

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

MTN.TNC/MIN(88)/ST/25
6 December 1988
Special Distribution

Original: English

Trade Negotiations Committee
Meeting at Ministerial Level
Montreal (Canada), December 1988

INDIA

Statement by Mr. Dinesh Singh, Minister of Commerce

I would like to join my colleagues in extending to you, Mr. Chairman, my congratulations on your election to Chair this important meeting. I would also like to express our sincere appreciation to the Government of Canada and the City of Montreal for the warm welcome extended to us and for the excellent arrangements made for this meeting.

Montreal provides us with a valuable opportunity to review what has been done so far, and to give direction to our negotiators for the remaining years of the Uruguay Round. I hope this meeting will conclude with a clear message of progress in these negotiations, in the common interest of all negotiating parties.

It is our firm belief that all countries, developed and developing, have a strong interest in the preservation, maintenance and strengthening of the GATT system. It has to be recognized, however, that the system must serve the needs of all the participating countries. For the developing countries, the expansion of international trade is not an end in itself. It is an instrument for economic development, which in turn provides the only solution to the chronic problems of structural imbalance, poverty and unemployment. The development dimension must, therefore, be made the focus of whatever rules we evolve for the world-trading system. This is true for the old areas as also for the new.

We have a strong interest in systemic issues. We fully support strengthening of the dispute-settlement procedures. They must be made more adjudicatory in nature if we are to instil confidence in all trading partners. It is also time to show concrete progress on the important issue of safeguards. We hope this meeting will reaffirm that the most-favoured-nation principle shall govern the safeguard understanding. Departure from this principle will not only make recourse to safeguard action more frequent, but will also make the weaker nations, generally the newer entrants, more vulnerable. For the same reason, the grey-area measures with selective application have to be given up.

An obvious example exists in the area of textiles. In our countries, the textiles sector provides sustenance to millions of people, many times more than in the developed countries. Restrictions on access in textiles and clothing denies us access to markets in precisely the product areas in which we have become the most efficient producers. Continuation of such restrictions without any time-frame for phasing them down, will undermine confidence in the fairness of the trading system. We have to show progress at Montreal in giving momentum to negotiations in this area with a view to bringing textile trade back within the GATT system.

Considerable work has been done in the Group of Negotiations on Services for establishing a multilateral framework of principles and rules for trade in this area. Here also it is important to keep the development dimension in mind and to move cautiously. We must ensure that the multilateral framework comprehends service sectors of interest to all countries. Unless labour and labour-intensive services are included, we would not be able to achieve balance in any new initiatives in this important new area. Moreover, developing countries face severe constraints in the development of their service industries to internationally competitive levels. These include limited access to technology and restrictive business practices. Removal of these constraints should be a precondition for successful liberalization. The rules we evolve must take these factors appropriately into account.

We share the aspirations of developing countries for liberalization of trade in tropical products and more generally the liberalization of trade in agriculture. We believe that all measures affecting import access and export competition must be brought under strengthened and more operationally effective GATT rules and disciplines. This must of course recognize fully the special position of agriculture in developing countries, where it constitutes a substantial proportion of the gross domestic product and provides livelihood to a major segment - in some cases a majority - of the economically active population. We had agreed at Punta del Este to give special attention to the negotiations on tropical products and we are happy to note that there appears to be progress in this area.

The debate on trade-related aspects of intellectual property rights raises a number of basic and complex issues. Indian laws have provided for patent protection for over 100 years now. The degree of protection is more or less comparable to the standards that were prevalent in most developed countries until very recently. We fully recognize the need for stimulating and rewarding innovation. But we have an equal concern for making advanced technology more widely available to our people to combat hunger and disease. It is, therefore, of vital importance that the rules for protection of intellectual property strike a rational balance between protection of innovation on the one hand, and the development needs and public interest on the other. These complex issues are already being pursued in various specialized international fora. In this situation, we

should avoid approaches which may complicate ongoing efforts and generate new tensions in the trading system through linkages sought to be established between these issues and rules for trade.

Earlier this morning, Prime Minister Mulroney reminded us of the need to provide developing countries with a trading environment which would give them the access to world markets which they need to "trade their way out of debt". I would like to thank him for highlighting the interests of the developing countries. The developing countries have faced exceptionally difficult external circumstances in this decade. This has imposed severe macroeconomic constraints on their short-term economic management. It has also adversely affected their development prospects. This meeting can help ease these problems in future. We must give clear political direction to our negotiators to pay special attention to the need to increase access of developing countries and to keep in mind the special circumstances of these countries, especially those arising from the development dimension.

In conclusion, let me reiterate India's firm commitment to supporting a more open and transparent multilateral trading system and strengthening the rôle of the GATT in this context. Over the past several years we have progressively liberalized our economy increasing the rôle of trade, technology transfer and foreign investment. This liberalization has been undertaken as part of a conscious strategy of modernization and structural transformation reflecting our stage of economic development. It has yielded good results. It will continue. What we, and all developing countries, need is a world-trading environment which provides support for this process, and generates confidence that the system will remain supportive in the future.