

To Join or Not to Join WTO: A Study on its Negative Impacts

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Introduction

The World Trade Organisation (WTO) is an institution mandated to administer WTO agreements, provide a forum for trade negotiations and a mechanism for dispute settlements and to make a periodic review of national trade policies of the member nations. Its objectives are to assist the smooth cross-border flow of goods and services, capital, labour, technology, information and ideas through agreed terms and conditions among the member countries.

Since its inception in 1995, 153 countries have joined the WTO as of 23 July 2008. Bhutan has been preparing and negotiating its accession to the WTO since 1999. The Ministry of Economic Affairs (MoEA), which has been entrusted with the accession process, informed the government that formalities are completed and is ready to accede - if the government so desires. No decision has been taken by the government as yet.

Membership to the WTO entails six general agreements: the General Agreement on Trade and Tariffs (GATT), the General Agreement on Trade in Services (GATS), the Trade Related Aspects of Intellectual Property Rights (TRIPS), the Dispute Settlement Understanding (DSU), the Trade Policy Review Mechanism (TPRM) and the Plurilateral Trade Agreement.

A member has no choice but to comply with all six as a single package, except the Plurilateral Trade Agreement, which is the only agreement that a member can have an option

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whether or not to join. In addition, there are 11 other specific agreements under GATT that a member country should abide by, namely, the Agreement on Agriculture (AoA), Agreement of the Application of Sanitary and Phytosanitary (SPS) standards, Agreement on Textiles and Clothing, the Agreement on Technical Barriers to Trade (TBT), the Agreement of Customs Valuation, the Agreement on Trade-Related Investment Measures (TRIMS), Agreement on Pre-shipment inspection, Agreement of Rules of Origin (ROO), Agreement on Import Licensing Procedures, Agreement on Subsidies and Countervailing Measures and Agreement on Safeguards. This report will discuss mainly issues related to GATT and GATS. It will also briefly discuss DSU and SPS.

Costs of Accession to the WTO

Membership of the WTO allows for better market access, a level playing field, policy reforms, access to justice and technical assistance. However, empirical evidence suggests some members have benefited more than others. Besides, small countries face difficulties in meeting the cost of the WTO compliance, in addition to the loss of policy autonomy, because policies have to be aligned to that of the WTO.

Bhutan will face a tremendous strain in meeting the implementation challenges due to financial, technological and human resource limitations. Although there is some flexibility in the implementation of these agreements, such as the phased implementation system and a longer time period for the implementation for the least developed countries (LDCs), it will be very difficult to establish institutions that are capital intensive such as for SPS measures.

Bhutan will have to both establish and manage a WTO unit within Bhutan. This will demand additional resources, both financial and human, apart from the annual membership fees. For instance, it is estimated that Cambodia may need US\$ 59.6 million for implementing all the WTO commitments during the 10 year period from 1999-2009. Bhutan will also find difficulty in fielding personnel for the frequent WTO

meetings at general council level, which on average take place every two months. This will be very expensive for a country like Bhutan. The costs will far outweigh the benefits accruing from attending such meetings, as Bhutan has very small stake in the international trade due to limited export potential.

However, if Bhutan decides not to attend such meetings, the country will still have to accept and abide by decisions of these meetings even if it turns out to be least favourable to Bhutan.

Therefore, before deciding to join the WTO, Bhutan should look at a number of issues such as our existing industrial base, infrastructure, human capital and technical expertise, to face challenges posed by such a liberalised trading system. These will be discussed in the subsequent paragraphs.

While negotiating issues at the WTO, the team should consist of technical and professional experts in specific areas such as agriculture, health, education, international law and trade, in order to gain a fair deal. Each member of the team should be well informed in their respective fields to be able to assess the full implication of decisions on the Bhutanese economy and society. They must be able to advise the national government to formulate sound policies to counter any negative implication arising from the larger international policies.

Limited technical or professional capability of the negotiators in assessing the long-term consequences of Bhutan's accession will certainly have adverse implications in the future. Bhutan should assess the availability and affordability of knowledgeable lawyers to deal with international law, experts and specialists to deal with science and technology associated with WTO, such as sanitary and phytosanitary (SPS) measures, and above all, a resource base for new infrastructure, before joining the WTO. Without these elements in place Bhutan will be under serious strain to meet WTO obligations and requirements.

Negotiators must be able to resist pressure from the multinational companies of developed countries both overt as well as covert. It has been alleged that delegates from the United States of America (U.S.A.) and European Union (E.U.) pressured developing countries to open up their markets, basically to be used as a dumping ground for heavily-subsidised and industrially-produced agricultural products, during past WTO Ministerial Meetings and general council meetings. There are also claims that powerful countries are pressurising the developing and LDCs to open up social and public services to privatisation.

Three out of four '*Singapore issues*', namely, trade and investment, competition policy and transparency in government procurements have created deadlock between the developed and developing countries. This issue began from the 1996 Singapore Ministerial Meeting. The succeeding WTO Ministerial Meetings in Seattle in 1999, Doha in 2001, Cancun in 2003 and Hong Kong in 2005 failed to reach consensus between the developed and developing countries. The Seattle talk was even reported to have met with thousands of protesters. The infamous 'Green room' process, 'backroom' negotiations, ad hoc presentation of issues and other coercive pressure tactics, including the tabling of multiple negotiations to take advantage of limited negotiating resources of smaller countries, indicates how developed countries are bent on benefiting from the WTO negotiations at the cost of smaller and weaker countries.

Ideally, the WTO and its negotiation processes should be responsible for creating a favourable trade environment for the member countries by removing trade barriers and discriminations resulting in fair trade policies. Even the WTO preamble mentioned its objectives as 'raising the standard of living, ensuring full employment, sustainable use of resources, protection and preservation of environment and equitable share of international trade growth among the member countries'.

However, evidence suggests that while some countries have benefited, others have lost out by joining the WTO, although most never admit this. The retrenchment of Nepalese workers in the garment industry and the rural exodus of Chinese agricultural workers is a good example of the negative implications of WTO accession on the people in general and disadvantaged groups in particular.

Economic Dependency

There is also evidence indicating the increasing inequalities in developing countries and LDCs after their accession to the WTO (Guerrero, 2006; Gilbert, 2001; Cling et al, 2009 & Ravi, 2009). A study by Chen and Ravallion (2004) on the welfare impacts of China's accession to the WTO "...found that almost 90 percent of urban households gain from WTO accession, while over three-quarters of rural households lose out..."

As a result, Bhutan's accession to the WTO would only increase regional inequalities as the accession to the WTO will only benefit industrialists and cash croppers. The majority of farmers and small scale industrialists will gain no benefit as they do not have any marketable surplus. In addition, it would also discourage farming as cheap agricultural products from India, China and Vietnam would flood the Bhutanese market due to their economies of scale and availability of cheap labour.

Superior production technology and mass commercial production of agricultural products, combined with heavy subsidies in developed countries, all help to keep prices low on the international market. A steady decline in international commodity prices has been observed since 1996 (Pal, 2004, NAAS, 2006). The availability of cheaper products in general, and vital food grains in particular, will undermine Bhutanese rural livelihoods. It would also negatively impact on the existing unfavourable balance of payments (BoP) through two channels – a reduction of exports and an increase in imports.

Tsai (2006) mentioned that Taiwan recorded an increase in both net import volume and value in the year after its

accession to the WTO. However, net export volume saw a reduction, although the value registered an increase. The decrease in exports indicates the challenge of selling domestic products on the international market due to steep competition.

Bhutan would also face the same decrease in exports due to steep competition from similar products on the international market and Bhutan's low competitiveness. Difficulties will also be faced on the domestic markets due to increased imports as a result of tariff cuts and the removal of other trade barriers. This will seriously undermine the national economy and Bhutanese agricultural households.

Bhutan's overall balance of trade (export minus imports) has been consistently negative, with one exception, in the year 2007. However, the positive trade balance was only caused by the commissioning of the Tala hydropower project. The negative trade balance returned in 2008. Therefore, Bhutan's accession to the WTO will further widen the gap between exports and imports.

Bhutan's accession to the WTO will only increase its dependency on external goods and services, including essential foodstuffs. The failure to keep agricultural activities relevant and profitable for the Bhutanese through appropriate policy interventions will not help Bhutan. In fact, the increased dependency on imported food could put the country at the risk. For instance, the ban on the export of certain rice by the Indian government a few years ago nearly created a famine in Bangladesh. Although the ban was lifted after protests by Bangladesh, they had to bear a price increase of about 60%.

The offer of services under the WTO agreements will attract Direct Foreign Investments (FDIs) from multinational companies (MNCs) abroad. This will boost economic development in the short run. However, economic development *per se* will not guarantee welfare if the benefits of such development fail to be distributed equitably. FDIs in most cases are found to have been invested in developed

regions, where the investment environment is most favourable. For instance, it was found that foreign banks in China were concentrated in Chinese coastal areas, which are comparatively far more developed than other regions (Gilbert, 2001). Such preferential investment patterns, if not checked through relevant FDI policies, will aggravate existing regional economic imbalance in Bhutan.

Bhutan should also be concerned if external investments pour in here (as they did in China,) and about the government's ability to manage and accommodate the influx of FDIs. Bhutan needs to have policy instruments and remedial measures in place.

The entrance of foreign companies in developed and industrial areas due to enhanced market access, has created wage differences between urban and rural areas. Gilbert (2001) observed a reduction in rural wages by one to two percent as a result of tariff liberalisation in agriculture alone. As a result, the rural destitute go in search of a better life and economic opportunities in cities and urban areas. If proper policies such as labour mobility restrictions and alternative livelihood opportunities are not put in place, it will result in extended problems of rural-urban migration such as the collapse of the agriculture sector, an increase in urban unemployment, labour constraints in specific areas, over crowding and strain on social services.

Legal and Institutional Requirements

The accession to the WTO may require several local acts and regulations to be either amended or abolished in order to align them with the WTO rules and regulations. For instance, China had "amended more than 2,500 of its national laws and regulations and abolished more than 800 others to fulfil WTO rules" within the four years since its accession in 2001 (Guerrero, 2006).

Bhutan has listed 35 laws, acts and regulations that will need to be enacted and adopted to fulfil various WTO regulations in its *Legislative Action Plan* dated 13 July 2006 (See Annexure

9). More will follow as and when the local laws and regulations come into conflict with the WTO's. This will have huge implications on our economy, society and environment.

To fulfil the WTO requirements will require huge financial resources. Bhutan may also have to compromise her national interests, if the existing laws and acts have to be amended and abolished (like in China), even if the existing ones had been in favour of local people, the environment and the economy. This will draw huge resources, undermine the independence to act, and above all will be guided by external forces even if it is against the interest of the people and the country.

A study by Sauve (2005) estimated that Cambodia may need about US\$ 4.1 million for implementing the WTO customs valuation agreement alone from 2003-2009. The overall cost estimate for implementing all WTO commitments was about US\$ 59.6 million over a period of 10 years from 1999-2009.

Economic liberalisation will attract private investment and boost privatisation. Essential services, such as health care, education, food, water, etc will attract more private investment as profits will be higher due to the demand. The monopolisation of such goods and services will present a serious challenge to the national governments in meeting the peoples' needs. The WTO's General Agreement on Trade in Services (GATS) had listed about 160 services, including important public services, to be liberalised. These services will be turned into private for-profit corporations, blaming current economic inefficiencies and protectionisms. The poorer sections of society will not be able to avail themselves of these services and will consequently push them further down the hierarchy of economic and social ladders.

The opening up of the economy to the private sector will have both positive and negative impacts on the quality and availability of services. Privatisation will, of course, improve the quality of services as they will face increasing competition and without quality improvements, it will not survive in the market. However, it will be a double-edged sword. As more

people opt for private services, the demand for public services will decline. As a result, public services will have lesser policy attention and quality will further deteriorate. The more serious question is, who uses public services? As the state owned or managed public services are mostly being used by the poorer sections of societies, such as state owned education in India, the poor will suffer and the inequality will be further widened.

Agriculture and Food Security

The future of agriculture is one of the most important sectors that Bhutan should keep in mind during trade negotiations, if we are to accede to the WTO. Although the share of agriculture (excluding livestock and forestry & logging) to the GDP was just 9.1% in 2008, the number of Bhutanese people who depend directly on agriculture for their survival is very large. Of the 312,700 people who are currently employed, 65.4% are in agriculture (NSB 2008) and the proportion of overall people depending on agriculture could be even be higher.

The argument that Bhutan will not be a food self-reliant country with only 7.8% of arable land, and therefore should liberalise the sector in order to make food available and affordable through imports, is not the real issue concerning Bhutan.

The real issue will be the displacement of agricultural households, which will lead to rural-urban migration and its associated problems. Due to the hopeless situation of life in general and stagnant agricultural production - particularly in rural China after accession to the WTO - China saw a rural exodus comparable to that of Japan during the period of post-war industrialisation. It is estimated that over 300 million Chinese will migrate from rural areas into cities before 2020 (Guerrero, 2006).

The argument that Bhutan will be able to make food affordable and available through increased market access for external goods is also unrealistic. For instance, Bhutan's

current applied tariff on rice is 50%. Bhutan had negotiated a tariff rate for rice at 100%. If the Bhutanese government raises the tariff for rice to a level to protect agricultural households, this policy will make rice 33% more expensive for non-agricultural consumers (increasing tariff for rice from 50% to 100%). If Bhutan does not provide some sort of protection through a tariff, Bhutanese rice does not even stand a chance even in the Bhutanese market.

For example: The current price of rice at border is Nu. 13. Currently at 50% tariff, the price of rice in the domestic market comes to Nu. 19.5. However, if we apply 100% tariff, the price of rice will be increased to Nu. 26.

If Bhutan joins the WTO, the result will impact over 70% of the Bhutanese and force them to leave the rural areas to the already over-crowded and environmentally-stressed urban centres. Since 52.1% (PHCB 2005) of the rural people are illiterate, there will be huge surge in unemployment as rural people will have few employable skills in urban areas. This will create a vicious circle of illiteracy, unemployment and poverty, which in turn could well trigger political instability.

The other way through which developing countries' agriculture sectors have been adversely affected has been through falling prices. International prices for agricultural products have been declining since 1995 (Pal, 2004, NAAS, 2006). Agricultural households in developing and LDCs were hardest hit because their respective governments neither have the mechanisms nor the resources to support farmers by way of subsidies or policy reforms.

On the other hand, developed countries have completely ignored WTO rules and continue to provide subsidies (Lindqvist et al, 2006, Sharma, 2003 & Pal, 2004). Contrary to what has been agreed during the Uruguay round of talks, it was noted that the EU, the USA and other OECD had increased subsidies to their farmers. It is also noted that 60% was trade distorting support (NAAS, 2006 & Pal, 2004). By quoting the OECD report, Pal (2004) also highlighted "that in EU, USA, Canada and Japan the top 25 per cent of farmers

receives an average 70 percent of total agricultural subsidies respectively.” However, if the agriculture subsidies were lifted, the price of food on the international market would increase creating a serious impact on food importing countries.

The WTO have categorised agricultural subsidies into two types – legal and illegal. Subsidies that do not directly enhance exports such as research and development, pest and disease control, extension and training services, irrigation, farm road construction, etc are WTO-legal subsidies and are allowed by the WTO.

Subsidies that directly promote exports such as price support and direct payments on export performance are illegal and as such are not allowed. This categorisation seems to have been purposely designed by the richer countries as they are able to provide such subsidies while developing and LDCs are not in a position to do so. This puts farmers of developing and LDCs in a disadvantaged position as governments are unable to provide agricultural subsidies that are allowed by the WTO. This is a direct contradiction of the WTO’s objective of re-leveling the playing field.

The liberalisation of agriculture will also expose a country like Bhutan to the risk of food insecurity because of its limited arable land. With increase in market access and commercialisation of agricultural practices, farmers will be increasingly encouraged to grow single cash crop production, such as apples, oranges, areca nuts, cardamoms, and potatoes. Although such a shift might accrue benefits of comparative advantage and economies of scale, it will aggravate the shortage of certain foods such as rice, which is the main staple diet of the Bhutanese people. Increasingly, traditional agricultural farms where cereal production used to take place will be converted to cash crops. If a decrease in cereal production occurs, this will create a food crisis as the Bhutanese rely on cereals for 53% of their total caloric intake. (Tobgay et al, 2008).

Industrial Sector

Industries in developing countries are characterised by high prices, the cost of production, inferior design and inefficient supply chains with ineffective marketing strategies. As a result, products are uncompetitive in the international as well as local markets, unlike the industrial products of developed countries. The intense external competition in the liberalised market often eliminates local industries. For instance, Nepal saw a drastic drop in garment exports to the U.S. from 80% to 42% within 11 months after the end of the Multi-Fiber Agreement (Sapkota, 2008). All in all, over 950 factories closed and over 100,000 workers were laid off (ibid).

Similarly, silk production during post-WTO period resulted in negative growth in India. One of the reasons cited for this was the increasing imports from China (Umesh et al, 2009). The growth rate of export of Indian silk commodities fell from 22.1% in pre-WTO to 15.4% in post-WTO period, while the rate of imported silk into India had increased. Exports declined by 7.9% during 1995-96 to 2004-05 (Pandey, 2008), while the Indian GDP growth rate (at current prices) declined by 4.4% after accession to the WTO (from 14.7% in 1991-94 to 10.3% in 1995-2004) (ibid).

The National Statistics Bureau (NSB), in its compilation of national accounts, has classified the industrial sector into four groups: 'mining and quarrying', 'manufacturing', 'electricity and water' and 'construction'. The sector's contribution to the GDP in 2008 was 41.4% (NSB, 2009b). However, if we exclude electricity, the contribution was 22.4%.

Although, the share of Bhutanese manufacturing industries to GDP was just 8.5% in 2008, its contribution in terms of employment (4.7% of the total employed) and export earnings can help ease the problem of increasing unemployment and negative trade balance for a small and import dominated economy like Bhutan. Therefore, Bhutan should be able to protect itself from external competition as these industries are still in their infancy. The only available option, upon

accession to the WTO, to protect its domestic industries is through tariffs. Although non-tariff barriers are allowed to be used for specific purposes for LDCs, it is not a permanent solution. Moreover, Bhutan may shortly graduate from LDC status and cannot have preferential treatments that are offered to LDCs once it graduates from LDC status.

Calcium carbides, cement, iron and steel, particle boards, Ferro silicon and fruit juices are among the top 25 products in terms of value that Bhutan has exported in 2008, apart from electricity. Since production of most of these products is energy intensive, the availability of cheap electricity in Bhutan compared to neighbouring countries will attract FDIs in these industries. Due to the availability of cheap electricity, foreign industries will be encouraged to set up similar production units as Bhutan cannot discriminate the prices of electricity between local and foreign farms. Such differential treatment is not permitted under the national treatment clause. With Bhutan's accession to the WTO, these industries will be exposed to steep competition through tariff reduction and entry of FDIs. In addition, foreign production farms will have an edge over similar Bhutanese farms due to their technological superiority.

Three types of cement, namely, '*Portland pozzolana cement*', '*Ordinary Portland cement*' and '*Portland slag cement*' were among Bhutan's top 25 exports in 2008. Currently, 99.8% of Bhutanese cements are exported to India. Bhutan had negotiated bound tariff for all types of cement at 60%, except for aluminous cement at 50%. The contribution of cement to the GDP was 3.3% in 2008. However, if Bhutan accedes to the WTO, Bhutanese cements will have to face competition. Of the iron and steel products, free cutting steel, and semi-finished products of iron or non-alloy steel, plus ingots are among the top 25 exports. Bound tariffs for these products have been negotiated at 30%.

Market Access

Once a member of the WTO, a country should provide market access opportunities to other member countries. In return, the country shall also have market access in the member countries. The level of access to markets in each member countries is determined by the agreed tariff rates—high tariff rates indicate limited market access and vice versa. The same rates should be applied to all the WTO member countries under the most favoured nation clause, except among members of free trade agreement or special access to developing and LDCs. The degree of market access is also determined by the binding coverage. In principle, besides tariffs, a WTO member country cannot resort to non-tariff barriers (NTBs), except special safeguard measures (SSG) if the country has reserved this right during the accession. However, NTBs such as import bans, quantitative restrictions (QRs), discriminatory rules of origin (ROO) and product standards or discretionary import licensing are often found to be used for controlling the influx of imports.

The degree of market access through *tariffication* depends on two elements: tariff rate and *binding coverage*. There are two types of tariff rates: *bound* and *applied*. Bound tariff is the maximum rate beyond which a country can not increase, unless it is renegotiated and agreed among the member countries. On the other hand, the applied tariff rate is the one that is actually applied. The applied tariff rate is always lower than the bound tariff rate and the maximum applied rate can not increase beyond the bound tariff rate. If applied tariff rates are increased beyond bound rates without prior renegotiation and agreement, the aggrieved party or parties have to be adequately compensated. Binding coverage is the proportion of commodities that have tariff rates.

Bhutan was able to negotiate bound tariff a little higher than Nepal and the Maldives, but much lower than Bangladesh for agricultural commodities (**see table 1**). However, Bhutan has bound all 696 commodities (100% binding coverage). This will limit Bhutan's future policy flexibility. In order to control

challenges such as import surge and falling prices, Bhutan may need to reserve her freedom to use policy instruments such as SSGs and Tariff Rate Quotas (TRQs) at the time of accession - if Bhutan chooses to join the WTO. However, these rights are rarely granted in the WTO negotiations. Through TRQ, Bhutan could achieve two objectives. The application of TRQ on important agricultural commodities like major cereals can protect these commodities from uncontrolled external competition, and can also make essential food commodities available and affordable to non-agricultural consumers.

Similarly, Bhutan's non-agricultural bound tariff rate was negotiated at 26.4% with all 4,528 commodities bound (100% binding coverage). In total, Bhutan has assigned tariff rates for all 5,224 commodities (100% binding coverage) with a simple average bound tariff rate at 29.4%. India has binding coverage of 73.8% with simple average bound tariff rate at 49.0%, Bangladesh has 15.5% binding coverage with simple average bound tariff at 169.2% and Thailand has 74.7% binding coverage with simple average bound tariff at 28.6%. Meanwhile, economically weak countries like Cambodia and Nepal have a binding coverage of 100% and 99.4% respectively, with the simple average bound tariff at 19.0% and 26.0% respectively. Bhutan's negotiating team seems to have compared Bhutan with Cambodia and Nepal for presenting their arguments during the negotiations. This may not yield an ideal position for Bhutan. A better reference would have been countries whose economies had succeeded after the WTO accession, if any, or those economies who had kept their tariff high or limited liberalisation such as Bangladesh. **Refer annexure 1** to see difference in tariff rates and binding coverage for few selected countries.

The simple average tariff rate, both applied and bound, is much lower in developed countries than developing and LDCs. However, it was noted that the low tariff in developed countries have not helped developing and LDCs to gain a market share in developed countries due to the presence of concealed tariffs and NTBs like quota restrictions. Developed

countries are accused of fixing very low tariff rates for commodities which developing and LDCs don't produce competitively or on those products that are hardly imported in substantial quantities or on those products that are not produced at all. Moreover, they maintain *tariff peaks* by assigning very high tariff rates, as high as 250 percent, on critical product lines which result in the increase of product price by as much as three times the normal price inside their country. This is done with the aim of making the imported products uncompetitive in their market so that their domestic products can be protected.

Table 1: Tariff profiles of some selected countries

| Country | Accession year | Summary | Total (%) | Ag (%) | Non-Ag (%) |
|----------|----------------|-----------------------------------|-----------|--------|------------|
| U.S | 1995 | Simple average final bound | 3.5 | 4.8 | 3.3 |
| | | Simple average MFN applied (2008) | 3.5 | 5.3 | 3.3 |
| | | Binding coverage | 100.0 | | 100.0 |
| Japan | 1995 | Simple average final bound | 5.4 | 24.0 | 2.5 |
| | | Simple average MFN applied (2008) | 5.4 | 23.6 | 2.6 |
| | | Binding coverage | 99.6 | | 99.6 |
| Canada | 1995 | Simple average final bound | 6.5 | 14.5 | 5.3 |
| | | Simple average MFN applied (2008) | 4.7 | 11.5 | 3.7 |
| | | Binding coverage | 99.7 | | 99.7 |
| Maldives | 1995 | Simple average final bound | 36.9 | 48.2 | 35.1 |
| | | Simple average MFN applied (2008) | 20.4 | 18.3 | 20.7 |

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|-------------|------|-----------------------------------|------|-------|------|
| | | Binding coverage | 97.1 | | 96.7 |
| Mongolia | 1997 | Simple average final bound | 17.6 | 18.9 | 17.3 |
| | | Simple average MFN applied (2008) | 5.0 | 5.1 | 5.0 |
| | | Binding coverage | 100 | | 100 |
| Nepal | 2004 | Simple average final bound | 26.0 | 41.5 | 23.7 |
| | | Simple average MFN applied (2008) | 12.7 | 14.8 | 12.4 |
| | | Binding coverage | 99.4 | | 99.3 |
| China | 2001 | Simple average final bound | 10.0 | 15.8 | 9.1 |
| | | Simple average MFN applied (2008) | 9.6 | 15.6 | 8.7 |
| | | Binding coverage | 100 | | 100 |
| India | 1995 | Simple average final bound | 49.0 | 114.2 | 34.7 |
| | | Simple average MFN applied (2008) | 13.0 | 32.2 | 10.1 |
| | | Binding coverage | 73.8 | | 69.8 |
| Vietnam | 2007 | Simple average final bound | 11.4 | 18.5 | 10.4 |
| | | Simple average MFN applied (2007) | 16.8 | 24.2 | 15.7 |
| | | Binding coverage | 100 | | 100 |
| Philippines | 1995 | Simple average final bound | 25.6 | 34.7 | 23.4 |
| | | Simple average MFN applied (2008) | 6.3 | 9.7 | 5.7 |
| | | Binding coverage | 66.8 | | 61.8 |

| | | | | | |
|------------|------|-------------------------------------|-------|-------|------|
| Bangladesh | 1995 | Simple average final bound | 169.2 | 192.0 | 34.4 |
| | | Simple average MFN applied (2008) | 14.8 | 17.6 | 14.3 |
| | | Binding coverage | 15.5 | | 2.6 |
| Bhutan | -- | Simple average final bound* | 29.4 | 48.7 | 26.4 |
| | | Simple average MFN applied (2008)** | 21.9 | 41.4 | 18.9 |
| | | Binding coverage | 100 | | 100 |

Sources: WTO, “World Tariff Profiles 2009”

* Simple average final bound rates from WTO accession documents, MoEA; ** Simple average MFN applied from World Tariff Profiles 2009

It is also often accused by developing countries that the advanced countries levied higher tariff rates for processed agricultural commodities than the raw agricultural commodities. The difficulty in market access for processed agricultural products due to higher tariff and application of stringent SPS standard in developed countries discourages the value addition prospects for developing and LDCs. This will force developing and LDCs to export raw agricultural products thereby compromising their profitability.

Tables 2, 3 and 4 presents Bhutan’s bound tariff rates by tariff lines for agricultural, non- agricultural and combined products.

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Table 2: Agricultural bound tariff rates by tariff lines

| Bound tariff rates | No. of tariff lines | % of tariff lines |
|--------------------|---------------------|-------------------|
| 150 percent | 5 | 0.7 |
| 100 percent | 34 | 4.9 |
| 60 percent | 230 | 33.1 |
| 50 percent | 94 | 13.5 |
| 40 percent | 142 | 20.5 |
| 30 percent | 169 | 24.4 |
| 20 percent | 20 | 2.9 |
| Total | 694 | 100.0 |

Source: MoEA, WTO accession working files

Table 3: Non-agricultural bound tariff rates by tariff lines

| Bound tariff rates | No. of tariff lines | % of tariff lines |
|--------------------|---------------------|-------------------|
| 100 percent | 4 | 0.1 |
| 80 percent | 1 | 0.0 |
| 70 percent | 16 | 0.4 |
| 60 percent | 16 | 0.4 |
| 50 percent | 77 | 1.7 |
| 40 percent | 1312 | 29.0 |
| 30 percent | 1139 | 25.1 |
| 20 percent | 696 | 15.4 |
| 10 percent | 1269 | 28.0 |
| Total | 4530 | 100.0 |

Source: MoEA, WTO accession working files

Table 4: Combined bound tariff rates by tariff lines

| Bound tariff rates | No. of tariff lines | % of tariff lines |
|--------------------|---------------------|-------------------|
| 150 percent | 5 | 0.1 |
| 100 percent | 38 | 0.7 |
| 80 percent | 1 | 0.0 |
| 70 percent | 16 | 0.3 |
| 60 percent | 246 | 4.7 |
| 50 percent | 171 | 3.3 |
| 40 percent | 1454 | 27.8 |
| 30 percent | 1308 | 25.0 |
| 20 percent | 716 | 13.7 |
| 10 percent | 1269 | 24.3 |
| Total | 5224 | 100.0 |

Source: MoEA, WTO accession working files

Bhutan's highest agricultural tariff rate was negotiated at 150% for five commodities which are all tobacco and tobacco related products, namely, *Cigars, cheroots and cigarillos, containing tobacco, Cigarettes containing tobacco, Other (including Biri, Smoking tobacco, whether or not containing tobacco substitutes in any proportion, and "Homogenised" or "reconstituted" tobacco.* From the economic point of view, such high tariff rate for tobacco will have no direct economic benefit, because Bhutan neither produces tobacco (to necessitate protection), nor does it have a large consumer base (to benefit from duties levied) although there might be some indirect benefit through better health.

The second highest bound tariff rate was negotiated at 100%. Commodities under this tariff band include chillies, citrus fruit (oranges), apples, rice and fruit and vegetable juices which are important source of income for Bhutanese farmers besides others. However, the bound tariff rate for maize and related products was negotiated at 40% and potatoes at 60%. This should be a serious concern as a large majority of people in eastern Bhutan depend on maize for their livelihood.

Similarly, the tariff rate for potatoes is not very protective considering the increasing dependency on potato by Bhutanese farmers. See table 5 below for tariff rates for cereals.

It is evident from tables 3 and 4 that Bhutan does not have any hidden tariff for any of the tariff lines. Tariff rates are not higher than 100% even for commodities of which Bhutan is a net exporter. Should Bhutan need to protect its critical agricultural commodities such as rice, maize, chillies, potato and vegetables in future, it has to re-negotiate the tariff rates. However, it is very unlikely that Bhutan will be able to re-negotiate bound tariff to higher levels than what has already been decided.

If no protection of Bhutanese agricultural commodities are provided through tariffs, most Bhutanese agricultural commodities will not be able to compete in the market in terms of price. For instance, the comparison of current average retail price of rice shows that Bhutanese rice can not compete with the imported rice from India. The average retail price of Bhutanese rice is Nu. 46.3 while the average retail price of rice imported from India is Nu. 26.5. See annexure 10 for retail prices of rice. Similarly, Bhutanese dried chillies will not be able to compete with imported chillies from India. The average retail price for Bhutanese dried chillies is three times higher than the imported ones (Nu. 370 per Kg for Bhutanese as against just Nu. 121 per Kg for imported chillies from India).

On the export front, Bhutan has a narrow range with the top 10 export products accounting for more than 81.5% of the total value of exports in 2008. The total consists of 370 commodities with export value ranging from over Nu. 11 billion to just Nu. 30. The export value for 186 commodities (49.7%) was below Nu. 0.10 million and 70% (259 commodities) was below Nu. one million in 2008. The average tariff rate would be a misleading figure unless it is looked at individual tariff lines.

Table 5: Bound and applied tariff rates for cereals

| BTC Code | Section | Commodity | Applied Tariff Rate | Bound Tariff Rate |
|----------|---------|--|---------------------|-------------------|
| 1001.10 | Cereals | Durum wheat | 50 | 60 |
| 1001.90 | Cereals | Other (wheat) | 50 | 60 |
| 1002.00 | Cereals | Rye. | 50 | 50 |
| 1003.00 | Cereals | Barley. | 50 | 60 |
| 1004.00 | Cereals | Oats. | 50 | 60 |
| 1005.10 | Cereals | Seed (maize) | 50 | 60 |
| 1005.90 | Cereals | Other (maize) | 50 | 60 |
| 1006.10 | Cereals | Rice in the husk (paddy or rough) | 50 | 100 |
| 1006.20 | Cereals | Husked rice (brown and red) | 50 | 100 |
| 1006.30 | Cereals | Semi-milled or wholly milled rice, whether or not polished or glazed | 50 | 100 |
| 1006.40 | Cereals | Broken rice | 50 | 100 |
| 1007.00 | Cereals | Grain sorghum. | 50 | 60 |
| 1008.10 | Cereals | Buckwheat | 50 | 60 |
| 1008.20 | Cereals | Millet | 50 | 60 |
| 1008.90 | Cereals | Other cereals | 50 | 60 |
| Average | | | 50 | 70 |

Source: MoEA, WTO accession working files

Bhutan's top 10 agricultural exports include 'vegetable fats and oils and their fractions' (worth Nu. 527.20 million), 'oranges' (Nu. 246.37 million), 'mixture of juices' (Nu. 144.32 million), 'potatoes' (Nu. 119.72 million), 'cordyceps sinensis' (Nu. 117.83 million), 'mineral waters' (Nu. 61.17 million), 'animal and vegetable fats and oils of vegetable origin' (Nu. 61.17 million), 'apples' (Nu. 60.42 million), 'beer made from malt' (Nu. 41.38 million) and 'ginger' (Nu. 22.75 million). Other agricultural products that were exported in large quantities include whiskies, betel nuts, rice, mushrooms (matsutake),

fruit juices and vegetables. These products seem to exhibit potential export growth. Therefore, Bhutan may need to avail export enhancing market access measures such as duty-free-tariff-free (DFQF). Bhutan should also reserve the right to resort to SSG measures and other restrictions, such as TRQs to control imports of these products. If possible Bhutan should leave important agricultural commodities without assigning tariff so as to have policy flexibility in the future, if the need arises to protect it from external competition.

WTO member countries are categorised into three levels, namely, *developed*, *developing* and *LDCs*. Tariffs and objectionable subsidies have to be reduced by an agreed proportion depending upon the level of country's development stage. LDCs are exempted from reduction requirements. Bhutan, by virtue of being LDC need not cut her tariffs and subsidies. However, if Bhutan graduates from LDC status, Bhutan will be required to implement tariff and subsidies reduction requirement. As tariffs get reduced, imports will become cheaper and the import volume will increase. This will pose a serious threat to Bhutanese domestic products, which are in low competitiveness due to technological backwardness and lack of economies of scale. In addition, the prices of locally produced goods will increase significantly, resulting in low competitiveness, as Bhutan is unable to provide any direct subsidies to its producers.

The other problem Bhutan can expect to face by joining the WTO is the diversion of land use. The increase in imports of cheap agricultural commodities will place similar Bhutanese commodities at a comparative disadvantage. This could lead to the diversion of land use for production for cash crops. If left unchecked, this may lead to over dependence on imported food. The consequences of too much dependence of food from external trade can be too grave a risk to overlook.

Even if Bhutan is able to negotiate favourable market access conditions, the benefits would be minimal due to limited, marketable surpluses resulting from limited production capacity. Bhutanese exports will also face difficulty in

transporting its products due to geographical location and lack of efficient transport infrastructure and facilities. The huge transportation costs for Bhutanese products in reaching foreign markets will act as a tariff barrier for Bhutanese products. Unless Bhutan is able to improve and strengthen its transport infrastructure, the country will not be able to reap the benefits of increased market access.

There also seems to be some misunderstanding regarding the freedom to impose taxes to control incessant imports or exports. Any trade distorting taxes are not allowed under the WTO regime. In Russia, government progressively increased export taxes on raw timber in an effort to develop its wood based industries. However, Finnish and Swedish wood processing industries and government representatives objected to this practice. This issue prominently features in Russian WTO accession negotiations (Tarr). This suggests that taxation, for the purpose of trade distortion, too is illegal under the WTO. Therefore, taxes instituted for the purpose of limiting trade will not be allowed after the accession to the WTO.

Service Sector

Like goods, services are also required to be liberalised upon joining the WTO through service negotiations. There are 12 categories of sectors with a total of 155 sub-sectors. Bhutan had made market access offer for 76 services out of 155 total services as shown in the table 6 below. A country needs to specify commitments for market access and national treatment in services. There are three types of commitments that a member country can make in respect to market access and national treatment: a commitment with no limitations (“none”), partial commitment (with limitations spelled out) and no commitment (“unbound”). Market access and national treatment commitments once negotiated and agreed are bound, like bound tariff rates. These commitments determine the degree of openness (or closeness) of the service market. Therefore, it is better for a country to leave, as much as possible, its services unbound. This will enable the

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government to exercise its freedom to impose limitations, either on market access or national treatment or both, if the need arises in the future.

Table 6: List of service sectors and sub-sectors committed for market access

| Sector | Total sub-sector | No. of sub-sectors committed |
|---|------------------|------------------------------|
| Business services | 46 | 25 |
| Communication services | 24 | 15 |
| Construction and related engineering services | 5 | 2 |
| Distribution services | 5 | 4 |
| Educational services | 5 | 4 |
| Environmental services | 4 | 4 |
| Financial services | 17 | 15 |
| Health related and social services | 4 | 0 |
| Tourism and travel related services | 4 | 2 |
| Recreational, cultural & sporting services | 5 | 0 |
| Transport services | 35 | 5 |
| Other services not included elsewhere | 1 | 0 |
| Total | 155 | 76 |

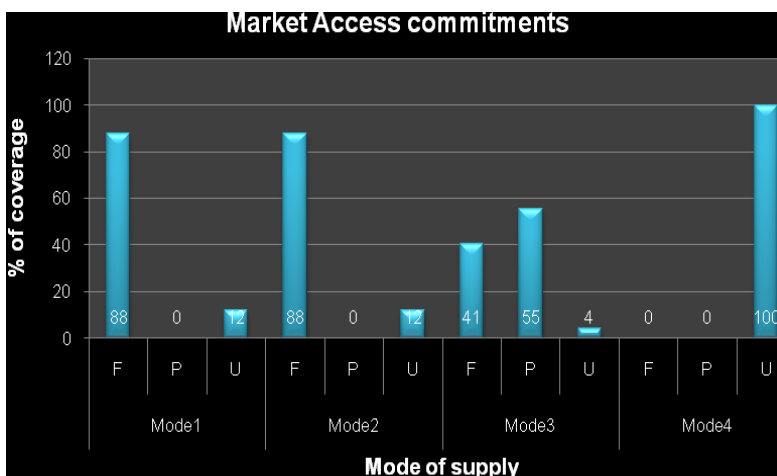
Source: MoEA WTO accession documents

Majority of services under Mode 1 and Mode 2 are open without any market access limitations and national treatment exceptions (See figure 1 and 2). Almost all the services under Mode 3 have either full or partial market access commitments. Only 4% (3 out of 74) of services under Mode 3 are left unbound which is the lowest among the four modes. This indicates that the WTO members are seeking more commitments for commercial presence. However, all the

services under Mode 4 are left unbound both for market access and national treatment commitments.

Marchetti (2004) have found that LDCs have a higher proportion of full market access commitment for all modes of services than developed, developing and transition economies. Bhutan's services offers are even more impressively liberal compared to the existing WTO members, except services under Mode 4. Bhutan's full market access commitments for services under Mode 1, Mode 2 and Mode 3 are even higher than the average of the LDC WTO member countries. This impressive full liberalisation may restrict Bhutan's future policy autonomy.

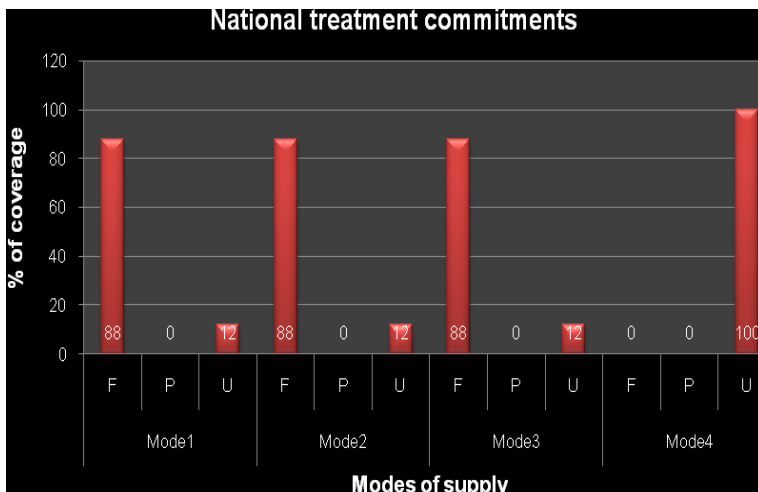
Figure 1: Structure of Market Access Commitments by Mode for 74 Service Sub-sectors



Source: MoEA WTO accession documents

Note: F= Full commitment; P= Partial Commitment & U= Unbound.

Figure 2: Structure of National Treatment Commitments by Mode for 74 Service Sub-sectors



Source: MoEA WTO accession documents

Note: F= Full commitment; P= Partial Commitment & U= Unbound.

GATS offer improved access to foreign markets, stable market access conditions through binding commitments and dispute settlement in the event of any disagreements. However, Bhutan cannot foresee any benefit from GATS negotiations as Bhutan has no services that can be exported other than tourism. The benefit from enhanced market access through GATS negotiations will be for those economies that have a well developed service sector. Bhutan’s service sector (which is also referred to as the tertiary sector) accounts for about 39.7% of the GDP in 2008 (NSB, 2009a) and is the largest contributor among the three sectors. Since almost all the service sectors in Bhutan are small, and usually managed by the family, it will not be able to face any competition.

Sanitary and Phytosanitary Standards

Sanitary and Phytosanitary (SPS) measures refer to the food standards that a country adopts to protect human, animal and plant life and general health within their territory against contaminated and unsafe food. Based on the set standards, governments can restrict the import of products that do not meet the required standard. Under the national treatment clause, the same standard should also apply to domestic products. As such, if the required standard is not met, domestic production should also be stopped.

Although designed in good spirit, the SPS is often accused of being used as a trade barrier by some countries to protect their domestic industries, and their investors abroad, and also for favouring their favourite trading partners. SPS will be more of a burden than a benefit if we look at the cost of running such monitoring programmes. For example, the annual cost of running the Hazard Analysis Critical Control Point (HACCP) programme in Bangladesh is reported to be about US\$ 2.4 million.

Developed countries, due to the availability of resources and superior technology, were able to enhance their product standards. Developed countries tend to fix the SPS standard both stringently and notoriously high. As there is no upper limit for SPS standards, provided there is scientific justification to it, a country can adopt any standard it chooses. With their level of advancement in science and technology, developed countries may never fail to provide the required justifications. Taking advantage of the 'equivalence' clause under SPS, developed countries also tend to limit market access for LDCs and developing countries' products. This was evident from the Bangladeshi shrimp case. The shrimp shipments that were bound to EU were diverted to the USA and Japan after the EU's ban. The acceptance of banned Bangladeshi shrimps in USA and Japan suggests that EU had set very high SPS standard for Bangladeshi shrimps.

Shrimp export in Bangladesh is critical element of trade. In 1997, the EU imposed ban on import of Bangladesh shrimps

on the ground that Bangladeshi shrimps did not meet the EU's HACCP. The EU based their ban on issues of "health safeguards, quality control, infrastructure and hygiene in the processing units" and their "lack of controlling measures" carried out by Bangladeshi authorities. This trade blockage was a serious blow to the Bangladeshi economy in general and fisheries in particular. Similarly, Nepal's honey export was denied by Norway for not meeting their standards. The two countries have suffered millions of dollars due to these bans.

Bhutan will suffer a similar fate if such issues surface after joining the WTO. The country will also face a serious challenge in meeting technological, technical and financial requirements for maintaining SPS quality control infrastructures and programmes, if the US\$ 2.4 million annual cost of maintaining HACCP programme in Bangladesh is any indication. Bhutan will also not be in a position to set independent SPS standards like most of the LDCs, and as such may have to accept the international standard. Since the international standards are very high, domestic producers will suffer as the same standard should also be applied to domestic products under the WTO national treatment clause. If the standards are fixed low to keep the domestic production going, Bhutan will not be able to control imports. This will make Bhutan a dumping ground for sub-standard products. The uncontrolled imports, which otherwise would have been controlled by applying SPS standard, will increase trade BoP. The cheap availability of products through uncontrolled imports will also risk the elimination of domestic products from the market and undermine the livelihoods of many Bhutanese people.

Anti-dumping Measures (ADMs)

Before explaining ADMs, let us look at the definition of dumping. In economics, dumping refers to any kind of predatory pricing policy that is intended to capture the market share for long-term interests. According to Peacock (2004), dumping is the "exporting of produce at less than

production cost to the material detriment of competitor industries in the importing countries.”

Dumping is caused by overproduction, a desire to dominate foreign markets, the subsidisation of export commodity in question and exchange rate manipulation. This creates an uneven playing field in the market. The remedial action taken by the importing country to re-level the playing field is called the ADMs. The importing countries can resort to ADMs like import bans, duty orders, quotas and subsidies in order to legitimately protect their domestic industry. However, in practice, ADMs are used arbitrarily to protect inefficient domestic industries.

It is also evident that ADMs are simply destructive and often economically and socially damaging for the developing countries and LDCs. ADMs seem to be targeted at competitive export-oriented commodities and as such the impact on the economy and society can be very high. There is also the danger that producers in rich and powerful countries, who have higher financial ability to bear the cost of litigation, may be encouraged to initiate litigation as the financial penalty levied on defaulters goes to the plaintiff - instead of country's treasury. On the other hand, producers in developing countries and LDCs may have to drop the litigation even if they are truly aggrieved, because of the huge financial requirements.

Dispute Settlement Understanding (DSU)

The Dispute Settlement system consists of a set of agreed rules and procedures that will provide member countries with the means to settle any trade related disputes. It is like a court of law in civil society. It provides legal protection to an aggrieved member country in the event of violation of any agreed WTO rules governing the trade. However, it was observed that dispute settlement mechanisms are rarely used by developing countries and not at all by LDCs, so far. The reasons cited were the enormous financial requirements needed for litigation; the small stakes due to small economy

and trade, the lengthy process and fear of economic and political implications, such as trade preferences and foreign aid.

Various constraints that Bhutan face such as legal human resources and prohibitive litigation cost will make it very difficult for taking the trade disputes to the WTO. The minimum time taken to settle a case at the WTO dispute settlement body (DSB) is estimated to be about 15 months, without including the implementation phase. For a small country like Bhutan, the economy will be completely paralysed, if any remedial measures to be taken have to wait for such a long time.

Bhutan may have to hire legal counsel to take up trade related cases in the future. The fee charged by law firms is estimated to be between US\$ 500 to US\$ 1000 excluding travel and accommodation expenses (Nordstrom, 2005). The same study estimates the minimum litigation costs as US\$ 128,500 for simple cases and the maximum cost at US\$ 706,000. Therefore, Bhutan may not be able to file any cases at the WTO considering the requirement of huge financial outlay. Bhutan can not completely avoid incurring expenses on trade related litigations because the country can choose not to file any cases but will not have option not to attend the DSB if other countries files cases against Bhutan.

Bhutan will also be discouraged to take up litigation because of the fear of economic and political repercussions as the Bhutanese economy is largely a donor driven economy. As such, Bhutan may not have any benefits from DSU like other LDCs. No LDCs have fought any case at the WTO dispute settlement court so far, except Bangladesh. This indicates two things—either LDCs were not too aggrieved or they do not have the ability to take up litigation due to high litigation costs. See annexure 2 for the number of cases filed at the DSB by the WTO member countries. The dispute case record since 1995, till 4 February 2010 shows that 40.4% of complaints were filed by the United States and the European

Communities. They also appeared as defendants in 43.5% of cases.

Table 7: WTO Disputes: Leading complainants and respondents (10 January 1995-4 February 2010)

| Country | as complainant (No. of cases) | as respondent (No. of cases) |
|---------------|-------------------------------|------------------------------|
| United States | 94 | 109 |
| EU | 81 | 67 |
| Canada | 33 | 15 |
| Brazil | 24 | 14 |
| Mexico | 21 | 14 |
| India | 18 | 20 |
| Argentina | 15 | 16 |
| Korea | 14 | 14 |
| Japan | 13 | 15 |
| Thailand | 13 | 3 |
| Chile | 10 | 13 |
| Australia | 7 | 10 |
| China | 7 | 17 |
| Guatemala | 7 | 2 |

Source: www.wto.org; date accessed 03/03/2010.

Table 8 shows the use of DSB by development status. The categorisation of development status into 'Developed', 'Developing' and 'LDCs' by United Nations (UN) is used here. Of the total of 58 countries that were had used DSB either as a complainant or defendant so far, 23 countries are developed, 34 developing economies and one LDC. Refer annexure 8 for list of WTO member countries who had used DSB either as complainant or respondents as far.

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Table 8: Use of DSB by development status

| Dev. Status | As Complainant | | As Respondent | |
|-------------|----------------|---------|---------------|---------|
| | No. of cases | Percent | No. of cases | Percent |
| Developed | 253 | 58.4 | 240 | 59.3 |
| DC | 179 | 41.3 | 165 | 40.7 |
| LDC | 1 | 0.2 | 0 | 0.0 |
| Total | 433 | 100 | 405 | 100 |

Source: www.wto.org; date accessed 03/03/2010.

Conclusions

Most countries that have joined the WTO up until now seem mostly to have been forced by economic circumstances i.e., in search of markets for their products. As Bhutan lacks export enhancing conditions such as economies of scale, efficient transportation infrastructure, a strong industrial base and a limited number of export potential commodities, global market access will not be of any substantial benefit to Bhutan.

If Bhutan joins the WTO, the kingdom will need to spend huge resources on obliging the WTO rules and regulations without any corresponding concrete benefit. If no help is forthcoming from advanced countries, Bhutan's economic development would be seriously hampered as precious funds will have to be diverted to fulfilling the WTO requirements.

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Overall Summary of the Positive List Offers

Market Access in Goods (Agriculture) and Market Access in Goods (Non-agriculture) (Excel Sheet)

Annexure

Annexure 1: Comparative tariff rates of few selected countries

| Country | Accession year | Summary | Total (%) | Deviation from Bhutan | Ag (%) | Deviation from Bhutan | Non-Ag (%) | Deviation from Bhutan |
|---------|----------------|-----------------------------------|-----------|-----------------------|--------|-----------------------|------------|-----------------------|
| U.S | 1995 | Simple average final bound | 3.5 | -25.9 | 4.8 | -43.9 | 3.3 | -23.1 |
| | | Simple average MFN applied (2008) | 3.5 | -18.4 | 5.3 | -36.1 | 3.3 | -15.6 |
| | | Binding coverage | 100 | 0 | | | 100 | 0 |
| Japan | 1995 | Simple average final bound | 5.4 | -24 | 24 | -24.7 | 2.5 | -23.9 |
| | | Simple average MFN applied (2008) | 5.4 | -16.5 | 23.6 | -17.8 | 2.6 | -16.3 |
| | | Binding coverage | 99.6 | -0.4 | | | 99.6 | -0.4 |

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| | | | | | | | | |
|----------|------|-----------------------------------|------|-------|------|-------|------|-------|
| Canada | 1995 | Simple average final bound | 6.5 | -22.9 | 14.5 | -34.2 | 5.3 | -21.1 |
| | | Simple average MFN applied (2008) | 4.7 | -17.2 | 11.5 | -29.9 | 3.7 | -15.2 |
| | | Binding coverage | 99.7 | -0.3 | | | 99.7 | -0.3 |
| Maldives | 1995 | Simple average final bound | 36.9 | 7.5 | 48.2 | -0.5 | 35.1 | 8.7 |
| | | Simple average MFN applied (2008) | 20.4 | -1.5 | 18.3 | -23.1 | 20.7 | 1.8 |
| | | Binding coverage | 97.1 | -2.9 | | | 96.7 | -3.3 |
| Mongolia | 1997 | Simple average final bound | 17.6 | -11.8 | 18.9 | -29.8 | 17.3 | -9.1 |
| | | Simple average MFN applied | 5 | -16.9 | 5.1 | -36.3 | 5 | -13.9 |

| | | | | | | | | |
|-------|------|-----------------------------------|------|-------|-------|-------|------|-------|
| | | (2008) | | | | | | |
| | | Binding coverage | 100 | 0 | | | 100 | 0 |
| Nepal | 2004 | Simple average final bound | 26 | -3.4 | 41.5 | -7.2 | 23.7 | -2.7 |
| | | Simple average MFN applied (2008) | 12.7 | -9.2 | 14.8 | -26.6 | 12.4 | -6.5 |
| | | Binding coverage | 99.4 | -0.6 | | | 99.3 | -0.7 |
| China | 2001 | Simple average final bound | 10 | -19.4 | 15.8 | -32.9 | 9.1 | -17.3 |
| | | Simple average MFN applied (2008) | 9.6 | -12.3 | 15.6 | -25.8 | 8.7 | -10.2 |
| | | Binding coverage | 100 | 0 | | | 100 | 0 |
| India | 1995 | Simple average final bound | 49 | 19.6 | 114.2 | 65.5 | 34.7 | 8.3 |

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| | | | | | | | | |
|-------------|------|-----------------------------------|------|-------|------|-------|------|-------|
| | | Simple average MFN applied (2008) | 13 | -8.9 | 32.2 | -9.2 | 10.1 | -8.8 |
| | | Binding coverage | 73.8 | -26.2 | | | 69.8 | -30.2 |
| Vietnam | 2007 | Simple average final bound | 11.4 | -18 | 18.5 | -30.2 | 10.4 | -16 |
| | | Simple average MFN applied (2007) | 16.8 | -5.1 | 24.2 | -17.2 | 15.7 | -3.2 |
| | | Binding coverage | 100 | 0 | | | 100 | 0 |
| Philippines | 1995 | Simple average final bound | 25.6 | -3.8 | 34.7 | -14 | 23.4 | -3 |
| | | Simple average MFN applied (2008) | 6.3 | -15.6 | 9.7 | -31.7 | 5.7 | -13.2 |
| | | Binding coverage | 66.8 | -33.2 | | | 61.8 | -38.2 |

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|------------|------|-------------------------------------|-------|-------|------|-------|------|-------|
| Bangladesh | 1995 | Simple average final bound | 169.2 | 139.8 | 192 | 143.3 | 34.4 | 8 |
| | | Simple average MFN applied (2008) | 14.8 | -7.1 | 17.6 | -23.8 | 14.3 | -4.6 |
| | | Binding coverage | 15.5 | -84.5 | | | 2.6 | -97.4 |
| Bhutan | -- | Simple average final bound* | 29.4 | | 48.7 | | 26.4 | |
| | | Simple average MFN applied (2008)** | 21.9 | | 41.4 | | 18.9 | |
| | | Binding coverage | 100 | | | | 100 | |

Sources: WTO, “World Tariff Profiles 2009”

* Simple average final bound rates from WTO accession documents, Ministry of Economic Affairs. ** Simple average MFN applied is from World Tariff Profiles 2009.

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Annexure 2: Top 25 imports (2008)

| BTC Code | Commodity | Total (Nu.) |
|------------|---|---------------|
| 2710.19.30 | Other light oils and preparations (HSD) | 1,807,657,542 |
| 2710.11.10 | Motor spirit (gasoline) including aviation spirit (Petrol) | 703,350,307 |
| 1006.30.00 | Semi-milled or wholly milled rice, whether or not polished or glazed | 693,100,873 |
| 8703.33.00 | Of a cylinder capacity exceeding 2,500 cc | 680,986,344 |
| 7203.10.00 | Ferrous products obtained by direct reduction of iron ore | 678,946,960 |
| 8703.22.00 | Of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc | 558,877,024 |
| 2602.00.00 | Manganese ores and concentrates, including ferruginous manganese ores and concentrates with a manganese content of 20% or more, calculated on the dry weight. | 555,451,119 |
| 2704.00.10 | Coke and semi-coke | 480,051,551 |
| 1511.10.20 | Crude Palmolein | 453,766,320 |
| 4402.90.00 | Others (Wood charcoal) | 430,999,093 |
| 7204.10.00 | Waste and scrap of cast iron | 382,737,653 |
| 2713.20.00 | Petroleum bitumen | 381,019,307 |
| 8429.52.00 | Machinery with a 360o revolving superstructure | 363,095,349 |
| 7408.11.00 | Of which the maximum cross-sectional dimension exceeds 6 mm (Copper wire) | 359,606,473 |
| 7222.40.00 | Angles, shapes and sections | 310,524,571 |
| 8517.62.00 | Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus | 288,483,307 |

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|------------|--|-------------|
| 5402.46.00 | Other, of polyesters, partially oriented | 288,118,492 |
| 1507.90.00 | Others (Soybean oil and its fractions, whether or not refined, but not chemically modified.) | 273,033,840 |
| 7210.41.00 | Corrugated | 248,137,262 |
| 0402.10.00 | In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5% | 233,479,635 |
| 2203.00.00 | Beer made from malt. | 212,078,373 |
| 8432.29.10 | Power tillers | 198,711,583 |
| 2701.19.00 | Other coal | 183,571,474 |
| 3901.20.00 | Polyethylene having a specific gravity of 0.94 or more | 182,994,203 |
| 8703.21.00 | Of a cylinder capacity not exceeding 1,000 cc | 179,845,609 |

Source: DRC, “Bhutan Trade Statistics 2008”

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Annexure 3: Top 25 imports from India (2008)

| BTC Code | Commodity | From India (Nu.) | Total (Nu.) |
|------------|---|------------------|---------------|
| 2710.19.30 | Other light oils and preparations (HSD) | 1,807,657,542 | 1,807,657,542 |
| 2710.11.10 | Motor spirit (gasoline) including aviation spirit (Petrol) | 703,350,307 | 703,350,307 |
| 1006.30.00 | Semi-milled or wholly milled rice, whether or not polished or glazed | 692,778,500 | 693,100,873 |
| 7203.10.00 | Ferrous products obtained by direct reduction of iron ore | 678,946,960 | 678,946,960 |
| 2602.00.00 | Manganese ores and concentrates, including ferruginous manganese ores and concentrates with a manganese content of 20% or more, calculated on the dry weight. | 555,451,119 | 555,451,119 |
| 8703.22.00 | Of a cylinder capacity exceeding 1,000 cc but not exceeding 1,500 cc | 537,652,748 | 558,877,024 |
| 2704.00.10 | Coke and semi-coke | 480,051,551 | 480,051,551 |
| 4402.90.00 | Others (Wood charcoal) | 430,999,093 | 430,999,093 |
| 7204.10.00 | Waste and scrap of cast iron | 382,737,653 | 382,737,653 |
| 2713.20.00 | Petroleum bitumen | 363,850,840 | 381,019,307 |
| 1507.90.00 | Others (Soybean oil and its fractions, whether or not refined, but not chemically modified.) | 273,003,964 | 273,033,840 |
| 7210.41.00 | Corrugated | 242,825,359 | 248,137,262 |
| 0402.10.00 | In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5% | 232,987,751 | 233,479,635 |

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|------------|---|-------------|-------------|
| 2203.00.00 | Beer made from malt. | 207,148,737 | 212,078,373 |
| 2701.19.00 | Other coal | 183,571,474 | 183,571,474 |
| 8703.21.00 | Of a cylinder capacity not exceeding 1,000 cc | 177,200,856 | 179,845,609 |
| 8704.10.00 | Dumpers designed for off-highway use | 158,247,793 | 158,247,793 |
| 0201.10.00 | Carcasses and half-carcasses | 139,220,445 | 139,293,398 |
| 8703.33.00 | Of a cylinder capacity exceeding 2,500 cc | 135,983,341 | 680,986,344 |
| 7204.30.00 | Waste and scrap of tinned iron or steel | 126,550,951 | 126,550,951 |
| 2710.19.70 | Lubricating oils | 124,862,791 | 129,119,302 |
| 7308.10.00 | Bridges and bridge-sections | 122,593,560 | 122,599,112 |
| 2711.12.00 | Propane(LPG) | 114,821,523 | 114,821,523 |
| 1701.11.00 | Cane sugar | 112,655,745 | 112,682,795 |
| 7308.90.00 | Others (Structures (excluding pre-fabricated buildings of heading No. ...)) | 107,106,093 | 107,843,129 |

Source: Department of Revenue and Customs: Bhutan Trade Statistics 2008.

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Annexure 4: Top 25 imports from COTI (2008)

| BTC Code | Commodity | From COTI (Nu.) | Total (Nu.) |
|------------|---|-----------------|-------------|
| 8703.33.00 | Of a cylinder capacity exceeding 2,500 cc | 545,003,003 | 680,986,344 |
| 1511.10.20 | Crude Palmolein | 453,766,320 | 453,766,320 |
| 7408.11.00 | Of which the maximum cross-sectional dimension exceeds 6 mm | 359,518,063 | 359,606,473 |
| 8429.52.00 | Machinery with a 360o revolving superstructure | 356,625,180 | 363,095,349 |
| 7222.40.00 | Angles, shapes and sections | 307,908,933 | 310,524,571 |
| 5402.46.00 | Other, of polyesters, partially oriented | 288,118,492 | 288,118,492 |
| 8517.62.00 | Machines for the reception, conversion and transmission or regeneration of voice, images or other data, including switching and routing apparatus | 281,811,388 | 288,483,307 |
| 8432.29.10 | Power tillers | 198,476,083 | 198,711,583 |
| 3901.20.00 | Polyethylene having a specific gravity of 0.94 or more | 172,940,203 | 182,994,203 |
| 8471.50.00 | Processing units other than those of subheading 8471.41 or 8471.49, whether or not containing in the same housing one or two of the following types of unit; storage units; input units, output units | 142,985,249 | 166,665,007 |
| 4907.00.00 | Unused postage, revenue or similar stamps of current or new issue in the country to which they are destined; stamps-impressed paper; banknotes; cheque forms; stock, share or bond certificates and similar documents of title. | 121,109,754 | 123,959,042 |
| 8702.10.00 | With compression-ignition internal combustion piston engine (diesel or semi-diesel) | 109,108,924 | 134,501,884 |

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| | | | |
|------------|---|-------------|-------------|
| 8406.81.00 | Of an output exceeding 40 MW | 106,715,045 | 106,715,045 |
| 9018.19.00 | Others (Instruments and appliances used in medical, surgical, dental or veterinary science, including scintigraphic apparatus, other electro-medical apparatus and sight-testing instruments. | 93,109,540 | 114,780,281 |
| 3902.10.00 | Polypropylene | 90,199,468 | 90,199,468 |
| 8703.32.00 | Of a cylinder capacity exceeding 1,500 cc but not exceeding 2,500 cc | 82,973,142 | 94,194,047 |
| 2515.11.10 | Crude marble | 70,934,761 | 71,008,065 |
| 3801.30.00 | Arbonaceous pastes for electrodes and similar pastes for furnace linings | 59,338,033 | 146,373,260 |
| 2208.30.00 | Whiskies | 59,078,959 | 63,924,024 |
| 8431.39.00 | Others (Parts suitable for use solely or principally with machinery of headings No. 84.25 to 84.30.) | 56,220,846 | 64,008,671 |
| 8803.30.00 | Other parts of aeroplanes or helicopters | 52,136,258 | 52,136,258 |
| 8517.61.00 | Base station | 50,568,784 | 50,612,784 |
| 7118.90.00 | Others (Coin.) | 47,558,812 | 47,558,812 |
| 8516.60.00 | Other ovens; cookers, cooking plates, boiling rings, grillers and roasters | 47,183,214 | 49,169,296 |
| 8525.50.00 | Transmission apparatus | 44,856,627 | 45,147,197 |

Source: Department of Revenue and Customs: Bhutan Trade Statistics 2008.

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Annexure 5. Top 25 exports (2008)

| Code | Commodity | Total (Nu.) |
|------------|---|----------------|
| 2716.00.00 | Electrical Energy | 11,032,590,000 |
| 7202.21.00 | Containing by weight more than 55% of silicon (Ferro-silicon) | 2,811,567,186 |
| 2849.10.00 | Of calcium (Carbides) | 852,565,765 |
| 7408.19.00 | Other (copper wire) | 769,474,576 |
| 8111.00.00 | Manganese and articles thereof, including waste and scrap. | 619,785,900 |
| 2523.29.30 | Portland pozzolana cement | 596,023,598 |
| 1516.20.00 | Vegetable fats and oils and their fractions | 527,202,596 |
| 2523.29.10 | Ordinary portland cement | 456,165,594 |
| 7214.30.00 | Other, of free-cutting steel | 400,334,348 |
| 7207.19.00 | Others (Semifinished products of iron or non-alloy steel.) | 350,889,888 |
| 7206.10.00 | Ingots | 319,723,194 |
| 2520.10.00 | Gypsum; anhydrite | 308,602,553 |
| 4410.11.00 | Particle board | 268,161,797 |
| 0805.10.00 | Oranges | 246,368,529 |
| 2518.10.20 | Dolomite, not calcined or sintered, Chips | 239,065,681 |
| 2701.12.00 | Bituminous coal | 182,725,768 |
| 2518.10.10 | Dolomite, not calcined or sintered, powdered | 164,514,642 |
| 3920.99.00 | Of other plastics | 161,919,350 |

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| | | |
|------------|---|-------------|
| 5403.49.00 | Other | 157,010,558 |
| 2523.29.40 | Portland slag cement | 154,048,525 |
| 2009.90.00 | Mixtures of juices | 144,323,792 |
| 2521.00.90 | Limestone and other calcareous stone | 133,110,037 |
| 0701.90.00 | Other/Potatoes, fresh or chilled. | 119,716,286 |
| 0712.39.10 | Cordyceps sinensis (<i>Yertsha gein bhup</i>) | 117,831,618 |
| 5402.33.00 | Of polyesters | 112,548,778 |

Source: Department of Revenue and Customs: Bhutan Trade Statistics 2008.

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Annexure 6: Top 25 exports to India (2008)

| Code | Commodity | Value in Nu. |
|------------|--|----------------|
| 2716.00.00 | Electrical Energy | 11,032,590,000 |
| 7202.21.00 | Containing by weight more than 55% of silicon | 2,720,434,227 |
| 2849.10.00 | Of calcium | 852,565,765 |
| 7408.19.00 | Other | 769,474,576 |
| 8111.00.00 | Manganese and articles thereof, including waste and scrap. | 619,785,900 |
| 2523.29.30 | Portland pozzolana cement | 594,109,598 |
| 1516.20.00 | Vegetable fats and oils and their fractions | 527,202,596 |
| 2523.29.10 | Ordinary portland cement | 455,882,094 |
| 7214.30.00 | Other, of free-cutting steel | 400,334,348 |
| 7206.10.00 | Ingots | 298,787,054 |
| 2520.10.00 | Gypsum; anhydrite | 287,371,513 |
| 4410.11.00 | Particle board | 268,161,797 |
| 2518.10.20 | Dolomite, not calcined or sintered, Chips | 234,940,942 |
| 7207.19.00 | Other | 191,487,428 |
| 2701.12.00 | Bituminous coal | 164,538,036 |
| 3920.99.00 | Of other plastics | 161,919,350 |
| 5403.49.00 | Other | 157,010,558 |
| 2523.29.40 | Portland slag cement | 154,048,525 |

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| | | |
|------------|---|-------------|
| 2009.90.00 | Mixtures of juices | 142,108,122 |
| 0701.90.00 | Other | 119,716,176 |
| 5402.33.00 | Of polyesters | 112,548,778 |
| 6802.21.00 | Marble, travertine and alabaster | 104,667,209 |
| 7213.20.00 | Other, of free-cutting steel | 89,260,167 |
| 2518.10.30 | Dolomite, not calcined or sintered, Lumbs and slabs | 80,341,106 |
| 2518.10.10 | Dolomite, not calcined or sintered, powdered | 77,078,680 |

Source: Department of Revenue and Customs: Bhutan Trade Statistics 2008.

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Annexure 7: Top 25 exports to COTI (2008)

| BTC Code | Commodity | Value in Nu. |
|------------|--|--------------|
| 0805.10.00 | Oranges | 226,484,864 |
| 7207.19.00 | Others (Semifinished products of iron or non-alloy steel.) | 159,402,460 |
| 2521.00.90 | Limestone and other calcareous stone | 125,324,881 |
| 0712.39.10 | Cordyceps sinensis (Yertsha gein bhup) | 117,831,618 |
| 7202.21.00 | Containing by weight more than 55% of silicon | 91,132,959 |
| 2518.10.10 | Dolomite, not calcined or sintered, powdered | 87,435,962 |
| 0908.30.00 | Cardamoms | 76,043,000 |
| 0808.10.00 | Apples | 24,858,325 |
| 2518.10.30 | Dolomite, not calcined or sintered, Lumbs and slabs | 23,382,107 |
| 2520.10.00 | Gypsum; anhydrite | 21,231,040 |
| 7206.10.00 | Ingots | 20,936,140 |
| 2701.12.00 | Bituminous coal | 18,187,732 |
| 2526.20.00 | Crushed or powdered | 13,841,644 |
| 7114.11.40 | Dopchus | 12,989,576 |
| 2526.10.00 | Not crushed, not powdered | 12,903,809 |
| 7213.20.00 | Other, of free-cutting steel | 10,267,160 |
| 7113.19.00 | Of other precious metal, whether or not plated or clad with precious metal | 8,114,080 |

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|------------|--|-----------|
| 1006.20.20 | Red rice (Yeechum) | 7,052,291 |
| 0709.59.10 | Matsutake (Sangay Shamu) | 4,536,086 |
| 7113.11.00 | Of silver, whether or not plated or clad with other precious metal | 4,412,000 |
| 4421.90.90 | Others (Other articles of wood.) | 4,177,757 |
| 2518.10.20 | Dolomite, not calcined or sintered, Chips | 4,124,739 |
| 2506.20.00 | Quartzite | 3,969,069 |
| 2003.10.00 | Mushrooms of the genus Agaricus | 2,877,140 |
| 7114.11.30 | Sechus | 2,392,000 |

Source: Department of Revenue and Customs: Bhutan Trade Statistics 2008.

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Annexure 8: *Number of cases by countries (10 January 1995-4 February 2010)*

| Country | As complainant (No. of cases) | As respondent (No. of cases) |
|----------------------|----------------------------------|---------------------------------|
| United States | 94 | 109 |
| European Communities | 81 | 67 |
| Canada | 33 | 15 |
| Brazil | 24 | 14 |
| Mexico | 21 | 14 |
| India | 18 | 20 |
| Argentina | 15 | 16 |
| Korea | 14 | 14 |
| Japan | 13 | 15 |
| Thailand | 13 | 3 |
| Chile | 10 | 13 |
| Australia | 7 | 10 |
| China | 7 | 17 |
| Guatemala | 7 | 2 |
| New Zealand | 7 | 0 |
| Honduras | 6 | 0 |
| Colombia | 5 | 3 |

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|--|---|---|
| Hungary | 5 | 2 |
| Panama | 5 | 1 |
| Philippines | 5 | 6 |
| Costa Rica | 4 | 0 |
| Indonesia | 4 | 4 |
| Norway | 4 | 0 |
| Switzerland | 4 | — |
| Ecuador | 3 | 3 |
| Pakistan | 3 | 2 |
| Poland | 3 | 1 |
| Taiwan, Penghu, Kinmen and Matsu, Separate Customs Territory of | 3 | 0 |
| Peru | 2 | 4 |
| Turkey | 2 | 8 |
| Antigua and Barbuda | 1 | 0 |
| Bangladesh | 1 | 0 |
| Czech Republic | 1 | 2 |
| Hong Kong, China | 1 | 0 |
| Malaysia | 1 | 1 |
| Nicaragua | 1 | 2 |

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| | | |
|--------------------|---|---|
| Singapore | 1 | 0 |
| Sri Lanka | 1 | 0 |
| Uruguay | 1 | 1 |
| Venezuela | 1 | 2 |
| Viet Nam | 1 | 0 |
| Belgium | 0 | 3 |
| Croatia | 0 | 1 |
| Denmark | 0 | 1 |
| Dominican Republic | 0 | 3 |
| Egypt | 0 | 4 |
| European Union | 0 | 1 |
| France | 0 | 2 |
| Greece | 0 | 2 |
| Ireland | 0 | 3 |
| Netherlands | 0 | 1 |
| Portugal | 0 | 1 |
| Romania | 0 | 2 |
| Slovak Republic | 0 | 3 |
| South Africa | 0 | 3 |
| Sweden | 0 | 1 |

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|---------------------|-----|-----|
| Trinidad and Tobago | 0 | 2 |
| United Kingdom | 0 | 1 |
| Total cases | 433 | 405 |

Source: www.wto.org; date accessed 03/03/2010.

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Annexure 9: List of Laws and Regulations needed for enactment or amendment for the WTO Accession

| No. | Laws/ Regulations | WTO Agreement |
|-----|--|--------------------------------|
| I. | LEGISLATIVE WORK INCLUDED IN THE SECTORAL LAPS Agreement on Customs Valuation | |
| 1. | Amendments to the Rules on the Sales Tax, Customs and Excise Act of the Kingdom of Bhutan 2000 | Agreement on Customs Valuation |
| 2. | Revision of the Customs Manual | Agreement on Customs Valuation |
| II. | Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) | |
| 3. | Copy Right Act, 2001 (Amendment) | TRIPS |
| 4. | The Hague Agreement Concerning the International Deposit of Industrial Designs | TRIPS |
| 5. | Patent Cooperation Treaty | TRIPS |
| 6. | Industrial Property Act (Amendment) | TRIPS |
| 7. | Develop implementing rules, guidelines, work procedures and manuals on Geographical Indications, Trade Secrets and Integrated Circuits | TRIPS |
| 8. | Develop implementing rules, guidelines, work procedures and manuals on Trademarks, Design and Patent | TRIPS |
| 9. | Regulation on collective Administration of Copyrights and related Rights | TRIPS |
| 10. | The Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks | TRIPS |
| 11. | The Strasbourg Agreement Concerning the International Patent Classification | TRIPS |
| 12. | The Rome Convention for the Protection of Performers, Producers of Programs and | TRIPS |

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|------|--|----------------------------------|
| | Broadcasting Organizations | |
| III. | Agreement on Technical Barriers to Trade (TBT) | |
| 13. | Develop procedures for recognition of equivalent technical regulations | TBT |
| 14. | Develop procedures for recognition of conformity assessment | TBT |
| 15. | Develop procedures for sampling, verification, testing, inspection and evaluation of conformity assessment | TBT |
| 16. | National Standards Act with a wide coverage on TBT issues | TBT |
| IV. | Agreement on the Application of Sanitary and Phytosanitary Measures (SPS) | |
| 17. | Seed Act Rules | SPS and Agreement on Agriculture |
| 18. | Livestock Act Rules | SPS and Agreement on Agriculture |
| 19. | Pesticides Act Rules | SPS and Agreement on Agriculture |
| 20. | Food Act of Bhutan | SPS and Agreement on Agriculture |
| 21. | Food Act Rules | SPS and Agreement on Agriculture |
| V. | LEGISLATIVE WORK NOT INCLUDED IN THE SECTORAL LAPS Other Trade-Related Laws and Regulations | |
| 22. | Bhutan Medicines Act Regulation | General |
| 23. | Bhutan Information, Communications and Media Act | GATS |

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| | | |
|-----|--|----------------|
| 24. | Labour and Employment Act | GATS |
| 25. | Financial Services Act | GATS |
| 26. | Foreign Exchange Regulations (Amendment) | <i>General</i> |
| 27. | The Royal Monetary Authority of Bhutan Act (Amendment) | General |
| 28. | Foreign Exchange Regulations, Rules and Procedures | GATS |
| 29. | Contract Act | GATT/GATS |
| 30. | Enterprise Registration Act | GATT/GATS |
| 31. | Electricity Act Regulation | General |
| 32. | Converged Bhutan Information, Communications and Media Regulations and Rules | GATS |
| 33. | National Environment Protection Act | General |
| 34. | Consumer Protection Act | General |
| 35. | Industries and Investment Act | GATT/GATS |

Annexure 10: Comparison of retail prices of Bhutanese rice and imported rice in Thimphu

| Imported Rice | Price (Nu.) | Quantity | Price/KG (Nu.)* |
|---------------|-------------|----------|-----------------|
| Basmati1 | 580 | 20 | 29.0 |
| Basmati2 | 620 | 20 | 31.0 |
| Basmati3 | 650 | 20 | 32.5 |
| Diamond1 | 430 | 25 | 17.2 |

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|----------------------------|-------|-----|---------------------|
| Diamond2 | 450 | 25 | 18.0 |
| Gold coin | 490 | 25 | 19.6 |
| S.T Gold | 500 | 25 | 20.0 |
| Bondi | 1260 | 25 | 50.4 |
| Queen rice | 1000 | 25 | 40.0 |
| Miss rice | 670 | 25 | 26.8 |
| Rice 551 | 840 | 50 | 16.8 |
| Super fine | 840 | 50 | 16.8 |
| Average price (Nu. per Kg) | | | 26.5 |
| Bhutanese Rice | Price | Qty | Price/KG (in Nu.)** |
| Red Rice | - | - | 44.7 |
| White Rice | - | - | 47.9 |
| Average price (Nu. per Kg) | | | 46.3 |

Source: *FCB Agent, Chubachu, Thimphu. Telephonic enquiry on 26.03.2010

** Ministry of Agriculture, Thimphu, Bhutan. “Monthly Arrival of vegetables and Average Prices at the Centenary Farmers' Market” Available at <http://www.moa.gov.bt/moa/downloads/downloadFiles/MoADownload9or5154nn.xls> Accessed 26.03.2010