

## CUTS Roundtable on WTO MC13 and India's Trade Policy

### WHY INDIA SHOULD TAKE LEADERSHIP AT THE WTO

1.1 As a founding member of both the GATT and WTO, India has benefited greatly from participating in the rules-based multilateral trading system. This has led to a doubling of India's global exports of goods and services, the creation of new employment opportunities and a reduction in poverty levels.

1.2 Besides promoting greater integration with the global economy, international trade rules have also been a driver for domestic economic reforms in India. Within the international trade architecture, India is gradually evolving from being a norm-taker, emerging as a norm contestor and rule shaper.

**1.3 Now, if India is to realise its vision of 'Viksit Bharat 2047', which aims at transforming India into a developed nation by its 100<sup>th</sup> year of independence, it should take on an ascendant role at the WTO and show leadership of evolving trade multilateralism of the 21<sup>st</sup> century.**

**1.4 India needs to ensure that its international trade policy (and trade posturing) is aligned with its domestic economic development, poverty alleviation and employment generation goals, as well as with her larger strategic ambitions as a re-emerging world power.**

1.5 However, over the years, there is an increasing sense that in maintaining a combative stance on defensive interests and often relegating offensive interests, India is letting its positioning get the better of its longer-term national interests. For example, India has maintained a firm stance against engaging on emerging electronic commerce-related issues, and micro, small and medium enterprises-related issues in configurations of variable geometry within the WTO framework. At MC13, India also formally opposed incorporating the investment facilitation agreement into the WTO.

1.6 We believe this goes against India's national interest. India should ensure that our evolving interests are not constrained by entrenched positions, and we must meaningfully engage with trade negotiations in every format.

1.7 It is crucial for Indian policymakers to act on the country's geopolitical and geoeconomic window of advantage and pursue a clear trade agenda aligned with the vision of 'Viksit Bharat 2047'. This vision encompasses economic growth, sustainable development, improvement in living standards and business environment, enhanced infrastructure, and strengthened social welfare initiatives. India must harness trade as a means to achieve these multi-dimensional goals.

1.8 As one of the largest and fastest-growing economies, India's economic engine is driven by robust private consumption and investment growth, attracting significant foreign direct investment inflows indicative of its promising long-term economic prospects. This is further bolstered by its youthful demographic profile and rising urban household incomes.

1.9 Extreme poverty in India is today less than 3%. As per Annual Survey of Industries data, India's capital efficiency and competitiveness is also improving, as evidenced by the reduction in the incremental capital-output ratio (ICOR) from 0.45 in 2011-12 to 0.42 in 2020-21. Similarly, total factor productivity, a measure of the economy's productivity, increased from 1.19 in 2011-12 to 1.22 in 2021-22. Indian Industry and our New Capital is undergoing significant transformation towards greater innovation and technology adoption, positioning India as a major global business hub. India now plays a pivotal role in the global business landscape, offering ample opportunities for partnerships and collaborations.

**1.10 Overall, for India to advance its development agenda, create new employment opportunities, and enhance its global influence, leadership of and active participation in WTO discussions on a range of issues is indispensable.**

1.11 At CUTS, we have been advocates of a freer, fairer, rules-based multilateral trade regime with the WTO at its centre for over four decades now. Driven by our guiding principle – "*Liberalisation Yes but with Safety Nets*", we are strong votaries of "polyilateralism" in trade policy – a multi-stakeholder approach that brings together the government, business and industry, as well as civil society, to jointly craft India's trade policy.

1.12 India's engagement with the WTO should be part of a comprehensive strategic plan to promote trade as a means of sustained and sustainable economic growth through a collaborative effort, with 'Samaj-Sarkar-Bazar' working in synergy. To achieve Viksit Bharat @2047, it is imperative that India should take leadership at the WTO.