reforms need to continue to achieve high growth and reduce poverty

The Indian economy has grown rapidly over the past decade, with real GDP growth averaging some 6% annually, in part due to the continued structural reform, including trade liberalization, according to a WTO Secretariat report on the trade policies and practices of India.

Social indicators, such as poverty and infant mortality have also improved during the last ten years. In order to achieve further significant reductions in poverty, India is currently targeting higher real GDP growth of between 7% and 9% (compared with 5.4% expected for 2001/02); to meet this goal, it will be important, as stressed by the authorities, to continue, and even accelerate, the reform process and increase competition in the economy.

The WTO Secretariat report, along with the policy statement by the Government of India, will serve as a basis for the third Trade Policy Review (TPR) of India by the Trade Policy Review Body of the WTO on 19 and 21 June 2002.

Recognising the important linkages between trade and economic growth, the Government has simplified the tariff, eliminated quantitative restrictions on imports, and reduced export restrictions. It plans to further simplify and reduce the tariff. However, the level of protection through the tariff remains relatively high and the anti-export bias inherent in imports and other constraints still remains. To help counteract this anti-export bias, export promotion measures have gained in

importance. The Government has recently announced a further increase in these measures and plans to continue reforms of the tariff and other taxes.

Tariff and tax reform are also crucial to address the problem of high fiscal deficits, which have continue to grow despite efforts to reduce public spending. Moreover, with the customs tariff accounting for some 30% of net government tax revenue, further reform of the tariff may depend on major tax reform.

The report notes that the authorities are firm in their view that improving the economic growth rate requires further structural reform. As restrictions on trade and competition have been reduced, constraints associated with infrastructure and regulatory bottlenecks have become increasingly evident and need to be addressed urgently both through regulatory reform and through increased investment. Despite further liberalization of the FDI regime, India's record in attracting investment remains disappointing, with FDI accounting for some 1% of GDP. The government has also taken various steps to improve enforcement of intellectual property rights which should help to attract FDI.

A major development since the previous Review was the removal of all import restrictions maintained for balance-of-payments reasons. Thus, the customs tariff has become the main form of border protection. There have been significant recent efforts to rationalise the tariff, but, with numerous exemptions based on end-use, it remains complex and applied tariffs, which averaged some 32% in 2001/02, remains relatively high. As a result of additional bindings taken by India in the WTO, the share of tariff lines that are bound has increased since the previous Review, from 67% to 72%. The average (final) bound rate is 50.6%, higher than the applied MFN rate; this gap provided ample scope for applied rates to be raised recently on a few agricultural products.

While import licensing and tariff restrictions are generally declining, there appears to have been an increase in other border measures such as anti-dumping, with some 250 cases

initiated since 1995. Internal reforms have concentrated on improving efficiency and competition in the economy. Thus, while industrial policy remains important, its scope seems to have been reduced significantly. In addition, since the previous review, there has been a reduction in the number of activities reserved for the public sector and for the small scale industry. The need for increased competition is being addressed by gradually reducing the degree of direct government involvement in economic activities, including through a programme to restructure and privatise state-owned companies. The privatization programme has thus far had limited success and must also be stepped up to address the fiscal deficit. In addition, price controls, currently maintained on several products including fertilisers, petroleum products and in agriculture, add to the fiscal burden of subsidies. (implicit and explicit subsidies were estimated at some 14,5 % of GDP in the mid-1990s).

Policy in the agriculture sector has been guided by domestic supply and self-sufficiency considerations. Thus, the sector is shielded through import and export controls, including tariffs, state trading, export restrictions and, until recently, import restrictions. The result of this policy has been a substantial increase in stocks to unsustainable levels and the costs associated with maintaining these stocks.

In services, significant reforms have been pursued since the previous Review, especially in telecommunications, financial services and, to some extent, in infrastructure services, such as power and transport. Liberalization of telecommunication services has resulted in an increase in availability and a reduction in tariffs. The reduction in telecommunication tariffs is also likely to benefit the software sector, one of the major success stories in recent years.

Efforts have also been made to address transportation and power shortages although with mixed results. Electricity, in particular, remains in short supply and constrained by the loss making state electricity boards (SEBs).

The report concludes that India's economic reform programme

resulted in strong economic growth throughout the 1990s. The recent slowdown, although partly due to the overall slowdown in the world economy, also demonstrates the necessity of continuing these reform efforts. In particular, difficult decisions are required to redress the fiscal imbalance, by reducing subsidies, completing the process of tariff and tax reform, and stepping-up privatization of state-owned enterprises.

Note:

Trade Policy Reviews are an exercise, mandated in the WTO agreements, in which member countries' trade and related policies are examined and evaluated at regular intervals. Significant developments which may have an impact on the global trading system are also monitored. For each review, two documents are prepared: a policy statement by the government of the member under review, and a detailed report written independently by the WTO Secretariat. These two documents are then discussed by the WTO's full membership in the Trade Policy Review Body (TPRB). These documents and the proceedings of the TPRB's meetings are published shortly afterwards. Since 1995, when the WTO came into force, services and trade-related aspects of intellectual property rights have also been covered.

TRADE POLICY REVIEW BODY: INDIA

Report by the Secretariat — Summary Observations

The Indian economy has grown rapidly over the past decade, with real GDP growth averaging some 6% annually. Despite external shocks, such as the Asian economic crisis and fluctuations in petroleum prices, which resulted in a slowdown to 4.8% in 1997/98, the economy recovered to grow at over 6% during the two subsequent years. Social indicators, such as poverty and infant mortality have also improved during the last ten years. Higher growth during this period is, in part,

due to continued structural reform, including trade liberalization, leading to efficiency gains. In order to achieve further significant reductions in poverty, India is currently targeting higher real GDP growth of between 7% and 9% (compared with 5.4% expected for 2001/02); to meet this goal it will be important, as stressed by the authorities, to continue, and even accelerate, the reform process and increase competition in the economy.

Recognising the important linkages between trade and economic growth, the Government has simplified the tariff, eliminated quantitative restrictions on imports, and reduced export restrictions. It plans to further simplify and reduce the tariff. To help counteract the anti-export bias, inherent in import and other constraints, export promotion measures have gained in importance. The Government has recently announced a further increase in these measures and pledged to reduce export restrictions. The policy has also suggested the creation and strengthening of enclaves such as export processing and special economic zones, which would "immunise" exporters from the constraints affecting the rest of the economy, such as infrastructure and administrative problems. The Government estimates that annual export growth of almost 12% is required in order to raise India's share of world trade from its present level of 0.67% to a target of 1% by 2007.

The authorities are firm in their view that improving the economic growth rate requires further structural reform. As restrictions on trade and competition have been reduced, constraints associated with infrastructure and regulatory bottlenecks have become increasingly evident. Investment also appears to have been deterred by high real rates of interest, which are in part due to government borrowing to finance its fiscal deficit, which remains high. The Central Government deficit has risen from 4.2% in 1995/96 to some 5.7% in 2001/02. This is compounded by the states' fiscal deficits; it is estimated that the combined central and state fiscal deficit was over 10% of GDP in 2000/01.

In order to redress the fiscal imbalance, steps are being taken to rein in expenditure and to improve tax collection. One recent

measure is the introduction in Parliament of the Fiscal Responsibility and Budget Management (FRBM) Bill; the Bill aims to reduce the deficit by at least 0.5% per year with a view to reaching a deficit of not more than 2% of GDP by 2005/2006. Expenditure reductions are also being pursued, notably through reform of the food subsidy (public distribution system) and administered prices for petroleum. Steps are also being taken to reduce government stakes in state-owned enterprises, which remain a drain on government resources and a cause of inefficiency. To improve the revenue base, attempts are being made to reform the internal tax system. However, these attempts have met with limited success, especially with respect to state taxes. Moreover, with customs revenue still a relatively high share of fiscal receipts, further planned reductions in tariffs will probably require reform of the tax system.

There have been no major changes in India's trade and investment policy formulation since its previous Review in 1998. Trade policies are formulated and implemented by the Ministry of Commerce and Industry in consultation with other relevant ministries. In this, it is assisted by several autonomous bodies based in the Ministry as well as through regular consultations with trade and industry groups. Advice is also solicited from other government bodies such as the Prime Minister's Council on Trade and Industry and the ostensibly autonomous Tariff Commission, based in the Department of Industrial Policy and Promotion (Ministry of Commerce and Industry), as well as independent ad hoc groups appointed by the Government from time to time. In addition, the Planning Commission, in preparing goals for India's Five Year Plans, sets up task forces to examine trade and related policies.

India provides at least MFN treatment to all WTO Members. It has been a strong advocate of multilateral, rather than regional, trade initiatives and is party to few regional trading agreements. Efforts are nevertheless being made to strengthen regional agreements to which it is party, such as the South Asian Association for Regional Cooperation (SAARC) and the Bangkok Agreement. Under the South Asian Preferential Trade

Agreement (SAPTA), the members of the SAARC have completed three rounds of trade negotiations and expect to complete the SAPTA in 2002. In addition, India maintains bilateral trade agreements with several of its neighbours, including Bangladesh and Nepal; under a free-trade agreement with Sri Lanka, in effect since 1 March 2000, India grants duty-free access for over 1,000 tariff lines and a 50% margin of preference for the rest of the tariff, except for a negative list. Negotiations to conclude bilateral trade agreements with several other trading partners are presently under way.

India's foreign direct investment (FDI) policy has been liberalised since its previous Review. Investment is not only allowed in a greater number of sectors, but a larger number of sectors than before are eligible for automatic investment procedures, involving registration with the Reserve Bank; permission from the Government is still required for investment in some sectors, while foreign investment is not permitted in a few sensitive sectors. Despite liberalization, India's record in attracting investment remains disappointing, with FDI accounting for some 1% of GDP; and there appears to be no significant improvement in FDI inflows since the last Review, suggesting perhaps that the policy and infrastructural environment are still constraints.

Since the previous Trade Policy Review of India, trade and related reforms have been pursued although more gradually than during the early 1990s. However, a major change since the early 1990s appears to be the acceptance of the need for continued reforms in order to raise economic growth and reduce poverty. In this context, barriers to trade have been reduced and internal structural reform has been pursued.

A major development since the previous Review was the removal of all import restrictions maintained for balance-of-payments reasons. As a result, the customs tariff has become the main form of border protection. There have been significant recent efforts to rationalise the tariff, but with numerous exemptions based on end-use, it remains complex. Tariffs are relatively high, but the average applied MFN rate fell from

35.3% to 32.3% between 1997/98 and 2001/02 and is expected to fall further, to 29% in 2002/03, as the "peak" rate of tariff is reduced from 35% to 30%. The tariff shows substantial escalation in some sectors, especially for paper and printing, textiles and clothing, and food, beverages and tobacco. The Government announced recently that it intends to simplify and lower the tariff to two tiers by 2004/05; 10% for raw materials, intermediates and components, and 20% for final products. In addition to the tariff, importers must pay additional and special duties on a number of products.

As a result of additional bindings taken by India in the WTO, the share of tariff lines that are bound has increased since the previous Review, from 67% to 72%; new bindings were made primarily in textiles and clothing; India also renegotiated bindings in some agricultural items. The average (final) bound rate is 50.6%, higher than the applied MFN rate; this gap provided ample scope for applied rates to be raised recently on a few agricultural products.

While import licensing and tariff restrictions are generally declining, there appears to have been an increase in other import measures. India has become one of the major users of anti-dumping measures, with some 250 cases initiated since 1995. Certain imports, such as automobiles and natural rubber, may enter only through specified ports. Similar restrictions relating to entry through certain ports have been removed on 300 sensitive items previously subject to import restrictions; imports of these products continue to be monitored.

As part of its policy to encourage exports, the Government is planning to confine export restrictions to a few sensitive items, as announced by the Export and Import Policy 2002-2007. Export and import prohibitions are maintained mainly for health and security reasons.

Internal reforms have concentrated on improving efficiency and competition in the economy. Thus, while industrial policy remains important, its scope seems to have been reduced significantly. Compulsory licensing now appears to be required mainly for environmental, safety, and strategic reasons. In

addition, since the previous Review, the number of activities reserved for the public sector has been reduced from six to three and the number of sectors reserved for the small-scale industry has been reduced from 821 to 799; another 50 items are expected to be removed from the list of items reserved for the small-scale sector. Price controls are maintained on several products, including fertilisers, petroleum products, and some agricultural products; some of these, including on petroleum and fertilisers, are gradually being phased out.

The need for increased competition is being addressed by gradually reducing the degree of direct government involvement in economic activities, including through a programme to privatise state-owned companies. State-owned companies, which were used to implement industrial and development goals, are a drain on government resources. Attempts have been made since the early 1990s to restructure those that are loss-making and, in some instances, to privatise them, although, until recently, the privatization programme has met with limited success; annual targets are not often met. The Government has redefined its privatization strategy recently and is willing to privatise all non-strategic companies; in strategic companies, including those involved in the arms and ammunition, defence, atomic energy and railway transport sectors, the Government will reduce its equity to 26%, or lower in some cases.

Efforts are also under way to modernise India's laws dealing with competition and industrial "sickness", while new measures have been taken to strengthen corporate governance. A new Competition Bill, which would replace the current Monopolies and Restrictive Trade Practices (MRTP) Act, is currently being examined in Parliament. The Bill aims, inter alia, to check the abuse of dominant positions and establish procedures dealing with mergers and acquisitions. When enacted, the Bill will also establish a new Competition Commission. Amendments were also made in 1999 and 2000 to the Companies Act, to improve corporate governance.

In view of the need to curb the fiscal deficit, tax reforms are

being pursued. Complexities in the excise tariff structure have gradually been reduced, with a view to moving to a standard rate of 16% and ultimately to a value-added tax system. However, attempts to convert the state sales tax into a value-added tax have had less success; this has been postponed twice since the original deadline of 1 April 2001. Efforts are also being made to reduce explicit subsidies, which account for some 1.2% of GDP in 2001/02 (explicit and implicit subsidies, however, are likely to be considerably higher, estimated at some 14.5% of GDP at the time of the previous Review of India).

Since its previous Review, India has introduced amending laws on intellectual property rights, including for trade marks, and industrial designs; legislation to amend the Patents Act and on Biological Diversity is currently in Parliament. Steps are being taken to educate the public on the importance of compliance with intellectual property rights laws, although enforcement seems relatively weak.

Policy in the agriculture sector has been guided by domestic supply and self-sufficiency considerations. Thus, the sector is shielded through import and export controls, including tariffs, state trading, export restrictions and, until recently, import restrictions. With the removal of import restrictions, tariffs on several agricultural products have been raised; as a result, the overall average MFN tariff for agriculture has risen from 35% in 1997/98 to 41% in 2001/02, but is expected to fall to around 37.5% in 2002/03 with the passage of the Budget for 2002/03. To encourage exports of agricultural products, the Government has set up agricultural export processing zones.

Internally, despite some recent reforms, the sector remains subject to a wide range of price and distribution controls. Price controls are maintained for staples to ensure remunerative prices for farmers. The Government also procures and subsidises the sale of certain commodities through the public distribution system (PDS), which is targeted at low-income families. The products currently supplied through the PDS include wheat, rice, sugar, and edible oils. Over the years the

PDS has become more targeted, while procurement by Government agencies has continued to increase (in part due to a rise in minimum support prices). The result has been a substantial increase in stocks, which greatly exceed the levels considered necessary to ensure food security, and in the costs associated with maintaining these stocks. Short-term measures, such as selling excess grain below economic cost, have been undertaken, but longer-term policy changes would seem necessary.

In manufacturing, which is dominated by textiles and clothing, there has been a decline in the use of industrial policy, including industrial licensing and small-scale-sector reservations. In addition, the removal of import restrictions in 2001 has further opened the market to international competition. Tariffs remain high, averaging 32.5% in 2001/02.

Textiles and clothing accounts for around 30% of India's total merchandise exports. Exports go mainly to the European Union and the United States, both of which maintain restrictions under the Agreement on Textiles and Clothing (ATC). In preparation for the removal of such restrictions, and to improve the sector's competitiveness, a number of measures have been taken recently. These include removal of some textiles and clothing products from the list of items reserved for the small-scale sector, and removal of foreign equity restrictions (with a small number of exceptions). The new Textile Policy also acknowledges the need to restructure, or close down, non-viable units, while ensuring adequate compensation for displaced workers.

Significant reforms have been pursued since the previous Review, especially in telecommunications, financial services and, to some extent, in infrastructure services, such as power and transport. Liberalization in the telecommunications sector began in the early 1990s, with licences being issued to private investors for cellular telephone services. Since then, private investment has been allowed in all telecommunication services. The resulting increased competition from private service providers, as well as efforts by the regulator to rationalise

tariffs and reduce cross-subsidisation between local and international rates, has contributed to a significant improvement in India's telecommunications service network and to a reduction in tariffs.

The reduction in telecommunication tariffs is likely to benefit the software sector, one of the major success stories in recent years. This success is in part due to India's abundant supply of relatively high-skilled and low-cost labour; compared with other sectors, software has also been relatively free of barriers to trade and investment. The Government does, however, provide support to the sector, including through tax and tariff exemptions, and software technology parks. Recognising the linkages between software and telecommunications, the Government recently merged the Ministries of Information Technology and Communications and has introduced a new Communications Convergence Bill in Parliament.

The banking sector has been subject to gradual reform since the early 1990s. The most recent developments include measures to reduce the level of non-performing loans, especially in public-sector banks, and to restructure three public-sector banks. The Reserve Bank of India, which regulates the banking sector has also strengthened prudential requirements, including raising minimum capital and capital adequacy ratios. Supervision of banking and non-bank financial companies is based on both on-site and off-site monitoring on a regular basis. Key challenges continue to be the high level of non-performing loans and the restructuring of weaker public-sector banks. The insurance industry has recently been opened to competition from the private sector and new licences have been issued to private companies; foreign equity is restricted to 26% of the total. The role of the regulator, the Insurance Regulatory and Development Authority (IRDA), has been enhanced.

Infrastructure remains a major constraint on economic activity in India. Major shortages in the supply of electricity have resulted in the use of captive generation. The main suppliers of electricity, the state electricity boards (SEBs), have run

losses, estimated in 2000 at around 1% of GDP, partly as a result of subsidised tariffs to the agriculture sector. Recent reforms have concentrated on addressing the issue of cross-subsidisation of tariffs, through the establishment of regulators and reform of the SEBs; in addition, foreign investment restrictions in transmission were removed. In transportation services, the current Railway Budget has revised the tariff structure, reducing the cross-subsidy between freight and passenger transport; investment by the private sector has also been allowed. The private sector has also been encouraged to invest in the development and operation of national highways.

India's economic reform programme resulted in strong economic growth throughout the 1990s despite external shocks. The recent slowdown, although partly due to the overall slowdown in the world economy, also demonstrates the necessity of continuing these reform efforts. In its recent annual Economic Survey, the Indian Government acknowledges the importance of "providing the right environment" for Indian industry to compete internationally and to raise annual real economic growth rates. The approach paper for the Tenth Five Year Plan (2002-2007) argues that the scope for efficiency improvement is large, but can only be realised if "policies are adopted which ensure such improvement".

While the process of dismantling some of India's complex system of trade and domestic controls has already yielded considerable results, there is a need for domestic structural reforms to be deepened and completed. In particular, difficult decisions are required to redress the fiscal imbalance, by reducing subsidies, completing the process of tariff and tax reform, and stepping-up privatization of state-owned enterprises. A reduced fiscal deficit is also likely to improve the investment climate and free resources for private and public investment, particularly in infrastructure services, which have become a major bottleneck to economic growth. Important steps have already been taken recently, including the introduction in Parliament of legislation on competition policy, changes in the Companies Act, and a decision to introduce

changes in labour laws. Continued efforts to open the economy to international competition are likely to result in higher economic growth and a further rise in per capita incomes.

TRADE POLICY REVIEW BODY: INDIA

Report by the Government — Part 18

Impediments to the growth of India's international trade

New tariff barriers faced by Indian products in various overseas markets are severely constraining our exports. These barriers may broadly be enumerated as: (i) restrictive import policy regimes (import charges other than customs tariff, quantitative restrictions, import licensing, custom barriers); (ii) standards, testing, labelling and certification (including phytosanitary standards), which are set at unrealistic high levels for developing countries or are scientifically unjustified; (iii) export subsidies (including agricultural export subsidies, preferential export financing schemes etc.); (iv) barriers on services (visible and invisible barriers restricting movements of service providers, etc.); (v) government procurement regimes; and (vi) other barriers including anti-dumping and countervailing measures.

Quantitative restrictions, especially in the textiles area, are one of the most important of the non-tariff barriers affecting India's trade. The major trading partners of India have not made any industrial adjustment nor have accorded any meaningful access to developing countries like India. The integration programme implemented by the importing countries has not been in line with the spirit of the Agreement on Textiles and Clothing (ATC), though it may have conformed to the narrow technical and legal requirements of the Agreement. In the first stage starting from 1 January 1995, major restraining countries integrated no product under restraint for India; and in the second and third stages, integration of restraint products has been negligible. The result is that even

in the tenth year of the transition period, more than 95% of India's apparel and yarn trade would remain un-integrated with some of its major trading partners. Further, the integration schedules have a greater concentration of low value added products. It is, thus obvious that the major importing countries have continued to back load the integration process and the bulk of integration would take place only at the conclusion of the transition period.

Another problem in the area of textiles exports is unilateral changes introduced by certain trading partners in their rules of origin. These changes have adversely affected exports of textiles and India's rights under the ATC including the full utilisation of quota. Repeated anti-dumping investigations on the textile products like cotton fabrics and cotton bedlinen, in which India enjoys a measure of comparative advantage, had a debilitating effect on the Indian textile industry and exports. The export of textile products has also been affected because of ban on use of Azo dyes. Another area of concern regarding market access for textile trade is an increasing tendency to enter into bilateral pacts for conferring selective liberalization of quotas. The tariff preferences have also been extended bilaterally, which are otherwise meant to be provided to all developing countries on a non-reciprocal basis. There is also a growing regionalisation of textile trade on account of formation of Free Trade Areas and Preferential Trading Arrangements. It is estimated that 59% of world trade in textiles is presently taking place under RTAs. Such localisation of world textile trade is adversely affecting India's textile trade.

In a number of other product sectors of export interest to India, market access has been affected by several non-tariff measures (NTMs). In the agricultural product sector, there are barriers to export of mangoes and other fruit on account of insistence of some of our major trading partners to use only the Vapour Heat Treatment (VHT) procedure. In the floriculture sector, there are certain plant quarantine procedures in some importing countries including zero tolerance for some insects and pests, which affect our market access. The export of Indian milk product is affected on account of

certain conditions like proof of absence of TSE/Scrapie in India insisted upon by some trading partners. There is continuing ban on import of Indian meat by some countries even though India has been free from rinderpest for the last three years and the same has been published in the OIE bulletin released from Paris. There are different regulations on use of pesticides and pesticides residues by various importing countries, which has affected market access of Indian products like grapes, egg products, gherkins, honey, meat products, milk products, tea, and spices. Non-harmonisation of regulations for approval of exporting units of Indian egg products and non-approval of Indian egg processing establishments by one of our major trading partner is another market access barrier. In the leather products sector, Indian exporters face NTMs like chemical and dye content of leather, other standards (like different shoe size standards, more than appropriate stringent standards for flex testing, tearing strength, colour fastness and flammability testing), packaging and labelling requirements (like insistence on use of recyclable card boxes for packing footwear, at times insistence on reshipping the packaging material back to the point of origin), violation of MFN and national treatment (for instance testing, double certification and standards compliance may not be mandatory or as strict for local manufacturers or for some other exporting countries), visa restrictions and other import bans (like ban on use of Nickel in footwear, ban on use of colour pigments with additive base). Unreasonable social security requirements and visa restrictions enforced by some of our major trading partners have affected the growth of our software exports. The requirement of assembly of bicycles according to the security and safety norms of a trading partner in a discriminatory manner and need for a certificate of compliance by an authorised organisation has severely affected market access of Indian bicycles to that country. The illustrative examples of NTMs given in this paragraph indicate the significant financial and time costs, which have adversely impacted on the market access for Indian goods and services.

(Source : WTO)



FEEDBACK

REFORM PROCESS / 6 P.C. DECADAL GROWTH

WTO hails India's performance

NEW DELHI, JUNE 21. The World Trade Organisation (WTO) today congratulated India for its reform process that had led to an annualised 6 per cent economic growth during the last decade, but expressed concern over high tariffs and increased use of anti-dumping measures by New Delhi.

The commendation came at the conclusion of a review of India's trade policy conducted by the WTO at Geneva on June 19-21.

During the review which attracted a high level of participation and interest, WTO members complimented India for its strong economic performance which had resulted from continued economic reform, including trade liberalisation, lower government involvement and liberalisation of key service sectors, an official release said here.

Many delegations stressed that India's efforts would be greatly enhanced if its trading partners took steps to reduce, if not remove, the impediments to India's exports, especially in the context of the new negotiations in line with the Doha Work Programme.

There was, however, concern about India's increased use of anti-dumping measures as also labelling, certification and standard requirements.

Concerns were also expressed

over the high tariffs, subsidies, the large stock of foodgrains and small sector dereservation.

A view was conveyed that additional measures were needed if the ambitious growth targets were to be met, the release said.

Reiterating its support for the WTO and the Doha work programme, India said the anti-dumping investigations were being conducted strictly on the basis of anti-dumping rules that were fully in accordance with the WTO trade agreement.

India further pointed out that the actual trade affected by these measures was not significant. In all, the 39 measures against the U.S. and the EU, for instance, accounted for less than 0.1 per cent of all of India's total imports.

Responding to queries on agriculture, New Delhi said various measures had been undertaken including removal of export restriction on agricultural products and allowing freer inter-state movement of foodgrains.

India said further liberalisation would depend on how the trading partners committed themselves to reduction in export subsidies and domestic support.

In textiles, India said several initiatives had been undertaken including dereservation of hand-made garments and tech-

nological upgradation.

New Delhi said the slower phasing out of the quota restrictions, tariff peaks in developed markets for quota items and repeated trade defence action were coming in the way of increased market access for developing countries like India.

In respect of service sector, it was recognised that significant progress had been made in the reform in telecommunications, banking and insurance sectors. Further, it was noted that the success of India's software sector was indicative of its ability to compete globally.

India was also commended for its efforts to enforce protection of Intellectual Property Rights both through the adoption of new legislation and through educational awareness campaign.

The India delegation was led by the Commerce Secretary, Dipak Chatterjee, who in his address at the WTO on June 19 highlighted the initiatives taken by the Government, particularly in the lowering of customs duties, deregulation in the number of service sectors such as banking, insurance and telecom and the liberalisation of the foreign direct investment regime. The trade review for India is conducted by the WTO once in four years, with the last one having been held in 1998. — PTI

(The Hindu Business Line, New Delhi : June 22, 2002)

(The Hindu Business Line, New Delhi : June 22, 2002)

India scores in Geneva

Ranabir Ray Choudhury

THE Trade Policy Review concerning India, which has just been conducted at the World Trade Organisation in Geneva, has thrown up nothing new except for the fact that, according to the chairman of the Trade Policy Review Body (TPRB), there has been some support for the overall Indian stand — that protectionism in the developed world must cease if the developing countries are to be enabled to fulfil their WTO obligations as far as liberalising trade is concerned.

According to an official WTO press release, the chairman, in his concluding remarks, said, "... Members gave India their full

WIDE CANVAS

support for its efforts to reform the economy. Many Members added that these efforts would be greatly enhanced by steps on the part of India's trading partners to reduce, if not remove, their impediments to India's exports, especially in the context of new negotiations on line with the Doha Development Agenda (DDA).

India has clearly stated its support for the WTO and the DDA but considers that if further progress is to be made, the onus remains on the developed countries to keep the promises made in Doha. This view was endorsed by many other Members, who look to India for leadership in these negotiations.

In fact, it is not only WTO members who have emphasised this point of view but also personages like the World Bank President, Mr James D. Wolfensohn, the IMF Managing Director, Mr Horst Kohler, and the WTO Director-General, Mr Michael Moore.

The three of them, in a joint note to the OECD Ministerial meeting in Paris on May 15-16, said: "The Doha and Monterrey declarations have been landmarks in the fight against poverty. A central message is that aid and trade must go hand in hand if the opportunities of globalisation are to spread to the most needy — the one billion and more of humankind living in absolute poverty. Ensuring that poor people have every possible chance to participate in trade, and directing our assistance to enable them to do so, is not only morally right it also makes economic sense."

The note (which is being quoted here at some length because of its intrinsic importance) continues: "We are pleased therefore that this week's gathering of OECD Ministers will give special attention to trade and development. We hope that Ministers will give impetus to the necessary actions to meet the development objectives of the Doha agenda on line, within the next 30 months. And we encourage them to set out clearly how progress towards these objectives will be monitored. Prospects for reform of agricultural support policies and textiles regimes, toward interventions that are less damaging to the economic opportunities of the poor, are particularly important."

More generally, the three leaders declared: "Any increase in protectionism by any country is damaging. Such actions will hurt growth prospects where fostering growth is most essential. And they are sending the wrong signal, threatening to undermine the ability of Governments everywhere to build support for market-oriented reforms. How can leaders in developing countries or in any capital argue for more open economies if leadership in this area is not forthcoming from wealthy nations?"

When seen against this background, the support which India received at the Trade Policy Review Body meeting — on the issue of developed countries keeping their promises made at Doha — requires more than usual importance because it indicates, among other things, that the WTO Doha Ministerial meeting has been successful in making the rich share with the poor the burden of global trade liberalisation. Indeed, the TPRB meeting chairman said: "The large number of advance questions, numerous interventions (some 30) and the high level of attendance indicate the important role that India plays at the WTO." What this basically means is that the process begun at Seattle — where, for the first time, the developing world asserted itself to the extent of preventing a US-crafted declaration from being adopted at the Ministerial — has struck deep root in the psyche of the developing world in which, by virtue of its sheer size, India can play the role of a natural leader.

One can only commend New Delhi that, in its report to the Trade Review Body, it minced no words in stating that the de-

veloped economies had a major role to play in assisting India to open its own markets by taking the initiative to dismantle all sorts of tariff and non-tariff barriers. Apart from focusing on the impediments in the way to opening up the textile export sector for India, New Delhi did well to list some of the other areas where progress could be made if the rich economies were a bit more cooperative. A part of the Report by the Government of India to the TPRB reads: "New tariff barriers faced by Indian products in various overseas markets are severely constraining our exports. These barriers may broadly be enumerated as: (i) restrictive import policy regimes (import charges other than Customs tariff, quantitative restrictions, import licensing, Customs barriers); (ii) standards, testing, labeling and certification (including phytosanitary standards), which are set at unrealistically high levels for developing countries or are scientifically unjustified; (iii) export subsidies (including agricultural export subsidies, preferential export financing schemes, etc); (iv) barriers on services (visible and invisible barriers restricting movements of service providers, etc); (v) government procurement regimes; and (vi) other barriers including anti-dumping and countervailing measures."

While New Delhi has been able to make its stand cogently and forcefully, those WTO members who have tried to prise open India's trade policy defences have had to rely on old arguments which, understandably, have lost their sheen and are no longer novel enough to make any appreciable impact.

Thus, the same old questions have been raised on the tariff aspect (persistent high rates, complexity, etc), on non-tariff issues (anti-dumping measures, etc, investment policy in infrastructure, farm subsidies and, of course, textile sector liberalization. What all this suggests is that New Delhi should not leave any stone unturned in its effort to use the WTO machinery at its disposal to the fullest advantage, in a sense taking the battle deep into enemy camp with the help of international public opinion which is now appearing to turn in favour of the world's downtrodden, as it must if the march of human civilisation is ultimately to culminate in greater justice for mankind as a whole.

FEEDBACK

(The Hindu Business Line, New Delhi : June 22, 2002)

MONTHLY REPORT ON MULTILATERAL TRADE ISSUES AND DEVELOPMENTS (May 2002)

The General Council (GC)

The Like Minded Group (LMG) paper on preparatory process in Geneva and negotiating procedure at Ministerial conference was formally introduced at the WTO General Council Meeting on 13 & 14 May, 2002. In the debate, many members said that there is need for flexibility in the procedures so as to respond to changing requirements. Members expressed willingness to participating in consultations on the subject. The subject will be put on the agenda for the next GC meeting also. **It was decided that the Fifth Ministerial Conference will be held in Cancun (Mexico) from 10-14 September 2003. A new procedure on de-restriction of documents was approved.**

Committee on Import Licensing

The Committee meeting at the WTO, Geneva on 14 May, 2002 considered the usual agenda by reviewing the notifications submitted by Members under different Articles of the Agreement on Import Licensing Procedures. Concern was reiterated by the Chairperson as well as by other Members regarding lack of compliance with notification obligations by many Members. The Members who had not made even one notification so far were encouraged to do so. There was also discussion concerning the issue of Transitional Review Mechanism in terms of paragraph 18 of China's Protocol of Accession, on the basis of an agenda item introduced by the United States. There was an unanimous view that there would not be establishment of any new procedures other than those laid down under the Protocol of Accession. China strongly rejected the US suggestion for setting any procedures within the Committee concerning this Review. China categorically

stated that on this issue it had no more obligation than that was stipulated under paragraph 18 of the Protocol. It also pointed out that Paragraph 18 clearly established important guidelines on the frequency, procedure, scope and substance of the transitional review and it was inappropriate for any subsidiary body of the WTO to re-define these terms. It, however, expressed its readiness to work with the Committee and make every positive contribution towards fulfilment of the objectives of the transitional review as laid down in paragraph 18. After discussion, the Committee agreed to conduct the transitional review at its next meeting tentatively scheduled for 24 September and requested the Secretariat to inform the Chinese Mission of this in writing. **In line with the Doha mandate, it was agreed to consider the issue of technical assistance at the next meeting for considering inputs to the General Council by December 2002.** The Chairperson also informed the Members of the discussion in the Committee on Trade and Development (COMTD) Special Session on Special and Differential Treatment and encouraged active participation by Members in that discussion. Mr. Hiromichi Matsushima of Japan was elected the Chairperson while Miss Philippa Davies of Jamaica was elected the Vice-Chairperson of the Committee for the next one year.

Working Group on Transparency in Government Procurement (WGTGP)

The WGTGP held its first formal meeting after the Doha Ministerial Conference on 29/5/2002 and focused its discussion on the first five items on the Chairman's Checklist. India made a proposal for review of the Checklist to ensure only all transparency-related items only remained for discussion in

the Working Group. In this regard, India referred to the discussion at the Working Group on the relationship between Trade and Investment (WGTI) and pointed out in the context of WTO, 'transparency' meant only information and notification. In the context of transparency in government procurement, it felt that while provision of information and notification of government procurement policies was transparency-related, administration of such policies was outside the purview. The basic proposal of India for review of the Checklist was supported by Malaysia, even though it did not fully agree with India on the elements to be finally deleted. The trade majors did not feel the necessity of opening a debate on the mandate of the Working Group. They also wanted all issues outstanding at the end of the study process to be decided through negotiations. **India, supported by Malaysia and some developing countries, wanted all the issues to be discussed at the study process and not be left to negotiations as the developed countries had an upper hand during negotiations. Further, these developing countries reiterated their position that in view of the Chairman of the Doha Ministerial Conference understanding, launching of negotiations would be subject to explicit consensus being reached at the Fifth Ministerial Conference with any Member having a right to take a position that would prevent launching of such negotiations on transparency in government procurement. During substantive discussions, India basically reiterated its position under the five checklist items. In its general statement, India wanted the primacy of domestic legislation and rules on government procurement to be fully preserved and there should be no requirement to change these laws. Second, since market access had been clearly kept out under the Doha mandate, Members, especially the developing countries, should have the flexibility to pursue domestic government procurement policies aimed at social, economic and regional development**

and in this regard reiterated its suggestion that exceptions should be provided for in this regard besides the normal exceptions provided for under the GATT and the GATS. Finally, the procurement not open to foreign suppliers should be kept out of discussion. With regard to review of the Checklist, India wanted deletion of elements such as procurement methods, time periods, domestic review mechanism and linkage to WTO Dispute Settlement Understanding.

Committee on Trade & Development (CTD) – Special Session

The discussions were preceded by comments by trade majors that the Special Session of CTD is not a negotiating body. Developing countries contested this following which the Chairman said that he will hold informal consultations on the subject. India along with many other members of the LMG introduced six proposals (relating to Subsidies & Countervailing Measures (SCM); Sanitary & Phytosanitary (SPS); Technical Barriers to Trade (TBT); and Dispute Settlement Understanding (DSU)). India's earlier five proposals presented at the April meeting on making non-mandatory provisions into mandatory ones was also taken up. There was a positive response from developing countries. Developed countries, however, were largely negative in their reactions. It was suggested by some developed countries that proposals should be forwarded to the regular WTO bodies/negotiating groups. The African Group and the LDCs group put forward comprehensive proposals on S&D provisions.

Council for Trade in Goods (CTG)

CTG met in Geneva on 2 May, 2002. The two textiles related issues, implementation-related tariffs, and major review will continue to be discussed further. The Chairman will hold consultations on the issue raised by India and others on the issue of the CTG's oversight of bilateral textiles restraints agreed

between the US and Turkey. Under Bangladesh's notification under Article XVIII:C, it was agreed as per informal consultations held on 1 May. The review of the TRIMs (Trade-Related Investment Measures) Agreement will remain on the agenda and Members were encouraged to make submissions. Various requests for waiver under the agenda on market access issues were recommended to the GC. The CTG also met on 23 & 24 May, 2002 and **focussed on trade facilitation, and in particular Article X of the GATT and technical cooperation and capacity building**. The paper by the Secretariat was a very useful basis for these discussions, though some Members of the Colorado group also presented papers which will be revisited. No agreed conclusions were drawn on substantive issues. The next meeting will consider Article VIII while leaving open the possibility of discussing other provisions. The other agenda focussed on the three textiles issues under discussion in the CTG, namely, implementation issues, major review, and US-Turkey bilateral textiles restraints, which did not record any progress. Significantly, under other business there was agreement to forward a report by the CTG to the GC on the EC's request for a waiver on its preferential arrangements for combatting drugs production and trafficking.

ITA Committee

The Committee on Information Technology Agreement (ITA) met on 3 May, 2002. The discussion largely focussed on the NTMs Work Programme, where participants were urged to reply to the questionnaire on EMI/EMC standards and conformity assessment, and the US presented a paper on Non-Tariff Measures (NTMs). Admission of China as a participant to the Committee was deferred pending bilateral consultations between China and the US on issues such as end-use certification for IT products in China.

DSB Special Session

This was the second formal meeting of special session of the

Dispute Settlement Body (DSB) on DSU review held on 21/5/2002. Pursuant to the chairman, Mr. Peter Balas' proposal to conduct the discussion in two track, viz., general discussion identifying the issues and focussed discussion on specific proposals, discussion on Thailand and Philippines' joint proposal on increase of Appellate Body (AB) members and Thailand's proposal on carousel took place. On proposal of AB members divergent views were expressed. As at present no appeal pending this year, a sort of ad hoc arrangement of increasing the number of members, depending upon workload should be made. On carousel, while several Members expressed in favour of it, US strongly opposed such proposal. EC circulated responses to our questions and explained briefly on the merits of permanent body of panelists, compensation, etc. India made certain preliminary remarks on those explanations and reserved our right to come back to them. Costa Rica, St. Lucia and Australia indicated that they would table certain proposals before or after summer break this year. Dispute Settlement Body (DSB)

Dispute Settlement Body

As the DSB adopted the panel and Appellate Body (AB) reports on the dispute *US – Line Pipe from Korea* (DS202) on 8-3-02, this special meeting of DSB was convened on 22/5/2002 to facilitate US to express its intention to implement the DSB rulings. Taking advantage of this, EC and US placed the Panel and Appellate Body reports on *India – Automotive Sector* (DS146&175) on the agenda. India explained that it withdrew the appeal as it had effected changes to its auto policy obviating the appeal (yet the AB issued factual report). India criticised the panel for exceeding its authority by making rulings on India's measures taken subsequent to its establishment in Section VIII, i.e., last part of the report. India asked the DSB to adopt the panel report excluding the last part of the report. US also criticised panel on this part of the report. EC, however, took a different view on this. The DSB Chairman said that there was no precedent of adopting partial panel report and proposed

for adoption of the reports in full. Accordingly, the DSB adopted them. At India's request the DSB also established Article 21.5 panel on *EC – Bedlinen* dispute (DS141) at the DSB meeting on 22/5/2002, EC did not oppose it. However, DSB did not establish a panel at our request on US – Rules of Origin (DS243), as US exercised its right to oppose the request and also it pointed out to the typographical error in our request. It, however, committed that if India were to re-submit the request, it would not oppose at the next DSB meeting. DSB took note of the statements and agreed to revert back to it. As the DSB established panel at Japanese request on *US – Sunset Review of AD on Steel* (DS244), India became third party. India also expressed our formal intention to comply with the DSB rulings in the Automotive dispute and sought reasonable period of time. While US made a brief statement, EC wanted us to fulfil our promises by eliminating accrued obligations on auto manufacturers, who signed MOUs. DSB took note of the statements. US presented status reports on *1916 AD Act* (DS136&162) and on *Copyright Act* (DS160) disputes. DSB deferred establishment of panels on US steel safeguard measures and on Japan – Apples.

TRIMs Meeting

The main agenda item of the meeting on 21/5/2002 was four outstanding implementation tires relating to TRIMs Agreement. Developing countries mainly India, Brazil, Colombia, Venezuela, Cuba, Philippines underlined the need for flexibility for developing countries under the TRIMs Agreement. India recalling the Doha mandate on outstanding implementation issues, made detailed intervention on all the four tires. The developed countries argued that there were certain flexibilities already in the TRIMs agreement.

Sub-Committee on Least Developed Countries (LDCs)

The Sub-Committee held its 28th Session under the chairmanship of the new Chairman Ambassador Molander of

Sweden., in Geneva on 24/5/2002. The implementation of the Work Programme adopted by the Sub-Committee earlier this year was the focus of discussion. **The Sub-Committee focused on two issues at this meeting under the Work Programme, namely enhancing the participation of LDCs in the multilateral trading system and diversification of production and export structure.** Under the first issue, the Members had the benefit of commenting on a Secretariat note while the International Trade Centre (UNCTAD/WTO) gave an oral report on support provided by the ITC to the LDCs on diversification activities. The Sub-Committee heard a report from Ambassador H.R. Iversen of the discussion at the Fourth Session of the Integrated Framework Steering Committee held in March 2002. The Secretariat while highlighting the activities undertaken by the Inter-Agency Working Group under the Integrated Framework (IF), also introduced the new IF website. The Chairman informed the Members that there would be a Seminar on Accessions to the WTO in the morning of 16 July with the Sub-Committee holding its next formal session in the afternoon of the same day focusing its discussion on the issues under the on-going accession process of the LDCs to the WTO.

Negotiating Group on Market Access – Small Group meeting

The meeting was convened on 27/5/2002 to elicit the view of India and other delegations that hold similar views on the draft suggestion of the Chairman of 10 April. **India and others pointed out that they have shown flexibility on various aspects and that they were disappointed not having received any response at the meeting on 22 April. They expressed readiness to work for conclusion of modalities by 15 July 2003** and said that they would feel more comfortable if details of meetings for the next year are agreed upon after the review in December. China insisted that it should be specifically mentioned that the overview paper will be prepared by the Secretariat based on all proposals received.

Committee on Trade in Services (CTS) — Special Session

The meeting was convened on 28/5/2002 to discuss the Chairman's revised draft on modalities for giving credit for autonomous liberalization. There were wide divergences of view on (a) credit to be given for extensive liberalization undertaken by newly acceded members, in the process of accession; (b) credit for measures taken pursuant to extended negotiations; (c) linkage sought to be established between goods and services; (d) weak language of the paragraph dealing with developing countries; (e) reference to members having undertaken extensive commitments during the Uruguay Round; and (f) need for binding autonomous liberalization measures if credit is to be claimed. In view of these divergences the Chairman said that he will hold further consultations.

Working Group on Trade and Transfer of Technology

The meeting was convened by the Chairman on 31/5/2002 to discuss with the proponents of the Working Group possible work programme of the WG. The meeting was attended by India, Cuba and Honduras. India stated that it would like to see a focused discussion so that the WG could come up with suitable recommendation at the 5th Ministerial Conference. The Chairman stated that for the next meeting of the WG, experts from Brazil, China and Denmark would be sharing their country experience. The joint submission by the proponents of the Working Group and Secretariat's note on Trade and TOT would also be on the agenda of the next meeting.

Committee on Customs Valuation

The meeting of the Customs Valuation Committee (CVC) held in Geneva on 6 & 7/5/2002. basically considered various issues relating to the administration and implementation of the Customs Valuation Agreement, such as notification of national

legislation, for many of which the examination was concluded, and on the invocation of reservations by developing country Members. The meeting was suspended on Sri Lanka's request for extension of the delay period for the application of the CVA pending discussions with the US. The EC provided additional information to questions by India on the EC's application of standard values on certain fruit and vegetables. It was agreed to revert back on the long pending matter of the periodic reports of the CVC to the CTG. The five implementation-related issues posed by India and some other developing country Members were scheduled for discussion on 7/5/2002. Detailed questions and answers followed on the tirets 57, 58, and 59, and in view of the time constraint it was agreed to discuss tirets 60 and 61 at the next scheduled meeting. It was also agreed to discuss paragraph 8.3 of the Doha Decision on implementation Issues at the next meeting. There continues to be resistance by the vast majority of developed countries to all the tirets, and even by some developing countries like Singapore on some of the tirets.

Negotiating Group on Rules – RTAs (Regional Trade Agreements)

Only one proposal was submitted under this item from Australia. A number of countries welcomed Australian paper and offered preliminary comments. It was suggested that Secretariat compile a background note updating its earlier note covering systemic and procedural issues that have come up for discussion during CRTA meeting.

Negotiating Group on Rules

The negotiating group on Rules negotiations met during 6-8 May 2002. Proposals were introduced by Canada (Anti Dumping & Subsidies), Australia (Regional Trade Agreements), New Zealand and others (Fishery Subsidies), India (Implementation Issues on Anti Dumping and subsidies), Brazil (Export Credits), Japan and others (Issues on Anti Dumping), Brazil

(Implementation Related Issues). Only preliminary comments were made on these proposals.

Textiles Monitoring Body (TMB)

TMB continued its consideration of notification by various WTO members at its meeting held on 14 & 15 May, 2002.

Working Party on the Accession of Algeria to the WTO

The Working Party held its third meeting and as noted by the Chairman, it made considerable headway. The Algerian side expressed its interest in holding another round of bilateral market access negotiations before the summer break. The Chairman set a deadline of 7 June 2002 for interested Members submitting written questions/comments to the Secretariat. Subject to documentation being available, the Chairman announced the possibility of the next meeting of the Working Party being held in late September or early October 2002.

Working Party on the Accession of the Former Yugoslav Republic of Macedonia to the WTO

The Working Party held its fourth meeting on 23/5/2002 and reviewed the state of play of the bilateral market access negotiations on goods and services and examined the first draft version of the Report of the Working Party. It was noted that this accession process was moving rapidly and the Macedonian side expressed its wish to conclude bilateral market access negotiations very early. It also expressed its readiness to visit Geneva at short notice when requested by any Member of the Working Party. If the market access negotiations as well as agreement on systemic issues related to agriculture were concluded by June, there was a strong possibility of another meeting of the Working Party in July to consider the draft Report of the Working Party.

Trade Policy Review Body (TPRB) – Trade Policy Review of Slovenia

The TPRB conducted the first Trade Policy Review of Slovenia. Members commended Slovenia for its good economic performance since independence in 1991. They noted that Slovenia's trade and investment liberalisation efforts have been key elements in its reform programme aimed at restoring macroeconomic stability and establish a modern, stable, and fully functioning market economy. While noting Slovenia's commitment to the multilateral trading system, they were concerned by lack of matching improvements for MFN partners as compared to falling trade barriers to Slovenia's partners under preferential agreements. The Members also noted the importance attached by Slovenia to its European Union accession process. Issues raised by Members of the TPRB included FDI regime and incentives, privatisation process, SPS measures, export subsidies, liberalisation of the services' sectors, tariff escalation and gap between applied and bound rates and accession to the Plurilateral Agreement on Government Procurement.

Committee on Budget, Finance and Administration

ITC presented its budget for 2003. The request for funding was at the same level as in 2002. There was a detailed discussion on the report by the Human Resource Consultant, Mr. Slater. Members wanted the issue of the number of DDGs to be addressed in the General Council, though many of them agreed with the recommendation that the number be reduced to at the most two. Members also expressed agreement with the recommendation on abolishing four posts of Directors and the winding up of six divisions.



SCHEDULE OF MEETINGS AT THE WTO/GENEVA* JULY 2002

JULY

1& 2	Working Group on the Interaction between Trade and Competition Policy	15-17	Council for Trade in Services
2	Dispute Settlement Body	15-16	Seminar on Accessions (Technical Cooperation)
2	Special Session of the Committee on Trade and Development	15&16	Special Session of the Dispute Settlement Body
2	Workshop on Trade and Investment	17	Special Session of the Committee on Trade and Development
3&4	Committee on Customs Valuation	17	Working Party on the Accession of Uzbekistan
3-5	Working Group on the relationship between Trade and Investment	18&19	Council for Trade in Services
5	Committee of Participants on the Expansion of Trade in Information Technology Products	18&19	Trade Negotiations Committee
5	Committee on Budget, Finance and Administration	22	Committee on Trade in Financial Services
8&9	General Council	22&23	Council for Trade in Goods
8&9	Negotiating Group on Rules	23&24	Special Session of the Council for Trade in Services
9	Trade Policy Review Body - Barbados	24	Trade Policy Review Body - European Union
10	Committee on Trade-Related Investment Measures	25	Committee on Subsidies and Countervailing Measures
10	Negotiating Group on Rules	25&26	Special Session of the Council for Trade in Services
11&12	Negotiating Group on Market Access	26	Trade Policy Review Body - European Union
11	Trade Policy Review Body - Barbados	29	Dispute Settlement Body
11&12	Working Group on Trade, Debt and Finance	29&30	Textiles Monitoring Body
12	Working Party on the Accession of Nepal	30	Dedicated Discussion on E-commerce/General Council
		31	General Council

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