

Academic Script

INTRODUCTION

The topmost decision-making body of the WTO is the Ministerial Conference, which usually meets every two years. It brings together all members of the WTO, all of which are countries or customs unions. The Ministerial Conference can take decisions on all matters under any of the multilateral trade agreements.

Following is the list of various Ministerial Meets held till 2015:-

1. Singapore, 9-13 December 1996
2. Geneva, 18-20 May 1998
3. Seattle, November 30 – December 3, 1999
4. Doha, 9-13 November 2001
5. Cancun, Mexico 10-14 September 2003
6. Hong Kong, 13-18 December 2005
7. Geneva, 30 November - 2 December 2009
8. Geneva, 15-17 December 2011
9. Bali, 3-6 December 2013
10. Nairobi, 15-19 December 2015

The first ministerial conference of the WTO

Singapore ministerial meet and issues (1996): -

The 'Singapore issues' term refers to areas of

- Trade and investment
- Trade and competition policy
- Trade facilitation
- Transparency in government procurement

It was at the first ministerial conference of the WTO held at Suntec city in Singapore in 1996. These issues were first brought up as possible areas on which the multilateral body could initiate negotiations. In this round, they renewed their commitment to:

- 1) Fair, equitable and more open rule based system
- 2) Progressive liberalization and elimination of tariff and non-tariff barriers to trade in goods and services
- 3) Rejection of all forms of protectionism
- 4) Elimination of discriminatory treatment in international trade relations
- 5) Integration of developing and developed nations
- 6) Maximum level of transparency.

The positive side of the meeting was the launching of the information and technology agreement signed by 28 countries, which aims at slashing tariffs on items of information technology to zero by year 2000.

The first meeting was criticized for the manner in which its decisions were arrived at. There was a façade of consensus because most developing nations were marginalized in the decision making process.

Second Ministerial Conference

The second conference was held in Geneva in Switzerland where the developed

nations made a commitment to reduce subsidies and trade distorting support to agriculture. Provision was made for special safeguard mechanism for the developing world and the concept of food security was accepted for the developing nations.

Third Ministerial Conference

The third conference in Seattle, United States ended in failure, because of many controversies between developed and developing nations. The conference failed to kick off a new round of trade talks.

Fourth Ministerial Conference

Doha Development Round (2001)

Main issues of Doha Development Round

The Doha round was to be an ambitious effort to make globalization more inclusive and help the world's poor, particularly by slashing barriers and subsidies in farming. The initial agenda comprised both further trade liberalization and new rule-making, underpinned by commitments to strengthen substantial assistance to developing countries.

Apart from this, there was agreement on prevention of appropriation of Traditional Knowledge of developing world by Corporations in west.

Fifth Ministerial Conference

At Fifth WTO Ministerial Conference held in Cancun, Mexico, the main task was to take stock of progress in negotiations and other work under the Doha Development Agenda. With Doha Development Agenda in place it was expected that some concessions will be made on Singapore issues, but position remained well-established as they were.

The only positive development from the point of view of trade negotiations was the

creation and survival of the new developing country negotiating group, the G-20. In particular, subsequent mini-negotiations have seen the growing importance of members of the G-20 like India, Brazil and South Africa. Nothing specific came out of the negotiations, as there were disagreements on farm subsidies.

The Sixth WTO Ministerial Conference

The Sixth WTO Ministerial Conference was held in Hong Kong, China, 13–18 December 2005.¹¹⁰ developing countries emerged as a powerful group against US, EU and other developed nations to fight for common interest of the least developed countries and developing countries. The main task before members in Hong Kong is to settle a range of questions that will shape the final agreement of the Doha Development Agenda, which members hope to complete, at the end of 2006.

The Seventh WTO Ministerial Conference

The Seventh Session of the WTO Ministerial Conference in Geneva, Switzerland, took place from 30 November to 2 December 2009. The general theme for discussion was “The WTO, the Multilateral Trading System and the Current Global Economic Environment”.

Eighth WTO Ministerial Conference

The Eighth Ministerial Conference was held in Geneva, Switzerland, from 15 to 17 December 2011. In parallel to the Plenary Session, where Ministers made prepared statements, three Working Sessions took place with the following themes:

- 1) Importance of the Multilateral Trading System and the WTO
- 2) Trade and Development
- 3) Doha Development Agenda

The Conference approved the consents of Russia, Samoa and Montenegro. In the final session, Ministers adopted a number of decisions and the Chair made a

concluding statement.

Ninth WTO Ministerial Conference

Conference Bali Ministerial Meet and 'Bali Package – Trade Facilitation and Peace Clause' – 2013

In Bali Trade facilitation was agreed to by all nations and for adjustments/adaptations to limits under Agreement on Agriculture; a 'Peace clause' was agreed at. Peace clause gave countries 4 year times to adjust to the limit and avoid sanctions.

Date for ratification of Bali agreement was 31 July, 2014, on which India declined to ratify unless a 'permanent solution' is reached. After this, in November, India – US reached understanding in which time limit of 4 years was removed and in return Trade Facilitation was agreed to by India.

'Trade facilitation deal' was marketed by developed countries as a progressive and much needed deal for good of all type of countries. It is being said that it will boost up Global GDP by \$ 1 Trillion and will add millions of new jobs. 'Trade facilitation' along with 'special package' is like saying that gains of developed countries will be so big, that losses of under-developed countries will be lucratively compensated by them.

Tenth WTO Ministerial Conference

Nairobi Ministerial Meet – 2015:

Nairobi meet was a huge disappointment for the developing and under-developed world. Here, U.S. trade Representative considered calling Doha Development Agenda a dead, outdated and undesirable course. Its focus is now on Trade Facilitation Agreement which was agreed to in Bali meet. Further, new issues were introduced (including some Singapore issues) such as Government Procurement, E-commerce, Investment, Competition policy. To this developing countries had strong objection.

In the run-up to the Nairobi meeting, a large majority of developing countries led by

India, China, South Africa, Indonesia, Ecuador, and Venezuela prepared the ground to ensure that the Doha Round of negotiations are not closed by the two trans-Atlantic trade elephants. They also tabled detailed proposals for a permanent solution for public stockholding programs for food security and a special safeguard mechanism (SSM) to protect millions of resource-poor and low-income farmers from the import surges from industrialized countries.

WTO and agriculture

The WTO's Agriculture Agreement was negotiated in the 1986–94 Uruguay Round and is a significant first step towards fairer competition and a less distorted sector. WTO member governments agreed to improve market access and reduce trade distorting subsidies in agriculture. In general, these commitments were phased in over six years from 1995 (10 years for developing countries). The Agriculture Committee oversees the agreement's implementation.

The Agreement on Agriculture has three pillars—

- 1) Domestic support
- 2) Market access
- 3) Export subsidies

Domestic support

The first pillar of the Agreement on Agriculture(AoA) is "domestic support" which includes the classification of subsidies into "boxes" depending on their effects on production and trade:

- 1) amber (most directly linked to production levels)
- 2) blue (production-limiting programs that still distort trade)
- 3) green (minimal distortion)

While payments in the amber box had to be reduced, those in the green box were exempt from reduction commitments

The Agreement on Agriculture's domestic support system currently allows Europe and the United States to spend \$380 billion a year on agricultural subsidies. The World Bank dismissed the EU and the United States' argument that small farmers needed protection, noting that more than half of the EU's Common Agricultural Policy subsidies go to 1% of producers while in the United States 70% of subsidies goes to

10% of its producers, mainly agribusinesses. These subsidies end up flooding global markets with below-cost commodities, depressing prices, and undercutting producers in poor countries, a practice known as dumping.

Market access

Market access refers to the reduction of tariff (or non-tariff) barriers to trade by WTO members. The 1995 Agreement on Agriculture required tariff reductions of:

- 36% average reduction by developed countries, with a minimum per-tariff line reduction of 15% over six years.

- 24% average reduction by developing countries with a minimum per-tariff line reduction of 10% over ten years.

Least developed countries (LDCs) were exempt from tariff reductions, but they either had to convert non-tariff barriers to tariffs—a process called tariffication—or "bind" their tariffs,

creating a ceiling that could not be increased in future.

Export subsidies

Export subsidies are the third pillar. The Agreement on Agriculture required developed countries to reduce export subsidies by at least 36% (by value) or by 21% (by volume) over six years. For developing countries, the required cuts were 14% (by volume) and 24% (by value) over ten years.

Implications of WTO activities for developing countries

Developed countries were behind the push for bringing in labour standards in the WTO, but developing countries were able to get the meeting to agree that the International Labour Organization (ILO) is the competent body to do such work. WTO is a body which provides opportunity to victimized country to bring unfair trade practices to notice of Dispute Settlement Body and to bring an end to such unfair practice. This dimension of WTO makes it a desirable and neutral body as it seeks to create a just global trading system.

Several mechanisms have been suggested in order to preserve those countries: The

Special Safeguard Mechanism (SSM) and treatment of Special Products (SPs).

a) Special Safeguard Mechanism

A Special Safeguard Mechanism (SSM) would allow developing countries to impose additional safeguard duties in the event of an abnormal surge in imports or the entry of unusually cheap imports. In turn, the G33 bloc of developing countries, a major SSM proponent, has argued that breaches of bound tariffs should not be ruled out if the SSM is to be an effective remedy. A 2010 study by the International Centre for Trade and Sustainable Development simulated the consequences of SSM on global trade for both developed and developing countries.

b) Special Products

At the 2005 WTO Ministerial Conference in Hong Kong, members agreed to allow developing countries to "designate an appropriate number of tariff lines as Special Products" (SPs) based on "food security, livelihood security and rural development".

WTO and INDIA

India has been a WTO member since 1st January 1995 and a member of GATT since 8th July 1948. India is one of the prominent members of WTO and is largely seen as leader of developing and under developed world. At WTO, decisions are taken by consensus. India stands to gain from different issues being negotiated in the forum provided it engages with different interest groups constructively, while safeguarding its developmental concerns.

Accordingly, India remains committed to various developmental issues such as Doha Development Agenda, Special Safeguard Mechanism, Permanent solution of issue of public stock holding etc.

What was India's stand?

On the issue of competition policy as applicable to "hardcore cartels," India has pointed out that there is no clarity on whether these would include export cartels. The Organisation of Petroleum Exporting Countries (OPEC) is perhaps the best known

example of an export cartel that rigs prices by fixing production ceilings.

On the issue of transparency in government procurement, the Indian position is that while the principle is entirely acceptable, there cannot be a universal determination of what constitutes transparent procedures.

On trade facilitation, India has argued that once again while the idea is unexceptionable, developing countries may not have the resources — by way of technology, or otherwise — to bring their procedures in line with those in the developed world over the short to medium term.

What is Indo – US's WTO problem?

Since end of cold war both countries have witnessed a spectacular improvement in bilateral relations in almost all spheres. However, at WTO platform two countries have disagreements on issues in at least two spheres – Agriculture and Intellectual Property.

Agriculture

Agreement on Agriculture(AoA) which was hatched in Uruguay round negotiations is heavily tilted in favor of developed world. For balancing this India as part of Group of developing and least developed nations (G-33) proposed amendment to AOA in 2008. Current quest of G-33, toward achieving permanent solution is follow up story of this proposal only. As of now, Peace Clause agreed to in 2013, allows us perpetually to continue our food stocking program at administered prices, without being dragged into WTO for violation of AOA.

Intellectual Property

As part of Doha Development Agenda, developing countries managed to twist 'Agreement on Trade Related aspects of Intellectual Property' (TRIPS) in favor of developing countries by allowing compulsory licensing in certain circumstances. First compulsory license was granted by Indian Patent Office to NATCO for 'nexavar' drug produced originally by German firm Bayer AG.

Since then US pharma industry has been apprehensive of frequent evocation of this

principle in developing world. US not only want this concept to be done away with, it also wants a liberal IPR regime which allows ever greening of patents. Indian Patent Act as amended in 2005 allows protection of both product and process, but it allows patent only when there is enhanced efficacy of the substance. If a company re-invents a previously known substance into new form e.g. from Solid to Liquid, then protection can't be granted. India due to its promising pharmaceutical industry exploits these powers religiously.

India's Gain from WTO:

India has benefitted from joining WTO, despite the failures of two ministerial level conferences at Seattle and Cancun. We explain below the gains India has achieved by joining WTO.

1. Exports and Imports:

According to the recent estimates, India's exports have almost doubled in less than a decade.

2. Exports of Textiles and Clothing:

According to a WTO agreement known as Multi- Fiber Agreement (MFA) entire quotas in textile and clothing trade will come to end from January 1, 2005. Till now WTO agreement has required the member countries to phase out their existing quotas by the Dec. 31, 2004. It has further restrained them from expanding the size of quotas annually.

These measures have helped India to increase its market access for its textile and clothing products. With effect from January 1, 2005, the entire textiles and clothing trade would get integrated into the multilateral trade framework of WTO.

3. Gain in Exports of Software Services:

Further, thanks to WTO agreement on free trade in services India has become a world leader in software services, which are contributing a lot to foreign exchange earnings and employment generation for Indians.

4. Business Processing Outsourcing Services:

BPO (Business Processing Outsourcing Services) from USA and UK are coming to India which have enabled us to earn not only foreign exchange but also to generate a large number of employment opportunities for educated Indian youth. But BPO to India and other developing countries are in accordance with the comparative advantage principle and raises profits of American companies which on being used for further investment will generate more employment opportunities in the USA

Conclusion

Developed countries wanted to include all these areas in negotiations. In contrast, developing countries wanted implementation of outcomes of Uruguay round. Hence, from very beginning of WTO deliberations, contradictions of interests of both developed and developing world came to surface, which continues till date. On issues like investment and competition policy, India feels that having a multilateral agreement would be a serious impingement on the sovereign rights of countries. These are concerns that many other developing countries also share. In absence of such a body we stand to lose a platform through which we can mobilize opinion of likeminded countries against selfish designs of west. Thanks to vast resources of developed countries, they can easily win smaller countries to their side. WTO provides a forum for such developing countries to unite and pressurize developed countries to make trade sweeter for poor countries.

Apart from this, Dispute Resolution Mechanism of WTO is highly efficient. Countries drag their trading partner to this body when action of one country is perceived to be unfair and there is violation of any WTO agreement, by other country.