

Abstract

The service sector is evolving. New services and new modes of delivering existing services have increased the complexities of services negotiations in the WTO and in FTAs.

The WTO negotiations focus on market access but FTAs tend to go beyond market access to seeking regulatory commitments from trading partners. India is a proponent of services liberalisation both in the WTO and through bilateral/regional agreements. In this context, this paper examines how new service sectors like express delivery services (EDS) are addressed in WTO/FTAs and its implications for India.

Express delivery services are one of the fastest growing sectors in India. It plays a crucial role in trade facilitation and in enhancing the global competitiveness of Indian industries. At present, there are no FDI restrictions and the country can undertake market access commitments in WTO and in its FTAs. The proponents of liberalisation of express delivery services also seek commitments in complementary services like transport and warehousing. The study found that since the autonomous liberalisation is more than India's offers in the Doha Round of the WTO negotiations, India is in a position to broaden its commitments in the WTO.

One of the core issues for India is that domestic regulation of postal services is evolving. India Post offers courier/EDS services. The Department of Posts is in the process of framing a new regulation that is likely to affect the courier/EDS industry. Based on a primary survey, this study found that the regulation should be transparent and fair; it should clearly define the reserved area and distinguish between Universal Service Obligation (USO) and competitive services. It should also mention how the USO will be funded. The regulation should encompass global best practices like removal of cross-subsidisation and should facilitate competition. The need for a postal regulatory regime will arise if the public postal service provider is privatised. The regulator should be independent. The objective of the new regulation should be to lay down a reform path for India Post and the primary role of the regulator should be to monitor the USO.

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