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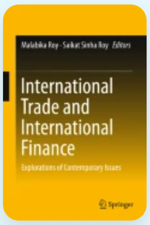

International Trade and International Finance

Parthapratim Pal

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Abstract

The initial years of WTO promised that India would be a net gainer since the benefits accruing to them from the liberalisation of the three key sectors, namely, agriculture, textiles and services would more than offset the expected losses from removal of quantitative restrictions and imposition of a stricter intellectual property rights regime. However, the implementation experience of the WTO has been less than satisfactory for developing and least developed countries. So, when the Doha Development Round was launched, it was emphasised that the new round would take into account the development needs of poorer countries and would address the implementation issues of the Uruguay Round agreement. This

chapter will analyse India's engagement in the Doha Round of trade talks in the light of its experience with the WTO regime. It will also look into the changing global economic landscape including the proliferation of the regional trade agreements and a regime of increasing commodity prices to analyse India's evolving negotiating position in the Doha Round.

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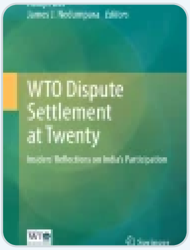

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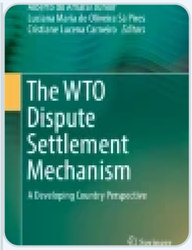

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Notes

1. During the Great Depression of 1930s, between 1929 and 1933 global trade shrank 65 % in dollar value and 25 % in unit volume.

2. Available at: https://www.wto.org/english/thewto_e/minist_e/min01_e/mindecl_e.htm.

3. Available at: https://www.wto.org/english/news_e/news15_e/hod_01jun15_e.htm.

4. For example, see ‘Doha: India accuses US of sacrificing world's poor at trade talks’, The Guardian, July 31, 2008. Available at: http://www.theguardian.com/world/2008/jul/31/wto.india.

5. The Cairns Group is a group of countries which negotiated for a more open agricultural trade regime since the Uruguay Round of trade talks. Members of the Cairns Group are: Argentina, Australia, Bolivia, Brazil, Canada, Chile,

Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Pakistan, Paraguay, Peru, the Philippines, South Africa, Thailand and Uruguay. Hungary (now part of the European Community) and Fiji were founding members of the Cairns Group, but have since withdrawn.

6. Members of this group are: Bahrain, Kingdom of, Bangladesh, Brunei Darussalam, Cambodia, China, Chinese Taipei, Hong Kong, China, India, Indonesia, Jordan, Korea, Republic of, Kuwait, the State of, Kyrgyz Republic, Lao People’s Democratic Republic, Macao, China, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Oman, Pakistan, Philippines, Qatar, Saudi Arabia, Kingdom of, Singapore, Sri Lanka, Thailand, Turkey, United Arab Emirates, Viet Nam.

7. G-20 is a coalition of developing countries in WTO that are negotiating for ambitious reforms of agriculture in developed countries with some flexibility for developing countries. This group is not to be confused with the G-20 group of finance ministers and central bank governors. Members of this group are: Argentina, Bolivia, Plurinational State of, Brazil, Chile, China, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Tanzania, Thailand, Uruguay, Venezuela, Bolivarian Republic of, Zimbabwe.

8. Members of this group are: Antigua and Barbuda, Barbados, Belize, Benin, Bolivia, Plurinational State of, Botswana, Côte d’Ivoire, China, Congo, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, India, Indonesia, Jamaica, Kenya, Korea, Republic of, Madagascar, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sri Lanka, Suriname, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Bolivarian Republic of, Zambia, Zimbabwe.

9. Members are: Argentina, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa, Tunisia, Venezuela, Bolivarian Republic of.

10. However, in 1999 India increased its bound rates through Article XXVIII tariff negotiations on some agricultural commodities, mostly cereals, including rice and wheat.

11. These are agricultural products that have implications for food security, livelihood security and rural development. These products will attract a lower tariff cut than other products. This is an S&D measure since only developing countries can designate Special Products.

12. WTO divides agricultural subsidies into three categories. Domestic subsidies for agriculture that are considered to distort trade are called Amber Box subsidies. These subsidies are subject to reduction commitments. Amber Box is calculated as Aggregate Measurement of Support (AMS). Farm subsidies that are decoupled from production or are not production-enhancing are called Blue Box subsidies. Currently, there is no limit on Blue Box subsidies. Green Box subsidies are domestic support for agriculture that do not distort trade or at most cause minimal distortion. These subsidies are allowed without limit.

13. Special and Differential Treatment refers to provisions within the WTO that give developing and least developed countries (LDCs) special rights and allow developed countries to treat developing countries and LDCs more favourably than other WTO members. These special provisions include, for example, longer periods for implementing agreements and commitments, or measures to increase developing countries’ trading opportunities.

14. For example, see Hermann (2009), FAO (2011).

15. A Swiss Formula for tariff reductions is given by the equation:

$$Z = CX/\left({C + X} \right)$$

where

X : initial tariff rate

C : coefficient

Z : resulting lower tariff rate (end of period).

16. Report by the Director-General on his Consultations on NAMA Sectoral Negotiations, WTO document number TN/C/14 dated April 21, 2011.

17. India's position against the misuse of AD is somewhat weak since India is a major user of AD measures.

18. Although the WTO has the provision of a 'one-country one vote' system in its constitution, so far voting has not been used in the WTO.

19. Regional Comprehensive Economic Partnership (RCEP) is a proposed free trade agreement (FTA) between the ten member states of the Association of Southeast Asian Nations (ASEAN) (Brunei, Burma (Myanmar), Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand, Vietnam) and the six states with which ASEAN has existing FTAs (Australia, China, India, Japan, South Korea and New Zealand).

20. The Trans-Pacific Partnership (TPP) is a proposed regional regulatory and investment treaty. As of 2014, twelve countries throughout the Asia Pacific region have participated in negotiations on the TPP: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the United States, and Vietnam.

21. 'A Setback for Free Trade: Strangled at Birth', The Economist, August 1, 2014; 'World Trade: The Indian Problem', The Economist, November 21, 2013.

22. Available at: http://pib.nic.in/newsite/PrintRelease.aspx?relid=101827.

23. Available at: https://www.wto.org/english/news_e/spra_e/spra46_e.htm.

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