

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

STARRED QUESTION NO:188  
ANSWERED ON:01.08.2003  
GLOBAL INVESTMENT AGREEMENT  
PRABHA RAU;VILAS BABURAO MUTTEMWAR

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) whether the Government are seeking the support of developing countries against the launching of World Trade Organisation's negotiations on global investment agreement;
- (b) whether the proposed international agreement suggests for negotiations about the foreign direct investment by the developed countries at the WTO;
- (c) if so, the names of the countries who have extended their support to India's point of view at the proposed WTO Ministers' Conference in Cancun to be held in September, 2003; and
- (d) the extent to which the proposals made by the developed countries in the matter of direct foreign investment go contrary to the interest of the developing countries?

**Answer**

MINISTER FOR COMMERCE AND INDUSTRY (SHRI ARUN JAITLEY)

(a) to (d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE LOK SABHA STARRED QUESTION NO. 188 ANSWER ON 1ST AUGUST 2003 REGARDING 'GLOBAL INVESTMENT AGREEMENT'

(a) to (d): The Doha Ministerial Declaration stated that negotiations on a multilateral framework on investment will take place after the Fifth Ministerial Conference in Cancun on the basis of a decision to be taken, by explicit consensus, at that Conference on modalities of negotiations. Based on the Doha Ministerial Declaration, a clarificatory process has been going on at the WTO in the Working Group on the Relationship between Trade and Investment.

One of the elements under discussion in the clarificatory process is the scope and definition of investment and this includes foreign direct investment as a form of investment. Discussion has been focused on clarifying and analyzing all elements including foreign direct investment so as to have a common understanding of these elements in any possible multilateral framework.

India has expressed its concerns about the launch of negotiations based on simple modalities which do not give an idea of the nature and direction of obligations under a proposed agreement. Some developing countries, along with India, are arguing that at this stage, there is divergence of views and lack of clarity even among proponents regarding the structure of any possible multilateral framework or its components. Hence, they want the clarification process launched at Doha to be continued. This position was reiterated by a group of twelve developing countries consisting of India, Bangladesh, Cuba, Egypt, Indonesia, Kenya, Malaysia, Nigeria, Pakistan, Venezuela, Zambia and Zimbabwe in their joint paper (WT/GC/W/501) of 8 July 2003 in response to a paper by the European Community (WT/GC/W/491) proposing simple modalities.

A similar position has been taken at a recent meeting of the Ministers of Trade from Eastern and Southern Africa in Nairobi, the Second LDC Trade Ministers' meeting in Dhaka and the Trade Ministers' meeting of the African Union in Mauritius.

In addition, a group of twenty six developing countries consisting of India, Argentina, Bolivia, Botswana, Brazil, Chile, China, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Gabon, Guatemala, Honduras, Malaysia, Mexico, Morocco, Nicaragua, Pakistan, Paraguay, Peru, Thailand, Uruguay, Venezuela and Zimbabwe, submitted a paper to the Trade Negotiations Committee (TN/C/W/13) on 6 June 2003 in which on the issue of investment, they reiterated the position that in spite of intensive discussions, a large number of differences still exist on many of the subjects identified for clarification and there is a need for further analysis and that any modalities to be decided in Cancun by explicit consensus need to provide certainty on the structure and precise content of negotiations.