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# India and Global Trade Governance: Re-Defining Its 'National' Interest

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## **Abstract**

This paper considers and explains the shifts and consistencies in India's engagement with structures of global trade governance beginning from the Uruguay round of trade negotiations in late 1980s. It makes three major arguments. First, that although India has participated actively in global trade negotiations since the establishment of the General Agreement on Trade and Tariffs (GATT) it was only under the present-day trade governance institution – the World Trade Organization or WTO – that India began to seriously engage with global trade governance. Second, India's position on global trade negotiations has witnessed a shift over last two decades: from being an obstructionist in the Uruguay Round to a constructive participant in the recent trade negotiations under the Doha Round. However, India's core concerns especially regarding the protection of its farm sector, food security and discussions on trade in services have often placed it at odds with developed countries. This is largely a result of the prominence of these issues in India's domestic politics. Lastly, while India maintains certain reservations with regard to global trade in a few sectors, the steady surge of protectionism in the West may force India to assume a leadership position in global trade governance. Liberal trade regimes have supported India's economic rise and it is in Indian interests to strengthen the multilateral trading system and make it more inclusive, equitable and fair. For this, India needs to broaden its national interests and undertake a coalition-building role in matters of trade governance.

## **Keywords**

India, GATT, WTO, Uruguay Round, Doha Round

## **Introduction**

India is an active and visible participant in international trade negotiations, often positioning itself as a stalwart proponent of the concerns facing developing and least developed countries. The WTO's Doha Development Round, which started

in 2001, was intended to place the interests and needs of the developing countries at the forefront. Nevertheless, the supposed ‘development round’ is stalled, partly due to a divide between developed and developing countries on the contentious question of opening up domestically sensitive agricultural sectors. India’s contribution to this impasse has been considerable. It has continually championed the protection of its own farm sector, which it says is fundamental to the subsistence of more than 60 percent of the country’s population. It has, however, often expressed these concerns – which emerge from domestic political and economic considerations – in broader terms. These terms frequently reflect a self-image created decades ago as the leader of the “third world”.

This paper will examine shifts and consistencies in India’s positions at various ministerial conferences of the World Trade Organization during the Doha Round. For example, during the seventh ministerial conference in Geneva, the Indian commerce minister demanded the elimination of distortionary agricultural subsidies in developed countries, along with more flexibility for developing-country government action to protect domestic agricultural markets. At the ministerial conference in Bali, India used defence of its food subsidy policy as a negotiating chip on a general trade facilitation agreement. Clashes between India and the West have been an important component in the stalling of further efforts to build up global trade governance.

By examining India’s positions during the WTO ministerial conferences held between 1994 and 2016, especially with regard to agriculture, food security, services trade and trade facilitation, this paper seeks to identify if such concerns are motivated primarily by Indian domestic interests or by the common stated concerns of the G-33 group of developing countries. Further, is India’s position at the WTO in line with its own future interests in global governance, or counter-productive? A new political climate in the West pushes additional responsibility for global trade governance on to developing nations, including – perhaps especially – India. This would need India to redefine its national interest more broadly, and take up a similar coalition-building role in global trade governance that it has begun to espouse in other international fora.

Given that there has hardly been any comprehensive examination of the trends in India’s negotiating behaviour during the Uruguay and Doha Round, the paper attempts to analyse the nature, areas of concern, and negotiating strategies of Indian trade negotiators at international trade fora. In this context, Section 1 highlights how India’s participation in multilateral trade negotiations under the World Trade Organization (formerly GATT) has evolved over time. Beginning with the Uruguay Round, the paper elaborates on the issues of relevant interest to India and negotiating strategies adopted by its ministers during all the ministerial conferences held during the Doha Round (2001-2016). Section 2 discusses

the shifts and consistencies in India's approach at multilateral trade talks during both the GATT and WTO years. Finally, Section 3 examines a future direction for Indian participation in world trade, and ways for India to take on a leadership role in global trade governance.

## **India's Participation in Multilateral Trade Negotiations under the GATT and WTO**

### *Uruguay Round*

Prior to the Uruguay Round, which led to the establishment of the World Trade Organization (WTO) in 1995, India's involvement in multilateral trade negotiations remained limited – and, arguably, passive. In pursuit of inward-oriented development policies, along with its reluctance to open its markets to the developed economies, India failed to take advantage of the increase in world exports during the long post-war expansion of 1948-1973.

As a result, India's share of world exports declined from 2.2 percent in 1948 to 0.5 percent in 1973.<sup>1</sup> However, in later years – beginning in the early 1980s – India began slowly to adopt a policy of greater integration with the world, ending its previous drift towards autarky. This process accelerated in the early 1990s with the collapse of the Soviet Union, whose centrally planned economy was a key inspiration for India's post-independence economic policy. Radical policy reforms began following a balance of payments crisis in 1991 – but even before that, a significantly pro-business attitude had crept into the national government during the 1980s in India which brought about a new regime of liberalisation of controls over industrial production, foreign trade and investment.<sup>2</sup>

The eighth and the last round under GATT, the Uruguay Round, was a watershed for the multilateral trading system. For one, developing countries were actively engaged in the design of trade rules. Nearly 100 developing countries participated in negotiations at the beginning of the Uruguay Round – about five times the number of participants in 1947. The scope of trade negotiations in this round also expanded to include new issues such as non-tariff measures, trade in services, intellectual property, and dispute settlement, among others. The most drastic change came with the inclusion of sensitive sectors such as textiles, clothing and agriculture, which hold immense importance for both developed and developing countries.

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<sup>1</sup> World exports increased at an average annual rate of 8 percent between 1948 and 1973. For more details see Srinivasan and Tendulkar (2003). Also see World Trade Organization 2001.

<sup>2</sup> While the beginning of the "reform period" is usually identified as being 1991, Rodrik and Subramanian (2004) argue that India's economic growth during the 1980s accelerated due to an attitudinal shift from the post-1980 Indira Gandhi government in favour of private business. This argument is reiterated by Kohli (2006) who asserts that a "rightward drift" in Indian politics – the period of the embrace of state and business, triggered economic growth of India in the 1980s.

Nevertheless – and intriguingly, given the orientation of its present-day economy – India opposed the inclusion of services, investment and intellectual property rights into the negotiating agenda in this round until stalled issues relating to agriculture and textiles were resolved (Srinivasan & Tendulkar 2003, p. 94). A statement by Finance Minister Vishwanath Pratap Singh in 1986 – he was later prime minister in 1989 – is revealing of India's reasons for restricting the demands of developed countries for including new issues in the Uruguay Round. He describes the role of GATT as:

*GATT is designed to deal with only trade in merchandise. It cannot be stretched or extended to areas alien to it. GATT is only an agreement and not an organization under the auspices of which disciplines can be developed in such areas. The approaches and disciplines of GATT cannot be transposed to the services sector. The proposal to hold negotiations on services in GATT is, therefore, untenable. (Singh 1986, p. 3).*

India eventually acquiesced to the demands of the developed countries to include services and intellectual property in a trade-off for improving market access in areas of comparative advantage for developing countries, particularly textiles and clothing. Moreover, India's leaders had come to realise that the country could potentially become a source of cost-effective labour services for developed countries (Swamy 1990, p. 4). Thus, in the negotiations over trade in services, India moved from holding a reluctant position to a more constructive one over the period 1986-1990.

Although India participated constructively in the negotiations after undertaking liberalisation reforms in 1991, the focus of discussions remained limited to trade in goods. In the words of Pranab Mukherjee during the ministerial meeting in Marrakesh in 1994, 'Trade policy cannot be made the arbiter of all concerns: it should be confined to concerns it can address efficiently [...]' (Mukherjee 1994, p. 1).

With the establishment of the WTO, a fundamental change in the working of the multilateral trading system was certainly expected. However, India's rhetoric did not alter much. India's unwavering demands for the improvement of non-agriculture market access (in textiles and clothing) through the removal of tariff peaks and escalations, along with the elimination of agriculture subsidies by developed countries, were echoed at every ministerial meeting held during the initial years of the WTO in Singapore (1996) and Geneva (1998).

India was less supportive of the launch of a new round of talks in Seattle in 1999 due to non-implementation of the commitments made in the earlier round (Srinivasan & Tendulkar 2003, p. 88). Moreover, India was of the view that the

global trading system largely reflected the interests of the developed nations and a new round would be no exception. Yet, India agreed to a new round of negotiations, although half-heartedly, in the hope that it would strengthen the multilateral trading system of the WTO by recognizing the existing development deficit amongst countries. And thus the negotiating position of India at the fourth ministerial meeting in Doha (2001) remained extreme, characterising strong opposition to “non-trade” issues. Murasoli Maran, who led the Indian delegation at Doha in 2001 remarked in his opening statement that:

*After the setback at Seattle, all of us want Doha to be a success. Success, however, does not necessarily require over-reaching objectives or launch of a “comprehensive” round [...] Rather than charting a divisive course in unknown waters, let this Conference provide a strong impetus to the on-going negotiations on agriculture and services [...]. (Maran 2001, p. 1).*

The statements of Indian ministers at various WTO ministerial conferences express the country’s established position: that the multilateral trading system should serve the interests of all the signatories, but especially developing and least-developed countries. India has consistently positioned international trade as an instrument for development, which would require a negotiating process that is more inclusive, equitable and fair.

### ***Doha Development Round***

The Doha Development Round, which began in 2001, is the current round of global trade negotiations. Framed in response to the concerns expressed most vociferously by India, the Doha Round nominally places the needs and interests of the developing countries at the forefront.

India’s influence on the round’s design is suggested in the favourable design of the Doha work programme, which includes discussions on themes and areas that are pivotal to growth and development of the Indian economy. For example, India raised concerns in the Geneva (1998) ministerial conference that it faced difficulties in implementing some of the WTO agreements and decisions due to inadequate financial and human resources. In addition, at Singapore (1996) and Seattle (1999), India firmly refused to entertain any discussion about whether labour issues, in any form, could be brought within the purview of the WTO. Additional Indian concerns regarding greater access in agriculture markets of developed countries, movement of people (Mode 4 in services), among many others, were duly acknowledged in the Doha agenda.<sup>3</sup>

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<sup>3</sup> The Minister of Commerce and Industry, Murasoli Maran stated that, ‘the Doha outcome is in conformity with the shared stakeholders’ interests – the interests of agriculture, industry and most importantly, our development’. *India and the WTO*, October-November 2001, pp. 1-2 (Statement by Murasoli Maran, Minister for Commerce and Industry, in the Rajya Sabha on 21 November 2001 and

As India was a vocal opponent of the “Singapore” issues (foreign investment, transparency in government procurement, trade facilitation, and competition policy), it was decided in the Doha ministerial conference that any discussions on these issues would be undertaken in the Cancún ministerial conference “only after establishing an explicit consensus on negotiation modalities” (Ministry of Commerce & Industry 2003). These cases of Indian demands being recognised at Doha could conceivably be credited to country’s relentless opposition to the new issues.

However, an alternative, more political explanation cannot be ruled out: the post-9/11 geopolitical environment. The September 2001 terrorist attacks on the US led to a climate in which solidarity between developing and developed countries was prioritised. This pressured India to deviate from an inflexible position as it did not want to be regarded as an obstructionist in international economic cooperation (Panagariya 2010, p. 113). Consequently, there was an inevitable shift in India’s role in multilateral trade negotiations post the Doha ministerial.

Opinion is divided, however, on the nature, extent and utility of this shift. Anant (2001) criticises India for adopting a ‘flawed rejectionist approach’ to the initial WTO negotiations, arguing that the government had shown an “overall unwillingness to negotiate even in areas where we have distinct trading potential or economic interests.” (He especially mentioned issues of immediate domestic concern such as professional services.) This criticism was echoed, in part, by Mattoo and Subramanian (2003) who say that India’s reactions pertaining to some of the issues (services and new issues per se) were purely defensive, although defensiveness elsewhere might be justifiable.

Narlikar (2007) examines India’s more active position in trade negotiations after Doha ministerial and concludes: “The current engagement goes beyond just activism, and suggests that India has learnt to use international institutions proactively and to its advantage’. Debroy and Chakraborty (2006) discuss the changed environment at the fourth ministerial conference at Doha by stating, ‘[...] the former group [developing countries] has become much more vocal at the multilateral trade forums on the protectionist policies of the latter [developed countries]’.

The Doha experience renewed India’s enthusiasm for the multilateral trading system and firmed up Indian policymakers’ intentions. It led them to believe that India’s role could be pivotal in preserving the development focus of the work programme in ongoing and future negotiations. In the run-up to the Cancún ministerial, for example, Indian ministers held meetings with stakeholders, including industry associations, state governments, and academic institutions, to gather an

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in Lok Sabha on 21 November 2001, Regarding the outcome of the Doha Ministerial conference of the WTO).

understanding of appropriate negotiating strategies. The issues relevant to India at the Cancún ministerial that emerged from this discussion included: the reduction of agricultural subsidies in developed countries; non-agricultural market access for certain industrial items (especially labour-intensive products); service liberalisation (specifically Mode 1 and Mode 4); the resolution of the deadlock in public health and intellectual property rights concerns; and questions of implementation, among a few others.<sup>4</sup> These largely remain the major concerns of India today, even as the domestic economy's structure and prospects have vastly altered.

India's involvement in the Cancún ministerial presented a new and unfamiliar sight to many, as the country advanced its development concerns in trade talks as a coalition. About 20 developing countries<sup>5</sup>, including many African ones, came together and formed a coalition (called then the G-20, and later the G-21) in response to the European Commission (EC) and US text on agriculture trade liberalisation (dated 13 August 2003).<sup>6</sup> Subsequently, an alternative proposal was prepared by Brazil and India<sup>7</sup>, asking for more radical reductions in production subsidies and other domestic support measures provided by developed countries, along with improvement in market access for all products. However, the developed countries did not approve of the G-21 draft, and instead submitted a new proposal known as the Derbez Draft<sup>8</sup>, which developing countries' negotiators claimed was simply a repackaging of the old EC-US draft paper. Due to a lack of consensus amongst developed and developing countries, especially on the modalities of agriculture trade, the Cancún ministerial collapsed, thereby threatening the accomplishment of the Doha mandate. It should be noted that the G-21 itself was born of geopolitical impulses; the Brasilia Declaration in 2003 between India, Brazil and South Africa, which created the IBSA grouping, was a key impetus (Veiga 2005, p. 111).

Despite failing to achieve any tangible results at Cancún, sentiment in India was positive. Cancún's failure was seen as providing confidence that the concerns of developing countries could not be ignored in future negotiations. India's delegation faced heavy criticism during and after the conference, which the then Minister of Commerce and Industry, Arun Jaitley later described thus:

<sup>4</sup> For the detailed list of specific areas of interest to India, see *India and the WTO*, 'Jaitley consults all stakeholders', vol. 5, no. 1, August 2003.

<sup>5</sup> In 2003, the G-20 comprised of Argentina, Bolivia, Brazil, Chile, China, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela. With Egypt and then Kenya's participation, the group came to be known as the G-21 and then G-22 (temporarily). For details see Narlikar and Tussie (2004).

<sup>6</sup> For the detailed proposal, see *India and the WTO*, 'Joint EC-US Paper on Agriculture (13 August, 2003)', vol. 5, no. 1, August 2003.

<sup>7</sup> For the detailed proposal, see *India and the WTO*, 'India and other developing countries give their response to EC – US farm proposals', vol. 5, no. 1, August 2003.

<sup>8</sup> For details on Derbez Draft see *World Trade Organization*, document JOB(03)/150/Rev.2 dated 13 September 2003.

*I am sure that all would recognise the fact that the intensity of the reaction on issues that have social, economic and political repercussions affecting millions of people would be directly proportional to the extent of the provocation [at Cancún]. (Jaitley 2003).<sup>9</sup>*

It was widely noted in the Indian press that India's government was at that point going into a national election, and was struggling with agricultural distress given that it had faced several droughts during its tenure. However, India's negotiating position was carefully positioned as protecting the interests of developing countries in general. This was the narrative put out by India's ministerial delegation. It was noted, however, that while a strong stance on certain issues relevant to developing and least-developed countries would help in creating a significant place for these countries in the WTO, it would also stall the progress of multilateral negotiations. That continuing deadlock was well captured in the failure of the Seattle and Cancún ministerials.

India recognised this concern, as a stalwart supporter of the multilateral trading system. The new central government started informal discussions amongst members of the G-21 in the following year after the Cancún conference to reconcile contentious issues with developed countries.<sup>10</sup> Ahead of the sixth ministerial conference held in Hong Kong in 2005, there were discussions amongst developed and developing countries on the draft text of the July 2004 Framework Agreement, prepared by WTO officials in Geneva. The discussions held at Geneva did not produce any substantial outcome but paved the way for future trade negotiations in Hong Kong. Also, it witnessed rich nations (EU and US) acceding partially to the farm sector demands of the developing countries such as India (*Times of India*, 4 August 2004).

The establishment of the G-21 helped India to build a robust representation in agriculture trade negotiations at the Hong Kong ministerial conference. Another coalition, the G-33, emerged before this ministerial specifically to advance food security and livelihood interests of the developing countries. The policy focus of this new grouping was more specific than of the G-21: it wished to ensure the realisation of two methods of protecting agricultural production and producers, 'Special Products' and the 'Special Safeguard Mechanism'. Through these coalitions, India succeeded in finding broader support for its position – a position that owed a great deal to the exigencies of domestic politics – on protecting the interests of large rural communities. At Hong Kong, India not just voiced its concerns

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<sup>9</sup> Statement delivered by ArunJaitley, Honourable Minister of Commerce and Industry and Law and Justice after the Fifth session of the WTO Ministerial Conference in New Delhi on 3 October 2003. See *India and the WTO*, 'The Story of Cancun', vol. 5, no. 9, September 2003.

<sup>10</sup> 'G-20 meeting was held on 11 and 12 December 2003 in Brasilia to discuss and coordinate positions on proceeding with agricultural negotiations with an aim to achieve progress in the Doha Round'. *India and the WTO*, 'G-20 Ministerial Communique', vol. 5, no. 12, December 2003.



but also presented these as a spokesperson for the least-developed countries.<sup>11</sup>

The issues with the highest priority for India at the Hong Kong ministerial included negotiations on agriculture and services, non-agriculture market access, trade-related intellectual property rights, trade and environment, trade facilitation, and other issues of the Doha mandate.<sup>12</sup> The sixth ministerial was important as it aided in breaking the impasse created on agriculture, services and other issues during earlier trade discussions. The developed world conceded to the demands of the developing economies to eliminate export subsidies by the end of 2013, with substantive reductions planned by 2010. In regard to industrial sector liberalisation, a “less than full reciprocity” principle for developing countries was incorporated in the declaration. A notable change came about in the services sector, with the Hong Kong ministerial declaration freeing the developing countries of any obligation to liberalise it. Kamal Nath, who led the Indian delegation at Hong Kong, appreciated this outcome:

*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 realized in the next stage of negotiations. (Nath 2005).<sup>13</sup>*

It was unanimously agreed to in the ministerial that the modalities for negotiations on agriculture and industrial sector liberalisation would be established by April 2006. However, due to differences between developed and developing countries, this deadline could not be met. While India demanded deeper tariff reductions on agriculture imports into developed countries, the US wanted greater market access for their industrial goods and services (banking and telecommunications in particular) in India and Brazil (Karmakar, Kumar & Debroy 2007, p. 24).

Hong Kong was a turning point in many ways, as the negotiations there reflected both India's pivotal position and its changing economy. India was slowly becoming a services superpower, including in telecommunications and telecommunications-enabled services provision; and it played a central role in diluting opposition among the larger group of developing countries to “Annex C” of the Hong Kong

<sup>11</sup> India lent a voice to the concerns of the least developed countries and ended up with the WTO membership agreeing to five least developed countries' specific proposals. For details see *India and the WTO*, 'Hong Kong Ministerial Secures Our Core Concerns and Interests', vol. 7, no. 12, December 2005.

<sup>12</sup> For details on issues included in the agenda for Hong Kong ministerial in 2005, see *India and the WTO*, 'Towards Hong Kong', vol. 7, no. 10-11, October-November 2005.

<sup>13</sup> Statement made by Kamal Nath, Commerce and Industry Minister, in the Lok Sabha on 21 December 2005 on the outcome of the WTO Hong Kong Ministerial Conference. For details see *India and the WTO*, 'Hong Kong Ministerial secures our core concerns and interests', vol. 7, no. 12, December 2005.

declaration<sup>14</sup> that dealt with the accelerated liberalisation of services trade.

It is possible that this activism on India's part reflected not just the determination that its IT-enabled services would benefit, but also the desire to open up investment in insurance and other similar sectors related to the management of long-term capital. This eventually became a serious point of division between Nath's Congress Party, which led the governing coalition, and the communists whom the coalition depended on for its parliamentary majority. In fact, Nath's position at Hong Kong was seen by the communists as a betrayal of the third world, and as "collaboration" with the developed countries (Mukhopadhyay & Bose 2006). Certainly, it was clear that India used its position as a leader of the developing countries to create a declaration that reflected the priorities of its swiftly growing economy – subject to the constraints of domestic politics.

Since India is a firm supporter of a rules-based multilateral trading system, it demanded a resumption of Doha Round trade talks in February 2007. The talks collapsed again as India and the US failed to reach consensus on issues such as agriculture trade liberalisation and non-agriculture market access. Indian Commerce and Industry Minister Kamal Nath was disappointed with the potential impasse, but declared that he was satisfied with his efforts aimed at protecting the interests of the poor and subsistence farmers in the country (Castle & Landler 2008). India was seen as being the sole holdout at the conference, as it insisted on an easier trigger for the special safeguard mechanisms that protected domestic farmers from sudden price changes. The Indian government was going into a general election in which it would rely on farmers' votes; indeed, a large forgiveness programme for agricultural debt was being simultaneously planned. The failure of the conference allowed Nath to present himself at home as willing to brave international opprobrium in order to protect India's farmers, which paid political dividends.

The next ministerial conference at Geneva in 2009, however, marked the breakthrough in trade discussions among developing and developed countries. It was a regular conference in the sense that it was not organised to hold negotiation sessions, but rather to review and assess the progress of WTO activities in all member countries. India, with a freshly re-elected government, participated in the meeting with a more constructive agenda, suggesting a way forward in concluding the Doha Round by the end of 2010. The protectionist response in certain quarters to the onset of the global financial crisis in late 2008 led unsurprisingly to calls to resist protectionism through reviving multilateral trade talks. If not for the financial crisis, the Doha Round might well have been declared dead. But, as it happened, the Indian government took the lead in re-infusing energy in

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<sup>14</sup> For details on the Draft on Services in the Hong Kong Ministerial Text - Annex C, see *World Trade Organization*, document WT/MIN(05)/W/3 dated 7 December 2005.

the process, gathering trade ministers from over 30 countries in New Delhi in September 2009 (*Indian Express*, 5 September 2009, p. 1). This may have been the first time that India pro-actively took the initiative in re-launching global negotiations. It reflected also its increasingly important status at the G-20 grouping formed after the financial crisis in arguing against protectionism, even as world trade stagnated. India had a responsibility not just to the G-33 group of food producers and consumers, but also to the G-20 that now saw itself as running the world economy.

The policy stance adopted by India at Geneva displayed more flexibility than earlier, in order to push for the resumption of trade talks, along with an implicit message to adhere to the Doha development mandate for any negotiations and demands.<sup>15</sup> The new geopolitical environment – in which India was seen as crucial to creating momentum for economic cooperation at a time of crisis – could be seen as underlying its actions at trade negotiations more than its commitment to developing nations generally.

During the eighth ministerial conference in 2011, the then Minister of Commerce, Industry and Textiles, Anand Sharma, expressed concerns about the rising trends of protectionism amongst WTO members thus: 'We have a peculiar situation where the harbingers of free trade have themselves started looking inwards.' (Sharma 2011, p. 1). India was steadfast in advocating for full implementation of duty-free, quota-free market access to the least-developed countries, preferably by July 2012. At this ministerial conference, India prioritised calling for services waivers and other concessions for the least developed countries, along with finding ways to move forward on the Doha Development Round. The threat to multilateral trade liberalisation was redefined as not being protectionism, but instead the growing interest in "plurilateral" trade agreements, between large numbers of like-minded countries. This conference, for the first time, saw the BRICS grouping – which had just been formed in April 2011 with the addition of South Africa – meeting to coordinate their positions at WTO negotiations; India, although it continued to be the poorest member of BRICS, and had substantively different interests historically from some of the other BRICS countries, was looking forward, and repositioning itself away from presenting itself solely as the champion of the least developed countries at the WTO.

The Bali ministerial conference held in December 2013 is of specific importance

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<sup>15</sup> The Minister of Commerce and Industry, Anand Sharma stated that, 'Demands for additional market access in developing countries have to be based on the development mandate...' He further declared that, 'While we have no problem of engaging in any format to move the negotiations forward, the multilateral process.....has to be basic mode of negotiations'. *World Trade Organization*, document WT/MIN(09)/ST/35 dated 30 November 2009 (Statement by Anand Sharma, Minister for Commerce and Industry at Seventh Session of the Ministerial Conference held in Geneva from 30 November to 2 December 2009).

to developing and less-developed countries as it took a step forward in addressing their long overdue concerns in areas of agriculture, food security, among others. During this conference, the member countries established consensus on the first ever multilateral agreement on trade facilitation and India sought to aid in the process of consensus. It was perhaps the first time in many years that India did not act primarily as a visible spoiler in multilateral trade talks (Palit 2013, p. 1). However, India stayed focused on pursuing its agricultural agenda and showed particular inflexibility in its stance on food security – but it did not specifically use that inflexibility as a reason to block negotiations elsewhere. Indian negotiators' clear support of the interests of subsistence farmers at the WTO reflected an emerging internal political consensus; as the country moved towards yet another general election campaign, the government's food security law had been passed with approval across parties. Protection of farmers' interests and the prices that they received for their produce was thus redefined as being a question of food security, rather than agricultural protection, reflecting the changing internal debate in India – which no longer saw itself as a country of farmers but as a country of consumers. Minister of Commerce and Industry, Anand Sharma, while backing the Bali Package, noted that '[...] without a satisfactory decision on food security, we considered the Bali Package as lacking in horizontal balance [...]' (Sharma 2013).<sup>16</sup>

The Bali Package, although limited in its mandate,<sup>17</sup> was a landmark deal in itself as it reinstated the development focus of the Doha Round. India succeeded in securing an interim solution on the issue of public stockholding of food grains at administered prices (or minimum support prices in case of India). This interim solution is to continue till a permanent solution is sought on this issue, which is slated for discussion at the eleventh ministerial conference in 2017.

Yet, after the change in government in India in 2014, there was a drastic change in India's attitude towards the Trade Facilitation Agreement that had emerged from Bali. India decided to hold up the signing of the Trade Facilitation Agreement. In particular, India used the Trade Facilitation Agreement as a bargaining chip in defence of the protection of its domestic cereals procurement programme, which would have likely run afoul of public stockholding rules.

India, however, failed to find support for its position; its BRICS partners, for example, did not stand with it in opposing movement on trade facilitation until public stockholding rules were amended. News of India's decision broke while

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<sup>16</sup> Statement by Anand Sharma, Minister of Commerce and Industry in Parliament on the Ninth Session of the WTO Ministerial Conference held in Bali.

<sup>17</sup> The mandate of the Bali Package is limited in the sense as it included only a few main issues. The Bali Package comprised of the Bali Ministerial Declaration (including post-Bali work), decisions and a declaration on the Doha Round on this set of main issues, and decisions on regular WTO work under the General Council. See 'Bali Package and November 2014 decisions', *World Trade Organization*.

Secretary of State John Kerry was actually in New Delhi for the India-US Strategic and Economic dialogue, and led to a spate of articles and statements questioning the business-friendly credentials of India's new government. This was seen as a sharp divergence from India's decade-long move from "obstructive" champion of the developing world to consensus-building emerging power.

Perhaps in response, the 2015 ministerial conference in Nairobi saw an India much more willing to seek consensus. The Nairobi declaration for the first time did not include general reaffirmation of the Doha development agenda – suggesting that the Doha Round was even more dead than in 2008. India was one of the countries that chose to reaffirm the principles underlying Doha, and highlighted in its rhetoric all the issues it had previously insisted on such as public stockholding, special safeguard measure etc. Nonetheless, the conference was ineffectual in all these areas and was viewed by the government's domestic critics as disproportionately favouring the developed countries who pressed for a termination of the Doha Round and inclusion of new issues in future negotiating mandates.

There was a noticeable change in India's negotiating position during this ministerial. India's rhetoric was largely unchanged, but it pressed less at the negotiating table, which resulted in no binding outcomes in agriculture, and which rather pushed the developmental concerns of developing and less-developed countries to the backburner (Kanth 2016, p. 45). Indian ministers' flexibility in trade negotiations at Nairobi at the stake of its previously-defined interests suggested that definitions of the national interest were slowly changing, perhaps in response to a greater need for foreign investment. For instance, India agreed on export competition without securing a permanent solution on public stockholding or commitments on special safeguard mechanisms.

At Nairobi, India failed, perhaps deliberately, to argue firmly for its agriculture-related concerns. In addition, green room negotiations held amongst only five countries (US, EU, Brazil, China and India), excluding other 159 WTO members, seriously impaired the FIT approach (full participation, inclusivity, transparency) adopted by the WTO during the seventh ministerial conference in Geneva. India did not immediately translate the pre-eminence it gained through its inclusion in the green room talks into any substantial benefits as defined by its pre-stated interests and aims. The Minister of State for Commerce and Industry, Nirmala Sitharaman, stressed the importance of agricultural reforms, public stockholding for food security for developing countries, Africa, and other less-developed countries during her statement – but did not demand a permanent solution immediately, as her predecessors might have done in the past.

**Table 1: India's Concerns and Position in various WTO Ministerial Conferences held during the Doha Round, 2001-2016**

Year	Location	India's Concerns and Position
Fourth Ministerial Conference (2001)	Doha	<p>India departs from its protectionist stance, but it opposes the inclusion of any new issues (especially "Singapore" issues) in the WTO mandate.</p> <p>Areas of concern include:</p> <ul style="list-style-type: none"> <li>elimination of tariff peaks and escalations in export products of developing countries,</li> <li>reduction in agricultural subsidies and any domestic support provided by developed countries,</li> <li>more flexibility to developing countries under the special and differential treatment,</li> <li>negotiations on services especially movement of natural persons across border (Mode 4).</li> </ul>
Fifth Ministerial Conference (2003)	Cancún	<p>India becomes an active participant in multilateral trade negotiations, voicing concerns of the developing countries as a coalition.</p> <p>Areas of concern include:</p> <ol style="list-style-type: none"> <li>1. reduction in agricultural subsidies and non-tariff barriers in industrial products by developed countries,</li> <li>2. service sector liberalisation (Mode 1 and Mode 4),</li> <li>3. resolution of impasse in areas of public health and intellectual property rights.</li> </ol>
Sixth Ministerial Conference (2005)	Hong Kong	<p>India becomes a spokesperson for the concerns of least-developed countries, the ministerial declaration largely favours Indian interests.</p> <p>Areas of concern include:</p> <ol style="list-style-type: none"> <li>4. deeper tariff reduction commitments, and elimination of export subsidies, any trade distorting support by developed countries in agriculture,</li> <li>5. greater non-agricultural market access (products of export interest to developing countries),</li> <li>6. less-than full reciprocity in industrial sector for developing countries,</li> <li>7. progress on services sector negotiations (Mode 1 and Mode 4).</li> </ol>

Seventh Ministerial Conference (2009)	Geneva	<p>India participates with a constructive agenda post a deadlock created two years earlier and re-launches global trade negotiations. Policy stance is more flexible.</p> <p>Areas of concern include:</p> <ol style="list-style-type: none"> <li>8. significant reduction in domestic support and tariffs on agriculture products by developed countries,</li> <li>9. ensuring food and livelihood security of farmers and other vulnerable communities in developing and least-developed countries,</li> <li>10. demand for flexibilities in non-agricultural market access negotiations</li> </ol>
Eighth Ministerial Conference (2011)	Geneva	<p>India advocates for concerns of least-developed countries (service waivers and other concessions), and argues against plurilateral trade agreements. Calls for making the multilateral trading system more fair and inclusive. Major concern – to prevent the Doha Round from collapse.</p>
Ninth Ministerial Conference (2013)	Bali	<p>India supports the first ever multilateral agreement on trade facilitation (one of the Singapore issues). However, it remains firm on not compromising with the food security issue.</p> <p>Areas of concern include:</p> <ol style="list-style-type: none"> <li>11. ensuring food and livelihood security for farmers through public stockholding programs,</li> <li>12. protecting interests of the least-developed countries,</li> <li>13. special and differential treatment for developing countries.</li> </ol>
Tenth Ministerial Conference (2015)	Nairobi	<p>India moderates its negotiating stance; however, the issues of specific concern remain to be centred around agriculture, farmers, special safeguard measures etc. Also, adopts a more open approach towards new issues (export competition), suggesting a change in national interest and priorities.</p>

*Source: Authors' compilation using India ministerial statements and the WTO Newsletter of Ministry of Commerce and Industry, India*

### **Shifts and Consistencies in India's Approach at the WTO**

During the GATT years, India was generally considered obstructionist, and noted for its defiance of the principles of reciprocity that remain at the core of the treaty (Narlikar 2006, p. 62). Given that India followed an inward-oriented development policy, aimed at promoting self-sufficiency, India demanded special and favourable treatment exempting itself from reciprocating any tariff reductions by the industrialised countries. It, however, framed this in terms of a general responsibility towards less developed countries – a framing which in fact led to the development of the Doha development round, even as India's own economy began to look structurally different.

Views diverge on whether India's defensive stance at the GATT negotiations produced counterproductive outcomes. Srinivasan (2003) argues that India's resolve on non-reciprocity and differential treatment made little sense in policy terms, as it imposed high costs on the economy. He further states that the only rational and logical way to recognise the disparities in levels of development amongst member states is through longer phase-in periods for the same commitments. On the contrary, Narlikar (2006) observes, 'Its [India's] proactive interests in the GATT were limited. As a result, its strategy of minimal involvement in reciprocal bargaining in the GATT had few costs'. Baru (2013) endorses this view: 'Since India's economic strategy was based on import substitution and export pessimism, planners did not consider its defensive approach to GATT and lack of interest in carving out a larger share of the world market as counterproductive'. Following the beginning of the liberalisation period in 1991, India made a shift to a more open economy, however, the nature of multilateral engagement initially continued to be the same (Mattoo & Subramanian 2003, p. 327).

Despite India pursuing a tough and defensive negotiating style at the GATT and the WTO, the behaviour of trade negotiators has shown considerable consistency across the interest areas over time, especially in terms of rhetorical emphases. The major stated areas of concern to India in all ministerial conferences have been agriculture, food security, services, trade facilitation and the protection of rural livelihoods. Indian ministers have time and again through their statements indicated the heavy political weight attached at home to the farm sector and subsistence farmers. This public stance is shaped largely by domestic interests: Agriculture and food security is a major concern of the Indian government. This concern about protecting the farm sector is shared by other developing countries, which led to the formation of the G-21 and G-33 groupings. Notably, the consequent failure to liberalise agricultural trade prevents Indian farmers from exploiting the potential comparative advantage in products such as rice, sugar, dairy products, among others (Mattoo & Subramanian 2003, p. 340).

However, there have been some noticeable shifts in India's approach in case of a few issue areas such as services and trade facilitation. Initially, during the Uruguay Round, India strongly opposed the inclusion of trade in services in the WTO mandate. With the launch of the Doha Round and the altering structure of India's domestic economy, a change in negotiating position on services trade is clearly visible. India became more forthcoming in the services negotiations post-2005 by liberalising more sectors, including some domestically sensitive sectors, with an aim to receive greater access to developed countries' markets – particularly in Mode 1 and Mode 4 services (Chanda & Gopalan 2007, p. 175). These were seen by some as a betrayal of its earlier alliances in the developing world.

The introduction of negotiations on trade facilitation was also opposed by India



when they were first suggested as part of the 'Singapore issues' in 1996. India nonetheless became interested in discussing trade facilitation issues in the Cancún ministerial conference in 2003, after the introduction of a National Manufacturing Policy (which subsequently became 'Make in India') that recognised the importance of slashing transaction costs for improving India's global trade competitiveness.

### **Towards a New Position on Global Trade Governance**

The 2016 election in the United States heralded a new political climate in the West that is significantly less enthused about the benefits of globalisation – and about multilateral trade deals. US President Donald Trump has specifically argued that he loves the word “reciprocity” when it comes to such deals, which pushes against the principle of development-oriented multilateralism at the heart of the Doha Round.

Thus, just as concerns about galloping protectionism after the 2008 financial crisis concerns forced India to take a more pro-active role on global trade governance, India clearly has an incentive to restate the benefits of trade multilateralism. This would be in keeping with not just its post-2008 positioning, but also the broad thrust of its past negotiations. Trade multilateralism is in India's interest, as a country seeking to expand its share of world trade from a measly 2 per cent; but it can also be framed as being in the interest of a broader set of countries. This tendency, to seek to represent group interests that reflect India's own domestic priorities, has been a feature of the Indian approach to global trade governance in the past.

In other discussions over the norms and rules of global governance, such as the administration of the internet or climate change negotiations, India has not-so-subtly moved in the five years before 2017 towards being a consensus-builder rather than a conscientious objector. In each case, this is recognition of the reality that its own position has changed, as have its own interests. A similar shift might well be underway in trade negotiations, but needs to be made more explicit.

In other words, India needs to stop presenting itself as an agriculture-focused nation when its expressed domestic priorities are to move away to being a more traditional manufacturing and entrepreneurship-based economy. While millions of Indians continue to depend on the agricultural sector for their livelihoods, reform of domestic supply chains and the growth of non-farm rural employment suggests that the time is ripe for modernisation of the sector. The government has begun to consider moving towards forms of support for the rural poor that do not involve excessive public procurement, such as direct income support or even basic incomes, as outlined in the 2017 Economic Survey. Many farmers rightly com-

plain that the interests of the urban consumer determine trade policy in any case – export restrictions are placed on agricultural commodities when world prices are high, in order to control urban food inflation. A strong argument that agricultural protectionism in fact exist to defend India’s farmers is thus no longer sustainable. Given the government’s intention to increase access to skills and to entrepreneurship through such programmes as Skill India, Startup India, and the MUDRA loan scheme, it is clear that efforts are underway to create alternative sources of livelihood. India’s priorities when it comes to global trade must reflect the existing and planned changes to its domestic economy – rather than adapting to changed realities only with a lag, as has been the case in the past.

The Indian national interest thus needs to be redefined more broadly. Given its national priorities and its development trajectory, India increasingly has more in common with Asian countries that seek to open up export markets, attract investment, reduce transaction costs and improve competitiveness, than with primary goods producers. It will have to take up at the WTO the sort of coalition-building role that it has owned in other spheres of global governance. In doing so, its legacy as a leader of the developing world need not be seen as a hindrance; as this paper has argued, at each stage, the primacy was given to Indian national interests and political compulsions as much as to its broader rhetorical positioning on North-South issues.

## **Bio**

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