India stands firm in opposition to WTO deal

By Amy Kazmin in New Delhi, James Shotter in Geneva and Shawn Donnan, World Trade Editor Author alerts

The US accused India of bringing the World Trade Organisation to the “brink of crisis” after New Delhi said it would block a global trade deal without agreement on permanent rules covering its food programmes for the poor.

The trade facilitation deal, struck in Bali last year, was designed to streamline the flow of goods across borders, and marked the first time in the two-decade history of the WTO that all of its ministers had concluded a deal.

However, although India signed up to the Bali pact, its new government is now threatening to withhold support unless a parallel dispute over its food security programme is resolved by the end of this year.

“Nothing is agreed until everything is agreed,” Nirmala Sitharaman, India’s commerce minister, told the Financial Times in New Delhi on Friday.

India’s stance was met by dismay from other capitals. Michael Froman, the US trade representative, said the US was “deeply disappointed that backsliding on trade facilitation has brought the WTO to the brink of crisis”.

“The current state of play on trade facilitation threatens to deal a serious blow to the credibility of the multilateral trading system and to set back the development needs of many countries around the world,” he said.

Roberto Azevêdo, the WTO director-general, and other senior officials have been engaged in a furious last-ditch push to overcome India’s objections and ensure smooth passage of the trade facilitation agreement by the July 31 deadline the WTO’s 160 members signed up to in Bali.

However, a meeting of the WTO’s General Council, its highest non-ministerial body, was suspended on Friday after delegates were unable to break the stand-off over India’s demands that the dispute over food security be resolved by this December, rather than 2017, as previously agreed.

“What we are suggesting is that please now let us have [a] concrete institutional framework with which you will be able to talk on issues on agriculture, food stockholding and issues of the less-developed countries,” said Ms Sitharaman.

“Around October, you can review the position and, by December, you will be able to give us a permanent solution,” she said. “Then everything can be agreed.”

She added: “What is so sacrosanct about the July 31 deadline [for trade facilitation]? What you are doing now is to treat the trade facilitation agreement as a standalone issue without any link to the rest of the issues. This cannot be treated as a standalone. All issues will have to have equal relevance.”

According to diplomats, India appeared isolated in the meeting in Geneva. They said that even South Africa, which had backed its position in the past, held back from endorsing its threat to block the trade facilitation deal. Brazil, China and Russia all spoke forcefully in favour of the Bali deal.

The EU told the meeting that it was not prepared to renegotiate the timeline agreed in Bali, and gave warning of dire consequences for the WTO and India if it failed to meet the deadline on Thursday.
Diplomats remain hopeful that Mr Azevêdo may be able to find a compromise by Thursday. But they said India’s position risked undoing three-and-a-half years of work meant to bring life back to the stalled Doha round of world trade talks.

India provides extensive financial incentives to its farmers to produce wheat and rice to achieve self-sufficiency in food, which New Delhi considers crucial to its national food security.

However, the US and other developed countries say the financial support that India, China and some other developing countries are providing to agriculture violates their commitments to the WTO, which sets a cap on food production subsidies.

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