

International Trade and Environment: India's Dilemma

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Recent developments in the trade policy have to be viewed as a response to the changing world economic scenario. The policy of globalisation and liberalisation in response to the domestic economic crisis on the one hand and the participation in the General Agreement on Trade and Tariff (and WTO) on the other were simultaneously preferred engines of changes in trade policy. As is well known, the final draft of the Agreement on Agriculture has a telling impact on the environmental parameters through market access, export competition and domestic support. In addition to this, the obligations under the Sanitary and Phytosanitary measures weigh equal importance in determining the emphasis on the environmental issues the country. The rules and regulations governing agricultural trade covered under different clauses of AoA requires the non-tariff barriers to be converted to tariff barriers, reduction of tariffs over the period of time, reduction of subsidies to production and removal or reduction of subsidised exports and export subsidies given to agricultural commodities by the member countries. As an immediate fallout, all these will have direct influence on the production priorities and the aggregate environment.

The changes announced by India on 1st April 1999, 2000 and 2001 have been historical in this process. The commitment to the WTO was to abolish licensing of imports in three phases ending March 2004. Since the removal of QRs were to be done in phases most of the sensitive items including that of agriculture were kept for the final phase. The removal of QRs on agricultural commodities raised apprehensions on the probable impact of such policy on the agricultural sector. The reduction or, as appropriate, elimination of tariff and non-tariff barriers to environmental goods and services was one of the issues that featured the debate.

In this context it is necessary to visit a few issues facing India as one of the prominent leaders of the developing countries.

- (i) The effect of environmental measures on market access, especially in relation to its trading partners, and those situations in which the elimination of QRs would distort or benefit trade but impact the environment and development;
- (ii) What are the relevant provisions of the Agreement on Trade-Related Aspects of Intellectual Property Rights that have a direct bearing on the trade originating from India?
- (iii) SPS and other requirements for environmental purposes of the major traded commodities and the trading partners.

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After analyzing the bold changes in the trade policy that have taken place in the last decade, the paper deals with these specific issues and includes identification of the relevant WTO rules with their bearing on the environmental quality. The paper includes discussion on the paragraph 31(i) and (ii) of Doha declaration and seeks to map the compatibility with the open and non-discriminatory nature of the multilateral trading system. In particular the paper takes a view of the Agreement on the Application of Sanitary and Phytosanitary Measures in altering the obligations, and will take into account the needs of developing and least-developed countries. It further discusses the importance of technical assistance and capacity building in the field of trade and environment in the context of developing countries and India in particular. Finally the paper indicates the future changes that should find place in India's trade policy.