

India & The WTO

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ZOELICK MEETS JAITLEY INDIA, US TO ENGAGE CONSTRUCTIVELY IN MOVING FORWARD DOHA ROUND

India and the United States have agreed to engage constructively in moving forward the ongoing negotiations in the World Trade Organisation (WTO). This was indicated at a meeting between Mr. Arun Jaitley, Indian Minister of Commerce & Industry and Mr. Robert Zoellick, United States Trade Representative (USTR), in New Delhi on 16 February, 2004. During the meeting, all aspects of the current WTO negotiations were covered and both sides



Mr. Robert Zoellick, United States Trade Representative with Mr. Arun Jaitley, Indian Minister of Commerce & Industry in New Delhi on 16th February 2004.

decided to follow it with further technical discussions. Both the sides understood and expressed keen interest to work together constructively during the current year so that the momentum of negotiations is maintained. The two sides also tried to understand each other's sensitivities, concerns and areas of offensive interest.

Mr. Dipak Chatterjee, Commerce Secretary; Mr. S.N. Menon, Special Secretary, Department of Commerce; Mr. Rajiv Sikri, Special Secretary, Ministry of External Affairs; and Mr. K.M. Chandrasekhar, Ambassador, PMI/ Geneva, took part in the discussions as part of Indian delegation, while Ms. Linnet Deily, Deputy USTR and Ambassador to the WTO and Mr. David C Mulford, US Ambassador and senior officials from the US delegation participated. Mr. Jaitley flagged the issue of agriculture and its sensitivities for India as a large percentage of Indian population depended on it. He further apprised the USTR about India's concern regarding the issue of outsourcing. Mr. Jaitley also raised the issue of recent anti-dumping investigations by US on Indian shrimps. Mr. Zoellick said that the progress in carrying forward the negotiations could be made despite ensuing elections in both the countries.

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NO UK MOVE AGAINST OUTSOURCING JACK STRAW ASSURES ARUN JAITLEY



Mr. Jack Straw, Secretary of State in Foreign & Commonwealth Office (U.K.), with Mr. Arun Jaitley, Indian Minister of Commerce & Industry, in New Delhi on 6th February, 2004

ZOELICK'S LETTER TO REVIVE DOHA ROUND

The Key Points

Robert Zoellick's letter on reviving the Doha round of trade talks urged World Trade Organisation (WTO) states to redouble efforts to restart free trade talks, but warned the European Union that scrapping export subsidies was the price of success, Reuters reports from Geneva.

Here are some highlights from the letter from the US trade representative sent on 12th January 2004 to the WTO's 146 member states and top trade officials.

TIMETABLE

Mr. Zoellick **called for members to set a new mid-2004 deadline for some basic accords. He also suggested trade ministers, whose failure to reach a deal in Cancun Mexico, in September precipitated the current crisis, should meet in Hong Kong before the end of the year.**

AGRICULTURE

He said there could be no progress in overall negotiations to lower trade barriers across the board without **a breakthrough in farm trade. Specifically, states needed to agree in principle to get rid of export subsidies, although a target date could be left until a later stage of the negotiations.**

The EU, which subsidises farming the most, has offered to end subsidies for some products of particular concern to developing countries, but not on everything.

The US would at the same time remove the subsidy element from its export credit programme, Mr. Zoellick said. But he did not mention food aid, which critics say is often used as a disguised export subsidy. He reaffirmed the long-standing US position that cotton, which some African exporters want treated separately, should be included in the overall farm negotiations.

INDUSTRIAL GOODS

Mr. Zoellick said countries needed to adopt an **"ambitious formula" for cutting tariffs, but progress on industrial goods would probably have to wait for a breakthrough in agriculture. The US continued to back a total end to all tariffs, but it recognised it could take time.**

SPECIAL TREATMENT FOR POOR COUNTRIES

Mr. Zoellick suggested **developing countries might have to accept that not all were entitled to the same special terms aimed at making it easier for poorer states to meet WTO pacts.** Developing countries have long rejected any attempt to categorise them.

SINGAPORE ISSUES

The European Union, Japan and South Korea are among the strongest advocates of including four new subjects - the so-called Singapore issues - into the trade talks. These are : investment and trade policy, transparency in government purchasing and trade facilitation (mainly customs regulations).

But Washington has never been that keen on the idea. **Mr. Zoellick suggested dropping three of them and just concentrating on the trade facilitation, which he said would help combat corruption and inefficiency.**

COMMITTEES

He called for a developing country to take the chair of the executive General Council in succession to outgoing ambassador Carlos Perez del Castillo of Uruguay. Under the normal WTO practice of rotation, Japan's ambassador is due to take over next month.

(Source : Financial Times of London, date.:13.1.2004)



TRADE POLICY REVIEW : UNITED STATES

A largely open economy but barriers persist in important areas

The United States has overcome several shocks since its last Trade Policy Review in 2001, helped by the contribution of its open and transparent trade regime to the highly efficient U.S. economy, according to a report on the trade policies and practices of the United States released on 16 January by the WTO Secretariat. Recent U.S. macroeconomic policy has been directed, increasingly successfully, towards recovering and sustaining growth, with benefits to the global economy, including through trade transmission. **But barriers to market access persist in a few, however important, areas: in particular, assistance to selected activities such as agriculture, steel, and textiles and clothing has burdened U.S. consumers, taxpayers and trade.**

The report notes that during this period, the United States has taken further steps to liberalize its trade regime on MFN (Most Favoured Nation) as well as preferential bases. While acknowledging that the expanding U.S. preferential network could help draw partners into the multilateral system, the report emphasises that care should be taken to avoid distracting resources away from it and that vested interests are not created that complicate multilateral negotiations. The report also discusses the new security considerations in the aftermath of the September 2001 attacks, and stresses that the new U.S. security-related policies and practices should not become unnecessary trade or investment barriers.

The report also expresses some concern about the "twin deficits" and goes on to note that the presently perceived large bilateral trade imbalances that are now part of the U.S. current account situation could give rise to protectionist sentiment.

The WTO report, along with a policy statement by the Government of the United States, was the basis for the seventh Trade Policy Review (TPR) of the United States by the Trade Policy Review Body of the WTO on 14 and 16 January 2004.

SUMMARY OBSERVATIONS

The United States has overcome several shocks since its last Trade Policy Review in 2001, helped by the contribution of its open and transparent trade regime to the highly efficient U.S. economy. Forceful counter-cyclical policies made a recession in 2001 short and shallow, and underpinned subsequent growth. **However, barriers to market access persist in a few, but important, areas, which detracts from the market-based solutions that have promoted U.S. welfare so well. Assistance to selected activities such as agriculture and steel has burdened U.S. consumers and taxpayers, and affected global trade because of the importance of the U.S. economy.**

Since 2001, the United States has taken further steps to liberalise its trade regime, both unilaterally and through negotiations; liberalisation has been carried out on both MFN and preferential bases. Competition in many domestic markets has thus increased, and helped maintain the drive for structural change and efficient resource allocation, which characterises the U.S. economy as a whole. Trading partners have benefited as well, as the United States remains the world's largest single importer and a main engine of growth. Deepening and securing such beneficial interdependency has historically played a central role in U.S. trade policy; achieving this through the multilateral system offers the United States unique advantages in view of the distinctive global reach of its trade and investment interests. The United States thus has a major stake and a key role in bringing about a successful conclusion to the Doha Development Agenda, and thereby also contributing to the stability of international trade relations and to growth in the world economy.

(1) ECONOMIC DEVELOPMENTS

The U.S. economy underwent a recession in 2001; with the policy levers geared to growth, the recession was short and shallow, and the pace of expansion was accelerating in 2003. During much of the period under review, growth in the United

States reflected in part the subdued economic performance of several key U.S. trade partners. Although the U.S. slowdown may have impinged on its trade policy by encouraging demands for import protection and government support, the U.S. economy continued to support global growth by maintaining its market largely open.

Illustrating the benefits and complex interdependencies characteristic of the international trading system, U.S. counter-cyclical fiscal and monetary policies were buttressed by imports helping to keep U.S. prices down even as public expenditure and private consumption rose, and by the sustained interest of foreigners in investing in the United States. Large inflows of foreign capital have financed a widening current account deficit, and have allowed the U.S. market to remain a key outlet for foreign suppliers.

Recent U.S. macroeconomic policy has been directed, increasingly successfully, towards recovering and sustaining growth, with benefits to the global economy, including through trade transmission. But the situation is not without a certain downside risk. The return to large fiscal deficits, if maintained, could contribute to continued substantial current account deficits, although this also depends on private savings and investment decisions, where the efficiency and openness of U.S. capital markets is a positive force for U.S. and international growth. The sustainability of the current account deficit remains an open question, but the possibility of a hard landing, including in the absence of improved growth performance by some critical partners, is not without risk; and the presently perceived large bilateral trade imbalances that are now part of the U.S. current account situation could give rise to protectionist sentiment. In this context, the "twin deficits" are of some concern; equally, it is as important for the United States as for other Members that trade not be unduly hindered by administrative and other barriers, both in the United States and other markets.

(2) POLICY DEVELOPMENTS

The United States considers the multilateral trading system as the core of current commitments in U.S. international trade relations. In the ongoing multilateral negotiations, the United States has

made contributions or proposals in a majority of trade topics discussed in the WTO, including agriculture, industrial goods and services. The United States has also continued to be an active complainant and respondent in the WTO dispute settlement mechanism. **From mid-2001 to mid-2003, out of around 60 new consultations requested, the United States was a complainant in one tenth of cases and respondent in nearly half. Many cases related to its application of trade remedy laws to steel imports.** U.S. notification obligations were fulfilled during the period under review, with the exception of state trading, import licensing, and domestic support and special safeguards in agriculture.

The Trade Promotion Authority (TPA) Act of 2002, a successor to "fast-track" authority, brings greater predictability to trade negotiations because Congress, when considering legislation for a new trade agreement, can approve or reject the legislation but must do so without amendment and within a fixed period. The Act states that the expansion of international trade is vital to the national security of the United States, and that trade agreements maximise opportunities for the critical sectors of the U.S. economy.

The United States has stated its intention to work also on regional and bilateral initiatives to promote free trade, thus exerting its leverage for openness and creating a climate for "competitive liberalization". As a result, **in addition to the two free-trade agreements (FTAs) in force at the time of its previous Review, as of June 2003 the United States had concluded three FTAs and was negotiating new agreements with several countries. Unilateral preferences in favour of developing countries have also been expanded; these preferences may be conditional on compliance with various U.S. policy objectives.** The expanding U.S. preferential network could serve to draw its partners more closely into the multilateral trading system, the acknowledged "first-best"; however, care should be taken that negotiating and administrative resources are not distracted away from the multilateral system, that vested interests are not created that complicate multilateral negotiations, and that trade and regulatory structures attendant on preferential agreements do not hinder trade.

In the aftermath of the September 2001 attacks, security consideration have become an essential component of trade and investment policy. Significant changes to U.S. trade practices have been implemented to ensure the nation's security. Security now receives more consideration in the implementation of investment provisions, although the foreign direct investment regime has not changed. It is important that the new U.S. security-related policies and practices do not become unnecessary trade or investment barriers.

(3) MARKET ACCESS IN GOODS

(i) Tariffs

The United States accords MFN tariff treatment to all but one WTO Member (Cuba). All except two tariff lines are bound. Some 31% of all tariff items enter the United States duty free. In 2002, the average MFN tariff was just over 5%, a slight decline from 2001; the average tariff on agricultural products stood at 10%. Certain products, however, receive tariff protection in the 50-350% range, notably tobacco, peanuts, certain dairy products, sugar, and certain footwear; most tariffs on textiles and clothing are in the 15-30% range. Tariff escalation is present in textiles and clothing, non-metallic minerals, and basic metal industries. In the ongoing WTO negotiations, the United States has proposed the elimination of all industrial tariffs by 2015, and substantial cuts in agricultural tariffs.

Non-ad valorem tariffs apply to about 12% of all lines; some 77 of the 100 highest U.S. tariffs are non-ad valorem. For products subject to non-ad valorem rates, tariff protection has varied widely over time, increasing when import prices decline and vice versa. The United States maintains tariff quotas on 1.9% of tariff lines, corresponding to agricultural products, broomcorn brooms and tuna. High out-of-quota tariffs on agricultural products constitute one of the main forms of import protection for these products.

The growing number of preferential tariff schemes has resulted in an increased set of different rules of origin, thus adding complexity to the U.S. trade regime. Recent preferential tariff schemes in favour of African and Caribbean

countries have been enhanced, and extended for the first time to Andean countries; their provisions for duty-free clothing imports generally require U.S. input content, possibly at the expense of lower-cost third-country suppliers.

(ii) Contingency measures

Contingency measures remain a key form of protection against imports into the United States. The active use of anti-dumping (AD) and countervailing duty (CVD) measures has continued to generate uncertainty for foreign exporters. Initiations of AD investigations increased in 2001, to the highest level since 1992, but decreased in 2002 and the first half of 2003. A large percentage of investigations has involved steel-related products. Initiations of investigations may affect exporters' trade performance, with preliminary duties applied in most cases.

Trading partners have increasingly questioned the rules and methods used by the United States concerning AD and CVD investigations and measures, including the Anti-dumping Act of 1916, the continued application of the Continued Dumping and Subsidy Offset Act (Byrd Amendment), and the methodology used by the U.S. authorities to determine the existence of subsidies following privatisation. The DSB findings have led on occasions to a revision of U.S. regulations and laws. The Byrd Amendment, passed in 2000, requires proceeds from AD and CV duties to be distributed to affected U.S. producers, and has resulted in disbursements totalling US\$840 million since FY 2001.

Only one safeguard investigation has been initiated since 2000 under Section 201, but the scope of the resulting measure was wide, affecting a large number of steel products. Such measures consisted of tariffs ranging from 8% to 30%, and one tariff quota. The tariff levels were adjusted downward in March 2003, while the tariff quota was expanded. FTA partners were completely excluded from the measures, as were many developing countries. At the request of domestic users and foreign producers, several steel products were excluded from the measures in 2002, and others in 2003. Although exclusions are made on an MFN basis, they may benefit producers from some countries more than others, depending on the composition of their exports to the United States.

At the request of eight WTO Members, the safeguard measure on steel was examined by the DSB; the Panel report concluded that the United States had acted inconsistently with some WTO provisions. The Appellate Body reaffirmed most of the Panel's findings.

In October 2003, the United States was considering a safeguard request for quotas to be imposed on imports of knit fabric, dressing gowns, and brassieres from China, under a transitional safeguard mechanism for textiles and clothing products contained in China's WTO Accession Protocol.

(iii) Other import measures

In 2002, 48% of the total value of clothing imports were still subject to quantitative restraints, and 24% of textiles imports. The decline in these shares since 2001 partly reflects the gradual implementation of the WTO Agreement on Textiles and Clothing (ATC). The United States is committed to abolishing quantitative import restrictions in the textiles and clothing sector by end 2004, as foreseen in the ATC. Most other non-tariff border measures are maintained for national security, health, environmental or foreign policy reasons. Among these, embargoes continue on imports of shrimp and tuna from countries found not to be in compliance with U.S. environmental provisions.

Security concerns have brought significant changes to U.S. import regulations since 2001. A new 24-hour rule requires the electronic transmission to the U.S. authorities of information pertaining to U.S.-bound cargo prior to departure. Agreements have also been concluded with several foreign seaports to screen U.S.-bound containers before departure for the United States. The Bio-terrorism Act of 2002 is to enter into force in December 2003; it requires in particular the registration of most food manufacturing and handling facilities, and prior notice to FDA of all food shipments destined for the United States. In the WTO Committee on Sanitary and Phytosanitary Measures, several Members have expressed concerns over these requirements. Mainly due to their recent adoption, the Secretariat had no information to ascertain the economic impact of the new security-related measures.

The United States maintains measures that restrict

foreign participation for procurement not covered by the plurilateral Agreement on Government Procurement or other international agreements. The Federal Government maintains "Buy American" restrictions under which agencies may in principle only purchase supplies and construction materials manufactured in the United States with more than 50% of U.S. components. A "Balance-of-Payments" programme applies to certain Department of Defence procurement but the programme's application to civilian agency acquisitions was eliminated in 2001. A number of programmes are in place to foster the ability of small business to compete for federal contracts and various set-aside schemes. These measures are complemented in some States by Buy-In-State or Buy American regulations, as well as preferences and set-asides.

The infringement of certain intellectual property rights is considered an unlawful import practice under Section 337 of the Tariff Act of 1930. These practices may lead to exclusion orders barring entry of infringing goods into the United States. Between 1 January 2001 and 30 September 2003, 56 new Section 337 investigations involving products from 26 countries were initiated, mostly dealing with allegations of patent infringement. During the same period, ten limited exclusion orders covering imports were issued.

(4) EXPORT MEASURES

A central objective of U.S. trade policy is to expand markets for U.S. exporters; trade statutes such as the Section 301 family of laws, and its counterparts in telecommunications and in government procurement, target foreign measures deemed to affect U.S. exports or impair U.S. rights under trade agreements. The application of these statutes to WTO Members must conform with WTO dispute settlement provisions in areas covered by multilateral rules. The United States also monitors foreign compliance with intellectual property agreements through Special 301 investigations. In the 2003 review, 11 countries were placed on the Priority Watch List and 36 countries were placed on the Watch List.

A number of export assistance schemes are also in place. Legislation has yet to be enacted to implement the recommendations of the DSB in respect of the Foreign Sales Corporation Repeal and Extraterritorial Income Exclusion

Act of 2000, which was found to provide prohibited export subsidies. The Export-Import Bank provides mostly officially supported credit guarantees, which also constitute the main instrument by which the Commodity Credit Corporation supports agricultural exports. A large number of foreign trade zones operate in the United States, and a duty drawback programme is in place.

The United States maintains export restrictions and controls for national security or foreign policy purposes, or to ensure sufficient domestic supply. Exports may be controlled unilaterally or through U.S. participation in non-binding multilateral export control regimes (e.g. the Wassenaar Arrangement). Re-exports out of third countries of items subject to U.S. export controls are also subject to U.S. authorisation.

(5) OTHER POLICIES AFFECTING TRADE

The United States views the relationship between trade and competition policy as of great importance, as competition policy considerations are playing an increasingly visible role in trade and investment matters. Enforcement during the 2001-03 period continued to focus on the activities of international price-fixing cartels. New regulations to implement higher notification thresholds for mergers and acquisitions have resulted in a lower number of notified mergers, allowing U.S. authorities to concentrate on the examination of larger mergers.

As the United States is among the world's largest producers, exporters, and importers, domestic support although not targeted at exports may significantly affect trade. Assistance to domestic producers may take the form of tax exemptions, financial outlays, and credit programmes. Since the last Review of the United States, there have been sizeable financial transfers in air transport and agriculture. In air transport, government financial support was extended to U.S. carriers in the aftermath of September 11, 2001. In agriculture, the Farm Security and Rural Investment Act of 2002 expanded the coverage of marketing loan provisions; and introduced a counter-cyclical income support mechanism that, although not linked to current

production, increases subsidies when commodity prices fall, and vice versa. The new legislation may thus further blunt the effects of market signals on production decisions, and runs the risk of large increases in assistance in the event of price falls. Under the new Act, government payments in 2003 were expected to approach the high level of 2001; such payments had declined substantially in 2002 when commodity prices increased and virtually no ad hoc emergency payments were disbursed.

The United States considers that public policy aimed at protecting intellectual property rights (IPRs) contributes to a diverse and competitive marketplace, and it uses both bilateral and multilateral policy tools to enforce IPRs in the international arena. Since 2001, the United States has implemented the Madrid Protocol, and adopted statutes to grant compensation for delays in processing patent applications, and to enhance third-party participation in the re-examination of patents.

The United States has maintained its long-standing policy of national treatment of foreign direct investment, subject to sector-specific restrictions that in most cases are motivated by prudential and national security considerations. Aside from those described below in the services sectors, restrictions on foreign direct investment exist in energy, mining, and fisheries.

(6) ACCESS CONDITIONS IN SERVICES

The services sector is the largest contributor to output in the U.S. economy. Market access in services is generally open, with exceptions. Many service activities have been undergoing gradual modernisation, including the removal of domestic restrictions to international trade; as a result, current practice is considerably more liberal than U.S. commitments in the WTO. In the context of the Doha Development Agenda, the United States presented a draft offer on services that largely reflects changes in U.S. laws and regulations since the end of the Uruguay Round. **The provision of services in the United States through foreign commercial presence is the most important mode of supply, although cross-border trade is also important, in particular for travel, professional and business, and financial services.**

The U.S. international maritime transport market is generally open to foreign competition; the share of foreign carriers in U.S. international trade exceeds 97% notwithstanding financial government assistance or cargo preferences granted to international cargoes carried by U.S.-flag vessels. Domestic cargo restrictions under the Jones Act remain in place but legislation to facilitate the granting of waivers to the Act was passed in 2002. The U.S. domestic air transport market accounts for about one third of the world aviation market, and remains subject to market access restrictions in the form of U.S. ownership and control requirements. Liberalisation of international air transport services has continued through open skies agreements and, on a case-by-case basis, the approval of alliances among domestic and foreign airlines.

In financial services, the industry's regulatory framework has continued to be modernised through new regulations in the wake of the Gramm-Leach-Bliley Act of 1999 (GLB), which put an end to the restrictions imposed by the 1933 Glass-Steagall Act, on affiliations between banks and securities firms. The United States grants, in general terms, open market access and national treatment to foreign banks. In insurance, firms are primarily regulated at the State level, but steps towards uniformisation have been adopted since the previous U.S. Review. States require companies to be licensed in State to conduct insurance business within and across their borders. During the 2001-03 period, several incidents of securities laws violations came to light and measures have been

taken against a number of financial service providers; to strengthen the regulatory framework, new legislation was passed in 2002.

The U.S. market for both domestic and international telecommunications services is highly competitive and open to foreign firms. Although restrictions remain on direct foreign ownership of radio licences, in practice, foreign firms may supply domestic and international services. This high level of competition contributes to below-OECD-average price levels for most services. In the audio-visual sub-sector, radio and television broadcast licences may not be owned by foreigners. In addition, rules limiting ownership (domestic or foreign) of radio and television networks aim to promote competition, diversity, and localism in media production.

The regulation of professional services is mainly under the responsibility of the individual States. Foreign market access in some States is affected by local presence, domicile, nationality, or legal form of entry requirements. The lack of a uniform regulatory regime at the national level also complicates market access. During the period under review, the regulatory framework has been subject to a number of reforms to strengthen governance, notably through the Sarbanes-Oxley Act of 2002 affecting accounting and legal services.

[Text of summary observations of the Seventh Trade Policy Review: United States – Report by the WTO Secretariat dated 16/01/04]

Note:

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

Print copies of previous TPR publications are available for sale from the WTO Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Genève 21 and through the on-line bookshop.

AGRICULTURE KEY ISSUE IN WTO NEGOTIATIONS – INDIA'S DEFENSIVE INTERESTS IN FARM SECTOR MUST BE ADDRESSED, JAITLEY TELLS LAMY

STRESS ON MOVING THE MULTILATERAL PROCESS FORWARD

Agriculture continues to be one of India's key concerns in the WTO negotiations and these concerns, particularly India's defensive interests in this sector, must be adequately addressed given that India has one of the world's largest farm



The European Commission Trade Commissioner Mr. Pascal Lamy meeting the Union Minister for Commerce and Industry Mr. Arun Jaitley in New Delhi

populations, bulk of them subsistence farmers, Mr. Arun Jaitley, Union Minister of Commerce & Industry and Law & Justice, said during an interactive meeting with Mr. Pascal Lamy, the EC Trade Commissioner, organised by the Confederation of Indian Industry (CII) as also in his earlier bilateral meeting with the EC Commissioner in New Delhi on 19 January, 2004. Post-Cancun, both India and the EU had been discussing the need for moving multilateral trade negotiations forward, Mr. Jaitley said, while emphasising that "the process must move on and the engagement must continue because strengthening of the multilateral trading system is in the interest of all". He also welcomed the EU's willingness to reduce trade distorting domestic and export subsidies.

Mr. Lamy, in his address, said "we are now officially out of the post-Cancun era and perhaps we are now in the pre-Hong Kong era, the site of the

next WTO Ministerial (I hope) later this year". He said it was the EC's strong view that all members should participate and contribute to the relaunch of the trade talks, including India and other G-20 countries. Mr. Lamy also welcomed that the US too had

indicated that 2004 should not be a lost year despite it being an election year.

Stressing that the world trade should not be unequal, Mr. Jaitley said the multilateral trading system must evolve into a truly rule-based system as the essence of its success would lie in the fairness of its functioning. It must work in a manner that would generate economic activity and address the issue of poverty. Referring to the letter addressed by US Trade Representative (USTR) to trade ministers recently on revival of the stalled trade talks, Mr. Jaitley agreed that it should not be another lost year. "An important message of the Cancun Conference was that the WTO's functioning will have to be highly participatory. It is only through a participatory engagement process that the current divergences can be converted into convergences and India will be happy if this comes about in 2004", Mr. Jaitley said.

Briefly running through the key issues from the EU perspective, Mr. Lamy said that on industrial market access, the circumstances of developing countries needed to be taken into account and in this area, the EU was ready to look at "rebate" for developing countries like India, even while pushing for an ambitious outcome in terms of reduced tariffs not just for North-South but also for South-South trade. On agriculture, he said the EU had signalled its willingness to move forward by tabling a proposal which would not only slash EU import tariffs by more than a third but also eliminate export subsidies in the EU for products of interest to developing countries like India and reduce trade-distorting farm support by more than half. On services, he observed that while the EU had "tabled an ambitious offer for access to our services market, notably on the temporary movement of persons, which is a key demand of India and other developing countries, the recently tabled Indian offer is frankly a disappointment as it fails to redress the current low level of India's GATT's commitments" and urged

improvement in the Indian offers.

On Singapore issues, Mr. Lamy said that post-Cancun, the EU had proposed a fairly major change of tack. "The EU is ready for Singapore Issues to be taken out of the Single Undertaking ('unbundling', as it is called) and to consider an innovative formula – trade facilitation & transparency in government procurement as priorities one and two and investment & competition policy as lesser priorities". On environment, he said there was an effort to move from the strictly technical and legal to a more political approach. So, there was a large ground for common work to be explored, he said and concluded by saying: "We are ready to move, the US is ready to move, G-20 is ready to move, G-90 is ready to move.... Solution is within reach and the feeling of urgency is welcome. It (revival of talks) is necessary, urgent and possible. We have to go back to the negotiating table, not next week, not next month, not next year, but tomorrow".



TEXT

"WTO : The Road Ahead"

(Speech by Pascal Lamy, EU Trade Commissioner at the CII Conference, New Delhi, 19 January 2004)

Thank you very much for this kind introduction, and let me briefly return the compliment by saying how nice it is to be back in New Delhi. If only unfortunately briefly on this occasion, as I find myself sandwiched between a visit to Bangladesh, and a trip to Indonesia for meetings with the ASEAN group of nations. But I am very pleased that despite our mutually difficult schedules, I have had a substantial bilateral meeting with Minister Arun Jaitley.

So, overall a very busy start to the new year, in some ways a bit like a tour with the Indian cricket team: racing through airports, carrying large bags around, people asking whether you can beat Australia...! Though there the parallel must end. It is a bit less glamorous, the press is somewhat less interested, and if I can extend the metaphor briefly, and honestly, thus far in the Doha Development Agenda (DDA), we in the WTO have collectively put rather fewer runs on the board than Sachin Tendulkar and the rest of the gang. But the good news is that the WTO's second innings is yet to come, and we are ready to tame the bowling !

The secret of course to progress is to explain the laws of cricket to the Americans and the French. At that point, the whole DDA will suddenly appear much less complex.

One of my new year's resolutions is to set to one side the analysis of what happened in Cancun. One of the advantages of our meeting in Geneva on 15 December 2003 is that we are now officially out of the post-Cancun era, and perhaps we are now in the pre-Hong Kong era, the site of the next WTO Ministerial I hope later this year. So let me move straight into "what next ?"

For our part, the EU spent some time in serious reflection and soul-searching, consulting our constituencies in the Member States and European Parliament on some fundamental questions, including even on whether multilateralism should remain our first preference. I am glad to report that the EU is not leaving the multilateral table: indeed, the exercise has been a fruitful one, resulting in a rather open discussion about where we need to show a bit more flexibility, where we need to reassess our priorities, and so on, in order to contribute to a successful re-launch of the DDA.

However, it goes without saying that it is our strong view that all members need to participate and contribute to this re-launch - the other developed countries, but of course also India and the other G20 countries. Briefly, in this context, I should mention that I am very pleased that the US has come out of the clubhouse so strongly just last week, indicating that even though it is an election year, 2004 is not to be considered a lost year.

Let me briefly run through the key issues. There is no better place to begin than market access, a staple WTO issue which is inherently good for development, and unsurprisingly so - countries like India with competitive export sectors are rightly pushing hard in this area. Moreover, the WTO offers progressive trade opening so that each country can define what it can handle in terms of its domestic and international competitiveness and development priorities, accompanied by the necessary safeguards. The EU is willing to do its part here and to work on a basis that allows all Members' concerns to be met.

But as we move forward, a quick plug for South-South trade. This seems to me essential for development, and it is the area where the greatest gains are currently being made (40% of developing countries (DC) exports go to other DCs and South-South trade grows twice as fast as global trade). It seems that the recent SAARC Summit (South Asian Association for Regional Cooperation) recognised this fact by making great strides towards free trade in South Asia, which is welcome news indeed. But in all these developments, the more advanced DCs have a key role vis-a-vis weaker and smaller DCs. That is why I have also been floating the idea of whether the largest G20 countries, such as India, might consider further market opening for the least developed countries, for example. The best way to do so is, of course, on a multilateral level. But as a first step, doing it regionally, here in Asia, would give an important signal, and I understand that the Indian government is thinking along such lines..

On industrial market access, we are mainly concerned with fairness and what would lead to uneven results for WTO members depending on

their current tariff rates. Of course, the circumstances of developing countries need to be taken into consideration, through Special and Differential Treatment, and in this area, we are ready to look at a developing country "rebate" to help countries like India. Yes, we want an ambitious outcome: of reduced tariffs across the board, and a major effort to tackle both tariff peaks and tariff escalation, which would increase opportunities, and not just for north-south, but also for south-south trade. But we are not in favour of moving to zero for all tariffs. What we do want is a serious effort at increased, not total openness in this area. Not least, this would have a major impact in terms of the south-south trade, and that would be a great outcome for the Doha Development Agenda. To ensure effective export growth for developing countries, the trade barriers of both developed and developing countries need to be tackled together. On agriculture, another absolutely key issue, I hope we in Europe have now sufficiently demonstrated our willingness to move forward. We have tabled a proposal which would not only slash our import tariffs by more than a third; zero our export subsidies for products of interest to developing countries like India; and reduce trade distorting farm support by more than half, but which also contains specific actions to give developing countries a better deal. Such as the idea that the rich countries should ensure that access at zero duty should be applied to at least 50 of their imports from developing countries, and a special proposal which would allow crops which are key to a developing country's food security to be protected through a special safeguard. All this when the EU is already the world's largest importer of farm products from developing countries, taking more than the US, Canada, Japan and Australia-combined.

Needless to say, the EU does not agree to totally dismantle the Common Agricultural Policy (CAP). Like India, we believe agriculture is somehow different - intimately tied up with how we run our rural economy society, and landscape. But we do accept that if we support agriculture, we should seek to do so in ways which do not distort trade. The most recent changes to the CAP are fundamental, and will result in a new and much improved agricultural policy in Europe. Good for us, and good for the rest of the world. But you will understand that we are keen for others to move as well.

The third market access issue, the ongoing GATS negotiations under the DDA, aim at opening up

trade in services to foreign providers, which is of core interest for both European and Indian business. The Indian software industry, to quote but one of the many success stories, has seen an annual growth of its exports of 50 over the last decade. So -we have interests on services. And you have interests. But while we have tabled an ambitious offer for access to our services market, including notably on the temporary movement of persons, which is a key demand of India and other developing countries, the recently tabled Indian offer is frankly a disappointment - it fails to redress the current low level of Indian GATS commitments, and in some areas, doesn't even reflect the current level of openness in the Indian market. It sends the wrong signal not only to WTO partners but also to potential foreign investors. I understand tactics in negotiations. It's inevitable. But it is dangerous in areas where you have fundamental interests, and where others are trying to address those fairly ! So I urge the CII to take another look at this.

That brings me to the issue of new WTO rules. We all know that the existing WTO acquis is a complex mixture of market access and rules. In many areas, the WTO needs new and strengthened rules to ensure that market access is delivered, and that the WTO can continue its transition to a pro-development organisation. Consider, for a moment, anti-dumping. If India is worried - and I can see why she might be - that textile quotas will be replaced by a dramatic increase in the use of trade defence instruments - then it makes perfect sense to firm up the existing rules on trade defence in the WTO. It does not make sense to say: the DDA must be about market access, not rules. On Singapore Issues (SIs), curiously, I rather think that India's position is better known and understood than the EU's position, at this stage. Post-Cancun, we have proposed a fairly major change of tack. We are ready for any or all of the SIs to be taken out of the Single Undertaking ("unbundling" is the elegant word we have used); and / or for any or all of the negotiations to be negotiated plurilaterally or multilaterally. So there is a large menu of options to explore, and we want to get down to this in Geneva. Frankly, I would be surprised if we could not agree on some combination of menu choices at the end of the day, and I also fervently believe that new rules on the SIs can and will make a huge contribution to development, not least because the basic GATT

principles of transparency and non-discrimination are at their very core. And I have also made clear, after numerous internal consultations within the European Union that our main priorities are trade facilitation and transparency in government procurement.

We have also shown additional flexibility on geographical indications and on trade and environment where we are looking for a more political and less technical approach. And we have shown real interest and flexibility on area where India is looking to change the balance of rules, namely on Special and Differential Treatment. We have for instance, suggested special transitional periods for developing countries for implementing new rules, so DCs are better able to apply any new rules that will be negotiated in the Round, and to better integrate into the global economy as a result. But we have, of course, made clear that this also requires some degree of differentiation between developing countries and we make no apology for that.

In this area, it is absolutely evident that the EU and India still have strong differences of position, reflecting differences of thinking. What frustrates us is that we don't believe we have such strong differences in terms of our interests. So perhaps in our discussions, we need to refocus: not on whether or not to develop new rules in the Doha Round (because we evidently will have to do so); but how to get the level of ambition right. On this account we can - and should - do better than we did in the past regarding flexibility, time and transitional periods. There is ample scope in the DDA for tailoring the implementation of rules to the individual circumstance of each member, rather than arbitrary transitional periods. And there is scope for coupling those personalised transitions to our aid packages - a notion we are pioneering in key areas like trade facilitation.

THE DEVELOPMENT DIMENSION

This neatly leads me to the need to create a stronger link between the Round and development aid or provision of resources. In the rules area, for example, if future rules are to imply positive action then of course better configured assistance has to be part of the deal. We are doing better on trade related assistance - we have spent around 700 million euros on around 100 trade-related projects in the last 5 years, including a 15

m euro Trade and Investment Development Programme in India. But we can still do better on technical assistance - both developed and developing countries - and there are clear lessons from past experiences. Most of the time, the resources are sufficient, but they need to be redirected and put to better use. Sometimes, the identification of real bottlenecks to trade flows is slow, sometimes the absorption capacity of recipients is insufficient. So both on the demand and supply side, there is room for work, even if overall, recent developments are positive.

CONCLUSION

All very well, you might say. Both sides continue to make the case for their reasonableness - I hope I have been reasonable - and the gap remains. How do we bridge this gap? Well, there are no magic solutions, but my own view is that - on all fronts - a constructive dialogue with business is crucial to underpin the ambitious - but feasible - objectives set for these negotiations. You in the Indian business community may be able to play a role in convincing the public here that rules-based multilateral trade opening is not zero-sum, but is indeed a positive-sum game which constitutes the foundation for sustained prosperity and growth, for developed and developing countries alike, for all members of the WTO. And remember that when we decided to call for a Development Round, we raised the stakes. We weren't trying just to ram through more of the same, and dress it up in fine development clothing. And the risk was and is that we thereby increase the cynicism which inevitably surrounds multilateral negotiations. The fact is that we were and still are trying to make a step change in terms of both process and substance. On process, we want to ensure that the Round moves forward rapidly. 2004 is a year of opportunity. The EU is ready to move; so is the US, we understand. So let us negotiate substance, in order to ensure that the DDA does bring real advances to development, via better rules, via better market access. That, at the risk of being simplistic about it, is still what the Doha Development Agenda is about. And at the risk of a truism, it won't happen unless the EU and India can come to grips with more of the agenda, and agree on more of it. This is urgent! This is possible! So, back to the negotiating table. Not next week, not next month, not next year. Tomorrow! Many thanks.

Important events in the WTO during December 2003

The General Council meeting at senior official level mandated by the Cancun Ministerial Conference of WTO took place during 15-16 December 2003 in Geneva, where Special Secretary Mr. S. N. Menon participated. The meeting did not take any specific decision.

However, from the statements by members and the concluding statement by the Chairman of the General Council the **following points became clear:** (i) There is a general willingness on the part of all WTO Members to move forward with the Doha Agenda and to conclude negotiations as per schedule, though doubts persisted about the feasibility of timely conclusion of negotiations; (ii) the various negotiating bodies that remain suspended should be revived; (iii) the overall coordination of negotiations should be by the Trade Negotiations Committee (TNC); (iv) to start with, a new Chairman of the General Council should be elected. Chairs of other negotiating bodies should also be elected. In our statement we supported early resumption of negotiations. We argued for the dropping of the issues of Investment and Competition policy from the agenda of WTO and registered our reservations against 'blended' approach as proposed now, as far as negotiations on agriculture are concerned.

India's initial offer, which was tabled at the WTO on December 16, 2003, envisages greater commitments in the Engineering, Computer and Related Services, Telecommunications, Constructions and Related Engineering services, Financial services, Hospital services, and Tourism & Travel related services. In addition, fresh commitments are being offered in Accounting and Book-keeping services, Medical, Dental and Midwives' services and Maritime Transport services. India has also expanded the scope of the offer under Mode 4 at the horizontal level to cover contractual service suppliers, de-linked from commercial presence.

The initial offer would point towards the direction in which India is willing to liberalise. However, it has no legal status and can be withdrawn or amended at any time if we judge that the offers made by our trading partners do not adequately address the requests India has made. Should India be less than satisfied, India would scale down or even withdraw the commitments offered.

On agriculture, on 11-12 December, 2003, the Government of Brazil hosted a Ministerial meeting of the G-20 countries on agriculture. The G-20 meeting was attended by 19 Members. Ecuador, which had earlier indicated its inability to remain in the Group, was represented at this meeting. Tanzania has also since joined the G-20. The purpose of this meeting was to assess the current state-of-play in the WTO negotiations, particularly in the agricultural sector, strengthen cooperation among the Members of the G-20, and develop a further joint strategy for the G-20. Towards this, the G-20 issued a Joint Communiqué outlining the outcome of its useful discussions. It is also noteworthy that the EU Trade Commissioner Pascal Lamy attended this meeting, and the frank and detailed exchange of views was emphasised in the Joint Communiqué issued by the EU and the G-20. This meeting was also attended by Dr. Supachai Panitchpakdi, Director General, WTO. The common position evolved between the G-20 on agriculture was subsequently presented at the meeting of the WTO at Geneva at Senior Officials level on 15-16 December 2003 held in accordance with the decision of the Ministers at this meeting in Cancun, Mexico.

On 8th December 2003, the European Communities has requested consultations with India under the WTO's Dispute Settlement Understanding in respect of anti-dumping duties imposed by India against imports from EC in 27 cases. EC's consultation request has raised various issues regarding these 27 measures but the main concern of EC appears to be that the determination of the effect of dumped imports and the causal link with injury does not seem to be based on positive evidence and on an objective examination. EC has also questioned adherence by India to the obligation requiring disclosure of relevant information on the matters of fact and law and the reasons which led to the imposition of the anti-dumping measures.

India has indicated its willingness to enter into consultations with the EC in this dispute. The date and venue of the consultations is under finalisation.

OUTSOURCING A LEGITIMATE PART OF GLOBALISATION : UNCTAD GLOBAL OUTSOURCING POISED TO RISE TO US \$ 827 BILLION

Mr. Rubens Ricupero, Secretary General of UNCTAD, has said that outsourcing has opened up new trade avenues for developing countries. **In a statement at the 8th Session of the Commission on Trade in Goods & Services and Commodities held in Geneva in February, he said that offshoring was a legitimate part of global trade liberalisation and this enabled developing countries to leverage their comparative advantage – abundant, competitive labour and lower cost environment.** “Despite some attempts at provoking government measures in some instances, I do not think that this process is amenable to government control and will be driven by market forces. **In any case, these services are already covered in GATS under Mode 1 and are also related to Mode 3 & 4 as it is to investment. In order to ensure predictability, developing countries should as part of GATS negotiations, actively seek binding multilateral commitments in this mode so that they can pre-empt or render invalid any protectionist action”, Mr. Ricupero added.** He also quoted the British Trade Secretary Patricia Hewitt on the (myth behind offshoring fears in the UK – its biggest beneficiary), who had said: “We cannot argue liberalisation abroad and practice protectionism at home. However, strong the short-term costs appear to be, the long-term costs are greater – for consumers and for jobs” and for the economy.

The global outsourcing spend is estimated to be \$320 billion last year, \$585 billion in 2005, and \$827 billion in 2008. Of this, offshoring is a rapidly growing segment and despite much

excitement about its significance to North-South trade, the share even of frontline countries like India (3 per cent of global IT spent) in this business is small and fears of a big wave of offshoring to poor countries swallowing up rich country high skill jobs appear misplaced. On the other hand, this does constitute a dynamic new area and a big window of opportunity to assure instant and durable development gains to developing countries through international trade, win converts to globalisation, create tangible and additional stakes for poor countries in the trading system. Moreover, it is encouraging to note that outsourcing export opportunities for developing countries are much broader than generally presented, with a wide range of developing countries significantly increasing their presence in global outsourcing markets, Mr. Ricupero said.

Describing offshoring as one of the frontier issues of international trade, Mr. Ricupero referred to the current debate on outsourcing of services (ITES, BPOs and e-commerce services) by developed country enterprises to developing countries. “There is a heated debate on how this fits into free trade theory and accepted trade liberalisation paradigm, whether it is or not leading to a job exodus from developed to developing countries, what is the cost benefit to both, should there be protectionist government intervention and will it work and finally how can this be dealt with in the WTO and other trade negotiations. We in UNCTAD have been monitoring this phenomenon and have noted its evolution from a largely intra OECD one, to include a new North to South dimension”, Mr. Ricupero said.



European Union trade commissioner Pascal Lamy with minister of commerce and industry Arun Jaitley at a meeting in New Delhi on Monday.

WTO talks may resume soon

Times News Network

New Delhi: India on Monday backed the move for an immediate resumption of the stalled WTO negotiations. This followed last week's letter from US trade representative Robert Zoellick to his counterparts in WTO member countries and the visit of European Union trade commissioner Pascal Lamy here on Monday.

There is, however, no firm timetable yet to take the wide-ranging trade liberalisation talks forward. Lamy indicated that March and April provide "the window of opportunity" when there could be "real negotiations" at the WTO headquarters in Geneva to try and fix contentious issues such as opening up of agriculture trade.

"We are ready to go ahead. Of course, there are elections, but that does not have any impact because there is a national consensus on India's position in the WTO negotiations," commerce minister Arun Jaitley said after he and Lamy addressed a CII meeting.

"There is now a political commitment to move forward," Lamy told a news conference winding up his visit here. "India is ready to make sure that 2004 will not be a lost year in WTO. Elections looming large is obviously no reason not to move."

He said, "Zoellick's letter last week also made that point about the US presidential elections. I got similar signals from my meeting with the least developed countries like Bangladesh last week and from Brasilia where I met representatives of the G-20 countries in December."

Earlier, Jaitley and Lamy had "substantial discussion" on a range of WTO issues and the way to move forward with regard to negotiations on the key subjects of agriculture, services and industrial tariffs.

Lamy wanted India to include the opening up of sectors such as retail trade, legal services and accountancy in its offer list in the services negotiation. Jaitley indi-

cated that India has only made a "preliminary" offer and that can be improved as the negotiations proceed.

Jaitley appreciated the recent "flexibility" shown by the EU in offering to cut subsidies it provided to its farm exports and the domestic support it gave its farmers. He, however, wanted the EU to do more in cutting domestic support to its farmers because the subsidies distorted trade worldwide and priced out farmers from India and other developing countries from the global market.

Jaitley said India accorded the topmost priority to protecting the livelihood and incomes of its 650 million people in rural areas dependent on agriculture. "Unlike many areas of services and in some areas of manufacturing, our small and marginal farmers and subsistence agriculture are not ready for opening of our market. Protection of our small and poor farmers is on top of our WTO agenda," he said.



The U.S. Trade Representative, Robert Zoellick (right), with the Commerce and Industry Minister, Arun Jaitley, in New Delhi on Monday. — AFP

(Hindu 17.2.2004)

Outsourcing: India puts US on mat

HT Correspondent
New Delhi, February 16

INDIA MOUNTED pressure on the US to withdraw a clutch of anti-outsourcing laws passed by several states and the federal government.

At an hour-long meeting on Monday, US Trade Representative Robert Zoellick wanted India to open up the agriculture and services sectors, while Union Commerce and Industry Minister Arun Jaitley expressed New Delhi's 'displeasure' at the US's attempts to close markets that had so far been open, by moving against outsourcing.

"It is strange that on the one hand people are talking about opening markets and on the other banning business process outsourcing (BPO). Our agriculture is fragile since it is not subsidised, like in the US," Jaitley said.

Zoellick, however, tried to play down the issue while briefing newsmen later in the day. He said US markets would remain open and outsourcing bans were limited to government procurement, a small part of the business outsourced to destinations

(Hindustan Times
17.2.2004)

(Times of India 20.1.04)

General Mood In Favour Of Quicker Progress In Negotiations As Global Economy Perks Up

India to support EU, US efforts for early resumption of WTO talks

Our Delhi Bureau
19 JANUARY

THE possibility of early resumption of World Trade Organisation (WTO) negotiations, stalled after last year's Cancun ministerial, which ended in a stalemate, brightened today with India expressing support for the proposals to revive talks. With the US and the European Union (EU) favouring early resumption of talks, it will be just a matter of time before WTO members converge on the negotiating table if India's allies on agriculture and Singapore issues also approve the move. India was working along with major players like Brazil, South Africa, China and Argentina at the failed Cancun meet and the general mood now is in favour of quicker progress with the negotiations as the global economy is perking up, forcing problem areas to the backburner.

Talks should be resumed immediately and steps should be taken to narrow the differences on key issues like agriculture, commerce & industry minister Arun Jaitley said here. Addressing a meeting organised by the Confederation of Indian Industry (CII) along with European Union trade commissioner Pascal Lamy here, Mr Jaitley said there was no change in India's agenda so far. The forthcoming Lok Sabha elec-



Let's Talk It Out: EU trade commissioner Pascal Lamy with minister for commerce & industry, law & justice Arun Jaitley at a meeting in New Delhi on Monday

tions would not affect the stand on Singapore issues and agriculture, he added.

On his part, Mr Lamy said the EU was keen to ensure that the Doha development round moves forward rapidly. Admitting that some of the issues were complex and contentious, he said, "There were no magical solutions, but, my own view is that on all

fronts a constructive dialogue with business is crucial to underpin the ambitious but feasible objectives set for these negotiations."

Stressing that the rule-based multilateral trade opening was not zero sum, Mr Lamy said it was indeed a positive sum game, which constituted the foundation for sustained prosperity and growth for de-

veloped and developing countries alike. With USTR Robert Zoellick having pitched strongly for early resumption of talks, the joint support from India and the EU is expected to boost the chances of resuming WTO talks soon. Till now, most members were not providing full support to resumption of talks as the Cancun developments led to lot of unpleasantness.

While agreeing with Mr Lamy on early resumption of talks, Mr Jaitley said India's key concern was agriculture, which had to be adequately accommodated. India has one of the world's largest populations depending on agriculture and bulk of them are subsistence farmers, he pointed out.

Mr Lamy appreciated the thaw in India-Pakistan relations and steps towards a South Asian Free Trade Area (Safita). The European Union could share its expertise in establishing a common market, customs union and currency in the region, he added. "We believe rooting peace in economics and trade is good and that's what we have done in Europe."

"Our policy is to support economic integration. But the political energy for it has to come from within the region itself," Mr Lamy said. The decision to create a free trade area in south Asia would help in creating a better future for the people of the region, he added.

Drop three Singapore issues from WTO agenda — FICCI

(Economic Times
20.1.04)

By Our Special Correspondent

NEW DELHI, 15. While calling on the visiting the EU Trade Commissioner, Pascal Lamy, here on Monday, the Federation of Indian Chambers of Commerce and Industry President, Y. K. Modi, reiterated Indian industry's demand for keeping the three Singapore issues — investment, competition policy and transparency in Government procurement — out of the WTO agenda. The demand was made in response to what the Commissioner Mr. Lamy described as 'more sophisticated flexibility' in the EU position on the contentious Singapore issues with EC having put investment and competition policy on the back-burner while letting transparency in Government procurement and trade facilitation stay in the front-burner.

On the question of 'unbundling' of Singapore issues, the Trade Commissioner stated that he was ready to consider the first two issues outside the 'single undertaking.'

However, Mr. Modi pointed out that a plurilateral approach

would lead to a two-tier system of membership within WTO that is contrary to the fundamental philosophy of the multilateral trade organisation.

During the discussions Mr. Lamy's attention also drawn to the need for moving ahead with negotiations in services and non-agricultural market access. Since India has significant offensive interests in services, Mr. Lamy felt that it would be in India's favour to ensure early conclusion of negotiations in this area.

In agriculture, the FICCI chief emphasised the case for negotiation on reduction of Amber Box support measures on a product-specific basis, bringing down Blue Box measures to eventual phase-out and strengthening of Green Box disciplines on direct payments.

On market access, developing countries like India should be provided with a flexible formula so that their large agriculture-dependent population is not subjected to the shock of a steep reduction in farm tariff, Mr. Modi said underlining the urgent need for establishing a

clear timetable for abolition of export subsidies.

While appreciating FICCI's concerns, Mr. Lamy said he did not perceive any serious difficulty in agriculture negotiations, and that EU was ready to eliminate export subsidy for agricultural goods that are of developing countries' interests.

Once EU receives such lists from India and other developing nations, the timetable could be worked out quickly. As regards market access in agriculture, the strategic positions of EU and India are quite similar, he elaborated.

About India's concerns on textiles trade, Mr. Lamy assured that, in the post-quota period, the incidence of anti-dumping duties would not be accelerated. But he highlighted the need for concluding negotiations on stricter disciplines on anti-dumping related rules by end-2004. He also suggested improvements in India's anti-dumping mechanism since, according to the EU, it is currently below the WTO-standard in several aspects including 'disclosure.'

(Hindu 20.1.04)

India should improve its services offer: EU

Business Standard

NEW DELHI, Jan. 19. — The European Union today warned of a backlash from trade unions in its member states if countries like India did not open up its service sectors to the levels desired by it.

"India should improve its services offer, else trade union sensitivities on employment could result in opposition. The notion of two-way street would be recalled to us," European Union Trade Commissioner Pascal Lamy said during a press conference at the end of his day-long visit to the country.

He asked India to liberalise sectors like telecommunications, retail, legal and accounting services in

the offers made to WTO membership for service sector negotiations.

Speaking to reporters after a seminar on WTO organised by the Confederation of Indian Industry, Commerce and Industry Minister Arun Jaitley indicated that India was willing to offer more liberalisation in some service sectors though he was not in favour of opening up of accounting, legal and retail services in the wake of concerns expressed by the domestic players.

Though both Jaitley and Lamy asked the World Trade Organisation membership to move ahead with stalled trade talks, there were little indications of the two trading partners softening their opposition to various issues on the negotiating agenda.

While India was unwilling to change its stance on agriculture, the EU refused to drop Singapore issues from the WTO's agenda and asked larger developing countries like India, China and Brazil to offer greater market access.

Amidst all this EU Trade Commissioner Pascal Lamy said that the 2004 deadline for completion of Doha round of negotiations may be difficult to meet though most WTO members were in favour of resumption of talks.

"At the WTO, we are on a ready, steady, go mode. But we need to go to go... By March-April provide the window of doing what was not done at Cancun," he said adding that modalities for the negotiations should be fixed by spring.



TERMS OF TRADE: European Union Trade Commissioner, Mr Pascal Lamy (L) shake hands with commerce minister, Mr Arun Jaitley prior to an official meeting at the ministry of commerce in New Delhi on Monday. Mr Lamy, who is on a three-nation Asian tour, is here for talks with the Indian government aimed at kickstarting stalled World Trade Organisation dialogue. — AFP

(Statesman 20.1.04)

India unwilling to open up legal services

HT Correspondent
New Delhi, January 19

INDIA IS not willing to open up legal and retail services to foreign firms and professionals for now owing to opposition from within the Sangh parivar and also the legal community.

This seems to be the message EU Trade Commissioner Pascal Lamy got from the government after a long meeting with his Indian counterpart, Commerce Minister Arun Jaitley on Monday. Jaitley and his team in the commerce ministry, on the other hand, have pushed for protecting India's interests in agriculture, given the fact that the livelihood of 600 million farmers is at stake.

Jaitley's team, according to sources, also raised the issue of the US and EU law-



Arun Jaitley

makers' opposition to outsourcing of IT-enabled services by their companies, which was virtually turning into an anti-India tirade.

The commerce minister told his counterpart that reduction in trade-distorting domestic and export subsidies in agriculture should be prioritised at the WTO talks, expected shortly.

Briefing newsmen at the end of a day-long visit here, Lamy hinted that the offer document on services tabled

by India has not enthused EU, the country's largest trading partner. Lamy said India's offer does not reflect its fundamental interest in services sector.

"India's offers (document) tabled recently are frankly a disappointment. It fails to redress the current low level of India's GATS commitments, and in some areas, doesn't even reflect the current level of openness in the Indian market," Lamy said.

At his meeting with Jaitley, Lamy's thrust apparently was on India to open up its legal and retail services, apart from forging an understanding on reviving the WTO talks in the backdrop of the failed Cancun ministerial summit.

But India has taken the position that the offer document referred to by Lamy was only preliminary and

there was a long way to go in multilateral negotiations. India's document tabled last month at WTO offered to open up health, computer-enabled services, telecom, engineering, construction, book keeping and accounting, tourism, travel and maritime sectors.

While the Supreme Court bar council has rejected the idea of opening up legal services to foreign law firms, the retail traders are apprehensive about allowing international chains to enter distribution and retail services. Swadeshi Jagran Manch convenor S. Guru Murthy has opposed the opening up chartered accountancy practices to foreign professionals and firms in a recently produced white paper. But India is in sync with both the US and EU on carrying forward multilateral talks at WTO.

(Hindustan Times 20.1.04)

EU Suggestions To Improve WTO Functioning



EU trade commissioner Pascal Lamy with commerce minister Arun Jaitley in New Delhi on Monday.

■ FE photo by Raaj Dayal

AMITI SEN
New Delhi, Jan 19

The European Union (EU) will soon table 'modest' proposals for improving the decision-making process at the World Trade Organisation (WTO).

Speaking to FE, EU trade commissioner Pascal Lamy said that the proposals would include suggestions on organisation and handling of ministerials and powers of the director general of WTO in terms of initiating a text. "We have to lucidly analyse our experience in Cancun in terms of how the things were structured," Mr Lamy said, adding it is obvious from the Cancun experience that things are in a mess, reaching

decisions is a miracle and probabilities are on the wrong side.

The EU trade commissioner said that although personally he had ambitious ideas on restructuring, WTO members were not ready for big negotiations on this. "I believe that the organisation should be run more efficiently, but obviously there is not a lot of appetite around the table for reshuffling," he said.

After the Cancun meet ended inconclusively, Mr Lamy, in his concluding speech, stated that the WTO remained a medieval organisation and its procedures and rules did not support the weight of the task. He further said that there was no way to

structure and steer discussions amongst 146 members in a manner conducive to consensus and decision making needed to be revamped.

On the issue of growing resentment within the European textile industry on high exports of textile and garments from China, Mr Lamy said that the issue had to be objectively examined.

He said that since the EU had taken action against exports from China, it acted as an incentive for the EU industry to place its demand.

"We will not take any decision on political grounds. The issue will be examined according to very strict procedures," Mr Lamy said. ♦

Full-fledged Trade Talks To Resume In March: Lamy

OUR ECONOMIC BUREAU
New Delhi, Jan 19

EU trade commissioner Pascal Lamy has expressed hopes that the stalled World Trade Organisation (WTO) negotiations will begin in full swing in March-April 2004 and it will be possible to hold a ministerial meet later this year in Hong Kong.

Speaking at an interactive session with commerce minister Arun Jaitley, organised by the Confederation of Indian Industry (CII) in the Capital on Monday, Mr Lamy said that indications had started coming from all sides, including the US, the G-20 group on agriculture and the G-90 group on Singapore issues, of the desire to restart negotiations soon.

"We have to go back to the negotiating table. Not next week, not next month, not next year. But tomorrow," Mr Lamy said.

Mr Lamy added that India and EU had to come to grips with more of the agenda and agree with more of it. He said it was frustrating that the EU and India had stronger differences on positions than on interests. In our discussions, we needed to refocus, Mr Lamy said adding that the stress should not be on developing new rules but on getting the level of ambition right.

Mr Jaitley, in his address, pointed out that agriculture negotiations should ensure that the livelihood concerns of over 600 million subsistence farmers in India was addressed. He said the developed countries should make substantial offers in the area of market access for agricultural products from the developing world. ♦

EU Will Support India's Concerns On Agriculture

OUR CORPORATE BUREAU
New Delhi, Jan 19

European Union (EU) trade commissioner Pascal Lamy has assured the industry leaders that EU will back India's concerns, specially on the issue of agriculture, at the World Trade Organisation (WTO) negotiations.

Speaking to FE after a close door meeting with Mr Lamy an Indian industrialist said, "EU has now a positive approach towards concerns of developing countries. Forthcoming negotiations in Geneva and Hong Kong will now proceed with an understanding that developing country's concerns will not be overlooked." Before meeting commerce minister Arun Jaitley, Mr Lamy met members of CII and Ficci to take note of their views on issues related to WTO.

"Mr Lamy has given an assurance that EU will support major concerns of India, including agriculture, in the forthcoming meetings," Ficci president YK Modi told FE. Ficci delegation included Indo Rama managing director OP Lohia, JK Paper managing director Harsh Pati Singhania and Ficci secretary-general Amit Mitra.

CII senior advisor TK Bhawmik said that the meeting was very positive and it was likely that "the issue of trade distorting subsidy issue on agriculture in EU will be resolved. But it is unlikely that EU will dilute its common agriculture policy." Besides Mr Bhawmik, the CII side was represented by its WTO committee chairman RV Kanoria, vice-president Sunil K Munjal and director-general Tarun Das. ♦

(Financial Express 20.1.04)

EU willing to accommodate Indian agriculture concerns

ENS ECONOMIC BUREAU
NEW DELHI, JANUARY 19

What can be seen as a new hope for further negotiations under the aegis of WTO forums, the European Union said on Monday it was willing to accommodate some of India's concerns on agriculture. EU Trade Commissioner Pascal Lamy who was in India on Monday stated after his bilateral meeting with Commerce Minister Arun Jaitley that the EU was ready to negotiate based on concerns of developing countries.

"We understand some of India's concerns and sensitivities and are willing to see how they could be accommodated," Lamy told reporters here while addressing a session organised by the CII.

Earlier, Jaitley, while addressing the session said that India's prime concern was agriculture with more than 600 million farmers depending on it for their livelihood, many of whom were at subsistence level.

Lamy, on a tour of some Asian countries to break the impasse in WTO talks, said, "EU perfectly understood India's concerns on subsistence agriculture and it was willing to see how this could be accommodated."

EU was willing to reduce duty to zero level if India and other developing countries could furnish a list of farm items which they wanted to export to Europe, he said.

But he indicated that this would not be without some hard bargaining on the part of the EU. He said that the EU was disappointed with India's offers on trade in services and hoped the country would improve upon its offers to reflect its "fundamental" interests in this area.

"The recently tabled India's offers are frankly a disappointment—it fails to redress the current low level of Indian GATTs commitments, and in some areas, doesn't even reflect the current level of openness in the Indian market," Lamy said. The EU is pressing for India to



EU Trade Commissioner Pascal Lamy with Commerce Minister Arun Jaitley at a meeting in New Delhi on Monday. Express photo by Raaj Dayal

open up its legal and retail services areas for foreign firms to freely come and open offices here.

On resumption of talks he said India was ready and so were others and EU would make sure that 2004 would be an active year for trade negotiations. This indicated that there could be hope for a Ministerial WTO meeting at Hong Kong before the end of the year. But, he admitted there was "a big if" about completion of the Doha agenda before the deadline of December 2004. However, if the talks resume by spring in Geneva there was still a possibility, he said.

Stressing on the need to resume talks, Lamy said that, "This is (talks) urgent, this is possible, so back to the negotiating table. Not next week, not next month, not next year, but tomorrow."

Hailing the positive developments in Indo-PAK relations and steps towards a South Asian free trade area, the European Union on Monday offered to share its expertise in establishing a common

market, customs union and common currency in the region.

Signing of SAFTA framework agreement at Islamabad recently is "Very positive," Lamy said adding "We believe rising peace in economics and trade is good and that's what we have done in Europe."

South-South trade was essential for development as 40 per cent of the developing countries' exports were among them," Lamy said. "Our policy is to support economic integration. But the political energy for it has to come from within the region itself," he said.

As many as 73 countries including the US are going to polls this year and then we see reports that this came in the way of moving forward on the talks, particularly in agriculture.

"We are preparing for election in the next few months but India's election time-table will have no impact on it now. The country's stand, pre-election and post-election, would be similar," Jaitley said.

(Indian Express 20.1.04)

EU willing to accommodate Indian concern on agriculture

NEW DELHI

IN what is seen as a major climb down, European Union said on Monday that it was willing to accommodate some of India's concern on agriculture, brightening the prospects of resumption of stalled WTO talks, reports PTL.

"We understand some of India's concern and sensitivities and are willing to see how they could be accommodated," EU trade commissioner Pascal Lamy said here after his meeting with Commerce and Industry Minister Arun Jaitley.

Earlier, Jaitley made it clear to Lamy that India's prime concern was agriculture with more than 600 million farmers depending on it for livelihood, many of whom at subsistence level.

Lamy, now on a whistle-stop tour of some Asian countries to break the impasse in WTO



European Union Trade Commissioner Pascal Lamy (L) shake hands with Commerce Minister Arun Jaitley prior to an official meeting at the Ministry of Commerce in New Delhi on Monday. Lamy, who is on a three-nation Asian tour arrived in India late Sunday for talks with the Indian government aimed at kickstarting stalled World Trade Organisation. AFP

talks, said, "EU perfectly understood India's concern on subsistence agriculture and it was willing to see how this could be accommodated".

EU was willing to reduce duty to zero level if India and other developing countries could furnish a list of farm items which they wanted to export to Europe, he said.

On resumption of talks he said India was ready and so were others and EU would make sure that 2004 would be an active year for trade negotiations.

To use the athletics jargon, "ready, steady and go, we are now at go stage to start the negotiations," he said.

But, he admitted there was "a big if" about completion of Doha Round before the deadline of December 2004. However, if the talks resume by spring in Geneva there was still a possibility, he said.

(Telegraph/Kolkata 20.1.04)

(Free Press Journal / Mumbai 20.1.04)

Hong Kong dawns on Cancun warriors

OUR SPECIAL CORRESPONDENT

New Delhi, Jan. 19: India and the European Union today provided a new ray of hope for emerging out of the Cancun cul de sac by relaunching a fresh round of WTO ministerial talks at Hong Kong later this year.

EU trade commissioner Pascal Lamy said, "We are now officially out of the post-Cancun era. Perhaps, we are in the pre-Hong Kong era, site of the next WTO ministerial which I hope will take place later this year."

Lamy and Union commerce minister Arun Jaitley met this morning on a positive note to pave the way for relaunching the WTO talks.

Addressing a Confederation of Indian Industry (CII)-sponsored conference on "WTO: The

road ahead", Lamy said the EU was ready to adopt a more flexible approach and both the US and G-20 countries were also willing to return to the negotiating table. It is necessary to move ahead with urgency," he added.

Jaitley said the year should not be wasted and if possible, a meeting should be organised in this year at Hong Kong. He further clarified that India's stand on WTO issues would not be affected by the forthcoming elections. There is a national consensus on all these issues, he added.

Lamy said the EU was willing to offer concessions to developing countries like India in the agricultural and industrial sectors and would not seek "total openness" in these sectors.

Jaitley drove home the point that agriculture was the main issue for India as over 650 mil-



Lamy with Jaitley in New Delhi on Monday: (AFP)

lion people depended on it for their livelihood and these subsistence farmers could not compete with western farmers.

Lamy said the EU was ready to slash its import tariffs by one-third and reduce trade-distorting farm support by half. However, it "would not agree to totally

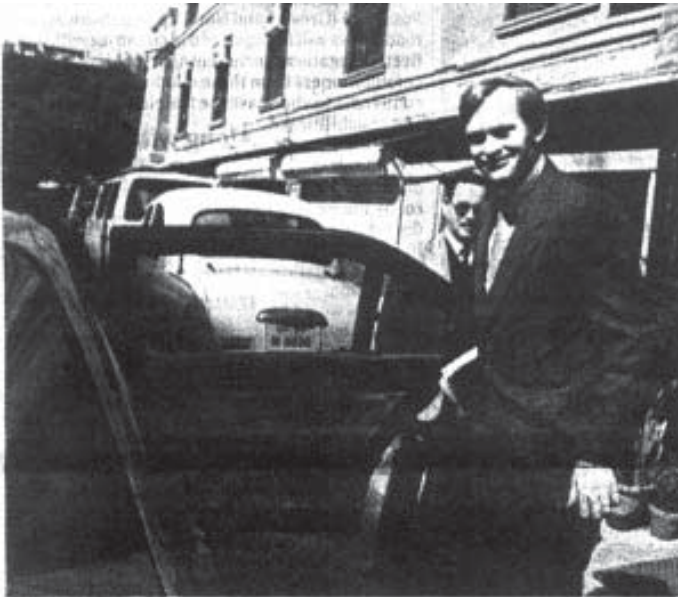
dismantle the common agricultural policy (CAP) as like India we believe agriculture is different from the other sectors. It is intimately tied up with how we run our rural economy, society and landscape".

Lamy said the EU was willing to ensure that access at zero duty

should be applied to at least 50 per cent of their agricultural imports from developing countries and was also willing to allow developing countries special safeguards for crops that were key to food security.

He further said the EU was willing to offer a rebate to developing countries like India on the industrial market access issue and would not seek "total openness in this area" in the form of zero duties but a serious effort to reduce tariffs across the board.

He hailed the recent Saarc move towards a South Asia Free Trade Area (Safra) as a step that would ultimately lead towards a more liberal global trade. Lamy said the EU was disappointed on India's preliminary offer of opening up the services sector in areas like legal services, retail distribution and accountancy.



US Trade Representative Robert Zoellick leaves Udyog Bhavan after meeting Commerce Minister Arun Jaitley in New Delhi on Monday. Jaitley expressed concern over the ban on outsourcing services to India and said it would be difficult to open up the domestic agricultural market
Jagan Negi

US links outsourcing row with WTO talks

OUR ECONOMY BUREAU
New Delhi, 16 February

The recent curbs on outsourcing in the US appear to be blocking progress in world trade talks, with India and the US linking negotiations in other sectors to the contentious issue.

Visiting US Trade Representative Robert Zoellick today made it clear that Washington would use outsourcing to countries like India as a lever to gain access in sectors like agriculture, services and manufactured goods during the current round of talks at the World Trade Organisation.

India, on its part, said such curbs would make it difficult for the government

to convince the people about further liberalisation. "We conveyed our concerns over the moves to restrict outsourcing. We told the US that an adverse environment

■ India to take up outsourcing issue with US after elections
■ US proposes new formula for agricultural trade
Page 3

was being created for the WTO talks with moves to close markets that were open hitherto. Accepting this would be difficult for the public and the government,"

Commerce Minister Arun Jaitley told reporters after a meeting with Zoellick.

"Despite the progress in sectors like telecom and infotech, India has been reluctant to open its service sector. We want to keep our markets open, but want to make it a two-way street in services, agriculture and manufacturing," Zoellick said at a press conference.

He said India could not complain about the recent US government legislation banning outsourcing because it was not a signatory to the government procurement agreement under the General Agreement on Trade and Tariffs. "One cannot complain if one is not

● Continued on page 3

WTO talks

part of the agreement," Zoellick said, adding that the US had not violated any legal provisions and the move was WTO-compatible.

The US Trade Representative also said the curbs, introduced as part of the Appropriations Bill by President George Bush, would curtail outsourcing mainly by the treasury and transport departments, while a large part of the federal government's procurement and the entire private sector sourcing would remain unaffected.

भारत आर्थिक सुधारों की गति तेज करे व शुल्क दरें घटाए : अंकटाड

प्रेट, नई दिल्ली

गरीबी उन्मूलन पर व्यापार उदारीकरण के प्रभावों को जवाबदायी स्वीकार करते हुए अंकटाड ने भारत तथा अन्य विकासशील देशों से अपने यहां आर्थिक सुधारों की गति और तेज करने का आग्रह किया है। इस क्रम में अंकटाड ने शुल्क दरों में कटौती करने के साथ-साथ व्यापारिक बाधाओं को दूर करने पर विशेष जोर दिया।

संयुक्त राष्ट्र व्यापार व विकास सम्मेलन (अंकटाड) ने रविवार को जारी अपनी मसौदा रिपोर्ट में कहा है कि व्यापार उदारीकरण से निश्चित तौर पर गरीबी कम करने में मदद मिली है, लेकिन यह पर्याप्त नहीं है। रिपोर्ट में कहा गया है कि किसी भी

उदारीकरण प्रक्रिया का धरेलू सुधार नीतियों पर असर पड़ता है, चाहे वह आर्थिक हो अथवा सामाजिक। रिपोर्ट में इस बात का भी जिक्र किया गया है कि-जी-20 के अस्तित्व में आने से भारत को व्यापार सुधार एजेंडे पर अमल करने का अच्छा मौका मिला है। दरअसल इस समूह के देशों के बीच अपनी-अपनी तुलनात्मक बढ़त के आधार पर व्यापार में वृद्धि होने से जहां एक ओर आय बढ़ेगी वहीं दूसरी ओर रोजगार अवसर भी बढ़ेंगे। रिपोर्ट में इस ओर ध्यान दिलाया गया है कि जिन राज्यों का अंतरराष्ट्रीय उदारीकरण

से अच्छी तरह एकीकरण हुआ है, वहां गरीबी के स्तर में अपेक्षाकृत ज्यादा कमी दर्ज की गई है। रिपोर्ट के मुताबिक बाण क्षेत्र में सुधार के मुकाबले धरेलू मोर्चे पर सुधार से गरीबी कम करने में ज्यादा मदद मिलेगी।

इस रिपोर्ट में भारत को सुझाव दिया गया है कि वह आउटसोर्सिंग पर लगी कानूनी पाबंदियों (उदाहरणस्वरूप न्यू जर्सी विधेयक) को बहुपक्षीय व्यापार वार्ताओं (गैट्स) के दायरे में लाने के लिए पहल करे। मालूम हो कि विभिन्न सेवाओं का विदेशों में पलायन रोकने के लिए

■ 'भारत आउटसोर्सिंग पर लगी कानूनी पाबंदियों को गैट्स के दायरे में लाने के लिए पहल करे'

अनेक अमेरिकी राज्य कानून बनाने के लिए प्रयासरत हैं। इनमें वाशिंगटन और मिशीगन भी शामिल हैं। रिपोर्ट

में कहा गया है कि दरअसल सेवा क्षेत्र में भारत को गरीबी के चंगुल से बाहर निकालने की उतनी ही क्षमता है जितनी चीन में मैन्यूफैक्चरिंग क्षेत्र ने दिखाई है।

रिपोर्ट में ध्यान दिलाया गया है कि सेवा क्षेत्र केवल ज्यादा योग्यता रखने वालों के लिए ही मददगार साबित नहीं हुआ है क्योंकि इस क्षेत्र में जितने लोगों को रोजगार मिला है उनमें से करीब दो तिहाई लोगों की गिनती कम तथा मझोली योग्यता वालों में होती है। अतः कुशल व अकुशल दोनों ही कर्मियों को सीधे रोजगार मिला है।

(Dainik Jagaran 12.1.04)

भारत बीपीओ विवाद गैट के अधीन लाए

नई दिल्ली। अंकटाड की रिपोर्ट के अनुसार आउटसोर्सिंग पर लगाए गए कानूनी प्रतिबंध को भारत को बहु-पक्षीय व्यापार समझौते के प्रारूप के अंतर्गत लाना चाहिए। व्यापार व विकास से संबद्ध अंतरराष्ट्रीय संगठन अंकटाड ने अपने सुझाव में कहा कि न्यू जर्सी की तर्ज पर भारत को भी आउटसोर्सिंग पर लगे कानूनी प्रतिबंध को गैट के अधीन लाना चाहिए।

अमेरिका की मिशिगन और वाशिंगटन जैसी विभिन्न विधायिकाओं ने ऐसी सेवाओं के देश के बाहर जाने पर नियंत्रण स्थापित करने के लिए कई कदम उठाए हैं।

(Amar Ujala 12.1.04)



(Dainik Bhaskar 20.1.04)

Zoellick, Jaitley In BPO Spat

India Has No Right To Protest, Says USTR

OUR ECONOMIC BUREAU
New Delhi, Feb 16

Aggressively defending the US Senate decision on banning government outsourcing of services, the United States Trade Representative (USTR) Robert Zoellick threw the ball in India's court by suggesting that it should open up its markets more if it wants such jobs from his country.

At a press conference in New Delhi on Monday, Mr Zoellick pointed out that since India was not part of the plurilateral agreement on government procurement at the World Trade Organisation (WTO), it had no right to protest.

"Since India has not signed the agreement on govern-

ment procurement, there is no point in complaining," he said bluntly.

The USTR pointed out that there was a lot of concern in his country on the issue of job loss due to outsourcing. "The WTO



ROBERT ZOELICK

Since India has not signed procurement pact, there is no point in complaining

negotiations should lead to fair job creation on both sides," he said adding that India should liberalise more, especially in the area of services and goods.

Continued on Page 8

Double Standards Won't Do, New Delhi Reminds

OUR ECONOMIC BUREAU
New Delhi, Feb 16

New Delhi reacted strongly to the Washington attempt to link the ban on government outsourcing to opening up of



ARUN JAITLEY

Closing open markets while talking about opening new ones is unacceptable to India

new markets by India. Commerce minister Arun Jaitley said the practice of closing existing markets and talking about opening new ones was unacceptable to India.

Talking to presspersons

after his meeting with Mr Zoellick, Mr Jaitley said the US move has triggered adverse reaction in the country. "It is strange that on the one hand people are talking about opening of markets, and, on the other the US is banning business process outsourcing. It is difficult for our people to accept the double standards," he warned.

According to senior officials in the commerce ministry, Mr Zoellick's position on the BPO issue was not unexpected as it was normal for the US to start from a higher point during any negotiation so that it has more space to bargain. "This is usual US tactics and there is nothing to be done about it at the moment," an official said.

Continued on Page 8

India Has No Right To Protest

The USTR was in India to hold discussions with commerce minister Arun Jaitley on moving the Doha agenda forward. Mr Zoellick is on a two-week tour to various countries in an attempt to "get a better sense of how others view the Doha agenda and how to move forward."

He said he had fruitful discussions with Mr Jaitley as both the countries are interested in market access and have reservations about the new issues also known as the Singapore issues. While stating that the countries had commonality of interest in the area of goods and the US was prepared to address certain sensitivities in the area, Mr Zoellick said agriculture was a difficult issue to tackle. "We have to find out a way to make food products available to the middle class at lower prices while protecting the marginal farmers at the same time," he said. Services is another area where India needs to open up," Mr Zoellick said.

Although the US has been accused by many of attempting to postpone the on-going negotiations to next year because of the Presidential elections at the end of the current year, Mr Zoellick reiterated that he did not want 2004 to be a waste year. He said his letter to all WTO members in January was aimed at moving the talks forward. "I have started this trip because I want to engage in discussions with members to make an assessment of where we stood," he said.

Mr Zoellick has already been to Japan, China, Singapore and Islamabad. He left India on Monday evening for Capetown. Following this, he would visit the WTO headquarters in Geneva, EU officials in Paris and the Cairns Group in Costa Rica.

Double Standards Won't Do

Later, speaking at an award-giving ceremony of the National Productivity Council, Mr Jaitley said the whole controversy around outsourcing was due to the fact that India was in a position to provide services at a fraction of the price charged by US companies. "It suits the US industry more to outsource services to India as they can save a lot of money by doing so," he said.

Sources said tempers on both sides may cool considerably once elections are over in both the countries later this year. The countries may then be ready to climb down from their hard positions.

According to an official release, Mr Jaitley also flagged the issue of agriculture and its sensitivities during his meeting with Mr Zoellick as a large number of Indian population is dependent on it. The issue of recent anti-dumping investigations by the US on Indian shrimps was also taken up.

(Financial Express 17.2.2004)

कृषि व्यापार पर भारत की चिंता का निराकरण जरूरी : जेटली

नयी दिल्ली, 19 जनवरी (वार्ता)। वाणिज्य एवं उद्योग मंत्री अरुण जेटली ने आज यूरोपीय संघ के समने स्पष्ट किया कि भारत विश्व व्यापार वार्ताओं में सेवा और औद्योगिक वस्तुओं के व्यापार को सुगम बनाने के लिए खुद ब खुद पहल करने को तैयार है, लेकिन कृषि के मामले में भारत जैसे विकासशील देशों की चिंता पर ध्यान दिये बगैर बात नहीं बनेगी। श्री जेटली ने इस बारे में भारत की चिंताओं को यूरोपीय आयोग के व्यापार आयुक्त पास्कल लेमी के सामने स्पष्ट किया, जो कि कामकुन सम्मेलन में पटरी पर उतर गये। व्यापार वार्ताओं को फिर से रास्ते पर लाने के प्रयासों के तहत यहाँ आये हुए थे। अफ्रीका और यूरोपीय संघ चाहते हैं कि विश्व व्यापार वार्ता फिर जल्दी से जल्दी शुरू हो तथा विश्व व्यापार संगठन (डब्ल्यूटीओ) की हांगकांग में होने वाली अगली मंत्रिस्तरीय बैठक इसी वर्ष हो जाए।

अमरीकी व्यापार प्रतिनिधि रॉबर्ट जोएलिक ने अभी पिछले दिनों इस बारे में प्रमुख देशों के व्यापार मंत्रियों को एक पत्र भेजकर कहा है कि 2004 को वर्ष नहीं खोने दिया जाना चाहिए। श्री जेटली और श्री लेमी ने यहाँ व्यापार वार्ताओं के बारे में भारतीय उद्योग परिसंघ सीआईआई द्वारा आयोजित एक सम्मेलन को संबोधित किया। श्री लेमी ने कहा कि उन्हें अमरीकी व्यापार प्रतिनिधि के पत्र से उम्मीद नहीं है कि कुछ प्रस्तावना वहाँ राष्ट्रपति के चुनाव के समय में भी व्यापार में समझौते की बात करने को तैयार है। श्री लेमी ने वह भी कहा कि यूरोपीय संघ अपनी साझा कृषि नीति में निर्वात पर सख्त भी कम करने को तैयार है,



केंद्रीय वाणिज्य मंत्री अरुण जेटली यूरोपीय संघ के व्यापार आयुक्त पास्कल लेमी के साथ।

कैमरा : प्रेड

लेकिन उन्होंने यूरोपीय किसानों को उत्पादन से जुड़ी सरकारी मदद कम करने की मांग के बारे में कोई स्पष्ट संकेत नहीं दिया और कहा कि यूरोप की साझा कृषि नीति को भंग नहीं किया जा सकता। श्री जेटली ने स्पष्ट किया कि सेवा क्षेत्र और उद्योगों में निर्मित वस्तुओं के बारे में भारत और यूरोपीय संघ के दृष्टिकोण में कोई बुनियादी फर्क नहीं है।

भारत सेवाओं के व्यापार को खोलने में अपने ताकत को देखते हुए खुद पहल कर रहा है तथा पिछले कुछ समय से घरेलू उद्योगों में जो विश्वास जगा है, उसके आधार पर भारत आयात शुल्क और कम करने के बारे में क्षेत्र वार समझौता कर सकता है। लेकिन श्री जेटली ने कहा कि मुख्य मुद्दा कृषि का है। भारत में सबसे ज्यादा किसान हैं और हमारी खेती आबादी के एक बड़े हिस्से के जीवन चयन का सहारा है। विकासशील देशों की दुल्हन में परिणाम में यूरोपीय किसान हैं और उनके लिए वहाँ की सरकारों ने खजाने की बैली खोल रखी है, जिससे व्यापार में गैर बराबरी का समीकरण पैदा हो जाता है। श्री जेटली ने कहा, 'कृषि के मामले पर यूरोपीय संघ के साथ अब भी हमारा मतभेद बना हुआ है। अमरीका और यूरोपीय संघ निर्वात सख्त भी कम करने की बात तो करने लगे हैं, लेकिन हम चाहते हैं कि वे उत्पादन बढ़ाने के लिए दी जाने वाली सहायता भी कम करें क्योंकि इससे भी अंतरराष्ट्रीय बाजार खराब होता है।'

श्री लेमी ने प्रस्ताव रखा कि भारत, चीन, ब्राजील और दक्षिण अफ्रीका सहित जी-20 के देशों को आपस में व्यापार बढ़ाना चाहिए।

(Rashtra Sahara
20.1.04)

(Hindu 20.1.04)

Brazil keen on partnerships with India

Our Bureau
New Delhi, Jan. 27

BRAZIL is keen to strike partnerships with India in the area of infrastructure, railways, highways and energy, the visiting Brazilian President, Mr Luiz Inacio Lula da Silva, said here on Tuesday.

"We are anxious and will be working towards consolidating economic and political partnership that will create confidence in all spheres — trade, culture, business and economy," he said at an interactive business meeting jointly organised by FICCI and CII here.

He also underscored the necessity for air connectivity between India and Brazil via South Africa, which will undoubtedly spur tourism and business. He urged Brazilian and Indian business leaders to open up their economic spaces, go out and fight, have partners and strike businesses based on innovative and creative ideas.

He said, "We have to make things happen. We have to go out and strike business. We must have more creative and daring people."

The President further stated that the 21st century could belong to countries such as India, Brazil, China and Mexico, South Africa and Russia provided they move ahead in competition in areas such as



The President of Brazil, Mr Luiz Inacio Da Silva, being welcomed by the Minister for Commerce and Industry, Mr Arun Jaitley, at a meeting with Indian businessmen in the Capital on Tuesday. — Kamal Narang

science and technology, for which potential is immense.

"Crying to end subsidies at WTO will not bring any result. It will only have an impact when we prove that we have alternative opportunities, for which we need to reach out and grab them," he stressed.

On signing the Preferential Trade Agreement between India and Mercosur (comprising Argentina, Brazil, Uruguay and Paraguay), Mr da Silva stated that the most important task now is to recover the credibility of Mercosur. He was of the opinion that the

challenge now is to offer more than Brazil. In this regard, he opined that all countries of South America should become members of Mercosur.

He further added that this would lead to India's interaction with all the countries in South America and vice-versa.

Addressing the meeting, Mr Arun Jaitley, Union Commerce Minister, expressed hope that the Preferential Trade Agreement, which was signed recently between India and Mercosur, will soon transform into a free trade agreement. He lamented the low volume trade that exists between the two countries and indicated that the challenge lies in establishing synergy in myriad areas despite geographical distance.

Meanwhile, Brazil has also sought India's support in modernising its intellectual property rights (IPR) infrastructure. The Brazilian Minister of Development, Industry & Commerce, Mr Luiz Fernando Furlan, indicated this when he called on Mr Jaitley later in the day.

Mr Jaitley briefed the Brazilian Minister about the various initiatives taken by India to modernise its IPR set-up in order to establish an effective world-class IPR systems as also the substantial work done in the last couple of years for putting in place a modernised and integrated IP infrastructure.

The Brazilian Minister underlined his Government's desire for closer cooperation with India in fields such as pharmaceuticals and agriculture, on a mutually beneficial basis.

Closer ties among developing nations urged

Press-Trust of India

NEW DELHI, Jan. 27. — Giving a clarion call to improve the world's "economic geography", Brazil said today that developing nations must work in close cooperation to take on the developed countries, and sought to deepen ties with India on all fronts, including trade, politics and culture.

"We had already proved at Cancun that we want to improve the economic geography of the earth, if we know how to work together... We have to believe in ourselves, otherwise we'll keep crying at WTO, trying to reduce subsidies," President of Brazil, Mr Luiz Inacio Lula Da Silva said here.

"They (developed nations) will come to us if they know we have new business options," he added. He asserted the current century would belong to India, China, Mexico, Russia, South Africa and Brazil.

The people of these countries should draw strength from and build on the example of the way the G-20 alliance thwarted the attempt of developed nations to push their agenda at WTO ministerial meeting at Cancun.

(Statesman 28.1.04)

PRESS
FEEDBACK

SCHEDULE OF MEETINGS AT THE WTO/GENEVA*

FEBRUARY - 2004

4	Trade Policy Review Body-Gambia
5	Working Party on the Accession of the Russian Federation
6	Trade Policy Review Body-Gambia
9-11	Textiles Monitoring Body
11-12	General Council
13	Integrated Framework Steering Committee
17	Dispute Settlement Body
18	Committee on Trade and Development
24-25	Dispute Settlement Body-Special Session
26	Committee of Participants on the Expansion of Trade in Information Technology Products

MARCH - 2004

3	Trade Policy Review Body - Sri Lanka
4	Working Party on the Accession of Kazakhstan
5	Trade Policy Review Body - Sri Lanka
8	Committee on Customs Valuation
8-10	Council for Trade-Related Aspects of Intellectual Property Rights
9	Sub-Committee on Least-Developed Countries
12	Committee on Market Access
15-17	Textiles Monitoring Body
16-17	Committee on Trade and Environment
17-18	Committee on Sanitary and Phytosanitary Measures
19	Dispute Settlement Body
22	Committee on Specific Commitments
23	Committee on Trade in Financial Services
23	Committee on Technical Barriers to Trade
24	Working Party on GATS Rules
25	Council for Trade in Services
25	Committee on Agriculture
25	Dispute Settlement Body-Special Session
26	Services Meeting
29-30	Working Party on Domestic Regulation Seminar
29-30	Committee on Regional Trade Agreements
31	Working Party on Domestic Regulation

(Source : WTO/Geneva as on Jan. - Feb. 2004)

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