CHAPTER - III

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CHAPTER - III
WORLD TRADE ORGANIZATION (WTO) AND GLOBALISATION: A FOCUS ON INDIA

Introduction:

After having made an extensive review of literature on the Multinational Corporations' Operations, activities and having carved out the objectives, scope of the study and hypotheses of the study, the present chapter deals with the provisions, clauses and sub-clauses of World Trade Organization (WTO). The chapter also evaluates the pros and cons of the implementation of various WTO provisions in Indian perspective.

WTO fulfills the need for an organization to regulate world trade, ensure production of trade related properly right. The URUGUAY Round of the GATT, 1994, has gone down the history by establishing WTO at Geneva in 1995.

Significance of Treaty of the Uruguay Round

The eighth Round of Multilateral Trade Negotiations (MTN) of the GATT participants-commonly referred to as the Uruguay Round -was launched at Punta Del Este in Uruguay, Latin America, in September 1986 in a special session and after eight weary years, has been concluded on the 15th December, 1993, at Geneva.
The Treaty of the Uruguay Round became effective in April 1995.

The Uruguay Round of the GATT, however, grossly differs from its earlier rounds. It involves many different rules of international trade and negotiations, which are redefined, restructured and refashioned. Besides, it deals with new issues of strategic importance and far-reaching implications. It evolves an altogether New International Economic Order (NIEO) for the new millennium. The South Commission, in its third meeting at Mexico, on 5-8 August 1988, explicitly described the Uruguay Round as "an attempt to tackle issues of strategic importance. Its main thrust is for the design and management of the global economy, including the linkages between money, trade and finance. The Uruguay Round may vitally affect the domestic development and future options of the developing countries" in many ways.¹

A nutshell review of the eighth Rounds of the GATT is captured in Table 1.
<table>
<thead>
<tr>
<th>Round year</th>
<th>Venue</th>
<th>Outcome</th>
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<tbody>
<tr>
<td>First 1947</td>
<td>Geneva (Switzerland)</td>
<td>First GATT Agreement was signed, 20 tariff schedules were formed. 45,000 tariff concessions were exchanged.</td>
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<tr>
<td>Second 1949</td>
<td>Annecy (France)</td>
<td>Tariffs on specific products reduced but no significant cuts. Some 5,000 tariff concessions exchanged.</td>
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<tr>
<td>Third 1950-51</td>
<td>Torquay (England)</td>
<td>Tariffs on specific products reduced. Around 8,700 tariff concessions exchanged.</td>
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<tr>
<td>Fourth 1956</td>
<td>Geneva (Switzerland)</td>
<td>Tariffs on specific products reduced, but not significantly only 82.5 billion worth of tariff reductions.</td>
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<tr>
<td>Fifth 1960-61 (Dillon Round)</td>
<td>Geneva (Switzerland)</td>
<td>Cut in tariffs average by 20 percent. EC negotiated for the first time as a unit 4,400 tariff concessions exchanged, covering $4.9 billion worth of trade.</td>
</tr>
<tr>
<td>Sixth 1964-67 (Kennedy Round)</td>
<td>Geneva (Switzerland)</td>
<td>Achieved 35 per cent reduction in tariffs on manufactured goods. Covering $40 billion of trade.</td>
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</table>
With the adoption of a ‘package approach’, the Uruguay Round is the most complex, complicated and ambitious of any post-war multilateral negotiations on a plethora of issues. Initially, the Uruguay Round of Ministerial Declaration signed in September, 1988 contained a mandate for negotiations in 15 major areas: of which 14 areas relating to trade in goods, included in track I meant for the group of negotiations on goods, and the 15th area pertaining to the liberalisation of services, included in track II for the group of negotiations on services.² The groups and issues in the Uruguay Round are briefly narrated in Table 2.
## Table 2

### Groups and Issues in the Uruguay Round

<table>
<thead>
<tr>
<th>Negotiating Groups</th>
<th>Main Issues</th>
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<tbody>
<tr>
<td><strong>Track I: Group of Negotiations on Goods</strong></td>
<td></td>
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<tr>
<td>1. Tariffs</td>
<td>i. Reduction/elimination of existing tariffs.</td>
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<td></td>
<td>ii. Tariff escalation</td>
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<tr>
<td></td>
<td>iii. Formula approach vs. Product-by-product approach</td>
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<tr>
<td>2. Non Tariff Measures</td>
<td>i. Elimination/reduction of any non-tariff measures, including quantitative restrictions.</td>
</tr>
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<td></td>
<td>ii. How to establish &quot;equivalece&quot; for bilateral negotiations.</td>
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<tr>
<td></td>
<td>iii. Whether to treat unjustified quantitative restrictions (QRs) as negotiable, or whether to insist on rolling back these QRs.</td>
</tr>
<tr>
<td>3. Natural Resource-Based Products</td>
<td>i. Tariff escalation</td>
</tr>
<tr>
<td></td>
<td>ii. Use of quantative restrictions</td>
</tr>
<tr>
<td></td>
<td>iii. Access to supplies</td>
</tr>
<tr>
<td></td>
<td>iv. Products coverage in the group's work</td>
</tr>
<tr>
<td>4. Textile and Clothing</td>
<td>i. What procedure could be used to integrate trade in textiles and clothing into the workings of the GATT, in effect, how to dismantle the MFA.</td>
</tr>
<tr>
<td>5. Agriculture</td>
<td>i. Improved market access through reduction of import barriers.</td>
</tr>
<tr>
<td></td>
<td>ii. Increased discipline over measures not conforming with the GATT, including direct and indirect subsidies, quotas, also reduction of subsidies which do not conform with the GATT.</td>
</tr>
<tr>
<td>6. Tropical Products</td>
<td>i. Increased liberalisation of processed and semi-processed tropical products.</td>
</tr>
<tr>
<td></td>
<td>ii. Tariff and non-tariff liberalisation</td>
</tr>
<tr>
<td></td>
<td>iii. How much reciprocity should be required of developing countries</td>
</tr>
</tbody>
</table>
7. GATT Articles
   i. Articles on tariff bindings, customs unions, balance of payments, state trading waives, etc. are to be reviewed.
   iv. Coverage by product

8. MTN Agreements and Arrangements
   i. Improvement, classification on expansion of codes.

9. Safegurds
   i. Selectivity, transparency, degressivity, structural adjustment etc.

10. Subsidies and Countervailing Measures
    i. Review of the MTN Agreement on subsidies and countervailing measures.
    ii. Definition of subsidy
    iii. Discipline on export subsidies

11. Trade-Related Aspects of Intellectual Property Rights (TRIPs), Including Trade in Counterfeit goods.
    i. Clarify GATT provisions
    ii. Ensure measures and procedures to inforce IPR.

12. Trade-Related Investment Measures (TRIMs)
    i. To elaborate on further provisions.

13. Dispute Settlement
    i. Effective enforcement of panel's conclusions
    ii. Improvement of the efficiency and transparency.

14. Functioning of the GATT System
    i. Enhanced surveillance in the GATT to enable monitoring of trade policies and practices of contracting parties.
    ii. Improved functioning of GATT as decision-making institution.

Track II: Group of Negotiations on Services

15. Services
    i. Definition and statistical issues
    ii. Board concepts on principles and rules for trade in services.
    iii. Coverage of multilateral discipline
    iv. Foreign Investment
    v. International Labour mobility.
    vi. Right of establishment, etc.

A Trade Negotiations Committee (TNC) was formed to monitor the overall negotiations. The TNC was headed by two chairmen, one at the official level and the other at the ministerial level.

Owing to disagreements of some member countries (especially, the USA and the EEC) on certain key issues like agriculture, the negotiations could not be completed within the scheduled time i.e., by December 1990. The trade negotiations, therefore, resumed by the TNC, in February 1991 by regrouping the original fifteen areas into the following seven areas: (i) Market access, (ii) Agriculture, (iii) Textiles and clothing, (iv) GATT Rules including Trade Related Investment Measures (TRIMs), (v) Trade Related Intellectual Property Rights (TRIPs); (vi) Trade in services and (vii) Institutional matters.3

Since January 1992, these negotiations were proceeded on a four track approach. Track I pertained to negotiations on market access concessions. Track II dealt with the initial commitments made in the area of services. Track III involved the legal conformity and internal consistency of the agreements and track IV was kept for the possibility of adjustments in the final draft.4
World Trade Organisation (WTO):

WTO has been established in 1995 for implementation of the various provisions of Dunkel Treaty. To expedite the resumed negotiations in 1991, Sir Arthur Dunkel, Director-General of GATT and the official Chairman of the TNC, tabled a scheme of proposals (commonly referred to as the Dunkel Draft or Dunkel Text) for the consideration of the participating countries. The Dunkel Text, being a legal and technical document, covered seven areas for negotiations, namely: (I) Market Access; (ii) Agriculture; (iii) Textiles and Clothing; (iv) GATT Rules; (v) Trade Related Intellectual Property Rights (TRIPs); (vi) Trade n Services; and (vii) Institutional matters.

The Dunkel Draft (DD) though aimed at narrowing the differences between the participating countries on the extent of liberalisation of global trade became a subject of highly controversial issue for its insistence as well as for its contents as well as insistence on a total package deal agreement without asking for any concessions. In the final stage of negotiations, however, the DD was altered and amended, yet there remained a deep imbalance in the exchange of concessions, especially in the areas of textiles, agriculture, and TRIPs.
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The Most Favoured Nation (MFN) clause, the key principle of the GATT, has been taken for granted in the Uruguay Round with a view to outlawing the practice of discrimination and retaliation among the participating countries and thus to promote liberalized world trade. In theoretical understanding, efficiency, growth, equity and reciprocity are purported to be the cornerstones of the liberal trade ethic envisaged in the construction of NIEO. In reality, however, the mode of negotiations and result of the Uruguay Round little about economics and politics at war in the decision-making process involved, while containing much of the asymmetry and inequity involved in the Treaty.

Effects of the WTO:

The effects of the WTO originate from the Uruguay Round Treaty (URT). The treaty is a march towards the global economy. Trade barriers and the quota system of all the 117 participating nations will be reduced in the years to come and will be completely abolished by the year 2004.

Essentially, the Dunkel Draft is the centre piece of the URT. TRIMs, TRIPs and MFA are the three crucially
important agreements of the GATT negotiations at the Uruguay Round. The Agreement on Trade Related Investment Measures (TRIMs) opens the gates of financial services sector, but member countries are permitted to adopt their own foreign investment policy. The Agreement on Trade Related Intellectual Property Rights (TRIPs) is comprehensive in giving cover to all areas of technology-property, patents, trademarks, copyrights, and so on. TRIPs encroaches upon the member country's sovereign right to frame it's own legislation on intellectual property matters. Multi-Fibre Arrangement (MFA) regulated trade in textile and clothing since the last four decades. Under this special arrangement, importing countries such as the US Canada, Austria, Norway, Finland and European Union (EU) could imposed quota restrictions on exports from the developing countries on a selective basis. Hitherto, unrestricted trade was permitted among the developed countries. But the new treaty phases out MFA over a period of 10 years from 1995. In the case of the US, the integration phase is to be 3 per cent in the initial three years, 10 per cent in the next four years, 32 per cent in the next three years and 55 per cent in the end of the tenth year. Under the new Treaty, thus, the process of liberalization of MFA is stage wise and
slow which seems to be disadvantageous to the exporting nations. But the fact is that the US actually wanted the phase-out period to be stretched up to 15 years. The Treaty, however, succeeded to have its commitment to dismantle the quota regime over the ten years time, which, of course, is a positive gain for the textile exporting developing countries, including India. It is equally true that the provision of 10 year phase-out period to open up textile quotas in full extent is rather a defensive gain for the US and other OECD economies. It gives them sufficient time for adjustment while the developing countries dodge the onslaught of OECD exports.\textsuperscript{8}

Despite its eventual goal for free world trade, the GATT has failed to restrain the formation of trade blocs. The new treaty, however, provides that trade restrictions among the bloc members must be scrapped and their common external tariffs should not be higher than the average level of tariffs levied prior to bloc formation. Upcoming regional blocs, such as EFTA, NAFTA and some other new ones in Asia and the Pacific countries which may emerge in future will lead to trade frictions as well as marginalisation of the trade of developing countries in the global trade economy.\textsuperscript{9}
In short, all these and other provisions in the new Treaty will have a far reaching impact on the growth and pattern of future world trade. By and large; the treaty is considered to be a bold step towards freer trade in the global economy in the 21st century.

Many GATT economists are hopeful on the gains accruing due to specialization based on comparative advantage under free trade in the long run. The IMF Report on World Economic Outlook (1993) envisages that the Uruguay Round Treaty on trade liberalization would augment the annual world real income permanently by 200 billion US dollars. In this kind of visualization, however, the distribution aspects are conveniently ignored by the IMF experts. It is a matter of great concern to the Third World countries that the distribution of gains from the trade based on market strategy always keep the poor nations at a disadvantageous position while trading with the developed countries.  

One serious implication of the new treaty is that when the industrial countries could strengthen their control over global agriculture by keeping their food security in tact, developing countries like India are called upon to ultimately dismantle their food security system. It is designed that the
subsidies to farmers will go but subsidies to agro business will stand thereby creating TNC monopoly in agriculture. The NIEO will eventually arouse conflicts between the citizens and TNC’s interests.

The issue of “Trade related intellectual property rights” including “Trade in Counterfeit goods” is a crucial area of the GATT in the Uruguay Round, where the industrial nations have made the most consolidated efforts to deploy against the Third World countries, by denying the latter’s access to knowledge and blocking their capacity for innovation and technological improvement, thus, obstructing any increase in their competitive skill.

The GATT’s new strategy at the Uruguay Round was based on using the economic strength of a few members against the weakness and dependence of other member countries, especially the developing ones. It is Magna Charta of technologically advanced countries over the poor countries. Both in regard to the issues for negotiation and in its structure as well as plans, it is imbalance, asymmetric and weighed against the poor nations. The international economic arrangement devised under the GATT treaty would result in the flow of wealth on a large scale all the time
from the poor/developing countries of the Third World to the rich/industrialized nations of the West.11

The new treaty is a mixed bag of give and take of gains and losses. In the bargain, however, the Third World countries have not succeeded in getting much, since the rich countries of the North have tried their best very successfully in giving a shape to the emerging New International Economic Order (NIEO) from their angle. This has been done by launching the new agenda of negotiations with new themes and new issues largely in their favour in a calculated manner and taking the advantage of the known weakness of the poor countries, who as usual have failed to bargain/negotiate collectively inside the GATT.

In the years to come, the provisions of the treaty signed in the Uruguay Round will have far reaching implications for the developing economies.

**Trade Related Intellectual Property Rights (TRIPs):**

The Agreement on Trade Related Intellectual Property Rights (TRIPs) provides norms and standards in respect of the following categories of intellectual property rights.
(a) Copyrights and related rights
(b) Trade marks
(c) Geographical indications
(d) Industrial designs
(e) Lay out designs of integrated circuits
(f) Protection of undisclosed information (trade secrets)
(g) Patents

The Agreement sets out minimal standards to be adopted by the parties though they are free to exceed them. These standards have to be given effect to through legislation. While the Agreement lays down the obligations of member countries in respect of the scope, term enforcement of intellectual property rights, it does not prescribe the procedure for fulfilling the obligations. The procedural aspects have been left to national government to devise while bringing their legislation into conformity with the agreement. A transition period of five years is available to all developing countries to give effect to the provisions of the TRIPs Agreement. Countries that do not provide product patents in certain areas can delay the implementations of the provisions on product patents for
another five years. However, they have to provide exclusive marketing rights for products, which obtain patents after 1.1.1995.12

**Important General Provisions of the Agreement:**

The following general provisions apply to the Agreement as a whole:

(I) Parties are free to determine the appropriate method of implementing the provisions of the Agreement within their own legal system and practice.

(ii) There is a general obligation of providing national treatment to nationals of other parties subject to the exceptions in the various intellectual property conventions.

(iii) There is an obligation of Most Favoured Nation treatment also with certain exceptions.

(iv) There is a provision for public interest concerns under which parties may, in formulating their national laws adopt measures necessary to protect public health and nutrition and to promote public interest in sectors of vital importance to their socio-economic technological development, provided such measures are consistent with the provisions of the agreement.
There are enabling provisions of resorting to measures to prevent the abuse of intellectual property rights by rights holders.

Each area of intellectual property rights covered by the TRIPs Agreement is detailed in the following paragraphs:

A. Copyrights and Related Rights:

In the area of copyright and related rights i.e. rights of performers, producers of phonograms and broadcasting organizations, the Agreement requires compliance with the provisions of the Berne Convention. Computer programmes are to be protected as literary works. The term of protection for copyrights and rights of performers and producers of phonograms is to be no less than 50 years.

In case of broadcasting organizations, however, the term of protection is to be at least 20 years, India is already a signatory to the Berne Convention and our laws confirm to the provisions of the Convention.

The Indian Copyright Act has recently been amended to take care of our own policy concerns. The amended Act, however, also takes care of our obligations in the TRIPs Agreement on copyrights and neighbouring rights
except for the term of production for performance rights and rights of the producers of phonograms which is 50 years in the Trips Agreement but only 25 years in our amended law. We have a transition period of five years at the end of which these provisions can be brought into conformity with the requirements of the Agreement.

B. Trade Marks:

Trademarks have been defined as any sign, or any combination of signs capable of distinguishing the goods or services of one undertaking from those of other undertakings. Such distinguishing marks constitute protectable subject matter under the provisions of the Agreement. The Agreement provides that initial registration and each renewal of Registration shall be for a term of not less than 7 years and the registration shall be renewable indefinitely. Compulsory licensing of trademarks is not permitted.

The Indian TradeMarks and Merchandise Act, has been recently amended in response to our own requirements. The amended law would also bring our trademark law completely in line with our obligations in the TRIPs agreement. It may be pointed out that by and large the amendments made in
the context of the TRIPs Agreement are marginal; the main amendments are in the nature of clarifications and procedural simplifications.

C. Geographical Indications:

The Agreement contains a general obligation that parties shall provide the legal remedies for interested parties to prevent the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good. There is no obligation under the Agreement to protect geographical indications which are not protected in their country of origin or which have fallen into misuse in that country.

In India we do not so far have any specific law on geographical indication, Case law, however enables legal action for protection of geographical indication. We would, therefore, need to enact a new law on the subject. The TRIPs Agreement allows us a transition period of five years for the purpose.
D. Industrial Designs:

Obligations envisaged in respect of industrial designs are that independently created designs that are new or original shall be protected. Individual governments have been given the option to exclude from protection designs dictated by technical or functional considerations, as against aesthetic considerations, which constitute the coverage of industrial designs. The right accruing to the design holder is the right to prevent third parties not having his consent from making; selling or importing articles bearing or embodying as design which is a copy or a substantial imitation of the protected design when such acts are undertaken for commercial purposes. The duration of protection is to be not less than 10 years.

Our law, the Designs Act, 1911 is a very old enactment and would need to be updated.

E. Lay out designs of integrated circuits:

The obligation in this area is to comply with the Washington Treaty on lay out designs. India is a signatory to the Washington Treaty. The main obligations of the Washington treaty which are also incorporated in the TRIPs Agreement are the protection of the intellectual property
in respect of lay out designs that are original in the sense of being the result of their creator's own intellectual efforts and national treatment of foreign right holders. The term of protection is 10 years and the rules in respect of compulsory licensing are the same as in case of patents.

We would need to enact legislation to give protection of lay out designs. The TRIPs Agreement allows us a transition period of five years for the purpose.

F. Protection of undisclosed information:

The agreement requires Members to protect undisclosed information and data submitted to governments or governmental agencies. It also provides that natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed, acquired or used by others without their consent in a manner contrary to honest commercial practices. Further, parties are required to protect against unfair commercial use, undisclosed or other data obtained as a conditions of approving the marketing of pharmaceutical or of agricultural chemical products.

In India we do not have a separate legislation dealing with trade secrets. Common law on the subject is evolving
and the courts have provided relief where allegations of wrongful disclosures have been proved.

The TRIPs Agreement allows us a transition period of five years to implement these provisions.

G. Patents:

The basic obligation in the area of patent is that, inventions in all branches of technology whether products or processes shall be patentable if they meet the three tests of being new, involving an inventive step and being capable of industrial application. In addition to the general security exemption which applies to the entire TRIPs Agreement, specific exclusions are permissible from the scope of patentability in the areas of inventions whose commercial exploitation is necessary to prevent public order or morality, human, animal, plant life or health or to avoid serious prejudice to the environment, diagnostic therapentioi and surgical methods for the treatment of human and animals; and plants and animals other than micro-organism and essentially biological processes for the production of plants and animals.

In respect of plant varieties there is an obligation to provide for protection by patents or by an effective sui
generis system or by any combination thereof. It is provided that this provision shall be reviewed 4 years after the entry into force of the Agreement. The Agreement does not spell out the elements of a sui generis system and it is left to each government to determine the elements, which could be deemed to be providing effective protection.

The TRIPs Agreement provides for a minimum term of protection of 20 years counted from the date of filing.

The rights conferred on a patent holder under the TRIPs Agreement are:

(a) Where the subject matter of a patent is product, third parties not having the patent holder's consent are prevented from making, using, offering for sale, selling or importing that product.

(b) Where the subject matter of a patent is a process, third parties not having the consent of the patent holder are prevented from using, offering for sale, selling or importing the product obtained directly by that process and from using the process.

Members of the TRIPs Agreement may provide limited exception to the exclusive rights conferred by a patent provided that such exceptions do not unreasonably conflict with the rights of the patent holder.
Use of the subject matter of a patent without the authorization of the right holder including use by the government or third parties authorized by the government, is subject to stringent conditions under Article 31 of the TRIPs Agreement. However, the requirement of prior authorization of the right holder may be waived in case of a national emergency or other circumstances of extreme urgency or in case of public non-commercial use. These conditions may also not be applied where the use is for the purposes of remedying practice determined after judicial or administrative process to be anti-competitive. The TRIPs Agreement does not prohibit the use of price control measures.

Patents issued in other countries, developing or developed, would not as such confer any rights in India. Only Indian patents, issued under Indian law, would confer these rights upon the holder. Exploitation of patents developed abroad and also granted in India will normally be possible on the basis of grant of a licence by the patent holder.

Article 65 of the TRIPs Agreement provides for transitional arrangements, which are as follows:
(i) No Member is obliged to apply the provisions of the Agreement before the expiry of a general period of one-year following the date of entry into force of the Agreement establishing the WTO.

(ii) A developing country member can delay for a further period of 4 years the application of all provisions other than provisions contained in Article 3 (National treatment); Article 4 (Most Favoured Nation treatment); and Article 5 (Multilateral Agreement concluded under the WIPO).

(iii) A developing country member which is obliged by the Agreement to extents product patent protection to areas of technology not so protectable in its territory on the general date of application if the TRIPs Agreement for that Member (5 years following the date of entry into force of the Agreement Establishing the WTO), it may delay the application of the provisions on product patents of the Agreement to such areas of technology for an additional period of 5 years.

The above implies that we can delay the application of the provisions of the agreement for a period of five years with an additional five year period in case of sectors in
which product patents are not currently available i.e. food, pharmaceuticals and chemicals. We would, therefore, have to put in place the legislation in respect of product patents in the areas of food, pharmaceuticals and chemicals latest by 1-1-2005, i.e., 10 years from the date of entry into force of the WTO Agreement.

India’s Financial Services Pact with W.T.O.¹⁴

On the conclusion of negotiations in Geneva, Agreement on Financial Services was arrived at on 13 December 1997; India made in improved offer. The MFN exemptions taken earlier in the areas of Banking, Non banking Financial Services (including Insurance) were withdrawn in response to all the important trading partners undertaking a similar MFN obligation. India has also found a few additional areas.

In Banking, the number of new bank branches bound for both existing and new foreign banks was increased from eight to twelve per year. In Insurance, status quo was maintained. In the area of re-insurance the existing binding has been aligned to the market. Earlier, the Indian insurance companies were obliged to code a minimum of 10% of the overall premium abroad after retaining the statutory
percentage with the domestic insurance companies. The above 10% limit has now been removed to allow Indian insurance companies to exercise their commercial judgement in deciding the premium to be coded abroad.

The binding made to the WTO is distinct from the actual practice, which is more liberal. The overall bindings are well within the actual liberalization being permitted in each area.

In allowing the limited improvement in Financial Services, the intention of the Government of India has been to increase the confidence level of foreign investors in the Indian financial sector in particular and the economy in general. This is expected to have a positive impact both qualitatively and quantitatively on the inflow of foreign investment and know how into India.

During the latest round of negotiations 56 offers representing 70 countries were filed. In all 102 countries have taken commitments in financial services. The Fifth Protocol relating to these negotiations was open for acceptance till 29 January 1999. However, India is now committed to the offer made. The Agreement on Financial Services has come into force with effect from 30th January 1999.
Conclusion:

In the post war era, under the disguise of GATT, both economics and politics are at war in determining the future of global economy. The GATT, in theory, only makes a tall claim of treating all contracting parties as equal. In practice, however, the poor and small countries are ignored and never allowed to succeed in asserting themselves. The last Uruguay Round was essentially a game played by the rich countries in sustaining the interests of their multinational firms. This was clearly witnessed in the process and final results of the Uruguay Round. The truth of the matter is that the big bosses of the world economy have adopted double standards in matters of theory and practice of free trade. They preach liberalization and free trade to increase their access to foreign markets in LDCs. But, at home, they introduce a high degree of protectionism and government intervention with regard to their new products, industries and technologies. In the years to follow, in the NIEO envisaged by the URT, governments of the Third World Nations will have a restricted scope to act positively on the economic arena to improve the welfare of their people.
In a few words WTO has brought the world together. It associates 144 countries as its members with a firm commitment to work for global economy. The member countries are not free to use discrimination in trade investment and transfer of technology provided it does not harm the interest of human life. It restricts development of products, chemicals, warheads of mass destruction. The member countries can, however, put restrictions on selective import, and export, of goods that are not upto the specified standard. Global economy has emerged for MNCs to operate with least risks involved in global trade. India is the beneficiary of WTO looking after progress of global economy in all the member countries. There is phenomenal growth of MNCs in India. The investment by MNCs is helping the country to diversify its industrial base.

The succeeding chapter entitled “Economic Reforms for Globalization of Indian Economy”, presents a vivid analytical study with regard to numerous liberalization packages and measures for reforms in Capital Market, reforms related to industry, fiscal reforms, reforms related to foreign investment, banking sector reforms, reforms in insurance sector and capital account convertibility etc.
References:


2. Ibid, p.132.


8. Ibid, p.44.


11. Ibid, p.130.


13. Ibid, p.27.