



## Mains Practice Question

**Q.** Analyze the challenges faced by India in WTO negotiations and its strategies to protect its interests in multilateral trade. **(250 words)**

27 Mar, 2024 GS Paper 3 Economy

### Approach

- Begin the answer by introducing the World Trade Organisation (WTO).
- Discuss the challenges faced by India in WTO negotiations.
- Highlight India's strategies to protect its interests in multilateral trade.
- Conclude as per the requirement of keywords.

### Introduction

The World Trade Organization (WTO) is an international organization that deals with the global rules of trade between nations. It was established on January 1, 1995, and is headquartered in Geneva, Switzerland. The WTO's primary goal is to ensure that trade flows as smoothly, predictably, and freely as possible.

### Body

#### Challenges Faced by India:

- **Agricultural Subsidies:**
  - India faces challenges in negotiating agricultural subsidies due to its large agrarian population.
  - The country provides significant subsidies to its farmers, which often conflict with WTO rules, particularly under the Agreement on Agriculture (AoA).
- **Intellectual Property Rights (IPR):**
  - The TRIPS Agreement poses challenges for India, especially in the pharmaceutical sector.
  - India has a robust generic pharmaceutical industry that produces affordable medicines, crucial for public health. However, stringent patent regulations can impede India's ability to produce generic drugs, affecting access to affordable healthcare.
- **Services Sector:**
  - India faces challenges in promoting its services sector, particularly in areas like IT, finance, and education.
  - The General Agreement on Trade in Services (GATS) negotiations require a delicate balance to ensure market access for Indian service providers while safeguarding regulatory autonomy.
- **Asymmetry in Negotiating Power:**
  - India often finds itself at a disadvantage due to the significant power asymmetry among WTO members, particularly developed countries like the US and EU.
  - This power imbalance makes it challenging for India to push its agenda effectively.
- **Non-Tariff Barriers:**
  - Developed countries frequently employ non-tariff barriers such as sanitary and

phytosanitary (SPS) measures and technical barriers to trade (TBT), which hinder Indian exports.

- Compliance with these standards often requires substantial investments, putting Indian exporters at a disadvantage.

▪ **Dispute Settlement:**

- India has faced challenges in the WTO's dispute settlement mechanism, particularly in cases where its domestic policies are challenged.
- Ensuring a fair and transparent dispute resolution process is crucial for India.

**Strategies to protect India's interests:**

▪ **Coalition Building:**

- India has adopted a strategy of coalition building with like-minded developing countries, particularly through groups like the G-33 (for agriculture) and the G-20 (for trade negotiations).
- India adopts a strategy of coalition building with like-minded developing countries, such as Brazil, South Africa, and China, to enhance its negotiating power within the WTO.

▪ **Policy Advocacy:**

- India advocates for reforms within the WTO to address the concerns of developing countries.
- It emphasizes the need for special and differential treatment (S&D) provisions to accommodate the developmental needs of countries like India.
- India has actively participated in the Doha Development Agenda (DDA) negotiations, advocating for a development-oriented outcome that addresses the concerns of developing countries.

▪ **Bilateral and Regional Agreements:**

- India has pursued bilateral and regional trade agreements to diversify its trade and reduce dependence on traditional markets.
- Signing bilateral FTAs helped India access new markets.

▪ **Focus on Domestic Reforms:**

- India has focused on domestic reforms to enhance its competitiveness and reduce reliance on subsidies.
- Initiatives like the Goods and Services Tax (GST) aim to streamline taxation and improve the business environment.

▪ **Focus on Services and Non-Agricultural Market Access (NAMA):**

- Recognizing the limitations in agricultural negotiations, India has shifted its focus to negotiating favorable terms in services and NAMA sectors.
- This diversification allows India to leverage its strengths in sectors such as IT services and pharmaceuticals.

▪ **Utilization of Dispute Settlement Mechanisms:**

- India utilizes the WTO's dispute settlement mechanism to challenge unfair trade practices and discriminatory measures imposed by other member states.
- By resorting to legal avenues, India seeks to uphold the principles of fair trade and protect its domestic industries.
- India has engaged in several trade disputes with the US at the WTO, particularly concerning issues such as agricultural subsidies, H-1B visa regulations affecting Indian IT professionals, and solar panel tariffs.

**Conclusion**

India's engagement in WTO negotiations is crucial for protecting its interests in multilateral trade. By addressing the challenges through strategic alliances, policy advocacy, and domestic reforms, India aims to ensure that its trade policies are conducive to its development objectives while complying with international trade rules.

