

# G20 talks: India wary of proposals to lower tariffs under garb of promoting value chains

Commerce Minister Suresh Prabhu to attend meeting in Argentina on Friday

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India will watch out for proposals by the developed world to bring down tariffs on specific industrial goods under the garb of promoting global value chains and the fourth industrial revolution at the G-20 Ministerial meeting this week.

“The G-20 platform is increasingly being used by powerful countries as a launch-pad for proposals which they then push at the World Trade Organisation. This time the focus areas are global value chain and fourth industrial revolution. India will be careful about what it supports,” a government official told *BusinessLine*.



Suresh Prabhu, Commerce and Industry Minister

Commerce and Industry Minister Suresh Prabhu is scheduled to attend the G20 Trade and Investment Ministerial Meeting on Friday in Mar del Plata, Argentina. The agenda includes global supply chains, the fourth industrial revolution and the international trade outlook.

“Almost all issues which are currently being hotly debated at the WTO, be it liberalising e-commerce rules, introducing investment facilitation or pushing for greater market access for

small and medium enterprises, have first been given legitimacy by the developed nations at the G-20 platform before pushing them at the multilateral body. This will happen again, if developing countries, including India, are not careful,” the official said.

Measures proposed in a OECD-World Bank-ITC report on enhancing developing country and SME integration into international production networks include relaxing policies on rules of origin and eliminating all ‘nuisance’ tariffs that are below a to-be-defined low percentage.

“It is vital for India to be aware of what these ‘nuisance’ tariffs, that some countries want to be reduced or eliminated, would amount to for the domestic industry. Relaxing rules of origin, too, could go against the interest of the country as it could result in third country ex-

ports flowing in from countries with which India has free trade pacts,” the official said.

Similarly, promoting the fourth industrial revolution could result in countries pushing duty-free trade in high-tech goods, which again may not work for the Indian industry, the official said.

“India will be very careful about what it is broadly agreeing to as part of the G-20 countries and what finds its way into the joint declaration. It needs to resist everything that could hurt its industry,” the official added.

The G20 includes 19 countries and the European Union. The 19 countries are Argentina, Australia, Brazil, Canada, China, Germany, France, India, Indonesia, Italy, Japan, Mexico, Russia, Saudi Arabia, South Africa, South Korea, Turkey, the UK and the US.