

India moves WTO on anti-dumping

PRESS TRUST OF INDIA
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INDIA has joined a group of countries, including Japan and the 15-nation European Union (EU), in filing a joint complaint with the World Trade Organisation (WTO) against a new US law that would award the proceeds of anti-dumping sanctions to the affected American industry.

The complaint made before the Geneva-based WTO recently challenges an amendment passed by the US Congress last month to the anti-dumping law barring the sale of foreign goods in American markets at prices below their cost of production.

The other countries who are party to the complaint are—Australia, Brazil, Chile, Indonesia, Thailand and South Korea. Most of the complaining countries have been subjected to punitive levies for selling steel at prices lower than the production costs.

According to WTO officials, a three-member WTO Dispute Set-

tlement Panel (DSP) would review the joint complaint if no agreement was reached between the US and the complaining parties through consultations in the next 60 days. The existing US law, which has been invoked by the American industry against foreign imports, allows the US government to impose tariffs against below-the-market-price products.

But, the new amendment known by its sponsor's name Robert Byrd, a Democrat senator of West Virginia, goes beyond and would divert the tariff revenues from the treasury and award them to the complaining industry.

The complaint alleged that the diversion of tariff revenues amounted to giving complaining US industry a subsidy, which is barred by global free trade rules. It also said the amended law encouraged American companies to make claims of dumping because they would receive a "double reward"—less competition from imports and income.

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25 DEC 2000

India may soften stand on next WTO round

By Sushma Ramachandran

NEW DELHI, DEC. 30. India may soften its position on the launch of a new round of multilateral negotiations by the next ministerial meeting of the World Trade Organisation (WTO). The meeting is slated to be held either in Santiago in Chile or at the WTO headquarters in Geneva at the end of 2001.

Indications are the changed stance is due to an acceptance of the reality that certain issues will have to be taken up in a new round. At the same time, India is not prepared to accept a comprehensive round and will continue to insist on effective implementation of existing agreements where difficulties are being faced by developing countries. These include areas like textiles, anti-dumping, TRIPs and trade facilitation.

Among the new issues proposed to be taken up in the fresh round, there is little controversy over certain subjects. On some others, developing countries have toned down their stance. But in the case of sensitive issues like labour standards, developed countries have realised that pushing too hard could result in the failure of the next ministerial meeting, just as in Seattle. In fact, according to reports reaching here from Geneva, most WTO member-countries are keen to ensure that the next ministerial meeting does not end in a fiasco. The present WTO Director-General, Mr. Mike Moore, is apparently lobbying hard with key countries to ensure that there is no repeat of Seattle.

One of the countries from which Mr. Moore is seeking support is definitely India, especially since the Commerce and Industry Minister, Mr. Murasoli Maran, emerged as an important player at the last ministerial meeting. His tough stance on several sensitive issues and the ability of the Indian delegation to mobilise support for their positions was considered a notable achievement for this country in the area of commercial diplomacy.

No wonder then that India was one of the first countries visited by Mr. Moore after the Seattle meeting. He is arriving again in January to attend the Confederation of Indian Industry conference in Hyderabad in January.

Mr. Moore is bound to have discussions with the Indian authorities on some contentious areas being proposed for the fresh round of negotiations. These include policies on investment, competition, labour standards and environment. In the last-mentioned case, informed sources here say that most developing countries, including India, are reconciled to accepting that environmental standards will be an issue in the next round.

There is equally a consensus that labour standards is not an issue meant to be taken up at the WTO. Developed countries, including the U.S., have also recognised that this is not a subject that can be bulldozed through the WTO and any attempt to do so can lead to another failure like in Seattle.

Besides, there are several issues on which India is now veering round to agreeing that these can be taken up in any fresh round of multilateral negotiations. These include industrial tariffs, transparency in the WTO, government procurement, e-commerce and the information technology agreement - phase 2. Yet sources say India is also deeply concerned about implementation issues on existing agreements now being taken up by the WTO General Council's special session.

For the next round to take off, however, the talks over the next nine to 10 months within the WTO will have to focus on areas of agreement between the North and the South. This is critical since the next round, it has finally been recognised, can be launched only on the basis of broad agreement by the majority of WTO members and not merely by the support of those with the most economic clout.

THE HINDU

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The WTO card in the U.S.

By Bhagirath Lal Das

DURING THE visit of the Prime Minister to the U.S., it is almost certain that the U.S. will open its full WTO agenda and impress on him the need for "flexibility" to improve mutual cooperation in the international arena. Generally we are soft on such occasions, being keen on good will and the publicity of a successful summit meeting. Naturally we should be cooperative in enhancing goodwill; but it will be a mistake if we make concessions in the trade area without commensurate returns.

What will the U.S. press for? It has already ensured our dismantling of import controls fully by March 2001 which will open out great opportunities for American industry and trade. Now its main interest will be in new areas — e-commerce, information technology (IT) goods, investment, financial services, intellectual property rights and a new round of WTO negotiations.

The U.S. got our commitment along with that of other countries for zero duty on e-commerce provisionally for 18 months in May 1998. It will now want us to make this commitment permanent. At the instance of the U.S. and the European Commission, an agreement was finalised in December 1996 on zero duty for IT goods, giving the individual countries time to join it. India joined it in March 1997. The exercise is now on to expand the coverage of the commitment to a new range of goods in this area. In investment, the pressure from the U.S. will be for further freedom for their investors to operate in our country. Side by side, they may also press for further liberalisation of our banking and insurance sectors, areas where we have already made substantial commitments in the WTO. On IPRs, the pressure may be for advance implementation of the product patent provision instead of from 2005. And there may be a move to persuade us to soften opposition to the proposed new round of comprehensive multilateral trade negotiations.

The zero duty on e-commerce and on IT goods largely benefits the U.S. and other major developed countries. We hardly have much material to supply through the electronic medium or in the IT goods

sector; on the other hand the major developed countries, particularly the U.S., have an abundance. But they have not offered any concessions in return; and surprisingly we have also not demanded any. Emboldened, they could now ask for zero duty on e-commerce being made permanent and for expansion of the coverage of IT goods.

This is a negation of the principle of reciprocity in multilateral trade negotiations. Some people may argue that these imports without duty may benefit the sectors that consume these items. But then we can have our autonomous decisions of zero duty without making them binding in the WTO by which we lose flexibility for ever in future.

As for investment, we have so far succeeded in keeping it out of negotiations for a multilateral agreement in the WTO, because we fear that it will curtail our discretion and flexibility to guide and channel the investment into areas of our development priority. Any enhanced commitment in banking and insurance or advance implementation in the area of patents will make the situation even more against our interests.

The developed countries are keen to start a new comprehensive round of negotiations in the WTO and they have also emphasised it in the recent G-8 meeting. The developing countries, including India, have been opposing it as they fear that a new round will bring in a large number of subjects in the WTO which will be adverse to their interest. Besides, they rightly argue that there should be a priority for improving the current agreements which are full of imbalances and inequities.

These then may be the subjects of interest to the U.S. in the summit meeting. While considering the proposals of the U.S. we should keep in mind the recent history in the WTO. No developed country, least of all the U.S., ever gives a concession in the WTO without getting

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commensurate return. Besides, the U.S. has been taking actions against us in the WTO quite frequently.

It put unilateral restraints on several of our textile items, some of which were later found to be illegal. It has taken action against our steel exports, claiming that these are subsidised and dumped. It took us to the WTO dispute process for not having the legislation for interim steps in the patents, even though we explained that we had taken necessary administrative action. Recently it has taken us to the dispute settlement process for our automobile policy, even though there had been an understanding in the General Council of the WTO in the beginning of this year that there would be a moratorium on complaints on such matters.

What has hurt us most is that after we concluded agreements with several developed countries on removal of our import controls (quantitative restrictions for balance of payment reasons), the U.S. was the only country which went ahead with its formal dispute in the WTO and pressured us to dismantle our controls in an accelerated manner. Further, the U.S. is the only country which keeps us under constant threat of unilateral trade sanction under its domestic trade law (watch under article 301).

The U.S. has never given us an inch of consideration in the WTO and it has never lost an opportunity to extract the pound of flesh it considers its due. It has always steadfastly stuck to its rights according to its own interpretations. This description is not in the nature of any criticism of the U.S.; the objective is to show that the U.S. zealously guards its rights in the WTO, which would perhaps be all right from its own point of view. And the least we should do is to follow the same example by preserving our rights in the WTO. We should not make any new concessions in trade during the summit without adequate reciprocal concessions. The U.S. does not mix up its trade rights

in the WTO with general political considerations and goodwill. We should do the same.

For the subjects of the WTO and trade during this summit meeting, we should have our own positive agenda for discussion. In textiles, in March 2001, we shall be removing all quantitative restrictions, whereas the U.S. will be continuing with its restrictions on a very large number of our textile items. It should dismantle all these restrictions at the end of March 2001. In this sector, it should practice its often pronounced principle of free and open trade. In agriculture too, it should practice this principle. On several items it has very high duties, even going up to 245 per cent. Then it gives nearly \$45 billions of subsidy for agriculture every year. It distorts international trade and harms the competitiveness of other countries. In particular, after we have dismantled our import controls in agriculture, the U.S. domestic subsidy will harm our farmers, as imports from that country will be cheaper to that extent. And it will also harm our prospects of agriculture export to other countries. The domestic subsidy in agriculture should be immediately abolished in the U.S. There should also be significant reduction of its tariff in agriculture.

Countervailing duty and anti-dumping duty. The U.S. often initiates action against our exports on the grounds of subsidy and dumping. It results in harassment to our industry and exports. The U.S. should be requested to give an understanding that it will not initiate fresh action for some specified period. This commitment could be treated as a part of the U.S.'s concession for our one-sided concession on e-commerce and IT goods in the recent past. Threats under Article 301 of the U.S. law. The U.S. should give an undertaking that it threaten us under its domestic laws, in particular its Article 301, by keeping us under watch or notice. This provision of the U.S. law has already been declared by the WTO Panel as not being consistent with the U.S. obligations under the WTO.

(The writer is a former Ambassador of India to the GATT/WTO.)

HD-12

7/9

GATT, TRIPS and patent law — I

By V. R. Krishna Iyer

11/9
19-12

ANY DISCUSSION or consideration of the fundamental mutation of the provisions of patent legislation must make some reference to the history in response to which the present amendments are sought to be enacted by Parliament. A well-debated, development-oriented and patriotically processed statute of 1970, with a progressive perspective and successful sequel, passed after a thorough study (based on the Justice Rajagopala Ayyangar Commission report) proved a tremendous national triumph for the consumer and the manufacturer alike. This finest and most just parliamentary achievement shall not be tampered or terminated with, out of xenophobic appetites, to placate macro-corporate lucre interests. If Indian people's concerns are our first priority, to surrender to global big business pressure or U.S. diplomatic or other intimidation, crude or subtle, at the expense of our people's economic condition, is to betray the swara! of one billion Bharat humans. Free Trade, the new mantra, cannot be an alibi for trading India's freedom.

The Bretton Woods Conference (1944) marked the beginning of a new world trade order which triggered economic changes based on a paradigm shift implicit in the draft crafted by Arthur Dunkel, eventuating in the Uruguay Round and the Final Act. One of the major objectives of the Dunkel draft text was the creation of a new worldwide market grab system — the hidden agenda — highlighted by the Orwellian doublespeak: 'globalisation', 'liberalisation' and 'privatisation'. The thrust was on the capture of world markets by the International Corporate Power Incarnate, under the hegemony of America Incorporated. The GATT (General Agreement on Tariffs and Trade) became an instrumentality for implementation of this planetary big business agenda. What a sweeping, subtle fulfilment of Reaganomics!

The GATT treaties, including the TRIPS (Trade-Related Intellectual Property Rights), with which we are directly concerned here, gave biting teeth to conquest by patent, hiding the bleeding operation with dubious promises of the latest technology and benefits of benign global competition for Third World economies. More specifically, phrases like Intellectual Property Rights were used to seduce India's

huge consumerist class and commercial collaborators. In short, the TRIPS became the new open sesame password, using which the Constitutional provisions of our Secular Socialist Democratic Republic would de facto be nullified and privatised, with a giant stride for transnational big business, would become the unwritten economic constitution. A contra-constitutional coup indeed! Practically the U.S. corporate power, dominating as it does American financial, foreign and military policies, has been bending India's economic policy and successfully seeking to reverse all that was gained following the attainment of independence and the steps

of the Uruguay Round objective: "This time, the U.S. is pushing for a bigger prize. They want the rule book to be rewritten and expanded to permit international corporations to set up shop in any corner of the world with as little government interference as possible. This means free access to natural resources with a minimum of social and environmental 'strings' attached — few regulations, emission standards or other hedges against pollution, habitat loss or exploitation of labour. Any nation that dares to impose limits on the rights of foreign companies, for environmental or social reasons, can be retaliated against for creating a 'restraint on trade.' The Bush ad-

The TRIPS has become the new open sesame password, using which our Constitutional provisions would de facto be nullified, and privatisation would become the unwritten economic constitution.

taken for redemption of the historic tryst with destiny made by 'We, the People of India', reinforced by the paramount national charter. The profound, poignant commitment to eliminate poverty and unemployment is a first charge on the state as underscored by the Preamble and Part IV of the Constitution. But, abetted by the GATT, recolonisation is making a steady headway, ignoring national loyalties and bending before GATTocrats with a global village-global tillage agenda. The pity of it is that this prodrome of foreign infiltration, followed by an economic command syndrome, was missed by the present moghuls in Delhi for over a decade.

A relevant divagation: In a Food First publication titled 'Trading Freedom', David Morris calls free trade the great destroyer. The new planetary economy abolishes nations and merges economies of countries to emerge as transnational cannibal corporations. This planetism pattern, rearranging our loyalties, loosens neighbourly ties and jettisons the country's basic welfare obligations. This nascent noxious world order obliterates our socialist state's social justice allegiance. Is free trade opulence for a few or development for the many? Privatisation is placebo, not panacea. The world corporates are trading away the planet, including indigent India. In the book, there is also an explication

tomatoes because the patent on the seeds is held by a U.S.-based chemical corporation. This despite the fact that the genetic material that established the plant's resistance to drought could well have originated in Mexico. The U.S. is asking nations around the world to surrender the authority to protect their environment, their workers and their small businesses in pursuit of the notion of 'free trade.'"

Calvin Coolidge candidly conceded long ago that "the business of America is business." Woodrow Wilson, long decades ago, bluntly articulated this chronic corporate victimisation. This malady, by a quantum leap, is now a global bloodfest or corporate cannibalism.

The corporate stranglehold has tightened and 'global village' has become 'global pillage' and technology geared to thanatology, as serious economists have concluded after a scan of the MNC scams. The economics of liberalisation has scuttled swadeshi, blotted out Gandhian vision, and self-reliant economy and public sector enterprises as obsolete Nehru obsessions. The Constitutional socialist paradigm, upheld by the Supreme Court as basic in the Nakara case et al, is Yankee bete noire and is forced to commit hara-kiri. The new world corporate power is a Frankenstein's monster. "Truth is subversive" and transparency reveals the ghastly misery inflicted by corporate, consumerist cannibalism on our rural populace.

The incredible fact which stultifies Gandhian swadeshi as mirage is that khadi-related Gandhian constructive policy emphasising rural economic regeneration is now in virtual suspense, awaiting Arthur Anderson Agencies, an American enterprise pronounces a verdict of death sentence or other modification. Mahatma's survival to depend on an American's pronouncement!

Unlike in the U.S. and some other countries, international treaties need no parliamentary ratification here — a grave omission in our Constitution consequent to Pro tem Cabinets, without debate in the Houses, sign away the country's values, wealth and well-being corruptly or glibly. And they thoughtlessly did. Once they did, the inevitable disaster followed. We now pay with people's distress, the price of a minister's undemocratic signature.

GATT, TRIPS and patent law — II

By V. R. Krishna Iyer

INTERNATIONAL TREATIES with big powers are rarely on a level playing field and never transparent. So public debate and parliamentary ratification are a must lest we trip over the TRIPs (Trade-Related Intellectual Property Rights) traps. The republic has not ratified the GATT (General Agreement on Tariffs and Trade). The people grumble in despair and will blow up the Bastille, symbolic of the macro-hungry.

The provisions set out below may reinforce my criticism of the Cabinet having bypassed Parliament and the people while entering into treaties under the GATT and its reincarnation, World Trade Organisation, with potential catastrophic consequences.

Article 2 of the U.S. Constitution, dealing with executive power, has an important sub-section with the following provision: "He (President) shall have power, by and with the advice and consent of the Senate, to make treaties, provided two-thirds of the Senators present concur."

Provision 231(2) of the Constitution of South Africa says, "An international agreement binds the republic only after it has been approved by resolution in both the National Assembly and the National Council of Provinces, unless it is an agreement referred to in sub-section (3)."

The Constitution of the Republic of Korea contains similar provisions in Article 60. Likewise Section 21 of the 1987 Constitution of the Philippines reads: "No treaty or international agreement shall be valid and effective unless concurred in by at least two-thirds of all the members of the Senate."

The marketed wisdom that Western (Northern) technological blessings will make Indians, one billion of them, happier through patents for all products (as distinguished from processes) is the century's mega-baloney, macro-mendacity and balmy hooded skullduggery. No humanist ethics, no code that binds vampirish trans-national corporations. The hidden agenda, a 'corporate bill of rights', would commit the globe to a path where the economic destiny of countries worldwide is increasingly decided in the boardrooms of jumbo-corporations, largely unaccountable to the public, operating beyond laws and able to buy or bully politicians and governments. The Bhopal-based Union Carbide is one of the countless market-manipulating moneymongers prowling around the world. If Bha-

not, bled by the North through corrupt treaties, is made a quasi-banana republic and if it submits its national economy to recolonisation and conquest by IPR treaties, the NEP will be a requiem!

The unhappy background to the present Patents Amendment Bill before Parliament persuades me to communicate some of these serious considerations. The grave risks are of a global financial grab operation whereby market greed will rob the people, who are in great need, of resources. Every nationalist in Gandhi country must unhesitatingly and fearlessly resist every measure which strengthens the power of monopolist might and weakens the pauperised people's right to a good life.

By the Uruguay Final Act did India, at

States are sovereign in theirs and the judiciary, whose verdict binds India even against external quasi-imperial authority, will have declaratory, decisional finality so long as free India, under Constitutional governance lasts. The American Congress has made it plain that the WTO decisions or other treaty provisions will be subject to Law Americana. Should the Indian Constitution be a sacrificial goat when constitutional ukases issue from the WTO or Fund-Bank crypto-commandments? Law India is supreme for us. Not WTO fiats.

The exercise of power by the executive in entering into a treaty under Article 73 is subject to judicial review at least to the extent of examining whether it acted within the Constitutional parameters which

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circumscribe the treaty-making power.

Nor can the judiciary idly stand by to witness a treaty simply riding roughshod over the very basic structure of the Constitution, including democracy, sovereignty, federalism and social justice.

In respect of the basic structure of the Constitution, the first question to be considered is whether the Government of India, by becoming a signatory to the Final Act, abrogated the Federal Principle as incorporated in the Constitution and, thereby, acted unconstitutionally.

By the deliberate choice of the people, the Constitution is conceptually federal in nature, but with a strong bias in favour of the Centre in the matter of distribution of powers, their content and their felicitous exercise. It possesses the one essential and fundamental characteristic of a federal Constitution — sharing of powers by the nation-state and its constituent units, each exercising "within a sphere coordinate and independent" powers.

Democracy, by participation of the people directly or through their surrogates, is a basic feature of the Constitution. So it follows that a treaty which has neither the sanction of a referendum nor ratification by Parliament (Senate ratification is vital for a treaty in the U.S.) is non-est. If the

Bommai case is good law, the TRIPs treaty is perilously near-invalidity.

The source of all power, executive, legislative and judicial, is the Constitution. If there is a conflict between the GATT agreements and the Constitutional mandates, the latter will invalidate the former so far as the Indian jurisdiction and jurisprudence are concerned. In the great words of U.S. Chief Justice Marshall in *Marbury vs. Madison*, "certainly all those who have framed written constitutions contemplate them as forming the fundamental and paramount law of the nation, and consequently the theory of every such government must be that an act of the legislature repugnant to the Constitution, is void". A mere decision of the Council of Ministers pro tem, which is in power under the Constitution, is an a fortiori case. In India, Article 13 expressly declares void any law (or executive act) which is in derogation of or which abridges fundamental rights. Other contra-Constitutional action too will be shot down by a writ of court. Because Article 141 vests the final authority in the Supreme Court to declare the law, which binds all.

Many jurists entertain grave doubts about the survival of the TRIPs, vis-a-vis the laws of India, essentially because we are governed by the Constitution and the Constitution is what the judges say it is.

An aside: Why is the media mute on these macro-challenges but is using its space and educative ability on jungle bandits and Priyanka's pregnancy, which is her private concern? Journalists are often mere messengers of news and views to do brainwashing for corporations but they fail to convey the great message needed for the people who are disadvantaged.

Will our rulers trade our freedom in the guise of free trade? The time to protest is late. My abbreviated autopsy of the TRIPs provisions gives me hope that there is wide enough space to preserve intact our existing patent law, having due regard to the national urgencies and social realities and Constitutional mandates of the people. These are paramount considerations for the Government and Parliament so that India may not buckle under foreign corporate pressure and, at the same time, with a vision expand the articles in the treaty for the sake of, not forsaking, the people of India.

(Concluded)

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10-12 ✓
DISAPPOINTING PERSPECTIVE 969

THE WORLD BANK has consistently used its annual World Development Report (WDR) as a platform to project its current views on economic policy. The 2000-01 edition of the report was to be special because it was to be the first one in a decade to focus on the issue of poverty. It was expected to guide the Bank's thinking on poverty reduction in the years ahead, just as the WDRs of 1980 and 1990, which also focussed on poverty, expounded arguments that came to influence global thinking on development policy in the subsequent decades. Unfortunately, the 2000-01 edition of the WDR was surrounded by controversy even before it was published because the head of the team of economists preparing the report chose to quit on the eve of the finalisation of the report, the decision being provoked by tussles inside and outside the World Bank about what the WDR should emphasise. Perhaps because of the controversy that went into the making of the WDR, the report in its final reform ends up adding little to our knowledge of what can accelerate poverty reduction globally and in individual countries.

The central message of the WDR is that poverty is multidimensional and not merely an expression of inadequate earnings as earlier understood. People can be poor either because they do not earn enough or because they do not enjoy good health or because they do not have a say in decision-making or because they are defenceless against natural and man-made disasters. Born of this understanding of poverty is the WDR's three-pronged strategy of providing opportunity, empowerment and security — the first to enable participation in poverty-reducing growth, the second a voice in society and the third protection against natural and economic crises. New this may be to the World Bank whose traditional emphasis has been on market-friendly labour-intensive

growth and investment in health and education. But that poverty has many faces has been known for years to grassroot workers, researchers and even to Governments. A number of other observations likewise reflect the World Bank's attempt to either catch up with awareness in the field or respond to criticism that it imposes its own poverty reduction strategies on the developing countries. Thus, it does not have to take a World Bank report in the first year of the 21st century to tell us that poverty is an outcome of a complex interaction of economic, social and political forces. Or for that matter that there is no universal blueprint to reduce poverty across the world. And to acknowledge now that a greater degree of initial equality of assets makes for a larger distribution of benefits from growth is no more than a belated admission that the world's largest development finance institution has erred for years by paying inadequate attention to the connection between inequality and growth.

15/9
By the beginning of the 1990s almost all countries in the world had opted for reform programmes of various kinds that took them closer to what the WDR would describe as sound macroeconomic policies. However, the WDR presents dismal statistics to show that between 1987 and 1998 the number of people in the world who live on less than one U.S. dollar a day — a poverty line adopted by the World Bank — have increased and not decreased. Growth in the developing countries throughout the 1990s has been fitful, global inequality has worsened and the world has fallen behind the international goal for 2015 of reducing by half the proportion of people living in absolute poverty. The WDR would have been far more useful if it had explored in detail why this had happened and what needs to be done by way of mid-course correction.

THE HINDU

15 SEP 2000

Will it be a Seattle in Prague?

1999

By C. Rammanohar Reddy

PRAGUE, SEPT. 17. When Finance Ministers and central bankers from the member-countries of the International Monetary Fund and World Bank attempt to gather on September 26 in this historic city for their 55th Annual Meeting they will have to get past 20,000 people who would have converged from across Europe and elsewhere to protest against globalisation. While the Czech authorities are going to great lengths to prevent a reprise of the shut-down in Seattle last November during the Ministerial meeting of the World Trade Organisation, the organisers of the September 26 meeting are showing an extraordinary level of preparation for what they hope will be larger demonstrations than in Seattle.

Using the internet, civic and people's groups from all over the world have been mobilising activists to make a success of S26, as the protest day is being referred to. The umbrella organisation of the protesters, the Initiative Against Globalisation (INPEG),

which was formed only six months ago, has hired a stadium on the outskirts of Prague to serve as a camping site for the gathering protesters, mainly young activists from west Europe. INPEG has just completed training sessions on effective and peaceful demonstrations even as activists capable of providing legal counsel (for those who may be arrested) and medical services (for those who may be injured in police action) start arriving in this historic central European city. INPEG says that the protests will be peaceful, but even before the demonstrations have begun some middle-level officials of the IMF and the World Bank have already accused them of planning a shut-down as in Seattle. There are also fears that the few but growing number of neo-Nazi groups in central and east Europe will use the occasion to violently disrupt both the official meetings and the people's protests.

More than 10,000 members of the Czech police — one for every two demonstrators — will be mobilised for S26 and 500 army re-

servants have been placed on stand by. News reports have said that the Czech police have also exchanged information with police officials in the U.S. and the U.K. on identifying potential rioters and on measures for riot control. (INPEG representatives were invited to attend a "mock action" when Czech police confronted police acting as rioters.) The Czech authorities are enforcing strict checks at rail and road crossings on the borders with Austria and Germany, leading to accusations from the campaigners that the Czech Government is using immigration control to keep out demonstrators from west Europe. Schools in the centre of Prague are to close on September 26 and in what may be an over-reaction, the U.S. and U.K. Governments have advised their citizens to stay away from Prague in the last week of September.

Large-scale demonstrations have become common at summits and global meetings. Such protests began a couple of years during WTO and G7 summits but the high point was undoubtedly

the shut-down in Seattle on November 30 (N30 as the day is called in the lexicon of the campaigners). The protests were just as visible in Washington last April during the spring meetings of the World Bank and IMF though large-scale arrests and police action enabled the meetings to go ahead. A patchwork of groups and coalitions some of whom are protesting against globalisation, environmental degradation, and consumerism, some demanding debt relief for poor countries and some just seeking public space to express their voice have shown their skills in organisation. They have been criticised by Governments, multilateral organisations, and business groups for having nothing to contribute and interested only in protesting. But all of them have succeeded in making their presence felt and Prague is expected to be no different.

When the Czech Government obtained the right in the mid-1990s to host the 2000 Annual Meetings of the IMF and the World Bank, it had hoped to showcase the transformation of

the Czech Republic and the other former socialist countries of east Europe into successful market economies. But the economies in the region have not been too well and the protesters against globalisation rather than the Ministers and central bankers will occupy centre-stage here over the next 10 days. The meetings begin on September 19, though the formal segment which will be marked purely by Ministerial speeches will be held only between September 26 and 28.

49-12

AN ENCOURAGING ASSESSMENT

25/9

DESPITE THE GLOBAL anxieties evoked by skyrocketing crude oil prices, the International Monetary Fund (IMF) currently looks at the prospects of economic growth during the short-term with evident optimism. The message of the biannual World Economic Outlook, which was released in Prague last week to synchronise with the annual meeting of the IMF-World Bank, is largely upbeat even if the undertone is one of caution where the developing countries are concerned. It is no mere coincidence that the Trade & Development Report 2000 of the United Nations Conference on Trade and Development (UNCTAD) also echoes the same perception.

The IMF is not overly optimistic in regard to any dramatic decline in the international price of crude oil. That its forecast of global economic growth rates at 4.7 and 4.2 per cent respectively for 2000 and 2001 is based on the assumption of crude oil prices declining to an average of \$26.5 and then to \$23 per barrel in the current year and the next can well be regarded as a prudent estimation of how the OPEC countries will correct the unsustainable high prices they have driven themselves to.

The growth scenario projected by the IMF is marked by a truly optimistic convergence of robust economic performance in practically all the major regions of the world, North America, Europe including Russia and other transitional economies and Asia with China, South Korea and India continuing to cruise at an average 6.5 per cent growth rate. Contrary to the battering of the Euro in currency markets, the IMF seems to regard the fundamentals in the region as being sufficiently strong to facilitate an average GDP growth rate of around 3.5 per cent. The perception that the Euro is currently undervalued and that there are strong reasons for coordinated intervention by the G-7 countries seems to be gaining support. Another interesting insight which emerges from the IMF Economic Outlook is that in the changing global economic system, private capital flows to emerging mar-

kets are surging largely through bond placements thereby virtually erasing the after-effects of the Asian crisis of 1997-98. That this is not an unmixed blessing and that it could pose serious challenges in terms of volatility of capital markets in these countries is recognised by the IMF although no prescriptive policy message seems to be on offer excepting a broad exhortation on an orderly resolution of the issue.

Amidst nagging worries at home about the possibility of a slackening of economic growth, the IMF projection of a 6.7 per cent GDP growth during 2000 and a 6.4 per cent growth next year would come as a morale-booster to Indian policymakers. That India is now on an unmistakable high-growth path is not in doubt even if the ten-year high price of crude oil at \$35 per barrel and its ramifications for the economy are taken into the reckoning. But the complimentary reference to India's economic performance, in the IMF Economic Outlook, cannot hide the fact that the growth process has been extremely uneven and such as to widen the pronounced regional disparities. The authors of the IMF Economic Outlook seem to have summoned up some clearly diplomatic prose while emphasising that "significant policy challenges need to be addressed to sustain high growth and facilitate poverty reduction over the medium-term."

The Indian economy is currently caught in the dichotomy of an upswing in agricultural output (with a host of commodities including cereals posing problems of glut) alongside of a wavering of industrial production with distressing signals of slackening of investment in all but the ICE segments (Information, Communication and Entertainment). Encouraging as the IMF Outlook is on the country's economy, it would be unwise for Governments, at the Centre and in the States, to swear by growth rates and miss out on the critical need to invest resources for filling the yawning inadequacies in infrastructure.

THE HINDU

25 SEP 2000

G-15 nations want better terms of trade

REUTERS

59-5 20/6
CAIRO, June 19. — Leaders of the Third World's G-15 group met here today to lobby for better trade terms and more aid from rich nations to cushion the cost of globalisation.

Members of the G-15, which combines 17 countries from Asia, Latin America and Africa, will seek to bolster trade among themselves and ask creditor nations to write off their debts.

"I am sure we will all work together to realise our goal, which is to make our countries part of the global economic renaissance, so that the balance between different blocs is

not disrupted and the trust between north and south is not broken," host President Mr Hosni Mubarak told the opening session.

Egyptian newspapers said the final summit communique would ask industrial nations to contribute at least 0.7 per cent of their gross domestic product to the developing world.

The communique forecasts that growth in G-15 nations will recede in 2000 for the first time in 10 years and urges members to encourage private investment to power their economies. It also envisages an "early-warning" system to prevent a repeat of the Asian financial crisis which sent

developing economies tumbling two years ago.

"Our societies are overwhelmed by the strident consequences of globalisation and the phenomenon of trade liberalisation," declared Nigerian President Mr Olusegun Obasanjo in a speech.

"The options open to us have narrowed as our increasingly shrinking world imposes on our countries a choice of integration or the severe conditions of marginalisation and stagnation. But we all know that the options cannot be that clear-cut, if only because the full implementation of globalisation is not fully understood, even by its most adamant

advocates," he said.

Nine heads of state are attending the two-day summit, which precedes a July meeting of the G-8 group of industrial nations.

Egypt wants the G-15 to have a bigger say in global trade talks, but argues that developing nations can only be taken seriously if they prove their commitment to economic reform. The G-15 consists of Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe.

The Cairo summit will discuss Iran's application to join the group.

THE STATESMAN

20 JUN 2000

Protest clouds over W.B.-IMF meet

By Sridhar Krishnaswami

WASHINGTON, APRIL 14. As small groups of protestors appear to be trickling into this city, the big question is what is going to happen over this weekend — when the Spring Meetings of the World Bank and the International Monetary Fund will officially begin by way of several meetings of the Finance Ministers, their Deputies and others delegated for the purpose.

Demonstrators have vowed to shut down the city and prevent the Ministers from going about their business on Sunday; and law enforcement is not taking any chances. The police in this city are said to be carefully reviewing what took place in Seattle last November when the Third Ministerial of the World Trade Organisation was brought to a near halt by violent demonstrations that shut the otherwise peaceful city for several days. But Washington D.C. is different from Seattle, or so the argument goes.

Students at the George Washington University are upset that the authorities have shut down the campuses from today till Tuesday. Overnight stay for guests at dormitories has been banned and students staying in these dorms must show identification at the time of entry. Some students believe that the University is taking extreme steps in the name of 'security'. But some others see it differently. "GWU: Serve the students, not corporate greed," says a sign.

But the talk of noisy demonstrations over the weekend has businesses worried as well; and much of this has to do with what went on in Seattle when masked hoodlums went on the rampage wantonly creating damage to the local businesses. With the business houses in Seattle quickly putting plywood around their establishments, it looked as if the downtown of Seattle was bracing itself for somekind of a hurricane, or had been through one. But those



Puppets of the U.S. President, Mr. Bill Clinton, and the World Bank President, Mr. James Wolfensohn, are held aloft in a protest in front of the World Bank in Washington on Thursday as demonstrators rally against projects which they claim harm Third World economies and environment. — Reuters

who did not take precautions had to pay the price. Here in Washington D.C. many business houses normally remain closed over the weekend, but some of those who do remain open plan to stay that way, protests or not.

Thus far the protests have been few and the numbers are within manageable limits for the authorities. The police have been able to ask the demonstrators to keep to the sidewalks. But no one is taking chances. If there was one major lesson out of Seattle it was not in the impressiveness of the numbers of demonstra-

tors, the 'techniques' of the riot control police or in the quantity of pepper spray used to disperse the crowd. It was the sober realisation that one act of vandalism can set off a chain of unpredictable consequences.

From the point of view of the mass media, especially the television, the focus is still on the spectacle in Miami-Dade County in Florida outside the home of the great uncle of Elian Gonzalez. And hopefully it will stay this way over the weekend however 'tiring' this may be turning out.

15 APR 2000

Protests as IMF meet begins

By Sridhar Krishnaswami

WASHINGTON, APRIL 16. Local police and other law-enforcement agencies here are bracing themselves for more "trouble" today and tomorrow as protesters, who have already defied the authorities and taken to the streets, vowed to further disrupt the scheduled meetings of the World Bank and the International Monetary Fund. As of Saturday night, police had arrested 600 demonstrators who would be processed and eventually released, provided they have an identification or at least give police a name.

1974
The scene around the World Bank and the IMF headquarters looks more like a war command zone with authorities having drawn a large security perimeter around the buildings and tightly enforcing this cordon. With the Finance Ministers and Central Bank Governors already in town for the formal two-day meetings, the situation is expected to be tighter from today, and perhaps a little more tense.

HD-1
On Saturday, police began their "offensive" against the protesters by storming and closing down a place which was being used as a headquarters for drawing up peaceful and nonviolent strategies for Sunday and Monday. The official refrain was that the building being used by the demonstrators had so many fire code violations that the "kids" would have been in trouble should a fire break out. But this has been taken with a large pinch of salt.

Few are expecting the kind of violence experienced at the Ministerial meeting of the WTO in Seattle last November. If Saturday's police response is anything to go by, the force is not leaving anything to chance. In spite of tight precautions, the early morning protests of Sunday have begun.

There has been more than just some murmur on the fashion in which these protests have come about; in the kind of message that is being conveyed and in the response of the authorities. From the outside, the demonstrators

are trying to point out the negative aspects of the road to globalisation and the continuing pressures on the developing nations as they try to come to grips with huge debts accumulated over the years.

In a statement the G-7 supported the work done by the Bank and the IMF, but went on to say that both these institutions had to continue with reforms. The G-7 stressed that the IMF had to be "transparent to the public and accountable to its members".

But differences do exist within the G-7 on the nature and scope of the reforms as also in the extent of the involvement of the private sector.

AFP reports:

The G-7, in its statement, said: "Prospects for expansion in industrial countries and the world economy more generally continue to brighten," but added, "further action is needed to promote a more balanced and therefore more sustainable pattern of growth among our economies."

G-24's call: Page 13

17 APR 2000

600 anti-IMF protesters held

DESIKAN THIRUNARAYANAPURAM
STATESMAN NEWS SERVICE

WASHINGTON, April 16. — Around 600 protesters were arrested in Washington on the eve of the annual board meetings of the International Monetary Fund and the World Bank that start here today.

Thousands of people have descended on the US capital, which also houses the headquarters of the twin international financial institutions, to protest against capitalism and exploitation of Third World countries.

The protesting groups, which have been mobilizing support via Internet ever since the Seattle World Trade Organization in December, have been holding demonstrations in street corners and on the campuses of various Washington universities.

The hundreds arrested on Saturday were rounded up for protesting without permits. A downtown warehouse used as the protest headquarters was raided for safety violations, but the banners, puppets and other paraphernalia were returned to the umbrella organization, which promptly moved its base to a church.

The protesters plan to use non-violent civil disobedience methods such as human chains and sit-ins to block the entry of international delegates at the



Anti-globalisation protesters form a human chain in Washington on Sunday. — AP/PTI

meetings. The DC Metropolitan Police, who have apparently learnt their lessons from the mayhem and damage of the Seattle protests, are not taking any chances. About 50 blocks around the IMF-WB headquarters in downtown Washington have been cordoned off. Even pedestrian traffic in the area will face dif-

ficulties in the next two days. The Indian delegation is headed by the Union finance minister, Mr Yashwant Sinha.

The week-long protests — involving a series of lectures and meetings — are joined by speakers from around the world, including Indian environmental activist, Ms Vandana Shiva.

The protests are reminiscent of the anti-war protests of the 70s, but have been organised with the technological aids of e-mail and cell phones. The protesters have been targeting a wide spectrum of issues, ranging from international trade and Third World debt to environment and labour exploitation.

One group of protesters, stripped down to their underwear, demonstrated outside a Gap store to highlight Third World poverty; another demonstrated outside a Nike store to point to the shoemaker's reputed sweatshop practices, though most of the young demonstrators themselves were wearing Nike shoes.

HD-16
19/4

WB-IMF meet focus on trade for development

By Sridhar Krishnaswami

WASHINGTON, APRIL 18. Against the backdrop of protests and a public debate on the future role of the international financial institutions — most, if not all in the context of globalisation — the Ministers attending the Development Committee have emphasised the importance they attach to preserving and strengthening the 'family' of multilateral institutions "as a powerful force for global progress, equity and stability".

The spring meetings of the World Bank and the International Monetary Fund have come to a close with a small group of noisy demonstrators trying to have their way on the last day, but foiled by the police and the weather. What should have started off with a bang on Monday, neither started nor ended that way but both the police and the protestors have, expectedly, claimed victory in the four-day standoff.

Behind closed doors where they certainly could not hear the noise of the protestors, the Finance Ministers attending the Development Committee tried to come to grips with the problem of HIV-AIDS, the linkages between Trade and Development to Poverty Reduction, the Initiative for the Heavily-Indebted Poor Countries and the role of the World Bank in the evolving Financial Architecture.

At least from a World Bank perspective, the serious problem of HIV-AIDS which now afflicts some 50 million people worldwide — including about 4 millions in India — is not just a health concern "but a severe danger to the development progress itself", the Ministers

have said in a Statement. Calling for the involvement of all sectors of society to tackle this problem, the Ministers have urged the developing and transition countries to increase their political and economic commitment in combating the HIV-AIDS.

One of the issues that has been in the forefront of the discussions of the Development Committee is the critical importance of trade for development and poverty reduction. Along with this is the growing concern that developed countries under different and newer tactics are resorting to close off products from the developing world.

In calling on the developing countries to implement appropriately sequenced outward oriented reforms that will permit trade expansion, the Ministers have said that the developed countries "have much to do" to improve market access for developing nations' exports, especially in agriculture and textiles.

On the issue of the HIPC, the Development Committee has essentially made the point that the successful implementation of the initiative will depend on the timely availability of adequate financing; and that the multilateral institutions needed additional bilateral support and on an urgent basis.

The Ministers also welcomed the progress registered in the implementation of the Poverty Reduction Strategy Approach; as also in noting that many Governments in low-income countries had begun to develop through a transparent and participatory processes, country owned comprehensive strategies that addressed the key issues on tackling poverty.

19 APR 2000

SATURDAY, APRIL 22, 2000 ✓

POINTLESS MEETINGS

959 H9-12

ANY SELF-CONGRATULATION ON the part of the International Monetary Fund and the World Bank that the 2000 Spring Meetings of the two organisations did not go the way of the 1999 Seattle conference of the World Trade Organisation would be misplaced. True, unlike in Seattle the protesters against the Bretton Wood twins in particular and against globalisation in general could not prevent even a temporary postponement of the meetings in Washington. But the deliberations themselves failed to result in any meaningful attempt to make the IMF and the World Bank more responsive to the criticisms on the streets. The Ministers and central bankers gathered in Washington did acknowledge that the benefits of globalisation are being unequally distributed. But neither the tone nor the outcome of the Spring Meetings gave any indication of a more sensitive approach.

22/4
The high-profile Heavily Indebted Poor Country (HIPC) Initiative continues to belie expectations that it will contribute to a substantial waiver of the debts of the world's poorest countries. Though the HIPC Initiative is supposed to be the public face of a new sensitivity of the multilateral institutions, the progress towards debt write-off has been agonisingly slow. This is partly because the eligibility criteria remain severe and partly because the qualifying countries have to first prepare concrete 'poverty reduction' plans before any decision is taken under the HIPC Initiative. Yet, the main creditor-nations refused in Washington to accelerate the process for waiver. Likewise, the Development Committee of the World Bank was not able to go beyond generalities in addressing the AIDS crisis in the poor countries and making world trade more inclusive. Another set of issues that has exercised the international community in recent years has been about how to cope with sudden financial crisis and how to make private creditors full participants and not mere beneficiaries of rescue

packages. But the International Monetary and Financial Committee, the main policy-making body of the IMF, was once again unable to come up with anything more than statements of intention. A year after the launch of the Contingency Credit Line, a new funding programme for countries on the verge of a financial crisis, the IMF finds that it has to reconsider the loan terms because not even a single country has sought finance under this facility. In the meanwhile, discussions continue with no answer in sight about how to 'bail in' private creditors so that they also contribute to the resolution of financial crises that they often bring about in the first place by hasty lending to some countries only to be followed by an equally hasty withdrawal. At the Spring Meetings an embattled IMF that is the subject of criticism on the streets and in national parliaments could only claim that it is committed to 'efficiency, transparency and accountability'.

While India currently does not participate in any lending programme of the IMF, it remains one of the largest borrowers from the World Bank. However, new lending to India has turned into a trickle because of the unstated sanctions imposed after the nuclear tests of May 1998. The only new loans that are being processed are for the social sector because they are supposed to be 'humanitarian' in nature (though structural adjustment loans to States have also been approved). The Union Finance Minister, Mr. Yashwant Sinha, who participated in the Spring Meetings and met senior World Bank officials on this issue, has returned from Washington satisfied that the World Bank will soon resume its full lending operations, apparently because the U.S. has expressed its willingness to lift its unstated veto. But there is no real satisfaction in this because India, a share-holder of the World Bank, has to depend on a change of heart in another share-holder, the U.S., over a patently wrong decision that has been in place for almost two years.

THE HINDU

22 APR 2000

959
10-16

Springtime protest

2264

If there was one message for the World Bank and the IMF, it was that the last has not been seen of the protests. SRIDHAR KRISHNASWAMI on the demonstrations at the Spring Meetings.

IT WAS neither a roaring success nor something that could be totally ignored; and if there was one message for the World Bank, the International Monetary Fund and the District of Columbia, it was that the last has not been seen of the protests. The scale of the demonstrations may not have been the same as in Seattle last November at the Third Ministerial of the WTO; but then the Spring Meetings of the Bank and the Fund do not have the kind of contentious agenda of the WTO.

Besides, Washington D.C. is not the same as Seattle, the

confronting the international system and specific nations, especially in the developing and transition countries, the circus will continue. After all the profile of the protestors is not going to change. And for their part, the Bank and the Fund can hardly be expected to "oblige" every one of the demands. The spring of 2000 in Washington D.C. will not be forgotten easily even if the Annual Meetings of the Bank and the IMF move to Prague this fall.

Even within the developing world, some have questioned the tactics of the protestors who have to be seen as definitely

Seen in a different perspective, many found it rather bizzare that the demonstrators were calling for the total write-off of developing countries debts, now estimated at around \$ 2 trillion, and still have capital to go around funding the ongoing projects. Others found it equally bizzare, if not painful, that some of the malaises of the world — such as the evolution and spread of deadly diseases — were being laid at the doors of the Bank and the Fund.

The impact of the protests is not in how many people were arrested, the number of smoke

done in the realm of debt relief or poverty alleviation.

It is tempting to look at what happened in Seattle last November and in Washington D.C. this spring and argue that protests against international financial institutions, especially the Bank, the Fund and the WTO, are here to stay. Perhaps even that organised protests are becoming "full time" in terms of organisation and management. From the outside is a charge that institutions such as the Bank and the Fund do not want to reform or even talk about it; and from the inside the often-heard refrain is that the dialogue is being expanded but at the same time a rational one is difficult to conduct.

If the political right in the U.S. was tickled at protestors going after the Bank and the Fund, it should not come as a total surprise. For quite some time now the right wing has been lashing out at international institutions — the United Nations included — with some making the point that many of these ought to be shut down as they had outlived their utility. One argument has been that the inability on the part of the world's poor to pay back their debt is proof that the Bank-Fund road had not lead to development.

In all the fancy talk of what has gone wrong with the Bank and the Fund — that is from a developmental, lending and advisory perspective — the political right in the U.S. is quite mute on a valid point raised by those in the streets. This has to do with making these institutions "more democratic", a point conceded by even top officials of these institutions.

The irony is that international institutions are expected to ensure the promotion of democracy and good governance when the manner in which the leaderships of these institutions are chosen is perhaps the most autocratic one involving the U.S. and Europe. In many instances, the decision is handed down and often involves a fancy choice from a "list" of one candidate. Uncomfortable but qualified candidates are brushed aside to accommodate the whims and fancies of one major power. But all this is expected to change even if no one is taking bets on when this will come about.



Protesters took to the streets of Washington D.C. last week against the policies of the World Bank and the IMF.

police had ample time to prepare for any eventuality. And the protestors' "luck" being what it was, the weather too was not on their side. In the end, nearly everyone and anyone involved in the Spring Meetings — both inside and outside — claimed victory.

Few at the international financial institutions in question are heaving a permanent sigh of relief. With meetings scheduled once every six months or so to take stock of the issues

more than a bunch of college students trying to humour themselves during their spring break. In fact, one argument is that the demonstrators' intentions may have been correct but the way they went about expressing them was wrong. The other view was that the noise and the show of force was the only way to get the "message" across to institutions and Governments who have long shied away from their real responsibilities.

bombs hurled by police, or in the volume of pepper spray used. The impact was what the city was talking about for four days — the protests, the rationale and the possible outcomes, both short and long term. If senior officials of the Bank and the Fund were at a loss to understand not the motivations but the tactics of the demonstrators, some of it had to do with a perception that people on the outside really did not understand the work being

THE HINDU

23 APR 2000

Sinha focuses on infrastructure at ADB meet

PRESS, TRUST OF INDIA and ASSOCIATED PRESS

CHIANG MAI (Thailand), May 6. — The Asian Development Bank's (ADB) annual meeting opened here today in this northern Thai city with the Finance Minister, Mr Yashwant Sinha showcasing five major infrastructure sectors as holding major potential for Foreign Direct Investment (FDI).

Participating in ADB's high-level round table meeting, Mr Sinha identified power, telecommunications and information technology, roads, ports and civil aviation as the five sectors in India where vast opportunities were available.

He said the country needed \$ 71 b alone in roads and communication in the next 4-5 years and policy initiatives had been put in place for this purpose.

In telecommunication, he said, abundant investment opportunity existed in basic and cellular telephony, communication infrastructure, optic fibre cable, gateways, satellite-based communications, software development and IT enabled services.

"It is estimated that 75 million telephone connections will be required by 2005 and 175 m by 2010. "At current prices, this translates into an additional investment of nearly \$ 37 b by 2005 and \$ 70 b by 2010," he said.

Mr Sinha said that investments worth

about \$ 34 b were needed till 2005-06 for the development of national and state highways, of which private sector investment was to be \$ 8.3 b.

"Opportunities (for FDI) exist in highway construction, four-laning of over 35,000 km of national highways and highway related

said.

"The government is encouraging private sector participation in construction and operation of new airports like Bangalore and Goa," Mr Sinha added.

On the power sector, Mr Sinha said enhancement of capabilities in generation, transmission and distribution to meet a demand of nearly 200,000 MW by 2012 will offer a huge potential for FDI.

Transmission projects for power transfer are also available for competitive bidding both within states and inter-state, he added.

Import of LNG was being considered for setting up large capacity combined cycle power plants, he said.

Meanwhile, while the meeting was in progress, a group of about 2,000 demonstrators pushed over crowd-control barriers and confronted riot police today in protest against the ADB.

They chanted slogans like "ADB go to hell," and sat on both ends of the road outside the Chiang Mai University venue, vowing to block the dele-

gates from leaving.

The delegates left via a rear entrance

The demonstrators view the Manila-based ADB as another multilateral institution that promises to help developing countries but reinforces its global financial order at the expense of the poor.



A protester burns an effigy of Thai Prime Minister, Chuan Leekpai in front of the Chiang Mai University Hall near the venue of the ADB meet. — AP/PTI

en route activities like restaurants and motels," he said.

Port areas identified for private sector investments include leasing out of existing port assets; creation of additional assets, leasing of equipment and floating craft from the private sector, pilotage and captive facilities for port based industries, he

THE STATESMAN

MAY 2000

MAY 2000

U.S. speaks out, Japan differs

HD-13 By P. S. Suryanarayana

CHIANG MAI (Thailand), MAY 7. The U.S. today went on a diplomatic offensive of plainspeak on certain aspects of the profile and prospects of the Asian Development Bank. Japan, tuning itself to a wavelength different from that of the U.S., announced a 10-billion-yen fund within the framework of the ADB for poverty scale-down programmes.

The U.S. said there was no convincing case for additional capital resources for the ADB as a near-term priority. In contrast, Japan openly supported a study of the bank's future requirements of capital resources.

At the 33rd annual meeting of the ADB Board of Governors in this northern Thailand town, the Assistant Secretary for International Relations at the U.S. Treasury, Mr. Edwin M. Truman, took a dim view of the proposal for the creation of an 'Asian Monetary Fund.' In maintaining that "the devil is in the details," he echoed the objections articulated in the very same words by the Finance Minister, Mr. Yashwant Sinha, on this subject yesterday.

Mr. Truman was less harsh on the idea of a currency-swap arrangement, as agreed upon by the Association of South East Asian Nations and its East Asian dialogue partners, Japan and China, besides South Korea.

The currency-swap idea, widely suspected to have been blessed by Japan as an initiative that could enable it to keep an eye on a region it regards as being in its sphere of economic influence, is seen as a possible prelude to a regional monetary fund itself.

Noting that regional cooperation for mitigating financial crises was known to the western hemisphere too, Mr. Truman said that the idea of an ASEAN-plus-three currency swap could be commendable if it were to bring about the necessary adjustments. However, the question of an 'Asian Monetary Fund,' not yet delineated, would need to be assessed on details.

Perceptual differences between Washington and Tokyo on the state of Japanese economy in the context of its role as the motive force for financial recovery in South-East Asia, came to the fore. Japan took the line that its own economic recovery had now attained a self-sustaining phase that enabled it to announce the fund for poverty alleviation. But Mr. Truman countered, when asked about this at a media event outside the meeting, that the evidence on the ground did not point to a self-sustaining recovery by Japan.

At the conference *per se*, Mr. Truman said that "the Japanese economy continues to be a drag on both regional and global growth." Japan must "pro-

vide an open and growing market for its neighbours."

While he argued that "the most potent weapons in the fight against poverty" were "market-led growth and economic openness," the Japanese Finance Minister, Mr. Kiichi Miyazawa, unveiled the 10-billion-yen tranche as an anti-poverty grant.

The grant, Mr. Miyazawa said, could be disbursed under the ADB auspices to make its own poverty-reduction programmes more effective. He later indicated at a media event that the amount could be deployed for information technology activities insofar as they were related to the anti-poverty agenda. Although the latest offer was in line with Japan's practice in recent times in taking financial initiatives of aid to either crisis-struck or poverty-hit economies at multilateral fora, the U.S. today was not amused.

Mr. Truman told the ADB Board that it "still trails other institutions," notably its counterpart in Africa, in promoting good governance in member-countries as one of three critical aspects of the poverty-reduction strategy. "This is particularly disappointing," he said, noting that the ADB "was the first to have Board-approved policy on governance" steps must be taken to restore the ADB's leadership role in this sphere.

Even the ordinary funding through the ADB windows should be extended to the members "only when clearly justified by performance and where other resources are not supplanted." "For emerging economies, assistance strategies must promote policies that serve to improve access to private markets."

On the ADB's future role, Mr. Miyazawa said it should be assessed as to how the institution should respond to "the decentralisation or the World Bank" as part of a changing world economy. The accessing of international capital markets by the emerging market economies and the development of private sector would be other aspects of ADB's long-term strategy, he noted.

Evaluating the ADB's prospects, the U.S. representatives said that Washington would not be found wanting in playing the role of "a reliable partner" in the sphere of concessional lending. Noting that the ADB's "current East-West organisational construct has its deficiencies," Mr. Truman said the U.S. would "support a structure that promotes a more cohesive implementation of policies." Regions "are not the most appropriate basic structure," he said.

The U.S. also advocated the early signing of a memorandum of understanding between the ADB and the World Bank for coordination between the two.

THE HINDU

- 8 MAY 2000

ADB welcomes early repayment of crisis loans

ASSOCIATED PRESS

CHIANG MAI (Thailand), May 8. — The Asian Development Bank would welcome early repayment of loans made to countries that were hit by the regional financial crisis but isn't pressing them to do so, ADB President Mr Tadao Chino said today.

"We're not making any request for early repayment of the assistance given in the Asian financial crisis," Mr Chino told a news conference after the bank's three-day annual meeting.

But he noted that South Korea, which has grown strongly out of the crisis, had been "very supportive of us and cancelled the last tranche of their borrowing".

South Korea, Thailand and Indonesia were granted billions of dollars from the Manila-based ADB and other international financial sources to tide them over the crisis that erupted in mid-1997.

The upheaval has now passed

and these nations are undergoing economic recovery. Mr Tadao said that the loans were made on the basis of agreements, and therefore it is up to the countries that received them to repay earlier than scheduled, if they want.

After addressing the ADB's board of governors yesterday, assistant US treasury secretary, Mr Edwin M. Truman, told reporters that recovery in Asia should put those nations in a better position to repay.

Mr Truman said that South Korea's \$85 billion in foreign exchange reserves was a sign of improvement

and that Seoul should give "serious thought" to repaying

World Bank and International Monetary Fund ahead of time.

The remarks were made in the context of Mr Truman rejecting a push by the bank's management and Japan, which like Washington holds a 13 per cent share in the bank, for a capital increase.

The United States believes the organisation, which has a mission to eradicate poverty in Asia, should use the money it already has to select better loans and not compete with private lenders.

NPAs in India: India's plan to establish an asset management company to resolve bad bank debts and spur new lending won't mean a

quick resolution of debt problems, an official said on Monday.

Mr E.A.S. Sarma, a top official at India's finance ministry, said the country's levels of non-performing bank loans were not as high as in many Southeast Asian countries, "but we are mindful" they need to be reduced.

Mr Sarma was speaking at a seminar on the final day of the annual meeting of the Manila-based Asian Development Bank.

Asset management companies, generally organised by finance ministries and central banks, have been a common solution for many Asian governments seeking to unburden their banks to make new loans and spur economies after the regional crisis of 1997.

However, Mr Sarma said that merely moving bad bank loans to an asset management company isn't the final fix, since write-offs will need to



Demonstrators burn the Asian Development Bank flag outside a hotel on the final day of the 33rd annual meeting of the bank in Chiang Mai on Monday. — AP/PTI

the ADB and Washington-

9 MAY 2008

It's going to be a long TRIP

Getting to the 'appropriate' patent laws appears to be a long haul for developing countries, says Biswajit Dhar

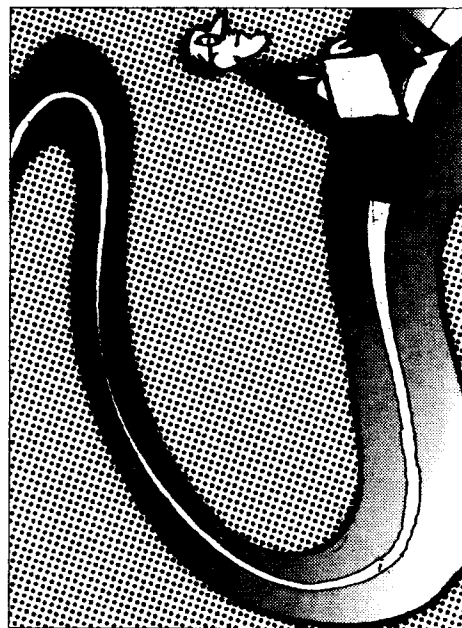
Among the many agreements that were concluded at the end of the Uruguay Round negotiations possibly the most debated has been the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). The debate, in developing countries in particular, which had centred largely around rejection of the TRIPs Agreement before the Uruguay Round negotiations had concluded, changed to one in which interpretations of the more contentious provisions of the Agreement to protect the interests of these countries came thick and fast. These interpretations have shown that there are indeed spaces within the Agreement on TRIPs, which can be exploited. However, recent experience has showed that these spaces would not come very easily. As countries have started making amendments to their intellectual property laws in keeping with these interpretations, there have been several instances where the larger trading countries have challenged some of these interpretations in the WTO. In fact, the recent report of the United States Trade Representative (USTR) on the investigations made under Section 301 (Special 301) of the 1988 Trade Act indicates that the US would open a broad front against countries which have not complied with their commitments made under the TRIPs Agreement.

Two of the recent disputes should be of interest to India and both of these are in the area of patents. The first is the EC-Canada dispute on the so-called Bolar Provisions which allow for research and

development of a generic product prior to the expiration of the patent term, along with allowing for application for regulatory approval. The term 'Bolar' comes from 1984 legislation passed in the United States following the court case, Hoffman La Roche versus Bolar on this issue. The basic idea behind the Bolar Provisions is to create conditions so that the generic drug manufacturers can introduce their products immediately after the patent term of a drug lapses.

EC, while bringing the dispute before the WTO, contended that two provisions of the Canadian Patent Act violated among other provisions, the exclusive rights of a patentee provided in Article 28.1 of the TRIPs Agreement. In the first place, Section 55.2(1) allowed third parties to carry out all activities related to the development and submission of information which are required to obtain marketing approval for pharmaceutical products without the consent of the patent holder at any time during the patent term. Second, the Manufacturing and Storage of Patented Medicines Regulations allowed stockpiling of patented drugs intended for sale after the date on which the term of the patent expires.

In its ruling, the dispute settlement



authority responsible for granting marketing approval would not be considered as an infringement of patent rights. Thus, while the Canadian Patent Act does not specify any time frame within which the above mentioned acts can take place, the proposed amendment to the Indian Patents Act stipulates a period of three years prior to the expiry of the patent term.

The second case before the WTO, one which is of immense significance for countries like India, pertains to the requirement of "local working" as a condition for enjoyment of exclusive patent rights. The US has brought this case against Brazil as the latter provides in its patent law that "local working" can only be met by local production and not by importation of the patented product. This provision, the US maintains, violates Article 27 of the Agreement on TRIPs, which requires that patent rights are "enjoyable without discrimination as to whether products are imported or locally produced".

This case assumes importance since patent laws of several countries, including India, provided for the grant of compulsory licences to ensure that patents are 'worked' in the country of grant. For instance,

'working' of a patent using a patented technology, was allowed through the grant of a compulsory licence under the Indian Patents Act if the patentee was unwilling to set up production facilities in the country within three years of the sealing of the patent. The significance of the compulsory licensing provision stems from the fact that it has long been seen by the developing countries as an instrument, which can be used to ensure transfer of advanced technologies from the developed countries.

The possibilities of the grant of compulsory licences under the Agreement on TRIPs have been debated thread bare in the past few years. Two issues have been raised in this context. The first is whether or not compulsory licences can be given and the second is whether "local working" can be ensured using the instrument of compulsory licensing. In the proposed amendment to its Patents Act, although India has provided for the grant of compulsory licences, there could be problems in ensuring that these licences are used to ensure "local working". This arises from the dilution of some of the key provisions of the existing Patents Act, which unambiguously provided for the use of compulsory licences for "manufacturing in India".

Getting to the "appropriate" patent laws, which can serve their larger interests, appears to be a long haul for developing countries. The road ahead is fraught with uncertainties as it would now be the WTO dispute settlement panels, which would take over the reins and provide a "clear" rendering of the provisions of the Agreement on TRIPs.

Patent weakness

The decision of the European Patent Office to withdraw the joint patent given to the US Department of Agriculture and chemical giant WR Grace, for a process to extract oil from the neem tree, emphasises the need for a multi-pronged approach to protecting Indian intellectual property. Much of the effort to protect India's interests in intellectual property has, understandably, been focused on agreements within the WTO. There are a number of issues in the agreement on Trade Related Intellectual Property Rights which affect India's interests. Gaining geographical indication for Basmati is one of them. But working out a favourable agreement within the WTO is not enough. It is also important that this agreement translates into benefits on the ground. It is here that a lack of awareness of Indian products and processes could be a major handicap. A patent could be granted simply because a patent office does not know that the process is not novel and has been a part of Indian knowledge. The withdrawal of the neem patent on the grounds that it does not meet the novelty criterion is proof that the damage can be reversed. But this can only be done if the protection of Indian intellectual property is seen not just as a matter of WTO agreements but also of monitoring the granting of patents across the world.

The current process of monitoring unfair patents is not without its weaknesses. The process is largely an informal one in which non-governmental organisations play an important role. It was the NGOs who focused attention on the unfairness of the patent for the extraction of neem oil. But while NGO involvement adds energy to the monitoring of patents, there are doubts about the comprehensiveness of such a process. NGOs tend to be specialised and focus on specific areas in which they have a special interest. Their ideology also leads them to issues where the north-south divide is evident. But unfair patents can be granted in any part of the world and to companies in the developing world as well. It is thus important that both government and industry move towards creating a formal mechanism that would provide a more comprehensive monitoring of patents.

The Economic Times

15 MAY 2000

PREVENTING PATENTS

THE SENSE OF satisfaction that Mr. Murli Manohar Joshi, Union Minister for Human Resource Development, has voiced over the revocation of a European Union patent on a neem-based insecticide may not be fully justified. The patent may no longer be valid in the E.U. but an identical one has been awarded in the U.S., Canada and Japan. The U.S. Patent Office has awarded 59 patents to neem-based products and W. R. Grace, the firm whose joint patent with the U.S. Department of Agriculture was revoked last week, holds 14 other U.S. patents on neem-based products that act as pesticides and fungicides. Clearly, it will be an expensive and impossible proposition for the Government, through the Council for Scientific and Industrial Research, to fight each and every patent in different parts of the world that involves some form of bio-piracy.

There are three kinds of products and processes, involving either indigenous plant resources or traditional forms of knowledge, that require some form of protection in the current regime of global intellectual property rights. The first is herbs and plants that have identified medicinal or other uses and which have been public knowledge for centuries. The second is products and processes in the indigenous forms of medicine which have been developed and used by particular local firms or individuals but have not been patented or copyrighted. The third is the possible development of products in the future that use local genetic resources. In each case, local resources or the knowledge of indigenous communities have considerable value for global firms. But to prevent what is in the public domain from becoming private property and to ensure that the indigenous communities are suitably rewarded for their past efforts, a distinctive approach is required in each instance. The Indian herbs and plants with known medicinal and other properties are innumerable, they are also poorly documented. The only way in which what happened with turmeric (whose healing properties were patented in the U.S. before

India had the patent revoked) can be prevented with other common practices is to collate all known information on such traditional knowledge, back it up with documentary evidence and enter it into the databases of the patent offices of the U.S., the European Union, Japan and other advanced countries. If a patent application is yet presented for traditional processes then the presence of this information in the database will show that the application does not meet the criterion of novelty, one of the three criteria (inventiveness and usefulness being the other two) required for the grant of any patent. Since much of traditional and indigenous knowledge has not been 'scientifically' studied, the necessary documentary evidence may even have to be in the form of references to historical texts. Such compilation of data cannot also be done in a short span of time, but a painstaking collection of information over a long period and its entry into global patent office databases is a better protection against bio-piracy than fighting individual patents in the developed countries.

The second issue of processes developed by local firms and individuals using indigenous plant material quite clearly can be dealt only by either copyrighting the process or patenting the product. The third possibility of a firm developing a new product altogether using indigenous genetic resources is one that is more difficult to challenge. The option here is work towards a global implementation of provisions of the Convention on Biological Diversity which call for home countries to be suitably rewarded for use of their genetic resources. Unfortunately, with the U.S. still unwilling to sign the eight-year-old CBD, this is at present a remote possibility. The other alternative is to attempt to use the intellectual property rights agreement at the WTO for the same purpose, though there as well opposition from the developed countries is preventing a discussion on the incorporation of appropriate clauses in the agreement.

THE HINDU

24 MAY 2000

China-EU
trade deal
opens up
road to WTO

REUTERS

BEIJING, May 19. — China overcame its last major hurdle to its WTO membership today by signing a market-opening pact with the European Union, a deal immediately hailed with relief in Washington.

Although EU negotiators failed to trump a similar agreement reached by the Americans in key areas of telecom and insurance, they managed to push the Chinese to speed up market opening.

Beijing also agreed to widen the scope of foreign access to its market of 1.3 billion people, and promised to cut tariff on 150 major European products like wines and spirits.

All concessions made to the EU will automatically be enjoyed by other WTO members. The breakthrough after five days of talks is expected to boost Mr Clinton's efforts to sell to Congress the deal with China on WTO entry.

20 MAY 2000

62-8

Progress at WTO

On the face of it, the decision of the General Council of the WTO to tackle implementation issues, beginning next month, represents a major victory for India and other developing countries. The focus of our efforts in the WTO in recent years has been to highlight the weaknesses in the implementation of agreements that have already been reached. But this is only a part of a larger pattern emerging in the WTO. At the centre of this is the emphasis on informal systems. After the formal mechanism of the ministerial conference collapsed at Seattle, the WTO bureaucracy committed itself to getting member states to address some of the issues informally. And implementation is just one of the issues on which it has now reported progress. The Director General of WTO, Mr Mike Moore, has also spoken of "tangible and meaningful" improvements in market access in favour of least developed countries (LDCs). He has also indicated progress towards higher spending within the WTO on technical cooperation. And, perhaps most significantly, there is a growing opinion that informal meetings of the General Council are the answer to the problem of transparency in the WTO. The informal involvement of all members of the General Council undoubtedly represents a major step forward in the democratisation of the WTO.

The benefits of democratisation are reflected in the greater attention being paid to concerns of developing countries. But it is not without its challenges for India. As the numbers game gathers momentum, there are fresh initiatives to woo the economically weaker member nations. And this is taking a course that is not necessarily in India's interests. Any movement towards duty free access to the markets of developed countries to products from LDCs would make it that much more difficult for Indian exporters to compete in these crucial markets. And may also soften the opposition of the LDCs to uniform labour standards and other such contentious issues. As the nature of the WTO undergoes a quiet but significant change, India needs to review its strategy in world trade negotiations.

The Economic Times

22 MAY 2000

US nod for new IMF chief

REUTERS

WASHINGTON, March 14. — The struggle to find a new head for the International Monetary Fund effectively ended when the USA promised to back Europe's new candidate for the high profile position.

White House spokesman Mr Joe Lockhart, ending months of bickering between the Washington and Europe, said President Bill Clinton would support Mr Herst Koehler, the new European candidate to head the global lender.

Mr Koehler, the head of Eastern Europe's Development Bank, would come to Washington soon to put his case to the IMF board of directors, which is responsible for appointing a new managing director, Mr Lockhart said.

"The President told Chancellor Gerhard Schroeder that the USA was prepared to support Mr Koehler as the new head of the IMF," Mr Lockhart said in comments which stopped short of a ringing endorsement for the German nominee and his qualifications.

"The President and Mr Schroeder agreed that Mr Koehler should come to Washington to meet the IMF board, particularly with the developing

countries...the President and Mr Schroeder also agreed that Mr Koehler should retain the talented management team at the IMF."

Mr Koehler is Europe's second candidate for the IMF job. Mr Schroeder nominated him last week after Washington vetoed Germany's first candidate, complaining that deputy finance minister Mr Caio Koch-Weser did not have the clout or the experience needed for the job.

Washington also wants to ensure developing countries are not alienated in the hunt for a new IMF boss and has repeatedly insisted these countries are consulted in the debate.

The IMF, under fire in the US Congress for misguided policies, controls billions of dollars which it can lend to member states. It monitors the economic performance of countries around the world and provides advice to governments and central banks. The post of IMF managing director has been vacant since France's Mr Michel Camdessus quit last month. The post is traditionally held by a European, while an American traditionally heads the World Bank. Mr Koehler, who won a speedy endorsement from major IMF shareholders, will start on a stronger footing than Mr Koch-Weser would

THE STATESMAN

15 MAR 2000

U.S. businesses opposed to taking labour to WTO

By Sushma Ramachandran

NEW DELHI, MARCH 18. U.S. industry with interests in India is opposed to bringing core labour standards under the purview of the World Trade Organisation (WTO). It agrees with the Indian Government that labour standards should be tackled by the International Labour Organisation (ILO).

This was disclosed here today by the executive director of the U.S. India Business Council, Mr. Michael Clark, who described the U.S. President, Mr. Bill Clinton's remarks on trade sanctions at Seattle as being "not in good faith". He said U.S. industry was perplexed by Mr. Clinton's comments on this issue at the WTO meeting.

Mr. Clark hinted that the U.S. administration would shift its stand on this sensitive issue, bringing about some convergence in this area between the two

countries. Though the U.S. Ambassador, Mr. Richard Celeste, today said market access and non-trade barriers were not on the formal agenda for talks, the U.S. Commerce Department planned to discuss these issues, according to USIBC documents.

Talks on these areas are expected since the U.S. Commerce Secretary, Mr. William Daley, will be accompanying Mr. Clinton on the visit as well as the Deputy U.S. Trade Representative, Ms. Susan Esserman. However, the Treasury Secretary and the Energy Secretary will not be present largely because of domestic preoccupations such as the rising price of gasoline owing to a spurt in world prices.

According to Mr. Clark, who spoke to correspondents on the sidelines of the Amcham conference, the final shape of the 150-member business delegation would be available only by tomorrow.

But the list of participants finalised till now shows that it includes a number of Indian Americans well as Silicon Valley whiz-kids. The companies represented include Ammay, AIG, AT & T, Bank of Chubb, Cisco, CMS Energy, Coca-Cola India, Corning, Merrill Lynch, Eastman Kodak, Oracle, Pratt and Whitney, Procter and Gamble, Sun Microsystems, Enron, Ernest and Young, General Motors and Hewlett-Packard.

The well-known Indians on board include Mr. Kanwal Rekhi of The Indus Entrepreneurs (TIE), Mr. K.B. Chandrashekhar, Mr. Krishna Srinivas of PCS, Mr. Ganesh Ayyar of HP and Mr. K.N. Memani of Ernest and Young. The former American Ambassador, Mr. Frank Wisner will represent the American International Group (AIG) while Mr. Anshuman Mishra will come on behalf of the Deepak Chopra Center.

THE HINDU
19 MAR 2000

WTO panel splits over generic drug patents

By Randall Palmer

OTTAWA: A World Trade Organisation panel, in a dispute balancing cheaper drugs with rewards for corporate inventors, ruled on Friday that Canadian generic drug makers could keep developing products before patents expire.

But in a decision with global implications, the panel also ruled that Canadian companies could no longer make and stockpile replica drugs in the six months before the 20-year brand-name patents expire. Developing countries such as India and Brazil, eager to make or buy the cheaper drugs as quickly as possible, had lined up with Canada against the European Union and Switzerland, home to major drug companies. The EU had launched the challenge.

The Canadian government and generic drug makers spun the decision as a victory, despite the partial loss, since the provision allowing generic firms to test, develop and seek regulatory approval ahead of time was much more valuable.

The United States, which allows similar pre-expiry testing, had backed Canada on that point but opposed the stockpiling. Japan mirrored the United States. Canadian officials said it often took three to six years to develop, test and get approval for drugs. To only be able to start that process after the patents expire would effectively extend the patent period by three to six years.

Canada has companies on both sides of the divide, and it tries to be sensitive to intellectual property rights, but it is also interested in keeping down government and private costs. Total drug expenditures in Canada in 1998 are estimated at C\$12.2 billion (\$8.3 billion), 40 per cent of which is paid for by government, 40 per cent by private plans and 20 per cent paid in cash, Canadian officials said.

The generics are on average 50 per cent cheaper in Canada, according to the generic Canadian Drug Manufacturers Association, so big savings are possible by switching as quickly as possible away from brand names. Brazil's market is even larger, at \$9.6 billion a year. CDMA president Jim Keon said the stockpiling ban will delay production only by about three to four weeks, instead of the years required for testing and regulatory approval. "Stockpiling is worth about 2 per cent. The other (the regulatory exception) is worth about 98 per cent," he said. "Overall we're delighted, only because the downside was far, far worse." (Reuters)

THE TIMES OF INDIA

19 MAR 2000

China's WTO entry likely soon

Sheila Mathrani

GENEVA 26 MARCH

AFTER THE lapse of over a year, the World Trade Organisation's Working Party on China met last week, signifying progress in its accession process.

China could qualify to become a member of the World Trade Organisation (WTO) earlier than imagined with the European Commission's trade commissioner Pascal Lamy and his delegation presently in Beijing for bilateral talks, and China's accession process in the final stages in the WTO.

Upbeat on the progress in bilateral talks, the Working Party chairman, Ambassador Giraud of Switzerland, let it be known that there had been very "major progress" in the informal meetings and, therefore, the time was ripe for discussions on the accession text and the annexes. Only 10 countries of the 37 members which had conducted bilateral consultations on market access with China are left to complete the bilaterals — of which the EC is the most important other trading partner that has not signed up. Therefore, the EC bilateral with China is being closely followed.

The EC wants greater concession for itself than what the US has managed to get. Whether it manages to extract them from China depends on whether China



ROYAL TRAPPINGS: A local helps out a European tourist as he prepares to have his photograph clicked in a Chinese emperor's costume at the Forbidden Palace in Beijing on Sunday

AFP

feels it worthwhile. The next meeting is scheduled for the week of starting May 8.

Countries that have concluded negotiations are Argentina, Australia, Brazil, Chile, Czech Republic, Canada, Cuba, Colombia, Hungary, India, Iceland, Indonesia, Japan, New

Zealand, Norway, Pakistan, Peru, the Philippines, Singapore, Slovak Republic, Sri Lanka, Thailand, Turkey, the US. Those who have to complete their deals are the EU, Costa Rica, Ecuador, Guatemala, the Kyrgyz Republic, Latvia, Malaysia, Mexico, Poland and Switzerland.

At the Working Party meet, China's chief negotiator, Mr Long, thanked the "silent majority" of 98 WTO members for not engaging in bilateral negotiations and thus supporting its accession request. Countries sought clarification from China on its laws on various subjects.

Do rich countries take Unctad seriously?

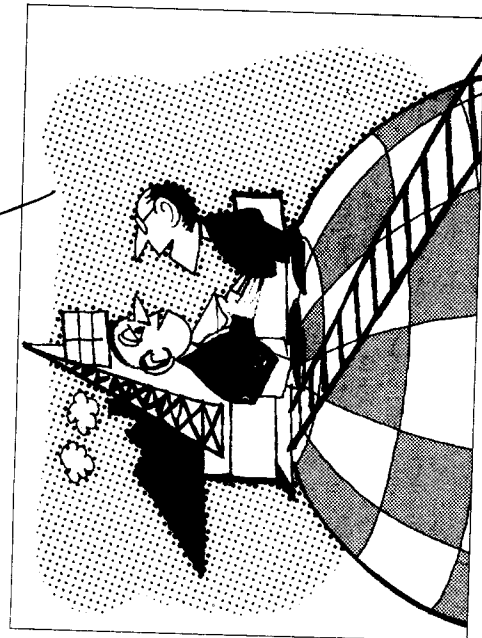
John Weekes banged his fist on the table and screamed: "We were not a part of that decision". This happened on a nice sunny day in

October 1996 in Geneva, when we (Representatives of Consumers International) were lobbying trade ambassadors. Our mission was to influence governments in the run up to the first ministerial review conference of the World Trade Organisation scheduled in December at Singapore. We were taken aback and just kept mum. Weekes was the then Canadian ambassador to the WTO in Geneva. In a totally unexpected manner he reacted angrily to my simple question. It was: "why are the rich pushing for discussions on investment rules at the WTO, when the international community had agreed at the UNCTAD IX, that UNCTAD should begin work on this issue?"

UNCTAD IX was held in April-May 1996 at Midrand in South Africa. Tragically only nine of the 26 rich OECD countries were represented at the ministerial level. Those that were, had junior ministers mainly. A similar scene was observed at Bangkok at the UNCTAD X, which was held in mid-February 2000.

Of the 29 odd members of the OECD, only about 8 had ministers, but that also either junior ones or the ones which are dealing with development cooperation. The only exception was Japan, whose prime minister was participating. Most developing countries had Cabinet level ministers, and many, like India, who are responsible for trade. Not only officials, but even

It was hoped the 'spirit of Bangkok' will help countries overcome the 'Seattle trauma', but that was not to be, laments Pradeep S Mehta



debris", he said to a loud applause by the audience.

However, when it came to brass tacks about debt write-off or even tariff concessions to the poorer countries, the conclusions at the Bangkok did not offer any new direction. These issues were discussed rather actively over the duration of the conference. Said Juan Somavia, the director general of the International Labour Office, as one of the key speakers at the conference: "I would like to see the international organisations dealing with financial matters giving much more importance to capital that produces goods, creates jobs, etc., than to a 'casino economy' that has financial flows moving all over the place". The rich resisted any such overhaul. The draft on reform of the international financial architecture was watered down to reform of the international financial structure.

That is how the UNCTAD stands, while many in the civil society have much hopes the reality is that it is the WTO which has the teeth and therefore it is here where the future action will be. That is how even the rich are looking at a future scenario. This is not say that UNCTAD's role will diminish. Even as a talk shop it will continue to operate on the sidelines and wield some influence on the mainstream process. As far as the poor south is concerned, they will need to continue to support its role.

The author is the Secretary General of the CUTS Centre for International Trade, Economics and Environment, a Jaipur-based research and advocacy group.

"applying the lessons of the past to make globalisation an effective instrument for the development of all countries and all people".

It was fondly hoped that the "spirit of Bangkok" will help countries overcome the "Seattle trauma", but that was not to be. As a powerful symbol of the existing scenario in international economic relations, Ricupero highlighted the last day's ceremonial alms-giving to Buddhist monks in return for merit, as a parable on the need to temper the rich countries' control over wealth with a thought about caring for the poorer countries.

As one commentator described it, the "right to dream" was the central theme of the Bangkok enclave. This point was made by the Algerian President, Abdelaziz Bouteflika in a strong critique of the response to Africa's crisis by the rich countries. He was speaking at a panel discussion on the last day, where other speakers included the heads of governments of Thailand, Mozambique, Dominican Republic and Morocco. "Writing off the debt of 33 poorest African countries, which could not pay the debt anyway was only a gesture, a 'macabre scene' where a creditor visits a dying man to forgive his

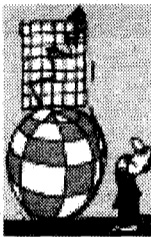
WTO was established in 1995 the USA even suggested closing down UNCTAD as it would have a little role to play. But it survived after a tacit understanding that it will work as an agency which can promote trade and investment liberalisation. In pursuance it continued to provide assistance on international trade negotiations to developing countries. At another level, it also looked systematically at issues in an objective manner producing some very good annual reports on trade and development, least developed countries and on investment. Its current analysis on the plight of developing countries in the existing globalising economy encouraged the venerable secretary general of UNCTAD, Rubens Ricupero to call for the Bangkok meeting to be the "world parliament for globalisation". The theme chosen was

the civil society of the North did not have as many representatives as they had at Seattle, where the non-starter third ministerial conference of the WTO was held in December 1999. This about reflects the disdain that rich countries have for UNCTAD.

The message which came out clearly at Bangkok was that it is UNCTAD's job to promote trade and investment, and to help developing countries 'understand' its benefits. At least the scene was better than the ninth conference, where the fate of UNCTAD was a big question mark. It survived then and will continue to provide technical assistance to developing countries to cope with the demands of the rich for new deals, and further market openings.

UNCTAD was established in the 1960s by Raul Prebisch as it first secretary general. It had carved out a role to help developing countries to improve their capacities in international trade. Primary commodities was one important area of its work, where it had helped negotiate international agreements. None of the accords — except one on rubber — exist any longer, and even the section dealing with commodities in UNCTAD has been downsized substantially. When the

WTO: Address the trade impediments



The failure of the Seattle talks gives all countries time to do some much-needed introspection. Trade negotiations on any issue ought to be in a broader development perspective. This applies no less to IPR Agreement. IPR, devoid of developmental concern, is not much of relevance — more so to

the developing countries. The UNCTAD, for this reason has underlined in its Trade and Development Report 1999 that the cost of the TRIPS Agreement (in the present form) to developing countries is outweighing its benefits.

Does this not warrant a relook and review of the TRIPS Agreement which suffers from many anomalies? For instance, while all out efforts are being made to bring industrial products including even life saving drugs and environment protective equipment under the patenting system, the plant breeders right is treated differently. Consequently there is a no holds barred rush towards patenting of anything or everything.

Similarly, the TRIMS agreement, instead of helping build competitive strength of developing countries is proving to be more discriminatory and creating trade impediments. It is not unknown that many of the MNCs, in their Investment Agreement, have been inserting restrictive clauses to prohibit entry of the prod-

J C SRIVASTAVA

ucts manufactured with their collaboration into their own markets. In many cases discriminatory tariff rates are applied. Instead of removing this kind of a dual standard, a more comprehensive multilateral investment agreement is being mooted to seek restriction-free entry and national treatment. Developmental priorities of the host countries do not seem to be taken cognisance of, nor given importance to, in the proposed multilateral investment framework. This kind of a problem can be narrowed by putting in place a proper policy frame for FDI instead of negotiating a new Multilateral Investment Agreement.

Again competition policy devoid of a level playing field will become counter productive — more so for developing countries. It is, therefore, premature to take up discussion on this issue under WTO unless sound ground is prepared for eliminating its adverse fallout on developing countries. However, a competition law *per se* is not unwarranted. In fact, a country specific policy ought to be formulated, to begin with. The General Agreement on Trade in Services (GATS) provides flexibility in the timing and choice of sectors to be opened up. GATS is also expected to help better access to information network, distribution channels and new technology. In actual practice, the Agreement appears to be tilting

more in favour of developed than developing countries. Is it not a fact that all out efforts are being made to open the markets for capital intensive services while the labour intensive services are deliberately kept under the restricted zone?

The special and differential treatment for developing countries has been a key element of erstwhile GATT and Article XVIII of the Uruguay Round Agreement 'to preserve the right of developing countries' to take certain measures as part of their overall development strategy. It is, therefore, essential that S&D should be linked to specific economic and social criteria as suggested by UNCTAD and made an integral part of the WTO monitoring system. Further, the recommendation of this UN body to establish a clear linkage between further trade liberalisation and transfer of technology must be given utmost consideration. There is also the need to review the adequacy of transition period for the compliance of the WTO agreements that terminate in the year 2005 or earlier. This is a matter of considerable significance and needs to be given due consideration, as pleaded by UNCTAD, in order to help developing countries gain competitive strength to participate better in the global market.

It is time the WTO addressed the trade impediments and helped create necessary ground for global trade to expand at a faster pace rather than load its agenda with more and more new and non-trade related issues.

The Economic Times

1 FEB 2000

Seattle echo on globalisationSM reaches Davos

*Move^{1/2} could lead to economic
destabilisation, warns India*

DAVOS: Seattle came to Davos after all. The 30th World Economic Forum (WEF) annual meeting has made it clear—both as a concept and in terms of actual violence—that sentiment against economic globalisation has become an issue which won't go away.

What authorities feared came to pass: despite a demonstration ban imposed for Saturday, protesters, mainly from France and Italy, came anyway under the banner of the "Anti-WTO Coalition". What started out as a peaceful march turned into a riot, drawing the police out to use teargas and firing warning shots twice.

Prompted by violence and protests, U.S. President Bill Clinton in his speech urged the world's power-brokers to take seriously the "wake-up call" of people who are worried about globalisation.

While making it clear he did not share the view of those opposed to WTO outright, Mr Clinton said "those who believe globalisation is only about market economics... are wrong". Political and business leaders would have to find a way to include the opponents in the dialogue, he declared.

"Find a way to let the dissenters have their say and turn them into constructive partners," he said. "Those who heard the wake-up call in the streets of Seattle got the right message." After Saturday's events, it was clear that the wake-up call from the U.S. north-west Pacific coast had now made it to the Swiss Alps.

After Mr Clinton's cautionary note, India on Monday warned that globalisation could lead to economic destabilisation and asked world leaders to take steps to ensure equitable growth in developing countries. "Globalisation should subserve the cause of equitable growth and human development," finance minister Yashwant Sinha said. Unless this was achieved, "opposition to globalisation would become more vocal," he added.

Mr Sinha told senior political leaders meeting informally that

there was a need to pursue right domestic policies, especially in the financial sector, besides prudent debt management. He said fears arising out of globalisation should be allayed so that higher growth and employment are accomplished to bring down the level of poverty.

Regarding a new round of multilateral trade negotiations under the WTO, he emphasised that more deliberations at the official level needed to be held to arrive at a consensus. Before contemplating a WTO ministerial meeting to finalise the next round of multilateral trade negotiations, "more work is needed to be done at the official level (at Geneva) and a lot more legwork", he said.

Mr Sinha also emphasised the need for "more flexibility" among the developed countries to provide market access to developing countries' exports. The informal meeting was attended, among others, by Chinese vice-premier Wu Bangguo, Thai deputy prime minister Supachi Panitchpakdi, Indonesia's investment minister Laksamana Sukardi, senior officials from Japan and Korea and CEOs of several companies.

Mr Sinha's comments marked the first official reaction of the Indian government after Mr Clinton said in his address that Washington was opposed to postponing a new round of trade talks and that the interests of the developing countries should not be ignored. Consensus eluded several issues, including environment, labour standards and agricultural subsidies at the Seattle ministerial meeting last month, causing a collapse of the planned new round of trade talks.

Bill Gates told international business leaders that Microsoft would refrain from the trend of media mergers and stick to creating software. Steve Case, chief executive of America Online, said his company's blockbuster merger with Time Warner would enable them to use new technologies to create "compelling" services for consumers they would have been unable to develop as single companies. (Agencies)

Beyond Seattle

By Muchkund Dubey

India should play a pro-active role in evolving a global consensus on keeping non-trade related issues outside the WTO agenda.

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THE SEATTLE fiasco has been principally attributed to the lack of transparency in the decision-making process of the WTO, magnified by the arbitrary manner in which the proceedings of the Third Ministerial Conference were conducted by its U.S. Chairperson, Mrs. Charlene Barshefsky. This is what emerges from the joint communiqués issued at the Conference by the Ministers of the Latin American, Caribbean and OAU countries. They expressed their resentment over the manner in which they were excluded from the Green Room negotiations where decisions are really taken, and refused to join any consensus which might have been arrived at in this fashion.

But this was only the ostensible reason of the failure. For, negotiations in the ultimate analysis have to take place among a relatively small group of countries. The problem of transparency can be solved by regional or interest groups nominating representatives to participate in the Green Room proceedings and these representatives keeping the wider groups constantly informed and receiving mandates from them from time to time. This is how consensus is built in UNCTAD and the U.N. system in general. This was not followed by GATT partly because of its limited membership. But now that the WTO's membership has become nearly universal, it should seriously consider adopting a similar procedure for decision-making.

The real reason for the failure of the Conference was the sheer inability of the Governments represented at Seattle to bridge, during the time available to them, the distances that separated them on major issues under discussion. This came about mainly because of the determination of major developed countries to pack the agenda with an expanding set of non-trade related issues in order to take advantage of the unique enforcement procedure of the WTO under its Dispute Settlement Mechanism. The rubicon was crossed after the incorporation of the TRIPS Agreement into the WTO and now the floodgates have opened. On the issue of a linkage between trade and labour standards, the worst apprehensions of

developing countries came true and their determination to resist this idea was reinforced, when the American President, Mr. Bill Clinton, openly threatened that, if necessary, the U.S. would unilaterally apply trade sanctions to enforce labour standards. This remains by far the most contentious issue, making it difficult to resume the negotiations any sooner in Geneva.

India should play a pro-active role in evolving a global consensus on keeping non-trade related issues outside the WTO agenda. Several eminent economists and leaders of industry in the Western countries are against linkage. Prestigious newspapers and journals of these countries, such as the *Financial Times*, *Wall Street Journal* and *The Economist* have written against it. In pursuing the linkage issue, the Governments of the Western countries, egged on by their trade unions and other vested interests, are acting out of political necessity in callous disregard of economic logic or the interest of the developing countries. One of the primary tasks ahead for India is to build a Third World solidarity on this issue and also to enlist the support of the like-minded economists and media in the Western countries. An attempt should also be made to get the TRIPS Agreement delinked from the WTO, and its character substantially altered by making it compatible with the Bio-Diversity Convention.

For countries such as India, Seattle was neither a triumph nor a source of any great comfort. It has provided only a temporary breathing space during which we must recharge our batteries and better prepare ourselves for the upcoming negotiations. Seattle failed not because of the solidarity of the South against the determination of the North to introduce non-trade related items. The fact was that the prevailing chaos and confusion did not even allow this issue to be joined seriously.

Signals received since Seattle indicate

that developing countries will be subjected to further pressure on the linkage issue. In this connection, the Summit-level agreement reached between the E.U. and the United States carries ominous portents. The two sides have agreed to work towards a new round of negotiations with an "inclusive agenda", to engage the WTO and the ILO in a constructive dialogue on labour standards, and to ensure that trade rules support and not undermine the ability of Governments to achieve higher levels of environmental protection. Vigorous pro-active initiatives are called for in order to meet the challenge thrown in by this agreement.

In Seattle, most of the issues of interest to India were discussed and on several of them consensus was very nearly reached. These now lie frozen but they cannot be written off altogether. The Draft Ministerial Text which was being negotiated in Seattle would be the basis of further negotiations once they are resumed. From the Draft Text, it appears that an agreement had been reached to launch a new round of trade negotiations. Secondly, it had more or less been agreed that there would be "a balanced and broad-based agenda to respond to the range of interests and concerns of all members..."

Thirdly, an overwhelming majority of the countries seemed to have agreed that the educational and analytical work on the Singapore Ministerial items i.e. investment, competition policy and transparency in Government procurement, would continue until the Fourth Ministerial meeting when negotiations on these items are likely to be held. Fourthly, there was a near agreement on negotiating reductions in industrial tariffs and extending until the Fourth Ministerial meeting, the commitment not to subject electronic commerce to customs duties. Finally, tentative moves were made towards setting up working groups on subjects such as finance, debt, technology transfer, and bio-technology.

We should strongly resist proposals for setting up working groups in areas which are outside the WTO's jurisdiction. We are unlikely to get anything out of the WTO in the realms of finance, debt, technology transfer etc. We will be told that we should knock at the doors of the IMF, the World Bank and transnational corporations for this purpose. But in the process, we will be a party to further weakening the U.N. on the economic side, particularly UNCTAD. It was, therefore, a mistake on the part of India to have proposed the establishment of a working group on technology transfer. The very fact that we have made such a suggestion would pave the way for setting up working groups such as that on biotechnology to which we are opposed.

The Indian delegation had basically a negative brief on the linkage issue, i.e. to stop progress on it. Its main positive brief was on the implementation issues. During the preparatory stage, India was able to demonstrate that serious imbalances and inequities had surfaced during the Uruguay round agreements. India put forward a number of suggestions designed to amend these agreements. The cumulative effect of these amendments is to bring about a change in the post-Uruguay round paradigm for governing international trade. Developed countries are unlikely to agree to this.

In Seattle, some progress in this direction was made. The problem was recognised and assurances were given to tackle it on a best endeavour basis. However, the major developed countries did not allow any meaningful consensus to emerge and insisted that they would not acquiesce to any basic change in the existing agreements. They would make concessions, if any, only during the coming negotiations, in which the developing countries will have a very weak bargaining position.

In spite of these limitations, India will have to persevere with its efforts to get the Uruguay round agreements substantially modified. This should remain a major plank of India's future negotiating stance. (The writer is a former Foreign Secretary.)

WTO shadow over Unctad meet

Bangkok, February 12

THE GROWING gap between rich and poor countries due to globalisation and failure of the Seattle round of WTO talks to launch a new round of trade negotiations echoed at the UN Conference on Trade and Development (Unctad) that opened today.

UN Secretary General Kofi Annan castigated the developed world for the collapse of WTO ministerial conference last year. A new round was not launched because, he said, "governments -- particularly of the world's leading economic powers -- could not agree on their priorities."

On the other hand, the "developing countries -- helped by Unctad, I am glad to say -- played a more active role than in previous conferences, but the industrialised countries remained locked in arguments among themselves," he said.

Unctad, which meets every four

years, only offers trade and development related advice for economic improvement unlike WTO which changes rules.

WTO Director General Mike Moore met trade ministers of different countries in a bid to resume the negotiations for fixing an expanded agenda for a new round of negotiations on the sidelines of the Unctad conference.

Protestors against globalisation, who wanted to demonstrate before the convention centre where 190 trade delegations have gathered, were stopped by the police.

The Indian delegation led by Commerce and Industry Minister Murasoli Maran attended the inaugural session and held bilateral meetings on WTO issues with trade ministers of various countries on the sidelines of the Unctad meet.

The developing nations need debt relief and open markets for their products, and wealthy nations should help countries that encour-

age investment and guarantee their people will share in their benefits, Annan said.

At an Asean and Japan summit, also held on the sidelines of the Unctad conference, Malaysian Prime Minister Mahathir Mohammad today renewed his bitter attacks on currency speculators.

"If it hadn't been for currency traders devaluing the currency and the people who invest in the country pulling out their money from the stock market, we wouldn't have had any trouble," he said.

"We are asked to be transparent, but currency traders are not transparent at all," he said, rejecting theories that cronyism and corruption caused the Asian crisis, which erupted in mid-1997.

Mahathir told the heads of governments at the summit that the world's economic superpowers had failed to tackle the roots of the crisis.

(Agencies)

THE HINDUSTAN TIMES

13 FEB 2000

After pie attack, Camdessus defends IMF in final speech

BANGKOK: The outgoing chief of the International Monetary Fund, Michel Camdessus, used his last official speech on Sunday to counter claims his organisation has ignored concerns of ordinary people.

Camdessus, 66, retiring after heading the IMF since 1987, spoke at the U.N. Conference on Trade and Development shortly after an American anti-free trade activist threw a pie in his face in protest against the IMF.

Camdessus spoke without mentioning the attack but was passionate in his defense of the Fund's goal of stabilising the global financial system as a prerequisite for reducing inequality in wealth.

"Macroeconomic stability is clearly necessary for growth and hence poverty alleviation," Camdessus told delegates from some 190 countries gathered for the eight-day meeting. UNCTAD aims to use trade to promote development in poor countries.

Foreign investment in the third world has enormous potential to reduce gaps in wealth through growth, he said, while an expansion of it has given poor nations access to knowledge that was once the preserve of the rich.

"Globalisation can now be seen in a positive light ... As the best means of improving the human condition throughout the world," Camdessus said.

Camdessus postponed a news conference that had been scheduled after his speech, which itself was delayed for half an hour after the pie-throwing incident.

Critics of the IMF's bailout packages of Asian nations during the recent regional economic crisis see



International Monetary Fund managing director Michel Camdessus protects his face after being hit by a fruit pie thrown by a protester in Bangkok.

the Washington-based fund as a symbol of how globalisation has benefited rich countries at the expense of the poor. (AP)

THE TIMES OF INDIA

14 FEB 2000

Unilateral sanctions under WTO

The fragile foundations of the multilateral system underlined by the WTO have been cruelly exposed in a recent decision by a dispute settlement panel in a dispute involving the United States and the European Communities. The panel has held that the provisions of the United States Trade Act (the Trade Act of 1974), which are designed to take unilateral action against the country's trade partners do not in any way violate the commitments taken by it under the WTO.

This can be considered as one of the landmark rulings, for it allows the US to use unilateral action against countries that are seen by the US administration to be undermining its trading interests, conveniently bypassing the multilateral system. What makes the ruling of the panel more significant is fact that no less than 11 countries, which included Japan, Canada, Korea, Brazil and India, joined in the dispute as third parties to the dispute adding their weights to the complainant. It was the combined strength of the arguments some of the more important players in the WTO that thus fell by the way-side.

The ruling of the panel sets at rest all the speculation that was rife in the five years that the WTO has been in existence that the US would find ways of providing legitimacy to the controversial provisions of its Trade Act of 1974, viz., Sections 301 to 310, which provide for unilateral action. This speculation was strengthened as a result of two moves that the US Trade Administration took in the post-WTO phase. The first was a pre-emptive move that the

The recent ruling of a dispute settlement panel permitting the use of unilateral trade sanctions by the US has underlined the fragile foundations of the WTO, says Biswajit Dhar

Administration took in 1994 by enacting the Uruguay Round Agreements Act (URAA). The URAA was intended to provide an assessment of the future of the domestic legislations of the US in a regime, which was to be defined by the WTO rules. The second was the continued use of Section 301 for identifying the countries that were seen as violating US trading interests even when the WTO had emerged as the organisation that was responsible for ensuring fair trade.

In respect of the Section 301 of the Trade Act of 1974 the URAA has the following comment: "The administration intends to use Section 301 to pursue vigorously foreign unfair barriers that violate US rights or deny benefits to the United States under the Uruguay Round Agreements". This comment should be seen in the context of the actions that the United States Trade Representative (USTR) had been threatening to use against countries in a more extensive manner since the Omnibus Trade and Competitiveness Act was adopted in 1988. The new Act added two new sections to Section 301, viz. Special and Super 301, aimed at focusing the action that could now be taken

against the trading partners. While Special 301 was designed to address violations in the area of intellectual property rights, Super 301 was to perform similar functions in the area of services. It needs to be added here that Special and Super 301 gave the USTR the powers to threaten an action of trade retaliation in two of the key areas in the Uruguay Round of multilateral trade negotiations.

Although no action of trade retaliation was taken under the two provisions, the USTR used the powers available to it in quite an effective manner. The countries most likely to face trade retaliation were put under a 'priority watch list' following which their attitudes towards US business interests were closely scrutinised. In the early years of USTR

action under Special and Super 301, India was one of the main targets for action. Apart from being on the 'priority watch list' under Special 301 for its Patents Act which, in view of the US Trade Administration was allowing infringement of patents held by the US business, action was also threatened against India for its negotiating stance in the area of intellectual property rights in the Uruguay Round negotiations. The then USTR, Carla Hills, had stated while issuing the 1989 list of countries on the 'priority watch list' that India's actions in the Uruguay Round negotiations would be watched closely before any decision of trade retaliation was taken. The pressure put on India remains among the more stark examples of the threatened use of unilateral action of trade retaliation by a major trading country to realise its objectives in the multilateral negotiations.

It was particularly in light of these developments that the multilateralism of the WTO was considered to be a positive outcome. There were two main strengths of the WTO that were perceived of as it was being put in place. The first was the element of predictability that it imparted to the

Uruguay Round negotiations. The then USTR, Carla Hills, had stated while issuing the 1989 list of countries on the 'priority watch list' that India's actions in the Uruguay Round negotiations would be watched closely before any decision of trade retaliation was taken. The pressure put on India remains among the more stark examples of the threatened use of unilateral action of trade retaliation by a major trading country to realise its objectives in the multilateral negotiations. It was particularly in light of these developments that the multilateralism of the WTO was considered to be a positive outcome. There were two main strengths of the WTO that were perceived of as it was being put in place. The first was the element of predictability that it imparted to the



trading system. The second was that the stronger and the more effective dispute settlement mechanism provided for in the organisation would work as a deterrent for the use of unilateral actions of the kind provided for under Section 301.

The US had, however, seen the WTO in a completely different light. This was evident from the one of the statements issued subsequent to the country acceding to the WTO: "There is no basis for concern that the Uruguay round agreements in general, or the DSU in particular, will make future Administrations more reluctant to apply Section 301 sanctions that may be inconsistent with US trade obligations because such sanctions could engender DSU-authorized counter-retaliation.

Although in specific cases the US has expressed its intention to address an unfair trade practice by taking action under Section 301 that has not been authorised by the GATT, the US has done so infrequently. In certain cases the US has taken such action because the foreign government has blocked adoption of a GATT panel report against it. Just as the US may now choose to take Section 301 action that are not GATT-authorized, governments that are the subject of such actions may choose to respond in kind. That situation will not change under the Uruguay Round agreements." The intention of the US Trade Administration to seek resolution of a trade dispute through the unilateral means even in the presence of the multilateral system provided by the WTO was thus stated quite ambiguously. What the ruling of the panel in its favour may now do is to push it into taking recourse to these means.

Seattle shadow on Unctad

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BANKOK, Feb. 14. — Delegates at a UN conference on Trade and Development today said they are still far away from settling disputes that caused the collapse of trade talks in Seattle, last December.

Participants hoped this week's conference in Bangkok would help heal the divisions over trade liberalization that wrecked the Seattle talks. But officials from a number of nations said, a lot was still to be done to ensure that poor countries have a full voice in the trade talks.

The conference is the first big trade gathering since WTO talks in Seattle failed, because of differences over free trade and complaints by developing nations that they were being left out of key negotiations.

Many Third World countries have complained at the conference that developed countries dominate the WTO and that existing trade agreements favour rich nations by cutting tariffs on their products, while leaving tariffs high on goods exported by many poor countries.

THE STATESMAN
15 FEB 2000

Bangkok declaration for linking issues of development to WTO

Bangkok, February 19

DEVELOPING COUNTRIES including India today succeeded in making developmental issues a key part of the proposed new round of WTO negotiations while seeking to address the difficulties of globalisation faced by poor countries at the UN conference on trade here.

"A new round of multilateral trade negotiations should take into account development dimensions of globalisation," the political Bangkok declaration adopted at the conclusion of the week-long United Nations Conference on Trade and Development (UNCTAD) meeting said.

A new round of WTO negotiations is slated to be held later this year in Singapore.

The declaration, adopted unanimously by 146 participating member-countries, said individual nations and international organisations should make concerted efforts to ensure that the multilat-

eral trading system fulfils its potential in terms of promoting integration of all countries, particularly the least developed countries, into the global economy.

Asserting that globalisation needed to be properly managed if it was to be a "powerful and dynamic force of growth and development", the declaration said only integration of least developed countries into the global economy could lay the foundation for an enduring and equitable growth at the international level. "For that, it is essential to persevere in the search for consensual solutions through open dialogue that takes account of the fundamental interests of all," the declaration said.

The conference called for increased policy coherence on a multilateral scale, saying "there should be complementarity between macroeconomic and sectoral policies at national level and between policies at the national and international level." (PTI)

THE HINDUSTAN TIMES

20 FEB 2000

India, China sign WTO agreement

PRESS TRUST OF INDIA
BEIJING, FEB 22

INDIA AND China today signed a key bilateral trade agreement which would facilitate Beijing's early entry into World Trade Organisation and provide greater access for Indian exports to the vast but restricted Chinese market.

"It is a significant step in India-China relations, especially in bilateral trade relations," Commerce and Industry minister Murasoli Maran told *PTI* after the signing ceremony at the Chinese ministry of foreign trade and economic co-operation (MOFTEC).

Maran, leading a high-powered Indian delegation, said that New Delhi fully supports Beijing's entry into WTO and expressed confidence that both the countries

could work in tandem to push for the rights of developing countries.

"After China enters the WTO, we will cooperate on issues of mutual interest. China's entry into WTO would strengthen the world trading system and also world trade," he said.

An Indian diplomat said on condition of anonymity China has agreed to a series of tariff reductions on Indian goods.

"China has agreed to lower general tariff rates for a range of agricultural, industrial and marine products from about 20 per cent to 10 per cent," he said.

With today's agreement, China has just one major hurdle - its largest trading partner European Union with whom it must a sign similar trade agreement to pave the way for its entry into the world body.

China has to sign bilateral trade pacts with all 135 WTO members before its 14-year bid to enter the world body comes through. The agreement was signed between Maran and MOFTEC minister Shi Guangsheng after which both ministers shook hands warmly and toasted the deal which is expected to propel Sino-Indian trade ties to a new phase.

Maran welcomed the pact and noted the negotiations between the two neighbouring countries went off without a hitch, unlike a similar agreement between the US and China last year, which was a long-drawn process.

Shi also noted that the two sides reached the agreement after "friendly consultations."

China appreciates India's support on Beijing's entry into WTO,

he said, adding the agreement would provide further impetus to Sino-Indian trade ties.

Shi said the two countries would be able to substantially increase bilateral trade from the present figure of two billion dollars per annum.

Meanwhile, Chinese and EU negotiators today continued their new round of market-opening negotiations to try to hammer out a similar trade pact.

The EU is the most important WTO member yet to conclude a trade agreement with China.

MOFTEC officials were tight-lipped on the negotiations with the delegation from 15-member EU.

A foreign ministry spokesman, while confirming that technical-level talks were on, refused to divulge any details.

INDIAN EXPRESS

23 FEB 2000

Logjam in E.U.-China 29 | 2 talks on WTO #0.17

BEIJING, FEB. 23. The European Union and China opened the third day of market-opening talks today in Beijing, having failed thus far to achieve a breakthrough to bring Beijing into the World Trade Organisation.

The E.U. delegation, led by European Commission trade official Mr. Hans-Friedrich Beseler, met with a Chinese team headed by Vice Foreign Trade Minister Mr. Long Yongtu.

E.U. delegates made no comments to mediapersons outside China's Ministry of Foreign Trade and Economic Cooperation, where talks began on Monday to clear one of the biggest remaining hurdles in China's 14-year quest to join the WTO. An E.U. source said yesterday in Brussels that after two days of talks, the two sides were still "not within striking distance of a deal. We have not made enough progress yet to mean we can see an end in sight," the source said.

An E.U. spokesman in Brussels was similarly downbeat, saying that not enough headway had been made in the first day for the E.U. Trade Commissioner, Mr. Pascal Lamy, to travel to Beijing. Mr Lamy has said he is ready to jump on a plane at short notice to go to China this week if good progress is made.

The E.U. source said Lamy would take a final decision on whether to travel there based on the results of today's negotiations. A European businessman familiar with the talks said insurance and telecommunications remained obstacles to an agreement.

China must reach bilateral agreements with all WTO members who request talks before it can join the body that sets global trade rules. India signed a WTO deal with China yesterday, leaving the E.U. among just 13 members who have not reached pacts with Beijing. — Reuters

THE HINDU
24 FEB 2000

How to bring a derailed WTO back on track

BY MIKE MOORE

Bangkok: The World Trade Organisation is back on track. Member governments have shown determination to work on a wide-ranging agenda to make the trading system work for all, both rich and poor. Development issues are at the forefront of our new programme. The negotiations in agriculture and services are of vital importance to countries at all levels of development. Further market access and reduction of agricultural subsidies in richer countries are crucial for developing countries, where large numbers work on farms and where a large percentage of foreign exchange earnings is generated.

Further liberalisation of trade in services can bring considerable gains to developing countries. Many, especially in the Asean, have already benefited from liberalisation in areas such as tourism, financial services, telecommunications and computer services.

Efforts are also under way in the WTO to devise a combination of measures to assist the least developed countries, including free market access for their exports and assistance in building up their institutional and human capacity and their infrastructure.

Ongoing discussions also seek to address the whole complex of issues related to implementation of the WTO agreements. These negotiations centre on concerns that range from the difficulties some developing countries have in putting these agreements into effect to the argument that some of these agreements are inherently disadvantageous to developing countries. The WTO's internal procedures for decision-making are also under review.

No organisation can remain static in response to changing demands. The demands of our growing membership are positive. The members want a more active WTO, more say in world trade policies and a greater share in the benefits of a global economy.

So how do we ensure that trade works in favour of the poor? By having rules that provide a stable and predictable environment for

During the economic turmoil of the last three years, these WTO rules ensured that markets remained open and that the economic difficulties of some nations were not compounded by protectionism in their trading partners.

The economies of the five East Asian countries worst hit by the crisis — South Korea, the Philippines, Indonesia, Malaysia and Thailand — are projected to grow strongly in 2000. One reason is because their exports are estimated to have grown by nearly 9 per cent last year.

Clearly, if developing countries are to shed their poverty, more work must be done in removing barriers to their exports.

This makes sense not only for developing countries, but also for the richer ones. It makes no sense to spend extra billions of dollars on enhanced debt relief if the ability of poorer countries to reduce their debt burden is impeded by export barriers. Nor does it make sense to devote billions in aid money to education and infrastructure if the products generated by these investments cannot be marketed.

Those who rail against developing countries having globalisation forced upon them are doing a great disservice to the cause of development. The real danger is the opposite — that the benefits of globalisation may pass by many developing countries unless they can be more fully integrated into the global economy.

The challenge of globalisation is not to accept or reject it. It is to see that, like all change, globalisation has positive and negative aspects, and to work to extend the positive as widely as possible.

We must use all the institutional tools available in a concerted effort to promote economic growth, social development, poverty alleviation and productive investment in a way that can help lift billions of people out of poverty. This is a moral as well as an economic imperative.

MIKE MOORE is director-general of the WTO

By arrangement with the

THE ASIAN AGE

24 FEB 2000

SOME OF THE WORLD'S LARGEST QUOTED COMPANIES ARE POISED TO REAP REWARDS, TRANSLATING TO SHAREHOLDERS'S JOY

Who will benefit if the Chinese joins WTO?

With 1.2 billion residents, China is potentially the world's largest single market, and with the country hoping to join the World Trade Organisation later this year, some of the world's largest quoted companies are poised to reap vast rewards, which should translate into substantial gains for their shareholders.

But which companies will really benefit? That is the question Goldman Sachs Group Incorporated has tried to answer in a recent report. Focusing mainly on blue chips from the US and Asia, Goldman's analysts said established players providing the key components of the infrastructure China will need in the next decades will see sales, and hopefully profits, skyrocket.

Best placed will be makers of computers, mobile phones and telecommunications equipment. Airlines and consumer goods companies will come a close second, as the productivity gains expected to come with freer trade push economic growth to an average 7.5 per cent annually and Chinese have more money to buy goods with. Among Goldman's picks are:

■ American International Group Incorporated, whose premium volume could rise fivefold, to \$1 billion, over three years.

■ Hong Kong-based Cathay Pacific Airways Ltd, whose China revenue is expected to rise to \$772 million in five years, an 18 per cent share of sales, compared with the current eight per

cent.

■ Cisco Systems Incorporated, whose routers are vital to moving data around the Internet, could see its China revenue rise fivefold, to 10 per cent, in five years.

■ Eastman Kodak Incorporated, which has invested dollars 1 billion in China, could see sales there double, to \$600 million, in five years.

Domestic consumer banking will be the biggest prize of all, and Goldman suggested HSBC Holdings PLC and its Hang Seng Bank subsidiary, Standard Chartered PLC, Bank of East Asia and Citigroup Incorporated.

Other companies that would benefit from growth in China include the include construction and trading giant

Hutchison Whampoa Ltd, which is run by Li Ka-shing, the entrepreneur who is known to have good relations with the government in Beijing, and Pacific Century CyberWorks Ltd, an Asian Internet provider run by his son Richard Li; Qualcomm Incorporated, which owns the right to the code division multiple access wireless phone system that China has recently accepted for its second national wireless system; SAP AG, the German maker of enterprise software used to link factories to front office; and Wal-Mart Stores Incorporated, the American discount retailer, which already has six facilities in Guangdong province.

A problem is that 1.2 billion people do not 1.2 billion consumers make. Many

Chinese are desperately poor, the inefficient banking system requires an overhaul, and if unprofitable state-owned companies are not closed or privatised, they could drag the rest of the economy down with them.

China will only liberalise if the WTO lets it join, and that depends on the US Senate ratifying its accession before it recesses for the summer.

Still, with Internet use expected to rise to 80 million subscribers in three years from the current 10 million and mobile phone use expected to skyrocket as China creates wealth faster than it can lay phone lines, companies that are already positioned to fill these needs will reap vast profits.

● *International Herald Tribune*

Road from Seattle

45-13

IF THERE is any lesson for the Indian Government from Seattle it is that it must learn to work with its own civil society. While all our politicians and Press commentators remain focussed on WTO's economic issues like "market access" and "market control," it is ultimately the depth of democracy that will determine the quality of our interventions in WTO and our country's economic development.

The Indian delegation in Seattle was reported to be complaining that the protests organised by a gaggle of anti-capitalists, environmentalists and labour unions had taken place with the encouragement of the US government. In other words, Indian leaders present there were admitting that the US was carefully using its civil society to push its own economic agenda. But back in India, no lesson had been learnt. While the Seattle meet was on, Prime Minister Atal Behari Vajpayee was telling Parliament that the Indian delegation would be opposing, among other things, the proposal to involve NGOs in the deliberations of WTO — and in the name of protecting India's interests. The reason for this double-facedness of the government lies in that Indian politicians have still not yet learnt to deal with the country's own civil society.

Even though communism and anti-capitalism may no longer be a subject of current international discourse, environment definitely is and labour interests cannot be wished away. It is true that linking labour and environmental standards in WTO would act like a double whammy for developing countries. While WTO trading rules would open up the economies of poor economies to foreign investment, products and services, Western-level labour and environmental standards would prevent the access of goods from poor countries to the West, thus, protecting their jobs and companies.

It is not surprising that Western labour is worried about the unemployment effects of WTO trading rules and wants to protect its jobs. But Western environmentalists have a double agenda. One set of environmentalists and social activists — the Ralph Nader type — are worried that WTO trading rules will mean lowering the environmental and public health standards of the US — something that they have fought for over the years. European environmentalists can easily see this for themselves. The manner in which the US is forcing open

the European market to beef produced with growth hormones has angered millions in Europe because they do not trust the long-term health effects of this beef. A major fight loomed between the US and Europe is over the latter's concerns, arising out of strong public protests, for genetically engineered food crops — a product in which US corporations like Monsanto have a strong interest. The US has forced Thailand using WTO rules to allow the sale of foreign cigarettes.

But the second set of Western environmentalists have eco-imperialist interests — the turtle, dolphin and tropical timber-types. They oppose WTO because it stops the US and European governments from imposing unilateral restrictions on importing products that have been produced in a way that harms the endangered species and the environment. Since WTO trading rules do not allow such unilateral impositions, the US government has lost all such appeals in WTO — the dolphin-tuna case filed by Mexico and the turtle-shrimp case filed by India, Pakistan and others. Many other environmentalists want ban on imports of tropical timber.

It is in order to please both these powerful and vocal green lobbies that the Western governments want to link environment standards with trading rules. Public opinion usually supports the green lobbies. And they also help the protectionist economic interests of these countries. The environmental fuss over dolphin, shrimps and tropical timber may not have received overt support from the local Western fisherfolk and timber producers but the tacit support was always there. Linking trade and environment, thus, benefits industrialised countries in every way. And they will promote their civil society to create a bigger and bigger fuss about

it. Bill Clinton was, therefore, keen to open up the highly secretive WTO to NGO participation.

Things have already been moving in that direction. In the turtle-shrimp case, the World Wildlife Fund-International (WWF) had wanted to intervene in the turtle-shrimp hearings with a brief. The dispute panel refused to entertain it arguing that it could only listen to governments. The US, however, turned everything around by simply attaching the WWF brief to its own brief. And when the US took the adverse ruling of the panel to the appellate body, the latter took the dispute panel to task for not entertaining the WWF brief directly.

So why is the Indian Government afraid of its own civil society? Does the Government think it is the sole representative of the country with total rights over what should be done? That the civil society and the labour unions have no business participating in the governance? Are politicians afraid that the civil society will oppose government positions in international fora? If this fear exists, it is largely untrue of both the environmental community and the unions.

Although India's environment and labour conditions are in a disastrous state — largely due to the negligence of our leaders — environmentalists have never demanded that trade and environment or labour issues be inter-linked. In fact, the Centre for Science and Environment has consistently opposed Western environmentalists for promoting trade sanctions as a way of promoting environmental changes because trade sanctions are a very ineffectual tool. They can be used only by the rich countries against the poor countries. If Bangladesh were to apply trade sanctions against the world's biggest polluter of greenhouse gases which are predicted to drown nearly a third of the country in the

next century, everybody would laugh at the attempt. Neither have Indian trade unionists seen WTO as a way of improving India's labour conditions.

The Congress sent Kamal Nath to WTO as its representative because of his performance in the Rio conference. But would Kamal Nath have been able to put in his stellar performance without the support of the country's civil society? At that time Prime Minister P. V. Narasimha Rao had personally asked for Indian NGOs to be included in the Indian delegation. And a great part of Kamal Nath's success lay in the intellectual and lobbying support he got both in and outside the official negotiations from NGOs. The author himself had consistently advised the minister during the negotiations and had mobilised the civil society of the southern nations present in Rio to oppose the idea of a forest convention. In fact, over the years, a large number of Western NGOs have themselves started opposing the forest convention which several timber-producing nations like Canada and Finland continue to pursue with great fervour.

The real reason why most Indian politicians don't like to work with the civil society is their fear that the same civil society which will give them support in international negotiations to protect India's overall interests, will turn against them to hold them accountable for their ineptitude in dealing with environmental concerns within the country, like the loss of biodiversity, pollution or child labour. The same Kamal Nath who had received support from CSE and other NGOs in Rio was strongly opposed by them back home when he decided to parcel off large tracts of government-owned forest land to the private sector despite the rulings of the National Forest Policy.

The Indian government has regularly opposed the participation of NGOs in UN discussions on environment. But by refusing to involve civil society the politicians are only risking the country's future. Their voice is increasingly being seen as obstructionist and negative in the international arena without the moral support of the civil society. None of the senior Indian politicians I have met tells me that India will be able to withstand the growing pressures for international standards in WTO. It will be even more so if the *babus* and the *netas* want to stand aside from the people.



The Seattle chaos

By Bhagirath Lal Das

THE WTO Ministerial Meeting at Seattle failed mainly because of three reasons. First, the major developed countries had kept their aims very high. Second, a large number of the developing countries displayed courage and some degree of unity on several issues. And third, the host country, the U.S., was not prepared for an agreement without its own agenda firmly placed in the WTO. All these are inter-related, yet each has a background and a lesson for India.

After achieving significant gains in the Uruguay Round in 1994, the major developed countries, with the joint determination of their Governments and multinational firms, proceed immediately to press for further gains in an aggressive manner. And they succeeded almost all the way in the earlier two Ministerial Meetings, the first in Singapore in December 1996 and the second in Geneva in May 1998. This success whetted their appetite and enhanced their confidence.

In Singapore, though their attempt to start negotiations in the areas of investment, competition policy and Government procurement in the WTO did not succeed, they were able to get working groups established on these subjects. They also brought forth a totally new proposal, i.e., of an agreement on zero duty on information technology goods. The developing countries agreed to it without even examining the implications.

Then in Geneva in May 1998, the U.S. pushed a totally new proposal, an agreement on stand-still in electronic commerce, which simply meant a commitment for zero duty on this mode of trade. The developing countries accommodated this suggestion and agreed on zero duty for 18 months. They gave up their right to impose duty on this growing mode of trade in a spirit of cooperation.

This was probably mistaken for weakness, and the major developed countries continued to insist on introducing new issues in the negotiating mandate of the WTO. The European Union started a big drive for negotiations on investment, competition policy and government procurement. The U.S. was lukewarm on the first two, but was quite supportive of the third. Besides, it wanted to start negotiation on

linking trade with labour standards. The tightening of environmental provisions was also very much on their agenda. They pushed all these issues during the preparations for the Seattle Ministerial meeting of December 1999.

The aggressive ambitions of the major developed countries were further topped up by the clear announcement of the U.S. President, Mr. Bill Clinton, at Seattle that there must be an agreement on the provision for trade sanctions for use of child labour in manufacture of exported prod-

the situation during the Uruguay Round or even a year ago. Detailed work has been done both in respect of preparing our own proposals and in responding to the proposals of the major developed countries. Consequently, India made a number of positive proposals in the process of preparation for the Seattle meeting. What is particularly remarkable is that India was able to forge a substantial degree of unity in Geneva among about a dozen of the developing countries against heavy odds. This group maintained an overall united

The Seattle Ministerial meeting will be remembered most for the successful and combined resistance of the developing countries to the steamrolling approach of the major developed countries.

No one likes child labour; but the developing countries see this proposal as a pretext for stopping their exports, rather than as concern for their children. The major developed countries have been expanding their wish list and following it up with aggressive zeal in the WTO. All limits of reasonableness have been crossed in the multilateral economic relationship.

Naturally, the developing countries have been greatly agitated by this. Some important factors have been influencing and motivating them in recent months. One, the gains which were expected to flow from the Uruguay Round did not materialise. Two, the implementation of the Uruguay Round agreements started putting a heavy burden on the developing countries. Three, disillusioned with the situation, industry and trade in the developing countries have become vigilant and have started putting pressure on their Governments to protect their interests and enhance their opportunities. Four, non-governmental organisations (NGOs), the press and intellectuals have become very active on matters related to the WTO. Five, the Governments have become somewhat more transparent in this matter and have started wide consultations.

In India, there has been a remarkable difference recently in the approach and attitude of the Government, compared to

of arrogance and cynical disregard for the concerns of the overwhelming majority of the WTO membership. Traditionally the host countries have been keen on facilitating the process of reaching agreement in the international conferences. But here the host country was prepared to jeopardise the success of the meeting on one issue which, even though indicated by it as important, had not been championed earlier as the single make or break issue. Perhaps, the domestic political situation was the compelling force. The inescapable conclusion is that the U.S. was prepared to sink the boat altogether, if its own wish was not fully accommodated.

Seattle will be remembered for many things, for example, for the extreme inconvenience caused to the visiting Ministers, high officials, NGOs, presspersons and others, including physical injuries to some of them; for the extraordinary situation in which a large number of Governments openly and formally criticised the arrangements made by the host country; and for the negative approach of the host country on the results of the conference. But it will be remembered most for the successful and combined resistance of the developing countries to the steamrolling approach of the major developed countries.

There are a number of lessons for India in this sad episode. One, there is no possibility of satisfying the major developed countries by making one-sided concessions. Setting one concession invariably leads them to ask for another one quickly. Hence, the only rational approach is to look after our own interest and make concessions only when we get commensurate concessions in return. Two, it is possible to hold our line in the WTO if we table our own proposals and strongly oppose harmful proposals of others. The key factor is so that at least about a dozen countries are with us. Third, we need not be hesitant in ending an important conference without results, if our key interests have not been accommodated.

(The writer is a former Secretary to the Government of India and former Permanent Representative of India at the GATT.)

WTO's farm, service sector talks facing deadlock?

Brussels, January 3

ATOP European Union (EU) official has predicted that talks to free up trade in the agriculture and service sectors will run into a stalemate and are doomed to drag on for years after they start in Geneva early January.

Karl Friedrich Falkenberg, head of the Trade Negotiations Unit at the European Commission (E.C.), blamed the limited agenda and lack of a deadline for the deadlock he believes is likely in the talks at the World Trade Organisation (WTO) headquarters.

"These are open-ended negotiations, with just a start-up date, meaning we are committed to begin talks in January, but there is no deadline on when they should be concluded. So, we believe the negotiations will drag on for years, moving from one stalemate into another," he said.

He said that if the Seattle Ministerial Conference held earlier in December had

agreed upon launching a broader, time-bound round, the situation would have been entirely different.

"A limited agenda severely curtails the manoeuvrability of all the negotiators. If there had been a broader agenda, it would have helped tremendously since it would increase the scope of negotiations. Each country would have got something that they wanted and thus would have conceded some," he said.

"But now, with the agenda being limited to the agriculture and services sectors, there is no room for any give and take which is so crucial in these negotiations," Falkenberg told India Abroad News Service in an exclusive interview in Brussels recently.

E.C. officials are predicting that negotiations this time will be even worse than the Uruguay Round which lasted for nine years and, when they ended, they left several developing countries totally unhappy with the results.

F.C. officials saw the scenario could be

repeated this time around for countries like India, which could find themselves entirely on the defensive during the negotiations.

"We have some defensive positions on the farm sector, but we also have some aggressive positions. And on the services sector, we will be amongst the most aggressive. But a country like India does not have offensive interests in either category.

They stand to lose on all counts from the next round. That is why we had been demanding a broader round, so that all countries can get something positive from the negotiations," said Falkenberg.

"We have to look at how to organise these negotiations. Some might say we need an agenda and time frame for these negotiations. But all they will get is what is specified in the Marrakesh Pact which is open-ended negotiations, which will relatively quickly run into the sand," said Falkenberg.

The warning by the European Commission, the executive arm of the EU, is significant as it is the Europeans who will

be in focus during the farm sector negotiations.

With subsidies of more than \$65 billion each year to farmers, the E.U. will be under tremendous pressure from leading farming nations of the world like Argentina, Canada, Australia and the United States to cut back heavily on these subsidies and open its food markets to imports.

However, in the absence of a timeframe in which to conclude these negotiations, the amount of pressure that can be mounted by these countries on the EC will be extremely limited, allowing the EU to dig in its heels and stay put.

The European Commission insists that regardless of the progress of the negotiations in Geneva, the European Union will continue with the internal reforms of its Common Agriculture Policy, but adds that there will be tremendous pressure from E.U. member states not to bind any of these reforms into any kind of commitments to the WTO in Geneva (IANS)

Developing countries find their feet in WTO waters

Sheila Mathrani

GENEVA 3 JANUARY

THE LAST year of the 20th century will be remembered by World Trade Organisation (WTO) watchers for the emergence of the voice of the developing countries in the fledgling but already powerful international organisation.

Beginning with preparations for the third ministerial conference 18 months ago, followed by the tortuous nine-month selection process of its director general and the final debacle of the Seattle ministerial meet, developing countries and least developing countries have played a pivotal role in WTO, which is expected to gather momentum in the coming year.

The beginning of the 21st century could well see developing countries start to assert themselves as equal negotiating partners with rich industrial nations.

It was not just US President Bill Clinton's open support for the linkage of labour standards and trade (opposed by developing countries) that upset the Seattle agenda, but also the fact that smaller economies — such as the African group of countries, the Caricom countries and some Latin American members — refused to let the large trading nations hijack the agenda and did not give consensus to any ministerial text in protest against the non-transparent

ent consultative manner in which the Seattle meeting was conducted and the holding of closed door meetings to which only a few selected countries were invited.

Now at its crossroads, the G-77 has called for reform and review of WTO before any new agenda is agreed upon. The present mood can be judged by the statement of the chaircountry's foreign minister Clement Rohee at a recent meeting of experts from the South who are preparing for the South Summit, to be held in Cuba in April, 2000.

Mr Rohee has called for developing countries not to miss the opportunity that the stalled Seattle conference had given them, and use the next months to put WTO on the path of reform.

Mr Rohee said that at Seattle, developing countries had shown that they would not be bullied by the major powers. "Developing countries, which are big stakeholders, must carry out the fight now. We cannot afford to be dormant or stand still."

"If we are able to unite and carry out our reforms, WTO will perhaps become an organisation that will get its rules right. But it has a long way to go before that happens and we have to fight hard for it." He insisted that the WTO General Council should not give

any legal status to the closing speech of chairman Charlene Barshefsky because it did not have the consent and approval of other ministers, when it discusses the issue of the Seattle meeting.

Chief WTO developing country negotiators admit that 1999 had shown that large trading nations such as the US and European Union (EU) would no longer be able to impose their agenda easily on the rest of the WTO members, who mostly consist of developing countries and smaller trading nations, provided developing economies continue to remain united.

MARCHING AHEAD

In 1999, for nine months, most developing countries fought for the selection of a Director General from a developing country, supporting Thai Deputy Prime Minister Supachai Panitchpakdi as successor to the outgoing Renato Ruggiero. Dr Panitchpakdi also had the support of some major developed countries — particularly Japan — who felt it was time to concede to such a request.

Concerted efforts ensured that New Zealand's Mike Moore (backed by the US and some EU countries) was not the sole person to take over Mr Ruggiero's mantle, with the term and job split up and a provision that he is succeeded by Dr Supachai.

This bitter, acrimonious period took much of the time required to prepare for the Seattle ministerial declaration agenda but was necessary for the emergence of the voice of the developing world.

In 1998 and 1999, developing countries showed that they had learned from the bitter lessons of being unprepared for what they had signed at Marrakesh when WTO was founded.

But now they know better. They have undertaken research on the impact of the WTO agreement on their economies, the genuine difficulties faced in implementing some provisions of the TRIPS and TRIMS agreements, etc. Developed nations have put in more than half of the 250 position papers presented to the WTO Secretariat.

Their core demand, regarding implementation of existing agreements, was included in the draft ministerial agenda prepared for Seattle by the General Council chairman and WTO Secretariat.

Developing countries' positions will become more definite when WTO takes up the issue of the failed Seattle meeting in the General Council in early 2000. However, they will have to fight hard to ensure that they are well represented at the WTO Secretariat, which is so far mainly headed by representatives of Western countries.

'Urgent need to reform WTO process'

STATESMAN NEWS SERVICE 50-12/11

NEW DELHI, Jan. 10. — While asserting that there was a dire need to reform the World Trade Organisation process, Mr Murasoli Maran told the Confederation of Indian Industry's (CII) "Partnership Summit, 2000" here today, that it was time the "fear, anxiety and insecurity" of developing nations were appropriately addressed.

It was in this context that India has been advocating that "WTO be given a much narrower, trade-oriented focus; WTO should be confined to trade issues - and trade issues only," the minister added.

The non-trade issues, he added, can be properly addressed by the appropriate international institutions — more competent and better equipped than the WTO. But by bringing in non-trade issues such as core labour standards and environment Seattle and the WTO process had become an object of strong criticism, both in the developing and developed world.

"Let us reform the creaking WTO apparatus," Mr Maran urged quoting Mr Stephan Byers, the

UK Secretary of State for Trade and Industry, who also addressed the session along with Mr Alec Erwin, Minister of Trade and Industry and Mr Gerrit Ybema, Minister of Foreign Trade of the Netherlands.

Mr Maran added that developing countries should be given enough time to prepare themselves for fully integrating into the global economy. "If developing countries are to be part of the

world economy, we should be given enough opportunity to prepare for it."

Stating that the WTO should not be a "world government", the industry minister said though special and preferential treatment was proposed to the developing nations in the General Agreement on Trade and Tariff (GATT) it was not to

be seen in the current world trade structure.

Mr Maran said globalisation had become a "necessary evil" and developing countries could not live any longer in isolation. "The world is fast marching ahead and we need to ensure that the system of trade is fair and just," Mr Maran said. He added that globalisation was moving apace not because of the WTO but because of the imperatives of modern technology."

'NEW ROUND INEVITABLE'

NEW DELHI, Jan. 10. — WTO Director-General, Mr Mike Moore has said today that despite the fiasco at the Seattle conference, a new round of trade negotiations is inevitable because it was being supported by a number of members. He was, however, quick to add that the WTO would be restructured to increase its transparency and openness.

"We will launch a new round. The only question is when?" Mr Moore said at the CII's 'Partnership Meeting 2000' here. Mr Moore is in India for consultations with Indian Government for setting the agenda for a new round of talks. — SNS

THE STATESMAN
31 JAN 2000

Conflicting signals on Pinochet's fate

London, January 20

BRITAIN AND Chile sent out conflicting signals today over the timing of a decision on whether former Chilean dictator Augusto Pinochet would walk free or face a torture trial.

A Chilean Air Force plane was on standby in Bermuda to fly to the UK if British authorities decided to uphold a ruling by a team of independent doctors that the 84-year-old general was unfit to stand trial in Spain. "It seems probable to me that the decision will be soon," Chile's Foreign Minister Juan Gabriel Valdes said in an interview with Reuters on Wednesday.

But Britain's Home Office (Interior Ministry) said it had no timescale for a decision on

whether to free Pinochet from 15 months of house arrest or allow extradition proceedings to go ahead. "We are not putting a time on it," a spokesman said.

Officials said Home Secretary Jack Straw was still "considering representations carefully" after his Tuesday deadline for interested parties to file objections to the medical ruling.

Straw has said he will give the parties 24 hours notice if he decides to free Pinochet, but officials said he had still not made up his mind. He was wading through piles of papers from lawyers in Spain, France and Belgium and from human rights groups, all determined to pursue Pinochet -- the iron-fisted ruler of Chile from 1973 to 1990.

THE HINDUSTAN TIMES

21 JAN 2000

WTO and agricultural trade

On one issue there seems to be an agreement among all economists, politicians and policy makers: the WTO agreement aimed at eliminating agricultural subsidies in developed countries should benefit India. The evidence? For one, the Aggregate Measure of Support (AMS) used to calculate the effective protection for agricultural items is as high as 70 per cent for some developed countries and negative for Indian products. Changing the base year for calculations from 1986-87 to the present is unlikely to alter the general picture. Second, the low AMS for Indian commodities will continue to permit use of agricultural subsidies in India. Third, a per capita income of less than \$1000 will mean the PDS system can continue. A win-win situation from all points of view. What has not been looked at is the implications of any subsequent freeing of agricultural trade on prices of agricultural goods within India.

If trade is free between any two (or more) countries then the prices in the two countries are related by the equation $P_d = e \cdot P_f$, where P_d is the domestic price in India, e the Rs/\$ exchange rate and P_f the world price of the commodity. This is the so-called "purchasing power parity" (PPP) equation. Now data on prices is notoriously difficult to get. I have followed a simple procedure. Consider the US as the largest and presumably the most open market for agricultural items. (The elimination of subsidies there would presumably make prices rise so that existing prices in the US would be a lower bound for P_f). I then looked at

the retail prices in US stores for some comparable items and converted them to rupees using the existing exchange rate of Rs 44 per dollar. The procedure was repeated for Pakistan using e of Rs 0.86. I then looked at existing prices in India at the retail level. The comparison is given in the accompanying table.

The prices in column 2 and 4 indicate what the prices should be in India if the purchasing power parity is satisfied. Column 3 gives the actual prices prevailing in India in December, 1999. The price comparisons are obviously crude in the sense that quality differences are not accounted for.

However, the differences between US and Indian prices are far too great to be accounted for only by differences in quality, transport costs, etc. Yet, even such a simple comparison allows for some interesting inferences. For one, as expected the prices in bordering countries like India and Pakistan are very similar. Similarly, in items like chicken PPP is more or less satisfied. Second, in the case of fruits and vegetables,

The free trade regime in agricultural goods, though politically difficult to implement, will in the long run benefit the agricultural sector in India, argues Manoj Pant

Retail Prices Of Some Agricultural Items

Item	USA	India	Pakistan
Tomatoes	290.4	10-40	11.6
Potatoes	38.7	4-15	7.0
Beans	124.9	12-20	-
Broccoli	164.6	20-70	-
Onions	72.6	5-12	4.7
Brussels sprouts	96.8	6-8	-
Rice (basmati)	74.8	25-40	27.9
Flour	19.4	10-12	12.8
Vegetable oil (per litre)	161.3	50	-
Chicken	96.8	70-80	69.8
Oranges	58.1	25	-
Apples	115.2	20-30	17.4
Bananas	96.8	10	11.6
Eggs (per doz.)	25.8	20	31.4
Sugar	217.8	16	20.9
Milk	38.7	13-20	-

NOTE: US prices are taken from departmental stores like Giant, Food Lion, etc. Prices in India are given as high-low reflecting seasonal variations. Pakistan prices are taken from Dawn newspaper and Indian prices are prices prevailing in Delhi.
(In Rupees Per Kg)

cereals and vegetable oils (the average consumption basket of most Indians) the US prices at prevailing exchange rates are often 4 to 10 times the Indian prices. Free trade in these commodities would lead to prices somewhere between the US and Indian levels. Given the higher purchasing power of the US consumers, one would expect these prices to be closer to US levels. Yet, two governments have fallen when

Critics would argue that there are likely to be gains in exporting processed food items from India. This is undoubtedly true. My calculations (not shown here) show that this is indeed the case. In most processed food items Indian prices are way below the US levels when the commodity is domestically produced. But these gains would accrue to the industrial and not the agricultural sector. The issue here is not efficiency but the resistance to change due to the costs of structural adjustment. No doubt efficiency calculations would show the need to re-orient Indian agriculture in the right direction. One such change would be large scale farming to obtain productivity increases. But none of the present reforms show any such concerns dominate policy making. Given the fragmented nature of Indian agriculture one does not see where the productivity increase is going to come from.

In this short article I have tried to argue that the new free trade regime in agricultural goods is (bar- ring major productivity gains in agriculture) going to be politically difficult to implement in poorer developing countries. Yet, in the long run, it is likely to benefit the agricultural sector where most of the population and the poor still reside. Rising agricultural prices would lead to an increase in wages in the agricultural sector and arrest the current unsustainable population pressure in urban areas. The issue the consensus on agricultural trade does not address is the question of who pays for the structural adjustment in moving from restricted to free trade? In a democracy some answers must be found.

onion prices went beyond Rs 9 (1977) and Rs 18 (1998). Does there exist the political will to remove export curbs on items like edible oils, onions, tomatoes and sugar? If these curbs are not removed then how would India reap the benefits of free trade in agricultural commodities?

Second, free trade in agricultural commodities would lead to a massive transfer of purchasing power from urban/rural consumers to farmers. Considering that the four decades till 1991 witnessed high relative protection of industrial products this is probably a good thing. In fact,

China did effect such a transfer in 1978 when it opened up internal trade in agricultural items. But China could forcibly prevent any urban uprising. India obviously cannot. What the Indian government will have to do is to bring in more agricultural items into the PDS at least in the short run. In other words, the cost of PDS is likely to rise rather than fall as seems to be the general expectation.

H10-1
29/1

Clinton calls for free world trade

DAVOS, JAN. 29. The U.S. President, Mr. Bill Clinton, today issued a strong appeal for free and open world trade and markets and urged the delegates to take seriously those worried about the side-effects of globalisation.

Addressing the gathering at the ongoing 30th World Economic Forum summit in this Swiss ski resort, Mr. Clinton referred to the violent protests at the World Trade Organisation meeting in Seattle last year and advised the delegates not "to be in denial" about the protesters.

"Find a way to let the dissenters have their say and turn them into constructive partners," he told the audience which included dozens of Heads of State, Prime Ministers, Finance Ministers, central bank governors and corporate chief executives.

"Those who heard the wake-up call in the streets of Seattle got the right message," Mr. Clinton said while urging the business leaders



The U.S. President, Mr. Bill Clinton, greets the Palestine Authority President, Mr. Yasser Arafat, at the World Economic Forum in Davos, Switzerland, on Saturday.

to consider the anti-WTO protesters' concerns seriously.

While backing China's admission to the WTO he also endorsed

the trade body as an institution for ensuring rule-based trade and business relations.

Questioned about his vision for

the future by the WEF president, Mr. Klaus Schwab, Mr. Clinton said, "don't leave the little guys out ... develop a shared vision".

The British Premier, Mr. Tony Blair, suggested a common resolve among industrialised countries to slash tariffs for imports from developing countries.

He said the WTO needed to open itself to the public in order to begin a new round of trade talks and added "we cannot afford another Seattle".

India's view

During the course of the meeting, India's approach towards globalisation will be outlined by the Union Finance Minister, Mr. Yashwant Sinha, during his address which will seek to stress that globalisation should be free of exploitation and should not be merely confined to the flow of capital, trade and technology as was evident now. — PTL, DPA

THE HINDU

30 JAN 2000

Davos protests mirror Seattle scene

40-16 2/11 9 69
DAVOS (SWITZERLAND), JAN. 30. About 500 demonstrators, apparently trying to mirror on a smaller scale the disturbances against the World Trade Organisation meeting in Seattle last November, were on Saturday kept away from the hall where the U.S. President, Mr. Bill Clinton, spoke at the World Economic Forum here, by phalanxes of heavily armed Swiss police officers.

But a group of demonstrators broke windows in a nearby McDonald's restaurant that features a large statue of the company's icon, Ronald McDonald, and, according to witnesses, injured several policemen even as Mr. Clinton issued an impassioned appeal to make global trade work for the poor, too.

In what amounted to his gospel on globalisation, Mr. Clinton told an audience of chief executives and national leaders that if the economic elite who had created, managed and benefited from globalisation did not listen to the concerns of those left out, protectionism would return.

"This is a new network," Mr. Clinton said, speaking to an affluent and influential audience that included top business executives but also the lead-

ers of South Africa and Colombia, and the Palestinian leader, Mr. Yasser Arafat. "But don't leave the little guys out." "We have got to reaffirm unambiguously that open markets and rules-based trade are the best engine we know to lift living standards, reduce environmental destruction and build shared prosperity," he said. "This is true whether you're in Detroit, Davos, Dhaka or Dakar."

In order to include the developing world in the benefits of globalisation, the well-off have to make some adjustments, he said.

Mr. Clinton's theme of incorporating the poor in the new global economy received a mixed reception. The only applause during his speech was his reference to his State of the Union proposal to give tax benefits to companies that worked on vaccines for AIDS.

Afterward, some economists questioned whether Mr. Clinton was tempering his enthusiasm for open markets too much. "It was a balanced speech, but he left unclear whether he wants to impose our social norms on the developing countries," said Mr. Horst Siebert, head of the Kiel Institute of the World Economy in Germa-

ny. "Nobody wants children in Bangladesh working in factories, but we should not be imposing our norms on them." Tinges of anti-Americanism peppered some of the panel discussions. At one panel, a moderator asked for a "non-American" questioner.

For the first, time nongovernmental organisations, which have expressed concerns about the effects of globalisation on the developing world, were present at the Forum in some strength. Mr. Clinton did not refer to them directly, but repeatedly urged his audience to be inclusive rather than exclusive in figuring the rules of free trade. Without backing away from concerns that he insisted be covered by the world trade talks that eventually collapsed in Seattle in December, Mr. Clinton tried to address the unease in the developing world about his sincerity.

"I know that the words 'labour and environment' are heard with suspicion in the developing world when they are uttered by people from the developed world," he said. "I understand that these words are code for rich-country protectionism." — *New York Times*

THE HINDU

31 JAN 2000