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SAARC Trade Ministers Forge Common Front on WTO issues



Maran, Zoellick Hold Substantive Talks



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SAARC FORGES COMMON FRONT ON WTO ISSUES

JOINT STATEMENT BY COMMERCE MINISTERS ON DOHA MINISTERIAL CONFERENCE

The Commerce Ministers and the Heads of Delegations of the member countries of the South Asian Association for Regional Cooperation (SAARC) have forged a common front on WTO issues in the context of the 4th Ministerial Conference of the World Trade Organisation (WTO) to be held at Doha in Qatar from 9-13 November, 2001. While reiterating their strong commitment to work for the further strengthening of the multilateral trading system under the WTO, the SAARC Ministers underlined the utmost importance particularly from the stand point of developing countries for a consensual outcome of the Doha Ministerial Conference. According to a Joint Statement by the SAARC Commerce Ministers issued here today after the SAARC Commerce Ministers Meeting, it was emphasised that implementation issues being a fall out of the Uruguay Round Agreements must be meaningfully resolved upfront without any extraneous linkages. Noting with serious concerns that the Uruguay Round Agreements have further accentuated the inequalities between the developed and developing countries, SAARC Ministers have urged that “this growing development deficit should receive primacy in all future work programmes in WTO since a key to sustained global economic growth lies in unlocking the growth potential of developing countries.” Towards this end, increased market access opportunities should be provided by the developed countries to facilitate industrialisation in developing countries by eliminating their trade distorting subsidies, on-tariff barriers and unreasonable protectionist measures.

SAARC Ministers decided that urgent focus is needed on specific issues of particular interest to them, such as greater market access for exports of developing and least developed countries by

addressing issues of tariff peaks, tariff escalations etc.; operationalisation of special & differential provisions for developing countries; more meaningful integration of the textile & clothing sector; flexibility and clarity in the interpretation of the trade-related intellectual property rights (TRIPs) agreement to prevent piracy of traditional knowledge, higher levels of protection in the form of geographical indication for products of export interest to the SAARC region and addressing public health concerns of developing countries to ensure affordable access to essential medicines. SAARC Ministers have emphasised the need for substantial reductions in tariffs and tariff escalations, substantial reduction in domestic support and elimination of all forms of export subsidies given by developed countries in order to facilitate greater market access for agricultural products of the developing countries. Under service sector, it has been decided to seek market access from the developed countries especially in terms of movement of natural persons.

The SAARC considers that the mandated negotiations, the mandated reviews, the ongoing work programme in the various working groups, the accession of over 30 countries taken together with the work programme for the resolution of the implementation issues by themselves provide a sufficiently broad agenda for now. It was agreed that any move to add further issues runs the risk of overloading the agenda and making it unsustainable and further, that the inclusion of any new item for negotiations could be discussed only after there was convergence of views amongst the WTO membership.

The following is the full text of the Joint Statement by the SAARC Commerce Ministers on the forthcoming WTO Ministerial Conference at Doha:

1. "The Commerce Ministers and the Heads of Delegations of the Member Countries of the South Asian Association for Regional Cooperation (SAARC) met in New Delhi on 23rd August, 2001 with a view to consult more closely and to coordinate their national positions in the context of the Fourth WTO Ministerial Conference to be held at Doha, Qatar from 9 to 13 November, 2001. The meeting of the SAARC Commerce Ministers and Heads of Delegation was preceded by a preparatory meeting of the Commerce Secretaries of SAARC countries, which was held at New Delhi on 22nd August, 2001.
 2. The strong commitment of the respective governments was reiterated to work for the further strengthening of the multilateral trading system under the WTO. Recalling the Joint Statement of the Commerce Ministers of SAARC Countries issued on August 9th 1999 at Bandos Islands, Male prior to the Seattle Ministerial Conference, the utmost importance particularly from the standpoint of developing countries was underlined for a consensual outcome of the forthcoming Doha Ministerial Conference.
 3. Progress made in WTO in relation to the resolution of the implementation concerns raised by developing countries in respect of the Uruguay Round agreements was reviewed. Deep disappointment was expressed on the lack of any meaningful progress despite a clear decision in May 2000 by the WTO General Council that these issues have to be addressed and decisions taken for appropriate action not later than the 4th WTO Ministerial Conference. It was felt that any further delay was likely to erode the credibility of the multilateral trading system among the developing and the least developed countries. It was further emphasised that these issues being a fall-out of the Uruguay Round Agreements must be meaningfully resolved upfront, and with urgency, without any extraneous linkages.
 4. It was noted with serious concern that the Uruguay Round of Agreements and their implementation have further accentuated the inequalities and disparities between the developed and developing countries. It was strongly felt that addressing this growing development deficit should receive primacy in all future work programmes in WTO since the key to sustained global economic growth lies in unlocking the growth potential of developing countries. For this, the industrialisation in the developing countries in areas where they possess comparative advantage should be facilitated by providing them increased market access opportunities by the developed countries by eliminating their trade distorting subsidies, non-tariff barriers and unreasonable protectionist measures.
- Attention was drawn to the following specific issues of particular interest to their countries, which needed urgent focus:
- (a) The Uruguay Round Agreements have not resulted, as earlier expected, in greater market access for the exports of developing and least developed countries due to the existence of 'tariff peaks', the phenomenon of tariff escalation, and the use of non-tariff barriers, in respect of products of export interest to the developing and least developed countries. Developed countries should desist from imposing non-tariff measures, as is being done now, on products on which developing countries have acquired comparative advantage. Action should be taken to ensure effective greater market access for developing country exports.
 - (b) Since in the existing UR agreements, the Special and Differential (S&D) provisions are mostly in form and not in substance, it was felt that WTO Agreements should take into account the special development needs of developing countries in a more

meaningful and effective manner. The S & D provisions need to be based on an objective criterion taking account of the wide economic diversity within developing country members. These provisions need to be contractually binding and must be operationalised and made enforceable so that these do not remain merely “best endeavour clauses.”

- (c) There is an immediate need for a more meaningful integration of the textile and clothing sector, in view of very limited liberalisation of trade, affecting items under specific quota restraints. Measures in this regard should include, inter-alia, accelerated removal of quota restrictions whereby an additional 50% of imports of products from the four product groups are integrated at the commencement of third stage of integration by 1st January 2002, implementation of increased growth rates for the remaining years of the Agreement on Textiles and Clothing, exercise of restraint on unilateral modification of rules of origin to the detriment of developing and least developed countries, application of moratorium on anti-dumping, anti-subsidy and safeguard measures, resorted to by importing countries on exports from developing and least developed countries until 1st January 2007.
- (d) There should be a further extension of the moratorium on the applicability of the non-violation complaints to TRIPs. There is a need to prevent piracy of traditional knowledge built around bio-diversity and there should be a harmonisation of the TRIPs Agreement with the UN Convention on Biological Diversity so as to ensure appropriate returns to traditional communities. There should be international recognition of the *sui generis* system for the protection of traditional knowledge including by way of disclosure of source or origin of the bio-resource accessed and equitable

benefits sharing for the traditional knowledge used by the patent applicant. Member countries should continue to have the flexibility to determine which *sui generis* system is best suited to provide protection to the plant varieties so as to provide the necessary protection to the existing rights and privileges of their farmers. Higher level of protection should be accorded in the form of geographical indications in products other than wines and spirits, so that products of export interest to the region could get the required benefit. The relevant provisions of the TRIPs Agreement relating to the meaningful transfer and dissemination of technology to developing and least developed countries should be effectively operationalised.

- (e) In the interpretation of the Agreement on Trade Related Intellectual Property Rights (TRIPs) in the context of public health, greater flexibility and clarity were required so as to ensure affordable access to essential medicines and life saving drugs in keeping with public health concerns of developing countries. Nothing in the TRIPs agreement should prevent governments from taking measures for protecting public health.
 - (f) Under the Agreement on Trade Related Investment Measures (TRIMs), there should be a positive approach to requests for further extension of the transition period for developing countries. There should also not be any expansion in the list of the measures covered by the disciplines of the TRIMs Agreement. Greater flexibility and appropriate amendments in the TRIMs Agreement are necessary for developing countries to enable them to pursue their goals for development and rapid industrialisation including indigenisation.
5. Progress made in relation to the on-going mandated negotiations in the areas of

Agriculture and Services and also in respect of the various mandated reviews and other built-in agenda items were reviewed. It was urged that all these work programmes needed to be actively followed up and it was proposed that the Doha Ministerial Conference should make a renewed call for redoubling efforts in this regard. In the area of agriculture, it is critical that there are substantial reductions in tariffs and tariff escalations, substantial reductions in domestic support and the elimination of all forms of export subsidies given by the developed countries so as to facilitate greater market access for the agricultural products of the developing countries. It was also important to reiterate the need for a differential and more favourable treatment for developing countries including the need for giving enough flexibility to developing countries so as to safeguard their food and livelihood security, and rural development concerns including those relating to rural employment. The flexibility available to developing countries under Agreement on Subsidies and Countervailing Measures (ASCM) should also be extended to agriculture. In the ongoing mandated negotiation on services, increased commitment should be sought from developed countries with regard to market access in services especially by way of movement of natural persons.

6. It was considered that the mandated negotiations, the mandated reviews, the ongoing work programme in the various working groups, the accession of over 30 countries taken together with the work programme for the resolution of the implementation issues themselves provided a sufficiently broad agenda for now. It was agreed that any move to add further issues runs the risk of overloading the agenda and making it unsustainable and further, that the inclusion of any new item for negotiations could be discussed only after there was convergence of views amongst the WTO membership.
7. Opposition was voiced to any move for negotiations on subjects, such as on Investment and Competition, which places limitations on development policy options. Any move for drawing up plurilateral agreements in these areas was also opposed as this would run contrary to the basic tenets of the multilateral trading system and may therefore, open the floodgates for demands for several plurilateral agreements which would create different levels of commitments by different members. It was felt that proposals for industrial tariff negotiations have to be carefully looked into. Issues from a development perspective needed to be kept in view without full reciprocity. There is also the urgency of greater access to the more developed markets. The call to developed countries was reiterated to meaningfully address the priority issues of tariff escalation, tariff peaks and non-tariff barriers in the market.
8. Any linkage of trade with social or other non-trade issues like labour standards was resolutely opposed. Their firm opposition was reiterated to the erection of trade barriers on environmental pretext and to any widening of the environmental window in WTO. Full support was also extended to the ongoing balanced work programme in the WTO Committee on Trade and Environment.
9. Any involvement of NGOs or Civil Society in the decision-making of the WTO, which was an inter-governmental organisation, as also soliciting of *amicus curiae* briefs in the Dispute Settlement Proceedings was opposed.
10. Developing of concepts such as global coherence with other intergovernmental organisations like ILO and UNEP was cautioned against as it may be used to link trade with social issues or widen the environmental window for protectionist purposes.

11. It was agreed that in view of the increasing marginalisation of Least Developed Countries (LDCs) in world trade, the following measures among others, should be taken in the spirit of the Joint Declaration in the recently held conference of LDCs to enhance their participation in the multilateral trading system:
- (a) LDC applicants for WTO membership should be allowed to accede on a fast track on the basis of clear guidelines. The conditions for accession must not be more restrictive than those applied to other LDCs during the change of their membership from GATT to WTO. Obligations of acceding LDCs should be commensurate with their stage of development and based on the S&D treatment in favour of LDCs. The preferences and concessions enjoyed by acceding LDCs through bilateral and regional agreements at the time of accession may be taken into account. In the case of LDCs, the transitional period provided under various Agreements should commence from the date of their accession;
 - (b) There should be a binding commitment to grant LDCs duty free and quota free access by the developed countries for their exports. These should also be exempt from anti-dumping duties, safeguard actions and non-tariff barriers by such countries;
 - (c) Rules of origin including those under unilateral preferential regimes such as GSP applicable to LDCs should be harmonised and tailored to promote their participation in global production chains;
 - (d) All notification requirements should be made simpler and deadlines for full implementation of all Agreements extended to match their technical capacities;
 - (e) Integrated framework for technical assistance to LDCs should be implemented by providing adequate resources to the Trust Fund; and
 - (f) Developed countries should provide concessional transfer of technology to LDCs.
12. It was also agreed that there should be a work programme in the WTO to identify specific problems faced by small developing economies.
13. The need for the WTO Secretariat to function in a non-partisan and neutral manner rather than advocating positions of some countries was reiterated. In this regard it was strongly recommended that recruitment from developing countries to the Secretariat needs to be enhanced to improve the functioning of the Secretariat.
14. It was emphasised that the Doha Ministerial Declaration and its mandates should be clear and specific and there should be no scope for ambiguities, constructive or otherwise, as such ambiguities could potentially have the most adverse effect on developing countries. There should also not be any attempt to include new issues at the eleventh hour in the Declaration, which should be prepared on the basis of full prior consultations and consensus.
15. The need to remain in close touch as also to hold another meeting at Doha on the margins of the 4th WTO Ministerial Conference was agreed to. The Ambassadors of SAARC countries accredited to the WTO in Geneva were directed to consult more closely on all related matters spelt out in this Joint Statement”.

(New Delhi - Aug. 23, 2001)



MARAN, ZOELICK HOLD SUBSTANTIVE TALKS

The US Trade Representative (USTR), Mr. Robert Zoellick visited India from 8th to 10th August, 2001. The Commerce & Industry Minister, Mr. Murasoli Maran, had discussions with the visiting USTR on various WTO issues in the context of the forthcoming Ministerial Conference of WTO to be held from 9-13 November, 2001 at Doha, Qatar. **Mr. Maran explained to the USTR the Indian opposition to the inclusion of any new issues into the agenda of WTO unless there is a convergence in the views of the WTO membership. He also exhorted the USTR to take lead in the resolution of the implementation related concerns of the developing countries and not press for the launch of a new round of negotiations. USTR, however, during discussions said that a new round of negotiations would be good for developing countries including India and that India should engage in the process of the launching of the new round so as to be able to influence the process. Mr. Zoellick offered the US cooperation on agriculture, service, e-commerce and environment on which, according to him, there was a broad commonality of approach between India and US. USTR also said that in view of growing understanding and the strategic partnership, India and US should continue their dialogue on WTO issues. During the various formal and informal discussions, covering bilateral trade relations, India had emphasised the need for giving increased market access to Indian exports of various items including steel and textile items. The USTR noted India's concerns in this regard for appropriate action.**

The Minister for Commerce and Industry Shri Murasoli Maran and the visiting United States Trade Representative Ambassador Robert Zoellick held detailed discussions on 8th August, 2001 on various multilateral and bilateral trade related issues. The visit, the first to India by a Cabinet dignitary from the Bush Administration enabled the two ministers to carry further their dialogue which was held in Washington last month.

Ambassador Zoellick announced the decision of the U.S. Government to restore the GSP benefits to India on 42 products in the jewellery and other sectors, which at present total up to annual exports worth of about US\$ 540 million. Shri Maran welcomed this decision of the U.S. Government and hoped that this would further contribute to the promotion of closer bilateral trade relations.

Shri Murasoli Maran and Ambassador Zoellick agreed to operationalise the Indo-US trade policy dialogue at the Ministerial level and agreed that their officials will work out further details about its working framework. This would enable ministerial and other official level consultations taking place at regular intervals on trade related issues.

Shri Murasoli Maran and Ambassador Zoellick held detailed discussions on the various WTO related issues particularly in the context of the Fourth Ministerial Conference scheduled to be held at Doha from 9-13 November, 2001. Shri Murasoli Maran reiterated that India viewed "Implementation Issues" as a matter of great priority and emphasised that the issues arising from implementation of Uruguay Round

agreements raised by the developing countries needed to be urgently addressed. He drew attention to the fact that while the General Council of WTO in May 2000 had taken a decision to resolve these issues before the next ministerial conference, very little progress had been achieved so far. He called for greater political will to be shown by the developed countries and said that the early resolution of implementation concerns will contribute substantially in restoring the confidence of the developing countries in the WTO. Ambassador Zoellick said that on the part of US, they would actively work with other countries to generate concrete and meaningful results in respect of the various issues raised.

Ambassador Zoellick also shared his perceptions in respect of the evolving situation in relation to issues that may come up for consideration at the Doha Ministerial Conference as also about his assessment of a possible new round. He also referred to some commonality of interests between India and US particularly in areas like greater liberalisation of Agriculture trade, Services, Environment and E-commerce. They also exchanged views on other multilateral issues.

Shri Murasoli Maran apprised Ambassador Zoellick about India's concerns in respect of the various issues that had been put forward. Inclusion of issues like Investment and Competition would inevitably curtail some of the development options of the developing countries. On the other hand, developing countries needed to

formulate FDI policies in relation with their development needs and priorities. The present system of (BIPA) Bilateral Investment Promotion Agreements was working well, he added. Shri Maran also pointed out that it was unreasonable for certain countries to suggest inclusion of such subjects to satisfy their domestic constituencies for showing movement on agriculture for which there was already a clear mandate under Article 20 of the Agreement on Agriculture.

Ambassador Zoellick underlined the importance of making concrete progress on the agenda for a new round including the agenda for agriculture negotiations with clearly defined time frames and scope for further liberalisation. This was also important for developing countries, he added.

Shri Murasoli Maran underlined the importance of continuing the work on other subjects in the Working Groups that had been established for this purpose rather than moving on to any negotiations. He conveyed that many of these issues needed greater study further before a consensus is evolved on future work programme in WTO. He also pointed out that WTO unlike GATT is a forum for continuous negotiations and a separate track of New Round is not called for.

Both Shri Murasoli Maran and Ambassador Zoellick agreed to remain in close touch and follow up further on the discussions held.

(Press Note- New Delhi: August 8, 2001)



PM'S ADDRESS AT INTERNATIONAL CONFERENCE ON 'CONCERNS OF DEVELOPING NATIONS IN THE WTO REGIME'

The Prime Minister, Shri Atal Bihari Vajpayee inaugurated the International Conference on "Concerns of Developing Nations in the WTO regime" in New Delhi on August 20, 2001. The Conference was organised by The Institute of Chartered Accountants of India in collaboration with United Nations Conference on Trade and Commerce, Directorate General of Anti-Dumping and Allied Duties, Ministry of Commerce and Industry, Government of India. Union Minister for Law, Justice and Company Affairs, Shri Arun Jaitley, Minister of Power, Shri Suresh Prabhu and Minister of State for Commerce and Industry, Shri Digvijay Singh were also present on the occasion.

Following is the text of the Prime Minister's inaugural address on the occasion:

"I am pleased to participate in this international meet on an important and highly topical subject.

In less than three months from now, **Doha will host the fourth Ministerial Conference of the WTO. The Governments of all the member-countries of the WTO have been preparing seriously for this conference. People around the world will be keenly watching its outcome,** their keenness matched by the intensity of their hope that Doha will not be a repeat of Seattle.

In particular, people in the developing countries, who constitute a majority of the world's population, would like to see that their concerns would be squarely addressed in Doha. These concerns are being voiced from numerous

and diverse platforms – both governmental and non-governmental.

A useful example is today's conference. I commend the Institute of Chartered Accountants of India for organising it.

India's stand on the future evolution of the World Trade Organisation is very clear. We have always been a votary of a well-regulated, rule-based multilateral trading system. We were a member of GATT since its inception and we are one of the founding members of the WTO.

We have always recognised that international trade can be a powerful engine of economic growth and social development around the world. However, this benign potential can be realised only if the world trading system is re-oriented to make it just, rule-based, non-discriminatory, and dynamic.

The WTO is born into an unequal world, into a world divided among developed and developing countries. Amongst the latter, there are also the Least Developed Countries, whose combined population is significant.

Hence, **the first mandate of the WTO was, and continues to be, to help bridge this developmental gap among nations of the world. The current inequalities and divisions, reflected in the poor human development indices of developing and least developed nations, are an affront to the collective dignity and ethical sensibilities of humankind.**

Whatever may have been the historical causes for these inequalities, the new century can have no place for them. Therefore, India calls upon both the developed and the developing countries to collaborate to make the WTO work for the poor.

The new century has also brought another important global awareness to the fore. It is about the interdependence between the developed, developing and least developed nations. It has become impossible for the developed nations to sustain, leave alone increase, their levels of prosperity without making the developing countries their partners in collective progress.

It has also become apparent that this partnership cannot be defined by the old unequal rules of the game, but by the new, non-discriminatory ethic of equitable and mutually beneficial multilateral trade and economic relations.

It should be apparent to all that there cannot be equal treatment for all in a world that is essentially unequal. The principle of affirmative action justifies and demands reasonable protection for the developing nations and assistance for the least developed nations.

Six years of the existence of the WTO have not reduced the relevance of this principle in the least. On the contrary, the still unmet promises and unfulfilled obligations of the developed nations made in the Uruguay Round have cast the legitimate concerns of the developing nations into a sharper focus in the run-up to the Doha Ministerial Conference.

This is, indeed, the rationale for India's insistence that the incomplete agenda of the Uruguay Round should be first completed, before starting any new round of trade

negotiations. India's position is shared by many developing nations, and also by many people in the developed nations.

At the same time, I would like to emphasise that India is prepared to engage constructively, and with an open mind, with the developed countries on all issues relating to global trade.

The chief concerns of the developing nations are well known and have been forcefully articulated both in bilateral talks and in international forums. We are not in favor of inclusion of non-trade issues, such as labour and environmental standards, which may furnish scope for misuse as non-tariff barriers.

We are also concerned about the high tariffs imposed by developed countries on those products in which developing countries have a competitive advantage. For example, India faces unfair tariff and non-tariff barriers in steel, textiles, clothing and leather products.

India recognises that protection of intellectual property rights is a legitimate concern of both developed and developing countries. We have recently modernised our patents legislation to make it compatible with the global trend and requirements.

However, an issue that should concern all of humanity is how advances in science and technology can affordably meet the basic needs of the poor and the deprived. I am especially referring here to two concerns in the Intellectual Property Rights regime.

First, there should be no misappropriation of the biological and genetic resources and

traditional knowledge of the developing countries. It is necessary, therefore, to mandate that patent applications should reveal the country of origin of biological and genetic resources and traditional knowledge used in the product or process for which the Intellectual Property Right is sought, and furnish a letter of informed consent from their legitimate custodians.

Second, it must be recognised that affordable access to medicines, including latest medicines, for life-threatening diseases for people in developing countries is a universal human right. The Governments of these countries have a duty to ensure both availability and affordability for such medicines. The TRIPs Agreement should thus enable every member country to take a broad range of measures for protecting and promoting healthcare, both preventive and clinical.

The noble objective of “Health For All” is too important to be left either to chance or to future WTO jurisprudence. This is why WTO members should collectively recognise and confirm the considerable degree of flexibility offered by the TRIPs Agreement in this regard.

It is by now well-established that the Uruguay Round did not bring about trade liberalisation in agriculture to any appreciable extent. There were no significant reductions in domestic support or export subsidies by the developed world.

Although the Agreement on Agriculture gave detailed rule for international trade, it has had a limited success in opening the markets of the developed world to farm produce from developing

countries. The expectations that the trade-distorting subsidies in agriculture given by developed countries would be reduced, have been belied.

Ours is primarily an agricultural society. Our farmers have two concerns, which also reflect the concerns of their counterparts in other developing countries. They especially small and marginal farmers, would not like the WTO to expose them to unfair competition from subsidised exports and thereby undermine their livelihood security. At the same time, they would like to see all unfair barriers to their own farm exports removed. The same is also true about our small-scale and cottage industries.

While saying this, I am aware that India needs to take many steps to make our agriculture and our small-scale sector more competitive. I am confident that we can achieve this objective through an active partnership between the Central Government, State Governments, kisans, small entrepreneurs and others.

The first-ever Conference of the Chief Ministers on WTO and Agriculture, which was held in May this year, was a very useful exercise. It has resulted in the creation of a Standing Committee to create awareness about both the challenges and opportunities of the WTO for our farmers.

The Tenth Plan will appropriately recast our various schemes and initiatives to enable our agriculture, small-scale sector and industry to confidently face the new realities of global trade.

We have recently removed quantitative restrictions on a large number of products and there has so far not been any significant surge in

imports of these products. We hope that the opening up of the economy will result in greater choice for the consumer as well as encourage the domestic industry to increase efficiency and enhance its productivity for remaining competitive in the market place. We will not hesitate to take necessary steps to curb import surges, or dumping by foreign suppliers, which hurt our own producers.

The mandated negotiations on the Agreement on Services have already started in the WTO. It is crucial that in respect of each sector, our national position is determined after a wide consultation with the concerned domestic stakeholders. India has filed a proposal on the strategy for liberalisation of movement of professionals. We have also sought development of multilateral norms on recognition of professional qualifications.

Liberalisation of trade in services will give India's well-qualified and globally reputed professionals many new opportunities in the global market. I am sure that our chartered accountants, like our IT

professionals, will soon earn a name for competence and quality, by offering their services abroad.

Friends, there is a great need to create awareness about the WTO among all sections of our society. There are many misconceptions about the WTO, which sometimes give rise to unfounded fears and apprehensions. I would like the Chartered Accountants, along with other professionals, to play an active role in this mass education exercise.

Specifically, the members of your Institute and other professionals will have to build India's knowledge base and skills to effectively argue our case on different issues at the WTO. Here, as in several other areas, there is a big scope for cooperation with other nations, which share our interests and concerns.

I once again appreciate your initiative in organising this conference and wish its deliberations all success.

(New Delhi : August 20, 2001)



MONTHLY REPORT ON MULTILATERAL TRADE ISSUES AND DEVELOPMENTS IN JULY, 2001

HIGHLIGHTS

- A series of **informal meetings** were held by the Chairman, (GC) **General Council** from 9-13 July, 2001 to consider section 1 of the submarine group of countries paper on **implementation issues**. Suggestions from QUAD Canada, EC, Japan and the US to transfer some proposals from sections 2 and 3 to section 1 were also considered. Following these meetings, the **Chairman / GC and DG / WTO brought out a paper on 13th July identifying elements on which action would be possible** soon. The Chairman, GC clarified that the elements list is not an exclusive list of what is possible and added that he had not included the subjects of anti-dumping, textiles and TRIMs in the paper. **In a meeting of a small group to discuss the above paper India, Egypt, Brazil, Pakistan and Malaysia expressed their strong disappointment**. EC and US were of the view that immediate decision should be taken on issues that are ripe enough for decision.
- In a **Special Session on Implementation on 20th July, 2001, the Chairman, GC said that the deadlock on implementation issues was broken by the approach** in the Submarine paper. He suggested reference of some proposals to subsidiary bodies for examination and added that there is need for injecting a greater sense of urgency in the consideration of issues in subsidiary bodies. At the suggestion of members, he said that the subsidiary bodies would be asked to report back to the GC latest by 30th September 2001. In the discussions, members were of the view that the progress on implementation issues has been very poor. US, EC and other developed countries welcomed the initiative of submarine group and that of the Chairman, GC. They expressed their willingness to discuss positively and welcomed referring some of the issues to the subsidiary bodies but said that many elements of the proposal were difficult for them.
- An informal meeting of General Council intended to be a reality check on the progress in the preparations for Doha was held on 30-31 July, 2001. There was hardly any change in the views of members on different subjects, from the views expressed at the meeting on 25th June.** Two points worth noting were: the US appears to be getting softer on inclusion of investment and competition policy and indicated slight flexibility on TRIPs and public health. Brazil came out strongly in favour of new round but wanted an expanded mandate on agriculture, in return. Many delegations emphasised the urgent need for addressing implementation issues.

- **An informal TRIPs council meeting on the issue of public health was held on 25th July, 2001. Almost all the developing countries made statements in support for a Ministerial Declaration at Doha clarifying existing flexibilities in the TRIPs Agreement and the need for a positive approach to address the concerns raised by the developing countries regarding compulsory licensing and parallel imports.** US and Switzerland opposed any accommodation in this regard. EC's statement was more positive than US. EC said that both compulsory licensing and parallel imports were issues that could form the subject matter of operational decision in Doha. However, EC also said that the preambular language in the Ministerial Declaration must be general and not specific. Other developed countries like Australia, New Zealand, Norway, Canada, etc. took positions in between those of US & EC.
- **In the Turkey Textiles Dispute, India and Turkey arrived at a compensation package to be given by Turkey as a temporary measure for its inability to comply with the rulings and recommendations of the (DSB) Dispute Settlement Body in this dispute. At India's request, DSB established a panel on US - Anti-Dumping and Countervailing Measures on Steel Plates from India (DS206).**
- Council for Trade in Goods agreed on the revised terms of the 2+2 years approach for extension of the (TRIMs) Trade Related Investment Measures transition periods under Article 5.3 (TRIMS Agreement) for Argentina, Columbia, Malaysia, Mexico, Pakistan, Philippines, and Romania and for Thailand waiver under Article IX of the WTO Agreement. On the EC-ACP waiver, it was agreed that if there was agreement in September, 2001 to commence the examination, then best endeavours would be made to conclude the examination by the Doha Ministerial Conference. The commencement of examination of EC-ACP waiver request is held up due to the opposition by the Central American countries, namely Panama and Honduras.

(Source : Trade Policy Division, Department of Commerce with inputs from PMI/Geneva)



RICETEC BASMATI PATENT CASE - VICTORY FOR INDIA

Based on media reports appearing on August 21st, 2001, an impression had been created that an American firm has secured patents on Basmati Rice and that this has adverse implications for India in regard to its basmati rice trade/exports. An impression had also been created that India has “lost” its case before United States Patent and Trademark Office (USPTO) for revision of the said patent. In a statement made on the subject in the Lok Sabha on August 23rd, 2001, Dr. Raman Singh, Minister of State for Commerce & Industry, said that the reports were incorrect and based on misinterpretation. “In fact, the decision of the USPTO in respect of the said patent signals a victory for India. Members would also have read subsequent press reports appearing on August 22nd, 2001 which have corrected the earlier erroneous impressions:

The facts, as outlined by the Minister, in his statement, are:

- ◆ A patent on Basmati rice lines and grains was granted by the USPTO to M/s. Rice Tec Inc. USA on September 2nd, 1997. The application for this was filed on July 8th, 1994. The patent had 20 claims.
- ◆ After the recent decision of the USPTO, 15 claims have already been set aside and the remaining 5 claims do not affect varieties of basmati produced in India and will not affect India’s trade/exports. In fact even the title of the patent which was “Basmati Ricelines and Grains” has now been changed to “Ricelines Bas 867 RT 1117 and RT 1121”. The American company is, therefore, restricted to patent on these three Ricelines which it has developed.
- ◆ The grant of the said patent has not affected India’s exports in general and to the USA in particular. In fact, total export of Basmati rice in 2000-01 are Rs. 2141.94 crore as compared to Rs. 1780.34 crore in the previous year. Similarly, exports to USA have risen from Rs. 70.71 crore in 1999-2000 to Rs. 129.34 crore in 2000-01.

There is a six-fold increase of export of Basmati rice to the USA as compared to 1998-99.

- ◆ When this patent was granted in 1997, the Government of India had treated it as a matter of immediate concern since India exports a large quantity of basmati rice and earns considerable foreign exchange. Therefore, it was decided that measures be taken to challenge this patent before the USPTO.
- ◆ Following broad-based inter-ministerial consultations and evaluation by technical and legal experts, it was decided to file a petition in the USPTO to challenge claims that would have made our exports of Basmati to USA difficult. This challenge was filed on April 27th, 2000.
- ◆ In September, 2000, M/s RiceTec surrendered three claims objectionable to India and one more claim as well. The Examiner of USPTO also issued a notice to RiceTec to re-examine all the remaining claims. Following this, 11 more claims have been removed by the recent decision of the USPTO on August 14th, 2001.
- ◆ The remaining claims 8, 9, 11, 12 and 13 relate to three specific rice lines developed by RiceTec and were never specifically challenged by India since they did not constitute a threat.
- ◆ A Basmati Development Fund was set up in December 1995 and a watch agency effective November, 1996 was appointed to keep a world wide watch for new trade mark applications for Basmati Rice or its deceptive variations. The watch agency has identified a number of attempted registrations of which 15 have been successfully challenged and concluded in our favour in UK, Australia, France, Spain, Chile, UAE etc. The remaining cases of attempted registration are being vigorously pursued by Agricultural and Processed Foods Export Development Authority (APEDA) in other countries.

Parliament Briefs**● CONFERENCE OF DEVELOPING COUNTRIES ON WTO ISSUES**

The International Conference on Concerns of Developing Nations in the WTO Regime was organised by the Institute of Chartered Accountants of India in collaboration with United Nations Conference on Trade and Development and Directorate General of Anti-Dumping & Allied Duties, Ministry of Commerce & Industry on 20th and 21st August, 2001 in New Delhi. The issues discussed in the Conference inter-alia included :-

- Issues before the next Ministerial meeting at Doha;
- Anti-Dumping Duties - Major issues & Emerging Scenario for Developing Nations;
- Anti-Subsidy Laws - Developing Countries' concern for compatibility with WTO Agreements;
- Competition Law and Policy under open trade - Indian Perspective;
- Emerging Competition in India, Developing Country Concerns with regard to Competition Policy;
- Competition Rules in WTO & Developing Country concerns with regard to Competition Policy;
- Business Services Under GATS -Effects & Approach;
- Trade Related Intellectual Properties (TRIPs);
- Trade Negotiation Process - Overview of Emerging Issues

The Conference provided a platform for all concerned policy makers, administrators, executives, professionals from diversified fields, business managers, economists etc. to discuss and deliberate on key issues facing the country in general and industry in particular under the WTO Regime. It was felt that there is a need for developing countries to come together to protect their interest in the WTO Regime.

● WTO MINISTERIAL CONFERENCE: INDIA'S PRIORITIES

The Fourth Ministerial Conference of WTO is scheduled to be held from 9th-13th November, 2001 at Doha, Qatar. The main issue which the Government propose to raise relates to the difficulties experienced by the developing countries in implementing the Uruguay Round of Agreements. These concerns which have come to be known as "Implementation Issues", fall broadly into three categories. The first category relates to the inherent imbalances and asymmetries in some of the Uruguay Round Agreements. The second category is the non realisation of meaningful market access by the developing countries through the implementation of various provisions of the WTO agreements. The third category relates to the non-implementation of special and differential clauses contained in various WTO agreements in favour of developing countries. As a result of these difficulties, the market access gains expected by developing countries from the Uruguay Round of Agreements have not materialised.

India is of the view that Doha conference should basically review the work relating to the resolution of implementation related concerns, assess the progress and give policy directions for the ongoing mandated negotiations in agriculture and services, and mandated reviews. During the Conference, India proposes to press, inter-alia, that the food security and livelihood concerns of the developing countries must be taken care of in the ongoing negotiations in agriculture. No new issues should be pushed into the agenda of the forthcoming Ministerial Conference unless there is convergence of views amongst the WTO membership. This convergence of views could come about only if implementation issues are resolved, contentious 'non-trade' issues are kept off the table and the developing countries are convinced of the need for inclusion of any new item into the WTO agenda and how it is going to

benefit them without curtailing their domestic policy options.

Moreover, India has been emphasising that the "Implementation related concerns" of the developing countries should be resolved upfront in terms of May 2000 decision of the General Council of WTO without linking it with any fresh round of negotiations. The position is being closely monitored for appropriate action so as to get the best outcome in our national interest from the Doha Ministerial Conference.

● IMPACT OF WTO AGREEMENT

As part of the ongoing negotiations under the WTO Agreement on Agriculture, India along with many other developing countries have highlighted the fact that the anticipated benefits of liberalisation in agriculture have not materialised for them because of the continuation of trade distorting subsidies by many of the developed countries and have, therefore, demanded substantial reductions in trade distorting domestic support, substantial reductions in tariffs and elimination of export subsidies by the developed countries and sufficient flexibility to the developing countries to take care of these food security and livelihood concerns. In this regard, India besides submitting detailed proposals in the areas of market access, domestic support, export competition and food security, has also co-sponsored two proposals on "Market Access" and "Export Credits" along with other developing countries. While the proposal on "Market Access" was co-sponsored by India along with Cuba, Dominican Republic, El Salvador, Honduras, Kenya, Nigeria, Pakistan, Sri Lanka, Uganda, Zimbabwe and Haiti, the proposal on "Export Credit" was co-sponsored along with Argentina, Brazil, Paraguay, Uruguay, Bolivia, Chile, Costa Rica, Guatemala and Malaysia.

● WATCHLIST OF SUPER 301

In the 2001 Section 301 report of the United States Trade Representative, 16 trading partners of the US, including India and the European Union (EU) have been placed under the category of 'priority

watch list'. No legal consequences follow from the placing of any country by the US either in the 'watch list' or in the 'priority watch list'.

● IMPACT OF REMOVAL OF QRs ON THE INDUSTRY

Import restrictions are being continuously removed since 1991, as part of economic liberalisation programme. However, the removal of restrictions has not altered the overall rate of growth of imports. The growth rate of imports was 15.3% in 1993-94, 23.1% in 1994-95, 36.4% in 1995-96, 13.2% in 1996-97, 11% in 1997-98, 14.2% in 1998-99 and 13.6% in 1999-2000 (in Rupee terms). The import growth rate during the year 2000-2001 was only 5.59% in rupee terms and 0.27% in US dollar terms. If non petroleum oil imports are taken into consideration, the picture of imports is all the more reassuring. Such non-oil imports, have in fact, registered a negative growth rate of 14.66% during 2000-2001. Even at micro-level the growth in imports has not been of alarming nature. The import data for 714 items, QRs on which were removed on 31.03.2000, for the year 2000-2001, indicates a growth in import of these items by less than 3%. Similarly, the import of 300 sensitive items, which is being monitored by a Standing Group of Secretaries, indicated a decline of 13% during the first three months of this financial year (April-June, 2001). The fears of domestic market being deluged by imports were unwarranted. However, the imports are being constantly monitored and the Government is absolutely determined to ensure through appropriate use of tariff and other available mechanisms that imports do not cause any serious detriment or injury to domestic industry. The interests of domestic producers are always given prime importance while entering into any international agreement including those entered under the aegis of WTO. These agreements provide sufficient safeguards against dumping or surge in imports. The domestic industry has been sufficiently sensitised about the availability of these mechanisms.

Schedule of Meetings at the WTO/Geneva* September, 2001

SEPTEMBER

| | |
|---------|--|
| 10 | Committee on Anti-Dumping Practices |
| 10-12 | Textiles Monitoring Body |
| 11 | Committee on Subsidies and Countervailing Measures |
| 12 & 14 | TRADE POLICY REVIEW BODY-UNITED STATES OF AMERICA |
| 13 | COUNCIL FOR TRADE IN GOODS (Textiles) |
| 17 | Committee on Anti-Dumping Practices |
| 18 | Committee on Subsidies and Countervailing Measures |
| 19 | Committee on Sanitary and Phytosanitary Measures |
| 19-21 | COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS |
| 21 | Committee on Customs Valuation |
| 24 | Committee of Participants on the Expansion of Trade in Information Technology Products |
| 25 | DISPUTE SETTLEMENT BODY |
| 26 | Committee on Market Access |
| 26 & 27 | Committee on Regional Trade Agreements |
| 27 | Committee on Agriculture |
| 27 | Committee on Anti-Dumping Practices |
| 28 | Committee on Agriculture - Special Session |
| 28 | Committee on Subsidies and Countervailing Measures |
| 28 | Working Group on the Interaction between Trade and Competition Policy |

(*Source : WTO / Geneva as on August 30, 2001)

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