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STATEMENT BY MINISTER*

FIFTH MINISTERIAL CONFERENCE OF WTO HELD AT CANCUN, MEXICO

Title: Regarding Fifth Ministerial Conference of WTO held at Cancun, Mexico.

MR. DEPUTY-SPEAKER: Item No. 19, Statement by Shri Arun Jaitley.

THE MINISTER OF LAW AND JUSTICE AND MINISTER OF COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY): Mr. Deputy Speaker, Sir, I rise to make a statement on the proceedings of the Fifth Ministerial Conference of the WTO held at Cancun, Mexico during 10-14 September 2003. A copy of the Ministerial Statement is being placed on the Table of the House.

The Cancun Ministerial Conference was due to take stock of the progress in the negotiations under the Work Programme launched by the Doha Declaration and to provide guidance to the negotiators on the key areas such as agriculture, tariff negotiations for non-agricultural production, special and differential treatment and implementation issues. The Conference also had to decide on whether or not to launch negotiations on Singapore Issues based on modalities agreed to by 'explicit consensus'.

In preparation for the Conference, the Government held wide-ranging consultations with all major stake holders and had accordingly formulated its negotiating strategy. This strategy was based on an appreciation of our trade interests, development concerns and gains to be made by improving the multilateral trading system. We went to Cancun with a positive frame of mind with a desire to engage proactively in the negotiations for a fruitful outcome.

The Conference, which concluded at Cancun on 14 September 2003, could not reach a decision covering all areas. An important reason for the lack of decision at Cancun was the inability of the proposals on the table to forge a

*Also placed in Library. See No..L.T.8647/2003

consensus by taking into account the concerns of all Members on many contentious issues. The Conference ended with a Ministerial Statement which recognised that more work needed to be done in key areas to enable WTO countries to proceed towards the conclusion of negotiations under the Doha mandate.

The developments at Cancun have been a disappointment for us. We are interested in having a healthy, effective multilateral trading system which would provide the institutional backdrop for a process of economic development that would benefit all countries. The overriding priority and consideration for a developing country like India in any trading arrangement is the implication of such an arrangement for its economic development. This focus on development determines our position on any trade rules and proposals at the WTO. Our goal at Cancun on major issues was guided by national interest.

In agriculture, our desire was to ensure that agriculture markets across the world are freed from the substantial distortions that are caused by large scale subsidisation. These distortions prevent agriculture from fulfilling its potential of being an engine of growth. Income inequalities caused so far by such distortions continue. It is essential in the interests of equity, justice and fair play that the distortions in agriculture are gradually eliminated. Therefore, agricultural market access in developing countries has to be sequenced appropriately with reductions in market distortions elsewhere. At the same time, we wish to protect the interests of the millions of subsistence level farmers who depend on agriculture as their sole means of sustenance. Therefore, there has to be a calibrated approach to market access *vis-à-vis* reduction distortions in agriculture with a transition period in which affected farmers are shielded through the use of special safeguard mechanisms and the protection for special products. In view of this, expecting us to make onerous market access commitments, inconsistent with the reality in agriculture, was unreasonable. The draft modalities on agriculture proposed at Cancun, on the other hand, did not take into account these concerns fully and would in all probability, have perpetuated distortions. We had no choice but to oppose these modalities.

On tariff negotiations in non-agricultural production, significant convergence in negotiating positions could be realised by taking on board the concerns of all Members.

On Singapore Issues, one has to address the question of multilateral rule making taking primacy over economic development goals, particularly in areas where the interplay between these new issues and development is unknown. The Ministerial Conference had to take a decision on modalities for all Singapore Issues. However, this

was to be by explicit consensus. Discussions clearly revealed that not only was this consensus absent, but that most developing countries felt that the clarification process on these issues had not run its full course. In the absence of clarity on many elements, a majority of the membership of the WTO had rejected launch of negotiations on these issues and sought continuation of the clarification process.

There were concerns that a framework on Investment would constrain the policy space for developing countries in utilizing FDI for their development goals. There was no certainty that such a framework would lead to larger FDI flows nor was any need for a framework demonstrated. On Competition Policy, the issue of encroaching upon the freedom of competition authorities was quite disquieting. The benefit of a framework on Transparency in Government Procurement was also not clear. In spite of this, proposals tabled suggested the launch of negotiations in some areas. In the absence of explicit consensus, launching negotiations was however, an impossibility.

India was also disappointed that no timeframe was prescribed for resolving outstanding implementation issues. These issues highlighted the imbalances arising out of the Uruguay Round agreement and need to be addressed on a priority basis so that imbalances brought in by the Uruguay round are redressed. On special and Differential Treatment Issues, India felt that adequate urgency was not being shown in addressing these issues.

An important outcome from our viewpoint is the engagement of developing countries in the negotiating process. Unlike in the past, when they were blamed for non-participation, the degree of participation of a large group of developing countries is a welcome development. Not only have developing countries become participants in the process but have also shown adequate flexibility to reach out to other fellow countries to form alliances which have been formed during and after the conference. The G-20 on Agriculture and the G-16 on Singapore Issues embody the desire of developing countries to generate common positions on these issues.

The Ministerial Conference concluded with a Ministerial Statement which recognised that more work needed to be done in some key areas to enable WTO Member countries to proceed towards the conclusion of negotiations under the Doha mandate. The Ministerial Statement has instructed officials to continue working on outstanding issues with a renewed sense of urgency and purpose and taking fully into account all the views expressed in the Ministerial Conference. The Chairman of the General Council of the WTO, working in close coordination with the Director General, has been asked to coordinate this work and to convene a meeting of the General Council at senior officials level not later than 15th December 2003 to enable successful and timely conclusion of the negotiations. Subsequently, the General Council has met at Geneva on 15th December, 2003 and decided that negotiating groups will start working on their respective areas in January, 2004.

As hon. Members would appreciate, trade negotiations are a protracted process. We have been engaging constructively in the negotiations and are optimistic that despite the lack of progress at the Cancun Ministerial Conference, it would be possible to move forward in the weeks to come. Agriculture has been at the core of the negotiations. Our sensitivities on Singapore Issues also need to be understood. We are also committed to ensuring that 'development' lies at the core of the Doha agenda, as mandated by the Doha Ministerial Conference of the WTO.

For India, the multilateral process is an extremely important one. We believe that a rule based trading system provides a fair, transparent, predictable, secure and durable environment for trade relations between nations. We have been demanding that the system be fair--fair to our development goals, to our economic needs, to our economic and social reality and to our aspirations. The multilateral system continues to enjoy our support and we are participating in the process of further negotiations in Geneva. We are willing to work together and engage in a process of give and take so that mutually acceptable outcomes could be reached. Movement forward demands understanding and accommodation. Our only desire is that the discussions be carried forward in a more understanding and sensitive manner so that trade liberalization does actually deliver the fruit of development.
