

---

---

# HONG KONG SESSION OF THE PARLIAMENTARY CONFERENCE ON THE WTO

Hong Kong (China), 12 and 15 December 2005

---

*Organized jointly by the Inter-Parliamentary Union and the European Parliament*

Item 3(a) of the provisional agenda

## **COMPLETING THE DOHA DEVELOPMENT AGENDA**

*Discussion paper presented by Mr. Rupchand Pal (India)*

### **Introduction**

1. During the Millennium Summit held in New York in September 2000, all the 189 Member States of the United Nations adopted the Millennium Declaration, which contained a core group of goals and targets. These were later refined through a series of discussions at the UN.

2. The above goals - eight in number are essentially centred on national targets for poverty, education, gender equality, and environmental sustainability, but also include targets for establishing an international trade and finance policy framework that favours overall development of all the member countries. Physical targets have been set for each goal, which are to be achieved by the year 2015. A number of international institutions, including the WTO is committed to support in the effort to achieve these goals.

3. MDG 8 provides for developing a global partnership for overall growth and development. It, inter alia, calls for the development of an open, rule-based, predictable and non-discriminatory trading system. It also addresses the special needs of LDCs and land-locked developing countries and small island developing States.

4. The issues such as Agriculture, Non-Agriculture Market Access (NAMA), Commodities, TRIPS, Services, Rules relating to Trade Facilitation, etc. are part of the multilateral trading system. It also includes providing access to affordable essential drugs in developing countries in cooperation with pharmaceutical companies.

5. India has always been strongly supportive of an open, rule-based, predictable and non-discriminatory multilateral trading system. This view has been echoed repeatedly by India in several fora, including in the past WTO Ministerial Conferences and in the discussions and negotiations with other WTO Members. Addressing the special needs and problems of developing countries, including those of the LDCs, has been a very important aspect of the WTO. The Preamble to the Agreement Establishing the WTO, recognizes the need for positive efforts by WTO Members designed to ensure that developing countries and especially, the least developed among them, secure a just share in the growth in international trade commensurate with the needs of their economic development.

6. The Doha Work Programme urges Members to take into account the special needs of LDCs in the ongoing WTO negotiations in areas such as enhanced market access, balanced rules, need for policy space for developing countries, and well targeted technical assistance and capacity building programmes. WTO Members have committed themselves to addressing the problems of marginalization of LDCs in international trade and to improving their effective participation in the multilateral trading system. In the Doha Ministerial Declaration, Members also agreed to the objective of providing by developed countries and those developing countries that are in a position to do so, duty-free, quota-free access to products originating in least-developed countries.

## **Agriculture**

7. As regards agriculture, the "July Framework" (the WTO General Council Decision of 1 August 2004), provides that the Least-Developed Countries, which will have full access to all special and differential treatment provisions, are not required to undertake reduction commitments. Developed WTO Members and developing country Members, which are in a position to do so, should provide duty free and quota-free market access for products originating from LDCs.

8. This round of negotiation in agriculture must undo the specific adversities faced by developing countries in developing their agriculture. The negotiations should lead to a substantial reform of the domestic agriculture policies of the developed countries particularly in respect of huge domestic support and export subsidy provided by them. Otherwise, the world market situation will continue to remain inimical and biased against the poor and vulnerable agriculture communities in the developing countries.

9. In this context, we are of the opinion that in developing countries tariffs are the only instrument for protecting livelihood of farmers, or insurance against risk from the external sector. Accordingly, the tariff reduction formula must address their special situations and circumstances. The instrument of Special Products is intended to address the food security, livelihood concerns and rural development concerns of millions of Indian farmers who are low-income and resource-poor or operate their farms at subsistence levels. The proposed new Special Safeguards Mechanism is a necessary and useful adjunct to tariffs, but it cannot entirely replace tariffs as a reliable instrument for protecting livelihood of farmers against imports surges and price depressions.

10. The "July Framework" also provides that work on cotton under all the pillars (domestic support, export subsidies, market access) of the agriculture negotiations will reflect the vital importance of this sector to certain LDC and other developing Members and we must work to achieve ambitious results expeditiously. Further, the preferences, which are of importance to many developing countries, are being eroded by both regional and multilateral liberalisation. Preference erosion needs to be addressed in the negotiations, in accordance with the provisions of the 'July Framework', and requires mainstreaming the development dimension in the multilateral trading system through (i) expanded market access for products which are of vital export importance to the preference beneficiaries, (ii) effective utilisation of existing preferences, and (iii) additional financial assistance and capacity building to address supply constraints, promote diversification and assist in adjustment and restructuring.

## **Non-agricultural Market Access (NAMA)**

11. In the Framework for Establishing Modalities in NAMA, WTO Members agreed that the least-developed country participants shall not be required to apply the formula nor participate in the sectoral approach. However, as part of their contribution to this round of negotiations, they are expected to substantially increase their level of binding commitments. Furthermore, to enhance the integration of least-developed countries into the multilateral trading system and support the diversification of their production and export base, developed-country participants and other participants who are in a position to do so should grant on an autonomous basis duty-free and quota-free market access for non-agricultural products originating from least-developed countries.

12. In this context, we are of the view that there shall be significant enhancement in the market access for developing countries through the reduction in tariff peaks, tariff escalation, high tariffs and non-tariff barriers in the developed countries. The particular situations and problems of developing countries must be addressed systemically in the negotiations.

13. Amongst the non-agricultural products there are several domestically sensitive areas which have to be carved out or given special treatment. These are particularly in (i) agricultural products covered in NAMA such as rubber; (ii) products related to agriculture such as fertilizers; (iii) products mainly manufactured by the small scale/ cottage industry such as handlooms, small tools and similar products; (iv) newly established industrial sectors such as the automotive sector; and (v) some petro-products.

## Services

14. In the current services negotiations, LDCs can take commitments at their own pace and in keeping with their levels of development. At the WTO, India has been continuously emphasizing that Development has to be the centre stage in the negotiations under the Doha Work Programme. Specifically, the services negotiations can be completed only through substantial progress in market access in sectors and modes of export interest to developing countries like providing access to professionals and natural persons (Mode 4), tourism, business process outsourcing, etc. as this is the best way of integrating developing countries into the system. Further, the flexibility provided by General Agreement on Trade in Services (GATS) to developing countries has to be preserved and special attention devoted to the practical implementation of the LDC modalities and the Special and Differential Treatment proposals.

15. From India's standpoint, cross border supply of services (Mode 1) through electronic modes of delivery is another important area of great comparative advantage and potential for our country. Considering that outsourcing activities are undertaken through this Mode of supply of services we seek to achieve better access for our service suppliers under Mode 1 by getting our trading partners to fully bind the existing regime. The idea is to freeze the existing liberalisation in these two Modes in those countries, thus removing potential future hurdles in outsourcing of business to countries like India and pre-empting any defensive action on their part subsequently, which could affect India's market access. India has tabled its revised offer under the ongoing negotiations of General Agreement on Trade in Services (GATS) with WTO and is seeking Comprehensive Commitments from WTO members on a wide range of Services Sector under GATS.

## Trade Facilitation

16. In the Modalities for Negotiations on Trade Facilitation, it was agreed that Least Developed Country Members will only be required to undertake commitments to the extent consistent with their individual development, financial and trade needs or their administrative and institutional capabilities.

## Market Access

17. In the ongoing market access negotiations, recognising the fundamental principles of the WTO and relevant provisions of GATT 1994, special attention shall be given to the specific trade and development related needs and concerns of developing countries, including capacity constraints. These particular concerns of developing countries, including food security, rural development, livelihood, preference erosion, commodities and net food imports, as well as prior unilateral liberalisation, should be taken into consideration, as appropriate, in the course of the Agriculture and NAMA negotiations.

## Trade

18. On the issue of framing response to trade related issues identified for the fuller integration of small, vulnerable economies into multilateral trading system, WTO Members have been trying to address their concerns, without creating a sub-category of Members, as part of a work programme, as mandated in paragraph 35 of the Doha Ministerial Declaration.

## Trade Related Aspects of Intellectual Property Rights (TRIPS)

19. On the issue of addressing the problems relating to accessibility of medicines, it may be mentioned that the Doha Ministerial Declaration on TRIPS and Public Health also recognises the problem of countries having insufficient or no manufacturing capacities in the pharmaceutical sector in using effectively the flexibility of compulsory license. In accordance with the Doha Declaration, a solution to this problem was agreed to in the Decision taken by the General Council at its meeting held on 30 August 2003. This Decision would enable manufacture and export of pharmaceutical products under compulsory license to such countries, which would enhance access to patented medicines at

reasonable cost in developing countries including the LDCs in times of public health problems. Provisions for flexibilities clarified in the Doha Declaration on TRIPS and Public Health have been incorporated in the Indian Patents Act via Patent (Amendment) Act, 2002. To facilitate implementation of the General Council Decision dated 30 August 2003, provisions have been suitably incorporated in amendment to the Patent Act, viz. Patent (Amendment) Act, 2005.

20. The centrality of the development dimension has been emphasized in the Doha Ministerial Declaration. Indeed, a pro-development outcome in the Doha negotiations is seen as essential for the realization of the Millennium Development Goals. The core development content of the Doha Ministerial Declaration consists of providing real and effective market access for products and services of interest to developing countries, in an environment of rules which are supportive of development, and which preserve the necessary policy space for developing countries.

21. The growing consensus among WTO Members that sufficient progress should be achieved by Hong Kong, China to conclude negotiations before the end of 2006 has to be supported by concrete action to take the negotiations forward. The concerns of the Membership at large, especially of the developing countries including the least-developed among them, should be kept in clear focus.