

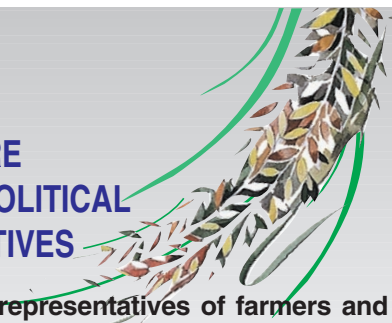
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CENTRE INITIATES WIDE-RANGING CONSULTATIONS ON WTO AGRICULTURE ISSUES WITH STATE GOVERNMENTS, POLITICAL PARTIES AND FARMERS' REPRESENTATIVES



A meeting with leaders of political parties and representatives of farmers and voluntary organisations was convened by the Union Minister of Agriculture on 13 September, 2000 in New Delhi to discuss various issues relating to the Agreement on Agriculture (AoA) under the World Trade Organisation (WTO) - issues which are of great relevance to Indian agriculture and the farmers. As a culmination of this interactive process, a Conference of State Ministers of Agriculture & Food was also held in New Delhi on 14 September, 2000 to review the Agreement on Agriculture under the WTO, implementation of the National Agriculture Policy etc. The main objective of these meetings was to obtain views and suggestions of various stakeholders namely, state governments, political parties and representatives of farmers and voluntary organisations for preparing proposals for the ongoing negotiations on agriculture in the WTO. The participants emphasised three things: the need to ensure food security for the people of India, particularly the farmers; to protect Indian farmers from unfair competition through imports and to take steps for further strengthening of infrastructure in the agriculture sector. Several suggestions were made for special incentives for encouraging export-oriented production with a view to improving market access for the agricultural products from India in the world markets. The need for strengthening testing and certification systems in the country in the context of the sanitary and phytosanitary standards obtaining in the developed countries was also emphasised as an export promotion measure.

We reproduce in the following pages the paper titled: "Review of WTO Agreement on Agriculture" which was circulated by the Ministry of Agriculture at the Conference of State Ministers of Agriculture & Food on September 14, 2000.

NRIPENDRA MISRA IS SPECIAL SECRETARY

Shri Nripendra Misra, IAS (UP:67) has been appointed Special Secretary in the Department of Commerce, Ministry of Commerce and Industry, with effect from 4th September, 2000. Shri Misra will be Special Secretary looking after the Trade Policy Division (TPD) in the Department of Commerce. Prior to his appointment as Special Secretary, Shri Misra was Additional Secretary in the same Department, dealing with WTO, West Europe, and state trading enterprises.

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Review of WTO Agreement on Agriculture



The Agreement: Salient features

1. The Agreement on Agriculture (AoA) forms a part of the Final Act of the Uruguay Round of Multilateral Trade Negotiations. The AoA was signed by the member countries in April, 1994 at Marrakesh, Morocco and came into force on 1 January, 1995. The long term objective of the Agreement "is to establish a fair and market oriented agricultural trading system and that a reform process should be initiated through the negotiation of commitments on support and protection and through the establishment of strengthened and more operationally effective GATT rules and disciplines". It has been further stated that "the long term objective is to provide for substantial progressive reductions in agricultural support and protection sustained over an agreed period of time, resulting in correcting and preventing restrictions and distortions in world agricultural markets".
2. The Agreement incorporates three broad areas of commitments from Member states, namely:
 - (a) market access i.e. the disciplines on import restraints and tariffs;
 - (b) domestic support, i.e. subsidies by Governments to domestic producers; and
 - (c) export subsidies.
3. On **market access**, the Agreement primarily envisages tariffication of all non-tariff barriers. In other words, non-tariff barriers such as, quantitative restrictions (quota, import restrictions through permits, import licensing etc.) are to be replaced by tariffs to provide the same level of protection and then progressive reduction of the tariff levels is to be made.
4. The reduction commitments on import tariffs are as under:

Tariffs (Base: 1986-88)	Developed Countries (1995-2000)	Developing Countries (1995-2004)
Average cut for all agricultural products	36%	24%
Minimum cut per product line	15%	10%
5. The tariff levels have been bound by India for primary agricultural products, processed agricultural products and edible oils, with a few exceptions, at 100%, 150% and 300% respectively for end period of the Agreement. A statement showing the items which were bound at lower levels under the earlier round of GATT negotiations and the new bound and applied rates after upward revision under GATT Article XXVIII negotiations

- concluded in January, 2000 is at Annexure I. Within these bound tariff levels, there is considerable flexibility for imposing appropriate tariffs on import of agricultural commodities for protecting the interests of farmers.
6. India had quantitative restrictions (QRs) on import of 825 agricultural products as on 1 April, 1997 which it was justifying on balance of payment considerations. QRs are now being phased out and will be eliminated by 1 April, 2001.
 7. The agricultural products generally attract a maximum slab of 35% applied import tariff. On a number of agricultural items, the tariffs have been increased recently to safeguard the interest of domestic producers. A statement indicating select items on which tariffs have been raised during the period December, 1999 to July, 2000 is at *Annexure II*.
 8. Provisions of the Agreement on **domestic support** measures have two main objectives:
 - to identify acceptable measures of support to farmers and
 - to discipline trade distorting support to farmers.
 9. These commitments regarding domestic support are primarily aimed at containing the high levels of domestic agricultural support in developed countries. This objective is to be achieved by quantification of domestic support, that is, the Aggregate Measure of Support (AMS) and then by progressive reduction of the AMS.
 10. There are three categories of support measures that are **not subject to reduction** under the Agreement. These three categories of exempt support measures are:
 - (a) "**Green Box**" Measures -which have a minimum impact on trade. These include the following types of assistance:
 - (i) government assistance on general services like research, pest and disease control, training, extension, and advisory services.
 - (ii) public stock holding for food security purposes,
 - (iii) domestic food aid,
 - (iv) direct payment to producers, such as, governmental financial participation in income insurance and safety nets, relief from natural disasters, and payments under environmental assistance programmes,
 - (v) de-coupled income support,
 - (vi) government financial participation in income insurance and income safety-net programmes
 - (vii) payments (made either directly or by way of

- government financial participation in crop insurance schemes) for relief from natural disasters,
- (viii) structural adjustment assistance provided through producer retirement programmes; resource retirement programmes; and investment aids,
- (ix) payments under environmental programmes,
- (x) payment under regional assistance programmes.
- (b) **"Blue Box" measures** - representing direct payments under production limiting programme. These are relevant from the point of view of developed countries alone.
- (c) **Special and Differential Treatment** for developing countries:
- (i) investment subsidies which are generally available to agriculture in developing countries and
- (ii) agricultural input services generally available to 'low income and resource poor producers' in developing countries.

11. The AMS (also called Amber Box) consists of two parts:

- product specific subsidies, that is, the difference between the administered prices (minimum support prices in India) and external reference prices (c.i.f prices of imports and f.o.b. prices of exports), times the quantity of production which gets such support.
- non product specific subsidies, that is, subsidies on inputs such as fertilisers, electricity, irrigation etc.

The AMS net of exempted categories of support measures is subject to reduction commitments as under:

Domestic Support (Base 1986-88)	Developed Countries (1995-2000)	Developing Countries (1995-2004)
AMS	20%	13%

12. Domestic support given to the agricultural sector within the specified *de minimis level*, that is, upto 10% of the total value of agricultural produce in developing countries and 5% in developed countries is allowed. In other words, AMS within this limit is not subject to any reduction commitment.
13. In India, for the present, the minimum support price provided to commodities is less than the fixed external reference price (1986-88) determined under the Agreement. The product specific support is, therefore, negative. The non product specific support i.e. subsidies on agricultural inputs, such as, power, irrigation, fertilisers etc., is well below the *de minimis* permissible level of 10% of the value of agricultural output. Therefore, India is under no obligation to reduce domestic support currently extended to the agricultural sector.

14. The **Export Subsidies** are also subject to reduction commitments as under:

Export Subsidies (Base 1986-90)	Developed Countries (1995-2000)	Developing Countries (1995-2004)
Subsidy Value	36%	24%
Subsidised quantities	21%	13%

15. Export subsidies of the kind listed in the Agreement which attract reduction commitments are non existent in India. Exemption of export profits provided in India from income tax under Section 80-HHC of Indian Income Tax Act is not among the listed subsidies. It is also worth noting that developing countries are free to provide certain subsidies, such as, reduction of export marketing costs, internal and international transport and freight charges. India is making use of these subsidies in certain schemes of Agricultural and Processed Food Products Export Development Authority (APEDA), specially for facilitating export of horticulture products.

Review of AoA

16. Since agricultural trade agreement was concluded for the first time in the history of GATT during the Uruguay Round, it was prescribed in Article 20 of this Agreement that fresh negotiations, to continue the process of reform, after taking into consideration the experience of implementation, would start in the year 2000. Article 20 reads as follows:

" Recognising that the long-term objective of substantial progressive reductions in support and protection resulting in fundamental reform is an ongoing process, Members agree that negotiations for continuing the process will be initiated one year before the end of the implementation period, taking into account:

- a) the experience to that date from implementing the reduction commitments;
- b) the effects of the reduction commitments on world trade in agriculture;
- c) non-trade concerns, special and differential treatment to developing Country Members, and the objective to establish a fair and market oriented agricultural trading system, and the other objectives and concerns mentioned in the preamble to this Agreement; and
- d) what further commitments are necessary to achieve the above mentioned long-term objectives."

Implementation of AoA

17. It is an established fact now that the last round of negotiations did not bring about trade liberalisation in agriculture to the desired extent. There were no significant reductions in both domestic support as well as export subsidies. Although the Agreement on Agriculture achieved a great deal by defining rules for international trade, its achievement in terms of immediate market opening has been limited. The anticipated gains of agricultural trade liberalisation, therefore, have eluded the developing countries even after Marrakesh.
18. During the Uruguay Round, it was expected that pursuant to the Agreement on Agriculture, distortions in agricultural trade would be reduced and scope for exports of products from developing countries would increase. The anticipated increase in exports of agricultural products from developing countries has not been realised. It was also expected that the contemplated fair trading regime would help the efficient producers in realising higher prices for their products. On the contrary, prices of most agricultural commodities are declining in the world markets. It was anticipated that due to the reduction in domestic support in developed countries, cereal production would shift from developed to developing countries. Empirical evidence, however, shows that there has not been much change in the pattern of world cereals production and exports.
19. A number of developed countries have continued to provide high domestic support to their agricultural sectors. At best the policies in many developed countries have only been cosmetically altered by shifting the support from one box to another. The level of support can be gauged from the fact that the level of subsidy other than that allowed under the Green Box, in 1995, in some developed countries was around 30% of the GDP contributed by their agriculture sectors. In absolute terms, the total farm support in the developed countries (OECD) increased by 8% to 363 billion US dollars in 1998. Reportedly in response to a collapse in commodity prices, for the past two years, the US Congress has approved a total of \$15 billion worth of emergency farm aid during the last three years. The continuation of the high domestic support to agriculture in many developed countries is a cause of concern as they encourage over-production in these countries leading to low levels of international prices.
20. It is obvious, therefore, that benefits to developing countries in terms of increasing their exports will only occur from complete elimination of export subsidies and substantial reduction in domestic support in the developed countries. In this context, it may be in the interest of India to demand a substantial reduction in the domestic support and export subsidies in developed countries.
21. Market access to the developed countries is hampered by persistent protection by high tariffs and other barriers. In a recent study of 14 countries, FAO (Food & Agriculture Organisation) concluded that there was little change in the volume exported or in diversification of products and destination. Tariff peaks continue to block exports from developing countries to the developed world. Tariffs still remain very high in certain sectors, specially, in cereals, sugar and dairy products. Tariff escalation (increase in tariff with successive stages of processing) continues to block exports of value added products from developing countries to the developed countries. Sanitary and Phytosanitary (SPS) issues continue to be a major barrier in diversifying exports in horticulture and meat items. Fresh commitments should, therefore, be negotiated to substantially improve market access for products of particular interest to developing countries.
22. On market access, there are three types of issues- issues related to tariff bindings, issues related to opening up of markets (establishment of minimum access tariff rate quota (TRQ) and allocation of TRQs and issues related to special safeguards which need to be adequately addressed. In addition, some of the other issues that have been raised in the context of market access are selective reductions of tariffs, especially, peak tariffs and tariff escalations in the developed countries. Since entry of newcomers is difficult in the extant tariff quota regime, India may demand abolition of TRQs failing which, expansion of TRQs may be a preferred option. It is also essential that administration of tariff quotas should become more transparent and equitable.
23. Agricultural exports constitute an important segment of India's exports. Therefore, finding greater market access especially in the developed countries for India's agricultural products would be one of the important issues during the negotiations. Food security of our people, protection of the interests of domestic farmers and the need for export maximisation will be the guiding principles in negotiating tariff reduction during the next round.

Issues for Negotiations

24. Some of the issues identified for negotiations during the review process are detailed as under:

24.1 Market Access

There are three broad areas of concern in this area. They are:

- issues related to reduction in agricultural tariff bindings,
- issues regarding the Tariff Rate Quota,
- issues related to Special Safeguards.

24.1.1 Issues Related to Agricultural Tariff Bindings

- Tariff rates for most agricultural products have remained very high. A further reduction in the agricultural tariff rates will be an important point of negotiation in the next round.
- In view of the persistence of tariff peaks and tariff escalation in the markets of developed countries, it has to be decided which approach of reducing agricultural tariffs would be most effective to increase the market access for developing countries.
- Regarding tariff reduction, it has to be decided what type of special and differential treatment should the developing countries bargain for in the next round of negotiations.
- Attention needs to be paid to reduce the complexity of the structure of agricultural tariffs (e.g. non-ad valorem rates and the multiple classification of tariff lines) of many developed countries.

24.1.2 Issues regarding Tariff Rate Quota

- India should ask for total abolition of TRQs in the next round.
- If abolition of TRQs is not possible, an expansion of the TRQs should be preferred. Gradually, the in-quota rate should apply to all the imports.
- In-quota tariff rates should be reduced or eliminated to improve the effectiveness of market access opportunities. A ceiling on in-quota tariff should be made the only applicable rate.
- Allocation of TRQs should be made more transparent.

24.1.3 Issues related to Special Safeguards

- The Special Safeguard (SSG) provision allows the imposition of import restrictions subject to certain conditions. The right to make use of this clause has been reserved for 36 members. The SSG mechanism is said to have a built-in discrimination against developing countries. It should be debated whether the SSG provision should be allowed to continue.
- If SSG is allowed to be continued into the next agricultural reform process, then developing countries should demand universal applicability of these provisions.

24.2 Domestic Support

- By manipulation of their subsidy commitments, most developed countries have continued to provide substantial support to their agricultural sector. It has also been observed that developed countries have been shifting their subsidies from the prohibitive categories (Amber Box) to the non-prohibitive categories (Blue and Green Box). This has continued to distort agricultural production.

- India has proposed that the sum of all domestic support (whether in the green, blue or amber box) provided by developed countries should not exceed an appropriate proportion of the total value of agricultural production.
- From India's perspective, it is important to iron out the technical problems regarding the calculation of AMS. For example, India should stand by its position that the negative part of the AMS should be allowed to be added up with the positive part. The calculation of AMS should also take into account the high levels of inflation while making the domestic support notification. Also, problems in calculating AMS, arising from depreciation of domestic currencies, have to be sorted out.
- Blue Box measures were initially allowed as a transitory device. It needs to be carefully considered whether Blue Box measures be allowed to continue. It should be kept in mind that certain Blue Box measures are production limiting and abolition of Blue Box can have a positive impact on the production of some temperate climate crops.
- Definition of subsidies, which can go into the Blue and Green Boxes, should be tightened up to prevent any misuse of these provisions.
- It has been suggested that developing countries should be allowed to take measures for ensuring food security and money spent on these measures should not be included in the calculation of AMS. To implement this, creation of a separate ' Food Security/Development Box' needs to be considered.

24.3 Export Subsidies

- Agreement on Agriculture allows only 25 countries to provide export subsidies to their agricultural products. This adversely affects the competitiveness of agricultural products of the developing countries. India should support the Cairns Group's (consisting of countries, such as Australia, New Zealand, Thailand, Argentina etc.) view that export subsidies should be eliminated within an agreed period of time.
- 25. The negotiations have since started at WTO headquarters in Geneva in March, 2000. All member countries are expected to submit their proposals for negotiations by the 31 December, 2000.
- 26. We are currently engaged in the process of formulating our initial proposals. We look forward to the views and valuable suggestions from the participants which will be of great assistance in finalising our position in the negotiations.

New Bound Tariff Rates Sequel to GATT Article XXVIII Negotiations
(Concluded in January, 2000)

Sl. No.	H.S. Code	Description	New Bound Tariff Rate (per cent)	Applied Rates (per cent)
1	2	3	4	5
1	0402.10	Skimmed Milk Powder	60@	60
2	0402.21	-Do-	60@	60
3	0806.10	Grapes, fresh	40	40
4	Ex 1001.90	Spelt wheat	80	50
5	1005.10	Maize (corn) seed	70	50
6	1005.90	Maize (corn) other	60#	50
7	1006.10	Rice in the husk (paddy or rough)	80	80
8	1006.20	Husked (brown) rice	80	80
9	1006.30	Semi-milled or wholly milled rice whether or not polished or glazed	70	70
10	1006.40	Broken rice	80	80
11	1007.00	Grain sorghum	80	50
12	1008.20	Millet	70	50
13	1514.10	Rape, colza or mustard oil, crude	75	45
14	1514.90	Rape, colza or mustard oil, other	75@@	45
15	1901.10	Preparations for infant use put up for retail sale	50	50
16	0809.40	Plums and sloes	30	25
17	1507.10	Soybean oil, crude	45	45
18	1507.90	Soybean oil, other	45	45
19	0713.10	Dried Peas	50	
20	1107.10	Malt, not roasted	40	
21	1509.90	Olive oil, other than virgin	40	
22	1704.10	Chewing gum	45	
23	1950.30	Sweet biscuits: waffles and wafers	45	
24	3823.70	Industrial fatty alcohol	50	
25	1512.11	Sunflower-seed or safflower oil and fractions thereof at an in-quota tariff rate of 50%, out of quota rate 300%	Tariff quota of 150000 MT	45
26	0802.11	Almonds, in shell	Rs. 35/kg	Rs. 35/kg
27	0805.10	Oranges	40	35
28	0805.30	Lemons and limes	40	35
29	0805.40	Grape fruit	25	25
30	0808.10	Apples	50	50
31	0808.20	Pears & quinces	35	35
32	0813.20	Prunes	25	25
33	2004.10.09	Other potato preparations-frozen	35	35
34	2009.11	Frozen orange juice	35	
35	2009.19	Other orange juice	35	
36	0405.10	Butter	40	
37	0406.90	Other cheese	40	

@ A tariff quota* of 10000 MT at an in quota tariff rate of 15% applicable cumulatively to both the tariff lines 0402.10 & 0402.21

India establishes a global TRQ at an in-quota rate of 15% for the following quantities
Year 1: 350,000 Tonnes,
Year 2: 400,000 Tonnes,
Year 3: 450,000 Tonnes,
Year 4 and beyond: 5000,000 Tonnes
Out of quota rate: 60%

@@ Tariff quota of 150000 MT at in-quota tariff rate of 45%

* Tariff quota refers to the trading mechanism that provides for levy of customs duty at a certain rate to imports of a particular product upto a specified quantity (ie the quota quantity) and at a different rate to imports of that product above that specified quantity.

Annexure II**Statement of Applied Import Tariffs on Agricultural items**

The agricultural products generally attract a maximum import tariff slab of 35%. On a number of agricultural items the basic tariffs have been increased recently in some cases beyond 35%. These are:

Item	Previous Tariff	Revised Tariff
Wheat	0%	50%
Rice	0%	70-80%
Grain Sorghum	0%	50%
Millet (Jowar)	0%	50%
Areca nut	35%	100%
Apples	35%	50%
Tea	15%	35%
Coffee	15%	35%
Sugar	40%	60%
Edible Oils		
(a) Edible grade crude vegetable oils (excluding coconut oil, palm oil and its fractions whether refined or not) imported in loose or bulk form for the manufacture of vanaspati or for refining	15%	25%
(b) Edible grade crude palm oil and its fractions imported in loose or bulk form for the manufacture of vanaspati	15%	15%
(c) Refined vegetable oils (other than coconut oil, RBD palm oil, RBD kernel oil and palm stearin) of edible grade in loose or bulk form	25%	35%
(d) All other vegetable oils whether refined or not	35%	45%

* in addition a countervailing duty of Rs. 850 per tonne is also levied.



All stakeholders' concerns to be highlighted in India's proposals

"India is a signatory to the Final Act of the Uruguay Round of Negotiations which created the World Trade Organisation. Agreement on Agriculture, which forms a part of the Final Act, came into force on 1 January, 1995. The long-term objectives of the Agreement are to establish a fair and market-oriented agricultural trading system and to initiate a process of reforms on the support and protection given to the agricultural sector in order to correct and prevent restrictions and distortions in world agriculture markets. This Agreement incorporates three commitments on the part of Member countries in the areas of market access, domestic support and export subsidies. Under market access commitment, all Member countries are required to eliminate non-tariff barriers such as Quantitative Restrictions (QRs) and export and import licensing and also bring about reduction in tariff duties with a view to improving opportunities for exports. The provisions of the Agreement on domestic support to farmers seek to discipline trade distorting support to farmers, which is known as the Aggregate Measure of Support (AMS). The Agreement stipulates that AMS should remain within a maximum limit of 10% of the total value of agricultural produce for developing countries such as India. The AMS in India is presently well below the maximum level of 10% of the value of agricultural output and, therefore, we are under no obligation to reduce the domestic support extended to the agricultural sector. As regards the commitment on export subsidy under the Agreement, we have no obligation as India is not providing export subsidies on agricultural items.

In the recent past, apprehensions have been expressed in many quarters in the country on the removal of QRs on imports as a part of the EXIM policy of the Government. In this connection, I would like to clarify that the General Agreement on Tariffs and Trade (GATT), as signed in 1947, prohibited the use of QRs. This is because the basic philosophy of GATT as well as the WTO is that imports may be controlled only through tariffs and not through quantitative restrictions. India, being a Founder Member of GATT and WTO, was also obliged to remove QRs but it took recourse to the exception provided in GATT for maintaining such QRs owing to Balance of Payments (BoP) difficulties. On account of the improvements in the BoP situation in the country, India has removed QRs in a phased manner since April, 1996. All the remaining QRs will be removed by 31 March, 2001. I would like to point out that India has considerable flexibility for imposing higher level of tariffs within the bound level on import of agricultural produce to deal with possible adverse consequences of the removal of QRs. You are aware that Government have recently raised upwards import duties on several agricultural items such as wheat, rice, grain sorghum, millet, arecanut, apples, sugar, skimmed milk powder and edible oils to protect domestic producers.

Article 20 of the Agreement on Agriculture provides for negotiations on the Agreement one year before the end of the implementation period for the purpose of continuing the process of reforms in international trade in agricultural commodities. Accordingly, the negotiations have commenced in March this year in the WTO. All Member countries are expected to submit their proposals in this regard by 31 December, 2000. In order to prepare our proposals, we started a process of wide ranging consultations at regional level with officials of state governments, farmers' organisations, exporters and experts. Yesterday, I had met the farmers' representatives, leaders of political parties and voluntary organisations and got their valuable views and suggestions. Today's Conference represents the culmination of this process. The valuable suggestions and comments of the Ministers for Agriculture and Food of the States and their concerns in this vital sector would be taken into account while we finalise India's proposals for the negotiations."

(Excerpted from the speech of Nitish Kumar, Union Minister for Agriculture, at the State Ministers' Conference on 14 September, 2000)

Monthly report on the salient multilateral trade subjects and developments in WTO in September 2000: A Summary

Important meetings held in WTO in September, 2000 included meetings of the TRIPS Council and the Special Session of Committee on Agriculture, and most importantly, extensive discussions were held in the informal meetings of WTO's General Council on 18th, 19th & 25th September in preparation for the Second phase of the Special Session of the General Council on Implementation Issues to be held on 18-19 October, 2000. Report on the meetings held towards the end of the month is awaited and would be reported next month.

Meetings held with domestic stakeholders and others included those on SPS standards and Services, chaired by Commerce Secretary/ Special Secretary.

The broad outline of developments during the month is as follows:

Meetings held in Geneva

i) Meeting of the TRIPS Council on 21-22 September, 2000:

A range of issues from review of legislation of developing countries to reviews of geographical indications, life-form patents, electronic commerce and the general review of implementation of the Agreement were discussed. India introduced a paper titled "Clarifying TRIPS: A Confidence Building Measure" which argues for better operationalisation of the principles and objectives of the Agreement, including the principle that protection of innovations should result in transfer of technology, that the objectives of public health and nutrition should be protected and that public interest in sectors of vital importance to the socio-economic and technological development of nations should be promoted.

ii) Informal meetings of the General Council on 18-19 & 25, September in preparation for the second phase of the Special Session of the General Council on Implementation Issues to

be held on 18-19 October, 2000:

The meeting took up the specific proposals listed in para 21 of the 19th October, 1999 Draft Ministerial Text (DMT), on "implementation issues" on which the likeminded developing countries including India had demanded immediate decision before/at Seattle.

Unlike the first Special Session, there was greater interactive engagement from the developed countries. However, their response on most of the issues of critical interest to developing countries was negative. On a number of issues, the developed countries wanted the matter referred to the subordinate bodies or considered as part of a New Round. Indian intervention were to the effect that addressing the implementation concerns through a New Round of discussions was not acceptable, since it would not only cause a substantial delay in their redressal, but also we would be expected to again pay a price for correcting these imbalances, which was not agreeable to us. India also strongly emphasised the point that taking routine or cosmetic decisions on the various implementation issues would be unacceptable. Para 21 proposals were thrashed out para by para, with the Chairman, on most occasions, listing the item for further consultations. The developments in the Special Session on Implementation scheduled for 18-19 October, 2000, to be attended by Commerce Secretary and further preparatory informal meeting thereto would be of crucial importance to India.

iii) Other meetings held in Geneva included those on Accession of China on 20/9/2000; meeting of the Dispute Settlement Body regarding: (a) dispute raised by India concerning restrictions by Turkey on imports of textile and clothing products; (b) US Anti Dumping Act of 1916; (c) India-Quantitative Restrictions on imports of agriculture, textile and industrial products; meeting of TRIMS Committee on 19 September,

2000; meeting of the Committee on Trade in Services (27.9.2000) for Review of Air Transport Services Commitments; meeting of Committee on Trade and Development on 22 September, meeting of the Textile Monitoring Body (13.9.2000), Committees on BOP (18.9.2000), Rules of Origin (18.9.2000), TRIMS (19.9.2000), Budget, Finance and Administration (22.9.2000), Market Access (22.9.2000) etc.

- iv) **Important informal/bilateral meetings at Geneva** include the meeting with Switzerland for discussion of their proposal on extension of additional protection on geographical indications to items other than wines and spirits, which is co-sponsored by India; a meeting with Ambassador of Turkey regarding implementation of DSB's rulings by Turkey in the textiles dispute between it and India; meeting with Chairman of the General Council to discuss the time and venue of the next Ministerial Conference; a meeting of the Like-minded Groups to discuss implementation issues on Subsidies and TRIPS; meetings with the US and Australia to discuss respectively preparations for the third Special Session on agriculture and Cairns Group proposals on domestic support; and a meeting with the Chinese Ambassador regarding implementation by China of its commitments under the bilateral agreement signed between the two countries in February, 2000 in the context of China's accession to WTO.

Consultations held in Delhi with domestic stakeholders:

- i) At the meeting held on 15 September 2000 under the Chairmanship of Special Secretary, as it appeared that as of now we don't have Standards for all products in so far as checks on imports are concerned, Special Secretary directed Export Inspection Councils to immediately prepare a paper with assistance from APEDA suggesting(1)

Standards required for imports;(2) if there are some standards for exports, to examine whether the same set of standards can be adopted for imports also; (3) the Acts under which the standards for imports are to be notified. He added that if there was any need for setting up of any Administrative set up for the purpose that could also be looked into.

- ii) The Commerce Secretary & Special Secretary held inter-Ministerial meetings on Trade in Services with regard to Movement of Natural Persons, legal services and accountancy services, financial services and for finalising the draft report by ICRIER on maritime services.
- iii) In the inter-ministerial meeting taken by Special Secretary on 25.9.2000 for developing a *sui generis* system for protection, preservation and promotion of traditional knowledge, particularly in medicines, it was decided in the meeting that such a conference would be advisable and necessary action to operationalise the concept would be taken at the earliest.

Other important developments

- i) Trade Policy Division (TDP), Department of Commerce, Ministry of Commerce & Industry gave inputs for the paper titled 'Review of the WTO Agreement on Agriculture' brought out by Ministry of Agriculture for consideration at the Conference of State Agriculture Ministers on 14 September, 2000. Officers of the TPD participated in the deliberations of the Conference as also the meetings of farmers' representatives, political parties and voluntary organisations.
- ii) **A book in Hindi, titled "Vishva Vyapaar Sangathan: Bharat ke Pariprekshya mein" (WTO: An Indian Perspective)** by an officer of the Trade Policy Division was released by Mr O m a r Abdullah, Minister of State for Commerce & Industry on 14.9.2000 on the occasion of Hindi Divas.



Update from PMI*/Geneva (16 August to 15 September)

Like - Minded Group holds discussions on implementation issues:

Developing countries who are members of the Like-Minded Group (LMG) continued to hold informal consultations in preparation for the second Special Session on Implementation. Proposals which had been submitted earlier and which have been collated by the Secretariat as paragraphs 21 and 22 of the 19th October Draft Ministerial (Seattle) Text were gone into in detail and reviewed with a view to formulating some concrete understandings which could be presented to the General Council at an appropriate time.

Dispute Settlement Body:

At its meeting on 11.9.2000, the Dispute Settlement Body (DSB) established a Panel at the request of Canada on the dispute: US-Measures Treating Export Restraints as Subsidies. India, EC and Australia have become third parties. At the meeting, US formally expressed its

intention to implement DSB recommendations and rulings in the dispute on the US Copyright Act, where the panel ruled that commercial exception provided in the US law violated the TRIPS agreement. It sought 15 months to implement this ruling, following which the DSB advised the parties (EC and the US) to consult each other and decide.

On 13 September, General Council (GC) Chairman held informal consultations on review of US Jones Act under Paragraph 3 of GATT 1994. Only procedural matters were discussed and the GC Chairman stated that he would convene informal meetings before the formal meeting of the GC in December 2000.

TWN Seminar

On 14-15 September, Third World Network held a seminar at the Palace of Nations. Several WTO matters of interest to developing countries, including agriculture, services, TRIPS, implementation issues and functioning of dispute settlement mechanism were discussed.



* *Permanent Mission of India*

IPR Notes

● Ricetec withdraws patent claims on Indian basmati rice

RiceTec Inc, a Texas-based US company, which had obtained a patent for 'basmati rice lines and grains', has withdrawn certain claims in its US Patent which were challenged by the Government of India through APEDA (Agricultural and Processed Food Products Export Development Authority). APEDA had filed a re-examination application contesting some of the claims of the Patent. The claims, which could have adversely affected the commercial interests of basmati rice exporters, have now been withdrawn by RiceTec Inc. With this development, the danger to basmati rice exports to the US has been successfully averted, as this Patent could be used to interfere in the export of Indian basmati rice. RiceTec Inc. had claimed that the rice grains produced by it had unique characteristics. APEDA's request for re-examination to the US Patent Office included evidence that basmati rice grains were being produced in India since long, prior to the date of the Patent, and had the characteristics which were now being claimed as unique by RiceTec Inc. The action initiated by APEDA demonstrates the government's resolve to protect India's basmati interests against any attempts to misappropriate the same and thereby is a signal to the world that India's prized geographical indications and intellectual property rights would be fully defended.

● Kasmati trademark registration in UK withdrawn

RiceTec Inc., USA had filed a case in the UK for registration of its brand Texmati, Kasmati etc. In order to counter it and protect basmati rice in the international market against the international companies that are trying to take marketing advantage of the goodwill established by Indian basmati and passing off their goods as Indian style basmati, APEDA contested trademark registrations which had been filed with the Trademark Registry in London. The main line of attack in the cancellation action proceeded on the distinction which exists in law between trademarks (which are private rights belonging to traders) and geographical indications (which cannot be appropriated as trademarks by any one trader but are in the nature of collective public rights viz, Champagne, Scotch, Swiss Chocolate etc.). Essentially, the attack revolved around the argument that BASMATI has been traditionally associated with the specific region of the Indian sub-continent, namely, the sub-Himalyan region, and has been used from time immemorial to describe a unique long grain aromatic rice grown in this region that, consequently, it is a geographical indication for such unique rice and available for use only by all legitimate users such as growers, traders, millers, retailers, exporters etc. of BASMATI rice; that the registration obtained by RiceTec for the word KASMATI which is deceptively similar to the name BASMATI, has the effect of conferring upon RiceTec, a monopoly in words which are evocative of the name BASMATI and, therefore, contrary to its signification as a geographical indication.

RiceTec, Inc. USA after withdrawing its patent claims partly in the US Patent case on basmati ricelines and grains, have also been constrained to withdraw the registration in the face of a cancellation action filed by the Government of India through APEDA in March, 2000.



WTO Briefs: Albania becomes the 138th member of WTO

Albania joins the WTO

1. Albania became 138th member of the World Trade Organisation on 8 September. WTO Director-General Mike Moore greeted the event by saying: "I welcome Albania into the multilateral trading system. Membership promises a more prosperous future and raised living standards for all Albanian citizens. I also believe that, by encouraging the trade links between countries, the WTO can help foster greater peace, stability and development in south-eastern Europe. Albania's membership brings this Organisation ever closer to being a truly 'World Trade Organisation'." Albania has agreed to assume its WTO obligations upon accession. In addition, it will sign on to the two plurilateral agreements on government procurement and on trade in civil aircraft. Albania's accession package includes market-access commitments on goods and services. Within the region, Slovenia is already a member of the WTO and Croatia will become a member upon completion of the ratification procedures. Bosnia and Herzegovina and the Former Yugoslav Republic of Macedonia are in the process of negotiating their accession to the WTO.
2. Overall, 30 governments are currently negotiating to join the WTO : Algeria, Andorra, Armenia, Azerbaijan, Belarus, Bhutan, Bosnia and Herzegovina, Cambodia, Cape Verde, People's Republic of China, Former Yugoslav Republic of Macedonia, Kazakstan, Lao People's Democratic Republic, Lebanon, Lithuania, Moldova, Nepal, Oman, Russian Federation, Samoa, Saudi Arabia, Seychelles, Sudan, Chinese Taipei, Ukraine, Uzbekistan, Vanuatu, Vietnam and Yemen.

WTO launches live broadcast to Latin America

The WTO Secretariat, in collaboration with Mexico's Monterrey Institute of Technology and Higher Studies, has launched a cycle of videoconferences broadcast live by satellite from Geneva to university centres in Latin America. Each videoconference features a WTO expert who will speak on trade subjects such as trade in services and dispute settlement, followed by a question-and-answer session. WTO Director-General Mike Moore said the project highlights "our efforts to reach out to the public using every accessible modern technology, including the Internet". The WTO videoconference cycle uses the Monterrey Institute's Virtual University Network, which has local centres in leading academic institutions in Latin America, including in Mexico, Chile, Colombia, Costa Rica, Ecuador, Honduras, Panama, Peru, El Salvador and Venezuela. WTO Deputy Director-General opened the inaugural broadcast, on "Basic Principles and General Overview of the WTO", which was followed by more than 500 students, businessmen and trade officials in Mexico alone. It was also broadcast to other Latin American countries. The next WTO videoconference will be held on 20 September 2000 with focus on trade in goods, including the WTO agreements on agriculture and on textiles. Other WTO subjects to be featured through 22 November 2000 are dispute settlement, trade in services, trade and environment and trade-related aspects of intellectual property. The videoconferences take place on selected Wednesdays from 10 to 11:30 a.m. Mexico time (5:00-6:30 p.m. Geneva time). The full programme is available on the website (<http://www.ruv.itesm.mx/programas/uve>) of the Monterrey Institute (Instituto Tecnológico y de Estudios Superiores de Monterrey or ITESM).



Schedule of Meetings at the WTO/Geneva, October 2000

2&3/10/2000	:	Working Group on the International between Trade and Competition Policy
2/10/2000	:	Working Party on Domestic Regulation
2/10/2000	:	Working Party on the Accession of Lithuania
3/10/2000	:	Committee of Participants on the Expression of Trade in Information Technology Products
3/10/2000	:	Committee on Budget, Finance and Administration
4/10/2000	:	Committee on Specific Commitments
5&6/10/2000	:	COUNCIL FOR TRADE IN SERVICES - Special Session
5/10/2000	:	COUNCIL FOR TRADE IN SERVICES (MFN review)
6/10/2000	:	Committee on Technical Barriers to Trade
6/10/2000	:	COUNCIL FOR TRADE IN SERVICES
9/10/2000	:	Committee on Budget, Finance and Administration
9/10/2000	:	Committee on Financial Services
9&11/10/2000	:	Textiles Monitoring Body
10/10/2000	:	GENERAL COUNCIL
11/10/2000	:	Committee on Import Licensing
11&13/10/2000	:	Trade Policy Review Body - Bahrain
11&12/10/2000	:	Working Group on Trade and Investment
12/10/2000	:	Committee on Market Access
12&13/10/2000	:	Committee on Regional Trade Agreements
16/10/2000	:	COUNCIL FOR TRADE IN GOODS
16/10/2000	:	Sub-Committee on Least-Developed Countries
18&19/10/2000	:	GENERAL COUNCIL
23/10/2000	:	Dispute Settlement Body
24&25/10/2000	:	Committee on Trade and Environment
24/10/2000	:	Technical Sub-Committee of the Committee on Trade in Civil Aircraft
25&27/10/2000	:	Trade Policy Review Body - Brazil
27/10/2000	:	Committee on Trade and Development
30-31/10/2000	:	Committee on Anti-Dumping Practices Ad Hoc Group on Implementation

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