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India Seeks Observer status at WTO Govt. supply talks

Direct link to the News/Story:-

INDIA has formally sought 'observer status' in the on-going discussions between a handful of countries such as the US, EU, South Korea and Japan at the World Trade Organisation (WTO) on opening up government supply contracts to foreign suppliers. This will allow India to closely watch the negotiations without any obligation to open its government purchase of goods and services to foreign suppliers, helping it gain first hand knowledge of the procurement practices of other countries.

This will help Indian officials bargain better in its on-going bilateral trade negotiations with countries such as Japan and EU. Countries including Japan, US and the UK are keen to see India open up government procurement worth \$80 billion every year and are putting pressure to include it in the agenda of bilateral trade agreements being negotiated with India. India does not want to take any immediate steps for opening up the sector, but only understand how the process works, a government official, who did not wish to be named, told ET.

"A formal request for gaining observer status in the plurilateral negotiations on the government procurement agreement (GPA) has been placed by India to the WTO committee on government procurement which will be considered in its next meeting," the official said. Joining the GPA negotiations as an 'observer' is a smart strategy to better understand the procurement practices of GPA member countries, believes Manab Majumdar, assistant secretary general, Ficci.

Worldwide public procurement market of goods and services is estimated between \$1.5 and \$1.8 trillion. "Being an observer does not imply that we are or shall be party to the agreement per se, and have to undertake the obligation of opening up our government contracts to foreign firms, Majumdar added. The GPA negotiations at the WTO involves only 14 countries at the moment. Once an agreement is reached between them, the liberalised government procurement regime will be applicable only between the participating members. This is an exception, as the rest of the negotiations at the WTO in the areas of goods and services is taking place on a multilateral basis which means that the opening up of markets by a particular country would be for all WTO member countries.