

WORLD TRADE ORGANIZATION

WT/MIN(05)/ST/17
14 December 2005

(05-5942)

MINISTERIAL CONFERENCE
Sixth Session
Hong Kong, 13 - 18 December 2005

Original: English

INDIA

Statement by HE Mr Kamal Nath
Minister of Commerce and Industry

I thank you, Mr Chairman, and the Government and people of the Hong Kong Special Administrative Region, for the excellent arrangements made for our work, and for your hospitality.

I would like to warmly welcome Saudi Arabia and Tonga, both valued friends of India, into the WTO fraternity.

We meet at Hong Kong with a mandate to fulfil the Development Agenda crafted at Doha. Doha had aroused hope among millions of people of economic growth and prosperity. We are mandated to correct the '*development deficit*' bequeathed to us by the Uruguay Round. Our negotiations here will have failed if they do not contribute towards creating a rules-based world order, which not only makes trade free, but also makes trade fair.

Development is not simply an adjunct to the global trading system. It is intrinsic to every aspect of this Round. It concerns nothing less than ensuring access of the world's poor to basic material necessities, a decent quality of life commensurate with human dignity. To this end, and with this hope, we are Members of the World Trade Organization; and this participation cannot be disruptive of the national development strategies of developing countries. Of course, our economies need the stimulus of external markets and technologies for the transition to a higher growth trajectory. We do believe this and are committed to it. But our problems and challenges are so manifold and our socio-economic contexts so diverse, that no single, 'harmonized' development strategy can be adopted. Each country must choose the path that best suits its own genius.

Trade commitments which throw hundreds of millions of people already on the edge of subsistence into a chasm of poverty and unemployment simply cannot be supported. The ambition of developed countries cannot and must not trample on the aspirations of four-fifths of humanity.

It is in agriculture that the structure of international trade is the most distorted and it is here that the development outcome of Doha would be the most critically judged. It is in agriculture again that many developing countries find a natural comparative advantage. But they are shut out from world markets by a complex edifice of protection, built on high tariff walls, domestic and export subsidies, and an intricate maze of non-tariff barriers. In many developing countries, including India, hundreds of millions of low-income and subsistence farmers eke out a precarious livelihood from agriculture. Unless the playing field is completely levelled, they cannot enter the arena of international competition. Our farmers are quite willing to deal with trade flows – but not with an avalanche of subsidy flows from developed countries.

To secure and ensure the livelihood and food security of millions an appropriate number of Special Products and a Special Safeguard mechanism which can be meaningfully and effectively applied is the bedrock of any agricultural outcome in this Round.

The small and medium enterprises in the developing world provide livelihood to hundreds of millions of industrial workers. They need the elimination of tariff peaks and tariff escalations to obtain effective access into developed country markets. It is no use having zero duty levels on aeroplanes, while maintaining a 30 per cent duty on leather handbags! Such traditional industries as textiles, clothing, leather products, footwear, and a range of other medium technology products have long faced barriers. Their future growth would be blunted in the absence of new markets and technologies. However, one NAMA proposal before us translates into a 75 per cent cut for developing countries as against a 25 per cent cut for developed countries. Surely there is a mistake somewhere!

Market access is not governed by tariffs alone. Exporters from developing countries face an impenetrable labyrinth of non-tariff barriers. These include the abuse of both anti-dumping measures and technical standards, often dealing with peripheral matters and extraneous considerations. If we are to pursue the so-called 'real' market access in the NAMA negotiations, the boot is surely on the other foot.

Globalization means not only an accelerated global flow of goods, but also of services and ideas. The youth in a number of developing countries have acquired globally valued skills in several professions. The opportunity of productive employment to the educated youth in the burgeoning populations of developing countries would require the development of robust services sectors in their economies. Access into overseas markets is an essential stimulus for this growth, and a powerful instrument to banish poverty. This is why the liberalization of professional services trade in Modes 1 and 4 needs to figure high on the development agenda. It is also, of course, a paramount need of businesses everywhere in a globalized economy. The services negotiations need a clear direction, without undermining the flexibilities available to developing countries under the GATS architecture.

On the unfinished agenda of development inherited from the Uruguay Round is the imbalance in the TRIPs Agreement between private IPRs and the intellectual heritage of communities. There is growing popular discontent among developing countries over bio-piracy and the misappropriation of their traditional knowledge for commercial gain. The Hong Kong Ministerial must pave the way for the launch of negotiations on the issues pertaining to the relationship between the TRIPs Agreement and the Convention on Bio-Diversity.

A Development Round has no credibility in the absence of substantial benefits for the weakest Members of the WTO. The Hong Kong Ministerial needs to address the burning issues of cotton and of preference erosion. We need to finalize the proposal for duty-free quota-free access for exports of LDCs to developed country markets, without hedging. Developing countries too are ready to play their part, according to their abilities. India shall not be found wanting in this respect.

In the name of completion, if the content of this Round only perpetuates the inequities of global trade, then it will be no Round. To redeem the pledge we made at Doha, let us resolve to make this a Round for those who need it. Let us make this a Round that truly reflects the development dimension in its most beneficial and most effective sense.
