

WTO Chief urges India to show flexibility in trade facilitation stance

NEW DELHI, January 29, 2013. The WTO Director General, Mr. Pascal Lamy, today urged India to show flexibility in its stance that trade facilitation should not be de-linked from other developmental aspects of the Doha Round.

In a special address on *'WTO and Multilateral Trading System: The Way Forward to Bali Ministerial'*, organized by FICCI and CUTS International, Mr. Lamy said, "Improving trade facilitating related infrastructure and services such as border trade procedures and ease of transit of goods by way of simplified and speedy customs norms would increase the volume of international trade significantly and certainly not throw Indian farmers and taxi drivers on the streets."

He said the multilateral, ruled based trading system would benefit greatly if the issues related to trade facilitation, regulations on agriculture and LDCs issues are agreed to at the Bali Ministerial meeting in December this year. A consensual agreement on these three issues could then be dovetailed into a working programme post-Bali to get close to a successful conclusion of the Doha Round.

Trade facilitation has come to the foreground of WTO issues as the international business community has increasingly expressed concern for greater transparency, efficiency, and procedural uniformity of cross-border transportation of goods. According to an Asia Pacific Economic Cooperation (APEC) study, clearing the red tape at country borders would generate approximately twice as much gain to GDP than tariff liberalization would. Trade facilitation measures, it is pointed out, would particularly benefit developing countries, where the inefficiencies are sometimes more costly to industries than are tariff barriers.

Mr. Lamy said that to arrive at a true measure of the volume of world trade and get a real picture of who benefits from international trade there is a need to estimate the value addition done by an importing country on the product that it finally exports. Countries that export the most are also the ones that import the most he said. Countries that value add 30% of the GNP to the imported products for export are China, Germany, Singapore, Chile and New Zealand while at the second rung of 15% value addition come India and Japan. The US, the largest economy in the world, falls in the third category of 10% or less.

Mr. Rajiv Kher, Additional Secretary, Ministry of Commerce and Industry and India's Chief negotiator at the WTO, stated that it was important to remember that the Doha Round was a development round and trade that is not conducive to development will only serve to push a mercantile agenda, leaving the concerns of the poor countries unattended.

He called for realism on the part of developed countries and urged them to shed their insistence de-link discussions on trade facilitation with results in the more contentious subjects of agriculture and industrial tariffs.

India, he said, was not against trade facilitation and does not see it as a measure contrary to international trade. But positioning it a stand-alone proposal without adequate balance between what the developing countries are giving and what they are getting would not serve the cause of multilateralism.

Ms. Naina Lal Kidwai, President of FICCI, in her remarks, stated that the long-standing stalemate in Doha talks had triggered a scramble to arrange preferential trade deals. While regional pacts like the Trans-Pacific Partnership (TPP), or mega-bilateral such as the EU-US Trans-Atlantic FTA are still in their early days, the point remains that if such mega-FTAs become operational, then a huge share of world trade would be conducted within a discriminatory framework. This would lead to dilution of the WTO principle of 'non-discrimination', thus causing irreparable damage to the WTO as an institution and its credibility, Ms. Kidwai pointed out.

She said, "We cannot over-hype the prospects on the way forward to the Bali Ministerial; rather we need to be realistic in our efforts to ready a set of deliverables from the Doha agenda in time for the Bali meet. This will help in managing our expectations better."

However, what is equally important at the same time is not to lose our focus on 'post-Bali roadmap'. We cannot afford to forget the 'Big Picture', the remaining important areas of the Doha talks in our rush to stitch up an 'early harvest'. "Bali cannot be the end-point; rather, it has to be viewed as a milestone in our quest for strengthening multilateralism," she said.

Mr. Pradeep Mehta, Secretary General, CUTS International and Member, WTO Panel on Defining the Future of Trade, underlined the need for creating policy coherence at the international level. Larger WTO Member states such as the US, Brazil, China and India need to re-engage and try to narrow their differences. In this context, he said it was important to determine what role India could play in flagging off and making the voice of the less developed countries heard.
