

正在 WTO 協商論壇中不斷增加合作的 中國與印度

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中文摘要

由於世界貿易組織（WTO）會員國未能就未來改革的模式達成協議，最近多邊協商過程已經停頓下來，因而導致貿易障礙仍然存在。如此缺乏多邊改革，發展中國家所受到的傷害比已開發國家為大。有學者認為有雷同利益的幾個國家組成談判聯盟可以作為有效冒意外交的關鍵工具。中國與印度係鄰邦，又在出口模式與出口目的地上有不少雷同之處，有可能組成上述的談判同盟。

本文主旨在剖析目前中印兩國在 WTO 方面的層次，找出未來多邊談判可以合作的領域。然而多項研究顯示中國對與發展中國家進一步組成談判同盟參與多邊協商的興趣不大，其主要目標是確保與擴大其主要出口產品的海外市場。

因此，其談判的議程是確保市場經濟的地位以消除反傾銷的夢魘，而勿需直接與美國衝撞。此外，此研究也就中印兩國簽訂自由貿易協定（FTA）做出簡短評論。

Towards an Increasing Collaboration at WTO Negotiating Forums: The Case of China and India#

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Key Words: India, China, WTO, FTA

Abstract

The multilateral negotiation process has recently come to a halt, given the failure of the WTO Members to arrive at an agreement on future reform modalities, thereby resulting in continuation of trade barriers. This lack of multilateral reform hurt developing countries more as compared to their developed counterparts. It is argued that bargaining coalitions of a few countries with similar interests could serve as a crucial instrument of effective trade diplomacy. The regional neighbours China and India, who share several similarities in their export patterns as well as export destinations, are potentially capable of forming one such alliance. The current paper analyzes the

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current level of Sino-Indian collaboration at WTO, and tries to identify the potential areas of future negotiating collaboration. The study also briefly comments on the issues relating to formation of an FTA between the two countries.

Introduction

The regional neighbours China and India understandably share several similarities in their export patterns – while agriculture and mining products jointly account for less than a quarter of their total export basket, the proportion of manufacturing goods is increasing. The fact becomes clear from **Table 1**. A reasonable extent of similarity is noticed in case of trade in services as well, as observed from **Table 2**. In addition, the major export destinations of both the neighbours are EU, Japan and the US.

While India's global market share was higher than China at the time of signing of GATT, thanks to the policy of import-substitution led growth, the scenario reversed over the next decade. Since mid-nineties China's export and import shares have taken a sharp upturn, while India is lagging miles behind. While India has experienced a moderate merchandise export growth over the last decade, the same of China has increased tremendously during the same period. Similarly in case of services, China's world share is still much higher than the same of India, despite the latter's higher trade growth rate over the last decade. On the average, the annual global merchandise export of China and India has increased by approximately 18 and 12 percent respectively over 1994-2003; while the average annual import growth rate has been 18 and 14

percent in that order. In case of services, the annual average export growth rate for China and India has approximately been 15 and 22 percent respectively over the same period; while the import growth rate has been 18 and 19 percent in that order. The fact is clearly observable from **Figures 1** and **2**. However, for enhancing the trade growth further, ensuring higher market access in partner countries is necessary.

It is argued that bargaining coalitions of partners with similar interests could serve as a crucial instrument of effective trade diplomacy (Narlikar, 2003). The developing country coalitions has a special role to play in this regard as the lack of multilateral reform hurt them more as compared to their developed counterparts. The recent trends in the multilateral negotiation are a case in point, where the entire process has been stalled due to the lack of agreement among the Members on modalities. The trade ministers of G-6 met in Geneva during the last week of July where Brazil and India were to push the G-20 agenda and ask the US to undertake substantial reform commitments (HT, July 22 2006). Unfortunately, no progress was made at the discussion, following which the trade talks had to be suspended (HT, July 26 2006). China and India can definitely collaborate at WTO negotiating forums, where their interests match (e.g. - agriculture, NAMA, services, TRIPS). The slower pace of multilateral reform may also prompt the two countries to move for increasing bilateral association for trade promotion, which may ultimately be formalized through an FTA.

The current paper intends to explore the prospect of these options and is arranged along the following lines. First, a brief review of the developing country negotiating coalitions in world

trade is provided, referring to China and India's participation in them. The analysis on the current level of collaboration between the two countries comes next, followed by an exercise to identify the possible areas of future collaboration. Fourth, the possibility of the much-discussed Sino-Indian FTA is briefly analyzed. Finally, a few policy conclusions are drawn.

Developing Country Negotiating Coalitions at WTO: A brief Review

The collaboration between China and India, the regional neighbours, at the GATT/WTO negotiating forums is a relatively recent affair. The earlier lack of collaboration is explained by the fact that China was not a full-fledged member of the WTO before 2001. India on the other hand, has been part of several developing country groupings on trade issues during pre-WTO days (e.g. – G-77 at UNCTAD, G-10 during Uruguay Round). In the post-WTO period, India continued to collaborate with other developing countries by joining several coalitions (e.g. - Like Minded Group before the Singapore Ministerial¹; 'Friends of Geographical Indications'² and G-24 on services before the Seattle Ministerial, collaboration with African countries on TRIPS and public health before Doha ministerial³ etc.).

¹ The negotiated agenda of the group included highlighting the high cost of the UR commitments and the unrealized promises.

² India's membership in this group was only too natural as it got involved in the basmati case with a US firm at that time.

³ See India's Communication to WTO with African and other developing countries dated 29 June 2001 (IP/C/W/296) for details. The proposal demanded that the WTO should ensure that the TRIPs Agreement does not infringe upon the sovereign right of the members to formulate their own public health policies and adopt suitable measures for providing affordable access to medicines in developing countries.

However on the whole, the developing country coalitions formed before the Doha Ministerial was never strong negotiating entities.

As a result, at Doha Ministerial the developing countries were not following a joint negotiating strategy and India alone opposed launching of a new round and inclusion of Singapore Issues at the discussion agenda. It argued that before launching of a new round, the promise on realization of the UR commitments must be fulfilled (Singh, 2001). It accepted the joint Ministerial declaration only after developed countries agreed to respond to its concerns (due importance to implementation issues; inclusion of a separate declaration on TRIPS and Public Health; discussion on market access issues in agriculture, with focus on SDT for developing countries; acknowledgement of the importance of ensuring free movement of natural persons in service trade etc.) in the Doha Development Agenda (DDA).

The events at Doha clearly showed how individual WTO members could influence the negotiations, provided they act strategically and the lesson was not missed by the developing countries altogether. Before Cancun ministerial, in response to the EU- US joint proposal on agricultural subsidy reform, several developing countries led by India, Brazil, South Africa and China formed a negotiating coalition (G-20) and promptly submitted an alternate proposal to WTO demanding immediate removal of export and production subsidies on agriculture in developed countries. The group expressed dissatisfaction with several provisions in the Cancun Ministerial Draft text (the 'Derbez Draft') and stressed on considering the G-20 draft as the

basis of negotiation instead (Chakraborty and Singh, 2006). The conflict of interest put a deadlock in the multilateral negotiation process, but the G-20 members remained in close touch with each other and maintained informal contacts with developed countries.⁴ The dissatisfaction among developing countries on agricultural subsidy reform led to formation of another developing country coalition named G-33 in the subsequent period, again with China and India as key members. The group focused on ensuring food security, livelihood security and rural development concerns of the developing countries and designation of 'Special Products' (SPs) and 'Special Safeguard Mechanism' (SSM) to them.

The deadlock in the multilateral negotiation process was broken in July 2004, when five interested parties (FIPS), namely – Australia, Brazil, EU, India and US, participated in a two week long discussion at Geneva. The discussion led to a draft announcement, which responded to the developing country concerns on agricultural subsidy reform in a much satisfactory manner as compared to the Derbez Draft.

China and India, through the G-20 and G-33 forums, consistently retained agricultural subsidy reform in developed countries in their negotiating agenda. The G-20 Ministerial meet declaration (New Delhi, 18-19th March, 2005) noted the need to,

⁴ "On the occasion of the Ministerial Meeting of the G-20 held in Brasilia, on December 11th and 12th, 2003, the Group had the opportunity to meet with Commissioner Lamy to discuss the present status of the Doha Round and how to move forward in the negotiations on agriculture." *India and the WTO*, Vol. 5, No. 12, 2003.

“.. observe necessary sequencing of issues identified in the “July Framework” so as to ensure progress in each of the three pillars..”.⁵ The document also highlighted the slow pace of cotton subsidy reduction and continuation of tariff escalation in developed countries, apart from stressing the need to ensure SDT for developing countries for preserving food security, rural development and livelihood concerns within their territories. Similarly the G-33 Ministerial Meeting, (Jakarta, 11-12 June, 2005) discussed the need to finalize the guiding principle for negotiation at the upcoming Hong Kong Ministerial (December 2005) and also the need to guarantee SPs and SSM to developing countries. Before Hong Kong Ministerial G-20 and G-33 jointly demanded drafting of modalities for removing trade subsidies within six months (HT, December 15 2005).

A major developing country coalition, namely G-110, was formed during the Hong Kong ministerial, with China and India as part of it and negotiated hard for agricultural reform in developed countries.⁶ The Ministerial declaration finally agreed to eliminate all forms of export subsidies by developed countries by the end of 2013, with the substantial part of it eliminated by the middle of the implementation period, i.e., 2010. Another new developing country coalition on NAMA (NAMA-11) was formed during the ministerial. Although India was a key member there, China was not part of that group.

⁵ ‘G-20 Ministerial Declaration’, available at http://www.commerce.nic.in/wto_sub/g20/min_decln.htm

⁶ “There was also a coming together of two developing country groupings, the G 20 and the G 90 - to form the G 110 - united not in what they wanted to get out of the negotiations but in their resolve not to be used against each other by the EU and the US”. UK House of Commons Report, April 2006.

Although the outcomes of the Hong Kong ministerial looks promising for fulfilling developing country interests, the deadlines set for establishment of modalities for Agriculture and NAMA (30 April 2006) and submission of comprehensive draft schedules (31 July 2006) has already been missed owing to the apathy of the countries to open their market. For instance, the US had earlier refused to bring down its subsidies (especially in agriculture) further, claiming that their offer made during October 2005 is yet to get matching response from other developed countries (HT, May 31 2006). The developing countries need to counter this blame game (the outcome of which is delayed reform) through bargaining coalitions. While G-110 is a major success on agricultural front in the short run, it might be difficult for this group to include NAMA and services in their negotiating agenda in the long run (Debroy, 2006). In other words, drafting a common negotiating agenda that suits all G-110 members (including developing countries and the LDCs) on agriculture, manufacturing and services would be very difficult, while doing the same by a smaller group of developing countries at a comparable level of development is much easier. Keeping this perspective in mind, here we focus on the possible areas of collaboration between China and India at WTO negotiating forums.

India's current level of collaboration with China at WTO

Table 3 shows India's joint submissions with China, which has so far been moderate. The figures in the table denote the number of submissions made by India to the WTO at various

points of time. While the first figure in the parenthesis denotes India's joint submissions with all WTO members, the second figure denotes the number of submissions made in collaboration with China. The two countries have so far collaborated on agriculture, general council and TRIPS, but not in the field of dispute settlement, NAMA, WTO rules and trade and development. Looking at the recent submissions, we see that while the two countries had collaborated on agriculture, general council and TRIPS related issues during 2004, in 2005 they did not collaborate on any of the twelve fields. However, in 2006, they have submitted a joint proposal to WTO on trade facilitation. There is enough scope for enhancing the collaboration level in core areas like NAMA on one hand, and the institutional areas like dispute settlement on the other. Currently in both areas the submissions by China and India are conflicting to each other's view.

Analyzing the Current focus of Collaboration between China and India

1. Agriculture

In 2003, through the G-20 forum, China and India focused on various issues, e.g. - the need to reduce all trade-distorting domestic support measures and reduction/capping of Green box direct payments for developed countries; extension of SDT treatment for developing countries, including lower tariff reductions and longer implementation periods; establishment of SPs; maintaining *de minimis* at the existing levels for developing countries; elimination of article 6.5 of the Agreement on

Agriculture.⁷ In subsequent period, a later G-20 submission pointed out the shortcomings of the Blended formula approach as put forward by the EC and the US.⁸ In 2004, through the G-33 forum, China and India called for integration of the concept of SPs and SSM with SDT; conferring the right upon developing countries to decide their SP, on a stand-alone basis, without any tariff reduction commitment; establishment of SSM, with the designated SPs also having access to this provision; SDT in the tariff reduction formula etc.⁹

While the G-20 and G-33 submissions attempts to negotiate for the ‘appropriate’ number of products as SPs, the July text allows members to designate ‘appropriate’ number of sensitive tariff lines as well. Through this channel, the SP benefit for developing countries could be partly nullified, if developed countries designate a number of these SPs as ‘sensitive’ items in their tariff schedule (Chand, 2005). Also the methodology of determining sensitive products (‘certain’ percent of tariff lines), negotiations in domestic support (‘historical period’, ‘exceptionally large’ percentage of trade-distorting support in the Blue Box etc.) are quite open-ended (Chakraborty, 2004). The future negotiating collaborations of China and India must focus on these issues.

2. Services

⁷ See developing country joint submission (Document No. JOB(03)/162/Rev.1, Dated 29 August 2003).

⁸ See G-20 proposal (Document No. TN/AG/GEN/9, Dated 7 May 2004).

⁹ See G-33 proposal (Document No. JOB(04)/65, Dated 1 June 2004).

India's collaboration with China in this front started in 2003, when the two countries submitted a proposal for opening up trade in Maritime Transport Services in association with other developing countries.¹⁰ India's collaboration with China and the G-24 countries on liberalization of Mode 4 of services trade was intensified before Cancun, when the developing countries submitted a proposal stressing the welfare gains from freer movement of natural persons to both developed and developing countries.¹¹ The proposal focused on the need to de-link movement of natural persons from commercial presence and outlined the major problems faced by Mode 4 of services trade, namely - administrative procedures failing to separate the temporary movement of service suppliers from permanent immigration, lack of transparency and due process regarding the granting of entry visas or permits, adoption of various tedious criteria like Economic Needs Tests (ENT), Local Market Tests and Management Needs Tests, and the lack of recognition of professional / equivalent qualifications and licensing requirements etc. China and India further strengthened their negotiating position on trade in services through a later submission, where they raised various issues on future reform questions.¹² Before the July 2004 meeting at Geneva, China and India stressed the lack of commitments

¹⁰ Joint submission of developing countries (Document No. TN/S/W/11, Dated 3 March 2003).

¹¹ Joint submission of developing countries (Document No. TN/S/W/14 (Dated 3 July 2003).

¹² Joint submission of developing countries (Document No. TN/S/W/16, Dated 25 July 2003).

undertaken by the developed countries on liberalization of Mode 4 through their joint submission:

“After analysing the initial offers presented by developed Members, in our assessment, most of these offers do not show any real improvement to the existing commitments in Mode 4. Some Members have not introduced any improvement to the existing commitments; others have only introduced some minor changes aimed at clarifying and only in a few cases expanding the scope of commitments. Basically commitments continue to be limited to categories of personnel related to commercial presence despite the expressed interest of developing Members for commitments in categories de-linked from commercial presence as well.”¹³

The Sino-Indian collaboration on trade in services also continued in the post-July 2004 period. A subsequent joint submission of China and India termed the lack of transparency as one of the impediments to Mode 4 trade and asked for enhancing the transparency level of regulatory procedures, if required, by introducing newer elements in GATS regulations.¹⁴

3. TRIPS

¹³ Joint submission of developing countries (Document No. TN/S/W/19 (Dated 31 March 2004).

¹⁴ Joint submission of developing countries (Document No. JOB(04)/142 (Dated 29 September 2004).

On TRIPS, China and India along with other developing countries submitted a proposal on the paragraph 6 of the DDA in 2002, which stressed the importance of transfer of technology to all developing countries (without any exception), a critical component for ensuring sustainable access to affordable medicines within their territories. Pointing that absence of economies of scale might make domestic production of a particular product non-viable or too costly at times, the proposal called for recognition of the right of WTO Members to authorize third parties to make, sell and export patented public health-related products without the consent of the patent holder to address public health needs in another country.¹⁵ Subsequently, in association with Brazil and other developing countries, India has submitted a number of proposals on non-violation and nullification or impairment of benefits to developing countries under the TRIPS agreement, relationship between TRIPS and Convention on biodiversity, bio-piracy and concerns on protection of traditional knowledge etc. This is one area, where there exist enough scope for China and India to collaborate in future. The negotiating agenda of the two countries must focus on the prevailing scenario in other trade partners. For instance in US, if the government is willing to use a patent, it can do that without the need to issue a compulsory licensing, or engaging itself into any negotiation with the patent holder, who is entitled only for asking compensation (Raizada and Sayed, 2002). Clearly the US is following a much more liberal framework than the same it is trying to impose on the developing countries.

¹⁵ Joint submission of developing countries (Document No. IP/C/W/355, Dated 24 June 2002).

4. Trade Facilitation

Given the fact that WTO Members have agreed to include trade facilitation (TF) in the discussion agenda now, negotiations on this front are likely to intensify in coming days. The joint proposal by China, India and other developing countries in 2003 cautioned against any attempt to seek an early harvest on this front in advance of progress on core issues in Doha Work Programme. Furthermore, the proposal wanted the negotiations to address issues regarding cost of compliance, justification of any binding rules subject to the DSU, commitment for provision of technical and financial assistance to meet the cost of compliance etc.¹⁶ Another joint proposal by China and India with other developing countries in early 2006 focused on three broad issues in this front - (i) the arrangement of commitments for developing countries; (ii) the provision of technical assistance and capacity building support; and (iii) the applicability of the dispute settlement mechanism.¹⁷ The two countries would hugely benefit by collaborating further in this area in future.

5. Anti-Dumping Investigations

Use of anti-dumping measures by developed countries on developing country exports has increased considerably in recent years. Textile and garment exports by China and India have especially suffered on this count. The joint submission by these

¹⁶ Joint submission of Developing countries (Document No. WT/GC/W/522 (Dated 12 December 2003).

¹⁷ Joint submission of Developing countries (Document No. TN/TF/W/82, Dated 31 March 2006)

two countries in this front has focused on the problems with investigations prompted by motivated complaints from industry associations, continuance of back-to-back investigations, extending over long periods (five years for one product) etc.¹⁸ The proposal also called for implementation of a grace period of two years by developed countries during which no anti-dumping investigations on textile and clothing imports from developing countries would be imposed.

In **Table 4**, the number of anti-dumping investigation initiations against China and India as well as the same initiated by them are provided. As evident from the table, while China is the biggest victim of the provision, India is slowly emerging as a major violator (more often so with respect to China, as discussed later). The problem for China is likely to continue owing to its non-market economy status and it is trying hard to overcome this. Therefore, adoption of a joint negotiating strategy should be of mutual interest. However, the steady rise in the anti-dumping initiations by India, especially against Chinese imports, might come in the way.

Analysis of Potential Areas of Collaboration

1. NAMA

The DDA promised to protect the interest of the developing countries by ensuring less than full reciprocity (LTFR) to them, i.e., through making lower tariff cuts as compared to the same undertaken by their developed

¹⁸ Joint submission of developing countries (Document No. WT/GC/W/502, Dated 14 July 2003).

counterparts. However, the EU and the US submissions in the following period have asked for stronger commitments from developing countries. India always emphasized that two different coefficients has to be used for the developed and the developing countries for the purpose of tariff reduction, with SDT options available to the latter group of countries.¹⁹ Since 2003, the discussions in NAMA have focused on determining a non-linear formula for tariff reform, which provides SDT to developing countries. India was in broad agreement with the Girard formula proposed at that time, with the provision of having a small coefficient for developed countries and a large one for developing countries.²⁰ However, the proposals by China and India on NAMA differ in their approach, given the fact that the average tariff level in China is much lower than the same in India and the binding coverage for China's and India's tariff lines are 100 percent and 73.8 percent respectively (WDI, 2005). Due to this fact, the tariff reform formula proposed by China incorporated an adjusting coefficient for the year of implementation, assigning higher values for speedy tariff reform.²¹ India on the other hand, proposed a simple linear cut on the individual bound tariff lines of each Member, with a higher percentage cut for developed countries than the one applicable for developing countries. It opposed the EU and the

¹⁹ See India's submission (Document No. TN/MA/W/10/Add.3, Dated 10 April 2003).

²⁰ "India cautions WTO members of backlash if reforms are forced – Farmers' interests the key concern", Speech of Mr. Arun Shourie, Minister of Communication, IT and Disinvestment, Mini Ministerial at Montreal (28-30 July 2003), *India and the WTO*, Vol. 5, No. 6-7, p. 4.

²¹ See China's submission (Document No. TN/MA/W/20, Dated 24 December 2002).

US proposal, which called for having almost similar coefficients for both group of countries. In 2005, Argentina, Brazil and India jointly (ABI) reaffirmed their support to the Girard formula and demanded flexibilities for developing countries by excluding a certain percentage of their tariff lines from reduction commitments; removal of tariff peaks and tariff escalations in developed countries; ensuring participation in the sectoral initiatives to reduce or eliminate tariff only on a non-mandatory basis etc.²²

At Hong Kong Ministerial, China did not become part of the NAMA-11 group formed by India and other developing countries. The ministerial declaration agreed to have a modified 'Swiss formula' for cutting tariff rates, thereby creating a possibility of having two different coefficients, one each for developed and developing countries or more than two coefficients (Ranjan, 2006), on a stand-alone basis, in line with LTFR provision in reduction commitments. In return, the developed countries are likely to put more pressure on their developing counterparts to bind their unbound tariff now. Although India is negotiating on considering the MFN bound rate instead of the MFN applied rate in the base year as the basis of negotiation, no collaboration with China in this front is likely.

The sectoral approach, which involves cutting or eliminating tariffs on certain sectors independent of the tariff cutting formula followed in other sectors (paragraph 16 of DDA),

²² See the ABI proposal (Document No. TN/MA/W/54, Dated April 15 2005).

is slowly emerging as a major area for negotiations.²³ The interest to move fast in this sphere is more prominent with the developed countries as compared to their developing counterparts. For instance, while the US is keen to bring several manufacturing industries under sectoral coverage, the EU holds similar viewpoint towards textile and clothing items (ASSOCHAM, 2005). India believes that the 'zero-to-zero' approach proposed by several developed countries is actually a violation of the LTFR principle, and maintained that the sectoral approach should be voluntary in nature, to be taken up only after the issue of tariff reduction formula is settled.²⁴ Although the Hong Kong declaration stated that the participation in sectorals will not be mandatory for member countries, China and India can collaborate in common export areas like textile and clothing in future, as they have earlier joined hands to protest against the slow reform of MFA quota in the developed countries.²⁵

2. Institutional issues: Reforming the Dispute Settlement Procedures

Since 2002 in association with other developing countries India has submitted several proposals on the need to protect developing country interests through amendment in the

²³ The NGMA in 2003 proposed seven sectors with considerable export interest of developing countries for discussion under this track, namely - Electronics and electrical goods; fish and fish products; footwear; leather goods; motor vehicles – parts and components; stones, gems and precious metals; textile and clothing (Ranjan, 2005).

²⁴ See India's submission (Document No. TN/MA/W/10, Dated 22 October 2002).

²⁵ Joint submission of developing countries (Document No. WT/GC/W/503, Dated 14 July 2003).

dispute settlement understanding (DSU). The highlighted issues include problems faced by developing countries owing to high legal costs; lack of proper mechanism to ensure implementation of DSB rulings during reasonable period; inappropriateness of 'retaliation' measures; need to block the participation of NGOs in the DS process; authoritative interpretation by Panels and Appellate Bodies (AB), lack of transparency in DSB Proceedings; role of third parties in future disputes and the consequential changes to the working procedures etc. among other concerns (Chaisse and Chakraborty, 2006). Although China has participated in the DS negotiations, its proposal that no developed country should be entitled to initiate more than two cases per year against a developing country member has not been very popular (Perumal, 2005). Given the rising number of trade disputes involving developing countries, the two countries would be better off by collaborating on this issue.

3. The pace of opening the Domestic Market

Apart from the spheres where collaboration would enhance the level of market access obtained in developed countries, China and India would also gain by collaborating on defensive strategies, i.e., on policies leading to a slow opening up of their domestic markets. From **Table 5** it is observed that there exists a similarity in the prevailing policy environment in several sectors of the two countries which is supposedly impeding market access of the US. China and India could collaborate on this front so that the pace of the opening up of their market falls in line with their development priorities. A common negotiating agenda adopted by the two countries should ensure that any 'corrective' steps (e.g. – the 301 list of the US)

be taken against them only on merit basis, and not as a masked trade policy (Chaisse and Chakraborty, 2005).

Possibility of a Sino-Indian FTA

Interestingly both China and India are already using the RTA strategy to fulfill their trade interest in recent times, although with a differing focus. India is currently negotiating for preferential arrangements with several developing countries located in Asia, Africa and Latin America. Although a number of India's recent regional integration attempts might lead to ROO complexities (IE, October 23 2004; Choudhury, 2006; FE, June 11 2005; Mehta and Narayanan, 2005), a number of the RTA partners have emerged as its major collaborators in joint submissions to WTO on various issues (Nag and Chakraborty, 2006). On the other hand the main goal of Chinese RTAs, located in and outside Asia, is to obtain wider acceptance of "market-economy status", given the high volume of anti-dumping actions it faces globally (Antkiewicz and Whalley, 2004; Drydsale, 2002; Mallon and Whalley, 2004). More than 35 countries, including Singapore, Malaysia, Thailand and other ASEAN countries, New Zealand, Australia, Brazil and South Africa now provide market economy status to China (China Daily, 2005). China decided to go for FTA negotiations with South Africa only after the latter recognized its market economy status (China Daily, 2004).

China's entry into Bangkok Agreement group is expected to bring vibrancy in the bloc. As part of China's accession procedures, it granted India tariff concessions with an average of 13.5% on 217 tariff lines. India granted

concessions on 106 items corresponding to 188 tariff lines (6-digit HS) under the Bangkok Agreement to other Member countries. The trade coverage increased in the Third Round of Negotiations under the Bangkok Agreement, which was initiated in October 2001 and concluded in July 2004. As a result of this discussion, India provided concessions to China on 311 items (6-digit HS) and received concessions from it on 589 items (8-digit HS) in return. Clearly this current preference is inadequate, keeping in mind the sharply growing Sino-Indian trade volume.

The common negotiating positions at the multilateral platform are built on common understanding of each other's economies, which calls for a vibrant bilateral trade relationship among the countries. The sudden upsurge of bilateral trade growth between India and China has developed more people to people contact at every level and both countries are now contemplating to go ahead with the proposal of a FTA. In 2004, the total trade between India and China reached the all time high of US\$ 12 Billion. In 1999 it was less than US\$ 2 Billion. The exponential pattern of bilateral trade is visible from the **Figure 3**. Currently, India is actively engaged in completing the homework regarding the evaluations pros and cons of a FTA with China. However, a section of the domestic industry is having an apprehensive standpoint to this possible integration.

The reason why India's anti-dumping initiations against China can come out as a major barrier for formation of Sino-Indian FTA becomes clear from **Table 6**. China accounts for nearly 20 per cent of the total anti-dumping initiations made by India over the last decade, which is much higher than other affected parties like EU (9%), Taiwan (7%), Korea (7%), US (5%) and Japan (5%). Interestingly, India has initiated 16 anti-dumping cases against Thailand, while Indo-Thai FTA is already on. Recently, EU and Taiwan have moved to the DSB against India on this issue, and China might as well follow their example. One solution to this problem could perhaps be achieved if China offers India a higher access in its domestic market during formation of the FTA, which would compensate for the losses incurred by the Indian domestic industries owing to influx of cheaper Chinese imports. It is further expected that while addressing the issues related to anti-dumping both India and China will look into the bilateral issues and learn from each other to address them with better understanding of costs, comparative advantage and domestic injury. This will in turn help to develop joint negotiating strategy at DSB.

Conclusion

Doubts are already being raised on the future cohesiveness of the developing country blocs like G-20 (Ranjan, 2005) or the effectiveness of the same to effectively expand its coverage to include manufacturing and services sectors under its purview. However, the slow pace of multilateral negotiations and the consequent continuation of various trade barriers in WTO Member countries stress the need for developing country coalitions in no uncertain terms.

Our analysis point out that there exist several areas where China and India would potentially be better off by collaborating at multilateral negotiations. Various studies however suggest that China is not very interested to get deeper into developing country coalitions and its primary goal is to ensure increased market access for its key export items (Draper and Sally, 2006). Thus its negotiating agenda is to ensure market-economy status to get rid of anti-dumping nightmare without going into direct tussle with the US, who reserve the right to classify it as a non-market economy upto 2020 as well as the right to impose safeguard measures to restrict the rapid increase in import of a particular product coming from China (Panitchpakdi and Clifford, 2002). Thus in areas like agriculture, services and trade facilitation, it is likely to collaborate with India only upto a point that suits its trade interest. India already has expressed concern over China's WTO tactics at times (HT, July 24 2006). To make things worse, the US has recently threatened to withdraw the preferential trade benefits to 13 developing countries under GSP by ordering a review whether to 'limit, suspend or withdraw' the treatment. While several G-20 members were selected for this investigation, China was excluded from it (HT, August 9 2006).²⁶ Needless to add, these types of events would hardly contribute positively in cementing a close negotiation coalition between the two countries.

²⁶ The 13 countries are Argentina, Brazil, Croatia, India, Indonesia, Kazakhstan, Philippines, Romania, Russia, South Africa, Thailand, Turkey and Venezuela.

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Table 1: A comparison of the Structure of Merchandise Export and Import – (China and India)

(Percentage)

<i>Export</i>								
Country	Food		Agricultural raw materials and Ores and metals		Fuels		Manufactures	
	1990	2003	1990	2003	1990	2003	1990	2003
China	11	4	3	1	6	3	80	92
India	16	11	10	6	3	6	71	77
<i>Import</i>								
Country	1990	2003	1990	2003	1990	2003	1990	2003
China	5	2	7	9	4	7	84	82
India	3	6	19	8	27	32	51	54

Source: World Development Indicators and WITS

Table 2: A Comparison of the Structure of Service Export and Import- China and India

(Percentage)

<i>Export</i>								
Country	Transport		Travel		Insurance and Financial Services		Computer, information, communication and other commercial services	
	1990	2003	1990	2003	1990	2003	1990	2003
China	47.1	17.0	30.2	37.5	3.9	1.0	18.7	14.4
India	20.8	10.9	33.8	12.5	2.7	1.5	42.7	75.1
<i>Import</i>								
Country	1990	2003	1990	2003	1990	2003	1990	2003
China	78.9	33.2	11.4	27.7	2.3	8.7	7.4	30.3
India	57.5	34.1	6.6	13.2	5.8	3.7	30.1	48.9

Source: World Development Indicators

Table 3: An analysis of India's submissions at WTO with China, PR
(Number of submissions)

Category	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Total
Agriculture	7 (-)	7 (-)	0	4 (2/0)	6 (1/0)	1 (-)	6 (4/1)	2 (2/2)	0	0	33 (9/3)
Competition Policy	1 (-)	3 (-)	0	1 (-)	0	2 (-)	0	0	0	0	7 (-)
Dispute Settlement	0	0	0	0	0	4 (3/0)	1 (1/0)	1 (1/0)	2 (2/0)	0	8 (7/0)
Environment	2 (-)	2 (-)	0	3 (-)	0	0	1 (-)	0	3 (0)	0	11 (-)
General Council	0	4 (-)	29 (9/0)	1 (-)	7 (5/0)	1 (1/0)	8 (7/5)	1 (1/1)	0	0	51 (23/6)
Investment	1 (-)	1 (-)	4 (-)	1 (-)	1 (-)	4 (1/1)	0	0	0	0	12 (-)
NAMA	0	0	0	0	0	1 (0)	4 (1/0)	0	1 (1/0)	0	6 (2/0)
WTO Rules	0	0	0	0	0	2 (-)	5 (-)	0	2 (-)	2 (1/0)	11 (1/0)
Services	3 (-)	1 (-)	0	2 (1/0)	1 (1/0)	1 (-)	5 (3/3)	5 (4/2)	7 (6/0)	0	25 (15/5)
TRIPS	0	0	2 (-)	7 (2/0)	4 (4/0)	4 (3/1)	1 (1/0)	1 (1/0)	2 (2/0)	0	21 (13/1)
Trade Facilitation	0	0	0	0	0	0	0	0	1 (1/0)	3 (1/1)	4 (2/1)
Trade and Development	0	0	0	0	0	3 (2/0)	0	0	1 (1/0)	0	4 (3/0)

Source: Chakraborty and Sengupta (2006)

Table 4: Comparison of Anti-Dumping Cases faced / initiated by China and India

Period	India		China	
	A	B	A	B
1 January 1995 – 31 December 1995	5	3	-	16
1 January 1996 – 31 December 1996	20	10	-	39
1 January 1997 – 31 December 1997	13	7	-	31
1 January 1998 – 31 December 1998	33	12	-	25
1 January 1999 – 30 June 1999	40	6	-	16
1 July 1999 – 30 June 2000	27	11	-	30
1 July 2000 – 30 June 2001	37	-	-	-
1 July 2001 – 30 June 2002	76	12	0	46
1 July 2002 – 30 June 2003	67	12	17	42
1 July 2003 – 30 June 2004	37	14	22	59

Source: WTO Annual Reports (various issues)

A – Initiations of anti-dumping actions by a country

B – Initiations of anti-dumping investigations against a country

Table 5: A Comparison of the Trade Policies of China and India impeding Market Access of US

China	India
<ul style="list-style-type: none"> • Tariff treatment of certain categories • Use of anti-dumping measures • Lack of transparency in standards and SPS measures • IPR enforcement • Barrier in several key service sectors • Prohibition of foreign investment in certain sectors 	<ul style="list-style-type: none"> • Failure to notify certain technical regulations to WTO • Failure to notify certain SPS regulations to WTO • IPR enforcement • Restrictions in certain key service sectors • Use of anti-dumping measures • Stringent restrictions involving foreign investment in certain key sectors

Source: Constructed by authors' from USTR (2006)

Table 6: Top Ten Victims of Indian Initiations (1995-2005 June)

Sl. No	Country	Number of Initiations	Sl. No	Country	Number of Initiations
1	China P.R	81	6	Japan	20
2	EU	36	7	Singapore	18
3	Taiwan PoC	30	8	Russia	18
4	Korea Rep.	29	9	Thailand	16
5	US	22	10	Indonesia	16

Raju (2006)

Figure 1: China and India at Global Merchandise Trade

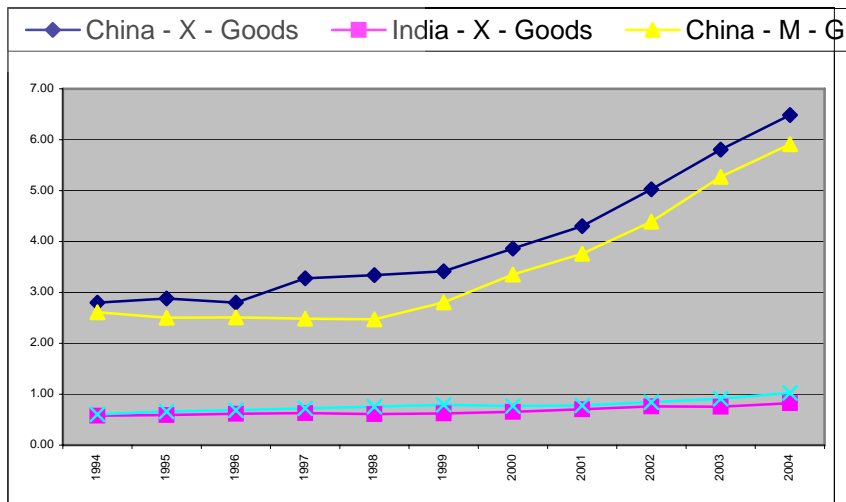


Figure 2: China and India at Global Service Trade

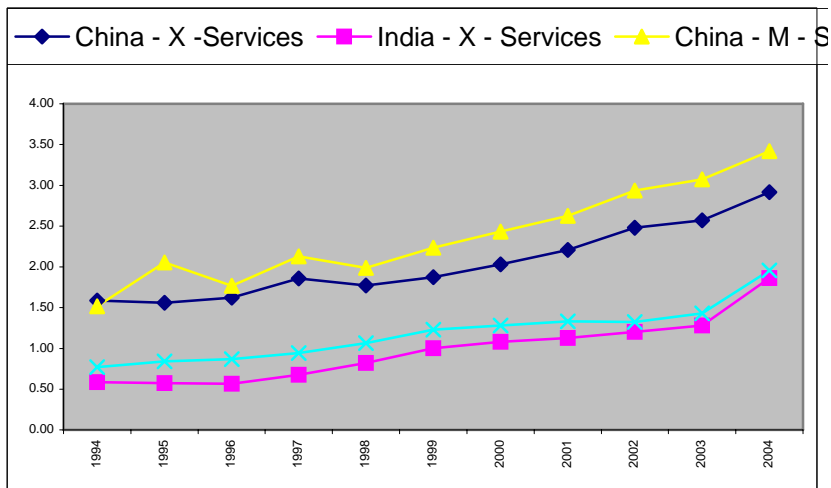


Figure 3: India's Exports and Imports to/from China (US\$ Billion)

