INDIA’S ROLE IN THE
WORLD TRADE ORGANISATION



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# **Introduction to the World Trade Organisation**

The World Trade Organisation (WTO) is a global institution established to regulate international trade and ensure that trade flows as smoothly, predictably, and freely as possible. It was founded on January 1, 1995, replacing the General Agreement on Tariffs and Trade (GATT), which had been in place since 1948. The WTO emerged from the need to create a formal organization that could address the complexities of global trade, which had expanded significantly after World War II. The organization’s headquarters is in Geneva, Switzerland, and it currently has 164 member countries, making it one of the largest international bodies governing trade.

The primary objective of the WTO is to provide a platform for trade negotiations and to establish a framework for formalizing trade agreements. It operates based on several fundamental principles, including non-discrimination, market access, fair competition, and transparency. One of the core principles is the Most Favored Nation (MFN) rule, which ensures that any favorable treatment granted to one member must be extended to all other members, fostering fairness in global trade practices. The WTO also advocates for \*\*national treatment\*\*, ensuring that imported goods are treated no less favorably than domestically produced goods.

The WTO's role extends beyond merely regulating tariffs and quotas. It also covers a wide array of trade-related issues, including services, intellectual property, trade in goods, and dispute settlement. By overseeing the enforcement of trade agreements, the WTO ensures that member countries adhere to the agreed-upon rules, minimizing trade barriers and reducing the likelihood of trade conflicts.

One of the most critical mechanisms of the WTO is its **Dispute Settlement Body (DSB)**, which resolves trade disputes between members. The DSB operates through a legal framework where countries can bring trade grievances to be adjudicated, and the rulings are binding on member countries. This dispute settlement system ensures that trade disagreements do not escalate into wider economic conflicts.

# **India’s Membership and Involvement in the WTO**

India has been a part of the global trading system since the **General Agreement on Tariffs and Trade (GATT)** era and became a founding member of the WTO upon its establishment in 1995. India’s engagement with the WTO is rooted in its broader developmental objectives, focusing on securing a fair global trading environment for its domestic industries while also pursuing international market access.

At the time of joining, India was still undergoing economic reforms that had been initiated in 1991, transitioning from a protectionist, socialist economy to one that was more market-oriented. Consequently, India’s initial approach in the WTO was cautious, as it sought to protect its nascent industries, particularly in agriculture and manufacturing, from global competition. The government prioritized safeguarding livelihoods in its large agrarian sector, while gradually liberalizing sectors like services and manufacturing, which had the potential to thrive in global markets.

India’s involvement in the WTO has been characterized by its active participation in negotiations and its emphasis on multilateralism. India has consistently argued for the special and differential treatment (S&DT) of developing countries, which allows countries like itself to benefit from longer implementation periods and more flexible commitments in trade agreements.

India's voice in the WTO has particularly focused on issues affecting developing economies, including **agricultural subsidies**, market access for agricultural products, and the protection of intellectual property rights in a way that balances global innovation with access to medicines for its population. Over the years, India has gained prominence as a key player, both in the formulation of trade rules and in defending the interests of developing countries within the WTO’s complex negotiation processes.

In terms of trade policy, India has adopted a balancing act within the WTO: it has defended its domestic interests—such as food security and industrial growth—while also advocating for an open, rules-based trading system that benefits developing economies.

# **India’s Economic Interests and Trade Policy in the WTO**

India’s economic interests within the WTO are diverse and span across key sectors, including agriculture, services, and manufacturing. As a large and growing economy, India's primary focus is to protect its domestic industries, secure greater access to international markets, and ensure that the global trading system remains fair to developing countries.

Agriculture is a particularly sensitive sector for India, as it is the primary source of livelihood for over half of its population. India has consistently pushed for the reduction of agricultural subsidies in developed countries, which create an uneven playing field for its farmers. Simultaneously, India has defended its Minimum Support Price (MSP) regime and food security programs at the WTO, citing the importance of ensuring affordable food for its population. India’s economic strategy in the agriculture sector revolves around safeguarding its farmers from unfair competition while securing market access for its agricultural exports.

In the services sector, India has emerged as a global leader, particularly in areas like information technology and business process outsourcing (BPO). Within the WTO’s General Agreement on Trade in Services (GATS), India has advocated for greater movement of professionals across borders under Mode 4 of services delivery, which allows for the temporary movement of natural persons for providing services abroad. This is crucial for India’s large pool of skilled professionals who contribute significantly to its economy through the export of services.

Manufacturing is another critical area of focus. While India has gradually liberalized this sector, it continues to push for fairer access to global markets for its manufactured goods. The "Make in India" initiative, launched in 2014, highlights India’s intention to position itself as a global manufacturing hub, aligning its trade policies with domestic industrial growth.

Overall, India's trade policy within the WTO is geared toward achieving balanced growth—focusing on opening up new markets while ensuring that domestic industries are not overwhelmed by foreign competition. The country has steadily shifted from a protectionist stance to one of cautious liberalization, as it seeks to expand its role in the global economy.

# **India’s Role in Global Trade Negotiations**

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India has played a pivotal role in several key global trade negotiations within the WTO, particularly in advocating for the interests of developing countries. One of India’s most significant contributions has been its leadership in the Doha Development Round, which was launched in 2001. The Doha Round focused on addressing the concerns of developing nations, particularly in areas such as agricultural subsidies, market access for non-agricultural products, and services trade.

India has consistently been at the forefront of negotiations related to agriculture, pushing for the reduction of trade-distorting subsidies provided by developed nations, which adversely affect farmers in developing countries. India’s stance on food security, exemplified by its proposal for a Peace Clause that allows developing countries to continue their food subsidy programs without facing penalties, has been a critical issue in WTO negotiations. This has positioned India as a leading voice for food security and the protection of small-scale farmers.

In addition to agriculture, India has been a key player in the negotiations around services trade. India has called for greater liberalization in the movement of natural persons across borders (Mode 4 under the GATS). This is particularly important for India, given its large pool of skilled professionals who work abroad, contributing significantly to its economy. India's advocacy for temporary labor mobility in the services sector is crucial for promoting its competitive edge in sectors like IT and business services.

Furthermore, India has been instrumental in forging alliances with other developing nations, most notably the G-20 coalition on agriculture and the G-33 coalition on food security. These alliances strengthen India’s bargaining position in the WTO by aligning the interests of a larger group of developing countries, making it a key figure in global trade negotiations.

India’s role as a bridge between developed and developing countries has often been critical in ensuring that negotiations do not entirely collapse. Although the Doha Round has stalled, India remains committed to pushing for a fair and equitable global trading system that addresses the needs of developing economies.

# **India’s Stance on Trade-Related Issues**

India has taken firm positions on a variety of trade-related issues within the WTO, particularly focusing on agriculture, intellectual property, and services trade, while increasingly participating in discussions on climate change and trade.

In the area of agriculture, India has maintained a strong stance against the high agricultural subsidies offered by developed countries, arguing that such subsidies distort global markets and disadvantage farmers in developing nations. India has consistently advocated for the elimination of trade-distorting subsidies in developed countries while defending its right to continue providing subsidies to its farmers under programs like the Minimum Support Price (MSP) and Public Distribution System (PDS), which ensure food security for millions of its citizens. In particular, India has championed the Peace Clause, which allows developing countries to maintain food security programs without being penalized under WTO rules.

When it comes to intellectual property (IP), India has taken a nuanced stance, balancing the protection of IP rights with ensuring access to essential goods like medicines. India played a key role in securing the TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement, which allows countries to issue compulsory licenses for life-saving medicines. This provision is crucial for ensuring affordable access to medicines in developing countries, aligning with India’s broader goal of maintaining flexibility in IP rules to serve public health needs.

In services trade, India has been a vocal proponent of greater liberalization, especially under Mode 4 of the General Agreement on Trade in Services (GATS), which pertains to the movement of professionals across borders. India has pushed for greater mobility for its skilled workers, particularly in sectors like IT, health care, and business services, where it holds a competitive advantage.

Regarding climate change and trade, India advocates for a fair approach, emphasizing that environmental measures should not be used as disguised protectionism. While acknowledging the importance of environmental sustainability, India argues that any global rules linking trade and climate change should consider the differing capacities of developed and developing countries to meet these standards.

# **India’s Dispute Settlement Role in the WTO**

India has actively engaged in the WTO’s Dispute Settlement Mechanism (DSM) both as a complainant and respondent, reflecting its commitment to using the rules-based system to address trade conflicts. The DSM allows member countries to settle disputes related to trade agreements in a structured, legally binding manner, preventing conflicts from escalating into broader economic issues.

India has been involved in a number of high-profile cases. One of the most significant cases was India vs. the United States on agricultural subsidies, where the U.S. alleged that India’s Minimum Support Price (MSP) for rice and wheat exceeded WTO limits. India defended its food security policies, arguing that they are essential for ensuring affordable food for its large population. The case is an example of the tension between trade rules and domestic priorities in developing countries like India.

Another notable dispute involved India’s ban on U.S. poultry imports, citing concerns over avian influenza. The U.S. challenged this ban, and the WTO ruled in favor of the U.S., stating that India’s measures were not scientifically justified. India’s response highlighted the complexity of balancing public health and food safety concerns with international trade obligations.

India has also brought cases against other nations to defend its trade interests. For example, in the case against the European Union on generic drugs, India challenged the EU’s seizure of Indian-made generic medicines in transit to other developing countries, arguing that the EU’s actions violated WTO rules on trade in goods. The case underscored India’s role as a global supplier of affordable medicines and its commitment to defending access to life-saving drugs.

India’s involvement in WTO disputes has also helped shape global trade jurisprudence, particularly in areas related to public health, agriculture, and intellectual property. By using the DSM, India has demonstrated its capacity to engage with complex trade rules and protect its national interests within the multilateral system.

Overall, India’s participation in the dispute settlement process has been critical in safeguarding its economic interests and asserting its position in the global trading system.

# **Challenges Faced by India in the WTO**

India faces a number of challenges within the WTO, both from external pressures and internal complexities. One of the primary external challenges comes from developed countries, which often push for greater trade liberalization and the reduction of trade-distorting subsidies. For instance, the U.S. and the European Union have repeatedly called for India to reduce its agricultural subsidies and food security programs, which they argue distort global trade. India, however, contends that these policies are vital for the livelihood of millions of small farmers and for ensuring food security.

India also faces challenges related to market access. While it has sought greater access for its goods and services in global markets, developed nations have often imposed non-tariff barriers such as stringent sanitary and phytosanitary (SPS) measures, making it difficult for Indian agricultural products and pharmaceuticals to enter these markets. Moreover, India’s demand for greater labor mobility through Mode 4 under the General Agreement on Trade in Services (GATS) has faced resistance, particularly from developed countries concerned about domestic labor markets.

Internally, India faces the challenge of balancing domestic priorities with its international trade commitments. On one hand, India needs to protect its vulnerable sectors, such as agriculture, from global competition. On the other hand, it must remain competitive in global markets, especially in sectors like information technology and pharmaceuticals. This balancing act often creates tensions within its trade policy, as various domestic constituencies have differing priorities.

India’s domestic regulatory environment also poses challenges. Complex and sometimes inconsistent regulations can make it difficult for India to fully capitalize on the opportunities provided by global trade agreements. For instance, while India has made significant strides in improving its business environment, issues related to infrastructure, bureaucracy, and labor laws continue to hinder its global competitiveness.

Another major challenge is the stalling of the Doha Development Round. As one of the champions of the Doha agenda, which focused on addressing the needs of developing countries, India has been vocal about its disappointment with the lack of progress in these negotiations.

# **Future Prospects and Conclusion**

India’s role in the WTO is expected to grow as it continues to emerge as a significant global economic power. With its large population, growing economy, and expanding presence in global trade, India is poised to play a key role in shaping the future of the international trading system.

One of the major areas where India can exert influence is in the reform of the WTO itself. The WTO has faced criticisms for its inability to address contemporary trade issues, such as digital trade, climate change, and the evolving nature of global supply chains. As a leading voice among developing countries, India can advocate for reforms that ensure the organization remains relevant and responsive to the needs of all members, particularly those from the Global South.

India is also likely to continue pushing for a more inclusive global trading system. This includes advocating for the conclusion of the Doha Development Round or a similar agenda that addresses issues important to developing countries, such as agricultural subsidies, market access for non-agricultural products, and services trade. India’s leadership in these areas will be crucial in ensuring that the multilateral trading system works for both developed and developing nations.

In terms of domestic policy, India will need to continue modernizing its trade infrastructure, improving its ease of doing business, and addressing regulatory bottlenecks. These reforms are essential for India to fully capitalize on the opportunities provided by the global trading system and to strengthen its export base, particularly in manufacturing, services, and pharmaceuticals.

Moreover, India’s role in global trade is likely to expand beyond the WTO. With the rise of regional trade agreements (RTAs) and mega-trade deals like the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), India will need to carefully balance its participation in multilateral and regional frameworks to maximize its economic interests.

In conclusion, India’s role in the WTO and global trade is at a crossroads. While it faces significant challenges, it also has immense opportunities to shape the future of global trade. By advocating for reforms that promote equity, sustainability, and development, India can ensure that the global trading system remains fair and beneficial for all.

