

India & The WTO

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ARUN SHOURIE GIVEN CHARGE OF COMMERCE AND INDUSTRY

The Disinvestment Minister, Mr. Arun Shourie was given additional charge of the Ministry of Commerce & Industry, on 9th November, 2002 following the illness of Mr. Murasoli Maran who has been flown to the US for treatment.

ARUN SHOURIE PARTICIPATES IN SYDNEY MINI MINISTERIAL

The Indian delegation, led by the Minister of Commerce & Industry, Mr. Arun Shourie attended the informal mini-ministerial meeting of WTO Trade Ministers held in Sydney from 14-15 November, 2002. The other members of the delegation were Shri Dipak Chatterjee, Commerce Secretary; Shri S.N. Menon, Additional Secretary, Department of Commerce; and Shri K.M. Chandrasekhar, Ambassador/Permanent Representative of India to the WTO, Geneva. The discussions were held on various issues covered under the Doha Work Programme adopted by the Ministers at the Fourth WTO Ministerial Conference held in Doha in November 2001.

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These included, issues relating the Agreement on TRIPS & Public Health with particular reference to the issue regarding access to medicine. Other issues covered included implementation of existing WTO agreements, Special & Differential (S&D) treatment and trade related technical assistance; market access for agricultural, non-agricultural products and services; review of the Dispute Settlement Understanding (DSU) and the Singapore issues of Trade & Investment, Trade & Competition Policy, Transparency in Government Procurement and Trade Facilitation. Since this was an informal meeting, discussions were in the form of exchange of views of participating countries with no declared outcome. The object was to see how further progress can be made in taking forward the Doha Work Programme by the time of the Fifth Ministerial Conference to be held in Cancun, Mexico in September 2003.

GROUP OF MINISTERS TO SPEED UP DECISIONS ON WTO ISSUES SET UP

The Cabinet Committee on WTO matters at its meeting held on 11 November, 2002 constituted a Group of Ministers to finalise the strategy to be followed during the negotiations on agriculture and to take appropriate decisions from time to time within the overall approach approved by it.

The Composition of Group is as follows: Mr. Jaswant Singh, Minister of Finance & Company Affairs (in Chair); Mr. Arun Shourie, Minister of Commerce & Industry, Disinvestment and the North East; Mr. Ajit Singh, Minister of Agriculture; Mr. Yashwant Sinha, Minister of External Affairs; and Mr. Jana Krishnamurthy, Minister of Law & Justice.

The Group of Ministers will expedite the country's decision-making process on WTO issues — including the negotiating position of India on agriculture, prior to the next WTO Ministerial Conference in Mexico (Cancun) in September next year, Mr Shourie told reporters in New Delhi. As far as the negotiations on agriculture is concerned, the Cabinet Committee on WTO matters discussed the principal guidelines which negotiators must follow during the discussions to be taken up in Geneva later this month, Mr Shourie said. "The GOM has been set up to take decisions rapidly on WTO matters and to bring to the notice of the Prime Minister any issue which warranted his urgent attention", the Minister added.

**PRESS
FEEDBACK**

India highlights market access concerns at WTO

Ashok Dasgupta
SYDNEY, Nov. 15

INDIA has clearly spelt out its priorities in the area of market access in the World Trade Organisation (WTO) negotiations by unequivocally stating that the flexibilities that developing countries require in the field of agriculture and non-agricultural products and services should not be circumscribed.

Participating in the session on Market Access at the Informal WTO Trade Ministers' meeting hosted by the Australian Government in Sydney, the leader of the Indian delegation, Mr Arun Shourie, Minister for Disinvestment, Commerce and Industry, stressed that market access should be calibrated in a manner so as not to create an economic upheaval and consequently, social and political unrest, particularly in the developing countries.

In the backdrop of a demonstration by a 1,000-strong outside the barricaded premises of the Novotel Hotel at Homebush Olympic Park, where about 40 protesters were arrested earlier during the day, Mr Shourie

made it clear that in agriculture, measures to secure food security and rural development would be among the factors receiving priority in India's approach to the negotiations.

In the non-agricultural sector, Mr Shourie said that the need would be to safeguard certain sensitive sectors of the Indian economy such as the small-scale industries, which would be particularly vulnerable in a liberalised climate.

The Minister drew particular attention to the fact that fluctuations in international prices of farm commodities could erode rural incomes and, therefore, urged that non-tariff measures by the rich should not prevent access of India's agricultural products to the markets of developed countries. Referring to the services sector, Mr Shourie highlighted India's interest in the field as a rapidly growing segment of the country's economy. Noting that India had made its requests to several countries and received requests from some, he said India expected fruitful negotiations covering various services sectors and all its modes of delivery. In partic-

ular, it hoped that the current round of negotiations would place greater emphasis on the movement of natural persons. This, he added, would correct a major imbalance that had remained in the Uruguay Round and still continued.

S&D treatment issues: Earlier during the day, intervening in the session on 'Implementation and Special and Differential' (S&D) issues, Mr Shourie urged the WTO to ensure faster progress so that positive results on priority issues were achieved by the December deadline. And, thereafter, a road-map could be prepared for settling the remaining implementation issues, before the next Ministerial conference at Cancun.

TRIPS & public health: Articulating India's views on TRIPS and Public Health, Mr Shourie said the Doha Declaration had rightly placed humanitarian issues above commercial considerations.

He urged expeditious decision-making on para 6 of the Declaration to address the problems of countries with limited or no manufacturing capacity in pharmaceuticals.

SYDNEY, NOV. 15: Articulating developing countries' concern, India today wanted "faster progress and positive outcome" on the crucial World Trade Organisation implementation issues to restore credibility of the multilateral negotiations.

Faster progress on implementation issues will prepare a roadmap for the remaining issues ahead of next year's WTO ministerial at Cancun, the Commerce Minister, Arun Shourie, told the informal meeting of WTO trade ministers here.

Participating in a session on implementation, special and differential treatment at the meeting, Mr. Shourie said achieving a significant progress within a tight timeframe in these important areas was necessary for the credibility of the multilateral trading system. Noting that there was a feeling in many developing countries that progress in their areas of interest was slow compared to areas such as market access, Mr. Shourie said this gap should be bridged and all implementation provisions of the WTO agreement be made precise, effective and operational as decided at Doha.

December deadline and also to prepare a roadmap for settling remaining implementation issues immediately thereafter — before the next ministerial conference at Cancun, he said.

On Special and Differential Treatment, India has submitted three papers individually or jointly with others covering as many as 11 S&D proposals relating to sanitary and phytosanitary measures, technical barriers to trade, import licensing, subsidies and countervailing measures and dispute settlement understanding.

India seeks faster progress on implementation issues at WTO

Deal on drugs for poor nations — Page 15

India said WTO should allow for flexibilities to developing countries to safeguard their interests in agriculture and non-agriculture sectors. — PTI

Protesters storm Sydney venue

Associated Press
SYDNEY, Nov. 15

HUNDREDS of protesters tried to storm a meeting of trade representatives in Australia on Friday, pulling at a steel fence around the conference site before police pushed them back. Thirty-five people were arrested.

Chanting "WTO and CIA are the real terrorists of the world today!" the protesters marched down one of Sydney's busiest roads, tying up traffic as they headed to the meeting at a hotel in Sydney's Olympic Park.

Inside, the 25 members of the World Trade Organisation were trying to strike a deal to provide cheaper drugs to developing countries - a crucial step in efforts to negotiate a new global trade pact, Australian Trade Minister, Mr Mark Vaile, said.

As many as 1,000 protesters tried to rip down sections of steel mesh surrounding the hotel on the second and final day of the talks.

Hindu Business Line 16-11-02

WTO Mini-summit Sees Success On Medicines For Poor

SYDNEY, NOV 15



Ministers at the World Trade Organisation (WTO) meeting on Friday said they made progress towards delivering cheaper medicines to the world's poor as two days of informal talks ended.

The mini-summit of 25 trade ministers from the 145-nation group met as part of the Doha round of trade liberalisation. The meeting was designed to smooth the way toward the next full ministerial round in Cancun, Mexico, in September next year.

"It's been a very, very productive day," said Australian trade minister Mark Vaile as the 25 trade ministers wrapped up their meeting. Other ministers agreed as they managed to avoid

anti-globalisation protests and tackled the thorny issue of intellectual property rights held by corporate pharmaceutical giants. "You will see by December a breakthrough in this regard," said Union minister for disinvestment, commerce and industry Arun Shourie. There is a December 31 deadline for agreement in the Geneva-based WTO.

US Trade Representative Robert Zoellick also said he thought there was strong convergence on easing the cost and improving the availability of medicine for the poor.

"We're not totally there yet, but I came away believing this is something we will do by the end of this year," he said. Anti-WTO protests fizzled in the face of a strong police presence, which turned the Olympic Park summit venue into a fortress, and

under a burst of unexpected rain in drought-stricken Australia. A group of about 500 demonstrators scuffled briefly with police in a half-hearted attempt to tear down barricades about 200 metres (600 feet) from the conference site. Police Commander Dick Adams said 35 protesters were arrested in the melee.

"We created a perimeter around this place to make sure that we could ensure the safety of the delegates that were coming here," Mr Adams told reporters as the protesters began drifting away in the drizzle. Farm trade reform, the overarching focus of the overall Doha round, took a back seat to the issue of medicines during the talks.

Still, Mr Vaile expressed confidence the Sydney meetings would produce agreements on ground rules for farm trade reform by the March 31, 2003, deadline. The European

Union's Commissioner for Trade Pascal Lamy said the EU would be ready to agree on negotiating terms by the northern hemisphere spring.

"We need some clearance from our member states, because on these touchy issues we have to," he told reporters.

WTO Director-General Supachai Panitchpakdi called on small nations on Friday to stay focused on freeing up global trade, as the United States said it would seek bilateral trade deals in Southeast Asia in its fight against terror.

The WTO had no objection to a growing number of bilateral free trade agreements (FTAs) and regional trade pacts if they led to the elimination of trade barriers, he said. But if small countries pursued FTAs or regional accords, he said they might have to tread "more delicately", as the WTO round progresses toward the 2003 Mexico summit. (Reuters)

Hindu Business Line 16-11-02

Financial Express 16-11-02

**PRESS
FEEDBACK**

Shourie Calls For Early Resolution Of Drug Access Issues Under Trips

OUR ECONOMIC BUREAU
New Delhi, Nov 15

Union divestment and commerce and industry minister Arun Shourie has called for "expeditious" decision on para 6 of the Doha declaration relating to public health under the trade related intellectual property rights (TRIPs) agreement to address the problems of those countries with limited or no manufacturing capacity in the pharma sector. This will ensure access to essential medicines for the needy by enabling them to procure drugs from other sources, he said. Mr Shourie was participating at the WTO mini-ministerial of trade ministers from 25 countries which concluded in Sydney on Friday.

Mr Shourie also urged the WTO to ensure faster progress

on special and differential treatment issues so that positive results on issues of priority to New Delhi and other developing countries are achieved by the December deadline. Further, a roadmap was drawn up for settling the remaining implementation issues immediately thereafter, before the Cancun summit next year, he added.

While noting that the draft of a possible decision on para 6 circulated by the TRIPs council earlier this week had several positive features, Mr Shourie felt that further clarifications and discussions will be needed on the disease and product coverage, assessment of manufacturing capacity and the legal mechanism, for moving towards a solution. He emphasised the



Arun Shourie

purview of the article 6 which refers to public health problems should not be "circum-

scribed" as it is not confined to epidemics or infectious disease alone as some developed countries are trying to make out.

Similarly, not just "kits" but everything that is required to deal with the "public health problem" must be eligible for compulsory licensing, he said.

The European Parliament had recently adopted an amendment to the EU medi-

cine regulations based on this principle that "manufacturing shall be allowed if the medicinal product is intended for export to a third country that has issued a compulsory license for that product, or where a patent is not in force and if there is a request to that effect from the competent public health authorities of that country".

This perspective should be kept in mind while working out a solution, he said, and wanted that the new system should not curtail the existing flexibilities available to supplying countries under TRIPs.

Earlier, noting that an impression has gone around amongst some developing countries that progress in areas of interest to them has been slow while that in areas

like market access has been faster, he said this gap must be bridged at the earliest. Moreover, all implementation provisions of the WTO agreements should be made precise, effective and operational as was decided at Doha rather than simply focussing on conceptual issues, he said.

On the special and differential treatment issue, New Delhi had submitted three papers covering as many as 11 proposals relating to sanitary and phytosanitary measures, technical barriers to trade, import licensing, subsidies and countervailing measures and disputes settlement understanding. He suggested that all these proposals be examined and tangible progress achieved by the year-end. ♦

Financial Express 16-11-02



Demonstrators attempt to pull down a fence surrounding the World Trade Organisation Trade Ministers meeting venue at the Sydney Olympic site on Friday.

Trade officials begin informal talks

Press Trust of India
Sydney, November 15

THE INFORMAL meeting of officials from 25 WTO member countries, including India began here this morning amidst tight security with the focus on help-

ing poor countries obtain drugs for fighting dreaded diseases. Police arrested 41 people and clashed with hundreds of protesters trying to storm a meeting of trade representatives.

Hundreds of protesters arrived at the concrete-

and-steel fence surrounding a hotel in Sydney's Olympic Park early today and almost immediately began ripping down sections of steel mesh. The riot police preventing any demonstrators from getting close to the hotel.

Hindustan Times 16-11-02

'Deliberations a success'

Ashok Dasgupta
SYDNEY, Nov. 15

HAS the WTO Trade Ministers' meeting hosted by the Australian Government in Sydney, which ended on Friday, achieved its objective? It has, to a large extent, if the utterances by the Australian Trade Minister, Mr Mark Vaile, are any indication to go by.

Briefing newsmen after the conclusion of the day-long informal meeting here today, Mr Vaile said that the deliberations by Trade Ministers and representatives of 25 countries — of which 17 are developing nations — have been a success.

The wide-ranging discussions through a number of sessions on the whole gamut of WTO issues were constructive. Serious efforts were made to hear out the concerns and aspi-

rations of the developing and least developed countries.

These being informal deliberations to set the tone and tenor for the serious ongoing negotiations at Geneva, Mr Vaile said that there was no declaration or communiqué at the end of the meeting. However, he said

there was a definite convergence of views on a wide number of issues. And, as a result of which, the various developed and developing countries are likely to fine-tune their official stances on various issues. Mr Vaile noted that instructions to this effect are likely to be conveyed by the various governments to their chief negotiators and trade representatives at



Mr Mark Vaile

Geneva. In fact, a decision has been taken to put forward new and revised proposals on a number of issues such as public health and market access so as to come to a near solution by the

year-end for final negotiations.

Mr Vaile conceded that there were sharp differences of opinion on a number of issues but pointed out that frequent discussions were the only way to thrash out a solution with regard to ticklish issues.

That differences were there is clear from the fact that the Indian Minister, Mr Arun Shourie, intervened in most of the sessions to make the Indian stand clear while exhorting the negotiators for an early solution to get the multilateral trading system going.

However, as if in a mark of seriousness and sense of purpose in working out a workable solution, it was pleasing to see the participating Ministers standing in line in the background while the Australian Minister addressed newsmen on the day's outcome.

Helping him occasionally in driving home the point that the meeting was constructive and there was a convergence of views was Mr Shourie who cited instances of positive disposition.

Hindu Business Line 16-11-02

ANTI-DUMPING: WTO REPORT

India leads in anti-dumping initiations

The WTO Secretariat reported that in the period 1 January to 30 June 2002, 17 members initiated 104 anti-dumping investigations against exports from a total of 39 different countries or customs territories. During the corresponding period of 2001, 19 WTO members had initiated 149 anti-dumping investigations. Out of the 104 initiations for the reported period 37 were initiated by developed countries, while 63 were initiated by developing countries.

India initiated 25 investigations during the first semester of 2002, as compared with 24 investigations initiated during the first semester of 2001. The United States had the second highest number of initiations (22) during the first half of 2002, compared with 40 during the corresponding period in 2001. Argentina had the third highest number of initiations, 10.

China, with 16 investigations on its exports, is at the top of the list of countries subject to anti-dumping investigations, although this number is a decrease from the 24 investigations initiated on Chinese exports during the first semester of 2001. India, Indonesia and Russia were next, each with six investigations initiated on their exports in the first half of 2002. South Africa had five investigations initiated on its exports, while Chinese Taipei, the European Communities, Korea, Romania, Singapore, and Ukraine each had four investigations initiated on their exports in the first half of 2002.

The largest group (38) of investigations initiated during the first half of 2002 involved products classified in the base metals sector of the Harmonised System of Tariff Classification, which includes iron, steel and aluminium products. The other most affected sector was chemicals, with 36 investigations initiated. Out of its 25 investigations India initiated the majority (20) on chemical products, while out of the 22 initiations by the United States there were 16 initiations on base metals products.

Fourteen WTO members imposed a total of 111 final anti-dumping measures against exports from 43 countries or customs territories during the first half of 2002. This total represents an increase from the 82 measures imposed during the corresponding period of 2001. This increase in the number of measures adopted may be the result of the high number of initiations for previous periods, notably the second half of 2000 (194) and the first half of 2001 (149). It is also worthy of note that for the period reviewed there were more final measures than initiations, suggesting a decline in the use of the anti-dumping instrument. The United States imposed the most final measures (25) during the first semester of 2002, a significant increase from the eight final measures imposed by the United States during the corresponding period of 2001. India was a close second to the United States in the number of final measures imposed during the period, with 21 measures, followed by Argentina and the European Communities, which adopted 17 and 14 measures respectively.

Exports from China were the subject of the largest number, 19, of final measures imposed during the first semester of 2002. Chinese Taipei was a distant second, with nine measures. For China, this represents a significant increase from the nine measures imposed against its exports during the first semester of 2001.

As was the case for initiations, the sector most affected by final measures was base metals, with 33 final measures imposed on products in that sector. This was followed by the chemicals sector, with 30 measures imposed, and the plastics sector with 18 measures.



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

Special Session on Agriculture

The Special Session on Agriculture in the WTO/Geneva held on 2-6/9/2002 discussed Market Access pillar of the Agricultural negotiations. The positions remain wide apart. The Cairns Group Members propose substantial reduction in tariff through Swiss formula approach whereas European Communities / traditional economies / Norway, Switzerland, Japan and a few developing countries have rejected Swiss formula approach for tariff reduction.

At a Special Session on Agriculture held on 23-27/9/2002, further discussion on 'Domestic Support' pillar of Agricultural negotiations took place. Positions of Cairns Group countries and most other developing countries on one hand and EC/Norway/Japan/Switzerland/US on the other remain quite apart. The EC/US and their supporters do not want to change the structure of the Agreement whereas demandeurs want changes to the basic structure of the Agreement for effecting meaningful reduction.

The Committee on Agriculture met again on 26/9/2002. Normal review of notifications took place. Further questions were asked on India's Rice Export Policies and India's notification on Domestic Support. We undertook to give replies at the earliest possible.

Meeting of the Negotiating Group on Market Access

The second formal meeting of the negotiating group on market access was held on 12/9/2002. At this meeting discussions continued on tariffs and non-tariff barriers in market access for non-agricultural products. Countries confined themselves

to expressing their general preferences without giving any detailed modalities. Formula approach was the most favoured one but the exact formula was left undefined. Various submissions by Korea, Japan, New Zealand, Singapore and Norway were also discussed. The developed countries made frequent references to greater South-South trade and hence the need to bring down barriers to the same. This is viewed as an attempt to deflect attention from the markets in the North and creating a divide in the developing countries.

Committee on market access also met on 23/9/2002. The issues discussed at this meeting included waiver requests regarding submission of HS schedules. A report on the status of International Data Base (IDB) submissions was submitted by the Secretariat. Ecuador raised the issue of the raise in toll duties by the Panama Canal Authority, which was in violation of GATT Article V. Under China's transitional review mechanism, China provided information on status and methodology of quota allocations. They, however, expressed their inability to provide written answers to members' questions, as it was not a legal requirement. The Chairman stated that he would make a factual report of the discussions to the CTG, which would be discussed in the CTG (Committee on Trade in Goods) meeting of 8th November 2002. The discussion on implementation issues was suspended, as they would be taken up for informal discussions on 7-10-2002. The next meeting of the Committee is slated for 26-3-2003.

TRIPs Council

TRIPs and Public Health (Para 6 of the Ministerial Decision), Geographical Indications (GIs), Trade Related Intellectual Property Rights (TRIPs) & Convention on Bio-Diversity (CBD) and Traditional Knowledge were the main items discussed. It

was merely a repetition of the positions held by Members. India also co-sponsored a paper on Non-violation complaints.

A Special Session of the TRIPs Council to discuss further on multilateral register for notification and registration of wines and spirits took place on 20 Sept. A discussion on definition, what is meant by registration and notification was held. Positions are still far apart between EC on one hand and the US and other opponents of GIs on the other.

DSB Special Session

Special Session of the Dispute Settlement Body (DSB) was held in Geneva on 10/9/2002. Costa Rican proposals on third party rights and the US proposals on transparency and amicus curiae briefs were formally introduced and discussed. Members, including India generally welcomed Costa Rican proposals. While Canada, EC welcomed the US proposals, several delegations, including India expressed scepticism and criticised them as unacceptable. We made a formal statement on behalf of Cuba, India, Malaysia and Sri Lanka indicating the proposals that are going to be submitted to the DSU negotiating body. Thereafter, the meeting turned into informal mode and discussed items on: consultations, establishment and composition of panels, including permanent roster of panellists, from the informal checklist prepared by the Chair. It was decided to continue the discussion further after inclusion of new proposals in the checklist.

A special DSB meeting was convened at the US request, on 16/9/2002, for establishment of a panel on *EC – Steel Safeguards* dispute. Since this was the second time request DSB established a panel with standard terms of reference. Egypt, Japan and Korea reserved third party rights. Argentina expressed concern at EC's measure and indicated that it would also reserve third party rights in due course.

Working Group on Trade and Investment

There was a brief discussion on the Secretariat's note on key issues concerning FDI and the Transfer of Technology (ToT) to developing countries at the meeting of the WGTI in Geneva on 16/9/2002. Developed countries stressed that host countries

can play a large role in facilitating TOT. Developing countries made the point that restrictions on performance requirement inhibit TOT. The US submitted a paper suggesting inclusion of portfolio investment in any possible negotiations, but many members were not inclined favourably. The two issues that were discussed in the Working Group were Exceptions and BOP Safeguards and Settlement of Disputes. Many developing country members said that it is premature to discuss the subject of settlement of dispute and were not in favour of DSU rules being made applicable to investments. Most members including some developed country members were not in favour of WTO handling investor-state disputes.

CTD Special Session

The Committee on Trade & Development (CTD) – Special Session was held on 23/9/2002. The Chairman suggested a programme of work till December, which was by and large accepted by members. Many developing countries, however, pointed out that late evening/night meetings may pose difficulties for them. The Secretariat has been requested to look into this and suggest alternate timings for the meetings.

CTD Special Session meeting was convened also on 24/9/2002 to discuss the work programme of the CTD Special session for the period till December. The Chairman circulated a draft programme as well as schedule of meeting which was agreeable to most members. Some members expressed concern at the timing of special session (most of the meetings were suggested from 1800 hrs to 2100 hrs). The Chairman stated that the Secretariat would look at the calendar of the meeting and try to keep the meetings in the normal working hours or during lunch times as suggested by some members.

Panel Meeting

The compliance Panel on *Bed Linen* (DS141) met on 10-11/9/2002 with the parties and third parties. India & EC made opening and closing statements and answered Panel's questions. Parties were allowed to put oral questions to each other and answer. Except Japan, the other third parties, the US and Korea made oral statements at the third party session on 11 September 2002.

Working Party on the Accession of the Kingdom of Nepal

The Working Party on the Accession of the Kingdom of Nepal to the WTO met on 12th September, 2002. Nepal made a detailed presentation before the Working Party on the various initiatives taken by Nepal aimed at economic and trade liberalization ever since the establishment of the Working Party first in the GATT and later at the WTO upon its establishment. Nepal also made a strong point about the lack of administrative capability within the country and also infrastructural constraints faced by it while fulfilling various WTO related obligations and emphasised that it is in an earnest need of technical assistance from the WTO on a number of specific areas like Customs valuation, Sanitary & Phyto-Sanitary (SPS), Trade Barriers to Trade (TBT) and TRIPS.

India in its statement supported an early accession of Nepal to the WTO. India also exhorted the Working Party to immediately commence work on the preparation of the Working Party Report. Sri Lanka, Malaysia and China supported India's viewpoint on early accession of Nepal and drafting of the Working Party report. Some delegations showed interest in having bilateral discussions with Nepal on issues of mutual interests. Some delegations including Japan also emphasised that members should refrain from seeking WTO plus commitments from Nepal during accession negotiations.

The Working Party discussed Nepal's revised market access offers in goods and services and also the legislative action plan. Some delegation sought certain clarification on goods and services offers and also on proposed legislative plan of action. Some members desired that information on implementation period including transition period in respect of various statutes should also be provided by Nepal. The Chairman finally invited the members of the Working Party to submit additional questions, if any, and also the inputs for the draft Working Party report to Nepal by 14th October 2002. The Chairman felt that by the beginning of year 2003, the draft working party report should be ready for circulation.

Plurilateral meeting on Agriculture in the context of Russia's accession

The meeting on 26/9/2002 discussed the document submitted by Russia outlining its policies in the green and amber boxes. Members were unanimous in their view that Russia should include data from the most recent period (1996-2002) for scheduling of its commitments. The Russians have however not agreed to this saying that support in recent years has gone down and hence it cannot be taken to be the most representative period. They also pointed out that some of the developed countries have also not provided data for the year 1999.

Working Group on Trade & Competition Policy

A meeting of the WG on Trade and Competition Policy was held on 26-27/9/2002 to discuss core principle of non-discrimination, procedural fairness and transparency as applied to Competition Policy. India submitted two papers.

WG on Trade, Debt and Finance

The meeting on 30/9/2002 focussed on trade and debt aspect. Presentation was made by ECLAC, World Bank and UN Commission for Africa. Based on discussion, Chairman identified certain elements on the issue of trade and debt on which members could reflect keeping in mind the mandate of the Working Group.

Meeting of the Committee on Customs Valuation

At this meeting held on 30/9/2002, Customs Officials from the Capital were present. India presented a paper to kick start discussion on paper 8.3 of the Doha Ministerial Declaration. A number of queries were raised which were responded to at the meeting itself. The other important item was India's response to the questions submitted by members on its implementation tires from 57- 61. Further clarifications and responses were also provided to members at the meeting itself.

Meeting of the Committee on Import Licensing

This meeting held on 24/9/2002 reviewed the notifications submitted to it. India's notifications were also listed. There were no questions raised on these notifications. It was noted that notifications from at least 70 members' were still outstanding. Under the item of China's transitional review mechanism, China read out its statement regarding its compliance with the obligations undertaken pursuant to its accession to the WTO. They however declined to provide written answers to member's questions. They stated that whatever additional questions members had could be answered by them in the meetings itself. The chairman stated that he would be making a factual report of the discussions that had taken place on the issue to the CTG. The next meeting of the committee were scheduled for 8th May and 2nd October 2003.

Trade Policy Review Body (TPRB): TPR of Mauritania

The first Trade Policy Review of Mauritania was held at the WTO during 11 and 13 September 2002. Mauritania emphasised the commitment of their Government towards trade liberalisation and acknowledged that Mauritania believes and recognises the potential benefits of multilateral trading system of the WTO. Mauritania also mentioned about the Government's efforts towards revision of a number of trade-related laws and regulations so as to make them WTO compatible. Referring to various infrastructural constraints being faced by them in fulfilling its WTO commitments, Mauritania urged the membership to provide Mauritania adequate technical assistance. The Discussant for the Review appreciated the liberal trade regime and almost absence of non-tariff barriers prevalent in Mauritania. The discussant also drew attention of the members towards underdeveloped manufacturing sector, limited exportable goods and also limited trade partners in respect of Mauritania.

All members appreciated Mauritania's active and productive engagement in the WTO. Delegations also appreciated the institutional constraints being faced by Mauritania. Some delegation felt that Mauritania should reduce the gap between the bound rates and applied rates in respect of items where it is very large. The Chairperson thanked Mauritania for their

commitment to the multilateral trading system and also to their wholehearted cooperation and frankness during the Review.

Trade Policy Review Body (TPRB): TPR of Australia

The fourth Trade Policy Review of Australia was held on 23 and 25 September, 2002. Our Ambassador was the Discussant for the Review. Australia in its opening statement, inter alia, mentioned about their highly transparent trade regime, priority and efforts for the successful conclusion of the Doha negotiating agenda, very low average tariffs and a conservative approach towards bio-security. The Discussant in general appreciated Australia's contribution towards trade liberalization and development and also noted issue like tariff peaks, high tariffs on textiles and clothing and also motor vehicles, complex set of concessional duty arrangements, regional trade initiatives, government procurement regime and strong quarantine controls and food standards and their likely impact in encouraging/inducing other members whose markets are Australia's major export destinations to adopt similar restrictive measures.

The basic theme of member's presentation was Australia's highly stringent quarantine regime including the lengthy and highly time-consuming procedure for completing import risk analysis (IRA). Members also raised concerns over Australian government procurement regime. Some delegations also raised concerns on the copy-right and parallel imports regime in Australia. The issues of 'luxury car tax', high tariff prevalent in textiles and clothing and footwear (TCF) and frequent use of anti-dumping instrument were also referred to by some delegations. Australia in its final remarks noted, inter alia, that due to its unique animal and plant disease status and also its high vulnerability to pests and diseases, Australia has to maintain a highly conservative approach towards bio-security. The Chairman finally thanked the Australian delegation for their willingness to engage in the true spirit of the review process.

[Source: PMI/Geneva]



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

Council for Trade in Goods

In the formal meeting of the Council for Trade in Goods held on 1 & 2 October, 2002, discussions took place on GATT Article V that pertains to freedom of transit. A background paper prepared by the Secretariat and EC submission on this Article was discussed. The WCO and UNCTAD also made brief presentations.

Dispute Settlement Body (DSB)

The DSB held on 1st October, 2002 adopted the panel report on *Egypt – Steel Rebar* (DS211) and established panels on *US – Softwood Lumber* (DS257) and *US – Orange Juice* (DS250) at the requests of Canada and Brazil, respectively. India become third party to the Softwood Lumber dispute. At a Special Session of the DSB meeting on DSU negotiations, held on 14/10/2002, India presented DSU proposals on behalf of a group of developing countries and Pakistan introduced S&D proposals. Japan and Jamaica also introduced their proposals. Our proposals, especially on amicus briefs, litigation costs, etc., were generally welcomed by many developing Members. However, developed Members did not choose to comment on the proposals. We welcomed African Group and LDC proposals as well as Jamaican proposal, some of which would be complimentary to ours.

The DSB special meeting held on 23/10/2002 adopted the panel and Appellate Body reports on disputes: *Chile – Price Band System* (DS207) and *EC – Sardines* (DS231). India made statements on both these disputes. While we welcomed the Appellate Body's interpretation in the former dispute, we criticised its decision on withdrawal of notice of appeal and amicus curiae briefs. Also we made a statement on Appellate Body's amendments to its working procedures doing away with the practice of 'passive observer' status in its oral hearings.

Budget Committee

The budget proposals for 2003 were presented at the WTO's Budget Committee meeting on 2 & 18 October. The Secretariat has asked for a 15.8% increase in the Budget. Important elements contributing to this increase are provision for 12 additional posts and increase of over 10% in pay scales for the personnel of the Secretariat.

Committee on Balance of Payments (BoP) restrictions

In this meeting of the Committee on BoP restrictions held on 2/10/2002, the Secretariat paper on Reserve Adequacy prepared at India's request was presented and discussed. The representative of IMF also gave a brief overview of the parameters used in judging reserve adequacy. A second item that was discussed was Bangladesh's request for extension in BoP cover for a period of seven years on certain items.

Trade Negotiations Committee (TNC)

The reports by the chairpersons of the negotiating groups were discussed in detail at the TNC meeting held on 3 & 4 October, 2002. The Chairman said that he would involve himself fully in the negotiations and that from the statements of members he discerned that the priorities would be TRIPS and Public Health, S&D issues, Implementation and Agriculture.

Committee on Trade & Environment (CTE)

A meeting of the CTE was held on 8.10.2002. The focus of this meeting was 'labelling requirements for environmental purposes'. The demandeurs like Switzerland felt that the discussions on eco-labelling should not be limited to voluntary labelling but should also encompass mandatory labelling schemes. The other delegations felt that eco-labelling should be discussed under the ambit of the Technical Barriers to Trade (TBT) Agreement. The discussion in CTE Special Session on 10 & 11 October was more or less a repetition of the discussion on interpretation of the Doha Ministerial mandate and linked to that were Members views on the process for further work under paragraph 31(1) of the Doha Ministerial Declaration. No finality in respect of the concreteness of the work programme for future emerged.

Committee on Trade & Development (CTD) – 42nd Session

The focus of the discussion was the draft WTO Annual Technical Assistance Plan for 2003. Members offered their preliminary comments on the draft plan as well as their expectation from the planned technical assistance activities. Other important issues discussed at the meeting included

discussion on outstanding implementation issue relating to Article XVIII; there was no serious engagement on this issue from other members. No comments were made on the notification on FTA between India and Sri Lanka under the Enabling Clause. The CTD Special Session met to discuss agreement specific proposal relating to TBT Agreement on 17/10/2002. The proposal from Like Minded Group (LMG) and Africa Group was discussed. There was wide support from developing country members on LMG's proposal on Article 12.3. The stance of developed members remained same, expressing difficulty in accepting the proposals.

The CTD Special Session met at Geneva on 21 & 23 October, 2002 to discuss agreement specific proposal relating to antidumping/subsidies/safeguards and GATS (General Agreement on Trade in Services). The proposal from LMG; Africa Group and LDCs were discussed. The position of developed members remained same, expressing difficulty in accepting the proposals. Agreement was, however, reached on Africa Group's proposal on Article 9:1 of the Safeguard agreement; the Committee re-confirmed that the provision was binding.

Working Group on Transfer of Technology (WGTOT)

UNIDO gave a detailed presentation on its activities and on how it promotes dissemination of technology at the meeting of the Working Group on TOT held on 10/10/2002. There was a presentation by Canada also. It highlighted that much of the patents are held by private companies/institutions and as such the Government can do very little for transferring technology. **A paper identifying provisions on TOT in the existing WTO agreements was presented by India and some other developing countries. The regular bodies of the WTO have been requested to give information on how effectively these provisions are being implemented.**

Working Group on Transparency in Government Procurement

The working group met over two days, on 10 & 11 October, and discussed issues from VI through XII of the Chairman's checklist. In addition to the secretariat paper the submissions by Canada, Japan and the US were also discussed.

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

The 33rd meeting of the Committee of Participants on the Expansion of Trade in Information Technology Products was held on 14th October 2002. In the light of the Canadian proposal of organising an EMC/EMI project workshop, it was agreed that such a Workshop might be held on 3rd March 2003 (for 1 1/2 days). On the issue of De-restriction policy for the document series G/IT/SPEC/... of the Committee, it was agreed

that the GC decision on de-restriction (WT/L/452) may be made applicable in respect of documents of the Committee. Draft Annual Report of the Committee (2002) (G/IT/W/8) was also agreed to by consensus in the meeting.

Textiles Monitoring Body (TMB)

TMB continued its discussion on various notifications and administrative arrangements between restraining countries and China/Chinese Taipei on 15/10/2002.

General Council

FYROM (Former Yugoslav Republic of Macedonia) was admitted as member of the WTO at the GC meeting held on 15 & 16 October, 2002. The meeting which was short carried out the annual review of long term waivers. Revision in the salary package of the DG was agreed to.

Sub-Committee on LDCs

The Chairman convened a meeting on 16/10/2002 to seek views on a checklist that he had prepared on facilitating faster accession for LDCs. While there was a broad support for the most of the suggestions from developing countries, developed countries were, however, less forthcoming.

Negotiating Group on Rules

A paper by India on Anti-Dumping was presented at the meeting of the Negotiating Group on Rules held on 16/10/2002. The US presented a series of questions on our earlier proposal. The US informed members about the initiative in the OECD. India and New Zealand responded that negotiations of such nature should take place in the WTO.

Panel Organisational Meeting

A teleconference between the parties (India and US) and the Chairman of the Panel on the dispute *US – Rules of Origin* (DS243) was held on 17/10/2002 to finalise the working procedures and timetable of panel. We rejected the US request to make our submissions public. US agreed with us that submission of executive summaries should be optional. In view of tight scheduling of panel timetable and year-end holidays, we agreed to submit our first written submission one-week earlier than the proposed timetable at the Panel Chairman's request.

Plurilateral meeting on Sanitary & Phytosanitary & Technical Barriers to Trade (SPS & TBT) – Russia's Accession to the WTO

In this meeting, held on 18/10/2002, some new documentation submitted by Russia in respect of their draft laws in the case of SPS and TBT were discussed. Emphasis was laid by members on greater transparency through appropriate

notifications as well as full compliance with the SPS and TBT Agreements.

Committee on Trade in Financial Services (CTFS)

Bolivia announced at the CTFS meeting held on 21/10/2002 that it had completed formalities with respect to accepting Fifth Protocol. China's TRM was conducted. It was agreed that World Bank will make a presentation at the December meeting on its 11th Policy Research Report 'Finance for Growth'.

Working Party on Domestic Regulations (WPDR)

The discussion at the meeting of WPDR on 22/10/2002 focused on the Secretariat's consultation with international professional organisation on the relevance of Accountancy Disciplines for different sectors. A draft letter prepared by the Secretariat was discussed and approved with some changes. Discussion were also held on examples paper prepared by the Secretariat; Japan's new submission on regulatory measures as well as synthesis paper.

Appellate Body

Appellate Body on 22/10/2002 held hearing on *US – CVD (DS212)* dispute raised by the EC against US on methodology of calculating countervailable subsidy in a company that was privatised at arms length and on commercial principles. As third party to the dispute, we made a written submission questioning WTO-consistency of such methodology and also requested Appellate Body not to accept amicus curiae brief submitted by an American Steel Association and reiterated the same at the hearing.

Working Party on GATS Rules (WPGR)

Discussions continued on EC's paper on modal application of a Emergency Safeguard Measures (ESM), various approaches for ESM notes prepared by the Secretariat on subsidies as well as discussion on EC's paper on govt procurement.

Trade Policy Review Body (TPRB) : TPR of Zambia

A meeting of the Trade Policy Review Body was held on 23 and 25 October 2002 to conduct the second Trade Policy Review of Zambia. The major issues discussed during the review include Zambia's economic reforms Programme, the reasons for very limited manifestation of the Programme on Zambian economic growth, Zambian approach towards RTAs, tariff bindings, benefits expected from the Integrated Framework (IF) Programme, and Zambian efforts and approach towards diversification of its economic activities.

Committee on Subsidies and Countervailing (CSC) Measures

Discussions were held on 24 & 25/10/2002 on WTO Secretariat notes on the scheduling of new commitment; scheduling of additional commitments as well as compendium of classification proposals prepared by the Secretariat. The CSC agreed to have an informal meeting to take up the Secretariat compilation of classification proposals.

Committee on Trade in Services (CTS)

Discussions were held on 25/10/2002 on proposals for technical review (Art XX:2). Preliminary discussions on the note prepared by the Secretariat on Article XX:2 were also held. The Council agreed to have informal meeting before the December cluster to discuss the proposal. China's TRM was also conducted.

Discussions were held in the Special Session of CTS on 28/10/2002 on assessment of trade in services (South Africa made a presentation); report of the Chairman on the issue of autonomous liberalisation; modalities for LDCs; paper by US on SMEs and EC's paper on CPC 84.

E-Commerce: Dedicated Session

The agenda of the meeting held on 25/10/2002 comprised: Classification issues and Revenue Implications of E-commerce. Discussion mainly focused on classification issues. There were no new submission for this meeting. US suggested to have some guiding principles covering issues such as MFN/NT commitments, domestic regulations, moratorium on customs duties and developmental issues. Members requested US to submit a written contribution. No substantive discussions were held on other agenda item namely revenue implications of e-commerce. Next dedicated session is proposed for December 2002.

Anti-Dumping Committee

The Working Group on Implementation of the anti-Dumping Committee met in the week of 21-25 October. The implementation issues on Articles 5.8, 18.6 and 15 of the anti-Dumping Agreement were discussed. The discussion is still continuing as draft decisions have been put up.

Committee on Safeguards

A formal meeting of the Committee on Safeguards was held on 28 October. Review of legislations and notifications of the Safeguards actions taken by Members was held. Four safeguard actions taken by India were also reviewed.

[Source: PMI/Geneva]

TRADE NEGOTIATIONS COMMITTEE

DG Supachai urges acceleration of work on Doha Agenda

The WTO's Trade Negotiations Committee (TNC), which is responsible for co-ordinating the trade negotiations under the Doha Development Agenda, met on 3 October, 2002 in Geneva to review progress to date and discuss the future negotiating agenda.

Following the start of the meeting, the first to be chaired by Director-General Supachai Panitchpakdi, the Director-General issued the following statement:

"Our Fifth Ministerial Conference in Cancún will take place in less than one year, and we have much to do between now and then. We all know that we must make rapid substantive progress in all areas of the Doha Development Agenda if we are to have a successful conference. I am confident that we can do this, and I intend to take an active part in this collective undertaking.

"This conference is set to act as a mid-term review. This means that by then we will need a clear picture of what is achievable across the negotiating agenda. Only on that basis will ministers be able to provide the necessary additional political guidance in order to conclude the DDA Work Programme successfully by the 1 January 2005 deadline.

"From the reports given today by the chairpersons heading our negotiating groups, and from the discussions which followed those reports it is clear we have made a reasonably good start, but much remains to be done and time is running quickly.

"I am concerned that the positions of some delegations have not been sufficiently clarified. This meeting of the TNC marks the start of a new phase of the negotiations — the phase of substantive engagement. Only by accelerating our work, where necessary producing and discussing concrete proposals, can we make real progress across the board. Our work needs to be directed not only towards meeting individual key deadlines, but also towards building a sense of the negotiations as a whole.

"December represents a set of important deadlines concerning matters related to implementation, special and differential treatment for developing countries and a solution to the problem of supplying pharmaceuticals in those countries which lack sufficient manufacturing capacity. These issues are of great importance to developing countries. We need to continue moving on these issues, so

that they become part of our forward process, not an obstacle to it.

"I would also like to underline the importance of the deadlines in the period from March to May 2003. During this period we will face deadlines in the negotiations on Agriculture, Services, Non-agricultural Market Access and Dispute Settlement. Many of us believe that what happens then will define the rest of our process. We will face an uphill battle at Cancún if we do not grapple successfully with these intermediate deadlines.

"It is important we meet all of these deadlines. But a deadline is not an end in itself. Deadlines are important because they allow us to measure how we are advancing. And we all know we must advance the substance of the negotiations progressively across all areas of the negotiating agenda as a whole.

"You should expect the TNC to be more active. In line with this, I will be an activist as TNC Chairman — working closely with the Chairpersons to support and help them where I think it may be useful. I will also be active in consulting with delegations as we prepare for the important issues on the table in December.

"A successful outcome for the Doha Development Agenda is essential for the future of our societies. A larger degree of openness and predictability in international relations can only come about if we have the same set of rules and if we set our sights on similar objectives. That is precisely what this Organisation can offer.

"The Doha Development Agenda was launched in a world economic situation which was widely regarded as being weak. It has not improved since then, and the outlook is uncertain in many ways. This is why it is even more important to deliver on this Round. The future prospects of many, many people depend on it."

Report by the Chairperson of the Trade Negotiations committee

Reporting to the WTO General Council on 15 October 2002, Mr. Panitchpakdi made the following statement.

"I am pleased to report to the General Council that the Trade Negotiations Committee (TNC) held its fourth meeting on 3-4 October 2002 and that it marked the start of a new phase of the negotiations — the phase of substantive engagement. Indeed, this meeting was the first time that

substance itself was discussed in such detail at the level of the TNC. The prime function of the TNC is to build a sense of the negotiations as a whole, which is vital if we are to arrive at a balanced package in line with the Single Undertaking that Ministers agreed on. In this respect, I believe our fourth meeting was a step in the right direction.

I would like to thank the Chairpersons of the bodies established by the TNC for their written reports, but especially for their oral interventions at the meeting. I think we have made a good start at making the TNC a more interactive forum — this is something I intend to encourage at future meetings. The TNC will be more active as the negotiations advance, and as its Chairman, I will be an activist. I believe that is what delegations expect of me.

I will work closely with the Chairpersons to support and help them where I think it may be useful in the interests of advancing progress in the negotiations. I will also be active in consulting with delegations, first of all as we prepare for the important issues that will be on the table in December. I will, of course, also work in close cooperation with the Chairman of the General Council, as set out in the TNC's Principles and Practices agreed earlier this year.

I should also thank delegations for their many constructive statements and suggestions covering a wide range of views, different priorities and concerns. I listened carefully to everything that was said at our meeting, and as I noted in my concluding remarks, the issues of Agriculture, Special and Differential Treatment, Implementation, and TRIPS and Public Health stand out as the areas at the forefront of everyone's minds in the period until December. Clearly there are some strongly-held views in these areas and we shall have to work hard to reach consensus.

Shortage of written inputs The Chairpersons' reports and the comments by delegations on them confirmed my impression of our current situation. That is, we have got off to a reasonably good start, but much more remains to be done in a very short period of time, and time is running quickly. From the Chairpersons' reports, it is clear that in some areas there is an urgent need to move forward and a shortage of written inputs. I can only repeat my exhortation to all of you to make the greatest possible efforts to submit your remaining papers rapidly — this is essential if we are to meet the deadlines that are coming up fast.

Prior to the meeting, I circulated a revised Timeline to Cancún to all participants, on my own responsibility and without prejudice to any participant's position on the issues listed. I did this because I wanted to make sure that everyone was aware of the key dates and deadlines established so far. I hope that participants keep all of them in mind when they consider their tactical and strategic moves as they enter the middle period of the negotiations.

It is important we meet all of the deadlines set out in the Timeline. But a deadline is not an end in itself. Deadlines are important because they allow us to measure how we are advancing. And we all know we must advance the substance of the negotiations progressively across all areas of the negotiating agenda as a whole. We have some important deadlines coming up over the next few months, and if we leave too much for Cancun, I believe we may make our task of achieving a successful outcome to the negotiations almost impossible.

Sense of globality. However, I did find it encouraging at our meeting that there is already a widespread sense of the globality of the negotiations, of the need to make progress across a broad front and to build a balanced overall result. But I would encourage delegations to move rapidly away from defensive positions — we no longer have the time to wait for someone else to make the opening move.

This is not a zero-sum game. It is certainly about national interests, but it is also about our shared interest in a system which delivers for all its members. We have a shared responsibility to move these negotiations on to a timely and positive conclusion. Trade is often mentioned as a means to find a way out of the evolving economic uncertainties that the world faces and is likely to increasingly face in the near future. We can only counter these uncertainties by strengthening predictability, by achieving what we are supposed to achieve within the time that we have been mandated to do so.

Dealing with meetings I would like to end by mentioning briefly one administrative matter, namely the issue of scheduling of meetings. In my discussions with the Chairpersons and also with other Members, it emerged that we are facing some practical problems in this area. This question has many aspects — how to apply the relevant guidelines in a way which helps not hinders our work, other purely physical limitations, such as the number of meeting rooms and the availability of interpreters, and the limitations faced by small delegations.

In order to address this problem, and in line with the TNC's Principles and Practices, I have decided to ask Deputy Director-General [Roderick] Abbott to work together with the Chairpersons and with the smaller delegations, in the first instance, to ensure that we will be in a position to meet our deadlines while also taking into account the constraints those delegations are facing. The coming months will be a busy period for us all, and I am sure that with careful management and appropriate mechanisms we can respect our mandate to conduct the negotiations in a transparent manner among participants, in order to facilitate the effective participation of all."



STEERING GROUP ON FDI SUBMITS REPORT

In the context of the Tenth Five Year Plan which postulates a sharp increase in foreign direct investment for sustaining plan targets, a steering committee had been constituted by the Planning Commission under the Chairmanship of Mr. N.K. Singh, Member, Planning Commission. The Members of the Group comprised of Finance Secretary; Secretary (Industrial Policy & Promotion); Secretary (ER) Ministry of External Affairs; Deputy Governor, Reserve Bank of India; Additional Secretary, Prime Minister's Office and Chief Secretaries of Uttar Pradesh, Andhra Pradesh and West Bengal. Dr. Arvind Virmani, Advisor, Planning Commission acted as Member Secretary of the Committee. CII and FICCI were also represented in the Group. The Group during their deliberations considered the causes for sluggish FDI flows to India and **submitted on 6.9.02** a number of important recommendations for enabling FDI flows to increase substantially to around 8 billion dollars per annum during the Tenth Plan. Notwithstanding the significant improvement on FDI front since last year at a time when global FDI flows have declined, both the need and the potential for a significant increase in such flows remain large.

The Committee also noted that while privatisation and disinvestment of large enterprises has played an important role in FDI flows in many emerging markets, the disinvestment/ privatisation in India so far has not succeeded eliciting any significant FDI flows. Among the recommendations made by the Committee, inter alia include :-

- i) Sectoral caps currently prevalent in respect of FDI should be reduced to the minimum. Thus, the Committee has recommended sectoral cap on oil refinery to be increased from 26% to 100%, oil marketing from 74% to 100%, in petroleum exploration from 51% to 100%, in Airports from 74% to 100%, Civil Aviation 40% to 49% (including permission to foreign airlines), Basic and Mobile Telephony from 49% to 74%, Insurance from 26% to 49%, Banking and Financial Services from 49% to 100% and Real Estate 0% to 100%. In addition, the Group has also recommended the entry route should be made automatic with the exception of the few sectors in which caps remain. Furthermore, the current barriers relating to exit conditions to be removed.
- ii) The Committee has also recommended for the following :-
 - a) Domestic Policy Reforms in the Power Sector, Urban Infrastructure and Real Estate and de-control/de-licensing should be expedited to promote private domestic and foreign investment.
 - b) Empower the Foreign Investment Promotion Board to give initial Central level registrations and approvals where possible, with a view to speeding up the process of project implementation.

- c) Change government's Rules of Business to empower FIIA to expedite the processing of administrative and policy approvals.
 - d) The aggregate FDI target for the 10th Plan should be disaggregated in terms of sectors and relevant administrative ministries/department, to increase accountability. This could help ensure that the policy pre-requisites for increasing domestic private investment and FDI are expedited by the concerned departments.
 - e) The Foreign Investment Promotion Council (FIPC) should be transformed into the primary arm of the government for promoting FDI in India, with the Department of Industrial Policy and Promotion (DIPP) continuing to act as its secretariat.¹ The Chairman of the FIPC could be a person of national and international credibility. The membership of FIPC should include a finance person, an economist, a legal expert, and the secretary (IPP) as an ex-officio member. There should also be provision for two part-time members from the industry. The organisation should target specific corporations and interact with the CEO and boards of these companies for enticing them to take investment decisions in favour of India. Besides the authority should also
- f) constitute half a dozen special groups headed by Ministers or Minister level functionaries who could be earmarked a set of companies with whom they have to establish contact.
 - f) The Special Economic Zones should be developed as the most competitive destination for export related FDI in the world, by simplifying applicable laws, rules, and administrative procedures and reducing red tape to the levels found in China. The focus should be on accelerated/ immediate implementation of reforms that may take a much longer time (e.g. decade (s)) in the country as whole and not on tax sops.
 - g) Urge States to enact a special investment law relating to Infrastructure to expedite all investment in infrastructure sectors and remove hurdles to production in this critical sector.
 - h) Consider the enactment of a Foreign Investment Promotion Law that incorporates and integrates aspects relevant to promotion of FDI.
 - i) The informational aspects of the strategy should be refined in the light of the perceived advantages and dis-advantages of India as an investment destination and should use information technology and modern marketing techniques.

¹ An alternative would be to transform this into a registered society so that there can be more equal public-private partnership in marketing and facilitation of FDI.



WTO BRIEFS

■ SUPACHAI: DISAPPOINTING TRADE FIGURES UNDERSCORE IMPORTANCE OF ACCELERATING TRADE TALKS

Following release of the WTO's International Trade Statistics, Director-General Supachai Panitchpakdi issued the following statement.

"The disappointing trade figures for 2001 and the first half of 2002 underscore the importance of making progress in the Doha Development Agenda negotiations. While the depressed levels for imports and exports reflect macroeconomic factors, it is evident that policy measures must be taken to bolster confidence and provide the underlying assurances necessary to foster higher levels of growth. One such measure would be for political leaders to send a strong signal to consumers, producers and markets that they intend to move forward in the area of further trade liberalization through the DDA. These negotiations have begun reasonably well, but the time has arrived for concrete proposals which will advance the talks to the next stage. The deadline for these talks is 1 January 2005 and there are many intermediate negotiating deadlines between now and then. It is essential that these deadlines be met and that these talks stay on course. In an uncertain and divided world, development of a common set of trade rules and principles for 21st century is vital".

Highlights from the WTO International Trade Statistics Report:

- Global economic activity strengthened in the first half of 2002 and world trade started to recover from the first quarter onwards. Despite this turnaround at the beginning of the year, the dollar value of world merchandise exports remained at 4 percent below the preceding year's level. In the first six months of 2002 imports of the EU and the United States decreased by 6 percent while those of Japan and Latin America decreased at double digit rates. China and the Russian Federation, however, sharply increased their imports by 10 and 7 percent respectively.
- Provided that the momentum of the recovery in OECD countries and in developing Asia is maintained in the last two quarters of this year, the volume of world merchandise trade is projected to expand by 1 percent in 2002. The increase in the dollar prices (on a year to year basis) in the second half of 2002 is expected to be broadly based, affecting all the major product groups, manufactured goods, crude oil and non-fuel products.
- The year 2001 witnessed the first decline in the volume of world merchandise trade since 1982 and the first decrease in world merchandise output since 1991. Global GDP growth edged up only by about 1 percent due to a more resilient services sector. Developments in 2001 represented a dramatic change in comparison to the previous year, when trade and output recorded their best performance in more than a decade.
- The simultaneous decline in economic activity in the major developed markets, the bursting of the investment bubble in the information and communication technology sector, the sharp corrections experienced in all major stock market indices and the tragic events of September 11 all contributed to this outcome.
- All sectors of trade were affected by the global downturn. Manufactured exports slumped by 2.5 percent, while trade growth in agricultural and mining products was limited to 1.5 percent, markedly less than in the preceding year.
- North America recorded the strongest decrease among all regions in merchandise export and import volume (by 5 per cent and 3.5 per cent respectively) in 2001. Asia's export decline was second only to that of North America, and imports decreased by as much as the global average. Imports of Western Europe shrank by 3 per cent, which was faster than the decline in exports of 1 percent.
- The transition economies recorded an outstanding trade growth performance in an adverse global environment. A further strengthening of trade and investment links between the EU and Central and Eastern Europe contributed largely to this outcome. Africa and the Middle East expanded their imports, despite a fall in fuel prices in 2001.
- The dollar value of world merchandise trade decreased by 4.5 per cent, the steepest decline in more than a decade. For commercial services, the marginal decline observed in 2001 was the first since 1983.

- The burst of the IT bubble was the principal factor causing a steep fall in world exports of office and telecom equipment (nearly 14 percent). Non-ferrous metals, fuels and iron and steel recorded also above average declines.
- In 2001, the year in which China joined the WTO, that country's trade performance remained outstandingly strong for both merchandise and services trade. In the ranking of merchandise exporters and importers, China became number four ahead of Canada (counting the EU as one trader). China's commercial services exports and imports rose by 9 percent, while global services trade stagnated.
- The share of developing countries in world exports of merchandise decreased to 29 percent in 2001, but remained well above the level in 1995 which was close to 26 percent. The share of developing countries in world merchandise imports stagnated at 26 percent, and has yet to recover to its previous peak in 1997.
- A small number of developing countries weigh heavily in determining developing countries' merchandise trade performance. Five out of 150 developing countries account for more than 60 percent of developing countries' manufactured goods exports. The country concentration of developing country exports — as measured by the top five exporters — has increased in the 1990s, largely due to strong trade growth in China and Mexico.
- Despite an adverse environment in which world trade has contracted, falling commodity prices, and the slowdown of demand in major developed regions, the least developed country group managed to expand both its exports and imports. A strong export expansion in the volume of both primary and manufactured goods more than offset the impact of weaker prices for many primary commodities. The group of 8 LDCs which exports principally manufactured goods expanded their exports in dollar terms by nearly 10 percent.
- The share of the combined intra-trade of the four largest regional trade agreements in world merchandise trade increased to 36 percent in 2001. This is due to the slight increase in the share of intra-EU trade in EU total trade, while the share of intra-trade decreased for NAFTA, ASEAN and MERCOSUR.

■ General Council approves accession of FYR of Macedonia

The General Council today approved the accession of the Former Yugoslav Republic of Macedonia to the World Trade Organisation. After the Council's decision, Minister of Economy, Besnik Fetaj, in a ceremony attended by WTO Director-General, Supachai Panitchpakdi, signed the Protocol of Accession to formally complete the negotiating process.

Dr. Supachai welcomed the conclusion of FYR of Macedonia's negotiations which started in December 1994, and said he was looking forward to the Republic becoming a full and active Member of the Organisation.

"FYR of Macedonia's forthcoming accession to the WTO is an important event", the Director-General said. "It commits a young and economically reforming country to the multilateral trading system while creating a more predictable environment for business, trade and investment. This accession also represents another step in making the WTO and its rules truly universal".

At the signing ceremony, Mr. Fetaj, Minister of Economy and National Coordinator for the Accession, was also accompanied by the Deputy Prime Minister, Zoran Krstevski, Finance Minister, Nikola Gruevski, and Agriculture Minister, Marjan Gjeorcev.

The Protocol of Accession is now subject to the ratification of the FYR of Macedonia's Parliament. Thirty days after the Secretariat receives official notification of this ratification, the country will become a Member of the WTO.

World merchandise trade of the FYR of Macedonia amounted to US\$2.8 billion in 2001 of which US\$1.17 billion were exports and US\$1.63 billion were imports. In the year 2000, FYR of Macedonia had a total trade in services of US\$631 million of which US\$281 million were exports and US\$350 million imports.

There are now 26 countries in negotiations for accession to the WTO : Algeria, Andorra, Armenia, Azerbaijan, Bahamas, Belarus, Bhutan, Bosnia Herzegovina, Cambodia, Cape Verde, Kazakstan, Lao People's Democratic Republic, Lebanon, Nepal, Russian Federation, Samoa, Saudi Arabia, Seychelles, Sudan, Tajikistan, Tonga, Ukraine, Uzbekistan, Viet Nam, Yemen and the Federal Republic of Yugoslavia.

SCHEDULE OF MEETINGS AT THE WTO/GENEVA* NOVEMBER - DECEMBER 2002

NOVEMBER

1 Committee on subsidies and countervailing Measures
 1 Dispute Settlement Body
 1 Special Session of the Council for Trade in Services
 4&5 Committee on Customs Valuation
 4 Committee on Trade and Development - Dedicated Session/
 Geneva Week
 4 Committee on Trade-Related Investment Measures
 Geneva Week
 4&5 Negotiating Group on Market Access
 5 WTO Seminar on Technical Assistance and Capacity-Building
 Related to the Agreement on the Application of Sanitary
 and Phytosanitary Measures
 6&7 Geneva Week
 6 Negotiating Group on Market Access
 6 Registration - Seminar on Technical Assistance on Customs
 Valuation
 6&7 Special on Technical Assistance on Customs Valuation
 6 Special Session of the Committee on Trade and
 Development
 6 Trade Policy Review Body - Japan
 7&8 Committee on Sanitary and Phytosanitary Measures
 7 Sub-Committee on Least-Development Countries
 8 Council for Trade in Goods
 8 Geneva Week - TRP Seminar
 8 Trade Policy Review Body - Japan
 11&12 Committee on Budget, Finance and Administration
 11 Committee on Trade and Development
 11 Dispute Settlement Body
 12 Committee on Regional Trade Agreements
 12 Seminar on Special Session of the Committee on Trade and
 Environment
 12 Special Session of the Committee on Trade and
 Development
 12&13 Textiles Monitoring Body
 13 Committee on Trade in Civil Aircraft
 13 Seminar on Regional Trade Agreements
 13&14 Special Session of the Dispute Settlement Body
 14 Working Group on Trade and Transfer of Technology
 14 Working party on the Accession of Cambodia
 15 Committee on Rules of Origin
 15 Special Session of the Dispute Settlement Body
 15 Working Party on the Accession of Algeria
 18 Committee on Balance-of-Payments
 18 Committee on Trade and Developments
 19 Working Party on State Trading Enterprises
 20&21 Special Session of the Committee on Trade and
 Development

20&21 Working Group on the Interaction between Trade and
 Competition Policy
 21 Committee on Agriculture
 22 Council for Trade in Goods
 22 Special Session of the Committee on Agriculture
 25&26 Council for Trade-Related Aspects of Intellectual Property Rights
 25&26 Negotiating Group on Rules
 26 Committee on Trade and Development
 27 Council for Trade-Related Aspects of Intellectual Property Rights
 27 Negotiating Group of Rules
 27&28 Services Seminar
 27 Trade Policy Review Body - Venezuela
 28 Committee on Budget, Finance and Administration
 28 Dispute Settlement Body
 28 Special Session of the Council for Trade-Related Aspects
 of Intellectual Property Rights
 28 Working Group on Trade and Transfer of Technology
 29 Services Seminar
 29 Trade Policy Review Body - Venezuela
 29 Working Group on Transparency in Government Procurement

DECEMBER

1&2 Workshop on Investment
 2&3 Negotiating Group on Market Access
 2&3 Special Session of the Committee on Trade and Development
 3 Working Group on the relationship between Trade and
 Investment
 4&5 Trade Negotiations Committee
 5&6 Council for Trade in Services
 6 Committee on Participants on the Expansion of Trade in
 Information Technology Products
 6 Trade Negotiations Committee
 9 Integrated Framework Steering Committee
 9 Special Session of the Council for Trade in Services
 9&10 Textiles Monitoring Body
 10&11 General Council
 11&12 Special Session of the Council for Trade in Services
 11 Textiles Monitoring Body
 12 Committee on Government Procurement
 13 General Council
 13 Special Session of the Council for Trade in Services
 16&17 Special Session of the Dispute Settlement Body
 16 Trade Policy Review Body - Hong Kong, China
 17 Working Group on Trade, Debt, and Finance
 18 Special Session of the Dispute Settlement Body
 18 Trade Policy Review Body - Hong Kong, China
 19 Dispute Settlement Body

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Udyog Bhawan, New Delhi - 110 011

We welcome your comments and suggestions:

Telefax : 2301 4622

E-mail : sbiswas@ub.delhi.nic.in

Website : <http://commerce.nic.in>