

# The Story Thus Far

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## THE WTO AND INDIA: ISSUES AND NEGOTIATING STRATEGIES

Edited by Alokesh Barua and Robert M. Stern  
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**T**he *WTO and India: Issues and Negotiating Strategies* edited by Alokesh Barua, Professor of Economics at Jawaharlal Nehru University, New Delhi and Robert Stern, Professor of Economics and Public Policy at the University of Michigan, is a compilation of eighteen papers, partly based on an outreach conference that was held in 2004 in Guwahati, Assam. In addition, the volume includes invited papers from eminent scholars in the area of trade and economics. It gives a comprehensive coverage of the broad issues that are relevant for India in relation to the World Trade Organization (WTO) and multilateral trade liberalization as well as analyses the negotiating process as a whole. It also attempts to evaluate the actual impact of WTO induced liberalization on the Indian economy.

The timing of the publication of this volume is appropriate, as 2011 marks the tenth anniversary of the Doha Round Negotiations. This is also a time when the negotiations are in a state of stalemate and the future of the WTO itself is under immense scrutiny. At this juncture, a comprehensive discussion of the story thus far would be extremely useful for both policy makers and academicians, especially since India is a leading player that would determine the fate of the Doha Round and other negotiating rounds in future. The volume presents an excellent analytical overview of India's role in the WTO process over the years and of the WTO induced reforms that have helped India achieve a leading position in the global economy, highlighting the various issues that are most relevant to India's trade policy in future.

The papers give a good background and overview of the history of the World Trade Organisation, of the Doha Round and other rounds preceding that, of the negotiating strategies in general and perspectives from the point of view of developing countries as a whole. India's role in the multilateral trade environment is assessed in this perspective, and the impact of national circumstances that evolved with the changes in the global economy have also been lucidly brought out. Most areas of negotiations which are of importance to India and where India has played a leading role, including agriculture and food security, textiles, Trade Related Intellectual Property Rights (TRIPS), services (under GATS), trade facilitation and government procurement are covered. The development related aspects of trade and trade negotiations have also been discussed in detail.

The editors have included a section giving short explanations of important technical legal and trade related terms at the onset, which is extremely useful in understanding the complex conceptual and factual aspects of trade and WTO related literature. The bibliography at the end is impressive. The eighteen papers have been divided into six thematic sections, which bring out clearly the broad issues that the volume has covered. The six sections include (i) A developing countries' perspective, (ii) Negotiating options and strategies, (iii) Market access—agriculture, manufactures and textiles, (iv) Trade facilitation and government procurement: Singapore issues of future concern, (v) TRIPS and GATS, and (vi) Growth, poverty and inequality.

The main arguments from the papers have been summarized well in the introduction by the two editors, which also gives a brief background of the WTO and the various rounds of negotiations. The paper by Manoj Pant, Professor in JNU, gives the theoretical perspective on multilateral trade negotiations, noting that free trade equilibrium is maintainable only in a setting of multilateral tariff negotiations and that the logic of multilateral negotiations remains as strong as it was in 1948 when the GATT was signed. He also traces the changes in negotiating strategies post the Uruguay

Round in 1995. With the single-undertaking clause allowing cross-sectoral bargaining, the art of negotiations is something that developing countries have to learn.

In the second section, two papers by Manmohan Aggarwal, Senior Visiting Fellow, Waterloo, Canada, and Debashish Chakraborty, Assistant Professor at IIFT, Delhi, trace negotiation strategies of developing countries as a whole, as well as discuss in detail the evolution of India's negotiating position. Alan Deardoff and Robert Stern present a detailed overview of India's stance in the Doha Development Agenda and provide concrete recommendations for India's negotiating strategies in the DDA in future, covering liberalization of agriculture, manufacturing and services, as well as WTO Rules. Arvind Panagariya, Columbia University, has also exhaustively covered India's past and future negotiating stance in the Doha Round. He notes that India, while evolving its negotiating strategies, must take into consideration the direct benefits that flow from the demands put forward, define its negotiating positions positively rather than negatively, and take a hard look at the endgame.

The paper on agricultural market access by Ramesh Chand, Director, NCAER, New Delhi, discusses the issue from an Indian perspective, in the background of the evolution of agricultural trade and negotiations as a whole. He has laid down a five-point agenda for India in the final negotiations, which would be extremely useful for Indian negotiators. Alokesh Barua et al, have presented a paper that covers market access issues for India in the manufacturing sector. The paper highlights the WTO induced reforms on the Indian economy and analyses the impact of increased market access in manufacturing using CGE modelling, which is concluded to be ambiguous. A paper by Samar Verma, Policy Advisor, OXFAM, Delhi, gives a comprehensive analysis of market access issues for India in the Textiles sector.

Amit Shovan Ray in his paper has shown that the TRIPS agreement has been a contentious issue for the developing countries because it affects the structure and functioning of the pharmaceutical industry, which has serious implications for health care. India needs to implement active policy intervention to ameliorate the adverse effects of TRIPS. Rashmi Banga, Senior Economist, UNCTAD gives an overview of trade liberalization of India's services sector and India's stance in the GATT negotiations. She notes that given the pressures on India to undertake further commitment to open up its services sector, India should undertake reforms in a structured manner and accordingly undertake multilateral commitments.

The last section covering the relation of trade to growth, poverty and inequality is an excellent discussion of the impact that trade liberalization has on development goals. The editors have reprinted an outstanding article on Trade and Poverty in poor countries by Professors Jagdish Bhagwati and T.N. Srinivasan that was originally published in the *American Economic Review* in 2002. They had concluded that countries that integrated faster into the world economy experienced significant declines in poverty. Another paper by Srinivasan, with Jessica Wallack, reprinted from *De Economist*, gives a more detailed analysis of linkages between globalization, growth and poverty.

Overall, the volume provides a sound economic analysis of India's proactive role in the WTO negotiations, especially in the ongoing Doha Round. It will be a valuable reference and guide to negotiators, policy makers, scholars and students in understanding the causality between economic events and WTO induced economic reforms.

The one downside is that most of the papers and the data analysed is upto the year 2005-06, and a lot has changed in the five years that followed. The role of India in the Doha Round has changed since India emerged as a major player and a leading voice of the developing countries in the last five years. The papers also do not cover the impact of the 2007 financial crisis on the global trading regime, which is of current relevance to negotiators and policy makers. However, some papers have added brief postscripts to address the time-lag.

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