

India & The WTO

VOL. 2 NO. 2

A MONTHLY NEWSLETTER OF THE MINISTRY OF COMMERCE AND INDUSTRY

FEBRUARY, 2000

UNCTAD X :

India calls for a New Deal for Development & Global Cooperation

*The theme of the United Nations Conference on Trade and Development (UNCTAD) - X held in Bangkok in February 2000 was: "Development Strategies in an increasingly interdependent world: applying the lessons of the past to make globalisation an effective instrument for the development of all countries and all people". The Conference adopted two documents, viz., (i) **The Bangkok Declaration** - a political declaration on the experience of globalisation, liberalisation and the future role of UNCTAD; and (ii) **The Plan of Action** - an outline of the work programme of UNCTAD for the next 4 years. The Conference called for more effective coordination and cooperation among governments and among international institutions in dealing with global interdependence and development. The opportunities, challenges and the risks of globalisation were discussed and the Conference felt that globalisation raises the risk of marginalisation of countries, particularly the poorest countries and the most vulnerable groups everywhere. Therefore, solidarity and a strong sense of moral responsibility must be the guiding spirit of national and international policy as these are the pre-requisites of a prosperous, a peaceful and a secure world based on equity and true partnership. The Commerce & Industry Minister, Mr. Murasoli Maran, addressed the Plenary Meeting of UNCTAD-X, Bangkok, on 13 February, 2000. **Here are some excerpts from his address:***

Twentieth Century is ending with failure to solve two major problems: mass unemployment and growing inequality.

Disparities in the distribution of wealth and income are on the rise, both within and between nations. We can expect to start the next century with income disparity between the top and bottom quintiles of perhaps 150:1, if we are not there already.

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There is substance in the saying that a global quintile disparity of 150 to 1 is fraught with risks for rich and poor alike.

It is a shocking fact that the assets of the world's three richest people are more than the combined GNP of 26 of the world's poorest countries. According to the Worldwatch Institute, there are more poor people than ever before, after years of globalisation.

Poverty, inequality and deprivation persist, nay, they are growing. To use the words of Nobel laureate Amartya Sen, "People are denied their entitlements." One-third of the people in the developing world live in poverty without their entitlements of the very basic needs. As many as 840 million people suffer from malnutrition. More than 600 million children who should be in school are not. As we enter the 21st century, more than 250 million adults remain illiterate, and most of them live in the third world--this is the balance-sheet of globalisation as we enter the new Millennium.

The term "Third World" was originally intended as a badge of pride: Jawahar Lal Nehru coined it to refer to those countries that maintained their independence, aligning themselves neither with the West nor with the Soviet Union; but soon enough, the political intention was overwhelmed by the economic reality- "Third World" came to mean backward, poor and less developed. And the term came to carry a connotation not of righteous demand but of hopelessness. Of course, in the meanwhile, the so-called Second World also vanished.

Did the "Third World" exist from the beginning of history? I turn the pages of history and find that the answer is 'No'. For instance, India had supplied Europe with calicos and muslins, as China had supplied silks and satins. The British manufacturing industry, at the end of the 18th century, clamped a 100% tariff on the imports of Indian textiles. The cotton towns of Surat of India, Dhaka and Murshidabad of Bangladesh, which is now a least developed country, were described by **Robert Clive in 1757** as just '**as extensive, popular and rich as the city of London**'. These manufacturing centres exported millions of pounds of cotton goods each year.

What happened to the Indian textile industry was repeated in other industries. The native iron smelting industries of India that could produce six-ton 24 feet steel pillar at Qutab Minar 1500 years ago and the steel for the famous Damascus blades were wiped out. That's how we lost out and became a part of the "Third World".

That's why we believe that the rules of the game of the

international trade or the world order should be fair and equitable. That's why we demand that the international rule-making must not encroach on the sovereignty of the national Governments and permit flexibility and autonomy to developing countries to pursue their material development strategies on the basis of the needs and aspirations of their people.

Globalisation means different things to different people

Globalisation means different things to different people. Globalisation is at once praised by some and feared and condemned by others. Those who get new opportunities for expanded markets and the spread of technology and management expertise, which in turn promises greater productivity and higher standard of living, praise globalisation. Those who cannot get these benefits and whose jobs are threatened by competition from imports, are bound to condemn globalisation.

When McLuhan coined the phrase "Global village", he meant the shrinkage of the world due to communication revolution. That kind of globalisation due to onward march of technological revolution is welcome and inevitable. But if the term 'globalisation' is used as a standardised prescription and dictated as a condition precedent for development and growth, it is fraught with risks and therefore invites protests. The political, social and cultural diversity of the world does not lend itself to "one size fits all" prescriptions. Countries must be given the flexibility in policy making, because otherwise they will lose control over their own economies.

Today nobody debates any more about Market vs. State. The question is not whether the State or the Market should dominate; each has a unique role to play. The issue is one of balance and where the balance is, may depend on the country, the capacity of the Government and the institutional development of the markets.

Trade not a one-way street

A highlight of the current process of global economic liberalisation has been the establishment of a rule-based multilateral trading system under the Uruguay Round Agreements. India stands for a rule-based multilateral system which is just and fair.

But the GATT and WTO look like a one-way street. You could drive down it from the North but the road was normally blocked from the South. While the developed

countries continue to press for greater access for their goods and services, their capital, intellectual property rights, etc., in the world markets, the same is largely denied in areas where developing countries enjoy comparative advantage; even the traditional and indigenous knowledge of the developing countries is not given minimum protection. Trade measures in developed countries have significantly eroded the market access granted to developing countries in the Uruguay Round Agreements. Issues extraneous to trade such as labour standards, environment, investment etc. are sought to be put on the negotiating agenda. On the other hand, issues such as the cross border movement of persons, a matter of great interest to developing countries, are resisted by the developed countries.

Ironically we saw the world upside down at Seattle: while developing countries were pleading for freer trade, developed countries were seeking Trojan horses to hide their protectionist intentions.

By bringing non-trade issues like core labour standards, Seattle has failed and WTO process has become an object of strong criticism, both in the Developing and the Developed World.

I quote from the editorial of The Wall Street Journal :

“Once established, any labor-environment working groups will be impossible to get rid of. Soon they will be determining everything from minimum wage rates to environmental standards that would preclude all sorts of development.

It's hard to see why countries trying desperately to bring prosperity to their people should sign on to a deal giving politicians from rich countries the right to dictate Third World domestic policies in order to appease First World special interests and dilettantes”.

Therefore, WTO process needs to be reformed. The fear, anxiety and insecurity of the developing nations should be appropriately addressed. And most importantly, any attempt to insulate the First World markets from Third World competition should be stopped.

Therefore, WTO should be given a much narrower, trade-oriented remit. The non-trade issues can be properly

addressed by the appropriate international institutions- more competent and better equipped than WTO.

Because WTO is empowered with the Rule of Law, ‘coherence’ of Brettonwoods institutions like World Bank, I.M.F. with W.T.O. has generated suspicions and invited resistance. While cooperation among international organisations may be good, we should be careful that in the name of coherence we do not create a networking behemoth which puts pressure on developing countries through cross conditionalities.

Wanted : A New Deal for Development & Global Cooperation

Yesterday, one of the eminent economists said in our Round Table that socialism inherited from the previous century has come to an end. But we should not forget that the cry of the grief uttered in the pain of poverty and deprivation by people still echoes all over the developing world. Out of the pain must be born the new dreams of justice - a new world economic order.

Let us not forget the fact that while the First World with only one-fifth of the population consumes two-thirds of the earth's resources, the effects fall most heavily on the four-fifths of the population which is in the Third World. Therefore, with that reality and historic responsibility in mind, let us create a New Deal for development and international cooperation. And in that process, let us not forget the underclass, the man in the slums and streets, the small farmer and the small shopkeeper in the street corner. Let us pay more attention to the rural areas where the poorest of the poor live - nay, exist. What we should seek is a framework within which all peoples of the North and the South, the Industrialised world and the Developing world, can work together and trade together fairly without the feeling of oppression or exploitation. Because, we all share, one world - the planet earth.

I would like to conclude by quoting Mahatma Gandhi :

“I do not want my house to be walled on all sides and any winds be stuffed. I want the culture of all the lands to be blown about my house as much as possible. But I refuse to be blown off my feet”.

Bangkok Declaration

Global Dialogue and Dynamic Engagement

Tenth Session, Thailand, 12-19 February, 2000

We, the member States of the United Nations Conference on Trade and Development gathered in Bangkok, Thailand, between 12-19 February 2000, for the tenth session of the Conference, agree and declare :

The Setting

1. We came to Bangkok to deliberate on developmental strategies in an increasingly interdependent world, and on how to make globalisation an effective instrument for development. In the context of the opportunities created by the technological revolution, the opening of markets, and globalisation, the paramount objectives of our endeavours have been the promotion of growth and sustainable development, and the quest for equity and participation by all. Our deliberations have reminded us of the enormity and the urgency of the challenge of translating broadly agreed concepts into effective action. We leave Bangkok with the conviction that we will be able to advance in the effort of achieving more effective coordination and cooperation among governments and among international institutions in dealing with global interdependence and development.
2. Globalisation is an ongoing process that presents opportunities, as well as risks and challenges. It has expanded the prospect for technological advances and for effective integration into the international economy. It has increased prosperity and the potential for countries to benefit. However, globalisation also raise the risk of marginalisation of countries, in particular the poorest countries, and the most vulnerable groups everywhere. Income gaps within and among countries remain wide, and the number of people living in poverty has increased. Asymmetries and imbalances in the international economy have intensified. Instability in the international financial system continues to be a serious problem and requires urgent attention.
3. The tenth United Nations Conference on Trade and Development took place in a country and a region that was at the centre of one of the most severe financial and economic crises of recent times, which had an adverse effect on almost all developing countries. Despite their adverse economic and social impact, crises can act as catalysts; they tend to focus the mind and the will of Governments and peoples on decisive action to face the difficulties. This happened, for example, in East and South-East Asia. Within a relatively short period, through various sound national responses, and with the cooperation of the international

community, the countries concerned have been able to meet the challenge of resuming growth and are now emerging from the crisis with a renewed sense of confidence. This demonstrates the power of human spirit when it mobilises collective efforts to address the challenges of globalisation.

4. Formidable challenges remain. Countries affected by the crisis have had to address their structural problems, which have been magnified by social and human suffering and dislocation. They must, with the assistance of the international community, define strategies that will strengthen and sustain growth while allowing for a rapid return to the levels of human and social development seriously undermined by the crisis. They must also transform their institutions into efficient instruments for the implementation of these strategies. The qualities that characterised East and South-East Asia and that are common to all success stories of development remain valid: sound macroeconomic fundamentals, improved governance, high savings rates, investment in human resources, sustainable use of natural resources, strong partnership between the public and private sectors, and export orientation. These characteristics are among the necessary conditions for sustained economic growth and sustainable development. We must take purposeful action to avoid, and mitigate the risks of, future crises. In addition to national efforts, the international community as a whole has the responsibility to ensure an enabling global environment through enhanced cooperation in the field of trade, investment, competition and finance and to contribute to currency stability so as to make globalisation more efficient and equitable.

A New Beginning

5. As the first major intergovernmental economic and development conference of the century, UNCTAD X has provided us with a unique opportunity to take stock of and reflect on recent experience of globalisation, to examine strengths and weaknesses in past approaches and policies, and to identify the major challenges ahead: ensuring the effective integration of all countries into the international trading system; improving supply capabilities; overcoming the debt problem; strengthening the commitment to social development; ensuring woman's political, economic and social participation; generating adequate financial flows for

development, including addressing the declining trend of Official Development Assistance (ODA) and its effective use; undertaking institutional reforms; reducing financial volatility; and enhancing the technological capabilities of developing countries. It has allowed the international community to focus on the central problems of recent decades, notably acute poverty and growing inequality within and among nations, problems which are threatening international stability. In an increasingly knowledge intensive world, support for knowledge-based development is necessary for effective participation of developing countries in the world economy.

6. Globalisation can be a powerful and dynamic force for growth and development. If it is properly managed, the foundation for enduring and equitable growth at the international level can be laid. For that, it is essential to persevere in the search for consensual solutions through open and direct dialogue that takes account of the fundamental interests of all.
7. The Bangkok Conference has particularly emphasised the need for increased policy coherence at the national and international level. There should be complementarity between macroeconomic and sectoral policies at the national level and between policies at the national and international level. There is also a need for more effective cooperation and coordination among multilateral institutions. National and international institutional frameworks should be strengthened accordingly.
8. Many countries have difficulty in coping with the increased competition and lack the capacity to take advantage of the opportunities brought about by globalisation. This requires a decisive effort in favour of those at risk of marginalisation. In this regard, Africa, which has as much potential as any other region, should be given special attention. For the international community, just as for each and every national society, the ultimate test lies in the way it treats the weaker members of the community. In this context, the Conference emphasises the importance of the forthcoming Third United Nations Conference on the Least Developed Countries, and urges the international community to contribute towards its success.
9. Solidarity and a strong sense of moral responsibility must be the guiding light of national and international policy. They are not only ethical imperatives, but also prerequisites for a prosperous, peaceful and secure world based on true partnership. Such partnership requires more inclusive, transparent and participatory institutional arrangements for international economic decision-making so as to ensure that the benefits of globalisation are accessible to all on an equitable basis. In addition, the success of international development efforts depends on account being taken of all stakeholders, including the private sector, non-governmental organisations (NGOs) and academia.

10. The Conference emphasises commitment to a multilateral trading system that is fair, equitable and rules-based and that operates in a non-discriminatory and transparent manner and in a way that provides benefits for all countries, especially developing countries. This will involve, among other things, improving market access for goods and services of particular interest to developing countries, resolving issues relating to the implementation of World Trade Organisation (WTO) agreements, fully implementing special and differential treatment, facilitating accession to the WTO, and providing technical assistance. The Conference reiterates that all countries and international organisations should do their utmost to ensure that the multilateral trading system fulfils its potential in terms of promoting the integration of all countries, in particular the least developed countries, into the global economy. A new round of multilateral trade negotiations should take account of the development dimension. Securing early progress on all these issues remains a matter of urgency for the international community. The Conference emphasises the role and contribution of regional integration in this process.

Open Dialogue and Full Engagement

11. As the focal point within the United Nations for the integrated treatment of development and the interrelated issues in the areas of trade, finance, investment, technology and sustainable development, UNCTAD must make a substantial contribution to the pursuit of development objectives. It must also play an active role in consensus building around well-defined trade supporting and development issues.
12. One contribution of UNCTAD X and its preparatory process has been the achievement of open dialogue and frank exchanges of views. A large measure of agreement was possible in Bangkok on the shared moral commitment to a better and fairer world. UNCTAD's work can serve to address the challenges and opportunities of globalisation and inform an open and systematic debate on diverse development-related issues of global interest among partners in the development process, including the private sector, NGOs, academia and parliamentarians. It should pursue this open dialogue to help shape international economic relations in the twenty-first century.
13. The Conference has brought together development partners to propose practical and meaningful solutions. It has inspired reasons for hope in the possibility of creating a fairer and better world economic system, alleviating poverty, redressing imbalances, and improving the protection of our environment, as well as offering all people security and growing opportunities to raise their standards of living and lead a full and meaningful life. We have agreed on a Plan of Action to guide this process. We must all now work together to turn hope into reality.



WTO Issues in Parliament

(Round up of replies given by the Commerce & Industry Minister to Unstarred Questions in the Lok Sabha on 25 February 2000)

Build Consensus on key issues before convening the next Ministerial

Though India is disappointed with the failure of talks at the Seattle Ministerial Conference of the World Trade Organisation (WTO), it is her stand that **another ministerial meeting should be convened only after arriving at a broad consensus on major issues by the membership of WTO, including removal of the contentious non-trade related issues, and the taking on board the concerns of the developing countries** regarding the implementation of the existing WTO agreements. The Chairperson of the Third Ministerial Conference of the WTO, who is also the United States Trade Representative (USTR), had entrusted Director General/WTO with the task of building consensus amongst the WTO membership to prepare the way for resumption of the suspended Ministerial Conference.

It continues to be India's strategy to build up solidarity with the like-minded developing countries so as to effectively protect her core interests besides projecting the developing country perspective in WTO negotiations. The major initiative in this regard after the Seattle talks has been during the UNCTAD-X Conference in Bangkok (12-19 February 2000) when the Group of 77 comprising developing countries, of which India is a member, worked to obtain a favourable recommendation in the plan of action of UNCTAD for commitment to a multilateral trading system which is more consistent with overall development objectives and, in the context of developing countries supports ways and means to ensure that trade makes a more decisive contribution to alleviating poverty.

IPRs: No Application for EMRs received so far

The Appellate Body of WTO had upheld the finding of a Dispute Settlement Panel of WTO to the effect that India

had not complied with its obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights, (TRIPs) relating to putting in place a mail box for receipt of applications for patents in areas of technology not protected by product patents in India so far and a system for the grant of Exclusive Marketing Rights (EMRs) to the applicant fulfilling certain conditions. Accordingly, the Patents (Amendment) Act, 1999 was passed during Budget Session of Parliament and notified after receiving the assent of the President on 26th March, 1999. **However, no application for EMRs has been received in India so far.**

Import of Agricultural Products : Food Security our central concern

The member countries of the WTO are not allowed to have any quantitative restrictions (QRs) on imports except on specific grounds as provided in the WTO agreements. India at present maintains quantitative restrictions on imports of 1429 tariff lines at eight digit level on the ground of Balance of Payments (BOP). However the Dispute Settlement Body (DSB) has adopted the report of the Dispute Settlement Panel and the Appellate Body in the dispute raised by United States of America against India, concluding that the quantitative restrictions maintained by India on BOP grounds were inconsistent with our obligations under Articles XI and XVIII of the General Agreement on Tariffs and Trade (GATT) 1994 and also Article 4.2 of the Agreement on Agriculture. In view of this decision of DSB, India would be phasing out its existing quantitative restrictions on imports, including those on agricultural products as have been maintained on BOP grounds.

At present the import of 377 agricultural items at eight digit tariff lines, is covered by the quantitative restrictions which will have to be removed by April 1, 2001. Out of 377 agricultural items, 146 agricultural items are under the Special Import Licence (SIL), 23 agricultural items are

under canalised list and 198 agricultural items are under the restricted list.

Government of India extends support to the agricultural sector through various schemes designed for the welfare of farmers in India such as the minimum price support mechanism and provision of agricultural inputs at reasonable prices. The import of agricultural items is suitably regulated by imposing appropriate tariffs so as to provide adequate protection to the farmers. **Food security concerns are central to the agricultural policy of India.** The export-import policy on agricultural products is principally governed by the concerns of food security, the need to maximise farmers' income and foreign exchange earnings and to augment domestic availability of agricultural products while protecting and providing avenues for rural employment.

Signing of Bilateral Agreement : China's accession to WTO

The VI Session of the India-China Joint Group on Economic Relations and Trade, Science & Technology (JEG) was held in Beijing from 21st to 22nd February, 2000. The Indian delegation was led by Shri Murasoli Maran, Minister of Commerce and Industry and the Chinese side by Mr. Sri Guangsheng, Minister of Foreign Trade and Economic Cooperation. Both sides held bilateral discussions covering a wide range of issues relating to trade, investment and economic cooperation. The two Ministers also signed a Bilateral Agreement in the context of China's accession to the World Trade Organisation (WTO).

China is yet to become a member of the WTO. However, China has observer status in WTO. Both India and China have broadly similar views on issues like the need to keep non-trade issues out of the agenda of WTO. Therefore, there is scope for cooperation between the two countries as and when China becomes member of the WTO.

Dumping of polyester staple fibre

The European Commission has initiated the anti-dumping investigation on 21st December, 1999 against five Indian companies viz. Reliance Industries Limited (RIL), Indo-Rama Synthetics, Indian Organic Chemicals Limited (IOC), JCT Fibres and J.K. Corporation engaged in the manufacturing of Polyester Staple Fibre on the alleged grounds of significant increase in the volume of imports of Polyester Staple Fibre from India, extremely high margin of 'dumping', etc. The deadline for submission of information called for by the European Commission was 18th February, 2000.

The Ministry of Textiles is taking necessary steps to safeguard the interests of Indian exporter of Polyester Staple Fibre through the Synthetic and Rayon Textiles Export Promotion Council (SRTEPC) who have been advised to co-ordinate the defence of the Indian companies and to provide necessary assistance for engagement of lawyers and interaction with the European Commission through the Embassy of India, Brussels.

Monthly Update from PMI*/Geneva

(15th January - 15 February, 2000)

General Council

The General Council (GC) of the WTO met both formally and informally over the period 2 February to 9 February 2000 to **basically consider the future work programme including how to proceed on the mandated negotiations**; measures in favour of least developed countries; technical cooperation and capacity building measures; implementation, including action on transition periods; and on the WTO consultative and decision making process.

The main issue in the context of the mandated negotiations which was discussed related to the forum in which these negotiations should be carried out. While the Cairns Group, supported by the US strongly favoured the creation of a separate negotiating body, India and some other developing countries emphasised the advantages of using the existing bodies for these negotiations. **After detailed deliberations it was agreed that the mandated negotiations would be carried out by the existing bodies in the WTO, that is, the Committee on Agriculture and the Council on Trade in Services, meeting in special sessions.** It was also agreed that these bodies would have a Vice-Chairman so that between the Chairman and the Vice-Chairman, both the normal work and the work relating to the mandated negotiations could be carried out. The GC also agreed on the dates of the first meeting of these bodies in which the mandated negotiations would formally kick off.

On Implementation, India took the position that this was an extremely critical issue as far as the future work programme was concerned and that action on the so called transition periods was only one aspect of the implementation issue which developing countries had highlighted in the pre-Seattle process. Though there was an endeavour by some of the developed countries to sideline the remaining implementational

issues by focussing only on issues relating to the expiring transition periods, India's view was supported by a number of other developing countries. As a result, it was finally accepted **that the Chairman/DG would hold consultations on 'implementation issues, in particular with respect to phase-in periods for commitments under certain WTO agreements'**.

As far as the measures for least developed countries and issues related to internal transparency were concerned, it was decided that consultations would also be initiated on these issues. In particular, on issues relating to internal transparency and the decision making process with the WTO it was agreed that consultations would be based on proposals to be submitted by Members. It has been agreed that the Chairman/DG would report back to the GC on the progress of these consultations by mid-April.

Council for Trade in Goods

The WTO council for Trade in Goods, at its meeting held on 24 January 2000, **continued its consideration of the requests for extension of the transition period pursuant to Article 5.3 received from developing country Members**, including Argentina, Chile, Colombia, Malaysia, Mexico, the Philippines, Pakistan, and Romania. The EC, Hong Kong China, Switzerland and USA have basically been supporting case-by-case consideration of the requests. **The applicants listed above, Brazil, India, and Venezuela have been supporting a general grant of extension, especially in the light of the fact that the question of the extensions of transition periods more generally and other deadlines is under the consideration of the General Council of the WTO following the suspension of the Third Ministerial Session of the WTO at Seattle in November 1999. The Council will address all matters at its next meeting in April 2000.**

* Permanent Mission of India

The first discussion on the mandated review of the operation of the TRIMs Agreement was also held at this meeting. Canada and the United States have taken the position that the review should not lower the standards outlined in the TRIMs Agreement and that there was no need to deal with competition policy issues under the review. Hong Kong China, India, Malaysia, Mexico, Pakistan, and Switzerland in contrast have stated that the review should be broad in scope and that competition policy issues could not be ruled out. The scope and format of the review will be considered by the Council in April 2000.

The WTO Council for Trade in Goods, at its meeting held on 24 January 2000, initiated the review of paragraph 1 of the Understanding on the Interpretation of Article XXVIII of the GATT 1994 and mandated the Market Access Committee to examine this issue and to report back to the Council by the end of 2000.

Agreement on Rules of Origin

At its meeting held on 28 January 2000, **the WTO Committee on Rules of Origin agreed to work towards the completion of the harmonisation work programme on non-preferential rules of origin on the basis of a management plan that envisages simultaneous consideration of outstanding issues relating to overall architecture and product-specific rules**, including in the complex sectors of agriculture and textiles, during the year 2000. Having failed to conclude this work programme within the mandated period which ended in July 1998, the Committee also could not complete the work programme by the extended deadline of November 1999. Some Members, in particular those that have set up interim arrangements on rules of origin at their borders, have been resisting the attempts of a group of developing countries including India to set a definitive time frame for concluding the work programme.

Dispute Settlement Body

The formal meeting of the WTO Dispute Settlement Body took place on 27 January, 2000. The fifth and

final status report regarding implementation of the recommendations of the DSB was presented by the United States in that meeting regarding the Shrimps Turtle Dispute involving the US and Thailand, Pakistan, Malaysia and India. While the US maintained that it had fully implemented the recommendations of the DSB in this dispute, India stated its view that the import prohibition against Shrimps would have to be lifted by the US in order to comply fully with the recommendations of the DSB. India reserved all its rights under the Dispute Settlement Understanding of the WTO.

The above meeting of the DSB on 27 January also adopted the panel report on the dispute between US and EC on the former Section 301-310 of US Trade Act. While the panel ruled that certain sections of the US Trade Act were a “prima facie violation” of the WTO Agreement, nevertheless the panel came to the conclusion that taking into account the US administration’s undertaking the US Trade Act was “not inconsistent” with US obligations under the WTO Agreement. The panel issued a caveat that this ruling only holds good as long as the US Administration abides by its undertaking to apply the US Trade Act in conformity with the Dispute Settlement Understanding of the WTO.

Appellate Body

The standing Appellate Body of the WTO is at present composed of seven members nominated by US, EC, Japan, Egypt, Philippines, New Zealand and Uruguay. Following the decision by members from Egypt and Japan to retire for personal reasons, the WTO Dispute Settlement Body invited nominations from countries. For the two vacant posts mentioned above, nominations have been received from Japan, Egypt, Bulgaria, India, Indonesia, Thailand and Israel. India’s nominee for the standing Appellate Body of the WTO is Mr. A. V. Ganesan, former Commerce Secretary. The final decision regarding the two vacant posts is expected to be made by the WTO Dispute Settlement Body by March 31, 2000.



WTO Director-General's Report to General Council on Consultations After Seattle

Since the beginning of this year, I have had a wide range of contacts with WTO Members both in Geneva and in capitals, beginning with New Delhi and including Brussels and Washington. I have also met with the heads of other institutions, such as the Secretary-General of the UN, the President of the World Bank, and the Secretary-General of the ACP Group, who have all been very supportive. In my contacts with Members, which I have undertaken in close co-operation with the Chairman and with the assistance of my deputies, I have been seeking to get a sense of the immediate priorities for our attention beyond the current mandated negotiations.

These consultations have shown considerable convergence on several points which are widely seen as immediate priorities. These of course do not exclude any further action that Members may decide to take in due course on other areas of interest and concern :

In my contacts with a large number of Members of the WTO, nearly all have stressed the importance of ensuring that the proposals discussed as part of the preparation for Seattle with respect to measures in favour of least-developed countries, which encompass both market access and capacity-building, should be taken up as a matter of priority. These proposals were never to be seen as a trade-off or leverage to gain agreement to a new round of negotiations. Supporters of these measures have assured me of their continued support and I will be working closely with the Chairman of the General Council towards bringing about agreement on a set of measures. I would

aim to report back progress before the Easter break. I see this as an important confidence-building exercise and a clear signal of the WTO's resolve to help improve the conditions of our poorest Members.

A second element that, disappointingly, we did not achieve in Seattle - although we came very close in pre-Seattle discussions - was agreement on an increase in the regular budget for technical cooperation. I shall not repeat here the gross imbalance between the core funds currently available for technical cooperation and the needs of Members. There is an ever-growing demand for technical cooperation which is difficult to meet when there is great uncertainty about its funding.

We have a rolling three-year plan of technical cooperation activities which is updated and reviewed every year by the Committee on Trade and Development (CTD). This shows Members where the technical cooperation efforts are going and the types of projects undertaken subject to the availability of funds. Members have the opportunity to comment on this in the CTD, and their remarks are taken into account in planning activities for the future.

The text produced in the course of discussions for Seattle encompassed principles for reinforced technical cooperation, improvement of the Integrated Framework,¹ evaluation and regular review of technical cooperation and a provision for additional funding through the regular budget of the amount of Sw F 10 million over a three-year period. I hope that we can reach early agreement in principle on this second confidence-building measure and

1. Programme set up in October 1997, involving the Secretariats of the WTO, UNCTAD, the World Bank, the International Monetary Fund, the United Nations Development Programme and the International Trade Centre. They are combining forces to bringing the least-developed countries in from the sidelines of the multilateral trading system. The Integrated Framework provides a needs-driven coordinated response to the problems that these countries have faced in taking full advantage of the global trading system. To date, more than 40 least-developed countries have submitted needs assessments and the six agencies have responded with co-ordinated responses for action.

in close co-operation with the Chairman of the General Council, I shall be consulting extensively on this in the weeks to come.

At our last meeting on 17 December the Chairman of the General Council stated that delegations should exercise restraint in respect of the **expiry of transition periods**². Both prior to the 17 December Council and since that meeting, a number of Members have tendered written requests concerned with transition period extensions.

I have been consulting with Members as to their attitude to these requests and to the transition period issue in general, and I am pleased to report that Members have told me that they are all prepared to adopt a reasonable and constructive attitude to crafting practical solutions to individual Members' transition problems within the multilateral framework. I am encouraged by this and I have every reason to expect that we will be able to work together to achieve the required consensus decisions in respect of these requests. It is also encouraging that Members have shown sensitivity in their approach to these problems, and I hope this will continue while we work towards a definitive solution. I would see this issue as a priority for further consultations which I would plan to continue in close co-operation with the Chairman of the General Council. The aim would be to report back to the next meeting of the General Council.

We need also to **bear in mind that while the transition period issue is the most immediately pressing problem before us, we will need to revert to other implementation-related issues** in due course. **This is a major continuing concern for a good number of Members**, as they have made clear in our consultations. They have recalled, for example, **that the proposals for Seattle envisaged the establishment of a special implementation review mechanism under the General Council composed of representatives of all Members**. This is an area some have suggested might also be revisited in further consultations.

At Seattle, and since that meeting, many Members and other commentators have expressed the view that the WTO's consultative procedures among Members need to be reviewed. The general thrust of the comments made seems to be that we need to find ways to improve internal transparency and guarantee effective participation to all of our Members while at the same time operating in an efficient manner. Members have also rightly stressed that the principle of consensus is not negotiable. While I think most would agree that major issues of substance played a greater role than process in preventing agreement in Seattle, getting the process right is important. I am personally committed to working on this problem and since I know a number of Members have already been working in capitals on proposals in this area, I think we should start by inviting contributions from delegations which could then be used as the basis for further consultations that we could begin later this month after those who are going to UNCTAD X return from Bangkok. Clearly, these consultations should themselves be conducted in a transparent and open way, and I will be discussing with the Chairman of the General Council the best ways to ensure this. One possibility that has been suggested is to devote an Informal Heads-of-Delegation meeting, and possibly a Special Session of the General Council, to the issue.

That is my report, Mr. Chairman, and I thank you and delegations for your attention. I should add if you permit that I have already received a number of thoughtful and detailed suggestions from delegations about the questions I have covered and how they should be addressed. I am sure you will understand that it has not been possible to reflect all these suggestions in my report, which is not intended as a text for negotiation in its own right. However, I can assure delegations that as far as I am concerned the suggestions that have already been made on the basis of this report will be valued inputs to the consultations that we will continue together.

WTO/Geneva : Dated 7 February, 2000

2. A number of WTO agreements include clauses allowing developing countries until 1 January 2000 to implement the agreements or certain provisions. These include provisions on intellectual property, trade related investment measures, customs valuation and subsidies.

Schedule of Meetings at the WTO, Geneva : March 2000*

1/3/2000	: Committee on Trade and Environment
1/3/2000	: Trade Policy Review Body - Tanzania
8/3/2000	: Committee on Government Procurement
8/3/2000	: Committee on Trade-Related Investment Measures
9/3/2000	: Committee of Participants on the Expansion of Trade in Information Technology Products
10/3/2000	: Committee on Trade and Development
13/3/2000	: Committee on Budget, Finance and Administration
13 -15/3/2000	: Textiles Monitoring Body
14/3/2000	: Council for Trade in Services
15/3/2000	: Working Party on Domestic Regulation
15 -16/3/2000	: Committee on Sanitary and Phytosanitary Measures
20/3/2000	: Dispute Settlement Body
21 - 22/3/2000	: Council for Trade-Related Aspects of Intellectual Property Rights
23 - 24/3/2000	: Committee on Agriculture
23/3/2000	: Committee on Market Access
29 - 30/3/2000	: Committee on Regional Trade Agreements
29 - 31/3/2000	: Trade Policy Review Body-Singapore

*Source : WTO / Geneva as on February 29, 2000

**Published by Ministry of Commerce & Industry, Govt. of India, Udyog Bhawan, New Delhi-110 001.
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