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## RBI STAFF STUDIES

### Doha Round of Multilateral Trade Negotiations: Critical Issues in Trade Development pertaining to India

The Reserve Bank of India today published its Staff Study entitled '[Doha Round of Multilateral Trade Negotiations: Critical Issues in Trade Development pertaining to India](#)'. The Staff Study, authored by Ms. Monika Kathuria, examines the major issues that are delaying the conclusion of Doha Round and the dissenting views of WTO member countries, in particular of India, on those issues.

Each member country of the World Trade Organisation (WTO) has to ensure that its domestic policies are framed in conformity with the agreements it has signed and the commitments it has made in the WTO. It is, therefore, necessary to understand the implications and complexities of the agenda issues before signing the agreements. The present study provides general understanding of the functioning of the WTO and the critical issues involved in Doha Round of negotiations. In this context, the study is relevant for policy makers, researchers, academicians and general public.

The study presents a theoretical rationale behind the establishment of a rule-based multilateral trading system that aims at creating an environment where international trade can be carried out as freely and fairly as possible. This is followed by a snapshot of the evolution and structure of the WTO along with a brief description of its functions and various rounds of trade negotiations held under GATT and WTO.

The primary focus of the study is on Doha Round, which signalled a significant policy shift in WTO, drawing attention to the special needs and interests of developing member countries, particularly the least developed ones. This round was expected to play a developmental role for these member countries. However, it has already taken more than eight years and has faced stiff resistance from developing member countries. The study analyses the reasons for this and states that weaknesses, such as, unbalanced bargaining power, lack of technical expertise in developing countries, frequent changes in representator, hamper the negotiations at WTO.

Arguing that efforts should be aimed to conclude the Doha Round as early as possible and that it should not be at the expense of the development aspect, the study recommends the following policy stance:

- In case of agricultural subsidies, the developed countries should be made to undertake the commitment of reduction in their bound per capita overall trade-distorting domestic support(OTDS) instead of total OTDS as per capita OTDS

can be used as a measure to converge subsidy provisions prevailing in developed and developing countries. Convergence of the two implies effective reduction in subsidies provisions.

- So far as food security and livelihood of poor farmers is concerned, India should not compromise on special safeguard measures (SSM), at least, so long as the provision of special safeguard for agriculture remains available to developed countries.
- For industrial sector, developed countries should be asked to reduce their maximum allowable level of tariff rates to negligible levels, at least for the tariff lines covering 98 per cent of potential exports of developing countries in order to provide effective market access for developing countries' exports. Developing countries should be provided concession in this respect given their lower levels of development.
- For services, developed and developing countries both should make commitments to open up their markets for cross border supplies, for consumption abroad, for commercial presence abroad and for movement of natural persons. India has to maintain its demand for greater and effective market access for movement of natural persons.
- Developing countries should be given policy space for growth enhancing investment projects and plans as investment policy can help in achieving long term development goals.
- The technology transfers from developed to developing countries should be encouraged at the WTO level. Developing countries should be given access to inventions and innovations of developed countries in different areas. A provision could be made at the WTO level for promoting research and development in areas characterised by low productivity in developing countries.