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New Equations In A New World

India has a pivotal role to play in the emerging trade order, be it through bilateral agreements or through the WTO

INDIA HAS emerged as an economic leader. Its services sector is a force in the global market and its companies count among the top producers worldwide in some sectors. Its companies are expanding overseas, with outbound acquisitions exceeding inbound ones in 2006. Trade is growing, with exports representing 17% of GDP. India, thanks to economic reforms, has moved from ambivalence about the WTO to being one of the central actors.

Meanwhile, with globalisation, the global regulatory landscape has changed, with regulations at the national and regional level becoming complex in many areas. Several crosscurrents have contributed, including concerns about terrorism, security and financial crime. We also see accel-

a slowdown in the US. Previously, during periods of anxiety, the response has been forward movement on global trade agreements. Yet, the fact is, support for trade agreements has deteriorated in developed countries. This stems from anxiety arising from the rapidity of change in the business environment and concern about the dislocating effects of the rapid rise of Chinese imports in particular.

The Trade Agenda

This confluence of events and circumstances calls for a review of our trade agendas. The WTO Doha Round negotiations were launched in the shadow of 9/11. Given the similar economic circumstances, hopefully, officials will recog-

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nise the urgency to see the negotiations through. Priorities of several countries have evolved since, which may give them greater flexibility to close the round. Certainly, India now has an important role in closing the round. Indeed, the private sectors of India and the US are interested in a bilateral investment treaty, which would stimulate investment in infrastructure in India. It would also strengthen confidence in the bilateral economic relationship and promote the rule of law.

In recent years, India has embarked on bilateral trade arrangements. One would expect India's free trade agreement (FTA) agenda to keep evolving. We are already seeing some change, with subjects previously excluded from bilateral pacts, such as investment and specific disciplines on non-tariff barriers, being included in the EU-India FTA discussions.

A well-structured, socially-inclusive FTA can yield benefits to companies of all sizes, while being sensitive to vulnerable constituencies. It would provide a platform for deepening bilateral relationships and would address issues that extend far beyond the terms of the agreement. A comprehensive FTA can address the barriers that its exporters, investors and workers face in the FTA partner country ■

The writer has served as Deputy US Trade Representative. In her current practice, US/EU-India trade is an area of focus



LET'S TALK: Commerce Minister Kamal Nath confers with WTO chief Pascal Lamy

erating changes arising from efforts to grapple with climate change, alternative energy and energy security. Prompted in part by the intensification of global trade flows, there is a greater desire to strengthen health, safety and environmental regulations at the national level.

Some are concerned that the aggressive EU regulatory approach could serve as a template for other countries and put EU in the position of setting the international regulatory standard, creating complexity for traders. To complicate matters, we are in a period of economic uncertainty, led by