



Trade Policy Review at WTO

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At the recent trade policy review at the WTO, India has cautioned China that its \$63 billion trade deficit with the country was unsustainable and promises had to be converted into actions.

Key Highlights

- China needed to make serious efforts to lower trade barriers for rice, meat, pharmaceuticals and IT products from India to make a difference to the trade imbalance.
- Farm exports, including bovine meat, continued to face hindrances in the form of stringent and opaque Chinese regulatory requirements.
- Despite of several protocols being signed between India and China, the hindrances remain on import of farm products, especially bovine meat.
- Due to complex and onerous regulatory requirements, Indian generic medicine producers were unable to access the Chinese market.
- In the service sector, the challenges for Indian companies include complex requirements for participating in contracts of State Owned Enterprise (SOEs) and also include issues related to qualification requirements, licensing and taxation etc.

US-China Trade War: A Silver lining for India?

- Given its trade tensions between the US, China plans to import more from India, along with other countries, to counterbalance the imports of high tariff products from USA.
- This is evident from the fact that China has imposed a 25% duty on US soybean. However, China has removed all tariffs on soybean imported from five APTA (Asia-Pacific Trade Agreement) countries: India, Bangladesh, Sri Lanka, South Korea and Laos. All of them, barring India, are insignificant suppliers.
- In addition, India dominates the world's generic drugs market, exporting \$17.3 billion of drugs in, including to the U.S. and the EU. But only 1% of that went to China. With the protracted trade-war China is preparing to give swift regulatory approvals to India-manufactured drugs.

- This would allow Indian companies to boost revenue at a time when pricing scrutiny and regulatory troubles have hurt U.S. sales.
- Also Indian firms are looking to fill gaps in Chinese demand for software, sugar and some varieties of rice.
- US exports to China currently under threat makeup for nearly a fifth of total US exports. With that huge a market at risk, US sellers will now offer attractive selling prices to Indian businesses.
- However, the lack of manufacturing capability in technology items could deprive India from taking advantage of the trade war.

Trade Policy Review Mechanism

- The Trade Policy Review Mechanism (TPRM) was an early result of the Uruguay Round.
- The reviews take place in the Trade Policy Review Body which is actually the WTO General Council — comprising the WTO's full membership — operating under special rules and procedures.
- The trade policy review allows members to put the overall trade and economic policies of a country under the scanner. The trade policies of developing countries are taken up for review every four years while developed ones face similar scrutiny every two years.
- The mandate of the TPRM was broadened to cover services trade and intellectual property.
- The objectives of the TPRM include facilitating the smooth functioning of the multilateral trading system by enhancing the transparency of Members' trade policies.
- All WTO Members are subject to review under the TPRM.