

Fourteenth Loksabha**Session : 6****Date : 21-12-2005****Participants : [Kamal Nath Shri](#)**

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Title : Statement regarding outcome of WTO negotiations at Sixth Ministerial Conference held in Hong Kong, China.

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THE MINISTER OF COMMERCE & INDUSTRY (SHRI KAMAL NATH): Mr. Speaker, Sir, the hon. Members will recall that I had made a statement in this House on 7th December 2005 on the Hong Kong Ministerial Conference of the Commerce and Trade Ministers of 149 member countries from 13-18 December 2005. The Ministers issued a declaration, copies of which have been placed in the Parliament Library[\[ak16\]](#).

During this Conference, India was proactive in articulating its position on issues of concern to us and other developing countries, especially in the 21 member G-20 alliance and 45 member G-33 alliance. India played a key role in further strengthening the developing countries' coalitions by bringing together G-20, G-33 and G-90 groups of countries in a grand alliance to reinforce each other's position on issues of mutual interest. India also enabled the formation of NAMA 11, a group of countries such as India, Brazil, Argentina, South Africa, Philippines, Indonesia, etc., to pursue and integrate meaningfully Special and Differential Treatment issues in Non-Agricultural Market Access matters.

As far as India is concerned, the Hong Kong Ministerial Declaration finally agreed upon, addresses our core concerns and interests and provides us enough negotiating space for future work leading up to modalities. The text has positive development content, which would need to be built upon and fully realised in the next stage of negotiations.

The Declaration stipulates that the negotiations must be concluded by 2006 and establishes time-lines and targets in specific areas. Among other issues, in

* Placed in Library, See No. LT 3463/05

Agriculture and NAMA, we agreed that the modalities are to be established by 30th April, 2006 and comprehensive draft schedules submitted by 31st July, 2006.

The principal elements of the text represent significant gains for India. In agriculture, in Domestic Support, developing countries like India with no AMS, that is, Aggregate Measurement of Support, commitments will be exempt from any cuts on their *de minimis* support. Green Box criteria will be reviewed so that programmes of developing country members which have minimal trade distorting effect will be incorporated into the Green Box. All forms of export subsidies by developed countries and other export measures with equivalent effect (such as export credits, guarantees and insurance in excess of 180 days, and to trade distorting practices of STEs and Food Aid) will be eliminated by the end of 2013, with the substantial part eliminated by the middle of the implementation period, that is, 2010. Developing countries like India will continue to benefit from the provisions of Article 9.4 of the Agreement on Agriculture, that is, they shall be able to continue to provide marketing and transport subsidies for five years after elimination of export subsidies, that is, up to 2018. Developing countries will be able to self-designate an appropriate number of tariff lines as Special Products guided by indicators based on the criteria of food security, livelihood security and rural development. To safeguard our farmers against surge in imports or fall in international prices, developing countries will have recourse to a Special Safeguard Mechanism with both import quantity and price triggers.

Specifically, on Cotton, export subsidies by developed countries will be fully eliminated in 2006; and trade distorting domestic support by developed countries will be reduced ambitiously over a shorter period than for other agricultural products.

On Non Agricultural Market Access (NAMA), the Declaration calls for a Swiss Formula with coefficients. This formulation preserves the ABI formula submitted by Argentina, Brazil and India for multiple coefficients based on each country's tariff average. The Declaration reiterates that Special and Differential Treatment for developing countries be maintained through the principle of less than full reciprocity in reduction commitments and the flexibilities to exclude a certain percentage of tariff lines from tariff cuts. The Declaration also recognises the sensitivity attached to the unbound tariff lines by

providing for a non-linear mark up before applying formula reductions. It is agreed that tariff peaks, tariff escalations and high tariffs on products of export interest to developing countries be either reduced or eliminated. It is also agreed that participation in the sectoral initiatives to reduce or eliminate tariffs will be on a non-mandatory basis.

In Services, developing countries will have adequate policy space and necessary flexibility to pursue their developmental objectives. The primacy of the Request -- Offer process has been maintained. In Mode-1 and Mode-2 (including Cross Border Supply), commitments at the existing levels have been secured. Members have agreed to offer enhanced commitments in Mode-4, that is, Movement of Natural Persons. We agreed to removal or substantial reduction of the Economic Needs Test. This has been one of the principal barriers to export of Services from developing countries, and has been a long-standing demand of India. It was also agreed that the approaches to negotiations, which includes plurilateral negotiations, will follow the GATTs Agreement and the Negotiating Guidelines and Procedures evolved in 2003. The Declaration does not introduce any compulsion on developing countries for opening up service sectors. Revised offers would be submitted by 31st July, 2006, and final draft schedules would be readied by 31st October, 2006.

The Declaration notes the amendment made a fortnight ago, spearheaded by the African Group and supported by India, to the TRIPS Agreement to incorporate the Public Health concerns. On the implementation issues relating to TRIPS and the Convention on Biodiversity, and extension of the protection of Geographical Indications, the Declaration calls for intensification of consultations so that the General Council could take appropriate action by 31st July, 2006.

India spoke not only for herself, but in the tradition established since the time of Pandit Jawaharlal Nehru and Shrimati Indira Gandhi, we also lent a powerful voice to the concerns of least developed countries. Through close coordination with the LDC Group and the Africa Group, we were instrumental in fashioning an LDC package.

As part of Special and Differential Treatment, the Membership agreed to five LDC specific proposals, including the one relating to provision of duty-free and quota-free market access in developed countries for products originating from LDCs. We further directed that on the remaining proposals, recommendations be made by December, 2006.

The contours of the Domestic Support reduction formula in Agriculture as also the tariff reduction formulae in Agriculture as well as NAMA have been given shape. The coming months will see intense negotiations, as the modalities are finalised. The Government will continue its close engagement with various stakeholders in each of the areas, so that the best result could be obtained, fully protecting our farmers, industry, as well as promoting our national interests and core concerns.

प्रो. विजय कुमार मल्होत्रा (दक्षिण दिल्ली) : अध्यक्ष महोदय, इस मामले में बहस होनी चाहिए। इन्होंने जो क्लेम किया है, यह बिल्कुल भी इंडिया के इंटरैस्ट में नहीं हुआ है। वहां बहुत हमारे खिलाफ बात हुई है। हम समझते हैं कि यह हमारे लिए बहुत नुकसानदेह है। ...(व्यवधान)

SHRI BASU DEB ACHARIA (BANKURA): Sir, you should allow a discussion on this.

SHRI HARIN PATHAK (AHMEDABAD): We want a debate on it.

MR. SPEAKER: Surely, there will be a debate on this, but let notices come.

... *(Interruptions)*

SHRI BASU DEB ACHARIA : Sir, we want to seek some clarifications and, therefore, you should allow a debate on this.

SHRI HARIN PATHAK : A rosy picture has been shown to us, but it is not correct. ... *(Interruptions)*

MR. SPEAKER: Hon. Members, you may not be agreeing with his formulations. Certainly, this is a matter on which there will be a full discussion. However, as you know, you have to give notices, and I shall allow a full discussion on this.

प्रो. विजय कुमार मल्होत्रा : अध्यक्ष महोदय, हमने नोटिस पहले से ही दिया हुआ है।

अध्यक्ष महोदय : ठीक है, हम देखेंगे। हमने इस बात से कभी इंकार नहीं किया।

...(व्यवधान)

MR. SPEAKER: That is your view and I cannot make any comment on that. The hon. Minister will reply to it.

SHRI GURUDAS DASGUPTA (PANSKURA): The hon. Minister is claiming his mission to be a success, but it is totally an exaggerated claim.

श्री मोहन सिंह (देवरिया) : महोदय, तथ्य अलग हैं, और ... (व्यवधान)

अध्यक्ष महोदय : आप सभी को मौका मिलेगा। अभी तो बहस नहीं हो सकती।

... (व्यवधान)

MR. SPEAKER: A full opportunity will be given. Please take your seats. When I am conceding, why are you saying that?

... (*Interruptions*)

SHRI KAMAL NATH: I do not know to what extent the hon. Member, Prof. Vijay Kumar Malhotra, has gone through the text. ... (*Interruptions*)

PROF. VIJAY KUMAR MALHOTRA : If he wants to say something, and if the debate starts, we will also say something.

MR. SPEAKER: You have said something; you made some comments.

SHRI KAMAL NATH: Sir, through you, I am saying something for him to hear. ... (*Interruptions*)

PROF. VIJAY KUMAR MALHOTRA : Sir, the only thing we asked for is a debate.

MR. SPEAKER: I am not allowing a debate at this stage.

SHRI KAMAL NATH: I do not know why he would not allow me to complete what I have to say. I do not know whether Prof. Vijay Kumar Malhotra has seen the text, which is in the Library. After all, whatever is there in the text, that is not my opinion, your opinion or his opinion. It is in a text form and it is in writing. We have to evaluate that. Once the hon. Members including Prof. Vijay Kumar Malhotra go through it, I am sure, they will be able to recognise what I am saying.

MR. SPEAKER: That is your expectation.

... (*Interruptions*)

MR. SPEAKER: Of course, such an important issue will be discussed in the House. There should be no doubt about it, but it cannot be done here and now, as you are all aware. [\[R17\]](#).
