

AID-FOR-TRADE: CASE STORY

UNCTAD

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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Ministry of Commerce and Industry
Department of Commerce of India**

Strategies and Preparedness for Trade and Globalization in India

**GOVERNMENT OF UNITED KINGDOM
DEPARTMENT FOR INTERNATIONAL DEVELOPMENT**

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE OF INDIA**

STRATEGIES AND PREPAREDNESS FOR TRADE AND GLOBALIZATION IN INDIA

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1. ISSUES ADRESSED

This aid for trade case story delves into an eight year trade-related capacity building Project titled **Strategies and Preparedness for Trade and Globalization in India**. The Project was implemented by UNCTAD and financially supported by the Government of United Kingdom, acting through the Department for International Development (DFID). The Ministry of Commerce and Industry, Department of Commerce (DOC) of India was the focal point of the Project in the Government of India and also its main beneficiary. The Project was launched in January 2003 and completed on 31 December 2010.

The Project addressed a wide range of issues, including agriculture subsidies, anti-dumping, trade facilitation, services, geographical indications, standards etc. It built an analytical and empirical basis for the negotiations in order to ensure a two-way dialogue between key stakeholders and the government as well as to build coalitions supporting common developing country positions. A pro-poor agenda was addressed through analytical work. For example the livelihood of the poor and their food security was a crucial aspect that was considered in submissions relating to agriculture negotiations.

2. OBJECTIVES PURSUED

The Project had two inter-related components. Component I of the Project assisted India's trade negotiators, policy-makers and other stakeholders to enhance their understanding of the development dimension of trade issues and to participate effectively in bilateral and multilateral trade negotiations. The component also helped the Department to prepare for and produce submissions for the negotiations on Regional Trade Agreements (RTAs) at the World Trade Organization (WTO) that were technically sound, supported by adequate data and analysis as well as shaped by views of diverse stakeholders, especially those representing the interests of the poor.

Component II strengthened the stakeholders' human and institutional capacities to understand trade and globalization and to facilitate a policy environment that will support and sustain a more equitable process of globalization. The Component had the following objectives: (i) build capacities of stakeholders that represent and/or have greater influence over policies and programmes that affect the poor; (ii) build stakeholders' institutional and human resource capacities so as to gain from globalization, mitigate its negative effects as well as influence the planning and policy-making processes; (iii) strengthen the quality of inputs from the stakeholders to Component I; and (iv) provide a network to the Department for future stakeholder consultations. Ultimately the Project sought to support India in ensuring an equitable process of trade and globalization that alleviates poverty and advances national and international development goals including the Millennium development Goals.

3. DESIGN AND IMPLEMENTATION

UNCTAD's Project Office in New Delhi implemented the project. A Project Steering Committee was set up to approve the priorities under Component I. The Committee comprised representatives of the Department, UNCTAD and the Donor. The priorities took into account the state of play and progress in WTO negotiations and India's engagement in various free trade agreement negotiations.

To ensure the airing of diverse views, a structured mechanism for multi-stakeholder dialogue was built between (i) interlocutors from the government; (ii) private sector associations of both large, medium, as well as small and informal producers; and (iii) the academia and civil society

organizations that represented the interests of the poor, e.g., farmers associations, informal workers' associations, NGOs working with marginalised segments, and universities.

The Project chose four sectors with strong trade and pro-poor dimensions – Textiles and Clothing, Agriculture, Marine and Small and Medium Enterprises (SMEs) for focussed activities under Component II. The Project followed a tiered approach by establishing a network of institutions across India. There were two Tier I partners in each sector. They served as analysts, facilitators and disseminators and enabled the Project to reach the second tier of stakeholders, who were selected on the basis of their potential to make an impact on the poor. Overall, there were around 400 Tier II and Tier II partners that carried out activities under Component II in 20 States of India.

4. PROBLEMS ENCOUNTERED

1. The Project had few successful models before it which could provide guidance for implementing trade-related capacity building at a comprehensive and ambitious scale attempted under the Project. Therefore, the strategy for many of the initiatives was progressively improved during implementation.
2. Given the complexity of issues related to trade, trade liberalization and globalization, there was initially a considerable amount of resistance, and in certain cases even hostility, among stakeholders to discuss such issues.
3. The vast size of India, coupled with a fragmented and disaggregated nature of many of the sectors made outreach extremely difficult. Reaching out to stakeholders, who might otherwise not have got a chance to participate in stakeholder consultations, was an enormous challenge.
4. The need for having multilingual stakeholder meetings sometimes became a constraint to outreach.
5. The requirement for confidentiality in respect of many of the Project outputs constrained dissemination. However, the need for confidentiality was well understood.
6. Assisting resource-poor artisans and farmers to seek geographical indication (GI) registration of their unique products was a pioneering initiative under the Project. The main challenges lay in identifying products suitable for Project intervention, creating awareness about an extremely technical issue among potential beneficiaries, mobilizing and galvanizing them to take appropriate action in their own interest.
7. Activities following the registration of the geographical indication (GI) of many projects could not be undertaken because of the short time available to the Project after these products were registered.

5. FACTORS RESPONSIBLE FOR SUCCESS

1. Given the source of financial support of the Project, there was a risk that stakeholders would not perceive the Project to be objective. However, the credibility of the Project was established and considerably enhanced by the hands-off approach of DFID. This was an important factor in providing assurance to the DOC and other stakeholders that research undertaken by the Project and stakeholder meetings organized by it were objective and driven solely by India's interest.
2. Strong support provided by UNCTAD was crucial in ensuring smooth functioning of the Project, the quality of its research outputs and the establishment of networks. The

“UNCTAD label” was useful in getting experts to peer review some of the studies and participate in meetings organized by the Project.

3. The composition of the Project team was a key factor for the success of the Project, particularly in Component I. The blend of expertise in WTO negotiations and econometric analysis proved to be crucial in ensuring that the Project could undertake empirically sound quantitative research on trade issues that was relevant for India’s trade negotiators allowing them to take a more informed negotiating positions. Absence of expertise in either of the two areas would have reduced the utility of Project’s research for the DOC.
4. The peer reviews of studies by international experts was found to be effective in validating, and at times revising, the methodology of the studies. This increased the credibility and acceptability of the research results. The DOC found the use of a rigorous methodology quantifying the gains and losses of trade measures and different negotiating options extremely useful. These factors ensured that the research undertaken during the project could successfully influence India’s negotiating approach on many key issues.
5. The success of stakeholder meetings can be attributed to the active participation of the DOC in the meetings; the ability of the Project to reach out to stakeholders who might otherwise have been left out of the consultation process; and an honest broker role of the Project. The presence of DOC officers increased the confidence of the stakeholders in that their concerns and interests would be heard. It also provided a platform to the DOC to explain the Government's negotiating stand to stakeholders, which, in turn, helped to create a climate for more informed debate on trade issues.
6. A sustained and creative network brought significant benefits to the depth and scope of the outreach and information dissemination activities of the Project. The project published advertisements in newspapers, built client databases and managed relationships through a tiered approach which helped to reduce transaction costs and maximise outreach.
7. The close involvement of regional associations in organizing the meetings turned out to be very useful in the regional stakeholder meetings. Important messages were conveyed in regional languages, which was an important factor in ensuring effective communication in a country with a wide linguistic diversity. Regional associations also ensured that relevant regional issues were clearly articulated.
8. Component II activities were driven by the needs of the stakeholders. As they were perceived to be relevant and crucial for their day-to-day business, the activities witnessed enthusiastic and deep involvement of sector network partners.
9. Assisting resource-poor artisans and farmers to seek GI registrations was a pioneering initiative. The challenges included identifying suitable products, creating awareness about a technical issue and mobilizing potential beneficiaries to take action. The overall approach was to create a sense of ownership of the GI among local producers, in contrast to the top-down approach of others which left producers with little awareness and the view of GIs as something imposed on them.
10. Awareness about the Project was raised by UNCTAD and the project partnerships through various means that included the media and electronic newsletters, often in different local languages, that were distributed at various national and international meetings. This galvanized support for the Project and an active involvement of various stakeholders. For example, the activities of the Project were highlighted during the First UK World Trade Week that was organized in June 2009 in London and in New Delhi.

6. RESULTS ACHIEVED

The following are some of the main achievements of the Project under Component I:

(i) ***Organising broad based and inclusive stakeholders for articulating their interests and concerns in the context of WTO/ FTA negotiations***

The Project organised **seventy six** broad-based and inclusive stakeholder consultations. These meetings brought together farmers, fisher folk, representatives of civil society and the academia, consumer organizations, industry and private sector representatives, export organizations, experts and policy makers involved with these fields for discussing their interests and concerns in the context of a series of negotiations, such as the WTO's Doha negotiations, Indo-Thailand, and Indo-ASEAN FTA negotiations, Indo-EU Trade and Investment Agreement negotiations, Indo-Japan Japan Comprehensive Economic Partnership Agreement negotiations, Indo-EFTA FTA negotiations and also issues relating to public procurement by the Government of India. The Project reached out directly to about 10,000 stakeholders through these meetings.

Impact

- (a) These meetings have made the process of stakeholder consultations more broad-based and inclusive as the Project reached out to stakeholders even in remote areas, who might otherwise have been left out from the consultation process.
- (b) The project increased the awareness of stakeholders about international trade and their understanding improved, thereby making the debate on international trade issues more informed.
- (c) Different segments of the Indian industry and agriculture became progressively equipped with appropriate analytical tools for assessing the impact of trade negotiations. This enabled them to articulate their concerns based on economic considerations and rigorous analysis.
- (d) The project improved the awareness of the Department of Commerce (DOC) regarding the interest and concerns of stakeholders, which resulted in an improved climate for India taking more informed positions in trade negotiations.
- (e) DOC became better equipped to resist protectionist pressures, particularly in the context of FTA negotiations.
- (f) The stakeholder consultations provided assurance to the stakeholders that their interests and concerns would be adequately taken into consideration by the DOC while deciding on India's approach to the negotiations.
- (g) Overall, a formal mechanism for a two-way dialogue between stakeholders and DOC was established to discuss the interests and concerns of the stakeholders and these getting fed into the process for deciding India's negotiating position.

(ii) ***Providing technical support to the Department of Commerce for Doha negotiations/ FTA negotiations through detailed analytical work***

The Department invited the project to undertake analytical studies on different issues relating to multilateral and bilateral trade negotiations. These included studies on many negotiations at the WTO and on those on in India's Free Trade Agreements.

Impact

- (a) The analytical work that the Project undertook enhanced the capacity of the DOC to participate effectively in both WTO and in bilateral negotiations while balancing its interests in seeking trade liberalization and also protecting certain vulnerable segments. The evidence based research provided the economic underpinnings for India's negotiating position on certain issues at the WTO and in FTA negotiations.

- (b) Some of the studies directly resulted in negotiating proposals by India to the WTO. These included proposals on trade facilitation, anti-dumping, subsidies, special safeguard measures, and tariff simplification.
- (c) In certain cases (trade facilitation and anti-dumping) the inputs that the project had provided assisted the DOC in exploring negotiating options for addressing problems that many Indian exporters face in foreign markets.
- (d) Research by the project assured the DOC that it could agree to tariff cuts in certain industry sectors without there being any significant adverse impact. This was particularly relevant in the context of India's FTA engagements.
- (e) The project's analytical work equipped the Government with technical inputs for resolving conflicts of interest between different sectors and also explaining to certain industry segments why their request for protection was not justified.
- (f) The research work that the project undertook also assisted the DOC in building consensus within the government and with stakeholders on certain trade policy initiatives in India. This was evident in the case of FTA negotiations and tariff preference scheme for LDCs. Subsequently, India announced the Duty Free Tariff Preference Scheme for LDCs during the "India Africa Summit" that was held in March 2008 and also unveiled the details during UNCTAD XII held in Accra in 2008. As a follow up, the project organised a meeting in Lusaka in May 2010 to disseminate information about the scheme among African LDCs and to explore ways how to enhance its utilization further, e.g. through the Aid for Trade Initiative of the Government of India and the Indian private sector.
- (g) Overall, analytical inputs provided by the project not only created a conducive climate for India taking evidence-based negotiating positions grounded in sound empirical analysis, but also influenced the negotiating position on many issues.

(iii) Strengthening capacity of DOC and other stakeholders through training, and preparation of databases

The Project built capacity in trade issues at two levels. First, the capacity of the stakeholders was built through training programmes; and with software and databases and other relevant tools for the analysis of trade issues. Secondly, the project also built the capacity of academicians and legal experts to undertake research on trade issues.

(a) The project build the capacity of the DOC and other stakeholders for undertaking quantitative analysis of effects of trade agreements and trade measures, through training programmes on the use of databases and software such as the World Integrated Trade Solutions (WITS) and the Global Trade Analysis Programme (GTAP).

Impact

The improved the understanding of some of the quantitative tools, increased their use by the government officials and other stakeholders and enhanced the acceptability of the results attained with these tools.

(b) The project introduced quantitative tools of analysis in areas where these had not been applied earlier in India. This approach was followed particularly in studies that the project outsourced to external consultants who were trained on the application of quantitative techniques for analyzing

trade issues. Some of the examples include studies such as trade-gender linkages and benchmarking development of trade liberalization in services.

Impact

As a result, instead of mere qualitative analysis which is often subjective and perception based, the project rendered trade research more quantitative and objective. This was particularly evident in studies on trade and gender, services liberalization and impact of global slowdown.

(c) Timely access to trade-related data is an important requirement for effective trade negotiations. The project built the capacity of the DOC and other stakeholders through three databases. It implemented a "Multi-agency initiative" on identifying, classifying and compiling a database of non-tariff measures that India's trade faces. This database can be put to multiple uses and is likely to enhance the capacity of the DOC to negotiate on non-tariff barriers with its partner countries. The project created an extensive database with user friendly search facilities on rules of origin of 46 RTAs. The Project also created a database of commitments in services under WTO's GATS as well in some of the FTAs.

Impact

The three databases will enhance the capacity of the DOC in negotiating rules of origin, non-tariff barriers and services commitments in WTO/FTA negotiations. Further, stakeholders can access a large amount of trade-related information with ease.

(d) Through targeted activities in four universities and related institutions over a two-year period, the project built the capacity of researchers to undertake quantitative research on trade issues at Allahabad University, the Centre for Development Studies (Trivandrum), Jadavpur University and Mizoram University. In addition, the project organized a workshop for enhancing the knowledge and skills of econometricians for undertaking quantitative research.

Impact

A core group of researchers has emerged who can, with some additional training, undertake quantitative analysis of various aspects of international trade.

(e) Every year, the project staff organized training programmes for senior Indian policy officers, including those of the Indian Administrative Service (IAS), the Indian Economic Service (IES), the Indian Statistical Service (ISS), the Indian Foreign Service (IFS), university lecturers, lawyers and agricultural researchers. These training programmes were organized by premier institutes like the Centre for WTO Studies, the Indian Institute of Foreign Trade (IIFT), Delhi School of Economics (DSE), the Institute of Economic Growth (IEG), Jawaharlal Nehru University (JNU), the Indian Society for International Law (ISIL) and the National Academy of Agriculture Research and Management. The training activities included areas such as WTO and other trade related issues and technical software like Data Envelopment Analysis (DEA). The project also participated in training of trade officers from Africa.

Impact

The activities ensured an enhancement in appreciation of quantitative research in trade issues, as well as an increase in demand and supply of such research for feeding into the policy-making process.

(f) Under the internship programme of the project, more than fifty students were trained in the use of databases and software such as WITS, STATA and EVIEWS. Some of the interns were trained to undertake econometric modelling.

Impact

The initiative assisted and encouraged young researchers to use quantitative tools for analyzing effects of trade.

(g) Although India is an active participant in WTO's dispute settlement mechanism, there are few experts in international trade law in the country. With a view to making trade law more attractive as a career for legal professionals, the project followed a three-pronged approach. First, the project organized two workshops on WTO's dispute settlement mechanism at premier law schools at Bangalore and Kolkata. Experts in the workshops included former members of WTO's Appellate Body. Secondly, some of the studies involving legal analysis were outsourced to legal professionals having a baseline knowledge about and experience in trade agreements. This provided an opportunity to the legal professionals to improve their understanding of WTO issues and sharpen their skills. Thirdly, some of the interns were encouraged to work on legal aspects of trade issues.

Impact

The two workshops in premier law schools motivated young law students to consider international trade law as a career. Some of the legal professionals who undertook research outsourced by the project were subsequently engaged by the DOC to provide legal advice on trade issues. This will strengthen the capacity of DOC in trade negotiations as well as make available to it relevant legal expertise for effectively protecting India's trade interests. The increase in demand for legal professionals with expertise on trade issues encouraged other young professionals to seek a career in this area. This cascading effect, if sustained over the next few years, will strengthen the legal capacity on trade issues within the country.

(iv) Undertaking analytical work for increasing the understanding of poverty impacts of trade developments

One of the most important contributions of the project was objective and well grounded analytical research on the impact of trade on the poor. The project undertook a large number of studies, both in-house as well as outsourced, to highlight sector-wise and segment-wise the impact of trade policies. For example, both stakeholder consultations and the background work particularly emphasized the distributional consequences of FTAs. The project's study on green box subsidies examined the distributional consequences of removing green box subsidies and showed that the returns to unskilled labour would increase.

The study on the impact of Indo-Sri Lanka FTA (ISFTA) on Kerala's agriculture showed that ISFTA had enhanced production and exports of certain agricultural products in Kerala. It had also led to higher agricultural imports from Sri Lanka, especially the black pepper. However, the distress of the pepper cultivators cannot be entirely attributed to large scale imports under ISFTA.

The project undertook detailed studies on trade and gender linkages. These studies analysed the relationship between trade liberalization in India and its gender specific effects at the sectoral and regional levels in the country. On the basis secondary data the studies also highlighted the implications of women's employment in the service sector. These studies sought to introduce quantitative techniques of analysis in trade-gender linkages. The project organized an international conference on Moving Towards Gender Sensitization of Trade Policy in New Delhi on 25-27 February 2008.

Academicians and trade policy experts from many countries, including from South Asia, participated in this meeting.

The study on the development impacts of service liberalization in India examined the impact of liberalization of trade in services on incomes, employment and other development aspects (mainly related to MDGs) in five services sector.

As an initial attempt in 2004, the project had undertaken a study on trade liberalization and poverty in India. Subsequently, from 2008 onwards, the project undertook an in-depth, comprehensive and methodologically sound analysis of the ways in which trade affects the poor in different sectors of the economy. Using data from three different sources – DGCIS trade data, Annual Survey of Industries data and National Sample Survey (61st Round), the impact of exports and imports on wages, employment and income of unskilled labour in organized as well as unorganized sectors was estimated. The study estimated the impact on income of the lower income segments in rural and urban areas and it also undertook an extensive empirical exploration on trade-gender effects by identifying gender-sensitive products and estimating the effects of trade on women's employment in organized and unorganized sectors. Overall, this study has been viewed as the most comprehensive analysis for enhancing the understanding of trade-poverty linkage in the Indian context. Peer reviewers have found the study to be *“first systematic and rigorously developed work on how trade has really affected the core element of our economy and society”* and *“ overall the volume will make anyone, interested in serious work on trade and its impact on Indian economy, quite happy.”*

One of the key areas in which the Project made substantive interventions relates to geographical indications (GIs). Based on a country-wide survey, the project undertook two studies to understand the socio-economic profile of producers and households associated with products having the potential to obtain a geographical indication registration. An econometric analysis based on the survey data indicated that consumers are willing to pay additional price in the range of 5- 10% for a non-agricultural product and more than 10% for agricultural product if the product gets GI registration. This would result in strong pro-poor impacts as most of the products which may qualify for GI registration are produced by poor artisans and farmers.

The Project undertook a detailed study on the “Impact of Global Slowdown on India’s Exports and Employment.” This study was very timely and during the period of global slowdown, the study forecasted the impact of slowdown in global GDP on India’s total exports and exports in ten major sectors. Furthermore, the study estimated the impact of economy-wide and sectoral employment in 2009-10 and 2010-11. It also identified vulnerable sectors with high potential for employment generation for immediate policy interventions. The results showed that India’s global exports are very responsive to income changes. The study identified two vulnerable sectors - gems and jewellery and textiles. The study suggested specific mitigating strategies for building resilience of the economy to future external shocks. One of the suggestions related to exploring "new products and new markets" for exports. The Government implemented this suggestion in its Foreign Trade Policy 2009. The study was presented in national and international platforms, including at UNCTAD’s intergovernmental meeting in Geneva; and ADB University of Taiwan, in Taiwan Province of China. At the specific invitation of Government of Indonesia presentations were also made at (i) WTO Forum, Institute for Global Justice at Jakarta; (ii) Padjadjaran University at Bandung; and (iii) Gadjah Mada University at Jogjakarta.

Remittances are increasingly becoming an important source of external financing for developing countries. For some of the developing countries, they form almost 40-50% of their GDP. Against this background, the project undertook a detailed study on the “Impact of Remittances on Poverty in Developing Countries” at three levels. *Firstly*, it estimated the impact of remittances on poverty in 77 developing countries; *secondly*, it undertook a case study of India and estimated the impact of remittances on poverty in India; and *thirdly*, it undertook a more micro-level analysis by estimating impact of remittances on poverty in Kerala, which is one of the top remittance receiving

states in India. The results of the study consistently showed that remittances significantly reduce poverty in recipient countries but the results are more reliable for countries with remittances greater than 5% of GDP. With respect to India, empirical estimates show that a 10% rise in remittances as a share of GDP leads to 1.7% reduction in poverty ratio. Further, the study made specific policy suggestions to make remittances work for poor.

In collaboration with the Commonwealth Secretariat and the Centre for WTO Studies, the project undertook an innovative study on the “Identification of Potential Supply Chains in Textiles and Clothing Sector in South Asia.” The study identified specific products in the four main countries in South Asia (Bangladesh, India, Pakistan and Sri Lanka), at the disaggregated six-digit HS level, which have the potential for being integrated into regional supply chains. This would assist South Asia to emerge as a competitive global hub in the textiles and clothing sector. The study was presented to the textiles and clothing industry, policymakers and other stakeholders from the four countries. The meeting in Dhaka brought stakeholders from Bangladesh, India and Pakistan on a common platform for exploring ways of establishing regional supply chains. This was followed by a Memorandum of Understanding that was signed between textiles and clothing industries of India and Bangladesh in order to enhance private sector cooperation between the two countries.

Under the project, the Institute of Economic Growth undertook a study on “Effects of New Patents Regime on Consumers and Producers of Drugs and Medicines in India”. The study made an innovative attempt to enable preliminary understanding of the nature and type of the applications where data on pharmaceutical patents applications was collected, collated, cleaned and classified according to International Patent Classification (IPC) codes. The study concluded that there was no immediate danger of price rise due to the new patent system in India, especially because many of these patented applications or drugs are very similar to the off-patent drugs and offer possibilities of substitution. However, there may be some medium to long-run price effects of the new patent system when far superior patent protected drugs come into the market, whether from Indian or foreign firms. This might result in significant loss of consumer welfare. Also, if there is a shift in the type of drugs in terms of the kinds of disease these patented drugs are meant for, there might be a danger that the more needy and vulnerable might be affected. Experts and the reviewers have commented that the study is “technically a very competent econometric exercise” and “it is a very timely on a very important issue.”

The following chapters discuss some of the main achievements of the Project under Component II:

- (i) ***Facilitating the three key sets of stakeholders – government, the enterprise sector, and civil society – to participate in and benefit from the institutions, negotiations and processes that shape trade policy and rules and practices of international trade.***

Through the network of partners on the ground, the project mobilized farmers, fisher folks, small producers and producer associations to participate in stakeholder consultations held on negotiating issues. This provided an opportunity to a wide spectrum of stakeholders to articulate their interests and concerns with a view to influencing India’s approach to WTO/ FTA trade negotiations. In addition, a database of product level associations was created which can serve as an effective means for seeking product-level inputs from concerned stakeholders in a sustained way. Further, analytical work on WTO plus commitments in FTAs has improved the understanding of stakeholders and policy makers of potential ‘costs’ of FTAs.

One of the project partners prepared a detailed approach paper on SME cooperation between India, Brazil and South Africa. This paper formed an important basis for further discussions in IBSA on this issue.

In agriculture sector, a number of workshops were conducted seeking inputs for formulation of long term export policy. These workshops have helped in identifying the constraints to exports in agricultural exports and formulation of export policy.

(ii) *Improving the competitiveness of enterprises, especially those that directly provide livelihood options for the poor, to respond to globalization, by strengthening trade policy and trade support institutions.*

The project partners improved the competitiveness of small enterprises through various means, including software which identifies products whose competitiveness would get eroded as they would face inverted duty structure mainly in the FTA context. Research work was undertaken on inverted duty being faced by hundreds of thousands of weavers and artisans in the silk industry in Varanasi. Both, the software and the study, provide powerful tools to affected producers for seeking lower customs duty based on economic arguments.

Through analytical studies and workshops, the project partners identified constraints facing export of highly employment intensive agricultural products such as litchis from North Bihar; pomegranates from Maharashtra; makhana from Bihar; mango and vegetables from tribal regions in Gujarat; flowers from Sikkim and Satara; herbal products from Chhatisgarh, Tamil Nadu and Karnataka. In many cases, the project suggested creating a road map was for addressing the constraints and linking resource poor farmers and producers to international markets. In order to ensure the sustainability of these interventions, respective state governments and various local organizations have been closely associated with the activities.

As a part of the endeavour to link resource poor farmers to the global markets, one of the project partners undertook an extensive survey of the polyhouse growers in Satara district in Maharashtra. It also prepared a website (www.polyhouseproduce.com) which will be the foundation of an electronic platform for market-led production and for online trading of flowers. This website contains detailed information of all 459 polyhouses in Satara district. This website can accommodate details of polyhouses from other districts or states and can also to become a national platform. In addition, inputs and service providers can also register their details and display their products on the website.

The project partners made effective interventions at the grass roots level for facilitating the protection of unique products through geographical indications (GI) which is a recognized IPR under WTO's TRIPS agreement. The GI registration would provide legal protection on a sustained basis to producers and artisans for preventing non-entitled producers and traders from free riding on the quality and reputation of their products. This, in turn, would enhance the income of producers and farmers as consumers are likely to pay premium prices for GI registered products which provide an assurance of quality. Project partners made interventions for 23 products to facilitate their GI registration. The specific activities included awareness building among farmers, artisans, producers, traders, civil society organizations, government officials and consumers through workshops (about 60 meetings), disseminating FAQs in regional languages and reports in the media; community mobilization for consortium formation; documenting nexus between product quality and geography; facilitating filing of the application to GI registry at Chennai; and facilitating participation of producers in registration process and post-GI initiatives for marketing. The following are some of the concrete achievements of Project's GI interventions:

- As a result of interventions by the UNCTAD India Programme, producer and artisan groups have obtained GI registration for 13 products (by October 2010)
- Producer groups have filed GI applications for 6 products
- Background work for awareness building on GI registration has made significant progress in the case of further 4 products.

The project partners undertook post GI registration studies for examining the impact of GI registration on income, sales, employment etc of producers. These studies have clearly brought out that GI registration, coupled with appropriate marketing strategies has resulted in significant rise in income of producers and empowered weavers to negotiate higher wages.

Through 12 design development workshops, 356 resource poor artisans and crafts persons trained on 321 new products having export potential. Thanks to subsequent follow-up activities such as developing product catalogues and representation in trade fairs, the artisans received export orders and enquiries indicating success of the initiatives in this area.

With almost 50% of the fish catch in India being exported, the marine sector represents a balance between the interests of small fishermen and large exporters. In order to assist poor fishermen in achieving better price for their catch, the project partners have put into place a mechanism whereby the fishermen get information of the prevailing market prices at various landing sites for different types of catch. Today, around 2,700 fishermen receive information on a daily basis through mobile phones. In addition, fishermen can also access daily price information through a website. This has helped fishermen to sell at those landing sites where they can maximise their returns.

A project partner found that enhancing exports of ornamental fish was a thrust. The project initiated comprehensive activities aimed at addressing different aspects of exports of ornamental fish. These included a study on the export potential of ornamental fish from India, networking breeders for enhanced exports, assisting breeders to comply with standards and training on sustainable wild catch. In addition, a directory of breeders was prepared. These activities enhance the prospects of ornamental fish exports from India in a significant manner.

Agricultural exports from India are often hampered by a lack of quality products. In order to encourage farmers to produce high-quality agricultural products, training programmes addressed the sales and marketing of banana, pineapple, mangoes and litchis. These projects significantly enhanced the quality of the produce, which, in turn, led to increased sourcing by exporters from the farmers.

Exporters of meat and poultry products face non-tariff barriers in some developed countries which significantly curtails their exports. A study identified NTBs and suggested means for addressing these problems. The study fed into the process of India- EU FTA negotiations.

In order to enhance competitiveness through the adoption of best practices, some studies identified reasons and best practices leading to success in the exports of tourism services in Rajasthan and ceramic products in Gujarat. The identified best practices were widely disseminated among tourism service providers in Bodh Gaya and ceramic producers in West Bengal.

The project undertook detailed research in order to identify SME-related products which might have competitive advantage in the Chinese market. This study provided a fillip to SME exporters to take steps for accessing this market and enhance the Indian SME trade with China. As a result, one of the project partners has subsequently opened an office in China.

Some of the State Governments recognized the expertise of some project partners, and sought their assistance in enhancing agriculture exports. The partners organized meetings for bringing different agencies on a common platform for preparing a blue print for boosting agriculture exports. This will be useful in sustaining some of the interventions beyond the Project.

(iii) *Increasing awareness of health, safety and environmental requirements of foreign markets and international trade agreements.*

The inability of farmers and small producers to comply with SPS and various standards inhibits their exports. This arises partly from inadequate knowledge about applicable standards for

various products in different markets. Through websites, training programmes, workshops and studies the Project systematized and disseminated information on health and safety standards facing exports of agricultural products, leather products, electronic components, textile and clothing products, handloom products, dairy and poultry products, handicraft products and marine products. These activities have significantly enhanced the access particularly by farmers, producers and small exporters to standards-related information. In particular, the success of APEDA's Trade Junction in providing information on agriculture trade, standards, prices etc. is noteworthy.

A related initiative of the project mapped testing laboratories in India, with a view to seeking accreditation and recognition of test results by India's trading partners. A comprehensive database is available to stakeholders who can approach specific laboratories for compliance tests. The database can also be useful for the DOC for seeking accreditation of laboratories by other countries, which would reduce transaction costs related to compliance with standards and in turn would enhance the competitiveness of Indian products in foreign markets.

International certification, such as Marine Council Certification for fish and organic certification for agricultural products can facilitate exports as they provide assurance of compliance with quality requirements and various standards. Project partners undertook activities aimed at identifying gaps which presently constrain MSC certification of Black Tiger and Tuna. In another initiative, small farmers in tribal districts of Orissa were provided initial training on requirements to be fulfilled for obtaining organic certification of spices.

The presence of anti-biotic residues is a significant impediment for marine exports. The project partners organized workshops for raising awareness of this issue among fishermen and exporters and also facilitating compliance with appropriate standards.

(iv) Facilitating enhanced collection, dissemination and analysis of trade related information including those related to social and economic impacts.

The project partners created sector newsletters and websites in order to disseminate trade related information among relevant stakeholders. In addition, special newsletters on handicrafts were published. A significant output was the geographical mapping of handloom producing areas in India. This would assist in designing suitable activities that would help to increase exports of hand-woven products.

The information on the activities under the project was widely disseminated through extensive press coverage. The press wrote about the project in almost all the regional languages including Urdu, Punjabi, Bengali, Khasi, Mizo, Oriya, Marathi, Telugu, Tamil, Kannada, Malayalam, Gujarati and others. The extensive network of the project was spread almost all over India, which helped the project to assimilate and disseminate information on socio-economic profiles, effects of trade policies and information related to WTO issues.

7. LESSONS LEARNT AND 8. CONCLUSIONS (APPLICABILITY TO OTHER PROGRAMMES)

A harmonious relationship between the donors, the implementing agency and the beneficiary government is extremely important for the successful implementation of trade-related capacity building projects. Furthermore, the stakeholders need to see the implementing agency as being impartial and not pursuing any ideological agenda.

Initiatives which are undertaken at the demand of stakeholders – government departments, industry associations, exporters etc. – have a higher chance of success than initiatives which are based on *guessing* the needs of stakeholders. In other words, interventions should be aimed at addressing

practical problems of the stakeholders borne out of real-life situations and not derived from mere theoretical considerations.

For implementing a comprehensive trade-related capacity building project in a country of the size and geographical spread of India, it is not necessary to have a large number of staff. The project demonstrated that even a small team can successfully implement Aid for Trade Initiatives through a country-wide network of partners. What is necessary, however, is for the project to be sustainable over the medium term to create capacities in the beneficiary that can continue to build capacities following the expiry of the project.

Research work quantifying the likely impact of trade policy changes can influence policy-making, if it is demonstrably based on sound methodological foundations. As research based on econometric modelling is theoretical in orientation, the experience of the project shows that extensive interaction with the stakeholders is required to validate the research results based on their actual experience. Thus the dissemination of the results and the communication with the stakeholders becomes an integral part of the research project, if it has to influence trade-policy/ negotiating stance of the country.

Interventions designed through a series of activities aimed at meeting an objective have a better chance of success than one-off activities. In addition, interventions in which the eventual beneficiaries take ownership of the process have a better chance of success than interventions which are perceived to be driven from the top.

The project was launched in January 2003 and was initially envisaged for a duration of five years. It was subsequently extended to expire on 31st December 2010. Capacity building is a long term endeavour and it is highly recommended that capacity-building projects should be programmed and financed for longer term duration. Short term projects and short term extensions of projects can prevent the project from undertaking initiatives with a relatively longer gestation period. These eight years of duration of the Project were necessary to assist the Government of India and affected stakeholders in accumulating and developing capabilities to continue to deal with issues of trade, trade liberalization and globalization in promoting trade and inclusive development and contributing towards progressing towards the achievement of some of the UN Millennium Development Goals.