

India & The WTO

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JAITLEY CONSULTS ALL STAKEHOLDERS



Mr. Arun Jaitley, Minister of Commerce & Industry and Law & Justice, has held wide-ranging consultations with all stakeholders including political parties and trade unions, in the run-up to the 5th Ministerial Conference of the World Trade Organisation (WTO) scheduled to be held at Cancun

(Mexico) during 10-14 September, 2003. Among those who participated in the extensive meetings were: Trade Unions (8 August 2003) — Girish Awasthi, Bharatiya Mazdoor Sangh; Chandi Das Sinha, Indian National Trade Union Congress; P.K. Ganguli, Centre for Indian Trade Unions; R. A. Mittal, Hind Mazdoor Sabha; J. Chitranjan, All India Trade Union Congress; Krishna Chakraborty, United Trade Union Centre (LS); Abani Roy, representing the United Trade Union Congress; O. P. Verma, National Front of India Trade Unions; and G. Devrajan, Trade Union Coordination Centre; Indian National Congress (11 August, 2003) — Pranab Mukherjee and Dr. Manmohan Singh; Left Parties (13 August 2003) — Rup Chand Pal, Tarit Baran Topdar and Lakshman Seth of CPI (M) — and Prabodh Panda of CPI; Bharatiya Janata Party (14 August 2003) — Venkaiah Naidu; Balbir Punj; Tarun Vijay; Dr. J.P. Gupta; Gopal Aggarwal; and Dr. Jagdish Shettigar; NDA allies (18 August 2003) — Shri Arun Kumar Sarma, Assam Gana Parishad; Dinesh Trivedi, All India Trinamool Congress; P.C. Thomas, Indian Federal Democratic Party; Dr. C. Krishnan, MDMK; S. Viduthalaivirumbi and R. Shunmugasundaram of DMK; and K. Yerran Naidu of TDP; Other political parties (21 August, 2003) — Shri Sharad Pawar, & Shri Praful Patel of the Nationalist Congress Party (NCP), P. G. Narayanan and Dr. V Saroja of the All India Anna Dravida Munnetra Kazhagam (AIADMK); K. Francis George, Kerala Congress, and R. S. Gavai, Republican Party of India. The Minister also had an interactive session with interest groups and stakeholders represented in the Advisory Committee on International Trade, including FICCI and CII as well as NGOs.

The Road To Cancun

The Fifth Session of the Ministerial Conference of the World Trade Organisation (WTO) is scheduled to be held in Cancun (Mexico) during 10-14 September, 2003. In terms of the decision of the Ministers at Doha, as contained in the Doha Ministerial Declaration of 2001, the Fifth Session of the Ministerial Conference will take stock of progress in the negotiations under the work programme adopted at Doha; provide any necessary political guidance; and take decisions as necessary. India has been actively participating in the negotiations on various issues included in the Doha Work Programme. India has consistently taken the stand during these negotiations that the development dimension of the Work Programme should be maintained and should not be diluted at any cost. **Agriculture sector** provides livelihood for the large majority of the people in India and negotiations in agriculture should result in tangible improvement in the living conditions of low- income and resource poor farmers and landless agricultural labourers. This cannot be achieved unless there is significant and meaningful reduction in domestic support and all forms of export subsidies in major developed countries. Furthermore, concerns relating to food security and livelihood of farmers should be addressed through effective protection at the border for their produce and sufficient flexibility to apply safeguards to address different situations. In respect of **non-agricultural products**, India has strongly advocated increased market access for products of export interest to India including products such as textiles and leather goods. India has also stressed the need for providing for less than full reciprocity in the matter of reduction commitments by developing countries. Expressing positive interest in the **services' negotiations**, India has asked for greater and effective liberalisation in the movement of natural persons under Mode 4, and also has interest in Mode 1. On the so-called **Singapore issues**, namely Trade and Investment; Trade and Competition Policy; Transparency in Government Procurement; and Trade Facilitation, views of the Members of the WTO are still divergent on many of the key aspects being discussed. Greater clarity would be required before any decision on modalities could be considered. India has been taking steps at bilateral, plurilateral and multilateral levels, both with developed and developing country partners, aimed at resolution of issues of particular interest to developing countries such as **TRIPS and Public Health, Special and Differential Treatment**, and Implementation-related issues, on a priority basis so as to have a successful outcome at the Cancun Ministerial Conference.

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DEVELOPMENT MUST BE CENTRESTAGE AT CANCUN

(Inaugural address by Mr. Arun Jaitley, Minister of Commerce and Industry at the National Symposium on "Trade and Globalisation : Agenda towards Cancun 2003", New Delhi, 18-19 August, 2003)

“This conference is being organised at a very appropriate time, when we are only three weeks away for the next Ministerial Conference of WTO. I would like to congratulate the organisers -UNCTAD and UNDP - for organising this national symposium in cooperation with the Ministry of Commerce and Industry.

Globalisation is a phenomenon that countries and people all over the world have to live with. What is required is to manage it to our advantage. International trade, one of the most manifest forms of globalisation, is not a losing game in itself. Trade takes place among countries. And there is the expectation that all the countries who trade with one another benefit. It is expected to be a win-win situation for all. However, when there is asymmetry in power balance as between trading partners, there is the likelihood that the benefits of trade are cornered by the more powerful of the partners. Here is the significance of multilateral rules binding trading countries, involving principles of non-discrimination - including national treatment and most favoured nation treatment - as well as predictability and transparency. Such rules, if effectively devised and implemented, would serve to neutralise the adverse effects of differences among trading partners.

The mandate of the Cancun Ministerial Conference as defined in the Doha Declaration is very clear. It has to review the progress in the ongoing negotiations - negotiations on agriculture, negotiations on non-agricultural market access, negotiations on services : it has also to take stock of the status of implementation of the decisions of the Ministers at Doha on

Implementation issues and on the review and operationalisation of the Special and Differential Treatment (S &DT) provisions. The unfortunate fact is that all the time lines set by the Ministers at Doha have been breached. What is more disturbing is that while issues of developmental interest to developing countries are being soft peddled, those of interest to developed countries are attempted to be put on top gear. Thus, urgency is shown on progress in the negotiations on non-agricultural market access and in services, while on Implementation issues and TRIPS and Public health and the review of Special and Differential Treatment (S&DT) there is hardly any forward movement. The stalemate on the issue of TRIPS and Public health continues. The draft Ministerial text circulated by the Chairman of the General Council on 18th July 2003 does not provide any thing to cheer for the developing countries. And we have hardly three weeks from now to Cancun. The scenario does not appear very encouraging.

This Symposium has been planned with the intention of having a very wide stakeholder consultation on issues of vital importance to the country that would be discussed at Cancun. This is part of a consultation process that the Ministry is engaged in on a continuous basis. The Department has a system of regular consultations with various stake holders and Industry Associations. The consultation process in the Department involves all the stakeholders including industry and State governments. Major academic institutions have also been involved in conducting Studies

on various issues, thus providing useful inputs in formulating our negotiating strategies. As part of the preparations for the Cancun Ministerial Conference we have set in motion a process of consultations with the National Trade Unions, Political parties and State governments which is still going. The intention is to evolve a consensus on all the major issues so that when we go to Cancun we have the firm belief that we are going to take a stand that has broad consensus at home.

Coming to the specific issues for negotiation, let us look at agriculture first. Agriculture is the main stay of the large majority of India's population. We cannot agree to any outcome that would call into question the livelihood security of our farmers who are largely subsistence and marginal producers. While India has some surplus for export of agricultural products, our international competitiveness is adversely affected because of the existence of heavy subsidies in developed countries and the non-tariff barriers faced by Indian exports of agricultural products. We want to maintain sufficient level of border protection for our farmers. At the same time we want substantial reduction in the domestic -support and export subsidies by developed countries with a view to eliminating export subsidies within a reasonable period of time.

The realisation of potential gains for all WTO Members, and in particular for developing and least developed country Members, requires "fundamental restructuring of the global trade system - particularly in agriculture - that includes rich countries dismantling subsidies, lowering tariffs and leveling the playing field", according to the UNDP's Human Development Report 2003. The depth of agriculture reform in developed countries, coupled with adequate safeguards to address the livelihood' and food security concerns of billions of farmers in developing countries, hold the key to resolving the fundamental differences in this crucial

sector, as well as across some of the other areas in the negotiations.

On non-agricultural market access i.e. industrial tariff negotiations our concern relates to certain items, which deserve continued protection in view of the sensitivities involved. We will have to maintain reasonably high tariff bound rates on these items for some time to come. We, therefore, require flexibility to keep unbound at least a limited percentage of items of the tariff lines that are presently unbound. We would want to have the sectoral initiatives applicable only on an voluntary basis for developing countries. The issue of tariff peaks and tariff escalation in developed countries need to be addressed in an effective way.

As far as the negotiations on services are concerned we feel that there can be a win-win situation, with the labour shortage in the developed countries being matched by the labour availability developing countries. However, looking at the low level of receptivity amongst developed countries to the requests made by developing countries for enhanced market access in Mode 4, we do not find that things are moving in the correct direction. For developing countries such as India, the balance of gains in the negotiations will lie in the extent to which our service providers are enabled to provide services in overseas markets, which account for a large share of the total trade, either from remote locations (Mode 1) or through the temporary movement of service personnel (Mode 4).

TRIPS and Public Health is another area where we have important stake. India along with other developing countries is willing to engage constructively in order to arrive at a consensus on the issue of para 6 of the Doha Declaration on the TRIPS Agreement and Public Health. The December 16 text cannot be reopened now. Members who have not yet joined the consensus should take a decision and we believe that resolution

of these issues before Cancun could make matters easy there.

We feel that the ambition on Implementation issues should be resolved within a definitive time frame. Similarly, the S & D issues need to be clearly acknowledged as those which require early resolution. Our view is that they should be resolved to the satisfaction of the developing-countries and LDCs before the Cancun Ministerial Conference.

On Singapore issues, modalities have to be discussed and we should have a clear idea of what the proposals are before taking a decision on the issue of start of negotiations. Explicit consensus is required for start of negotiations. The need for a multilateral agreement on investment itself is not clear. Such an agreement cannot promise any additionality of investment inflows. It does not in any significant manner reduce transaction costs for investors. At the same time there is no doubt that any multilateral agreement will certainly curtail the policy space of developing countries. Bilateral Investment treaties, of which India is party to more than 45, provide protection to investment while allowing policy flexibility to host developing countries. This being the case, the need for a multilateral framework is questionable. The very rationale for bringing the issue of investment, which is essentially a non-trade issue, into the agenda of WTO is itself questionable and based on doubtful premises. Rule making on this issue would affect the flexibility available to developing countries and overload the agenda of WTO.

There is also no consensus on Competition Policy. The impact of the non-discrimination provisions, being proposed by the proponents, on development policy objectives of developing countries is not clear. We feel

that non-discrimination among unequals amount to discrimination. While hard core cartels are proposed to be addressed, certain major trading countries want to exclude export cartels.

Issues like Transparency in Government Procurement and Trade Facilitation have a trade angle, which nobody can deny. However, the proposals under Trade Facilitation are procedural in nature which should normally fall under the purview of the World Customs Organisation. Transparency in Government Procurement is a virtue which we all accept and implement. However, the dividing line between transparency and market access in the context of Government Procurement is very thin. Besides government procurement serves a valuable economic purpose, with developmental implications. Therefore, binding agreements on these issues are difficult to visualise.

In conclusion, if some WTO Members believe that the level of ambition on agriculture and non-agricultural market access and Services alone will define the goals of the Doha development agenda, we have to point out that they are mistaken. Areas of critical interest to developing countries like India, namely, resolution of the TRIPS and Public Health impasse, adequacy of the implementation-related issues package, time-bound negotiation of the framework for special and differential treatment for developing countries, which were given priority in the deadlines agreed at Doha, have to be brought back on the radar screen and the development focus reinstated, in case progress is to be achieved and positive outcome ensured at Cancun. Our Concerns on agriculture have to be adequately addressed.”



INDIA AND OTHER DEVELOPING COUNTRIES GIVE THEIR RESPONSE TO EC – US FARM PROPOSALS

JOINT PROPOSAL BY INDIA, CHINA, ARGENTINA, BRAZIL, SOUTH AFRICA AND OTHERS PRESENTED TO WTO

India and other developing countries have given their response to the recent EU-US proposals for agricultural negotiations in the World Trade Organization (WTO) in a joint proposal presented in Geneva today. The co-sponsors of the joint proposal are: India, China, Mexico and some members of the Cairns Group of agriculture exporting countries namely, Argentina, Brazil, Bolivia, Chile, Colombia, Costa Rica, Guatemala, Paraguay, Peru, Thailand and South Africa.

The **key elements** of the response of India and others are:

- The **market access commitments sought to be imposed by the European Union (EU) and the United States (US) on developing countries completely disregard the interests and concerns of developing countries with regard to their agriculture. The response proposes Uruguay Round approach to tariff reduction by developing countries and steeper reduction by the developed countries using, among others, the Swiss formula.**
- The proposed reform of agriculture in the **EU-US proposals to eliminate subsidies (both domestic support and export subsidies) and distortions completely fails to meet the requirements and objectives of the Doha Ministerial mandate on agriculture. Therefore, it proposes time-bound elimination of all export subsidies by developed countries; substantial reduction in all forms of trade distorting domestic support, including elimination of Blue Box measures (i.e. subsidies meant to limit production in developed countries); and capping of specific Green Box measures such as payments decoupled from prices and production.**
- It emphasizes the **need to build in specific elements of the Special & Differential (S&D) Treatment requirements of developing countries** such as maintaining and enhancing support programmes for low income and resource poor farmers; to maintain

marketing and transport subsidies on exports by developing countries; and to **incorporate the market access instruments of Special Products for rural development and food security and new special safeguard mechanism for developing countries to safeguard against price variations/volatility and import surges.**

It may be mentioned that the EU-US joint paper on agriculture which was presented to the WTO on 13th August, 2003 had the following major elements:

- A combination of Uruguay Round tariff reductions, Swiss formula based tariff reductions and zero duty in respect of the remaining tariff lines for all countries. (The Uruguay Round reductions involve lesser reduction commitments while the Swiss formula leads to steeper reductions in tariffs).
- Special safeguard mechanism enjoyed by the developed countries would continue while developing countries would have a special safeguard mechanism on import sensitive items only.
- All countries are required to offer additional market access through tariff rate quotas.
- Export subsidies would not be eliminated except for few products and export credits which are primarily given by developed countries will have corresponding lower disciplines.
- Most trade distorting Domestic support is sought to be only minimally reduced while Blue Box payments are sought to be retained.
- Non-trade concerns, such as animal welfare payments, and the peace clause (which prevents other members from raising disputes against subsidies which are provided not in conformity with the rules) would be left open for further negotiations.

The text of the joint proposal submitted by India and other developing countries to the WTO in Geneva on 20/8/2003 is attached.

The text of the joint EU-US paper of 13th August, 2003 on Agriculture is also attached.

**FRAMEWORK
JOINT PROPOSAL BY
ARGENTINA, BRAZIL, BOLIVIA, CHILE, CHINA, COLOMBIA,
COSTA RICA, GUATEMALA, INDIA, MEXICO, PARAGUAY, PERU,
THAILAND AND SOUTH AFRICA**

Members reconfirm the objectives as established in paragraphs 13 and 14 of the Doha declaration, including the objective to establish a fair and market-oriented trading system through fundamental reform in agriculture. Members recognize that reforms in all areas of the negotiations are inter-related, that operationally effective special and differential treatment for developing countries will be an integral part of the negotiations, and that non-trade concerns should be taken into account as provided for in the Agreement on Agriculture.

Ministers agree to intensify work to translate the Doha objective into reform modalities, including by adopting the following approaches for reduction/elimination commitments and related disciplines on key outstanding issues on market access, domestic support and all forms of export subsidies and stress their commitments to submit comprehensive draft schedules in time to conclude negotiations by 1/1/2005.

In that context, Ministers agree as follows:

1. Domestic Support:

The Doha declaration calls for "substantial reduction in trade-distorting domestic support". All developed countries shall achieve substantial reduction in trade distorting support with Members having the higher trade distorting subsidies making greater efforts.

1.1. Substantial reductions shall take place under the following parameters:

- (i) Reduce all trade-distorting domestic support measures in the range of []% - []%, on a product specific basis. The difference between the upper and lower limits shall be no greater than [] % points. Products which benefited from levels of domestic support, above the average, during the period [....] shall be subject to the upper levels of reduction. Regardless of the

percentage reduction applied in each case, a first cut of not less than []% of such reduction shall be applied to all trade distorting domestic support measures within the first 12 months of the implementation period.

- (ii) For products benefiting from domestic support which are exported and which have accounted, on average over the last [...] years, for more than []% of world exports of that product the domestic support measures shall be subjected to the upper levels of reduction, with a view to elimination.
- (iii). Eliminate article 6.5 of the Agreement on Agriculture.
- (iv) Reduce *de minimis* by []% for developed countries
- (v) The sum of AMS support and *de minimis* shall be subject to a cut of at least []%

1.2. Green box direct payments (paragraphs 5 to 13 of Annex 2 of the AoA) shall be, as appropriate, capped and/or reduced for developed countries. Additional disciplines shall be elaborated and agreed upon.

Special and Differential Treatment

1.3. The scope of art. 6.2. of the Agreement on Agriculture shall be expanded, so as to include focused and targeted programmes.

1.4. Maintain *de minimis* at the existing levels for developing countries

2. Market Access:

2.1. The formula applicable for tariff reduction in developed countries shall be a blended formula, under which each element will contribute to substantial improvement in market access for all products, in an effective and measurable way. The formula shall be as follows:

- (i) []% of tariff lines subject to a []% tariff cut. With a view to addressing tariff escalation, a factor of [] will be applied to the tariff rate cut of the processed product, in case its tariff is higher than the tariff of the product in its primary form;
 - (ii) []% of tariff lines subject to a Swiss formula coefficient [];
 - (iii) []% of tariff lines shall be duty-free.
- 2.1.1 The total average tariff cut of items i) and ii) above shall be at least [] % and, in any event, significantly higher than the tariff cut in i).
- 2.2 For the tariff lines that exceed a maximum of []% Members shall reduce them to that maximum.
- 2.3. Tariff rate quotas shall be expanded by []% of domestic consumption and in quota tariff rates shall be reduced to zero. Strict rules for their administration will be agreed to. Larger expansion or creation of TRQs could be the result of a request and offer process.
- 2.4. The Special Agricultural Safeguard (SSG) for developed countries shall be discontinued.
- 2.5. All developed countries shall provide duty-free access to all tropical products and others mentioned in the Preamble of the Agreement on Agriculture as well as to other agricultural products representing at least []% of imports from developing countries.

Special and Differential Treatment

- 2.6. Having regard to their rural development and food security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods, as well as from the establishment of Special Products (SP), under conditions to be determined in the negotiations. The formula applicable for tariff reductions shall be as follows:
- (i) all tariff lines subject to a []% average tariff cut and a minimum cut of []%;
 - (ii) there will be no commitments regarding TRQ expansion and reduction of in quota tariff rates for developing countries;

- 2.7. Under conditions to be determined in the negotiations, a special safeguard mechanism (SSM) shall be established for use by developing countries, the scope of which would depend on the impact of tariff cuts as per 2.6 above.

3. Export subsidies:

- 3.1 With regard to export subsidies budgetary and quantity allowances:
- Members shall commit to eliminate over a [x] year period export subsidies for the products of particular interest to developing countries [...];
 - Members shall commit to eliminate over a [y] year period export subsidies for the remaining products.
- 3.2 With regard to officially supported export credits, guarantee and insurance programmes, disciplines shall be implemented on a rules based approach, without prejudice to existing disciplines on the prevention of circumvention of export subsidies commitments and taking into account paragraph 4 of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least Developed Countries and Net Food Importing Developing Countries. The rules based approach shall, *inter alia*, identify and eliminate the subsidy component.
- 3.3. Additional disciplines shall be agreed in order to prevent commercial displacement through food aid operations.

Special and Differential Treatment

- 3.4. The provisions on paragraph 9.4 shall be continued.

4. Others

- 4.1. Under conditions to be determined in the negotiations, the question of preference erosion shall be addressed.
- 4.2. The particular concerns of recently acceded Members and Least Developed Countries shall be effectively addressed.

Geneva, dated 20/8/03

TEXT

Joint EC-US Paper on Agriculture

(13 August, 2003)

Members reconfirm the objectives as established in paragraphs 13 and 14 of the Doha declaration, including the objective to establish a fair and market-oriented system through fundamental reform in agriculture. Members recognize that reforms in all areas of the negotiations are inter-related, that special and differential treatment for developing countries will be an integral part of the negotiations, and that non-trade concerns should be taken into account.

Ministers agree to intensify work to translate the Doha objectives into reform modalities, including by adopting the following approaches for reduction commitments and related disciplines on key outstanding issues on market access, domestic support and export competition.

1. The Doha declaration calls for "substantial reductions in trade-distorting domestic support". All developed countries shall achieve reductions in trade distorting support significantly larger than in the Uruguay Round, that will result in Members having the higher trade distorting subsidies making greater efforts.

Reductions shall take place under the following parameters:

- 1.1. Reduce the most trade-distorting domestic support measures in the range of []% - []%.
- 1.2. Members may have recourse to less trade distorting domestic support under the following conditions:
 - (i) for direct payments if:
 - such payments are based on fixed areas and yields; or

- such payments are made on 85% or less of the base level of production; or
 - livestock payments are made on a fixed number of head.
- (ii) support under 1.2.(i) shall not exceed 5% of the total value of agriculture production by the end of the implementation period.
 - (iii) the sum of allowed support under the AMS, support under 1.2.(i) and de minimis shall be reduced so that it is significantly less than the sum of de minimis, payments under Article 6.5, and the final bound AMS level, in 2004.

1.3. reduce de minimis by []%.

2. The Doha declaration calls for "substantial improvements in market access." Negotiations should therefore provide increased access opportunities for all and in particular for the developing countries most in need and take account of the importance of existing and future preferential access for developing countries.

To achieve this, commitments shall be based on the following parameters:

- 2.1. The formula applicable for tariff reduction shall be a blended formula under which each element will contribute to substantial improvement in market access. The formula shall be as follows:
 - (i) []% of tariff lines subject to a []% average tariff cut and a minimum of []%; for these import sensitive tariff lines market access increase will result from a combination of tariff cuts and TRQs.

- (ii) []% of tariff lines subject to a Swiss formula coefficient []
 - (iii) []% of tariff lines shall be duty-free.
- 2.2 For the tariff lines that exceed a maximum of []% Members shall either reduce them to that maximum, or ensure effective additional market access through a request-offer process that could include TRQs.
- 2.3. The use of the special agricultural safeguard (SSG) remains under negotiation.
- 2.4. A special agricultural safeguard (SSM) shall be established for use by developing countries as regards import-sensitive tariff lines.
- 2.5. All developed countries will seek to provide duty-free access for at least []% of imports from developing countries through a combination of MFN and preferential access.
- 2.6. Having regard to their development and food security needs, developing countries shall benefit from special and differential treatment, including lower tariff reductions and longer implementation periods.
3. The Doha mandate calls for "reductions of, with a view to phasing out, all forms of export subsidies." To achieve this, disciplines shall be established on export subsidies, export credits, export state trading enterprises, and food aid programs.
- Reduction commitments shall be applied in a parallel manner according to the following parameters:
3. 1 With regard to export subsidies:
- Members shall commit to eliminate over a [] year period export subsidies for the following products of particular interest to developing countries [...];
- for the remaining products, Members shall commit to reduce budgetary and quantity allowances for export subsidies.
- 3.2 With regard to export credits:
- Members shall commit to eliminate, over the same period as in 3.1-1st indent the trade distorting element of export credits through disciplines that reduce the repayment terms to commercial practice ([] months), for the same products in 3.1-1st indent in a manner that is equivalent in effect;
 - for the remaining products, a reduction effort that is parallel to the reduction in 3.1 2nd indent in its equivalent effect for export credits shall be undertaken.
- 3.3. Without prejudging the outcome of the negotiations, reductions of, with a view to phasing out, all forms of export subsidies mentioned in 3.1 and 3.2 will occur on a schedule that is parallel in its equivalence of effect on export subsidies and export credits.
- 3.4. Disciplines shall be agreed in order to prevent commercial displacement through food aid operations.
- 3.5. Disciplines, including ending single desk export privileges, prohibition of special financing privileges, and disciplines on pricing practices shall be established for export state trading enterprises.
4. As far as S&D treatment for developing countries is concerned, the rules and disciplines will need to be adjusted for significant net food exporting countries.
5. Issues of interest but not agreed: Peace clause, non-trade concerns, implementation period, sectoral initiatives, continuation clause, GIs, and other detailed rules.



STATEMENT BY INDIA IN GENERAL COUNCIL MEETING (26.08.2003)

(On the revised Draft Cancun Ministerial Text)

“Mr. Chairman,

At the outset let me compliment both you and the Director General for your combined efforts that have resulted in the revised Draft Cancun Ministerial Text. We appreciate the difficulties that you would have faced in trying to bring together different strands and viewpoints of the Members in the key areas. In my statement I shall concentrate on the proposed framework on agriculture and non-agricultural market access. I shall also cover the Singapore issues and touch upon Services, S&DT and Implementation issues and a few of the other paragraphs in the Draft Text.

The Ministers at Doha had highlighted their commitments “to establish a fair and market oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets.” They had further agreed that special and differential treatment for developing countries shall be an integral part of all elements of negotiations ... so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development.

It is quite clear from the above statement of the Minister that the three pillars of domestic support, export subsidies and market access are closely inter-linked. If substantial reductions in domestic support does not take place and export subsidies are not eliminated, the distortions in international agricultural trade cannot be removed. Unfortunately, the Draft Ministerial Text does not provide us with the necessary

levels of comfort so that developing countries are in a position to make major contributions in market access.

We along with the Group of 17 developing countries in our paper on the framework to be adopted had clearly indicated the ambition of reductions that are required both in domestic support and export competition. In domestic support these among others, included product specific reduction in the Amber Box, elimination of Art. 6.5, capping of Green Box direct payments and incorporation of additional disciplines amongst others. We find that in the Draft Ministerial Text all these elements are not included. On export subsidies, we do not derive confidence in the formulation provided in the Draft Ministerial Text that export subsidies will be eliminated soon or in the near future. We are further concerned that the Peace Clause which is not even under negotiations and is set to expire on 31 December 2003 has been listed as one of the issues for consideration in Paragraph 6 of the Draft Text.

Mr. Chairman, if some of the major developed countries are not in a position to have a high level of ambition in the reduction of subsidies, how can they expect the developing countries to ambitiously reduce their tariffs which is the only instrument available to them for protecting their farmers. For India, with over 650 million people dependent on agriculture for their livelihood, it becomes all the more important that the agricultural negotiations do not become a tool to impoverish them further. Some countries in their interventions had mentioned about the two categories of commitments being taken by Members on market access. Members should realise that in any case, there are two categories of members, one with deep

pockets who subsidise their agriculture heavily, leading to the distortions and the others who have no financial resources to provide support to their farmers even when required. Moreover, the framework for tariff reduction worked out by the EC and the US was tailor made to suit their tariff structure and enable them to make minimal contribution to market access while on the other hand will place inordinately high burden on many developing countries. Therefore, a different structure of tariff reduction for developing countries is absolutely essential. Under no circumstances can we accept any form of harmonisation concept. We understand that your draft text provides that developing countries can choose one of the two options provided under Para 2.6 (ii and iii). I would like to further add that paragraph 2.6 (i) indicates the proportion of tariff lines to be subject to average and a minimum cut for import sensitive tariff lines under which the market access increase will result from a combination of tariff cuts and TRQs.

With regard to TRQs for import sensitive tariff lines, it is to be noted that the import sensitive tariff lines in developed countries generally are high tariffs where it is possible to introduce tariff rates quotas for granting market access in case minimal tariff cuts are undertaken. On the other hand, the sensitive tariff lines in developing countries generally are in low tariffs where the possibility of creation of new TRQs does not exist. Therefore, there should be no obligation to create new TRQs for import sensitive tariff lines in developing countries.

On Special and Differential Treatment, Mr. Stuart Harbinson, Chairman, Committee on Agriculture, Special Session, in his *First Draft of Modalities for the Further Commitments* of 17 February 2003 and an initial limited revision of certain elements of 18 March 2003 had covered the different elements for the developing countries. A number of these elements are covered in the text and we expect that these along with the

elements mentioned in the Harbinson text would ultimately form a part of the modalities.

Non-Agricultural Market Access:

Mr. Chairman, we appreciate the efforts made by Ambassador Girard, Chairman of the Negotiating Group on Market Access to come out with a fair and balanced draft to accommodate the interests of the developing countries. However, we still have concerns with both paragraph 3 and 6 of the Draft Ministerial Text. On the issue of the non-linear formula referred to in paragraph 3, our understanding is that further negotiations will take place on the basis of the formula put forward in TN/MA/W/35/Rev.1. On the sectoral tariff negotiations, we recognise that paragraph 6 has been drafted after several rounds of consultations. Many Members have serious reservations on a mandatory approach to sectoral negotiations. Our understanding is that the developing countries will have adequate provisions for flexibility in this respect incorporating the concept of less than full reciprocity.

Services:

India expects to submit its offers very shortly. We are looking for substantial improvements from our trading partners in mode 4 which is of substantial commercial interest to the developing countries. We hope for active engagement after Cancun at both the bilateral and multilateral levels.

Singapore Issues:

We appreciate the text presented by the Chairman which portrays the reality of the discussions on the Singapore issues. We believe that the second option is the best option. We are, however, constrained to point out that it is premature for the draft modalities on each of the four issues to be annexed when the clarification process is still not yet over. We consider that these Annexures which reflect only the proponent's position will prejudice the position of the Members

holding a different view at Cancun. In this respect, India along with a number of other countries will be submitting to you a detailed list of issues for further clarification in the respective Working Groups and the CTG. We would request that these be annexed to the Draft Ministerial Text as you have done for the proposal submitted by some other Members.

S&D Issues

Mr. Chairman, Ministers had agreed at Doha that all S&D provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. Further, Members were to identify those that they consider should be made mandatory and to report to the General Council, with recommendations for a decision. We had also agreed on a deadline of July 2002. However, despite repeated extension of the deadlines, we are nowhere completing the work on S&D issues. It needs to be recalled that what is being addressed are the provisions existing in the current WTO agreements, and not the new rules that we may agree upon at the end of the Doha Work Programme. There has to be a clear understanding and explicit provision that the remaining agreement-specific proposals will be addressed as a matter of priority after Cancun and recommendations for decision should be submitted to the General Council by March 2004.

Implementation Issues

It had been agreed in Doha that negotiations on outstanding implementation issues shall be an integral part of the Doha Work Programme. We are surprised that some Members seem to append a different meaning to the word 'negotiations' in para 12 of the DMD than the meaning for the same word in the rest of Doha Work Programme. It is necessary to put in place a suitable mechanism to address all the remaining outstanding implementation issues and to report by a

specified deadline, with recommendations for decision. My delegation is surprised that the paragraph on implementation issues has been relegated to a lower spot in the draft text. We would strongly urge that the order of the Work Programme, as reflected in the Doha Ministerial Declaration, be followed for the Cancun text as well. For my Delegation, all outstanding issues are equally important to us, let not disproportionate importance be given to any one issue.

TRIPS & CBD:

Mr. Chairman, In the hectic activities which you were engaged in, you seem to have overlooked the requirement to report to the Ministers under Paragraph 52 of the Doha Declaration in respect of the progress made on issues contained in Paragraph 19 of the Declaration. In other words, the progress made under the mandate given to the TRIPS Council to pursue its work programme, *inter alia*, under the review of Art. 27.3 (b) and the relationship between the TRIPS Agreement and the Convention on Biological Diversity (CBD), the protection of traditional knowledge and folklore, etc. should be reported to the Ministers to enable them to give suitable directions for accelerating this work.

The distinguished representative of the European Commission talked about alliances and their nature. Whether an alliance is short lived or not and which alliance is short lived and for what reason only time will tell. There can be alliances that only serve each other's interest. I have no doubt at all that there will be firm determination on the part of developing countries to ensure that the development dimension is not cast aside in this process of negotiation.

Mr. Chairman, I would like to end by saying that our delegation will continue to engage constructively to move the process forward to Cancun and beyond."



STATE OF PLAY ON WTO ISSUES

Introduction

The World Trade Organisation (WTO), which succeeded and subsumed the General Agreement on Tariffs and Trade (GATT, 1947), came into existence on 1st January 1995 and is a rule based organisation governing multilateral trade relations. Its basic principles include non-discrimination (most favoured nation treatment and national treatment) and predictability and binding of commitments negotiated by Members. The highest decision making body within WTO is the Ministerial Conference. It meets at least once in every two years. Four Ministerial Conferences have already been held: Singapore (December 1996); Geneva (May 1999); Seattle (Nov-Dec 1999); and Doha (November 2001). The fifth Ministerial Conference is scheduled to be held at Cancun, Mexico during 10-14 September 2003.

The Doha Ministerial mandate specifically provided for continuation of the concept of less than full reciprocity by developing countries as part of the negotiations. The mandated negotiations include market access issues including negotiations in agriculture covering domestic support, export subsidy and market access, market access for non-agricultural products and services; issues of particular interest to developing countries like TRIPS and public health, review of Special and Differential Treatment (S & DT) provisions and Implementation issues; WTO rules including clarifying and improving Anti-dumping and Subsidies agreements, clarifying and improving disciplines on regional trade agreements and clarifying and improving of dispute settlement understanding; certain limited issues on environment; certain provisions in the TRIPs Agreement; new work programme related to Trade Debt and Finance and Trade and Technology Transfer through the setting up of two separate Working Groups; Singapore issues requiring clarification of specified issues in each area viz. Trade and Investment, Trade and Competition Policy, Trade facilitation and Transparency in Government Procurement.

As per the Doha Ministerial Declaration, the Fifth Session of the Ministerial conference at Cancun during 10-14

September 2003 will take stock of progress in the on-going negotiations under the work programme adopted at Doha, provide any necessary political guidance, and take decisions as necessary.

NEGOTIATIONS ON MARKET ACCESS IN AGRICULTURE

(Para 13-14 of Doha declaration)

1. The basic issue in agriculture negotiations is the extent to which the reform process in agriculture, *initiated* in the Uruguay Round through agreed reduction commitments in both support and protection will be continued and incorporated in the negotiated outcome of the Doha Work Programme.
2. Another equally important issue, not necessarily in conflict with the one above, is securing flexibility in domestic agriculture policies aimed at enhancing food and livelihood security and for rural development of developing countries.
3. Additionally, the EC, other continental Europe and Japan, are likely to condition their ability to undertake additional commitments in agriculture on securing a negotiating mandate on environmental issues, in particular labeling requirements to address food safety, the precautionary principle, as well as satisfactory resolution of the Singapore issues, at the Cancun Ministerial.
4. The Chairman of the Committee on Agriculture (COA) presented an overview paper on 18 December 2002, incorporating the discussions held until the 18-22 November 2002 Special Session of the COA. Thereafter, the first draft on modalities for negotiations was presented by him on 17 February 2003, followed by an initial limited revision on certain elements on 18 March 2003. The deadline for establishment of modalities could not be met, and Members have agreed to continue work on technical aspects simultaneously with key

unresolved issues with a view to reaching an agreement as soon as possible. However, establishment of the modalities by or at Cancun will in large part be determined by the flexibility accorded to the EC negotiators through the EC's domestic CAP reform announced on 26 June 2003, and other Members assessment of its implications for the key outstanding issues.

India's Position

5. India's position is underpinned by the recognition that developing countries can be expected to reciprocate in market access, subject to their economic and social conditions, development needs, food and livelihood security and rural development requirements, only if they get adequate concessions and commitments by developed countries in all three pillars.
6. Specifically, any reductions in tariffs by developing countries should be based on an approach that secures an overall average reduction in bound rates for them which is significantly lower than that by developed countries and preferably with no minimum reduction on each tariff line, irrespective of the approach for reduction in tariffs followed by developed countries. India, along with 74 other WTO Members, have agreed on an EC-led initiative to suggest the Uruguay Round modalities for the further tariff commitments to be agreed now as well. We also seeks agreement on a sufficiently large number of Special Products (SP products), which will attract a lower rate of tariff reduction of 10% with a minimum per tariff line of 5%, and of SSM products, which will attract invocation of the proposed new Special Safeguard Mechanism (SSM) for developing countries. Moreover, these products should be selected on the basis of self-declaration and without the requirement to negotiate specific criteria for determining either SP products or SSM products.
7. On domestic support, India has proposed steep reduction in all forms of trade-distorting domestic support by developed countries, including in production-limiting Blue Box measures and direct payments to producers and decoupled income support currently classified under the Green Box. Flexibility to address food and livelihood security

and improvements in agriculture sector for developing countries has also been proposed, along with immunity from challenge for support measures falling under this umbrella. In export subsidies, India has proposed steep, time-bound reductions in all forms of export subsidies, and establishment of multilateral disciplines for indirect export subsidies provided through credit, loans, guarantees, insurance, food aid and state-trading enterprises. For developing countries, retention of marketing and transportation subsidies on exports has been proposed, along with immunity from challenge for these support measures.

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS (NAMA)

(Para 16 of the Doha Declaration)

A. Progress so Far

1. At this stage of the negotiations Members are aiming to reach an agreement on the modalities that would be used for the actual tariff negotiations. Several formulae have been proposed. These include the compression mechanism suggested by EC whereby tariffs of all WTO Members would range between 2 – 15%. The US proposed a tariff free world by 2015.
2. The Chairman of the NAMA negotiating group presented his own set of modalities on 16 May 2003. The gist of the proposal made by the Chairman is –
 - (a) The core modality consists of a formula and a sectoral tariff elimination initiative. The formula is a Swiss type formula with two elements determining the reduction coefficient. The first element is " t_a " which is the average tariff of each Member, the calculation of the average includes the bound tariffs for bound tariff lines and twice the applied tariff as in 2001 for unbound tariff lines. The second element is a factor 'B' which is the ambition factor – this has to be unique for all Members. A lower value of 'B' will mean greater reductions and a higher value lesser reduction requirement.

- (b) The Chairman has also proposed mandatory tariff elimination on seven sectors identified by as been of export interest to developing countries. Sectors proposed are: Electronics & Electrical goods; Fish & Fish products; Footwear; Leather goods; Motor Vehicle parts & components; Stones, Gems, & Precious Metals; and Textiles & Clothing. The proposal is that the tariff reductions will occur in three phases of equal durations with:
- developed participants and other participants who so decide eliminating tariffs at the end of the first phase;
 - other participants are to achieve tariff reduction and elimination as follows: 1) tariff reduction to a proposed level of not more than 10 percent at the end of the first phase; 2) maintain this level during the second phase; and 3) achieve elimination of tariffs at the end of the third phase.
3. Following the discussions in the last meeting of the NGMA (9-11 July 2003) the Chairman will now put together all the options on each element indicated by different Members to help Members come closer. The next meeting of the NGMA is scheduled for 13-15 August 2003.

NEGOTIATIONS ON SERVICES

(Para 15 of the Doha Declaration)

Guidelines and Procedures for Negotiations:

- The Guidelines and Procedures for the Negotiations (NGP) on trade in services which were finalised and adopted in March 2001, define the aims, scope and modalities of negotiations in the services sector. The aim of the negotiations is to achieve progressive liberalisation of trade in services while giving due respect to the national policy objectives and level of development of member countries. Negotiations cover all services sectors and all modes of supply, with special attention to be given to sectors and modes of supply of export interest to developing countries.
- Negotiations would also cover formulation of rules relating to Emergency Safeguards Measures,

Government Procurement, Subsidies and Domestic Regulations.

- The main method of negotiation is the request-offer approach, in which each country lays on the table its "requests" (i.e. demand lists from other trading partners) and in turn, also places its "offers" (i.e. the concessions it is willing to offer). This will be followed by negotiations between countries either bilaterally or between Groups of Countries. Any commitments agreed to during this process will be made applicable in respect of all other member-countries of the WTO at the end of negotiations.

Existing level of commitments

During the Uruguay Round of trade negotiations India tool commitment in 6 out of 12 major sectors of Business services, Communication services, Construction and related services, Financial services, Health and related social services, and tourism and travel related services. No commitments were given in modes 1 and 2 (except in telecom and insurance). Under mode 3 foreign equity was committed up to a maximum of 51 % (except in telecom services where it was only up to 25 %). Under mode 4 horizontal commitments allowing entry to business visitors, intra-corporate transferees (managers, executives, specialists) and professionals were made. On the whole, the commitments taken by India were no more than autonomous liberalization undertaken already and often even far less than that.

As part of the ongoing negotiations on Services under the GATS Agreement India has filed initial requests to its trading partners in computer related services, health services, architecture services, tourism services, audio-visual services and maritime services. We also intend to make requests on accountancy services, construction and engineering services and educational services. On mode 4 our main requests seek the following: Inclusion of category of individual professionals de-linked from Mode 3; sector specific commitments in mode 4; disciplining Economic Needs Test (ENT); disciplining administrative measures like visas, work permits etc; recognition of qualifications etc. Some of these issues could be sorted out only through multilateral rule making. Our offer list is being finalized.

India's Position:

1. India is actively participating in bilateral negotiations on requests and offers as well as in the multilateral process. The need for greater flexibility to be shown to developing and least developed countries is being emphasized. Adequate flexibility must also be given to these countries while scheduling their commitments, both in the choice of sectors and the extent of commitments. This is enshrined in Article XIX of GATS and the Guidelines and Procedures for negotiations. We are in the process of domestic consultation on the components of the Indian initial offer and hope to be able to table this at an early date.
2. The initial offers tabled so far, particularly by developed countries are disappointing in that there is little tangible response to the requests made by developing countries on Mode 4. Many countries have made no improvement on the existing commitments while others have inscribed such complicated limitations to modified access that in practical terms, the access gained is limited.
3. Mode 4 is India's main area of interest and constructive dialogue between the developed and developing countries for removal of barriers to supply of services through this Mode are of paramount importance. As such, we are looking for sector-specific commitments and for support for the removal of barriers such as economic needs tests, procedural difficulties associated with visas and work-permits and non recognition of qualifications.
4. Establishing Mutual Recognition Agreements (MRAs) between countries is the most important ingredient in realising access obtained under Mode 4.

TRIPS AND PUBLIC HEALTH

Doha Declaration on the TRIPS Agreement and Public Health in para 6 directed the TRIPS Council to find an expeditious solution by December, 2002 to the problem of countries with insufficient or no manufacturing capacities in the pharmaceutical sector in making effective use of flexibility of compulsory license. Para 1 of the Declaration stated that "*We recognize the*

gravity of the public health problems afflicting many developing and least-developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics."

Article 31(f) of the TRIPS Agreement provides that a compulsory license shall be issued predominantly for the supply of domestic market of the country issuing the license. It imposes restriction on export of pharmaceutical products manufactured under a compulsory license.

Various proposals were submitted in the TRIPS Council by the developing country group including India, Africa Group, US and EC. Based on the above proposals, negotiations have been taking place in the TRIPS Council. Africa Group, India and other developing countries have been engaging constructively with a view to finding a solution which would be acceptable to all Members. It has been our endeavour that the solution should be legally secure, easy to operate and could effectively address public health problems.

The Chairman of the TRIPS Council came out with 3 compromise draft decisions in November-December, 2002. The developed countries, mainly US wanted narrow disease coverage, strict safeguards to prevent diversion and to exclude middle income developing countries from eligibility to import under the mechanism.

On 16 December 2002, the Chairman, TRIPS Council came out with a new draft decision. The essential elements of this draft were as follows:

- A long term waiver from the obligations under Article 31(f) of the TRIPS Agreement until an amendment;
- To include pharmaceutical products for treatment of diseases as recognized in para 1 of Doha Declaration;
- LDCs are eligible as importing countries while each developing country has to establish whether it has insufficient manufacturing capacity to become eligible to import medicines under this mechanism;
- Some safeguards to prevent diversion

In a meeting held on 20th December, 2002, all the countries expressed that they are willing to accept this

Doha Mandate

text as a compromise text. However, US refused to join the consensus on this issue. US gave a proposal to restrict the disease coverage to HIV/AIDS, TB, Malaria and other infectious diseases of comparable gravity. It also proposed a list of 15 infectious diseases afflicting Africa for which this decision shall apply. They do not take into account other diseases, which afflict many LDCs and Developing countries.

The US proposal to restrict the disease coverage was unacceptable to the developing countries and Africa group. They stated that this would reduce the scope of Doha Declaration and is unacceptable. As no consensus could be reached by the December 2002 deadline, it was decided that the TRIPS Council would continue discussions on this issue.

The question of limiting the number of diseases was also not acceptable to India. The entire question was gone into in detail before the Doha Ministerial Conference and at the Conference itself. It was after much debate that the definition indicated in paragraph 1 of the Doha Declaration was accepted. In fact, developing countries had begun the debate seeking clarification on the flexibility of TRIPS in respect of public health and nutrition. Finally, the definition was confined to public health problems, as given in paragraph 1. Public health problems does not mean disease alone; it covers various other possible situations, such as natural disasters and man-made disasters, such as the Chernobyl nuclear disaster and the Bhopal gas tragedy. Nor can we anticipate the kind of public health problems that may arise from time to time. HIV/AIDS itself is a relatively recent phenomenon. SARS indicates how quickly a totally unanticipated situation may arise, threatening vast regions of the globe.

SINGAPORE ISSUES

Four new issues that were sought to be introduced by Members like EC, Japan and Korea (proponents) into the WTO agenda during the first Ministerial Conference at Singapore in December 1996, viz. Trade and Investment, Trade and Competition Policy, Trade Facilitation and Transparency and Government Procurement and Trade Facilitation have come to be known as Singapore issues.

Issue	Relevant para in Doha Ministerial Declaration
Trade and Investment	20 – 22
Trade and Competition Policy	23 – 25
Transparency in Government Procurement	26
Trade facilitation	27

The Doha mandate on these issues is that negotiations “will take place after the Fifth Ministerial” based on explicit consensus on modalities of negotiations. This mandate was not clear and at the concluding Plenary Session the Chairman of the Conference clarified that as per his understanding negotiations would not ‘proceed’ unless there was explicit consensus on modalities of negotiations. Any individual Member could block the negotiation from proceeding. This mandate is being differently interpreted by the proponents, on the one hand, and by some of the developing countries, including India, on the other. EC, for example, has taken the stand that negotiations have already been mandated at Doha and that only modalities have to be agreed upon at Cancun, based on explicit consensus..

The Doha Ministerial Conference directed that until the Fifth Ministerial the Working Group on Trade and Investment and that on Trade and Competition Policy should discuss issues identified in the Doha Ministerial Declaration for clarification. Such discussions have taken place in the respective Working Groups.

India’s Position:

1. All the Singapore issues require much more analysis and study before we could think in terms of rule making, particularly in WTO. The Doha mandate is to provide technical assistance and capacity building to developing countries and LDCs to enable them to understand the implications of closer multilateral co-operation on these issues. While the discussions and clarifications in the Working Groups have been useful, things are far from being conclusive.
2. We need to carefully examine whether there is at all any rationale of bringing these issues into WTO.

Rule making on these issues would affect the flexibility available to developing countries. These are development issues and are particularly sensitive areas and need to be dealt with care.

3. Principles like non-discrimination may be alright for trade but such WTO principles cannot be indiscriminately applied to investment or competition policy when countries are at different levels of development. It will have perverse effects.
4. In the case of **investment**, for instance, a multilateral agreement can promise no additionality of investment inflows. Entry and establishment conventionally remained in the sovereign domain of host country policy regime. External dispute settlement would question the sovereign power of host countries to regulate entry and establishment of foreign investment. Safeguards designed for trade does not automatically work in respect of investment.
5. **Competition Policy**, as distinct from Competition Law, is comprehensive and encompasses, besides trade, other macro polices like investment, industrial and other policies. The Doha mandate is for competition policy as promoting trade. However, the proposals by the proponents inside and outside the WTO fora have tended to focus on competition policy *per se*, which is not the concern on WTO. The proposal by the proponents is to have voluntary cooperation in respect of competition policy issues. In a situation of non-binding arrangement in this area it is the less developed Members, with lower economic clout, that would stand to lose.
6. There is also no convergence of views even on the definition of hard-core cartels. We do not find any justification for exclusion of export cartels, (as argued by countries like the US) which do the maximum harm for developing countries.
7. On **trade facilitation** the issue is whether we need rules on customs clearance procedures under WTO. Different WTO Members are at different stages of development, have different duty structures, different concerns like safeguarding revenue and managing adverse security situation.

Trade facilitation tools like risk assessment procedures acquire an altogether different complexion in this context. They also have different levels of infrastructural capacities. At this stage, therefore, India is not convinced that a case for a binding agreement in the WTO exists.

8. While India does not object to **transparency in government procurement** as such, or any requirement to provide information about its system of public procurement or about individual procurement opportunities, we are concerned about the attempt at prescribing certain procedures as being more transparent than others to Members, and requiring commitments to be undertaken to implement such provisions. Prescriptive provisions not only curtail the flexibility available to a Member but also may impose additional cost.

Current position in negotiations – focus on modalities

As decided at Doha, negotiations can take place after the Fifth Session of the Ministerial Conference only after a decision on modalities of negotiations by explicit consensus. Therefore, before negotiations are launched on a multilateral framework on investment, there has to be an agreement on modalities. This agreement has to be by explicit consensus.

The EC submitted a paper on modalities on Singapore Issues (WT/GC/W/491 on 27 February 2003). In this paper, EC has suggested that modalities based on the following be discussed and agreed to:

- **Procedural issues pertaining to the negotiating phase:** number of meetings, timing, internal deadlines for tabling proposals, legal texts, etc.
- **The scope and coverage of the negotiating agenda:** including elements to be included and addressed in the negotiations. On investment, EC has suggested that the list of issues included in the Doha Declaration (paragraph 22) be reproduced. On structuring obligations, the EC has suggested that this could cover possible exclusions or exemptions to horizontal obligations, such as the MFN principle.

- **Special and differential treatment:** This could be through provisions on different levels of commitments, on possible exemptions from certain commitments, differentiation in implementation periods, on trade related assistance and on phasing in assumption of obligations.

India's position on modalities:

This is an important issue as it will come up for decision at the forthcoming Ministerial Conference at Cancun in September. India's position on modalities is that currently there is inadequate clarity on any of the four issues and that given the low level of clarity and lack of convergence in views of Members, it is not in a position to take a decision on modalities at the Cancun Ministerial Conference. Our arguments briefly are:

- a. **Explicit consensus is needed on modalities-** We have argued that any negotiations would take place only after explicit consensus both on the need for commencement of negotiations and the modalities. The process since Doha is a clarificatory process so that Members have a clearer idea of the obligations that any framework on investment would require them to undertake. India's position is that the required clarity has not yet emerged and there is no convergence on any of the issues.
- b. **Simple procedural modalities or listing of issues is insufficient-** The EC has submitted a paper on modalities. However, India has argued that the modalities suggested are too simple for Members to take a decision and detailed modalities would be needed for taking a decision.
- c. **Detailed modalities are required for a decision-** This should indicate the structure, contours and nature of the proposed framework.
- d. **Each of the Singapore Issues needs to be treated separately-** There is little in common between the Singapore issues. Each issue has its own particular aspects, complexities and effects and each is its own stage of discussion. Therefore, they cannot be treated together, either for a decision on modalities or otherwise.

TRADE AND ENVIRONMENT

(Paras 31, 32 and 33 of the Doha Declaration)

1. In the negotiations on the relationship between Multilateral Environment Agreements (MEAs) and the WTO (para 31(i)), the EC, Japan and Switzerland proposed that the CTE adopt an interpretative decision so as to consider specific trade obligations set out in the MEAs as ipso facto consistent with the WTO rules. They have also proposed for broad definition of what are specific trade obligations in the MEAs. This has been opposed by all the other countries, particularly US, Australia, Argentina, Korea, Taiwan, India and a large number of developing countries.
2. On the issue of market access for environmental goods and services, no progress has been achieved. The US has proposed that the APEC list of environmental goods should be taken as starting basis. This has not been agreed by other members. The EC has yet to propose any list. The developing countries have stated that the APEC list lacks balance for them. Countries other than EC and Switzerland have opposed inclusion of products based on npr-PPM. The US has now proposed that the participants in the negotiations could develop two lists of environmental goods: a core list and a complementary list. The core list would comprise products on which there is consensus that they constitute environmental goods, such as equipment for environmental remediation and pollution control and clean technologies. A second complementary list could be developed for additional products on which definitive consensus could not be reached but for which there is a high degree of acknowledgment that they can have significance for environmental protection, pollution prevention or remediation, and sustainability. Tariffs should be eliminated for all products on the core list by 2010. Tariff on X% of items in the supplementary list should be eliminated by 2010. Selection on which items the tariff should be eliminated in the supplementary list has to be done by each country. X for developing countries would be less than the developed countries.

3. The CTE has to submit a report under para 32 to the Fifth Ministerial Conference on the need for any clarification in WTO rules, including on the desirability of negotiations. This paragraph includes among others eco-labelling. In June 2003, the EC had submitted a proposal, for its inclusion in the report of the CTE to the Cancun Ministerial Conference and for a decision at Cancun (JOB (03)/130, 27 June 2003). The EC proposed that the Cancun Ministerial Conference should give a mandate to the CTE to carry out work on life cycle approach (LCA) based voluntary eco-labeling schemes in dedicated sessions. The CTE should make recommendations, as appropriate, for further action to the Ministerial Conference. It proposed that the CTE should in the year 2004 hold three dedicated sessions to engage in a positive dialogue on governmental or non-governmental voluntary eco-labeling schemes, notably those based on LCA. These dedicated sessions should pay particular attention to 4 elements mentioned in the EC submission. The EC has now revised this proposal by deleting reference to 'life cycle analysis'. The earlier EC proposal said that the work of the CTE should be on voluntary eco-labeling scheme, notably those based on life cycle analysis. The revised EC proposal thus proposes work on voluntary eco-labeling schemes without specifically referring to life cycle analysis.
4. Voluntary eco-labeling schemes could be based on product characteristics or npr-PPMs or a combination thereof. Usually, life cycle analysis based eco-labeling schemes include npr-PPMs. Thus, the revised EC proposal for work on voluntary eco-labeling schemes does include eco-labeling schemes based on life cycle analysis and npr-PPMs, however, it does not make a specific reference to them.
5. We have an in principle objection to any decision by the Ministerial Conference on eco-labeling because of this could be a first step towards more work and negotiations on eco-labeling particularly those based on life cycle analysis and npr-PPMs.

IMPLEMENTATION ISSUES

(Decision of 14 November 2001 by the Doha Ministerial Conference)

1. As most of the outstanding Implementation issues could not be satisfactorily resolved by the deadline of December 2002, there was a stalemate regarding the next course of action. While the developed countries were of the view that the subsidiary bodies should continue their examination of the issues, it was the view of most developing countries, including India, that such action may not lead to a satisfactory conclusion. The developing countries preferred that the outstanding issues be discussed by the TNC/ General Council.
2. A decision was taken whereby TNC Chairman (DG) asked Chairs of subsidiary bodies to hold consultations with various countries. Based on their report DG would prepare recommendations to TNC
3. During the General Council meeting held on 15th May 2003 many countries expressed disappointment at the level of engagement and commitment of certain countries in the discussions relating to implementation issues. During this meeting India emphasized that the issues on which no decision has been possible in the Subsidiary Bodies needed to be addressed. One way of dealing with these issues would be to club these with outstanding issues of Para 12(b) so that the consultation of the chairman of TNC could deal with these issues as well. It was also suggested that a time-table could be fixed for consideration of these issues in a run up to Cancun.

The Chairman summarized that there was wide divergence in views of countries regarding implementation issues. It noted the statement made regarding lack of commitment and engagement shown by members in addressing these issues and also the statement made to the contrary. It also noted the request for preparing a factual paper on the state of play of various issues.

The following have been identified as priority implementation items from our point of view:

- Tiret 34:- Acceptance by developed country importers of self declaration regarding adherence to standards by developing country exporters. This provision should be introduced in Article 12 of the TBT Agreement.
- Tiret 40:- To provide developing countries the necessary flexibility to implement development policies in respect of TRIMS Agreement.
- Tiret 45:- Operationalisation of Article 15 of the Anti-Dumping Agreement
- Tiret 56:- Customs administrations of importing countries to seek and obtain information on export values
- Tiret 62:- Harmonization of Rules of Origin to be completed on priority
- Tiret 80:- Countervailing duty investigation procedure to be strengthened
- Tiret 87:- Additional protection for geographical indications shall be extended for products other than wines and spirits
- Tiret 88:- Patents inconsistent with Article 15 of the CBD shall not be granted
- Tiret 96:- All S&D provisions shall be converted into concrete commitments.
6. In addition a decision could be taken in respect of disclosure regarding traditional knowledge and a time period specified for addressing issues relating to benefit sharing and prior informed consent regarding traditional knowledge. There should also be a clear road map for addressing issues relating to extension of protection of GIs for items other than wines and spirits.

India's Position:

1. The Implementation Issues were given "utmost importance" by the Ministers at Doha who were "determined to find appropriate solutions" to them "as a matter of priority". These Issues can be categorized into three groups - (i) Specific decisions were taken at the Doha Ministerial Conference in respect of certain issues and these required further

consideration by the subsidiary bodies for a final decision. (ii) Issues included in paragraph 12 (a) of the Doha Ministerial Declaration have been referred to the negotiating bodies and (iii) Issues under paragraph 12 (b) required consideration by subsidiary bodies for final decisions.

2. While issues in paragraph 12 (a) have been referred to the negotiating bodies, to be resolved as a matter of priority, there are about 23 issues under paragraph 12 (b) read with paragraphs 18 and 19 of the Doha Ministerial Declaration that need to be resolved. A controversy has emerged, initiated by certain developed countries that paragraph 12 (b) issues are not for negotiations. Ministers had clearly intended that negotiations on outstanding implementation issues shall be an integral part of the Work Programme being established. Therefore, there is no doubt whatsoever on the need to negotiate 12 (b) issues. The outstanding Implementation Issues which are not being addressed in the negotiating bodies, are now with the Chairman, Trade Negotiating Committee, who proposes to hold discussions thereon.
3. In respect of the Implementation Issues in the first group, a lot of discussion has taken place. We have also submitted detailed proposals. A few issues of marginal importance alone have been addressed. Of meaningful importance among these would be those, including operationalising Article 15 of the Anti-Dumping Agreement, countervailing duty investigations procedure and issues relating to sharing of information on export values. These issues can be successfully addressed prior to the Cancun Ministerial Conference, only if the developed countries show political will.

Special and Differential Treatment (S &DT) Provisions

1. The Doha Ministerial Conference had instructed the Committee on Trade and Development (CTD) to examine the entire S&DT clauses in the WTO Agreements in the following context:
 - (i) Identify the non-mandatory or best endeavour clauses;

- (ii) How to make the “non mandatory” or ‘best endeavour’ clauses mandatory and make them precise, effective and operational
2. The CTD was required to report to the General Council with clear recommendations for a decision by July 2002.
3. Of the 88 issues for consideration India either own its own or along with like-minded Members had submitted 11 proposals in the Committee on Trade and Development.
4. Even though July 2002 deadline was initially fixed for the Committee on Trade and Development to report with recommendations for adoption, no progress could be made by that time. By the end of 2002 there were only 4 out of more than 80 proposals on which understanding could be reached. The deadline was, therefore, revised to February 2003. In May 2003 GC Chairman circulated a list of proposals on S & D, classified into three overall categories:
 - *Category 1* includes 14 proposals that were agreed ‘in principle’ plus 24 additional proposals on which the Chair feels “there appears to be a greater likelihood of reaching agreement” and that “have a developmental value” that in his view makes it necessary that Members try to address them and make progress “whether in their current form or otherwise”.
 - *Category 2* comprises 38 proposals, including those that are being discussed as part of mandated negotiations, which are due to be considered as soon as possible in the relevant WTO bodies, which should report back to the General Council just prior to the Cancun Ministerial. It is expected that possible recommendations from these discussions could be included in an early harvest – which could potentially add to the proposals to be agreed upon by the time of the Ministerial
 - *Category 3* comprises 12 proposals on which delegates have had most difficulty in finding consensus. These are due to be examined to explore how they might be redrafted in a way more suitable to agreement, while preserving the concepts they embody.

5. The Chairman of GC has come up on 16th July with a package on the Category I issues. Chairman has now suggested possible formulations for each proposal which, if agreed, could be recommended for adoption at Cancun.

IMPLEMENTATION-RELATED ISSUES AND CONCERNS

Decision of 14 November 2001

The Ministerial Conference,

Having regard to Articles IV.1, IV.5 and IX of the Marrakesh Agreement Establishing the World Trade Organization (WTO);

Mindful of the importance that members attach to the increased participation of developing countries in the multilateral trading system, and of the need to ensure that the system responds fully to the needs and interests of all participants;

Determined to take concrete action to address issues and concerns that have been raised by many developing-country members regarding the implementation of some WTO Agreements and Decisions, including the difficulties and resource constraints that have been encountered in the implementation of obligations in various areas;

Recalling the 3 May 2000 Decision of the General Council to meet in special sessions to address outstanding implementation issues, and to assess the existing difficulties, identify ways needed to resolve them, and take decisions for appropriate action not later than the Fourth Session of the Ministerial Conference;

Noting the actions taken by the General Council in pursuance of this mandate at its Special Sessions in October and December 2000 (WT/L/384), as well as the review and further discussion undertaken at the Special Sessions held in April, July and October 2001, including the referral of additional issues to relevant WTO bodies or their chairpersons for further work;

Noting also the reports on the issues referred to the General Council from subsidiary bodies and their chairpersons and from the Director-General, and the discussions as well as the clarifications provided and

understandings reached on implementation issues in the intensive informal and formal meetings held under this process since May 2000;

Decides as follows:

1. General Agreement on Tariffs and Trade 1994 (GATT 1994)

- 1.1 Reaffirms that Article XVIII of the GATT 1994 is a special and differential treatment provision for developing countries and that recourse to it should be less onerous than to Article XII of the GATT 1994.
- 1.2 Noting the issues raised in the report of the Chairperson of the Committee on Market Access (WT/GC/50) concerning the meaning to be given to the phrase "substantial interest" in paragraph 2(d) of Article XIII of the GATT 1994, the Market Access Committee is directed to give further consideration to the issue and make recommendations to the General Council as expeditiously as possible but in any event not later than the end of 2002.

2. Agreement on Agriculture

- 2.1 Urges members to exercise restraint in challenging measures notified under the green box by developing countries to promote rural development and adequately address food security concerns.
- 2.2 Takes note of the report of the Committee on Agriculture (G/AG/11) regarding the implementation of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on Least-Developed and Net Food-Importing Developing Countries, and approves the recommendations contained therein regarding (i) food aid; (ii) technical and financial assistance in the context of aid programmes to improve agricultural productivity and infrastructure; (iii) financing normal levels of commercial imports of basic foodstuffs; and (iv) review of follow-up.
- 2.3 Takes note of the report of the Committee on Agriculture (G/AG/11) regarding the implementation of Article 10.2 of the Agreement on Agriculture, and approves the

recommendations and reporting requirements contained therein.

- 2.4 Takes note of the report of the Committee on Agriculture (G/AG/11) regarding the administration of tariff rate quotas and the submission by members of addenda to their notifications, and endorses the decision by the Committee to keep this matter under review.

3. Agreement on the Application of Sanitary and Phytosanitary Measures

- 3.1 Where the appropriate level of sanitary and phytosanitary protection allows scope for the phased introduction of new sanitary and phytosanitary measures, the phrase "longer time-frame for compliance" referred to in Article 10.2 of the Agreement on the Application of Sanitary and Phytosanitary Measures, shall be understood to mean normally a period of not less than 6 months. Where the appropriate level of sanitary and phytosanitary protection does not allow scope for the phased introduction of a new measure, but specific problems are identified by a member, the member applying the measure shall upon request enter into consultations with the country with a view to finding a mutually satisfactory solution to the problem while continuing to achieve the importing member's appropriate level of protection.
- 3.2 Subject to the conditions specified in paragraph 2 of Annex B to the Agreement on the Application of Sanitary and Phytosanitary Measures, the phrase "reasonable interval" shall be understood to mean normally a period of not less than 6 months. It is understood that timeframes for specific measures have to be considered in the context of the particular circumstances of the measure and actions necessary to implement it. The entry into force of measures which contribute to the liberalization of trade should not be unnecessarily delayed.
- 3.3 Takes note of the Decision of the Committee on Sanitary and Phytosanitary Measures (G/SPS/19) regarding equivalence, and instructs the Committee to develop expeditiously the specific programme to further the implementation of

Article 4 of the Agreement on the Application of Sanitary and Phytosanitary Measures.

3.4 Pursuant to the provisions of Article 12.7 of the Agreement on the Application of Sanitary and Phytosanitary Measures, the Committee on Sanitary and Phytosanitary Measures is instructed to review the operation and implementation of the Agreement on Sanitary and Phytosanitary Measures at least once every four years.

3.5 (i) Takes note of the actions taken to date by the Director-General to facilitate the increased participation of members at different levels of development in the work of the relevant international standard setting organizations as well as his efforts to coordinate with these organizations and financial institutions in identifying SPS-related technical assistance needs and how best to address them; and

(ii) urges the Director-General to continue his cooperative efforts with these organizations and institutions in this regard, including with a view to according priority to the effective participation of least-developed countries and facilitating the provision of technical and financial assistance for this purpose.

3.6 (i) Urges members to provide, to the extent possible, the financial and technical assistance necessary to enable least-developed countries to respond adequately to the introduction of any new SPS measures which may have significant negative effects on their trade; and

(ii) urges members to ensure that technical assistance is provided to least-developed countries with a view to responding to the special problems faced by them in implementing the Agreement on the Application of Sanitary and Phytosanitary Measures.

4. Agreement on Textiles and Clothing

Reaffirms the commitment to full and faithful implementation of the Agreement on Textiles and Clothing, and agrees:

4.1 that the provisions of the Agreement relating to the early integration of products and the elimination of quota restrictions should be effectively utilised.

4.2 that members will exercise particular consideration before initiating investigations in the context of antidumping remedies on textile and clothing exports from developing countries previously subject to quantitative restrictions under the Agreement for a period of two years following full integration of this Agreement into the WTO.

4.3 that without prejudice to their rights and obligations, members shall notify any changes in their rules of origin concerning products falling under the coverage of the Agreement to the Committee on Rules of Origin which may decide to examine them.

Requests the Council for Trade in Goods to examine the following proposals:

4.4 that when calculating the quota levels for small suppliers for the remaining years of the Agreement, members will apply the most favourable methodology available in respect of those members under the growth-on-growth provisions from the beginning of the implementation period; extend the same treatment to least-developed countries; and, where possible, eliminate quota restrictions on imports of such members;

4.5 that members will calculate the quota levels for the remaining years of the Agreement with respect to other restrained members as if implementation of the growth-on-growth provision for stage 3 had been advanced to 1 January 2000;

and make recommendations to the General Council by 31 July 2002 for appropriate action.

5. Agreement on Technical Barriers to Trade

5.1 Confirms the approach to technical assistance being developed by the Committee on Technical Barriers to Trade, reflecting the results of the triennial review work in this area, and mandates this work to continue.

- 5.2 Subject to the conditions specified in paragraph 12 of Article 2 of the Agreement on Technical Barriers to Trade, the phrase "reasonable interval" shall be understood to mean normally a period of not less than 6 months, except when this would be ineffective in fulfilling the legitimate objectives pursued.
- 5.3 (i) Takes note of the actions taken to date by the Director-General to facilitate the increased participation of members at different levels of development in the work of the relevant international standard setting organizations as well as his efforts to coordinate with these organizations and financial institutions in identifying TBT-related technical assistance needs and how best to address them; and
- (ii) urges the Director-General to continue his cooperative efforts with these organizations and institutions, including with a view to according priority to the effective participation of least-developed countries and facilitating the provision of technical and financial assistance for this purpose.
- 5.4 (i) Urges members to provide, to the extent possible, the financial and technical assistance necessary to enable least-developed countries to respond adequately to the introduction of any new TBT measures which may have significant negative effects on their trade; and
- (ii) urges members to ensure that technical assistance is provided to least-developed countries with a view to responding to the special problems faced by them in implementing the Agreement on Technical Barriers to Trade.
- 6. Agreement on Trade-Related Investment Measures**
- 6.1 Takes note of the actions taken by the Council for Trade in Goods in regard to requests from some developing-country members for the extension of the five-year transitional period provided for in Article 5.2 of Agreement on Trade-Related Investment Measures.
- 6.2 Urges the Council for Trade in Goods to consider positively requests that may be made by least-developed countries under Article 5.3 of the TRIMs Agreement or Article IX.3 of the WTO Agreement, as well as to take into consideration the particular circumstances of least-developed countries when setting the terms and conditions including time-frames.
- 7. Agreement on the Implementation of Article VI of the General Agreement on Tariffs and Trade 1994**
- 7.1 Agrees that investigating authorities shall examine with special care any application for the initiation of an anti-dumping investigation where an investigation of the same product from the same member resulted in a negative finding within the 365 days prior to the filing of the application and that, unless this pre-initiation examination indicates that circumstances have changed, the investigation shall not proceed.
- 7.2 Recognises that, while Article 15 of the Agreement on the Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 is a mandatory provision, the modalities for its application would benefit from clarification. Accordingly, the Committee on Anti-Dumping Practices is instructed, through its working group on Implementation, to examine this issue and to draw up appropriate recommendations within twelve months on how to operationalize this provision.
- 7.3 Takes note that Article 5.8 of the Agreement on the Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 does not specify the time-frame to be used in determining the volume of dumped imports, and that this lack of specificity creates uncertainties in the implementation of the provision. The Committee on Anti-Dumping Practices is instructed, through its working group on Implementation, to study this issue and draw up recommendations within 12 months, with a view to ensuring the maximum possible predictability and objectivity in the application of time frames.
- 7.4 Takes note that Article 18.6 of the Agreement

on the Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 requires the Committee on Anti-Dumping Practices to review annually the implementation and operation of the Agreement taking into account the objectives thereof. The Committee on Anti-dumping Practices is instructed to draw up guidelines for the improvement of annual reviews and to report its views and recommendations to the General Council for subsequent decision within 12 months.

8. Agreement on the Implementation of Article VII of the General Agreement on Tariffs and Trade 1994

- 8.1 Takes note of the actions taken by the Committee on Customs Valuation in regard to the requests from a number of developing-country Members for the extension of the five-year transitional period provided for in Article 20.1 of Agreement on the Implementation of Article VII of the General Agreement on Tariffs and Trade 1994.
- 8.2 Urges the Council for Trade in Goods to give positive consideration to requests that may be made by least-developed country members under paragraphs 1 and 2 of Annex III of the Customs Valuation Agreement or under Article IX.3 of the WTO Agreement, as well as to take into consideration the particular circumstances of least-developed countries when setting the terms and conditions including time-frames.
- 8.3 Underlines the importance of strengthening cooperation between the customs administrations of members in the prevention of customs fraud. In this regard, it is agreed that, further to the 1994 Ministerial Decision Regarding Cases Where Customs Administrations Have Reasons to Doubt the Truth or Accuracy of the Declared Value, when the customs administration of an importing member has reasonable grounds to doubt the truth or accuracy of the declared value, it may seek assistance from the customs administration of an exporting member on the value of the good concerned. In such cases, the exporting member shall offer cooperation and assistance, consistent with its domestic laws and procedures,

including furnishing information on the export value of the good concerned. Any information provided in this context shall be treated in accordance with Article 10 of the Customs Valuation Agreement. Furthermore, recognizing the legitimate concerns expressed by the customs administrations of several importing members on the accuracy of the declared value, the Committee on Customs Valuation is directed to identify and assess practical means to address such concerns, including the exchange of information on export values and to report to the General Council by the end of 2002 at the latest.

9. Agreement on Rules of Origin

- 9.1 Takes note of the report of the Committee on Rules of Origin (G/RO/48) regarding progress on the harmonization work programme, and urges the Committee to complete its work by the end of 2001.
- 9.2 Agrees that any interim arrangements on rules of origin implemented by members in the transitional period before the entry into force of the results of the harmonisation work programme shall be consistent with the Agreement on Rules of Origin, particularly Articles 2 and 5 thereof. Without prejudice to Members' rights and obligations, such arrangements may be examined by the Committee on Rules of Origin.

10. Agreement on Subsidies and Countervailing Measures

- 10.1 Agrees that Annex VII(b) to the Agreement on Subsidies and Countervailing Measures includes the members that are listed therein until their GNP per capita reaches US \$1,000 in constant 1990 dollars for three consecutive years. This decision will enter into effect upon the adoption by the Committee on Subsidies and Countervailing Measures of an appropriate methodology for calculating constant 1990 dollars. If, however, the Committee on Subsidies and Countervailing Measures does not reach a consensus agreement on an appropriate methodology by 1 January 2003, the methodology proposed by the Chairman of the Committee set forth in G/

SCM/38, Appendix 2 shall be applied. A Member shall not leave Annex VII(b) so long as its GNP per capita in current dollars has not reached US \$1000 based upon the most recent data from the World Bank.

- 10.2 Takes note of the proposal to treat measures implemented by developing countries with a view to achieving legitimate development goals, such as regional growth, technology research and development funding, production diversification and development and implementation of environmentally sound methods of production as non-actionable subsidies, and agrees that this issue be addressed in accordance with paragraph 13 below. During the course of the negotiations, members are urged to exercise due restraint with respect to challenging such measures.
- 10.3 Agrees that the Committee on Subsidies and Countervailing Measures shall continue its review of the provisions of the Agreement on Subsidies and Countervailing Measures regarding countervailing duty investigations and report to the General Council by 31 July 2002.
- 10.4 Agrees that if a member has been excluded from the list in paragraph (b) of Annex VII to the Agreement on Subsidies and Countervailing Measures, it shall be re-included in it when its GNP per capita falls back below US\$ 1,000.
- 10.5 Subject to the provisions of Articles 27.5 and 27.6, it is reaffirmed that least-developed country members are exempt from the prohibition on export subsidies set forth in Article 3.1(a) of the Agreement on Subsidies and Countervailing Measures, and thus have flexibility to finance their exporters, consistent with their development needs. It is understood that the eight-year period in Article 27.5 within which a least-developed country member must phase out its export subsidies in respect of a product in which it is export-competitive begins from the date export competitiveness exists within the meaning of Article 27.6.
- 10.6 Having regard to the particular situation of certain developing-country members, directs the Committee on Subsidies and Countervailing

Measures to extend the transition period, under the rubric of Article 27.4 of the Agreement on Subsidies and Countervailing Measures, for certain export subsidies provided by such Members, pursuant to the procedures set forth in document G/SCM/39. Furthermore, when considering a request for an extension of the transition period under the rubric of Article 27.4 of the Agreement on Subsidies and Countervailing Measures, and in order to avoid that members at similar stages of development and having a similar order of magnitude of share in world trade are treated differently in terms of receiving such extensions for the same eligible programmes and the length of such extensions, directs the Committee to extend the transition period for those developing countries, after taking into account the relative competitiveness in relation to other developing-country members who have requested extension of the transition period following the procedures set forth in document G/SCM/39.

11. Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)

- 11.1 The TRIPS Council is directed to continue its examination of the scope and modalities for complaints of the types provided for under subparagraphs 1(b) and 1(c) of Article XXIII of GATT 1994 and make recommendations to the Fifth Session of the Ministerial Conference. It is agreed that, in the meantime, members will not initiate such complaints under the TRIPS Agreement.
- 11.2 Reaffirming that the provisions of Article 66.2 of the TRIPS Agreement are mandatory, it is agreed that the TRIPS Council shall put in place a mechanism for ensuring the monitoring and full implementation of the obligations in question. To this end, developed-country members shall submit prior to the end of 2002 detailed reports on the functioning in practice of the incentives provided to their enterprises for the transfer of technology in pursuance of their commitments under Article 66.2. These submissions shall be subject to a review in the TRIPS Council and information shall be updated by Members annually.

12. Cross-cutting Issues

12.1 The Committee on Trade and Development is instructed:

- (i) to identify those special and differential treatment provisions that are already mandatory in nature and those that are non-binding in character, to consider the legal and practical implications for developed and developing Members of converting special and differential treatment measures into mandatory provisions, to identify those that Members consider should be made mandatory, and to report to the General Council with clear recommendations for a decision by July 2002;
- (ii) to examine additional ways in which special and differential treatment provisions can be made more effective, to consider ways, including improved information flows, in which developing countries, in particular the least-developed countries, may be assisted to make best use of special and differential treatment provisions, and to report to the General Council with clear recommendations for a decision by July 2002; and
- (iii) to consider, in the context of the work programme adopted at the Fourth Session of the Ministerial Conference, how special and differential treatment may be incorporated into the architecture of WTO rules.

The work of the Committee on Trade and Development in this regard shall take fully into consideration previous work undertaken as noted in WT/COMTD/W/77/Rev.1. It will also be without prejudice to work in respect of implementation of WTO Agreements in the General Council and in other Councils and Committees.

12.2 Reaffirms that preferences granted to developing countries pursuant to the Decision of the Contracting Parties of 28 November 1979 ("Enabling Clause")(1) should be generalised, non-reciprocal and non-discriminatory.

13. Outstanding Implementation Issues

Agrees that outstanding implementation issues be addressed in accordance with paragraph 12 of the Ministerial Declaration (WT/MIN(01)/DEC/1).

14. Final Provisions

Requests the Director-General, consistent with paragraphs 38 to 43 of the Ministerial Declaration (WT/MIN(01)/DEC/1), to ensure that WTO technical assistance focuses, on a priority basis, on assisting developing countries to implement existing WTO obligations as well as on increasing their capacity to participate more effectively in future multilateral trade negotiations. In carrying out this mandate, the WTO Secretariat should cooperate more closely with international and regional intergovernmental organisations so as to increase efficiency and synergies and avoid duplication of programmes.

Preparations for the Fifth Session of the Ministerial Conference

Draft Cancun Ministerial Text

The Draft Ministerial Text is being circulated by the Chairman of the General Council on his own responsibility, in close cooperation with the Director-General. It is intended as a first draft of an operational text through which Ministers at Cancun would register decisions and give guidance and instructions as appropriate in the negotiations and other aspects of the work programme agreed at Doha. It does not purport to represent agreement in whole or in part, and is without prejudice to any delegation's position on any issue.

This draft is guided by the mandates given at Doha and the actions required to carry them out. It is based on a reaffirmation of all the commitments taken at Doha, including the overall timetable for the Round.

The somewhat skeletal nature of this first draft is a reflection of the reality of our present situation. It reflects how far we still have to go in a number of key areas to fulfil the Doha mandates. The task ahead of us in the short time remaining before Cancun is to fill

in the gaps in this draft so that it becomes a workable framework for action by Ministers. This will be the focus of intensive consultations in the coming weeks, centred on the informal Heads of Delegation process and the General Council. Our aim is to work with delegations to produce a text for transmission to Ministers by the latter part of August.

In some areas the discussions at next week's General Council on reports from WTO bodies may contribute to the evolution of this draft. In others, further dedicated consultations will clearly be necessary. We will need to continue to call upon the invaluable help of the Chairs of relevant bodies in this work. In carrying it out we will also continue to work in a transparent and inclusive way. We hope that the output of our collective effort will remain a concise and operationally focussed one, on the basis of which Ministers at Cancun can act to provide the added momentum we need for the year ahead.

Draft Cancun Ministerial Text

1. We reaffirm our Declarations made at Doha and the decisions we took there. We take note of the progress that has been made towards carrying out the Work Programme agreed at Doha, and recommit ourselves to completing it fully. We also renew our determination to conclude the negotiations launched at Doha successfully by the agreed date of 1 January 2005.
2. In pursuance of these objectives, we agree as follows

TRIPS & Public Health

3. We welcome the decision on implementation of para 6 of the Doha Declaration on the TRIPS Agreement and Public Health set out in document [...].

Agriculture negotiation

4. We adopt the modalities for further commitments in agriculture set out in document [...] and agree that participants will submit their comprehensive draft Schedules based on these modalities not later than [...].

NAMA negotiations

5. We adopt the modalities for the negotiations on Market Access for Non-Agricultural Products contained in document [...] and, we [...],

Services negotiations

6. We recognise the progress made in the services negotiations and urge participants to intensify their efforts to bring this process to a successful conclusion. We call upon those Members who have not yet submitted their initial offers to do so as soon as possible. Members should submit their improved offers by [...] and revised offers, with a view to finalising the negotiations, should be submitted by [...]. The negotiations shall aim to achieve progressively higher levels of liberalisation with no a priori exclusion, of any service sector or mode of supply and shall give special attention to the sectors and modes of supply of export interest to developing countries. There shall be due respect for the right of Members to regulate in pursuance of national policy objectives. Negotiations on rule-making under the OATS shall be concluded in accordance with their respective mandates and deadlines. The Special Session of the Council for Trade in Services shall review progress in these negotiations by 31 March 2004.

Rules negotiations

7. We instruct the Negotiating Group on Rules to accelerate its work on anti-dumping and subsidies and countervailing measures, including fisheries subsidies, with a view to shifting its emphasis from identifying issues to seeking solutions. We note the considerable progress that has been made in the negotiations on improving transparency in Regional Trade Agreements and encourage the Group to reach a decision soon on its work on transparency and to accelerate its work on the clarification and improvement of RTA disciplines under existing WTO provisions.

TRIPS negotiations

8. We adopt the multilateral system of notification and registration of geographical indications for wines and spirits set out in document [...].

Environment negotiations

9. We take note of the progress made by the Committee on Trade and Environment Special Session (CTESS) in developing a common understanding of the concepts contained in its mandate in its mandate in paragraph 31 of the Doha Declaration. We reaffirm our commitment to these negotiations and encourage the CTESS to accelerate its work.

DSU negotiations

10. We take note of the progress that has been made in the negotiations on dispute settlement. We renew our determination to pursue these negotiations with the aim of completing them not later than [May 2004]. Further negotiations shall be carried out on the basis of work done thus far, including the Chairman's text of 28 May 2003 and other proposals by participants.

S&D treatment

11. We take note of the progress that has been made in addressing issues of special and differential treatment in pursuance of the mandate-given at Doha, and adopt the decisions set out in document {...}. We instruct the General Council to continue to monitor closely work on the proposals referred to negotiating group's and other WTO bodies. We further instruct the Committee on Trade and Development in Special Session to pursue, within the parameters of the Doha mandate, outstanding work, including *inter alia* on the cross-cutting issues, the monitoring mechanism, and the incorporation of special and differential treatment into the architecture of WTO rules, as referred to in TN/CTD/7, and report to the General Council. The General Council shall report on progress on all these issues to our next Session.

Implementation

12. We note that, while progress has been made under the mandates we gave at Doha concerning Implementation-Related Issues and Concerns, a number of the issues and concerns raised in this context remain outstanding; We instruct the WTO bodies concerned to redouble their efforts to

resolve these issues, and instruct the General Council to report on progress to our next Session.

Investment

13. Taking note of the work done by the Working Group on the Relationship between Trade and Investment under the mandate we gave at Doha, and the work on the issue of modalities carried out at the level of the General Council, we [adopt by explicit consensus the decision on modalities of negotiations set out in document ...] [decide that...].

Competition

14. Taking note of the work done by the Working Group on the Interaction between Trade and Competition Policy under the mandate we gave at Doha, and the work on the issue of modalities carried out at the level of the General Council, we [adopt by explicit consensus the decision on modalities of negotiations set out in document...][decide that...].

Government Procurement

15. Taking note of the work done by the Working Group on Transparency in Government Procurement under the mandate we gave at Doha, and the work on the issue of modalities carried out at the level of the General Council, we [adopt by explicit consensus the decision on modalities of negotiations set out in document.... [decide that...].

Trade Facilitation

16. Taking note of the work done on trade facilitation by the Council for Trade in Goods under the mandate we gave at Doha, and the work on the issue of modalities carried out at the level of the General Council, we [adopt by explicit consensus the decision on modalities of negotiations Set out in document ...][decide that...].

Small Economies

17. We reaffirm our commitment to the Work Programme on Small Economies and urge Members to adopt measures that would facilitate the fuller integration of small, vulnerable economies

into the multilateral trading system. We take note of the report of the Committee on Trade and Development in Dedicated Session on the Work Programme on small Economies to the General Council and the recommendations made therein. We instruct the General Council to report on progress and action taken, together with any further recommendations as appropriate, to our next Session.

Trade, Debt & Finance

18. We take note of the report transmitted by the General Council on progress in the examination of the relationship between trade, debt and finance and agree that this work shall continue on the basis of the mandate contained in paragraph 36 of the Doha Declaration and the progress made in the Working Group to date.

Trade & Transfer of Technology

19. We take note of the report transmitted by the General Council on progress in the examination of the relationship between trade and transfer of technology and agree that this work shall continue on the basis of the mandate contained in paragraph 37 of the Doha Declaration and the progress made in the Working Group to date.

CTE report

20. We take note of the report transmitted by the General Council on the work undertaken by the Committee on Trade and Environment pursuant to paragraphs 32 and 33 of the Doha Declaration. We agree that this work shall continue on the basis of the progress made thus far and instruct the Committee to report to our next Session.

TRIPS non-violation

21. Taking note of the report from the Council for Trade-Related Aspects of Intellectual Property Rights on the scope and modalities for complaints of the types provided for under subparagraphs 1 (b) and 1 (c) of Article XXIII of GATT 1994, we [...].

E-commerce

22. We take note of the reports from the General

Council and subsidiary bodies on the Work Programme on Electronic Commerce, and agree to continue the examination of issues under that ongoing Work Programme, with the current institutional arrangements. We instruct the General Council to report on further progress to our next Session. We declare that Members will maintain their current practice of not imposing customs duties on electronic transmissions until that Session.

Technical Cooperation

23. We welcome the report by the Director-General on the implementation and adequacy of the commitments on technical cooperation and capacity building we made in our Doha Declaration and request him to report further to our next Session. We recommit ourselves to provide all necessary support for this vital activity. We commend the work undertaken in regard to technical assistance and capacity building by the Director-General in the context of promoting coherence in global economic policy-making, and encourage him and the heads of the other relevant agencies to continue their efforts in this regard.

LDCs

24. We welcome the reports by the Director-General on issues affecting Least-Developed Countries (LDCs) and on the implementation of the commitment by Ministers to facilitate and accelerate the accession of the LDCs. We recognise the importance of improved market access for LDCs and trade-related technical assistance and capacity building and commit ourselves to intensify our efforts to facilitate their full integration into the multilateral trading system. We reiterate our endorsement of the Integrated Framework (IF) as a viable model for LDCs trade development. In this regard, we welcome the joint communique adopted by the six IF core agencies at their Third Heads of Agency meeting and the substantial progress made in the implementation of the IF. We request the Director-General to report to our next Session on further developments.

Accessions

25. We note with particular satisfaction that this Conference has completed the WTO accession procedures for [....]. We also welcome Armenia and the Former Yugoslav Republic of Macedonia as new Members since our last Session. We continue to attach great importance to concluding accession proceedings as quickly as possible and, in particular, to accelerating the accession of least-developed countries. In this regard, we reaffirm the guidelines to facilitate the accession of LDCs adopted by the General Council on 10 December 2002.

Ministerial Declaration

(Adopted on 14 November 2001)

1. The multilateral trading system embodied in the World Trade Organization has contributed significantly to economic growth, development and employment throughout the past fifty years. We are determined, particularly in the light of the global economic slowdown, to maintain the process of reform and liberalization of trade policies, thus ensuring that the system plays its full part in promoting recovery, growth and development. We therefore strongly reaffirm the principles and objectives set out in the Marrakesh Agreement Establishing the World Trade Organization, and pledge to reject the use of protectionism.
2. International trade can play a major role in the promotion of economic development and the alleviation of poverty. We recognize the need for all our peoples to benefit from the increased opportunities and welfare gains that the multilateral trading system generates. The majority of WTO members are developing countries. We seek to place their needs and interests at the heart of the Work Programme adopted in this Declaration. Recalling the Preamble to the Marrakesh Agreement, we shall continue to make positive efforts designed to ensure that developing countries, and especially the least-developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development. In this context, enhanced market access, balanced rules, and well targeted, sustainably financed technical assistance and capacity-building programmes have important roles to play.
3. We recognize the particular vulnerability of the least-developed countries and the special structural difficulties they face in the global economy. We are committed to addressing the marginalization of least-developed countries in international trade and to improving their effective participation in the multilateral trading system. We recall the commitments made by ministers at our meetings in Marrakesh, Singapore and Geneva, and by the international community at the Third UN Conference on Least-Developed Countries in Brussels, to help least-developed countries secure beneficial and meaningful integration into the multilateral trading system and the global economy. We are determined that the WTO will play its part in building effectively on these commitments under the Work Programme we are establishing.
4. We stress our commitment to the WTO as the unique forum for global trade rule-making and liberalization, while also recognizing that regional trade agreements can play an important role in promoting the liberalization and expansion of trade and in fostering development.
5. We are aware that the challenges members face in a rapidly changing international environment cannot be addressed through measures taken in the trade field alone. We shall continue to work with the Bretton Woods institutions for greater coherence in global economic policy-making.
6. We strongly reaffirm our commitment to the objective of sustainable development, as stated in the Preamble to the Marrakesh Agreement. We are convinced that the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system, and acting for the protection of the environment and the promotion of sustainable development can and must be mutually supportive. We take note of the efforts

by members to conduct national environmental assessments of trade policies on a voluntary basis. We recognize that under WTO rules no country should be prevented from taking measures for the protection of human, animal or plant life or health, or of the environment at the levels it considers appropriate, subject to the requirement that they are not applied in a manner which would constitute a means of arbitrary or unjustifiable discrimination between countries where the same conditions prevail, or a disguised restriction on international trade, and are otherwise in accordance with the provisions of the WTO Agreements. We welcome the WTO's continued cooperation with UNEP and other inter-governmental environmental organizations. We encourage efforts to promote cooperation between the WTO and relevant international environmental and developmental organizations, especially in the lead-up to the World Summit on Sustainable Development to be held in Johannesburg, South Africa, in September 2002.

7. We reaffirm the right of members under the General Agreement on Trade in Services to regulate, and to introduce new regulations on, the supply of services.
8. We reaffirm our declaration made at the Singapore Ministerial Conference regarding internationally recognized core labour standards. We take note of work under way in the International Labour Organization (ILO) on the social dimension of globalization.
9. We note with particular satisfaction that this conference has completed the WTO accession procedures for China and Chinese Taipei. We also welcome the accession as new members, since our last session, of Albania, Croatia, Georgia, Jordan, Lithuania, Moldova and Oman, and note the extensive market-access commitments already made by these countries on accession. These accessions will greatly strengthen the multilateral trading system, as will those of the 28 countries now negotiating their accession. We therefore attach great importance to concluding accession proceedings

as quickly as possible. In particular, we are committed to accelerating the accession of least-developed countries.

10. Recognizing the challenges posed by an expanding WTO membership, we confirm our collective responsibility to ensure internal transparency and the effective participation of all members. While emphasizing the intergovernmental character of the organization, we are committed to making the WTO's operations more transparent, including through more effective and prompt dissemination of information, and to improve dialogue with the public. We shall therefore at the national and multilateral levels continue to promote a better public understanding of the WTO and to communicate the benefits of a liberal, rules-based multilateral trading system.
11. In view of these considerations, we hereby agree to undertake the broad and balanced Work Programme set out below. This incorporates both an expanded negotiating agenda and other important decisions and activities necessary to address the challenges facing the multilateral trading system.

WORK PROGRAMME

IMPLEMENTATION-RELATED ISSUES AND CONCERNS

12. We attach the utmost importance to the implementation-related issues and concerns raised by members and are determined to find appropriate solutions to them. In this connection, and having regard to the General Council Decisions of 3 May and 15 December 2000, we further adopt the Decision on Implementation-Related Issues and Concerns in document WT/MIN(01)/17 to address a number of implementation problems faced by members. We agree that negotiations on outstanding implementation issues shall be an integral part of the Work Programme we are establishing, and that agreements reached at an early stage in these negotiations shall be treated in accordance with the provisions of paragraph 47 below. In this regard, we shall proceed as follows: (a) where we provide a specific negotiating

mandate in this declaration, the relevant implementation issues shall be addressed under that mandate; (b) the other outstanding implementation issues shall be addressed as a matter of priority by the relevant WTO bodies, which shall report to the Trade Negotiations Committee, established under paragraph 46 below, by the end of 2002 for appropriate action.

AGRICULTURE

13. We recognize the work already undertaken in the negotiations initiated in early 2000 under Article 20 of the Agreement on Agriculture, including the large number of negotiating proposals submitted on behalf of a total of 121 members. We recall the long-term objective referred to in the Agreement to establish a fair and market-oriented trading system through a programme of fundamental reform encompassing strengthened rules and specific commitments on support and protection in order to correct and prevent restrictions and distortions in world agricultural markets. We reconfirm our commitment to this programme. Building on the work carried out to date and without prejudging the outcome of the negotiations we commit ourselves to comprehensive negotiations aimed at: substantial improvements in market access; reductions of, with a view to phasing out, all forms of export subsidies; and substantial reductions in trade-distorting domestic support. We agree that special and differential treatment for developing countries shall be an integral part of all elements of the negotiations and shall be embodied in the schedules of concessions and commitments and as appropriate in the rules and disciplines to be negotiated, so as to be operationally effective and to enable developing countries to effectively take account of their development needs, including food security and rural development. We take note of the non-trade concerns reflected in the negotiating proposals submitted by Members and confirm that non-trade concerns will be taken into account in the negotiations as provided for in the Agreement on Agriculture.

14. Modalities for the further commitments, including

provisions for special and differential treatment, shall be established no later than 31 March 2003. Participants shall submit their comprehensive draft Schedules based on these modalities no later than the date of the Fifth Session of the Ministerial Conference. The negotiations, including with respect to rules and disciplines and related legal texts, shall be concluded as part and at the date of conclusion of the negotiating agenda as a whole.

SERVICES

15. The negotiations on trade in services shall be conducted with a view to promoting the economic growth of all trading partners and the development of developing and least-developed countries. We recognize the work already undertaken in the negotiations, initiated in January 2000 under Article XIX of the General Agreement on Trade in Services, and the large number of proposals submitted by members on a wide range of sectors and several horizontal issues, as well as on movement of natural persons. We reaffirm the Guidelines and Procedures for the Negotiations adopted by the Council for Trade in Services on 28 March 2001 as the basis for continuing the negotiations, with a view to achieving the objectives of the General Agreement on Trade in Services, as stipulated in the Preamble, Article IV and Article XIX of that Agreement. Participants shall submit initial requests for specific commitments by 30 June 2002 and initial offers by 31 March 2003.

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

16. We agree to negotiations which shall aim, by modalities to be agreed, to reduce or as appropriate eliminate tariffs, including the reduction or elimination of tariff peaks, high tariffs, and tariff escalation, as well as non-tariff barriers, in particular on products of export interest to developing countries. Product coverage shall be comprehensive and without a priori exclusions. The negotiations shall take fully into account the special needs and interests of developing and least-developed country participants, including

through less than full reciprocity in reduction commitments, in accordance with the relevant provisions of Article XXVIII bis of GATT 1994 and the provisions cited in paragraph 50 below. To this end, the modalities to be agreed will include appropriate studies and capacity-building measures to assist least-developed countries to participate effectively in the negotiations.

TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS

17. We stress the importance we attach to implementation and interpretation of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in a manner supportive of public health, by promoting both access to existing medicines and research and development into new medicines and, in this connection, are adopting a separate declaration.
18. With a view to completing the work started in the Council for Trade-Related Aspects of Intellectual Property Rights (Council for TRIPS) on the implementation of Article 23.4, we agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the Fifth Session of the Ministerial Conference. We note that issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS pursuant to paragraph 12 of this declaration.
19. We instruct the Council for TRIPS, in pursuing its work programme including under the review of Article 27.3(b), the review of the implementation of the TRIPS Agreement under Article 71.1 and the work foreseen pursuant to paragraph 12 of this declaration, to examine, inter alia, the relationship between the TRIPS Agreement and the Convention on Biological Diversity, the protection of traditional knowledge and folklore, and other relevant new developments raised by members pursuant to Article 71.1. In undertaking this work, the TRIPS Council shall be guided by

the objectives and principles set out in Articles 7 and 8 of the TRIPS Agreement and shall take fully into account the development dimension.

RELATIONSHIP BETWEEN TRADE AND INVESTMENT

20. Recognizing the case for a multilateral framework to secure transparent, stable and predictable conditions for long-term cross-border investment, particularly foreign direct investment, that will contribute to the expansion of trade, and the need for enhanced technical assistance and capacity-building in this area as referred to in paragraph 21, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations.
21. We recognize the needs of developing and least-developed countries for enhanced support for technical assistance and capacity building in this area, including policy analysis and development so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, we shall work in cooperation with other relevant intergovernmental organisations, including UNCTAD, and through appropriate regional and bilateral channels, to provide strengthened and adequately resourced assistance to respond to these needs.
22. In the period until the Fifth Session, further work in the Working Group on the Relationship Between Trade and Investment will focus on the clarification of: scope and definition; transparency; non-discrimination; modalities for pre-establishment commitments based on a GATS-type, positive list approach; development provisions; exceptions and balance-of-payments safeguards; consultation and the settlement of disputes between members. Any framework should reflect in a balanced manner the interests of home and host countries, and take due account of the development policies and objectives of host governments as well as their right to regulate in the public interest. The special

development, trade and financial needs of developing and least-developed countries should be taken into account as an integral part of any framework, which should enable members to undertake obligations and commitments commensurate with their individual needs and circumstances. Due regard should be paid to other relevant WTO provisions. Account should be taken, as appropriate, of existing bilateral and regional arrangements on investment.

INTERACTION BETWEEN TRADE AND COMPETITION POLICY

23. Recognizing the case for a multilateral framework to enhance the contribution of competition policy to international trade and development, and the need for enhanced technical assistance and capacity-building in this area as referred to in paragraph 24, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations.
24. We recognize the needs of developing and least-developed countries for enhanced support for technical assistance and capacity building in this area, including policy analysis and development so that they may better evaluate the implications of closer multilateral cooperation for their development policies and objectives, and human and institutional development. To this end, we shall work in cooperation with other relevant intergovernmental organisations, including UNCTAD, and through appropriate regional and bilateral channels, to provide strengthened and adequately resourced assistance to respond to these needs.
25. In the period until the Fifth Session, further work in the Working Group on the Interaction between Trade and Competition Policy will focus on the clarification of: core principles, including transparency, non-discrimination and procedural fairness, and provisions on hardcore cartels; modalities for voluntary cooperation; and support for progressive reinforcement of competition institutions in developing countries through capacity building. Full account shall be taken of

the needs of developing and least-developed country participants and appropriate flexibility provided to address them.

TRANSPARENCY IN GOVERNMENT PROCUREMENT

26. Recognizing the case for a multilateral agreement on transparency in government procurement and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations. These negotiations will build on the progress made in the Working Group on Transparency in Government Procurement by that time and take into account participants' development priorities, especially those of least-developed country participants. Negotiations shall be limited to the transparency aspects and therefore will not restrict the scope for countries to give preferences to domestic supplies and suppliers. We commit ourselves to ensuring adequate technical assistance and support for capacity building both during the negotiations and after their conclusion.

TRADE FACILITATION

27. Recognizing the case for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity building in this area, we agree that negotiations will take place after the Fifth Session of the Ministerial Conference on the basis of a decision to be taken, by explicit consensus, at that session on modalities of negotiations. In the period until the Fifth Session, the Council for Trade in Goods shall review and as appropriate, clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 and identify the trade facilitation needs and priorities of members, in particular developing and least-developed countries. We commit ourselves to ensuring adequate technical assistance and support for capacity building in this area.

WTO RULES

28. In the light of experience and of the increasing

application of these instruments by members, we agree to negotiations aimed at clarifying and improving disciplines under the Agreements on Implementation of Article VI of the GATT 1994 and on Subsidies and Countervailing Measures, while preserving the basic concepts, principles and effectiveness of these Agreements and their instruments and objectives, and taking into account the needs of developing and least-developed participants. In the initial phase of the negotiations, participants will indicate the provisions, including disciplines on trade distorting practices, that they seek to clarify and improve in the subsequent phase. In the context of these negotiations, participants shall also aim to clarify and improve WTO disciplines on fisheries subsidies, taking into account the importance of this sector to developing countries. We note that fisheries subsidies are also referred to in paragraph 31.

29. We also agree to negotiations aimed at clarifying and improving disciplines and procedures under the existing WTO provisions applying to regional trade agreements. The negotiations shall take into account the developmental aspects of regional trade agreements.

DISPUTE SETTLEMENT UNDERSTANDING

30. We agree to negotiations on improvements and clarifications of the Dispute Settlement Understanding. The negotiations should be based on the work done thus far as well as any additional proposals by members, and aim to agree on improvements and clarifications not later than May 2003, at which time we will take steps to ensure that the results enter into force as soon as possible thereafter.

TRADE AND ENVIRONMENT

31. With a view to enhancing the mutual supportiveness of trade and environment, we agree to negotiations, without prejudging their outcome, on:
- (i) the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs). The negotiations shall be limited in scope to the applicability of such existing

WTO rules as among parties to the MEA in question. The negotiations shall not prejudice the WTO rights of any Member that is not a party to the MEA in question;

- (ii) procedures for regular information exchange between MEA Secretariats and the relevant WTO committees, and the criteria for the granting of observer status;
- (iii) the reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services.

We note that fisheries subsidies form part of the negotiations provided for in paragraph 28.

32. We instruct the Committee on Trade and Environment, in pursuing work on all items on its agenda within its current terms of reference, to give particular attention to:
- (i) the effect of environmental measures on market access, especially in relation to developing countries, in particular the least-developed among them, and those situations in which the elimination or reduction of trade restrictions and distortions would benefit trade, the environment and development;
 - (ii) the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights; and
 - (iii) labelling requirements for environmental purposes.

Work on these issues should include the identification of any need to clarify relevant WTO rules. The Committee shall report to the Fifth Session of the Ministerial Conference, and make recommendations, where appropriate, with respect to future action, including the desirability of negotiations. The outcome of this work as well as the negotiations carried out under paragraph 31(i) and (ii) shall be compatible with the open and non-discriminatory nature of the multilateral trading system, shall not add to or diminish the rights and obligations of members under existing WTO agreements, in particular the Agreement on the Application of Sanitary and Phytosanitary Measures, nor alter the

balance of these rights and obligations, and will take into account the needs of developing and least-developed countries.

33. We recognize the importance of technical assistance and capacity building in the field of trade and environment to developing countries, in particular the least-developed among them. We also encourage that expertise and experience be shared with members wishing to perform environmental reviews at the national level. A report shall be prepared on these activities for the Fifth Session.

ELECTRONIC COMMERCE

34. We take note of the work which has been done in the General Council and other relevant bodies since the Ministerial Declaration of 20 May 1998 and agree to continue the Work Programme on Electronic Commerce. The work to date demonstrates that electronic commerce creates new challenges and opportunities for trade for members at all stages of development, and we recognize the importance of creating and maintaining an environment which is favourable to the future development of electronic commerce. We instruct the General Council to consider the most appropriate institutional arrangements for handling the Work Programme, and to report on further progress to the Fifth Session of the Ministerial Conference. We declare that members will maintain their current practice of not imposing customs duties on electronic transmissions until the Fifth Session.

SMALL ECONOMIES

35. We agree to a work programme, under the auspices of the General Council, to examine issues relating to the trade of small economies. The objective of this work is to frame responses to the trade-related issues identified for the fuller integration of small, vulnerable economies into the multilateral trading system, and not to create a sub-category of WTO Members. The General Council shall review the work programme and make recommendations for action to the Fifth Session of the Ministerial Conference.

TRADE, DEBT AND FINANCE

36. We agree to an examination, in a Working Group under the auspices of the General Council, of the relationship between trade, debt and finance, and of any possible recommendations on steps that might be taken within the mandate and competence of the WTO to enhance the capacity of the multilateral trading system to contribute to a durable solution to the problem of external indebtedness of developing and least-developed countries, and to strengthen the coherence of international trade and financial policies, with a view to safeguarding the multilateral trading system from the effects of financial and monetary instability. The General Council shall report to the Fifth Session of the Ministerial Conference on progress in the examination.

TRADE AND TRANSFER OF TECHNOLOGY

37. We agree to an examination, in a Working Group under the auspices of the General Council, of the relationship between trade and transfer of technology, and of any possible recommendations on steps that might be taken within the mandate of the WTO to increase flows of technology to developing countries. The General Council shall report to the Fifth Session of the Ministerial Conference on progress in the examination.

TECHNICAL COOPERATION AND CAPACITY BUILDING

38. We confirm that technical cooperation and capacity building are core elements of the development dimension of the multilateral trading system, and we welcome and endorse the New Strategy for WTO Technical Cooperation for Capacity Building, Growth and Integration. We instruct the Secretariat, in coordination with other relevant agencies, to support domestic efforts for mainstreaming trade into national plans for economic development and strategies for poverty reduction. The delivery of WTO technical assistance shall be designed to assist developing and least-developed countries and low-income countries in transition to adjust to WTO rules and disciplines, implement obligations and exercise the rights of membership, including drawing on the benefits of an open, rules-based multilateral trading system. Priority shall also be accorded to

small, vulnerable, and transition economies, as well as to members and observers without representation in Geneva. We reaffirm our support for the valuable work of the International Trade Centre, which should be enhanced.

39. We underscore the urgent necessity for the effective coordinated delivery of technical assistance with bilateral donors, in the OECD Development Assistance Committee and relevant international and regional intergovernmental institutions, within a coherent policy framework and timetable. In the coordinated delivery of technical assistance, we instruct the Director-General to consult with the relevant agencies, bilateral donors and beneficiaries, to identify ways of enhancing and rationalizing the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries and the Joint Integrated Technical Assistance Programme (JITAP).
40. We agree that there is a need for technical assistance to benefit from secure and predictable funding. We therefore instruct the Committee on Budget, Finance and Administration to develop a plan for adoption by the General Council in December 2001 that will ensure long-term funding for WTO technical assistance at an overall level no lower than that of the current year and commensurate with the activities outlined above.
41. We have established firm commitments on technical cooperation and capacity building in various paragraphs in this Ministerial Declaration. We reaffirm these specific commitments contained in paragraphs 16, 21, 24, 26, 27, 33, 38-40, 42 and 43, and also reaffirm the understanding in paragraph 2 on the important role of sustainably financed technical assistance and capacity-building programmes. We instruct the Director-General to report to the Fifth Session of the Ministerial Conference, with an interim report to the General Council in December 2002 on the implementation and adequacy of these commitments in the identified paragraphs.

LEAST-DEVELOPED COUNTRIES

42. We acknowledge the seriousness of the concerns expressed by the least-developed countries

(LDCs) in the Zanzibar Declaration adopted by their ministers in July 2001. We recognize that the integration of the LDCs into the multilateral trading system requires meaningful market access, support for the diversification of their production and export base, and trade-related technical assistance and capacity building. We agree that the meaningful integration of LDCs into the trading system and the global economy will involve efforts by all WTO members. We commit ourselves to the objective of duty-free, quota-free market access for products originating from LDCs. In this regard, we welcome the significant market access improvements by WTO members in advance of the Third UN Conference on LDCs (LDC-III), in Brussels, May 2001. We further commit ourselves to consider additional measures for progressive improvements in market access for LDCs. Accession of LDCs remains a priority for the Membership. We agree to work to facilitate and accelerate negotiations with acceding LDCs. We instruct the Secretariat to reflect the priority we attach to LDCs' accessions in the annual plans for technical assistance. We reaffirm the commitments we undertook at LDC-III, and agree that the WTO should take into account, in designing its work programme for LDCs, the trade-related elements of the Brussels Declaration and Programme of Action, consistent with the WTO's mandate, adopted at LDC-III. We instruct the Sub-Committee for Least-Developed Countries to design such a work programme and to report on the agreed work programme to the General Council at its first meeting in 2002.

43. We endorse the Integrated Framework for Trade-Related Technical Assistance to Least-Developed Countries (IF) as a viable model for LDCs' trade development. We urge development partners to significantly increase contributions to the IF Trust Fund and WTO extra-budgetary trust funds in favour of LDCs. We urge the core agencies, in coordination with development partners, to explore the enhancement of the IF with a view to addressing the supply-side constraints of LDCs and the extension of the model to all LDCs, following the review of the IF and the appraisal of the ongoing Pilot Scheme in selected LDCs.

We request the Director-General, following coordination with heads of the other agencies, to provide an interim report to the General Council in December 2002 and a full report to the Fifth Session of the Ministerial Conference on all issues affecting LDCs.

SPECIAL AND DIFFERENTIAL TREATMENT

44. We reaffirm that provisions for special and differential treatment are an integral part of the WTO Agreements. We note the concerns expressed regarding their operation in addressing specific constraints faced by developing countries, particularly least-developed countries. In that connection, we also note that some members have proposed a Framework Agreement on Special and Differential Treatment (WT/GC/W/442). We therefore agree that all special and differential treatment provisions shall be reviewed with a view to strengthening them and making them more precise, effective and operational. In this connection, we endorse the work programme on special and differential treatment set out in the Decision on Implementation-Related Issues and Concerns.

ORGANIZATION AND MANAGEMENT OF THE WORK PROGRAMME

45. The negotiations to be pursued under the terms of this declaration shall be concluded not later than 1 January 2005. The Fifth Session of the Ministerial Conference will take stock of progress in the negotiations, provide any necessary political guidance, and take decisions as necessary. When the results of the negotiations in all areas have been established, a Special Session of the Ministerial Conference will be held to take decisions regarding the adoption and implementation of those results.
46. The overall conduct of the negotiations shall be supervised by a Trade Negotiations Committee under the authority of the General Council. The Trade Negotiations Committee shall hold its first meeting not later than 31 January 2002. It shall establish appropriate negotiating mechanisms as required and supervise the progress of the negotiations.
47. With the exception of the improvements and clarifications of the Dispute Settlement

Understanding, the conduct, conclusion and entry into force of the outcome of the negotiations shall be treated as parts of a single undertaking. However, agreements reached at an early stage may be implemented on a provisional or a definitive basis. Early agreements shall be taken into account in assessing the overall balance of the negotiations.

48. Negotiations shall be open to:
- (i) all members of the WTO; and
 - (ii) States and separate customs territories currently in the process of accession and those that inform members, at a regular meeting of the General Council, of their intention to negotiate the terms of their membership and for whom an accession working party is established.

Decisions on the outcomes of the negotiations shall be taken only by WTO members.

49. The negotiations shall be conducted in a transparent manner among participants, in order to facilitate the effective participation of all. They shall be conducted with a view to ensuring benefits to all participants and to achieving an overall balance in the outcome of the negotiations.
50. The negotiations and the other aspects of the Work Programme shall take fully into account the principle of special and differential treatment for developing and least-developed countries embodied in: Part IV of the GATT 1994; the Decision of 28 November 1979 on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries; the Uruguay Round Decision on Measures in Favour of Least-Developed Countries; and all other relevant WTO provisions.
51. The Committee on Trade and Development and the Committee on Trade and Environment shall, within their respective mandates, each act as a forum to identify and debate developmental and environmental aspects of the negotiations, in order to help achieve the objective of having sustainable development appropriately reflected.
52. Those elements of the Work Programme which do not involve negotiations are also accorded a high priority. They shall be pursued under the

overall supervision of the General Council, which shall report on progress to the Fifth Session of the Ministerial Conference.

Declaration on the TRIPS agreement and public health

(Adopted on 14 November 2001)

1. We recognize the gravity of the public health problems afflicting many developing and least-developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics.
2. We stress the need for the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) to be part of the wider national and international action to address these problems.
3. We recognize that intellectual property protection is important for the development of new medicines. We also recognize the concerns about its effects on prices.
4. We agree that the TRIPS Agreement does not and should not prevent members from taking measures to protect public health. Accordingly, while reiterating our commitment to the TRIPS Agreement, we affirm that the Agreement can and should be interpreted and implemented in a manner supportive of WTO members' right to protect public health and, in particular, to promote access to medicines for all.

In this connection, we reaffirm the right of WTO members to use, to the full, the provisions in the TRIPS Agreement, which provide flexibility for this purpose.
5. Accordingly and in the light of paragraph 4 above, while maintaining our commitments in the TRIPS Agreement, we recognize that these flexibilities include:
 - a. In applying the customary rules of interpretation of public international law, each provision of the TRIPS Agreement shall be read in the light of the object and purpose of the Agreement as expressed, in particular, in its objectives and principles.
 - b. Each member has the right to grant compulsory licences and the freedom to determine the grounds upon which such licences are granted.
 - c. Each member has the right to determine what constitutes a national emergency or other circumstances of extreme urgency, it being understood that public health crises, including those relating to HIV/AIDS, tuberculosis, malaria and other epidemics, can represent a national emergency or other circumstances of extreme urgency.
 - d. The effect of the provisions in the TRIPS Agreement that are relevant to the exhaustion of intellectual property rights is to leave each member free to establish its own regime for such exhaustion without challenge, subject to the MFN and national treatment provisions of Articles 3 and 4.
6. We recognize that WTO members with insufficient or no manufacturing capacities in the pharmaceutical sector could face difficulties in making effective use of compulsory licensing under the TRIPS Agreement. We instruct the Council for TRIPS to find an expeditious solution to this problem and to report to the General Council before the end of 2002.
7. We reaffirm the commitment of developed-country members to provide incentives to their enterprises and institutions to promote and encourage technology transfer to least-developed country members pursuant to Article 66.2. We also agree that the least-developed country members will not be obliged, with respect to pharmaceutical products, to implement or apply Sections 5 and 7 of Part II of the TRIPS Agreement or to enforce rights provided for under these Sections until 1 January 2016, without prejudice to the right of least-developed country members to seek other extensions of the transition periods as provided for in Article 66.1 of the TRIPS Agreement. We instruct the Council for TRIPS to take the necessary action to give effect to this pursuant to Article 66.1 of the TRIPS Agreement.



Monthly Report on Multilateral Trade Issues & Developments (July 2003)

Technical Barriers to Trade (TBT)

The formal meeting of the TBT Committee was held on 2nd July. The Committee decided to organise a workshop on labelling during 21-22 October 2003. The Committee also discussed in detail as to how to establish a mechanism to ensure an effective delivery of TBT related technical assistance to developing countries. During the discussion on the forthcoming 3rd Triennial Review of the TBT Agreement, the Committee noted that there is a consensus for inclusion of following issues for consideration during the 3rd Triennial Review: (1) implementation of the agreement; (2) transparency provisions; (3) conformity assessment; (4) code of good practices; and (5) technical assistance and S&D.

Meetings of the Services Cluster

Meetings were held on 1-5 July, 2003 and 8-10 July, 2003 of all the subsidiary bodies, namely, WPDR (Working Party on Domestic Regulations), WPGR (Working Party Government Rules), Committee on Specific Commitments and Committee on Trade in Financial Services. Meetings of the Committee on Trade in Services (CTS) Regular Session and Special Session were also held. India presented a paper in the CTS Regular Session on Implementation of "Article VII of GATS". India, along with 14 other developing countries, also presented a paper in the CTS Special Session on "Liberalisation of Mode 4". A document was also circulated by India in the WPDR on "Recognition Issues". There was a fair amount of discussion and interest shown in Mode 4 by a number of delegations during this cluster.

Transfer of Technology (ToT)

Main issue discussed on 1 & 10 July, 2003 was the

finalisation and adoption of the report of the Working Group on the work done since Doha to the General Council. While India and other LMG (Like Minded Group) countries insisted on having specific recommendations for focussed discussion in the post Cancun phase, developed members wanted only a factual report without any recommendations and which would not pre-judge decision to be taken by Ministers at Cancun on the future work in the Working Group. As a compromise, it was agreed that the specific recommendations suggested by a group of developing countries would be included in the factual part with their reference in the concluding part as well. The report was adopted on 10 July.

Special Session on TRIPs (Multilateral Register) for wines & spirits

No further progress. The negotiations remain deadlocked, specially on the issue of "participation" and "legal effect" between the EC on one hand and the other wine producing countries like Australia, US, Argentina, Chile, etc on the other.

Committee on Trade and Environment (CTE)

Discussion on 7/7/03 focussed on two proposals for recommendation for Cancun Ministerial Conference: (i) by Canada seeking a mandate from Ministers at Cancun for reviewing the terms of reference of the CTE and (ii) by EC for seeking a ministerial decision on the issue of eco-labelling. There was no consensus on both these proposals. The CTE adopted its report to the Fifth Ministerial Conference. The report did not contain any recommendations.

Committee on CTE – Special Session was held on 8/7/03. On para 31 (i), Chinese Taipei and China introduced

their new submissions. On para 32 (ii) the EC's proposal for seeking a Ministerial decision on the issue of observer status to Multilateral Environment Agreements (MEA) Secretariat was discussed. Many developing countries questioned the need for any such decision at Cancun. Many others indicated their support to the proposal. There was no consensus in the special session on the EC proposal. On 31 (iii), US introduced its submission on the modalities for elimination of tariff on environmental goods.

Working Group on Trade, Debt & Finance

A meeting of the Working Group was held on 8/7/03 to finalise the report of the Group to the General Council.

Negotiations Group on Market Access (NGMA)

A meeting of the NGMA was held on 9-11 July, 2003 wherein discussions centred on the Chairman's proposal contained in TN/MA/W/35. A capital based delegation also attended the meeting.

Special Sessions of the Dispute Settlement Body (DSB)

The WTO General Council (GC) Chairman held on 10/7/03 informal consultations regarding the future steps for DSU negotiations. He agreed that it was for GC or Ministerial Conference (MC) to agree to further extension, and recommended extension by one year, with negotiations to be based on Chairman's text and Members' proposals. Mexico made a small presentation on what is wrong with the DSU. Israel, Malaysia, Chile, US, EC, Thailand, Norway, Brazil, Costa Rica, Japan, Argentina, Australia, Canada, Hungary, China, Switzerland, India and Columbia participated and spoke in that order. While some made critical statements on the process so far, none opposed Chairman's proposal. GC Chairman stated that he would make the suggestion for one year's extension in the GC meeting.

A Special DSB meeting was held again on 11/7/03 to

consider US request for establishment of a panel on Canada-Measures relating to export of wheat and treatment of imported grain.

Dedicated Session on E-Commerce

The report of the Dedicated Session on the Work Programme on Electronic Commerce was presented in the meeting. On account of observations made by India, Brazil, Thailand etc. the Report was merely factual and did not recommend any particular course to the General Council since it is the mandate of General Council to determine further recommendations.

Trade Negotiations Committee (TNC)

The Comments of delegations at the TNC Meeting on 14 & 15/7/03 on the reports by Chairpersons of Negotiating Groups largely mirrored their views expressed in the respective Negotiating Groups. Many delegations including India referred to the importance that they attach to transparency and inclusiveness in the preparatory process. Nigeria insisted that the draft text to be transmitted to Ministers should reflect different views. The Chairman observed that there is need for compromises and that delegations should not be waiting for too long to make their moves. He called for full contribution by Members on the draft declaration and said that he would like it to be the product of the entire membership. On 12(b) Implementation Issues, the TNC could not take a decision. India and Kenya preferred the issues to be dealt with in dedicated sessions of TNC while the US and Japan were opposed to this suggestion.

Committee of Participants on the Expansion of Trade in Information Technology Products

Discussions on 16/7/03 were mainly on the seminar that had been held and it was felt that further such workshops could be held. Bahrain submitted its schedule for entry into the Committee of Participants on the Expansion of Trade in Information Technology

Products which was accepted in principle subject to final confirmation from the US.

Special Session on Agriculture

The Special Session on Agriculture was held on 16 & 17 July, 2003. Overall, no breakthrough was achieved in the negotiations which are locked up due to entrenched position of Members.

Committee on Trade & Development – Dedicated Session

The meeting on 17/7/03 was convened to discuss the report of the dedicated session to the General Council on progress of work on small economies. The proposal from Kenya, Uganda and Tanzania on commodity price stabilisation was also discussed briefly

Trade-Related Investment Measures (TRIMs)

Discussions were held on 18/7/03 on the two proposals submitted by the African Group on Articles 4 and 5.3. Prior to the formal meeting, the Chairman held 3 small group informal consultations. There was no meeting of the minds on the proposals. It was decided that Chairman give a factual report to the General Council on the status of discussion on the S&D proposals.

Regional Trading Arrangements (RTAs)

Discussions were held on 18 & 21 July, 2003 on the revised non-paper from Chairman on the issue of transparency of RTA. There were still divergence on issues such as scope of any transparency exercise; the timing of notifications; particularly in case of custom union, whether new transparency discipline should be applicable to RTA notified already; whether transparency exercise should also cover unilateral preferences schemes such as GSP. The Chair will be continuing his consultations and will be coming out with a revised non-paper. Prior to the open-ended meeting

on July 21, the Chairman held a small group meeting on July 18 of major delegations to discuss the transparency issues. He proposes to convene more such meetings to discuss in details various elements in the paper.

Committee on Rules of Origin

A meeting of the Committee on Rules of Origin was held on 21/7/03 to discuss the Chair's package on the 94 core policy issues. A decision was taken to extend the deadline for the resolution of these issues till July 2004.

Committee on Customs Valuation

A formal meeting of the Committee took place on 22/7/03 to resume the suspended meeting of May 2003 on the agenda item pertaining to para 8.3. In view of the lack of consensus, the meeting was again suspended to facilitate further informal consultations by the Chairman on the issue.

Rules Negotiating Group

A meeting of the Rules Negotiating Group was held on 22-23 July, 2003. Further issues were identified for discussion under both the Anti Dumping and SCM (Subsidies & Countervailing Measures) Agreements.

General Council (on textiles issues)

The two joint submissions on textile related issues were submitted by a group of ITCB (International Textiles & Clothing Bureau) members at the GC meeting on 24-25 July, 2003 – (i) seeking a grace period for two years for initiating anti-dumping actions on T&C products (ii) on the issue of non-availability of carry forward in 2004 and its impact on market access. The General Council Chairman will be holding consultations on the issue of carry forward.

(Source: PMI/Geneva)



UNDERSTANDING THE MULTILATERAL TRADING SYSTEM A FACT FILE ON WTO

- **Location:** Geneva, Switzerland
- **Established:** 1 January, 1995
- **Created by:** Uruguay Round negotiations (1986-94)
- **Membership:** 146 countries (as of 12 August, 2003)
- **Head:** Supachai Panitchpakdi (Director General)

Functions:

- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Cooperation with other international organisations

The multilateral trading system

The World Trade Organisation (WTO) came into being in 1995. WTO is the successor to the General Agreement on Tariffs and Trade (GATT) which was established in the wake of the Second World War.

So, while the WTO is still young, the multilateral trading system that was originally set up under GATT is well over 50 years old.

The multilateral trading system prescribes the rules of the game for international trade. These rules are continuously evolving. The first major effort to evolve such rules was in the post-World War II era which resulted in the establishment of GATT in 1948.

The system was developed through a series of trade negotiations, or rounds, held under GATT. The first rounds dealt mainly with tariff reductions but later negotiations included other areas such as anti-dumping and non-tariff measures. **The last round – the 1986-94 Uruguay Round – led to the WTO's creation.**

Uruguay Round to Doha

The Uruguay Round of Multilateral Trade Negotiations, the 8th Round under GATT 1947, was launched at Punta del Este in Uruguay in September 1986 at a special session of the GATT Contracting parties held at Ministerial level. These negotiations were the most ambitious and complex until then. Negotiations covered not only the traditional GATT subjects such as tariff and non-tariff measures and the improvement of GATT rules and disciplines on subsidies, safeguards etc. but also extended to new areas not dealt with by GATT, such as Trade Related Aspects of Intellectual Property Rights (TRIPs), Trade Related Investment Measures (TRIMs) and trade in Services. Although the negotiations were to conclude in four years, the Uruguay Round was formally concluded at Marakkesh only on 15 April 1994.

In 2000, new talks started on agriculture and services. These have now been incorporated into a broader agenda launched at the fourth WTO Ministerial Conference in Doha, Qatar, in November, 2001. The deadline for the negotiations is 1 January, 2005.

Objectives & principles of the multilateral trading system / WTO

The basic objective of the multilateral trading system,

in general, is to create conditions of fair and undistorted competition in which the member countries could trade among themselves. With this objective in mind GATT/WTO lays down **four basic rules of the game:**

- Protection to domestic industry through tariffs and limiting of quantitative restrictions (QRs) on trade only to bare minimum,
- Reduction of tariff levels and binding of tariffs at reduced levels as well as removal of non-tariff barriers (NTBs) to trade;
- Most favoured nation (MFN) **treatment which requires that tariff and other regulations should be applied to imported or exported goods without discrimination among countries, and**
- National treatment rule, **which prohibits countries from discriminating between imported products and equivalent domestically produced products. Besides, there are rules of general application which include those related to:**
 - (a) **determination of dutiable value of imported goods where customs duties are collected on an ad valorem basis;**
 - (b) **application of mandatory product standards and sanitary and phytosanitary (S&PS) regulations to imported products, and**
 - (c) **issue of import licences**
 - (d) In addition, there are rules governing:
 - (i) Government subsidy;
 - (ii) Measures to protect domestic industry consisting of 'safeguard actions' and 'anti-dumping and countervailing duties' and
 - (iii) Investment measures that are likely to have adverse impact on trade (TRIMS).

The rules prescribed by GATT 1994 and its associate agreements viz. GATS and TRIPS are to be subscribed to by all the member countries of WTO as a 'Single Undertaking'. The Members are, therefore, required to adopt national legislation and regulations to implement the rules. **However, developing countries, least developed countries and transition economies have been allowed longer transition periods for the implementations of some of the obligations imposed by the agreements.**

The objective of the multilateral trading system is to ensure enhanced market access among all the member countries of WTO. The obligations arising out of the agreements, however, may not in themselves ensure that the market access commitments are fulfilled by the members in practice. This requires effective monitoring of the trade policies and practices of members as well as provisions for settlement of disputes. While the Trade Policy Review Mechanism (TPRM) ensures the former, the Dispute Settlement Undertaking guarantees the latter.

Benefits from WTO Agreements / Membership

- WTO provides a **rule based, transparent and predictable multilateral trading system** which protects the member countries from the pressures of their stronger trading partners.
- **WTO works on the principle of one country one vote** and as such India as well as other members have a say in the rule making process in WTO. The convention is that decision making is done by consensus.
- A major advantage arising from **WTO is that it automatically guarantees Most Favored Nation (MFN) treatment implying that Members cannot discriminate between various WTO Members in their tariff regimes.** In the absence of the MFN Clause, which flows from Membership of the WTO, India

would have had to negotiate bilaterally with all Members for obtaining such MFN treatment.

- **The agreement also ensures national treatment for our exports, in all WTO Member countries.** National Treatment ensures that our products once imported into the territory of other WTO members would not be discriminated vis-à-vis domestic products in those countries.
- Another important benefit accruing is the availability of a strong and effective Dispute Settlement Mechanism (DSM) **under the WTO. Out of 30 disputes involving India, 8 were won by India and 6 were lost. Of these, 7 disputes were won against US and the EC and 6 were lost against them. 8 cases were settled amicably. The remaining 8 disputes are continuing.**
- **There are contingency protection provisions built into WTO rules, enabling Member countries to take care of exigencies like balance of payment problems and situations like surge in imports.** In case of unfair trade practices causing injury to the domestic producers, there are provisions to impose Anti-dumping or Countervailing duties as provided for in the Anti-Dumping Agreement and the Subsidies and Countervailing Measures Agreement. As per the WTO Annual Report for the year 2000, India was the 2nd highest user of the Anti-dumping measures amongst all the WTO members.
- **The reduction in export subsidies on Agriculture by developed countries if effected through the Agreement on Agriculture will make Indian agricultural exports more competitive in world markets.**
- The commitment of certain developed countries under Agreement on Textiles and Clothing (ATC) to finally phase out the Textile Quotas as were

being maintained by them under Multi Fibre Arrangement (MFA) by 1st January 2005 is a positive gain for Indian textile exports.

From Singapore to Cancun

The highest decision making body within WTO is the Ministerial Conference. It meets at least once in every two years. Four Ministerial Conferences have already been held: Singapore (December 1996); Geneva (May 1999); Seattle (Nov-Dec 1999); and Doha (November 2001). The fifth Ministerial Conference is scheduled to be held at Cancun, Mexico during 10-14 September 2003.

The Doha Ministerial mandate specifically provided for continuation of the concept of less than full reciprocity by developing countries as part of the negotiations. **The mandated negotiations include market access issues including negotiations in agriculture covering domestic support, export subsidies and market access, market access for non-agricultural products and market access for services; issues of particular interest to developing countries like TRIPS and public health, review of Special and Differential Treatment (S & DT) provisions and Implementation issues; WTO rules** including clarifying and improving Anti-dumping and Subsidies agreements, clarifying and improving disciplines on regional trade agreements and clarifying and improving of dispute settlement understanding; certain limited issues on environment; **certain provisions in the TRIPs Agreement; new work programme related to Trade, Debt and Finance and Trade and Technology Transfer through the setting up of two separate Working Groups; Singapore issues requiring clarification of specified issues in each area viz. Trade and Investment, Trade and Competition Policy, Trade facilitation and Transparency in Government Procurement.** In the case of Singapore issues a decision will be taken at the Fifth (Cancun) Ministerial on the start of negotiations

on these issues, based on explicit consensus on modalities of negotiations.

As per the Doha Ministerial Declaration, the Fifth Session of the Ministerial Conference now scheduled to be held at Cancun during 10-14 September 2003 will take stock of progress in the on-going negotiations under the work programme adopted at Doha, provide any necessary political guidance, and take decisions as necessary.

WTO Structure

- The WTO's top level decision-making body is **the Ministerial Conference**, which meets at least once every two years. The Fifth WTO Ministerial Conference will be held in Cancun, Mexico, from 10 to 14 September, 2003.
- Below this is the **General Council** (normally ambassadors and heads of delegation in Geneva, but sometimes officials sent from members' capitals) which meets several times a year in the Geneva headquarters. The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body.
- At the next level, the **Goods Council, Services Council and Intellectual Property (TRIPs) Council** report to the General Council.
- Numerous **specialised committees, working groups and working parties** deal with the individual agreements and other areas such as the environment, development, membership applications and regional trade agreements.

Committees under the WTO Council for Trade in Goods Committees on:

- Market Access
- Agriculture
- Sanitary and Phytosanitary Measures
- Technical Barriers to Trade
- Subsidies and Countervailing Measures
- Anti-Dumping Practices
- Customs Valuation
- Rules of Origin
- Import Licensing
- Trade-Related Investment Measures
- Safeguards

Doha Development Agenda: TNC and its bodies

Trade Negotiations Committee (TNC) : Special Sessions of

- Services Council
- TRIPs Council
- Dispute Settlement Body
- Agriculture Committee
- Trade and Development Committee
- Trade & Environment Committee

Negotiating Groups on

- Market Access
- Rules



WORLD TRADE REPORT 2003

New WTO report focuses on questions of development

The WTO Secretariat on 14 August, 2003 launched the first edition of a new annual publication known as **the World Trade Report**. This report, conceived and developed by Director-General Supachai Panitchpakdi, is intended to make a contribution to the public debate on trade policy and the multilateral trading system

"The World Trade Report 2003 seeks to deepen public understanding of pressing policy issues", writes Dr. Supachai in his foreword to the report. "The central focus of this year's report is development. By explaining the origin of this issue and others and by offering an analytical framework within which to address them, the report aims to contribute to more informed discussion and a better appreciation of the options available to address policy challenges".

The 270-page report gives extensive examination to the Doha Development Agenda round of global trade negotiations and states clearly that these talks hold significant potential for raising levels of development in impoverished countries. This is particularly true with respect to negotiations on agriculture and non-agricultural market access.

"There is a powerful case to be made that enhanced market access for poor countries' products, and greater equity in WTO rules, can bolster development efforts", said Dr. Supachai. "This report argues forcefully in favour of an intensified engagement in the global trading system by all our Member Governments. Without this greater commitment and leadership from

governments, there will be a tendency to postpone the difficult political decisions that must be taken if we are to have a successful Doha round and a stronger global trading system".

There are two sections to the report. The first section titled "**Trade and Trade Policy Developments**" focuses on three issues of topical interest: South-South trade; non-oil commodity markets; and regional trade agreements. On each issue, the report analyzes developments over the last few years, highlights their implications, and draws a number of conclusions about the options facing governments.

The second section titled "**Trade and Development**" starts with a brief discussion of development and the relationship between trade and development, and goes on to analyze in depth how the Doha Development Agenda can contribute to growth and development in developing countries.

As governments formulate their positions in respect of the many issues on the Doha agenda requiring decision, Dr Supachai reminds negotiators that the effective pursuit of national interests requires joint action around shared objectives. "That means joint responsibility for an effective process of give and take", he writes. "Countries hardly ever obtain everything they want in negotiations, but it is deeply fallacious to see an outcome yielding no result as a better option than one that might require hard work and patience, but offers something to all parties".



PRESS FEEDBACK

What's Cancun all about?

CANCUN has been hitting the headlines recently as the new ministerial meeting of the world trade organisation (WTO) is slated to take place in this Mexican city from September 10 to 14.

The meeting is of significance to India, as in the case with all other WTO meetings.

To understand why, we need to understand what the WTO is all about. The WTO has 146 members including industrial giants like the US, European Union and Japan. The WTO makes rules to govern global trade and also acts as the appellate body in case any member suffers from violation of rules by another member.

A dispute settlement mechanism has been set up by WTO to resolve clashes between members. The multilateral trading system promulgated by the WTO is said to be in the interest of free nations since the Organisation keeps them on par with giants. While this is the technical position, the general public will differ in view of the vast influence that giants like the US and EU wield. However, dispute settlement panels rarely set up by the WTO treat all members equally and there are several instances of trade tensions of industrial members being decried as hegemony.

What is a WTO ministerial?
The trade ministers of WTO members meet once in two years and the last ministerial meeting was at Doha (Qatar) in 2001. While preliminary work goes on at the various headquarters of WTO with members providing inputs, key decisions are taken at the ministerial meetings.

The Doha ministerial begged the headlines as developing countries, including India, found restrictions to look at the need for using trade liberalisation to promote development. Hence, rich nations agreed to set panels aside to supply medicines to poor nations and lowering trade barriers, though the decision is yet to be implemented due to still resistance from American pharmaceuticals.

What are the issues on the table at Cancun?

The Cancun mini has generated interest since a number of controversial issues are likely to be discussed.

Since its inception in its present form, the WTO has been looking at progressive liberalisation of international trade.

The current phase of liberalisation is focused on agriculture, while services, industrial tariffs and non-trade issues like the proposed multilateral agreement on investment (MAI) are being used to leverage gains in



other areas. Therefore, the agenda for the Cancun ministerial meeting looks like this: The main focus is an agreement to liberalise international trade in agriculture.

To achieve this, rich nations have to cut their subsidies while every WTO member should agree to keep import tariffs low. Neither the EU nor the US seem to be interested in wrapping subsidies altogether.

The Cairns group consisting of countries like Australia and New Zealand is pushing for steep cuts in already low tariff import tariffs since they are victims in agriculture. India is left watching from the sidelines as the giants clash, looking for ways to protect local cotton farmers while taking advantage of reduction in import duties in key markets. The other important issue of liberalising trade in services has been pushed to the background. This sector, which involves the liberalisation of visas for trained professionals, is important to India due to its vast service resources. Unfortunately, India has to wait beyond Cancun to look for gains in services. **What issues in trade are**

involved at the WTO?

India is on the defensive on issues like the proposed MAI which seeks to offer to settling investment rules all over the world. While this is good for investment exporting countries like the US and EU, countries like India will lose their freedom to determine controls on FDI according to their development goals. The EU is trying to push this agreement down the throat of reluctant WTO members, similar to the case with investment agreement.

India strongly opposes investment free zones and free labour mobility with trade.

There, there are few measures, at least the government programme and trade liberalisation which are part of the Singapore issues, not called since they are linked to a ministerial at Singapore, which many developing countries are opposed to. **Can India have its say?**

Technically, decision-making at WTO is through consensus. So, even India can block major decisions. However, the history of WTO ministerial meetings has the big guys push things mostly to at the Doha/Doha level meetings despite the wishes of the largest majority which includes Africa, Asia and Latin American countries. Also, the meeting of trade ministers also involves situations where deals are struck to support or oppose major moves.

Another typical mode of operation is to introduce an issue first through a study and then push for a formal agreement. While such attempts were being handled by the rich nations, recent developments have taken a slightly different route. Many developing countries are aware of their rights as well as the implications of 'market' which are agreed by big nations.

Many WTO ministers have not forgotten the lesson of the ministerial where anti-globalisation protests caused a watershed and the Cairns ministerial where developing countries raised their voice as a single never heard before. This provides an interesting setting for the Cancun ministerial to unfold.

(Economic Times 18/8/03)

PRESS FEEDBACK

व्यापार वार्ताओं में लघु उद्योगों का भी ध्यान रखा जाएगा: जेटली

नई दिल्ली, २२ अगस्त (वार्ता)। वाणिज्य और उद्योग मंत्री अरुण जेटली ने बुधवार को आश्वासन दिया कि सरकार विद्युत व्यापार संगठन को मॉडर्नाइजेशन कानून (मैक्रोसीओ) वार्ता में देश के, उद्योगों, खासकर लघु उद्योग के हितों का पूरा ध्यान रहेगी। उन्होंने प्रशासन के दौरान उद्योगों के समस्याओं के उपाय देते हुए कहा कि देश में लघु अर्थव्यवस्था को तेजी से विकसित किया है और इसका नीचे क्षेत्रों में यह मॉडर्नाइजेशन रणनीति में उभर चुका है। फिर भी लघु उद्योगों के हितों को सरकार घोट नहीं पहुंचाने देगी।

उन्होंने इस धारणा को गिराकर बताया कि चीन से आयात में तेजीवृद्धि हुई है और इससे देशी उत्पादों का बाजार विकसित हो रहा है। उन्होंने कहा कि यह तो यह है कि पिछले साल चीन को निर्यात में जहां १०६ प्रतिशत वृद्धि हुई है वहीं चीन से आयात में केवल ३२ प्रतिशत की बढ़ोतरी हुई। उन्होंने बताया कि पिछले साल चीन और भारत के बीच कुल कारोबार पांच अरब डॉलर का रहा जिसे दस अरब डॉलर तक पहुंचाने का सरकार का लक्ष्य है।

जेटली ने प्रत्यक्ष विदेशी निवेश (एफडीआई) आकर्षित करने के लिए आयातभूत वॉचे की मजबूती को, अनुनिर्धार्य बतौर हर कहा कि दुनिया में एफडीआई में गिरावट के इस दौर में वे ही देश और राज्य इसे आकर्षित कर लेंगे जो आयातभूत वॉचे और राजनीतिक, आर्थिक और सामाजिक माहौल से

बेहतर कारोबार का आश्वासन दे सकेंगे। उन्होंने कहा कि पिछले साल दुनिया भर में एफडीआई में ६५ प्रतिशत की गिरावट हुई और १००१-०२ में जहां इसकी कुल राशि १२०० अरब डॉलर थी, वहीं २००२-३ में यह घटकर केवल ५५० अरब डॉलर रह गई। इस समान गिरावट का अंश भारत में भी हुआ है। लेकिन राष्ट्रीय स्तर पर सरकार विधियों में सुधार के आवश्यक उपाय कर रही है।

पर्यटन सूचना केंद्र का आधुनिकीकरण

श्रीलंका (विहार), २२ अगस्त (वार्ता)। विहार सरकार ने देशी विदेशी पर्यटकों को पर्यटन स्थलों से संबंधित जानकारी उपलब्ध बनाने और उन्हें विहार में पर्यटन के प्रति आकर्षित करने के लिए राष्ट्रीय राजधानी दिल्ली स्थित देश के पांच बड़े शहरों में निर्यात अपने पर्यटिक सूचना केंद्रों का अनुभूतिकोण बनाने का फैसला किया है। वहींल राज्य मंत्री सुखपाल यादव ने बताया कि दिल्ली, कोलकाता, कच्छवती, गुवा और मुंबईस्थित विहार पर्यटन सूचना केंद्रों के आधुनिकीकरण और कंप्यूटीकरण पर बीस लाख रुपये का बजट आवंटन किया जाएगा। इसके लिए राज्य योजना भंड से राशि की संकल्पित प्रदान की गई है।

लघु उद्योगों का ध्यान रखा जाएगा डब्ल्यूटीओ वार्ता में

वार्ता नयी दिल्ली, 22 अगस्त वाणिज्य एवं उद्योग मंत्री अरुण जेटली ने आज लोकसभा को आश्वासन दिया कि सरकार विद्युत व्यापार संगठन (डब्ल्यूटीओ) की मॉडर्नाइजेशन कानून वार्ता में देश के उद्योगों, खासकर लघु उद्योग के हितों का पूरा ध्यान रहेगी।

श्री जेटली ने प्रशासन के दौरान सरकारी के सवालों के जवाब देते हुए कहा कि देश में लघु उद्योग

पिछले साल चीन और भारत के बीच कुल कारोबार पांच अरब डॉलर का रहा, जिसे दस अरब डॉलर तक पहुंचाने का सरकार का लक्ष्य है।

श्री जेटली ने देश में प्रत्यक्ष विदेशी निवेश - (एफडीआई) आकर्षित करने के लिए आयातभूत वॉचे की मजबूती को अनिर्धार्य बतौर हुए कहा कि दुनिया भर में एफडीआई में गिरावट के इस दौर में वे ही देश और राज्य इसे आकर्षित कर सकेंगे, जो

जेटली ने लोकसभा में आश्वासन दिया

आयातभूत वॉचे तथा राजनीतिक, आर्थिक, सामाजिक माहौल से बेहतर कारोबार का आश्वासन दे सकेंगे। पिछले वर्ष दुनिया भर में एफडीआई में ६५ प्रतिशत की गिरावट हुई और 2001-02 में जहां इसकी कुल राशि 1200 अरब डॉलर थी, वहीं 2002-03 में यह घटकर केवल 550 अरब डॉलर रह गयी। इस सामान्य गिरावट का अंश भारत में भी हुआ है, लेकिन राष्ट्रीय स्तर पर सरकार विधियों में सुधार के आवश्यक उपाय कर रही है।

जेटली ने लोकसभा में आश्वासन दिया

विकसित देशों के खिलाफ भारतीय मुहिम में तीन और देश शामिल

अजयल न्यूज, नई दिल्ली

विश्व व्यापार संगठन (डब्ल्यूटीओ) की अगामी कानून बैठक के दौरान अमेरिका और अन्य विकसित देशों द्वारा कृषि मुद्दे पर अपनी बात मनवाने की विरोध की राजनीति के खिलाफ भारतीय खेती मुहिम भारत की दुर्गम में शामिल विकसित देशों की संख्या लगातार बढ़ रही है। वाणिज्य व उद्योग मंत्री अरुण जेटली ने बताया कि भारत की दुर्गम में इसका उभार, मॉडर्नाइजेशन और मॉडर्नाइजेशन में भी शामिल होने की सम्मति दे रही है। इस तरह कृषि पर विकसित देशों के प्रशासन को विरोध में वैश्वीकरण प्रस्ताव पेश करने वाले देशों की संख्या बढ़कर 17 हो गई है।

श्री जेटली ने बुधवार को अपने संबोधन की संसदीय सभाकार सत्रिका की बैठक में यह जानकारी दी। उन्होंने बताया कि कृषि उत्पादों का निर्यात करने वाले 18 देशों के संगठन केन्द्रित समूह के 10 सदस्य पहले ही इस मुहिम में भारत और अन्य विकसित देशों के साथ हुए

मिल चुके हैं। मान्यता हो कि भारत ने चीन और जापान के सहयोग से अमेरिका और यूरोपीय संघ के कृषि संबंधी समझौते के खिलाफ मोर्चा खोल रखा है। इससे सुदूर तक इसे पहले 14 देशों के साथ हो गई है। इन देशों ने कानून की मॉडर्नाइजेशन के मुद्दे को के लिए अपना एक वैश्वीकरण प्रस्ताव भेजा है। इसका ही इस मुद्दे में

कृषि मुद्दों पर भारतीय खेती की रक्षा हर कोस पर: जेटली

अमेरिका और यूरोपीय संघ के प्रस्ताव से विकसित देशों को बचाने के लिए कुछ मुद्दे पर अपने के मुद्दाएं दिए गए हैं।

जेटली ने बताया कि कानून में कृषि और निर्यात समझे अलग विषय होने। भारत का विश्व इन दोनों क्षेत्रों से संबंधित है। उन्होंने कहा कि जब कृषि पर चर्चा चल रही हो तो मुद्दा रूप से चीन खाई की अंतरा बचाया जाएगा-वैश्वीकरण, निर्यात

मुद्दों के लिए कम मुद्दाएं और कुख्यात में कटौती कर बाजार पहुंच जाएगा।

जेटली ने कहा कि भारत में टी-रिहाई उत्पादों कृषि पर अधिक है। इसलिए इनके विकसित देशों द्वारा प्रतिबंध देने के खिलाफ यह मुद्दा अग्रणी है।

विकसित देशों को कृषि प्रतिबंधी चीन-चीन कम कल्पों देगी तभी विकसित देशों के विरोधों को समझा अंतरा मिल सकेगा। साथ ही भारत यह भी चाहता है कि विकसित देशों की आयात सीमित करने के लिए विशेष कुख्यात लक्ष्य की भी अनुमति मिलती चाहिए।

वि-कृषि उत्पादों की बाजार पहुंच के बारे में भारतीय रक्षा का सुझाव करते हुए जेटली ने कहा कि विकसित देशों का मुद्दा है कि वर्ष 2015 तक कई उत्पादों पर सीमा शुल्क मुद्दे लक्ष्य लक्ष्य बन दिया जाए। इनमें चमड़ा, कपड़ा, रस्स व अधुना, मसाले, अंडे उत्पादन और इलेक्ट्रॉनिक्स जैसे उत्पाद भी शामिल हैं।

भारत-चीन व्यापार 10 अरब डॉलर करने का लक्ष्य

वार्ता नयी दिल्ली, 22 अगस्त

भारत एवं चीन में वर्ष 2008 तक अपना द्विपक्षीय कारोबार दोगुना बढ़ाकर 10 अरब डॉलर करने का लक्ष्य रखा है।

वाणिज्य एवं उद्योग मंत्री अरुण जेटली ने भारत-चीन व्यापार संबंधों पर यहां आयोजित एक संवैधानी की संवैधानी करते हुए आज कहा, 'एक अपने व्यापार के विकास के प्रति समर्थ हैं और यह ही 10 अरब डॉलर करने का लक्ष्य है। उन्होंने कहा कि गत गिरावट के दौरान चीन की निर्यात में 106 प्रतिशत तक भारत को चीन से किये जाने वाले निर्यात में 86 प्रतिशत की वृद्धि आई की गयी। अक्टूबर-फरवरी 2002-03 के 11 महीने के दौरान कुल द्विपक्षीय व्यापार बढ़र 4.2 अरब डॉलर हो गया, जो पूर्व वर्ष की तुलना आवधिक में 2.6 अरब डॉलर का। आयोग आवधिक में चीन को भारत का निर्यात लगभग 100 प्रतिशत बढ़ोतरी के साथ 1.6 अरब डॉलर रहा।

श्री जेटली ने कहा कि संवैधानीक हालात की देखते हुए यह लक्ष्य बन रहा है कि यह टीडु चीन जोड़ेगा। टीडीटी में सहयोग के क्षेत्रों का विकास करते हुए वाणिज्य मंत्री ने कहा कि भारत निर्यात की बढ़ोतरी का प्रयास कर रहा है, लेकिन इसके साथ ही भारत किये वाले क्षेत्रों में भी काम जारी है। भारत एवं चीन डब्ल्यूटीओ में कृषि के लिए एक वॉचे का प्रस्ताव करते वारे 14 देशों में शामिल हैं।

PRESS FEEDBACK

India, 13 others join for new farm proposal

■ The alternative plan is a challenge to pro-developed countries' proposal by US and EU

THE ECONOMIC BUREAU
NEW DELHI, AUGUST 20

INDIA along with China and 12 other developing countries have joined hands to take forward the EU-US joint farm proposal. The proposed alternative framework for agricultural negotiations in WTO has been prepared in response to pro-developed countries joint farm proposal agreed by US and European Union recently which would severely tilt the balance of agriculture against developing countries.

The joint paper which was circulated on Wednesday during the ongoing discussions on agriculture in Geneva include a cluster of demands from the developing countries if any meaningful discussion under the aegis of the WTO is to take place in Geneva.

The demands include EU and

the US to drastically reduce domestic support, reduction in export subsidies and their eventual elimination, steep disciplining of export credits and trade distortions on farm tariff reduction.

While outlining the requirements regarding the latest development in Geneva, Commerce and Industry Minister Arun Jaitley said that "for build farm, the framework has made two separate proposals for developed and developing countries. He said that tariff cut for developing countries would be based on Uruguay Round formula along with the provision for special products and special safeguard mechanism.

While for developed countries, a hybrid formula has been suggested which is a combination of Uruguay Round tariff



Commerce Minister Arun Jaitley with secretary Dipak Chatterjee during a media briefing on the WTO on Wednesday. (Courtesy: Vign Dey)

reduction, 5 per cent tariff and zero duty in respect to other tariff lines.

Apart from India and China, the 12 other countries which signed the draft on Wednesday include Brazil, Argentina, Chile, Colombia, Costa Rica, Ecuador, Mexico, Peru, Thailand, South Africa, Dominican and Paraguay.

Jaitley said that "since it is a group of 14 countries, this will broadly indicate the direction of our stand in the WTO ministerial meeting. He informed that previous

times constitute 50 per cent of the world population which is dependent on agriculture, accounting for 60 per cent of rice, 90 per cent of wheat and 77 per cent of sugarcane production in the world.

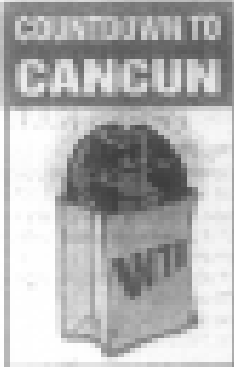
Jaitley expressed hope that "more developing countries are expected to join the framework during the negotiation." As the apart from two Asian giants, India and China, 10 out of 11 in the Cairns group, which are strong in agriculture have joined the group led by New Delhi.

Repetition of well-known policies: EU

London's EU chief negotiator Peter Cohan said the EU has not been in a helping position, which would be more than for price the EU-US joint proposal of well known policies. "There is not a repeat in the 'policy' of

The demands are part of the wider Doha Round of four trade talks which are designed to lower tariffs and to reduce across the globe, however, but despite that, we think without an accord in agriculture, there will be no progress elsewhere.

Trade experts said they expected that WTO talks would be more constructive, in a broad Hong Kong agreement, which has to be made a compromise deal from the other, developed countries.



(Indian Express 21/8/03)

PRESS FEEDBACK

HT BUSINESS

New alliance on farm trade *India, China lead fight against US-EU might*

HT Correspondent
New Delhi, August 21

INDIA HAS forged a formidable alliance with 14 other developing countries on farm trade negotiations at the WTO to counter the might of the EU-US coalition, seeking phased elimination of quotas and trade-distorting export subsidies aimed not by developed members' economies.

On Wednesday, 14 countries led by India, China, Brazil and Argentina tabled a counter proposal on agriculture exports at the WTO general council in session at Geneva.

Apart from submitting the "bluebook package" the alliance proposed two sets of tariff proposals for providing greater market access to developing countries.

The developing and least developed countries will be allowed to reduce their tariffs on farm products at the Uruguay round talks with a provision for special safeguards and export subsidies.

A bilateral formula of Uruguay round and WTO proposals have been proposed for developed countries. This will bind the members.

Developed economies for staples like IT, steel, iron, steel, in some cases, copying of higher

tariff lines and eliminate safeguards available to some developed countries.

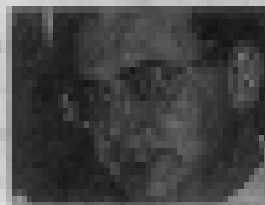
Briefing newsmen in the capital, Union Commerce and Industry Minister Arun Jaitley indicated that the membership of this new alliance, which has its members from the Cairns group, is expected to expand.

Before tabling the proposal, heads of at least four major economies including India, Brazil, China and Argentina had confabulated. Jaitley also picked up with Agriculture Minister Rajendra Singh at the ministerial group meeting held on Tuesday which was headed by the union.

Arun Jaitley said the proposal will "broadly indicate our stand in the ongoing trade negotiations" in the run up to Geneva ministerial summit at WTO.

The alliance led by India is expected expand with joint support from other Cairns group countries like Australia, New Zealand and Canada. These three countries did not become signatories to Indian proposal apparently due to arms-related issues unrelated to WTO. India, Brazil, China and US's Robert Zoellick. All the three countries are heavily dependent on

Counterattack



Arun Jaitley

- ▶ 14 countries led by India tabled a proposal on agriculture exports
- ▶ Membership of this new alliance is expected to expand
- ▶ Alliance has the most support from Australia, New Zealand and Canada
- ▶ Korea and Sri Lanka, which had tabled another paper, only support the proposals
- ▶ The package proposes two sets of tariffs for greater market access

other paper on Tuesday led by Korea and Sri Lanka. The tariff access issues raised by these countries have been incorporated in the India-Brazil-Argentina-China sponsored proposal. This gives ample scope for the alliance to grow its numbers resulting in pressure for EU-US coalition fans.

Indian trade negotiators today led by Commerce Secretary Dipak Chatterjee, Additional Secretary R N Misra and India's permanent representation at Geneva. K.M. Chari, chairman, are confident that the India will not be either singled out or isolated at the farm talks.

Their confidence is born out of the fact that developing countries especially Cairns group would be biggest losers due to tariff and subsidy withdrawal by EU-US. For instance, EU-US than countries in largest agriculture trade provide \$ 200 billion worth farm subsidies annually.

The India-sponsored proposal represents 10 per cent of world population dependent on agriculture. These 14 countries that are party to the proposal contribute to 80 per cent production of rice, 60 per cent wheat and 87 per cent sugar worldwide.

EU-US for their foreign investment as well as markets to sell their agricultural produce.

India also divulged that the Indian proposal addresses the concerns of LDC members, which had tabled an

SCHEDULE OF MEETINGS AT THE WTO/GENEVA* SEPTEMBER, 2003

SEPTEMBER

- | | |
|-------|--|
| 10 | Fifth Ministerial Conference Cancun - Mexico |
| 22 | Trade Policy Review Body - Senegal/Niger |
| 22-24 | Textile Monitoring Body |
| 24 | Trade Policy Review Body - Senegal/Niger |
| 25 | Committee on Agriculture - Regular Session |
| 26 | WTO non-working day |
| 29 | Trade Policy Review Body - Honduras |
| 29 | Services Meeting |

**Source : WTO/Geneva as on August, 2003*

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