

## **India's Statement at Trade Negotiations Committee meeting at the level of Heads of Delegations held on 16<sup>th</sup> October 2018**

1. Thank you, DG, for convening this informal meeting of the TNC and for your report and assessment as the Chair of the TNC. We also thank the Chairs of the Negotiating Groups for their reports.
2. India associates itself with the statement to be made by Indonesia on behalf of the G-33.
3. It is a matter of grave concern that the crisis facing the organisation has deepened further with escalating trade friction and the Appellate Body now reduced to three members. This is seriously impacting the functioning of the dispute settlement mechanism of the WTO. With every passing day, we are moving closer to a trade war and complete collapse of the rules based system.
4. In these difficult times, let me put forward our views on a few important issues and some ideas on the way forward.

### **Appellate Body**

5. The existential crisis facing the Appellate Body is our gravest concern. With only 3 Members left, its effectiveness is compromised, and with the continuing impasse, its future is a question mark. The looming paralysis and possible disappearance of the Appellate Body will be the death knell of the dispute settlement system, which in spite of its limitations, has served us well.
6. In this context, the topmost priority for the Membership needs to be to break the impasse in the filling up of the vacant positions of the Appellate Body members. A number of ideas have been floated to address the issues raised, and we are open to engage on any or all of them; and to focus our efforts on arriving at a breakthrough in this important area. A swift and independent, two-stage dispute settlement system is necessary, we believe, for fair enforcement of the rules of international trade and preserving the credibility of the WTO. Therefore, this needs to be at the top of the agenda in the coming weeks and months !

### **Effects of globalization**

7. Today, we see a strong backlash against free trade and globalization, not only in developing countries, but also in the developed world. The reason for this is that trade has been less inclusive than promised and more

disruptive than anticipated. Clearly, free trade has not led to inclusive development. The total exports of LDCs are still only about 1% of total exports; only 5% of the population in the developing world can buy products on e-commerce platforms due to the digital divide, manifested in limited broadband connectivity as well as low digital literacy. In India, a fledgling but vibrant electronics industry has been almost completely wiped out after joining the ITA-I in 1997, while in the last 8 years, our exports of goods as a proportion of GDP in percentage terms have reduced by a third ! In the US as well, we hear of the grave crisis that the steel industry is facing, requiring resort to unilateral measures ! Such consequences, and the policy responses which they invite, have the potential of derailing the growth in trade, and its consequential benefits like the jobs it creates !!

## **Reforms**

8. In this scenario, it is not surprising that reform is the flavour of the season and a number of ideas on reforms are being presented informally. We thank the proponents for their efforts and would like to engage with all of them. However, we would like to caution, that without a system of enforcement of existing rules, the appetite for making new rules or for reforms would be poor.

9. Some of the ideas on reforms being floated, in their breadth, novelty and potential impact are akin almost, to launching a new Round, even when we still need to address some of the Doha issues, build on the work done and harvest some outcomes. We have been proponents of reforms of the Uruguay Round agreements like the Agreement on Agriculture and believe, that though reforms may be necessary, and even help enhance the effectiveness of the organization, the need at this time, is to follow approaches that build and enhance trust among Members, and provide a healing touch, rather than those that:

- may increase divergences or are divisive or
- freeze the inequities against the developing countries and LDC interests or
- perpetuate the monopoly of platforms and thwart competition or
- go against the development focus which is part of the basic structure of the organization or
- seek to dump principles of non-discrimination and consensus which have made the WTO inclusive or
- those that do not address the asymmetry of existing agreements or
- those that would compromise the ability of developing countries and LDCs to fight hunger and poverty which are still huge challenges for them.

## **Role of Secretariat**

10. India is deeply concerned at the WTO Secretariat becoming a party to the recent report by international organisations on WTO reforms. No doubt the issue of institutional reform of the WTO is important for some members. But this issue is best resolved by the Membership without the Secretariat offering its suggestions. If at some stage the Membership collectively and with consensus seeks the wisdom of the Secretariat on this issue, as well as any other issue, then we would certainly welcome the views of the Secretariat. In absence of any explicit request from the Membership by consensus, we expect the Secretariat to act with restraint in this matter so that the Member-driven character of the WTO is preserved.

11. We are also ready to work with Members to enhance transparency and effectiveness of the WTO. We have, in this context, brought up-to-date our subsidies notifications in the areas under negotiations, - both agriculture and fisheries.

## **Negotiating Function**

12. As far as the negotiating agenda is concerned, our priority for a package including agriculture and fisheries subsidies is well known and has been repeatedly articulated. We consider these important areas of work. The mandate to agree and adopt a permanent solution for public stockholding for food security for all developing countries and LDCs needs to be implemented with urgency. I would like to state that attempts to seek justification for the need of a permanent solution for Public Stockholding on Food Security at this stage amounts to renegeing on the decision of Ministers. Further, we believe that the subsistence agriculture subsidies of developing countries cannot be treated on par with the huge trade distorting AMS available to developed countries. The per capita subsidy of US\$ 200 per year given by India to its farmers, cannot generate exports or distort trade. Similarly, the problem of unsustainable fishing has arisen due to over exploitation of oceans and huge subsidies to industrial fishing in a few countries. It certainly cannot be attributed to the less than the US\$ 1 per week given to 2 million subsistence fishermen in India. This support, however, is critical for their livelihood and, if withdrawn, will lead them to destitution. Thus, disciplines in this area need to preserve and protect schemes targeted at such marginalized groups and leave space for the development of their capacity to improve their lot.

## **E-Commerce**

13. E-commerce has created new and exciting opportunities in global trade. At the same time, it also poses significant infrastructure and regulatory challenges especially for developing countries which may lose out on these opportunities due to the huge digital divide. As the digital revolution is unfolding, there are still large gaps in our understanding on issues like effects of e-commerce on competition & market structures, issues related to technology transfer and the gaps in policy in this area in several countries.

14. Advance of digital technologies, automation and robotization will result in the loss of a large proportion of traditional jobs in the technology sector. Developing countries, like India, therefore, need to maintain policy space to formulate a policy on ownership, use and flow of data in sunrise sectors like cloud computing, data storage, hosting of servers as well as in big data analytics and M2M communication in the era of internet of things. We are, therefore, committed to reinvigorate work on the multilateral track, with its non-negotiating mandate, to understand these issues better, which will build a strong foundation for the future of e-commerce, which, in turn, would benefit us all.

## **Conclusion**

15. To conclude, in our view, the need of the hour is to engage constructively and collectively to address the challenges facing the organisation which include unilateral measures, the crisis in the Appellate Body, rising tide of protectionism and the impunity with which some of the core principles of the multilateral trading system are being breached. To this end, India stands ready to constructively engage and will work to strengthen this multilateral organisation.

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