

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:503
ANSWERED ON:09.07.2004
WTO DISPUTE SETTLEMENT BODY
Reddy Shri S.P.Y.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether the dispute settlement body of the W.T.O. has recently ruled that the huge substitutes given by the U.S. Government to its cotton-growers violates the norms of International trade;
- (b) if so, the details thereof;
- (c) its possible impact on the economies of the developing countries including India;
- (d) whether the Government has urged the WTO to make the dispute settlement mechanism fair by making it rule oriented; if so, the details thereof;
- (e) whether some industrialised countries are putting pressure to bring in non-trade related issues within the discipline of WTO; if so, the reaction of WTO; and
- (f) the steps taken by the Government to face such a situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

(a),(b) and (c) : At the request of Brazil, a dispute settlement Panel was established by the Dispute Settlement Body of the World Trade Organisation (WTO) in March 2003 regarding the subsidies granted by the United States to cotton growers. India is a third party to this dispute. In accordance with the provisions of WTO's Dispute Settlement Understanding and the Working Procedures for this dispute, the report of the Panel has not yet been circulated to the WTO Member countries and is confidential. At this juncture the report of the Panel has been made available only to Brazil and the United States which are the main parties to the dispute. The possible impact of the ruling on the economies of developing countries including India can be assessed only after the WTO's Dispute Settlement Body adopts the recommendations of the Panel in this dispute.

(d) As part of the ongoing negotiations on WTO's Dispute Settlement Understanding (DSU) India, along with certain other developing countries, has raised issues of particular concern seeking improvement and clarification in the DSU.

(e) and (f) : Some developed countries have, in the past, sought to bring non-trade related issues within the WTO for making disciplines. Examination of certain issues, such as 'trade and investment' and 'trade and competition policy' has taken place in the WTO for identifying their relationship, if any, with trade and to the WTO framework. India's position is that in the absence of any clear relationship with trade, these two issues should not be negotiated for the establishment of any agreement at the WTO. The position of India, as well as that of several developing countries, has ensured that negotiations on these two issues do not commence in the absence of an explicit consensus at the WTO.

The linkage between trade and environment has also been under discussion in the WTO Committee on Trade and Environment (CTE) since 1995 as mandated by Marrakesh Decision on Trade and Environment. The Doha Ministerial Declaration in 2001 provided a mandate for negotiations on certain limited aspects under trade and environment. India is actively participating in these negotiations and putting forth its views along with other like minded developing and developed countries.

The linkage between trade and labour standards was proposed by some developed countries in the First Ministerial Conference of the WTO at Singapore in 1996 as well as in the Third Ministerial Conference of the WTO at Seattle in 1999. India in coordination with other like-minded countries, had effectively opposed the inclusion of this linkage in both the Conferences.