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## **India and World Trade Organization (WTO)**

**India's participation in the WTO-** India has been a WTO member since 1 January 1995 and a member of GATT since 8 July 1948. India is open to considering new issues within the mandates of the regular WTO organs as long as these are discussed in inclusive and transparent manner. The World Trade Organisation (WTO) signifies the reality of the globalization of the economy. In an inter-play of trade and commerce in a global village, WTO may be said to be the referee. Economies, small, medium and big, all have a role to play, each important in its own way, in shaping the global economy for the prosperity of all nations. It was created for the liberalization of international trade. It came into existence on January 1, 1995 as the successor to General Agreement on Trade and Tariffs (GATT). WTO deals with the rules of trade between nations at a global level. It is responsible for implementing new trade agreements. All the member countries have to follow the trade agreement as decided by the WTO.

### **Benefits Of WTO**

It helps promote peace and prosperity across the globe.

Disputes are settled amicably.

Rules bring about greater discipline in trade negotiations,

It reducing inequalities to a large extent.

India and World Trade organization foreign trade R C Rajamani concerns( 1) Free trade reduces the cost of living and increases household income.(2) Companies have greater access to markets and consumers have wider range of products to choose from. Good governance accelerates economic growth. India is one of the founding members of WTO along with more than 130 other countries. Economists believe that India's participation in an increasingly rule based system in governance of International trade would eventually lead to better prosperity for the nation. Various

trade disputes of India with other nations have been settled through WTO. India has also played an important part in the effective formulation of major trade policies. By being a member of WTO several countries are now trading with India, thus giving a boost to production, employment, standard of living and an opportunity to maximize the use of the world resources. Only in mid December last year the Eighth Ministerial Conference of World Trade Organization was held in Geneva, Switzerland. India was represented at the meeting by the Union Minister for Commerce, Industry & Textiles Mr Anand Sharma. The conference deliberated on key trade issues on the following themes: "Importance of the Multilateral Trading System and the WTO", "Trade and Development" and "Doha Development Agenda". Prior to the WTO meet, Ministers of BRICS met to discuss issues concerning trade and development among themselves. Significantly, the BRICS group (Brazil, India, China and South Africa) is increasingly being recognized as being pivotal in furthering progress in the stalled Doha Round. At the WTO Conference, India emphasised the key role of the world trade body in keeping protectionist forces at bay. It also told the conference that international trade will play an even more critical role in stimulating economic growth and development during the current global slowdown. In his speech, Mr Sharma highlighted WTO's its central role in monitoring the implementation of multilateral trade disciplines. To the BRICS members, he pointed out that the four-nation grouping is uniquely positioned at the cusp of the developing and the developed world. "On the one hand, for historical reasons, we are home to a large population of the poor in the world, on the other hand, our people have demonstrated resilience in responding to the demands of the changing times." As he rightly said, BRICS would be both a rallying point and a bridge between developed and developing world. No doubt, there is concern at the existing impasse in the Doha Development Round. But BRICS is committed to remaining fully engaged in negotiations with a view to concluding the single undertaking within the shortest possible time frame.

India, for its part, is keen that negotiations must be based on the multilaterally agreed mandates and on the delicate balance of trade-offs achieved over the last 10 years. No wonder, India appealed to all WTO Members not to allow the development dimension of special treatment to LDCs to be sidelined and pledge to work together to resist the moves to change the agenda and the discourse at the WTO. At the WTO meet, India clearly spelt out its position on some of the new ideas that have been proposed in the Geneva WTO round as a possible way forward. Ruling out any freezing of the custom duties at the current levels (Tariff standstill) India pointed out that this amounted to the developing countries ceding their policy space and being denied any recognition for their autonomous liberalization. Besides unhinging the negotiated formula on tariff reductions it would force the developing countries to take on commitments going much beyond what was envisaged for at the end of the Doha Round. Similarly on the issue of export restrictions on agricultural products, any dilution of the flexibilities available under the WTO regime for imposing export restrictions and taxes was unacceptable. It was imperative that the WTO while taking up all manner of the new challenges does not forget the traditional challenge of development. India called for continued solidarity and reinvigorated engagement so that the current impasse in the Doha negotiations are broken and the attempts to replace the development centric agenda are thwarted. It cautioned against the possibility of losing the progress and the balance achieved so painstakingly over the last decade, particularly on the reforms of the agricultural trading system. The global community should not allow this opportunity to slip away or allow a dilution of the Doha mandate. It is the responsibility of both Developing and Developed countries to evolve a common position on the way forward on the Doha Development Agenda. India views WTO as an institution which ensures a level playing field in global trade flows and creates a paradigm of equitable and inclusive growth. India is emphatic that urgent steps should be taken to usher in much delayed changes in the current agricultural trading regime

which negatively impact the livelihood concerns of billions of subsistence farmers in the developing world. The WTO ministers coordinated their positions on the important aspects of agricultural trade, including the large trade distorting subsidies doled out by the developed countries, and agreed on preserving the centrality of development as the core agenda. While unequivocally expressing its desire to bring this Round to a balanced conclusion, India underlined the need to keep the negotiating process transparent and inclusive. The meet articulated India's strong commitment to the issues affecting the Least Developed countries, and the small and vulnerable economies, that have hitherto remained marginalized from the global trading regime. India is of the view that the smaller and poorer nations cannot be left behind and thus it was incumbent upon all member states to accord highest priority to the concerns of the Least Developed countries. It must be recalled that India has already shown the way with its unilateral grant of duty free market access to a large number of products from the least developed countries as early as in 2008. To be sure, India urged the WTO members, particularly the developed ones, to follow suit and redeem the promise made to the poorest members of the global community six years ago at Hong Kong. This obligation needs to be fulfilled without any further delay. In this context, the role of the G33 group of Ministers must be acknowledged for protecting the 35 development dimension of the Round through its efforts to obtain satisfactory outcomes on certain critical elements of Agriculture negotiations that provide for Special and Differential treatment for the developing countries. These special and differential provisions balance out the commercial interests of the developed countries, and are essential to protect the livelihood interests of the small and marginal farmers in the developing world for whom agriculture is not an issue of trade but of livelihood and existence. The Minister also addressed a gathering of over 100 country delegates of the G90 developing countries. The unique grouping of over 100 countries called the "Friends of development" reaffirmed their commitment to

the centrality of development in Doha round and the need to keep negotiations transparent and inclusive. An overwhelming majority of WTO membership present in this meeting have sent out a message with clarity to take forward the Doha development agenda without deviating or diluting the core of the round. India at this meeting rightly expressed concern that “new approaches” were being suggested, risking the multilateral tradition of WTO. India is again firm that the round must ensure “ a just and equitable regime which corrects the distortions of history”. In this context, it came as no surprise that at the inaugural plenary of the Ministerial Conference, India made a strong pitch against protectionism. India was of the view that in the backdrop of the global economic downturn, all countries must eschew protectionism which can only be counterproductive as it will deepen the recession and delay recovery. There was a need to respect the mandate and build on the progress already achieved. India expressed strong reservation about recent suggestions for negotiating agreements among a critical mass of members, and cautioned that this path was fraught with risk as they lacked the in-built checks and balances of multilateral agreements. India also stressed the importance of strengthening the WTO especially in light of the new forms of protectionism that adversely affected developing countries. It urged members to get a multilateral trade deal done, not only for the trade liberalization and rule building but also for the credibility of the multilateral trading system. Plurilateral trading arrangements, among a few, cannot substitute the multilateral system and are also against the spirit of the fundamental WTO principles of transparency and inclusiveness. In a reference to the gradual shift away from the development agenda, India pointed out that “Trade cannot flourish if the interests of over threefourths of the world’s population are held hostage to the commercial interests of the few that already command global trade.” Significantly, India has invited key interlocutors of developed and developing countries for an informal discussion on the way forward. India conveyed strong reservations on proposals, which

seek to get global trade agreements involving only a small number of WTO members. Plurilateral agreements are a throwback to the days when decisions taken by a few determined the future of the rest. As the Doha round talks continues to linger for almost ten years now, suggestions are being made by rich countries like the U.S. that the key members of developed and developing groupings can sit in smaller groups and work out deals, a move being vehemently opposed by India. India was open to considering new issues within the mandates of the regular WTO organs as long as these are discussed in inclusive and transparent manner. India said the countries, which were once harbingers of free trade, had themselves started looking inwards. "Protectionist measures must be resisted by all WTO members and the multilateral institutions must be strengthened. In the challenging backdrop of global economic downturn, all countries must eschew protectionism which can only be counter-productive as it will deepen the recession and delay recovery." The need of the hour was enhanced economic engagement and free flow of trade. The global community must maintain the spirit of multilateralism and the WTO has stood as a bulwark against a rising tide of protectionism. India also rejected proposals of some developed nations to freeze customs duties at current levels (tariff standstill) and taking away rights to ban farm exports as a possible way forward on WTO talks, saying that if accepted it would tantamount to ceding sovereign rights. Any dilution of the flexibilities available under the WTO regime for imposing export restrictions on agricultural items and taxes was "unacceptable". The WTO negotiations have been stalled due to differences between rich and developing nations on tariff liberalisation and level of market opening. Agreeing to tariff standstill means a drastic reduction in duties by developing countries like India, as the country's applied customs duties is below bound ceiling levels. To augment domestic supplies, India has banned exports of pulses and also imposed quantitative restrictions on outward shipments of commodities like rice and sugar. Besides,

India is planning to bring a food security law under which nearly 64 percent of its population will have legal entitlement on subsidised food grains. India is open to considering new issues within the mandates of the regular WTO organs as long as these are discussed in inclusive and transparent manner. India's firm view is: "The world is not static. Nor are the challenges and issues that affect global trade."