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MAKING TRADE WORK FOR DEVELOPMENT AFTER NAIROBI

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1. Trade is an engine of growth and an essential ingredient of development. The Preamble of the Marrakesh Agreement establishing the World Trade Organization (WTO) recognizes the *need for positive efforts designed to ensure that developing countries, and especially the least developed among them, secure a share in the growth in international trade commensurate with the needs of their economic development*. The idea of development is ingrained in the WTO system and the Agreement clearly sets the agenda for trade liberalization and for promoting development. Thus, the WTO should strive to make trade work for development.

2. In achieving this objective of making trade work for development, the role of the WTO and its members bears a special significance particularly in view of the last concluded 10th Ministerial Conference of the WTO in Nairobi, where we had a mixed bag of results. The non-reaffirmation of the Doha Development Agenda (DDA) in the Nairobi Ministerial Declaration is, in fact, not very encouraging. How can we make trade work for development, while ignoring the core issues of development put forth for negotiations in the Doha Round? While speedy integration of developing and the least-developed countries (LDCs) into the world trading system is imperative, conclusion of the Doha Development Agenda, and implementation of the commitments of Ministerial Decisions are of paramount importance to achieve this objective.

Integration of the Developing and the Least-Developed Countries (LDCs) into the World Trading System

3. Trade impacts different countries differently depending upon their stages of development. There is a wide gap between developed countries, and developing and the least-developed countries (LDCs) in terms of their capacities. The stage of development and the state of infrastructure of a country play a vital role in extracting the benefits of international trade. In the absence of a level-playing field for all countries, trade can have negative impacts on countries which are in a disadvantageous position. Hence, the WTO as a multilateral forum for the negotiation of trade agreements has an important role in ensuring a level playing field for all trading countries so as to benefit from increasing international trade and commerce.

4. It is in this direction that the concept of "Less than Full Reciprocity" was brought into trade rules in the GATT to counter the adverse impacts of trade liberalization on developing countries and the LDCs. Further, the formation of the WTO saw these provisions realized in a more practical way in the "Special and Differential Provisions" of the Uruguay Round Agreements, where developing countries were allowed lower tariff cuts and longer implementation periods for various commitments. Despite the concept of "Special and Differential Treatment" in the Uruguay Round of trade negotiations, the trade rules were still largely in favour of developed countries.

5. With the intention of providing a level playing field to developing countries and to improve their trading prospects, the Doha Ministerial Conference in 2001, for the first time in the history of trade negotiations, brought the issue of development to the fore and recognized the centrality of development in trade negotiations at the WTO.

Successful Conclusion of the Doha Development Agenda (DDA)

6. Since the launch of the Doha Round of trade negotiations, it has been stuck in a logjam due to wide gaps in the positions taken by the developed countries on the one hand and the developing countries on the other. Conclusion of the Doha Round as mandated in the Doha Declaration would result in addressing a large number of issues impacting developing countries and the LDCs. However, it is disheartening that very little has been achieved despite hectic negotiations spanning over a decade and a half. When requiems were being written for the DDA, the Bali Ministerial Conference gave some hope to the world through the very first outcomes in the DDA and multilateral trade. The Bali Ministerial Declaration and Decisions on certain issues relating to trade facilitation, agricultural issues and some developmental issues pertaining to the LDCs gave back much needed life to the multilateral trade negotiations. However, multilateral trade negotiations are never easy and in spite of the strong will of members as expressed in Bali, they could not agree on a Work Programme for rest of the Doha issues. The sequence of events post-Bali was also not very encouraging and the developing countries were especially pained to see that no real commitment was being shown to address the issues of development and there was a clear lack of engagement on the issues concerning the developing countries and the LDCs.

7. Things could not have gone worse for the developing countries, with the very core of the development-centred DDA being questioned at the post-Bali negotiations and also in the Nairobi Ministerial Conference. We, the developing countries, were buoyed by the Bali outcomes but by the time Nairobi approached and happened, there was a sense of disillusionment which is all pervading. This is due to the reluctance of some of members to honour the commitments made by them in Doha and subsequent Ministerial Conferences. Any system, more so a multilateral system with a diverse membership such as the WTO, can be successful only if commitments made are honoured and goalposts are not changed at the convenience of some of the members.

8. The WTO membership largely comprises developing countries (including the LDCs) and these countries are still faced with the same issues of underdevelopment and lack of resources that they were faced with at the start of the century. The issues which should have been addressed long ago are being conveniently pushed aside to make way for new issues that reflect the priorities of developed countries.

9. The Nairobi Ministerial Conference (2015), the first WTO Ministerial Conference to be held in Africa, a continent with the most LDCs, should have been the last place where the very existence of the DDA was challenged. Despite overwhelming support for the continuation and successful conclusion of the Doha Round, the DDA was not reaffirmed.

10. India's consistent stand has been that the Doha Development Round must contribute to development as per its mandate and that all areas under negotiation must be addressed, building on progress made over the years. Completion of the Doha Development Agenda in its entirety would be a major contributor towards levelling the playing field in global trade for developing countries, especially the LDCs. For example, one of the mandates of the Doha Round is to reduce and discipline the huge agricultural subsidies provided by developed countries: this would remove long-standing distortions in global agricultural trade and improve the competitiveness of agricultural producers in developing countries. Thus, there is a need for the member countries of the WTO to engage themselves constructively for an early conclusion of the Doha Development Agenda on priority so that developing countries are better integrated into the multilateral trading system. While a successful conclusion of the DDA will pave the way for broadening the trade agenda at the WTO and for rule-making in future, non-delivery would always cast a cloud over future rounds of trade negotiation and developing countries and the LDCs will be the worst sufferers.

Implementation of Ministerial Decisions

11. At the Nairobi Ministerial Conference, only a few decisions pertaining to the Doha Round were arrived at. While the Nairobi Package includes decisions on agriculture, cotton and issues related to the LDCs, there was an attempt by some members to obtain a mandate for the introduction of new issues to the table for discussion, neglecting the Doha Development Agenda, which has been under discussion for more than a decade and a half. The Nairobi Ministerial Declaration clearly brings out the fact that a decision to launch negotiations multilaterally on any such issues would need to be agreed by all members. It is, therefore, imperative that the Decisions on the issues of interest of developing countries are implemented in right earnest by the member countries of the WTO.

12. As the Nairobi Ministerial Declaration records that WTO work will maintain development at its centre and also reaffirms that provisions for "Special and Differential Treatment" shall remain integral, India stresses the need for the WTO member countries, particularly the developed ones, to honour and implement the Ministerial Decisions of the WTO.

13. India is one of the few countries that have already notified preferential treatment to the LDCs in services trade. Regarding the implementation of preferential treatment in favour of Services and Service Suppliers of LDCs and increasing LDC Participation in Services Trade, India is the only member which has offered the waiver of visa fees. This is a unique and almost path-breaking offer by India. One of the elements of the Hong Kong Ministerial Declaration of December 2005 was to extend Duty Free Quota Free (DFQF) access to the LDCs. India announced the Duty Free Tariff Preference (DFTP) Scheme for the LDCs in the year 2008. At present, 31 out of 48 LDCs have become beneficiaries to the scheme. Out of this, 21 LDC beneficiaries are from Africa and 10 are from the Asia-Pacific region.

14. Today, while global trade is falling faster than falling GDPs, it brings into stark focus that the contribution of trade to global economic growth is declining. However, the trade potential of developing countries within Asia and between Asia and Africa remains unexplored. These societies have exhibited steady demand since the aftermath of the global financial meltdown of 2008. It is, therefore, imperative that the WTO and related trade mechanisms should think of ways to explore and promote trade growth in territories unexplored hitherto. India also ratified the Trade Facilitation Agreement in April 2016. It would be seen that India is committed to the cause of multilateralism and believes that the WTO can be strengthened by members honouring commitments made at the forum.

15. Today, the macro global discourse has shifted from trade as a forex earner to trade as a necessity to bolster global growth. East Asia's economic experience reveals that trade growth is intrinsically linked to manufacturing and infrastructure. Thus, we should bring infrastructure investment and manufacturing as twin pillars to help boost flagging global growth. In this direction, in India, we have introduced national initiatives, such as "Make in India", "Skill India", "Start up India", etc., into this process as ways to promote global trade. Thus, WTO discourses on trade should look at this manufacturing opportunity as a way to bolster global growth by providing a global ecosystem that is conducive and supportive of free and fair international trade.

16. India has always been a strong supporter of an open, rules-based and non-discriminatory multilateral trading system. At this crucial juncture when attempts are being made to turn the negotiating table towards non-trade issues, the quintessence is that the WTO should remain a useful and progressive multilateral institution. The Nairobi Ministerial Decisions must be implemented with a sense of urgency so as to strengthen the multilateral trading system. There is a need for members to honour the commitments of the Bali Ministerial Conference and General Council Decisions on public stockholding for food security purposes, on the implementation of the Nairobi decisions on *Special Safeguard Mechanism (SSM)* for agricultural products (of developing countries), on *Public Stockholding for Food Security Purposes*, and on other outcomes of interest to developing countries and the LDCs. Addressing the remaining Doha issues simultaneously will help the multilateral trading system move forward.

17. These steps will not only help greater integration of developing countries and the LDCs into the global trading system, but will also revitalize the multilateral trading system and ensure all round development.