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# WTO auto ruling will not affect India: Joshi

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By Our Special Correspondent

**NEW DELHI, DEC. 26.** The latest ruling of a World Trade Organisation (WTO) dispute settlement panel against the export obligation placed by India on automobile manufacturers will not affect this country. This is because it pertains to procedures which were in force before quantitative restrictions were removed in April this year. With the withdrawal of QRs, the export quotas for industry were also discarded.

According to the Heavy Industry Minister, Mr. Manohar Joshi, the decision by the WTO panel would not affect this country at all. The regulations being referred to are no longer in force and automobile manufacturers are not required to carry out "balancing" of foreign exchange requirements by undertaking exports.

In contrast, senior officials said some companies such as the Hyundai which did not have any export obligation imposed on them have been able to export cars without difficulty. Similarly, domestic auto component manufacturers are gearing up to become suppliers to global auto majors.

Addressing a press conference, Mr. Joshi said a policy paper on the auto sector was under finalisation. It would focus on promoting a globally competitive industry facilitating indigenous design and research and development. This included major upgradation of the existing testing facilities as also setting up of two new test and certification facilities in the country. This was estimated to cost Rs. 750 crores, he said.

On disinvestment, he said 20 public sector undertakings of the department have been referred to the Disinvestment Ministry. In addition, action had been initiated on disinvestment or joint venture formation for 13 subsidiary PSUs of the department. In order to facilitate the process of disinvestment, the Department of Heavy Industry was seeking an "in principle" dispensation for financial restructuring of PSUs with regard to government loan, interest and employees dues.

Among the 20 companies which have been referred to the Disinvestment Ministry are the Scooters

India Limited, the RBL Limited, the Bharat Brakes and Valves Limited, the Instrumentation Limited, the Bharat Leather Corporation, Bharat Pumps and Compressors Limited, the Hindustan Salts, the Sambhar Salts, the Jessop and Co., the NIDC, the Nepa Limited, the Hindustan Cables Limited, the Tungabhadra Steel Products Limited, the Bharat Heavy Plates and Vessels Limited, the Praga Tools, the Burn Standard, the Braithwaite and Co., the Engineering Projects India Limited, the Tyre Corporation of India Limited and the National Instruments Limited.

THE HINDU

27 DEC 2001

9-20-99

# Economist against bid to push Singapore issues at WTO

11/12

F10-12

By Our Special Correspondent

**NEW DELHI, DEC. 20.** While voicing criticism of India's stubborn stand against the new trade round of the World Trade Organisation (WTO) at the Doha ministerial conference, the eminent economist, Mr. Jagdish Bhagwati, has opposed efforts to widen the trade body's agenda by including the new "Singapore issues" of investment and competition. He also considers intellectual property rights and labour to be outside the purview of a multilateral trade organisation but has urged India and other developing countries to change their strategy in dealing with such issues. As for environment, he says negotiations are the only solution to ensure that rich countries do not manipulate the agenda to their advantage.

Mr. Bhagwati, currently a senior fellow in international economics in the U.S.-based Council on International Relations, was addressing a meeting organised by the Federation of Indian Chambers of Commerce and In-

dustry (FICCI). Speaking on "Doha and India: Looking Back and Ahead", he argued in favour of tough negotiations on environmental issues to ensure that the developed countries do not exclude themselves from the obligations imposed at the WTO. In this context, he noted that the U.S. has not yet signed the Kyoto Protocol while the Doha ministerial draft talks about studying linkages with the multilateral environment agreements. He saw negotiations as the only solution to this problem.

Mr. Bhagwati was not appreciative, however, of India's staunch opposition to the new trade round even after it had become clear that the major players were determined to push ahead with it. India appeared "rejectionist", he said and was ultimately isolated at the end. Later, the former Indian Ambassador to the WTO, Mr. S. Narayan, clarified that the opposition was not to the new round but to the new issues. This was news, according to Mr. Bhagwati, who pointed out no one at the

conference appeared to be aware of this fine distinction, clearly indicating "bad PR".

At the same time, he commended the Indian stance on other issues such as investment and competition as well as on labour and environment. But he suggested that the official delegation in future should be accompanied by NGOs and trade unions as well as representatives from the domestic industry.

In this context, Mr. Bhagwati urged India to become pro-active at the International Labour Organisation (ILO) where a global commission has been set up to study the labour issue. India should not oppose the inclusion of the social clause on the grounds of protectionism but instead argue that trade sanctions are an ineffective way of achieving the main objective of raising labour standards. He pointed out that the presence of trade union representatives in the official delegation would buttress the Indian case.

THE HINDU

17 DEC 2001

# WTO: Steps for joint action to safeguard farmers

By R.Madhavan Nair

**KOZHIKODE, DEC. 9** Steps are being taken to seek the support of all concerned to build a common platform for joint political action to safeguard the interests of the State's farmers in the post- WTO regime.

The attempt is to garner support for joint action of the type launched by trade unions of different political parties to protect workers' interests from the adverse effects of WTO regulations.

At the national level, trade unions, cutting across political lines, have chalked out an action plan to resist what they consider to be anti-labour components of the WTO package. Outfits with sharply different political perceptions like the INTUC, AITUC, CITU and BMS have joined hands to launch a united struggle.

The deepening distress of farmers has become an impetus to the search for a common platform to launch a united, pro-farmer struggle.

The campaign to bring together farmers' organisations under a single umbrella has started. Informal talks among various organisations are under

way, according to Mr.Sathyan Mokeri, State general secretary, All India Kisan Sabha.

As part of this attempt a mass sathyagraha is being staged in front of the Secretariat in Thiruvananthapuram on December 21 jointly by the farmers' wings of the Left Democratic Front (LDF).

This would be followed by regional conventions in different parts of the State in January.

Though only pro-LDF organisations would figure in the show of protest on December 21, the front's leaders hope to rope in the support of pro-UDF organisations also for their programmes in the near future.

The State unit of the All India Kisan Sabha, the farmers' wing of CPI, has got in touch with farmers' organisations of other political parties. And that includes the Karshaka Congress of the Congress.

Leaders engaged in this endeavour have also sought the co-operation of leaders of even non-political movements, including the Indian Farmers Movement (Infam) which is now engaged in a vigorous

campaign to build up pressure for pro-farmer reforms.

The statistics put out by the pro-CPI All India Kisan Sabha on the extent of losses suffered by farmers on account of fall in prices of farm produces are alarming. The total loss suffered by the farmers due to the steep decline in prices of the seven main crops in the State is as high as Rs.17, 800 crores in the past three years alone, according to Kisan Sabha.

The loss due to fall in prices of coconut, which accounts for 40 per cent of the State's agricultural income, is about Rs.1,291 crores during the last three years, taking Rs.6 to be the fair and remunerative price for a coconut.

The income of pepper farmers has also shrunk because of the slump in market prices from a peak of Rs.200 per kg to Rs. 74 during this period.

The decline in rubber prices has resulted in a total loss of Rs.4,296 crores in three years. Ginger, which once fetched farmers nearly Rs.1, 000 per bag of 60 kg, is now selling for as low as Rs.200-300. Arecanut prices have also crashed to as low as Rs.35 per kg from Rs.180. Coffee and tea growers have

also suffered a heavy loss. Only cardamom prices have remained steady.

Mr. Sathyan Mokeri says the beneficiaries of the crisis in the farm sector have been the industrialists. This is clear from the fact that there has not been any significant fall in the prices of industrial products made from rubber, coconut or coffee.

"Industrialists have been prospering at the expense of farmers. It is time to sink minor political differences and launch a joint struggle for the farmers' cause," says Mr. Sathyan Mokeri.

Among the remedial measures being demanded by the groups that are planning joint action are continuation of subsidies, support price and a vigorous campaign to encourage farmers to manufacture and market value-added products.

Bringing together groups having different interests is easier said than done. The difficult question of reaching a consensus on the remedial measures to revive the farm sector would arise later. The campaigners for a joint action platform for the farmers' cause are confident they would succeed.

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**DOHA MEET / MPs CRITICISE PERFORMANCE**

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# Maran calls for national consensus on WTO

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By Our Special Correspondent

**NEW DELHI, DEC. 10.** Faced with the criticism over his performance at the recent Fourth Ministerial Conference of WTO at Doha, the Commerce Minister, Mr. Murasoli Maran, today called for a national consensus on WTO so that India could speak with one voice in the new world regime.

Replying to a discussion on the Doha conference in the Lok Sabha, the Minister also made out a case for a development alliance within the country that would outlive Governments. He sought the cooperation of MPs in evolving a national consensus for the negotiations that are to commence soon.

Evidently upset by the Congress leader, Mr. Mani Shankar Aiyar's description of India's position at Doha as nothing more than "impotent posturing" in his long diatribe, the Minister's 20-minute-long reply was directed mainly at his opponent from Tamil Nadu though well over a dozen members participated in the discussion that went on for nearly five hours.

"If this was impotent posturing, then how would you describe the Uruguay round," Mr. Maran asked at the very outset itself, setting the tenor of his reply. Then, quoting at length from articles in different overseas publications, the Minister went on to show how the Government had not jeopardised the country's sovereignty by succumbing to pressures from powerful countries as was alleged.

Initiating the discussion, Mr. Rupchand Pal of the CPI(M) said the developing countries had suffered a setback at Doha as their concerns were thoroughly ignored and a new agenda forced on them by the U.S. and its allies. Conceding that some apparent gains had been made by India, he accused the Government of succumbing to the pressures of the developed

world. While the Opposition was critical with even the AIADMK — which in this session has been taking a position independent from other Opposition parties — today joining the attack on the Government and stating that there was a lack "clarity in thought, expression and response at Doha", it found an ally of sorts in the NDA constituent, Janata Dal (U). Though not critical, the JD(U) member, Mr. Devendra Prasad Yadav, sought clarifications on many a count and said there was a need to bring back the Quantitative Restrictions that were lifted earlier this year.

Among the NDA allies who spoke in support of Mr. Maran were Prof. Ummareddy Venkateswarlu of the TDP, Dr. Bikram Sarkar of the All India Trinamool Congress (AITC) and Ms. Renu Kumari of the Samata Party. The TDP and the AITC members were one in stating that Mr. Maran had made the best out of a bad situation.

## New envoy to WTO

By Our Special Correspondent

**NEW DELHI, DEC. 10.** Mr. K.M. Chandrashekhara has taken over as Ambassador to the World Trade Organisation in India's Permanent Mission in Geneva. He presented his credentials to the WTO Director-General, Mr. Mike Moore, on December 6. He takes over from Mr. S. Narayanan. An official release says prior to his present assignment, he was deputy Chief of Mission in the Indian Embassy in Brussels where he handled economic and commercial work relating to the European Union, Belgium and Luxembourg. He has also served as Joint Secretary in the Trade Policy Division of the Commerce Ministry dealing with the entire range of Uruguay Round agreements.

THE HINDU

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# Maran scores brownie points in WTO debate

STATESMAN NEWS SERVICE

NEW DELHI, Nov. 28. — India has given a clarification call to the Third World countries to forge a 'development alliance' to rise against the economic power of the developed countries and also against the attempts by the WTO to function as a "global government".

The commerce and industry minister, Mr Mursoli Maran, scored some brownie points in Rajya Sabha today when the Opposition appreciated the leadership quality of the minister at the fourth ministerial meeting in Doha in connection with WTO negotiations. The Opposition did not corner him on the issue but did remind him that this was only the beginning and not the end of the matter.

The Opposition said that India should consider a realistic assessment of the situation and evolve a consensus which would be in the interest of the country.

Following a statement made by Mr Maran in the House last week, the discussion was initiated today by senior Congress leader, Mr Pranab Mukherjee, and at the end of the discussion, Mr Maran wound up by assuring the House that all documents that he receives in future on the matter would be shared among all and hoped that a

consensus could be evolved among all the parties on the issue.

Claiming victory for India in regard to public health, agriculture, implementation issues and the geographical indications at the Doha conference, Mr Maran said there was no stopping now for the developing nations to stand up to the arrogance of the European Union and economic might of the USA in all future WTO fora.

In a spirited and long reply at the end of a short-duration debate, Mr Maran allayed all fears about the impact of the declaration on the farming sector and the poor of the country.

"The Public Distribution Scheme will not be disturbed," the Minister said. The interest of the resourceful farmers would also not be harmed.

Narrating his experiences of how India was engaged in hard bargains for hours together at the 142-nation conference, the minister said he had the support of the Prime Minister right through the trying stages of the conference.

He rejected all speculations that there was any pressure on him from the PMO.

"At the meeting of the Cabinet Committee on WTO, the Prime Minister told me to keep India's flag high. When I contacted him from Doha in the middle of the 36-hour non-stop negotiations, the PM told me to be firm," Mr Maran said.

THE STATESMAN

29/11/2004

# 'Doha was not a sellout, it was a buyout for India'

The tough-talking Maran doesn't care about what his critics are saying. He believes the recently concluded WTO meet went very well for India, period

**K A Badarinarath**  
 Many in India had feared that Commerce minister Murasoli Maran would end up isolating India at the WTO meet in Doha with his tough line on the need for a New Round and other issues. And, when that didn't happen, they said he sold out. In an interview, he says, if it had not been for his tough stand, India and the rest of the developing world wouldn't have got the concessions that they eventually managed to get. Excerpts:

should be proud of what we could get from Doha summit as various international newspapers pointed out. The biggest gain has been the significant shift in balance of power in favour of developing countries. They (political opponents and critics) are looking at the WTO outcome with prejudice.

**Can you mention at least three major issues on which India has benefited from the Doha summit?**  
 Prevention is better than cure. So, we were able to ensure status quo on four crucial issues by standing up to others (the developed countries). It is a great gain. Now, competition, investment, transparency in government procurement and trade facilitation will be taken up for negotiation only after achieving "explicit consensus" at the next ministerial conclave after two years.

On the crucial issue of linking labour with trade, we made them to say that it is in the domain of the International Labour Organisation. On the question of according Darjeeling tea, basmati rice and alphonso mangoes, the same protection under geographical indicators on par with champagne and scotch whisky, the declaration has committed WTO members to immediate negotiations. Even on bio-piracy and biodiversity issues, WTO norms will be reviewed immediately. Informed consent is that those holding product patents based on these material will have to pay up. We are fighting for it.

**There was so much talk of Trips agreement and access to cheap patented medicines that already finds a mention in Uruguay round agreement.**  
 We hold a view that asymmetries and imbalances in Trips agreement will have to be addressed as the advanced industrial world is misusing and mis-interpreting certain provisions. This has put the developing countries to a lot of hardship and difficulties.

They tried to block our demand for a total review of the agreement. Total review of Trips agreement has now become the integral part of WTO's work programme after some of them recognised our demand. Some of the concerns of developing countries have already been addressed at Doha, while others would be considered in the work programme. In fact, this is really a total buy-out for countries like India.

Under the new declaration, national governments can give compulsory licences to address the public health emergency and urgency. This is rather a directive to the disputes settlement body (DSB) of WTO, recognising our right to access medicines at affordable prices without having to bother about patent obligations.

For the first time, they were made to recognise the need for such a right to tackle epidemics like AIDS/HIV, malaria and tuberculosis. Availability and affordability of medicines to tackle these diseases is a basic

human right. I may point out that 36 million people are living around the world with AIDS, of which 6.4 million people are in Asia alone, second only to the sub-Saharan region.

**What about agriculture related issues?**

Negotiations on agriculture were to be completed by 2000. Earlier deadline was to implement the agreement from 1996 itself, which has not been possible so far. We have not made any commitments to cut subsidies. As on date, India can offer subsidies worth Rs 42,000 crore, if it has the money. There are no restrictions on our public distribution system. No compulsions on phasing out the PDS. Special and differential treatment for developing countries, ensuring longer phase-out timeframe and limited to lesser number of disciplines has become part of the work programme.

**Though you opposed the new declaration calling it "a total disappointment", ultimately you fell in line. Why?**

First, as a matter of strategy, we refused to allow a consensus, despite 36 hours of continuous negotiations. After that, for the next 18 hours, everyone approached India asking us not to block the proceedings. (During this time) the 77-member African, Caribbean and Pacific nations got concessions in terms of exporting their products to the European Union. India did not want to be an isolationist or an obstructionist. So,

we bargained and gained substantially. WTO chairman also recorded India's position and clarified on issues raised by New Delhi.

**So, finally, the fear of isolation forced you to agree to the declaration?**

We were not isolated. We got a lot of support from the African group. All the while, I was in touch with the Prime Minister. He asked me to be firm. And, till the end, I was. Even after the last cabinet meeting before Doha summit, Prime Minister told me, "Keep our flag flying aloft". That is what I exactly did and achieved.

**Or, was it due to extraneous pressure that made you give in?**

No question of yielding or molting due to any pressure. Our delegation brought India glory. It will be a matter of shame for anyone to say that we, as a one billion population, were arm-twisted. It was a win-win situation. The feeling amongst developing countries is that they will have to wait another two years, if these concessions, which have come as a take-it-or-leave-it package, are rejected. Under the circumstances, it is the best we could have done.

**India was against a new round of trade negotiations, then why did you sign the declaration?**

The term round is technical. After the Uruguay Round, where the World Trade Organisation came into being, it has become a permanent forum for multi-lateral trade negotiations. So, there

is nothing called the new round, after the Uruguay Round. Now, it is the expanded work programme of WTO. As I had earlier also mentioned, it is the issues that matter and not the nomenclature.

**Do you mean to say the previous governments bungled while signing the Uruguay agreement?**

It was signed in good faith, with the assumption that the developed countries would not misinterpret every provision in the agreement. Hence, we paid a huge price, especially while

**What now on the external trade front?**

Doha is behind us, but it is not a one-shot affair. Negotiations on the new declaration will come to

**MURASOLI MARAN:** It was a win-win situation

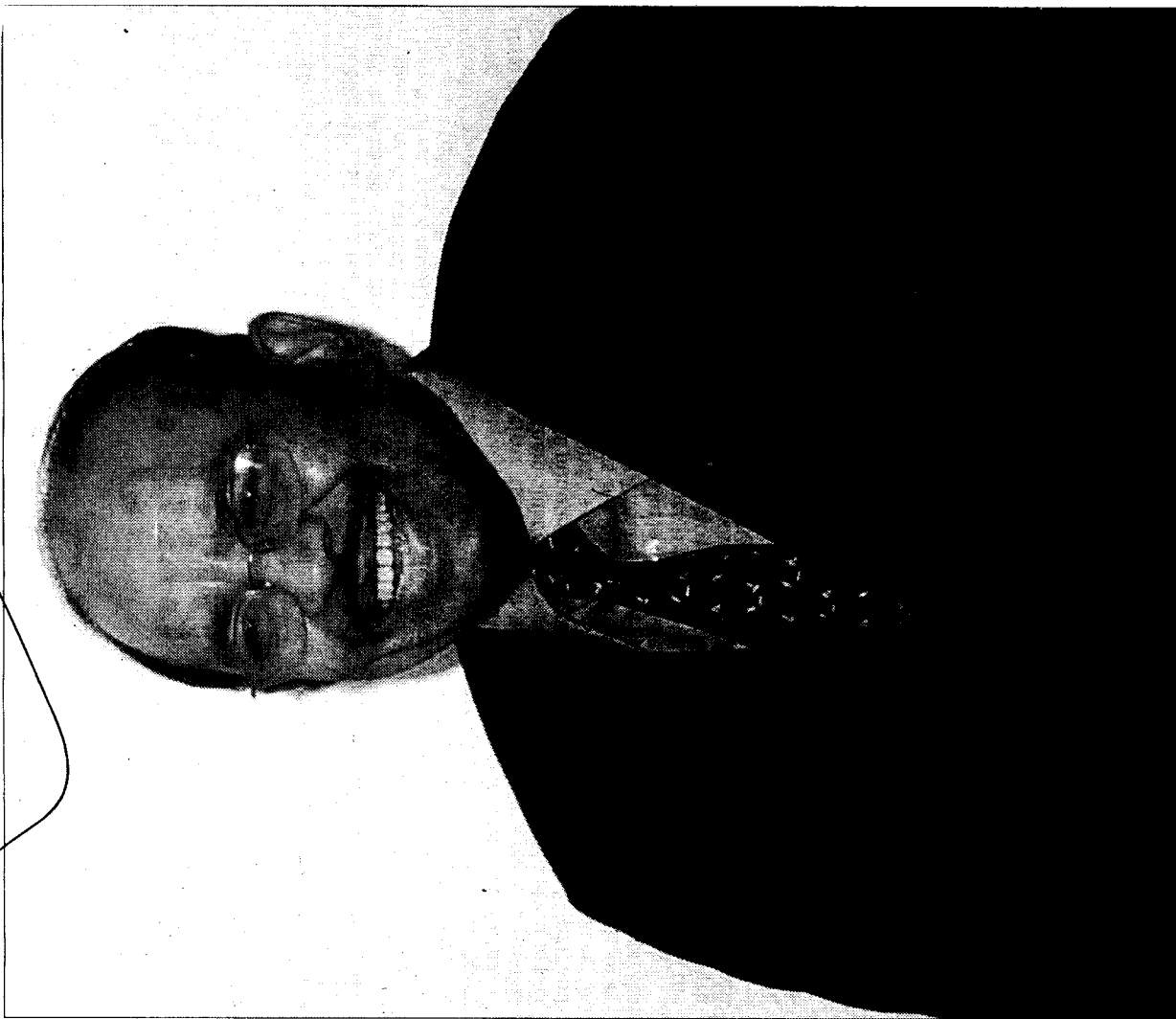
agreeing to bring agriculture into GATT and also textiles due to the inbuilt asymmetries and imbalances. Under the GATT agreement, a massive flow of profits worth US \$ 8.3 billion would be accrued to just four or six countries. Out of this, the US alone will get \$ 5.8 billion as profit, according to a study done at the Yale University.

**What now on the external trade front?**

Doha is behind us, but it is not a one-shot affair. Negotiations on the new declaration will come to

an end by 2005; it may take longer — between seven and 10 years as predicted by *The Economist*.

We must use this time to domestically look at trade negotiations as a national issue, sink differences, cooperate and put up a fight for common strategy. We also should seriously think about forming a development alliance with more like-minded countries, especially in the backdrop of the fact that China is now a member and Russia is at the door.



# The Left and the WTO regime

By V. Krishna Ananth

REPORT on the rally organised in New Delhi recently by the "Indian People's Campaign Against WTO", an umbrella organisation comprising the mainstream Left parties, a few groups from the far Left and the ramshackle Janata Dal(S) and a set of individuals, said the speakers at the rally warned the A.B. Vajpayee dispensation of a revolution unless the crises facing the working people and other sections were addressed in real earnest.

To be fair to the Left, the warning came from none among them. It was the former Prime Minister, Mr. V. P. Singh, who saw in the present crisis a revolutionary situation. And in keeping with his reformist lineage, in the political sense, Mr. Singh did not feel constrained at all, despite the presence of the Left leaders and the cadre (who must, given their stated world view, look at a revolutionary situation in the making as a natural course and welcome such an event rather than allow themselves to be haunted) in the rally, in giving vent to his reformist position.

It is another matter that the leaders from the Left were mature enough not to find any signals to share Mr. Singh's understanding of the reality. After all, they know too well the state in which their own unions are today. And they are more than aware of the harsh reality — that the organised working class, the vanguard of the revolution in the classical Marxist sense is in no position today to go beyond symbolic protests, leave alone a protracted strike action. And the Left knows only too well that a revolution, at least in the sense they perceive one, is certainly not in the air.

But then, this does not mean that the crisis does not exist. And if one concedes to Mr. Singh the liberty to use an expression (such as revolution) to mean a situation where the deprived lot begins to loot the wealth on display — as it happened during the Paris Commune — there is indeed a revolution in the making. And it is in this context that the Left seems to be finding good enough reasons to share a platform with all those whom it would, in better times, dismiss as reformists.

For instance, the mainstream Left parties (as well as all those belonging to the Naxalbari tradition) are known to have condemned such movements taken up by environmentalists and activists cam-

paigned for civil rights, even in the recent past. The Left displayed contempt for the NGOs too and it is a fact that some of its leading lights even accused them of being puppets of global capitalism.

There indeed is a perceptible change in this. And this was evident from the fact that they did not grudge sharing the platform with the leader of the Narmada Bachao Andolan, Ms. Medha Patkar, and even Ms. Vandana Shiva, whom the CPI (M)'s organ went on to describe as a "renowned anti-WTO activist".

After all, a reading of the classical Marxist texts and even a cursory attempt to look at Karl Marx's writings (Capital Vol-

ing the freedom struggle). Dutt had this to say about Gandhi and the idea of small industries: "...It is a palliative which is based on acceptance of the worst evils of the existing distortion and cramping of Indian economy, and is directed to adaptation to these evils instead of changing them." After such a condemnation, Dutt also saw the doomsday of the idea; "Economically, there is no future for an artificially attempted revival of hand industry in a capitalist world."

The Left in India had, indeed, refused to be carried away by these shibboleths even during the Stalinist era. As for instance, A.K. Gopalan, a legend among the early

***It will make sense for the mainstream Left, and also the far Left groups that have now come to constitute a broadbased anti-WTO platform, to internalise elements from the Gandhian approach in their agenda.***

ume 3, in particular) should lead anyone accepting the principle of historical materialism to internalise into the agenda such aspects as the threat posed by the unfettered growth of industries to the environment. In other words, there is hardly anything un-Marxist about taking into the agenda for struggle concerns about environmental degradation; and flowing out of this will be a strategy that will internalise into the campaign the slogan of appropriate technology.

In other words, the Left in India need not stick to the formulations handed over by the members of the Communist Party of Great Britain (some of whom were deputed by the Third International to formulate the party's strategy and tactical line during the Stalinist era) that there was something reactionary about opposing technology. There is no reason, at least from the Marxist point of view, to offer an unqualified support to technology as such.

And hence the traditional formulation by the Left in India that the Gandhian approach — a campaign for small scale units and cottage industries against large industrial enterprises — is reactionary. (This was how the communists in India were taught to think by R. P. Dutt, deputed by the British Communist Party to India dur-

builders of the Left in India, had internalised the spirit of small and village industry and cooperatives in the Malabar region, constructing in the process strong pillars for the movement there. And it is this tradition on which the Left could build further in the days to come if it is serious about not letting the strategy advocated by the likes of Mr. V. P. Singh, Ms. Medha Patkar and Ms. Vandana Shiva to be reduced to reformism.

In other words, it will make sense for the mainstream Left, and also the far Left groups that have now come to constitute a broadbased anti-WTO platform, to internalise elements from the Gandhian approach in their agenda. Such a strategy, in today's context, would involve taking the concept of small and village industries to the organised working class whose ranks are orchestrating the campaign against liberalisation (and the decisions by the Indian state inspired by the WTO).

After all, the terms that India has agreed to at Marrakesh (in March 1994) renders any long term ban on the import of a whole lot of consumer goods liable for action. In this sense, even a Left-led Government will be unable to impose Quantitative Restrictions on their imports.

However, there is nothing in the WTO clauses that holds against a whole lot of

people in the member-country refusing to be consumers of goods manufactured in another country. "Swadeshi", indeed, is the only way out of the present crisis. It may sound reformist in a sense; after all, the working class, in the classical Marxist sense, has nothing to do with nationalism as an emotional bind. But then, this is where the very nature of the WTO regime and its impact on nations — the developing and the poor nations — need to be understood. In an era when consent for the idea of market is manufactured through the culture of supermarkets, the imperative for all those opposed to the process is to build a counter-culture.

After having seen the need to not be sectarian and after having agreed to accept such ideas and personalities as Mr. Noam Chomsky and Mr. Amartya Sen in recent times, the mainstream Left should have nothing against internalising, in the formal sense, prescriptions by the Mahatma. And if anyone still believes that Gandhiji had condemned technology per se, here is what the Father of the Nation had to say: "Mechanisation is good when hands are too few for the work intended to be accomplished. It is an evil when there are more hands than required for the work as in the case of India."

The influx of goods, including from Socialist China, is indeed rendering a large section of the working population unemployed. This was established, if data was needed, in the Report of the Task Force on Employment, set up by the Planning Commission. But then, the solution it provided was once again based on chasing the mirage; to strive and increase the Growth Rate to at least 10 per cent of the GDP. The trouble with this strategy is that it will depend further on FDIs.

Instead, a model based on small and adequate technology is far more viable and will be far less dependent on FDIs. And there are the advantages of such a model in a country with over a billion people; "when there are more hands to work", to repeat Gandhi's own words. And this can be achieved if only the Left and its friends who were there with them in the anti-WTO rally agree to carry the Gandhian prescriptions to its ranks who also are turning out to be the biggest patrons of the supermarkets, a symbol of the liberalised era.

THE HINDU

24 NOV 2001

# India arrives at the WTO

The Doha Declaration represents a significant victory for India not just in terms of the items it includes but also the items it excludes, says Arvind Panagariya

THE only real loser in Doha was India, writes Guy de Jonquieres in an editorial comment in the *Financial Times* (November, 2001). "It achieved no obvious gains except for the dubious pleasure of delaying the close of the meeting."

If you were at the summit and heard the frequent assertions in the corridors and the pressroom that India was hell bent to bring down the launch of the new round, you would likely believe the harsh assessment by de Jonquieres. But did India truly fail so poorly?

Consider first the outcome of the summit. I have consistently argued (*ET*, August 25, 2001) that the launch of a new round with a minimalist agenda that focuses on trade liberalisation is in India's own best interest. The Doha agenda readily satisfies this criterion. It calls for negotiations in four areas: trade liberalisation, trade and environment, WTO rules in certain areas and the Dispute Settlement Understanding (DSU). The mandate on trade and environment and WTO rules is truly narrow and DSU negotiations are a part of the Uruguay Round built-in agenda. This leaves trade liberalisation as the main negotiating item on the agenda.

The Doha agenda calls for trade liberalisation in all sectors: industry, agriculture and services. Given the urgent need to jump-start India's trade reform, expected benefits to its farmers from increased access to the European market and the need to eliminate tariff peaks in developed countries in products such as textiles and clothing, footwear and fisheries, India stands to benefit big from the proposed liberalisation agenda.

For the first time, the Doha Declaration places trade and environment on the negotiating agenda of the WTO. Most developing countries including India had vehemently opposed this. Yet, in my judgement, the principal negotiating item in this area promises to promote rather than hurt the interest of developing countries. This item requires the Members to negotiate on "the relationship between existing WTO rules and specific trade obligations set out in multilateral environmental agreements (MEAs)." Currently, this relationship remains ill defined, giving the so-called "faceless bureaucrats" at the WTO a free hand in not just interpreting but also formulating policy. To safeguard against any protectionist outcome, the Declaration explicitly states that the "negotiations shall not prejudice the

WTO rights of any Member that is not a party to the MEA in question"

The third item on the Doha agenda requires clarification and improvement of disciplines on anti-dumping, subsidies and countervailing duties, fisheries subsidies, and the existing WTO provisions on regional trade agreements. Virtually all subjects under this item had been either pushed or backed by developing countries including India. Therefore, its inclusion is *prima facie* consistent with their interests.

The Doha Declaration represents a significant victory for India not just in terms of the items it includes but also

several ambiguities with respect to flexibilities available in the TRIPS Agreement. Second, India got concessions on a number of 'implementation' issues it had aggressively pushed, first at Seattle and then at Doha. While the benefits from these concessions are tiny in relation to the energy and negotiating capital expended on them, they had been sought with zeal by India.

Commerce minister Maran is, thus, to be congratulated for the victory he has scored in Doha. He was not only personally present at the summit from the beginning to end but also had a presence there. Though many developed country delegates, observers and journalists were irked by his aggressive negotiating style, he gave effective expression to the interests of India as well as many other developing countries, which had difficulty in having their voices heard. Had he not been true to his promise — "I will go down fighting" — and personally negotiated non-stop for the last 36 hours of the summit with EU and the US, the Doha agenda would have surely included the Singapore issues as sought by the European Union.

There are, nevertheless, lessons to be learned from the Doha experience. Ever since the Uruguay Round, India has uniformly suffered from a negative image among negotiators. To some degree, this is the outcome of an old tactic whereby negotiators try to tilt the outcome in their favour by painting a particularly vocal rival as "obstructionist". But India also bears some responsibility for making the task of these negotiators easy. By opposing the very launch of the new round, India made itself an easy target of criticism by them. It could have instead taken the high road by supporting trade liberalisation agenda unequivocally and positioning itself in favour of a round that focused on this central function of the WTO.

In negotiations, it is common for participants to demand more than what they are willing to accept at the end. Yet, the initial position of India was so extreme as to effectively rob it of any room to claim an unqualified victory at the end of the day. Given the fact that Maran had publicly opposed the launch of the round altogether, his critics can now point to the newly agreed round as evidence of his defeat. They cannot be more wrong; yet they will be technically right.

(The author is a Professor of Economics at the University of Maryland)



BONNY THOMAS

the items it excludes. Thus, India has successfully kept the issue of labour standards off the agenda. Also excluded from negotiations are the so-called Singapore issues spanning over investment, competition policy, transparency in government procurement, and trade facilitation. A positive decision on the inclusion of these latter issues into the negotiating agenda can only be made by a consensus among Members two years from now. The benefits from multilateral agreements in these areas having not been fully established, India had firmly opposed their inclusion.

India can also take pride in two other achievements at Doha. First, a separate declaration on the TRIPs Agreement has clarified that Members have the right to grant compulsory licence in the area of pharmaceuticals and that they have the freedom to determine the ground upon which such licences are granted. This and other provisions in the declaration remove

The Economic Times

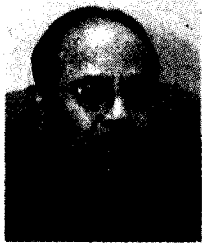
21 NOV 2001



## Gains from WTO substantial: Maran

21/11 By Sushma Ramachandran 10-1

**NEW DELHI, NOV. 20.** The Commerce and Industry Minister, Mr. Murasoli Maran, today said that rather than losing ground, India had achieved substantial gains at the Doha Ministerial conference of the World Trade Organisation. These were in the areas of implementation issues, TRIPs and public health, agriculture and industrial tariffs, services and geographical indications. In an exclusive interview to *The Hindu*, he called upon stakeholders such as political parties, industry, agriculture and labour to unitedly forge a strategy for achieving long-term gains in the global trading system. As for concessions in textiles and environment, he said these would not have any adverse impact on the economy. Status quo had been maintained with respect to textiles exports while en-



vironment issues agreed upon would help protect Indian wildlife and prevent bio-piracy.

Mr. Maran, who became the focus of attention at Doha for his unrelenting opposition to the inclusion of the new "Singapore" issues — investment, competition, government procurement and trade facilitation — in the new work programme, said developing countries were now "awakening" to their power in the WTO. India had assumed the leadership of this group which was ultimately instrumental in signing the final declaration. But this was done by India only after changes were made to the text of the declaration. In this context, Mr. Maran called for the forging of a "development coalition" before the next conference, after two years. 9 Nov - 959

On the criticism that India had caved in to agreeing to a new trade round, he said "it is semantics. Only issues are important." No new issues were being taken up but any terminology could be used for the new WTO programme.

— Details on Page 16

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# 'India bungled in the final leg at WTO meet'

By Priya Ranjan Dash  
Times News Network

NEW DELHI: The Indian delegation bungled in the final leg of the Doha conference, committing the tactical blunder of opposing a draft declaration that could have meant much more for India than the one it had to settle for at the end, after holding out for 18 hours, official sources rued on Friday.

Sources said that on the morning of November 13, the day the WTO meet was scheduled to end, a revised draft ministerial declaration was presented to ministers from 142 countries for adoption. The adoption of that draft would have been a "dream come true" for India for it took care of its core concerns in most areas. But inexplicably, the Indian delegation chose to reject the draft. The leader of the delegation, commerce minister Murasoli Maran, expressed "strong disappointment" over the draft and told his counterparts that India "would not be able to join any consensus" for the adoption of the draft.

Trade diplomats confirmed that although the European Union too had problems with the draft over the proposal to phase out farm-export subsidies, it stood completely isolated and was under tremendous pressure to accept the emerging consensus. The draft had an "extremely good chance" of going through, had the Indian delegation,

for its own reasons, not joined the EU in blocking it.

The main objection, raised by Mr Maran in his intervention at the heads of delegations meeting in the afternoon of November 13, was that the draft failed to meet India's demand for faster removal of the textile import quotas maintained by industrialised countries.

Officials sources said higher textile quotas during the interregnum before all quotas are abolished in 2005 were of some commercial value but did not represent India's "core concerns". That is because India is at present not able to fully utilise the quotas it has in many overseas markets.

A comparison of the November

13 draft ministerial declaration and the ministerial declaration finally adopted on November 14 shows the following:

■ The November 13 document mandated only a limited negotiation agenda. Unlike the final declaration, it did not provide for starting negotiations on clarification of WTO rules in the light of multilateral environment agreements. Because of its potential of being misused as a protectionist barrier against exports from developing countries, this area of negotiation had always been viewed with suspicion by India.

■ The November 13 draft ruled out launch of negotiations in investment and competition policy till the next ministerial conference to be held after two years. Moreover, it had provided that the next conference will decide on "whether to launch negotiations" in these two areas. These are among the four so-called new issues, which have always been viewed by India as "non-trade issues" and New Delhi has consistently opposed their inclusion in WTO's negotiation agenda.

The final declaration, on the other hand, triggers off negotiations in these areas, without explicitly mandating them. This has been done in the disguise of "work" which will be done in the WTO working groups on these subjects for the next two years.

## Maran basks in the limelight

Times News Network

NEW DELHI: "There were two super stars in Doha, China for its accession and India for its position," commerce and industry minister, Murasoli Maran, still basking under "India's victory" in the WTO conference, recalled here on Friday. Addressing a news conference called to display his Doha "trophies" as well as to play down some of the perceived "defeats" ahead of the Monday opening of Parliament, Mr Maran reluctantly conceded that much as he had wished, he could not prevent the launch of a "new round" of negotiations at Doha covering a wide range of trade as well as "non-trade" subjects.



Murasoli Maran

"The word 'round' is wrong. The Doha declaration does not mention the word," he maintained, but then went on to read out portions of the text that had all the characteristics of a round such as a "single undertaking", a given timeframe and an umbrella trade negotiation committee to span the entire range of talks. Mr Maran said the Doha declaration would not do any harm to the country, but admitted that India yielded some ground on environment to gain substantially in agriculture on which the European Union was adamant.

"Perhaps for the first time we have something positive to show (from WTO negotiations)," Mr Maran told reporters, adding "the fears that India would be isolated proved wrong and we found support and commonality of interests among many developing countries".

# Govt claims more take than give at Doha

FROM OUR CORRESPONDENT (1)

New Delhi, Nov. 16: The government today counted the successes of its aggressive bargaining at the fourth ministerial meeting of the World Trade Organisation at Doha.

Commerce minister Murasoli Maran claimed that India had to yield ground in the areas of environment and textiles to make impressive gains on a host of other fronts.

"This is perhaps the first time that we have something positive to show," Maran told reporters, brushing aside the criticism of the concessions it made during the five days of bitter wrangling over ways to improve the world trade order. He claimed the concessions in the areas of environment and textiles would have no major impact on the economy.

Maran, who went to Doha determined not to yield on the inclusion of new issues until the rich nations fulfilled all their commitments under the Uruguay Round, counted another iteration of promises in this regard as a notable success for India's tough bargaining position. "The only area where we could not get any relief was in textiles, but crucial

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The Gains	The Losses
■ Talks on foreign investment, competition policy, transparency in government procurement and trade facilitation pushed back by two years.	■ Principle of geographical indications to apply to basmati and alphonso mangoes
■ Flexibility in access to cheap drugs without patents worry	■ Talks on reduction or elimination of barriers to pharmaceuticals
■ Attempts to link labour standards to trade debated	■ No commitment by rich to increase textile imports
■ Professionals in services will get more opportunities to work in other countries	■ European Union lends of pressure to lift farm subsidy, closing door on possible exports from India

issues like acknowledgement and a promise to resolve the unimplemented portions of the previous Uruguay Round have been major achievements for us," he said.

"The bone of contention was the four new issues dubbed the Singapore issues — trade and investment, trade and competition, transparency in government procurement practices and trade facilitation."

After a series of protests and parleys, it was decided that talks would start on these issues only after "explicit consensus" is achieved from WTO member countries. This, too, will be done after getting reports of the study group in the next ministerial meeting two years from now.

Maran said this effectively gives power to any country to veto any of these issues which it does not want to discuss.

After the tough fight put up by India, Maran said, the government now had the "veto" to block any proposal for negotiations on these four issues if the country was not prepared for it by then.

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# Doha declaration 'positive' for India

By Our Special Correspondent

**NEW DELHI, NOV. 16.** The Commerce Minister, Mr. Murasoli Maran, today said the Doha Declaration of the World Trade Organisation's fourth Ministerial conference would not cause the country any harm. "Perhaps for the first time, we have something positive to show," he said.

Addressing a press conference here on his return from Doha, Mr. Maran said the prediction that India would be isolated at the conference had been proved wrong as it had found support among many developing countries.

A significant step had been taken by ensuring that the four con-

tentious "Singapore" issues would be taken up for discussion at the next ministerial conference after two years. The decision to hold negotiations on these issues could, however, only be taken up only after an "explicit consensus" among the WTO members. This meant members opposing the issues could veto the negotiations. In an attempt to describe the concept, he said amid laughter "it is like a nuclear weapon." In the meantime, study groups would submit reports on the four issues of investment, competition, Government procurement and trade facilitation.

In this context, he stressed the

need to deepen economic reforms so that the domestic sector could gear up in the next two years to face the challenges. "If there is one lesson from Doha, it is (that) we should reform fast."

Mr. Maran described China's accession and India's stubborn stance at the Doha conference as the "two superstars" but declined to comment on foreign media reports about the U.S. Trade Representative's frustration and anger over his adamant posture.

Asked whether the new WTO work programme was a new trade round, he said "this is only a terminology." The declaration did not mention a "new trade round"

but it could also be described thus.

At the same time, agriculture and services were already mandated negotiations but their scope had been enlarged to include the decision to phase out export subsidies on agriculture, though no time-frame had been agreed to, and the move to hold negotiations on movement of natural persons — an area of Indian interest.

On environment, "some damage" had been caused but it was limited and was the price paid for the gains in agriculture. "It is a trade-off," Mr. Maran said.

**Cong., Left criticism: Page 11**

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# A setback to the nation: CPI(M)

By Our Special Correspondent

NEW DELHI, NOV. 16. The Communist Party of India (Marxist) today said the outcome of the Doha ministerial meeting of World Trade Organisation was a 'setback' to India and the developing nations despite "some resistance" by the country's delegation.

The developed countries led by the U.S., using the backdrop of the September 11 terrorist attacks in the U.S. had bulldozed their agenda of strengthening their economic hegemony over the developing world undermining in many ways the sovereignty of independent countries.

The party blamed the Vajpayee Government, stating that its 'subservience' to "U.S. imperialist trends" in the last three years, especially after September 11, had put India's credibility as a leader of the third world countries under a cloud.

The Government of India had opened up the insurance sector and removed quantitative restrictions before it was required under the WTO. It has not done the proper homework in negotiating and mobilising the other third world countries particularly the African nations.

"Under these circumstances, India's resistance at this late stage was ineffective," the CPI(M) politburo said in a statement. India should utilise the coming two years before the next round of negotiations to take the lead in mobilising other countries and governments to ensure that the blueprint for economic recolonisation of the third world drawn up by the U.S. and its allies would not get legalised.

The Vajpayee Government

should take all necessary measures, such as imposing a hefty increase in import duties, to protect the interests of Indian farmers and domestic producers.

The "seeds of a new round have clearly been sown". The establishment of a "Trade Negotiations Committee" and the declaration that the entire negotiations would be treated as a "single undertaking" left little to doubt. The draft also recognised the case for a multilateral framework in investment and the competition policy. "What has been achieved by developing countries is a temporary reprieve," the CPI(M) said.

On the issue of access to essential medicines in the context of the Trade Related Intellectual Property (TRIPS) agreement under the WTO, it said the organisation had to take note of the hostile global reaction to the inhuman effects of the TRIPS accord, forcing a separate declaration clarifying that it allows use of compulsory licences for drugs that were required to meet public health emergencies. "This is, in a manner, a small victory for the global campaign on access, but the response by the WTO still falls short of the requirements".

The party said that even for small concessions, the developing countries had had to pay a high price. The final draft brought in the issue of environment and labour standards deleted all references to the ILO which was part of the earlier draft.

Any concession on agricultural subsidies and reduction of restrictions on textile exports to the developed countries would lead to demands for counter-concessions on investments and competition policy and government procurement, it said.

## Govt. surrendered at WTO meet, says Congress

By Our Special Correspondent

NEW DELHI, NOV. 16. The Congress today accused the Government of "abject surrender" at the WTO conference in Doha. The party spokesperson, Mr. Jaipal Reddy, said the Government strategy "was a miserable flop" and had saddled the country with a long-term and multi-diverse incubus.

Mr. Maran, who represented the country at the WTO conference, should have refused to sign the declaration, as the country had suffered a huge setback on every account, especially on the agriculture front, Mr. Jaipal Reddy said but clarified that this did not mean that the Congress was of the view that India should have walked out of the WTO.

Taking a dig at the "high-decibel protests" of Mr. Maran, Mr. Reddy said it was meant only for domestic consumption. The new round had been launched at Doha and the only solace was that the "evil day" had been postponed by two years.

Mr. Reddy said Europe had escaped the obligation of phasing out the agricultural subsidy, while the same could not be said of Indian farmers. India had lost in textiles, and on issues of environmental and labour standards and trade facilitation.

Mr. Reddy accused the Government of presenting Doha as a victory for its stand, while the reality was quite the reverse. Mr. Maran "was mollified but India's interests were nullified" said Mr. Reddy. He saw little merit in the Government's claim that it had forced a postponement on the four new issues. "If this was all that they were looking for, then why this grand stand," asked Mr. Reddy.

THE HINDU

17 NOV 2001

# Maran flaunts Doha gains, underplays losses

■ Says major victory for India in TRIPS, agriculture, public health, services and implementation issues

ENS ECONOMIC BUREAU  
NEW DELHI, NOVEMBER 16

**K** EEN to show off India's gains at Doha, Commerce Minister Murasoli Maran on Friday said "perhaps for the first time we have something positive to show from trade negotiations."

Addressing newsmen here today, Maran reiterated that Doha declaration would not do any harm to the country, but admitted that India yielded some ground on environment to gain substantially in agriculture on which European Union was very adamant.

Maran said that among the major victories at Doha was that India managed to get immediate relief on as many as 50 of the 100 implementation items. "The balance issues have now been put on negotiation track for finding a solution," he said. Maran however admitted that the only area in which "we did not derive comfort was in textiles."

Maran said that India's gains in other areas were "significant", especially on TRIPs and public health, implementation issues, besides agricult-

## Doha gains and losses

- ✓ Public health concerns in the Trips agreement
- ✓ Immediate redressal of 50 implementation concerns
- ✓ Continuation of current studies of 4 Singapore issues and decisions after explicit consensus
- ✓ A six-month extension for the Third World to familiarise with the changes notified by the developed countries in respect of standards in food hygiene and food products
- ✓ Environment (marginal)
- ✓ Textiles



Maran addressing a press conference on Friday. Express photo by RALU DAYAL

ture and services. He said India scored a major victory by keeping away from negotiations of four contentious issues of investment, competition policy, transparency in government procurement and trade facilitation.

After the tough fight put up by India, he said, the government now had the "veto" to block any proposal for negotiations on these four issues if the country was not prepared for it by then.

Union did not have its way in the launch of a comprehensive round of trade negotiations."

"First our cries were ignored by the industrialised world, later they started denying them by saying that they would reopen the entire Uruguay round understandings," he said adding "we got the major players of international trade and the world to accept India's point of view on implementation issue as correct."

Regarding the contentious issue of environment he said "the damage is limited but this is the price we have to pay for getting some concessions in agriculture environment, which to a large extent is a political acknowledgement of its importance rather than rebalancing of rights and obligations", he said.

Europe has always been fighting for negotiations on environment as they have coalition of green parties and they are against use of genetically modified seeds to protect the interests of small and marginal farmers, maran said, im-

Apart from enlarging the scope of agriculture negotiations to address developing countries' concerns, Maran said a major gain on services was on the issue of movement of natural personnel as now India has secured the right for a trade off on services.

On contentious core labour standards, Maran said "we have kept the labour issue out of the trade negotiations and we saw to it that European

plying this augured well for India.

Elaborating on Singapore issues, Maran said negotiations could start only if there was consensus and that too in the next ministerial to be held two years later. "I would say that nothing will happen immediately and the negotiations will take their time during which we have to be watchful," Maran said adding if there was on lesson from Doha, it was to push up economic reforms with renewed vigour.

To a question on China's entry, Maran said "India has always supported its accession to WTO. But its entry posed a major challenge to all major trading countries and the only way to face the challenge is to become more competitive." On WTO rules, Maran said India's efforts paid off on anti-dumping. The back-to-back anti-dumping measures by industrialised nations will no longer be allowed. Some industrialised nations start anti-dumping measures soon after one gets over on a particular issue. Now there has to be a gap of at least 365 days to prevent such back-to-back anti-dumping measures.

# Maran claims gains

▶ FROM PAGE 1

Maran said the fears that India would be isolated were proved wrong. "We found support and commonality of interests among many developing countries," he said.

"Barring the marginal agreement on environment, which to a large extent is a political acknowledgment of its importance rather than rebalancing of rights and obligations, we ended up with significant gains," he said.

According to Maran, the gains in other areas which were "significant" were trade-related intellectual property rights, public health and issues connected to implementation of Uruguay Round agreements.

"As before, the eleventh-hour drama started with the problems of phasing out of farm export subsidies. The main stumbling block was the European Union. They demanded a price and finally it was agreed that they would phase out export subsidies in agriculture. We also got the assurance on food security and rural development which may be termed the 'Development Box'. In exchange for this, we have marginally agreed on environment," Maran said.

He said Europe has always been fighting for negotiations on environment as they have a coalition of green parties and they are against use of genetically-modified seeds to protect the interests of small and marginal farmers, Maran said, implying this augured well for India.

Besides, negotiations on environment are "two track" which initially will be limited to applicability of existing WTO rules and reduction of tariff and non-tariff barriers to environmental goods and services. "The only area in which we did not derive comfort was in textiles," he said.

However, analysts say any gain in textiles might not have been crucial as the the Multi-Fibre Arrangement, which sets quotas for exporting countries, will be phased out by January 2005.

On the contentious issue of labour standards, Maran said India has been successful in keeping it out of the negotiations. "We saw to it that the European Union did not have its way in the launch of a comprehensive round of trade negotiations," he said.

Maran described as a major gain in services on the issue of movement of natural personnel. "Now India has secured the right for a trade-off on services. For example, opening of a branch of a foreign bank could be made conditional to their allowing a specified number of Indian personnel to work there," Maran said.

"I would say that nothing will happen immediately and the negotiations will take their time during which we have to be watchful," Maran said.

If there was one lesson from Doha, it was to push economic reforms with renewed vigour, he added.

THE TELEGRAPH

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# A capitulation to the West, say anti-WTO campaigners

By Our Special Correspondent HD-14

**NEW DELHI, NOV. 15.** Indian campaigners against the World Trade Organisation led by the former Prime Minister, Mr. V.P. Singh, today charged that the country's delegation had 'capitulated' to the pressures of the developed countries and their multi-nationals at Doha, and reiterated their demand for a White Paper on it.

Addressing a press conference on the outcome at the Doha Ministerial round of meeting, Mr. V.P. Singh charged that developed countries had muscled through their agenda irrespective of national Parliaments and that global capital would have a free run. He said that apart from economic, a new political agenda was emerging through which national Parliaments were being suffocated at the behest of corporate sectors.

"All in all, brave posturing of Government of India notwithstanding, what has finally happened at Doha is what we apprehended in our memorandum to Prime Minister, viz. capitulation to the pressures of developed countries and their multi-nationals. Whatever name they may give it, the product of Doha reinforces the process of encroachment on our economic sovereignty", a statement by the Indian People's Campaign against WTO said.

It said although the Ministerial declaration calls it a work programme and not a new round of negotiations, in effect it amounted to such a launching. The bulk of "implementation" issues whose satisfactory solution was being insisted upon by developing countries have been incorporated as part of the new negotiations. *India 9.2.9 NLS*

There was no worthwhile commitment by developed countries on further liberalisation of access for developing nations exports of textile products. "The issue of abuse of anti-dumping provisions as neo-protectionist measures has been now made part of new negotiations with little or no flexibility for reopening basic elements of existing discipline and instruments currently in use by the U.S."

In agriculture, it said while there is willingness to take into account the development needs including food security and rural development, the perspective of negotiations will continue to be informed mainly by trade concerns.

Among those present at the conference were the CPI general secretary, Mr. A.B. Bardhan, its secretary, Mr. D. Raja, Mr. Abani Roy, MP of RSP, Mr. Devarajan of AIFB, Mr. S.P. Shukla, Ms. Vandana Shiva, Mr. Surendra Mohan and others.

## Significant gains for India

By Sushma Ramachandran

**NEW DELHI, NOV. 15.** India appears to have achieved sizeable gains at the World Trade Organisation's fourth ministerial conference despite the decision to go ahead with a development round of trade negotiations. The success in keeping out the four contentious "Singapore" issues of investment, competition, government procurement and trade facilitation till the next conference has been achieved amidst dire warnings of India's isolation made initially by developed countries such as the U.S.

Though the fine print in the Doha ministerial declaration has yet to be studied, it seems clear that implementation issues are being put on a priority basis. Similarly, other areas of success are in ensuring developed countries commit to phasing out export subsidies on agriculture as well as including talks on geographical indications covering items such as basmati rice and not just wines

and spirits. On environment, it has not been possible to prevent negotiations but the move to link trade to core labour standards has been relegated to the earlier position of leaving it to the International Labour Organisation (ILO).

As for textiles, the concessions made are not likely to be of any help to the Indian industry. On the other hand, the initial decision to provide for access to medicines through compulsory licensing to deal with AIDS and other epidemics has been widely greeted as a major victory for India and the developing world.

The performance of the Indian team led by the feisty Commerce and Industry Minister, Mr. Murasoli Maran, has been commended wholeheartedly by the trade and industry.

The Confederation of Indian Industry (CII) has lauded the negotiating team for ensuring that many of India's key concerns were factored into the final Doha

declaration despite tremendous pressures.

The Federation of Indian Chambers of Commerce and Industry (FICCI) has expressed satisfaction at the delegation for ensuring that the Indian position was vindicated on many issues. In particular, it said the final declaration on TRIPs (Trade-Related Intellectual Property Rights) and public health would help promote greater access to medicine for developing and least developed countries. The CII President, Mr. Sanjiv Goenka, has said the WTO work programme would pose significant challenges to Indian industry.

A Commerce Ministry statement today notes that the new WTO work programme takes on board India's concerns in the key areas of agriculture, implementation, TRIPs, trade and transfer of technology and WTO rules. This was possible only through an extremely hard bargaining on India's part during the conference.

THE HINDU

NOV 15 1994



# India opens new front of trade war despite Doha setback

India 7 29

UNITED NEWS OF INDIA 548 1611

DOHA, Nov. 15. - In the big war between the USA and European Union over farm subsidy, environment and investment, India managed to open a third front for the developing world which can hope to get cheap medicine through the TRIPS Agreement signed with the launch of a new round of negotiations at WTO Ministerial Conference here yesterday.

Major losses for India are in the field of environment, investment and government procurement while the gains can be measured in terms of public health and industrial tariff. The Indian team led by 'intimidating' rather than 'intimidated' commerce and industry minister, Mr Murasoli Maran, fell in line at the last moments of the extended six-day conference after the US-EU deal was struck on agriculture, environment and industrial tariff and fragile developing countries were 'won' over through bilateral promises.

WTO was pressurised into bringing environment on to the negotiating table by EU, particularly by France which even threatened to walk out of the multilateral body in case its 'green' political compulsions are not met

accommodated. The USA was not keen on environment but was made to give in after the French mounted pressure through all means, including powerful non-government organisations like Green peace and Jose Bove-promoted Union of Farmers of the World.

However, the fears of developing nations, well articulated by India, are that the environment would be used for blocking the trade. "Our fear is that environment could become a Trojan horse of protectionism", Mr Maran said.

As for the WTO, it has received a shot in the arm since Doha meet was crucial for the future of the multilateral trading system after a fiasco at Seattle.

India can take credit along with Brazil in softening the US stand in the Trade Related Aspects of Intellectual Property Rights.

The TRIPS Agreement adopted along with the Doha Declaration gives right to the national governments to break the patent rights of multinational companies for the sake of promoting public health.

In terms of specifics, it would be India, Brazil and South Africa which would gain a lot for its drugs and pharmaceutical industry. With ex-

## BJP LAUDS MARAN

NEW DELHI, Nov. 15. - The BJP today lauded the Union commerce minister, Mr Murasoli Maran, for strongly and effectively putting up India's views at the ministerial conference of the WTO at Doha. India would, however, watch future developments, the senior BJP leader, Mr JP Mathur, said while indicating caution.

Mr Mathur said that India's main success was to stop the conference being thrust into a definite direction by the developed countries. That momentum to indirectly prevail upon the interests of the developing and under-developed countries has been broken, he said. - SNS

wines and spirits, it relegates other geographical products coming from developing countries to the 'Implementation issues. This is how it reads for wines and spirits: We agree to negotiate the establishment of a multilateral system of notification and registration of geographical indications for wines and spirits by the Fifth Session of the Ministerial Conference." And this is it reads for the products other than wines and spirits: "We note that the issues related to the extension of the protection of geographical indications provided for in Article 23 to products other than wines and spirits will be addressed in the Council for TRIPS." The domestic industry has a reason to be disappointed with the outcome in regard to investment, also known as one of the prominent Singapore issues.

The declaration binds members to go straight to negotiations for the foreign direct investment and transparency in government procurement after the Fifth Ministerial Conference rather than continuing a study process as pursued by India. So is the case for the competition policy. "Recognising the case for a multilateral framework to secure transparent, stable and predictable conditions for long-

term cross-border investment, particularly foreign direct investment, that will contribute to the expansion of trade... we agree that negotiations will take place after the Fifth Session of the Ministerial Conference", the document adopted at Doha says.

India will also stand to gain from the US-EU deal on the WTO rules relevant to the Agreement on Subsidies and Countervailing Measures. The US stands committed to "improving disciplines" under the SCM agreement with the adoption of the Ministerial Declaration.

One-fourth of India's total exports of 44 billion dollar are shipped to the US and faces major hurdles in terms of the SCM agreement. Same was true for the European exports. In the bargain of the EU-US trade-off, India will reap some benefits, analysts said.

Insofar as the transparency in government procurement is concerned, the WTO regime could please the anti-corruption activists while displease the political dispensations along with the beneficiaries. Besides apparently good intentions of the WTO, analysts feel, the provision could also mean depriving any favour to the national industries and suppliers over global players.

# India's nod clears decks for Doha agreement

**By Adrian Croft and Robert Evans**  
**DOHA:** World trade ministers moved closer to agreeing on a pact to launch a new round of trade liberalisation talks on Wednesday as key players found ways to swallow their reservations and get on board.

Diplomats said India had signalled its willingness to accept a deal at a World Trade Organisation (WTO) meeting in the Gulf state of Qatar, but would opt out of certain aspects of the agreement.

European Commission (EU) officials also said that they were recommending to the European Union's 15 member states that they accept a proposed deal that has been forged over six days of gruelling talks in the Qatari capital.

Both endorsements would remove the key hurdles to a deal that advocates say

would provide a timely tonic to the ailing world economy and help lift millions of people out of poverty.

Officials said earlier that India was unhappy with the final draft agreement put before ministers after back-to-back all-night negotiating sessions. "What will happen is that India will make a statement saying it reserves the right not to participate in some subjects of a round," a senior trade diplomat told presspersons.

"It will ask the U.S. and the EU for a formal letter that they will accept this and the U.S. and the EU will do it," the envoy added.

India was under enormous pressure not



to block the deal, especially after a compromise was forged with the EU that allowed it to get around France's insistence that it would not sign up to calls for an end to farm export subsidies.

India objected to passages in a draft text calling for negotiations on links between the environment and trade and on proposals to liberalise cross-border investment. "India told the session that it reserved the right not to adhere to the final ministerial declaration," said a Moroccan delegate, who asked not to be named.

India was especially upset by revised proposals on the environment, seeing them as a backdoor attempt by the

European Union to block exports from countries that do not meet Western standards in areas such as food safety, diplomats said.

It had also dug in its heels at the demands by developing country for greater market access for their textiles, the export lifeblood of poor nations on the Indian subcontinent and elsewhere.

The WTO and its 142 members have worked to come up with a deal under the shadow of the failure of similar negotiations in Seattle two years ago. The task was all the more urgent with the world economy teetering on the brink of recession.

The European Commission, which negotiates on behalf of the EU, recommended acceptance of the pact after wringing concessions on the start of environmental talks in return for swallowing language it disliked on farm export subsidies. (Reuters)

# India finds partners against new WTO rounds

K A Badarinarth  
Doha, November 11

INDIA GOT a shot in the arm today with over ten countries openly coming out against the new round of trade negotiations at the WTO meet.

The prospects of New Delhi being isolated at Doha have receded. The political pundits of gloom back home, who criticised the Vajpayee government's policies have been proved wrong.

Apart from Pakistan, the others who toed the Indian line include Malaysia, Indonesia, Zambabwe, Uganda, Cuba, Dominican Republic, Honduras, Kenya and observer delegate - Jamaica. While support continued to grow for India, the trioka of Japan, United States and the 15-member European Union struggled during the day to sink their differences especially on agriculture subsidies and anti-dumping duties.

Robert Zoellick and EU Trade commissioner Pascal Lamy even called on Maran to dissuade him from going ahead with the hard stand.

The like minded group (LMG) ambassadors and ministers led by Pakistan's Munir Akram and Uganda's Trade Minister Edward Rugumayyo met Switzerland's Trade and Commerce Minister Couchepain seeking "not to delete anything" from the India sponsored package. The recommendations in this package prioritise implementation of Uruguay round commitments made by developed countries, access to cheap medicines irrespective of Trips agreement and favour referring contentious issues like multilateral rules on competition and investment to two study groups. The group also sought de-linking environment and labour issues from trade.

In a related development, Japan aired its concerns over the US steel caucus prevailing upon

the Bush administration not to scale down anti-dumping mea-

sures. However, Shinichi Kitajima, director general (economic affairs) of Japan's foreign affairs conceded that his country was aligned with the US and EU in support of the new round. India today took the campaign to Inter-Parliamentary Union (IPU) headed by Deputy Chairperson of Rajya Sabha Dr Najma Heptulla. IPU seeks to push through the Indian viewpoint that WTO should not abrogate the duties, responsibilities and operational authority of sovereign governments.

China, the latest member of WTO, may go slow on taking sides. Its initial position seeks to support the new trade round.

Meanwhile, in behind-the-scene negotiations, six groups constituted by WTO Secretary General Mike Moore continued their attempts to thrash out the "most acceptable agenda" for the ministerial declaration.



A member of the Qatari police special forces guards unidentified delegates relaxing on the beach of a luxury hotel in Doha, where the World Trade Organisation conference is being held.

# India may get a 'better deal' at Doha

K A Badarinarath  
Doha, November 12

A BROAD deal seems to be in the offing amongst 143-member countries on major trade issues at the end of fourth WTO ministerial conclave during next 24 hours. Firm indications are that developing countries including India will get a "better deal" and European Union may face ignominy of being isolated.

A draft ministerial declaration likely to be adopted on late Tuesday night would allow member-countries to take all measures to tackle major health issues. It would mean that third world countries may not necessarily source their essential medicines at high costs from Western and European companies which hold patents. Especially, south asian countries, Africa and caribbean countries will be benefited from move.

While cheap drugs would be available to these countries, China, India and Brazil having the capacity and technology to supply will be entitled to export without having to seek compulsory licence from patent holder.

To tackle food security concerns of least developed and developing countries, negotiations may commence on reduction of domestic support and elimination of export subsidies

being extended by US and European Union. The declaration may agree to negotiate the elimination of subsidies in the developed countries making it possible for countries like India to export its own agri-products.

Once agreement is reached, the poorer nations will be able to access food items at cheaper prices. On the demand for including products like Basmati rice under Geographical Indications, draft declaration seems to be considering ways for negotiation along with protection for bio-diverse material. It may find mention under "further work programme".

Following stringent stand taken by India and forging of alliance with like minded countries in African, Asia-pacific and caribbean countries, the delegation led by Murasoli Maran will have all the reason to be satisfied on two counts. One, all predicaments of being isolated may not come true. Secondly, after five days of intense negotiation, the delegation may not go empty handed. With regard to textiles, negotiations for lifting quota and license raj of western countries will continue separately as US has reportedly sought time for getting a mandate from its senate and France seeking to delay decision till the general elections are completed in next spring.

On services and removing restrictions on natural movement of people, developed countries are likely to be tied-down for negotiation. Further under "access and offer" deal flexibility may be left to different members for bilateral pacts.

However, on all the contentious issues relating to competition, investment trade facilitation and transparency in government procurement, there seems no agreement as on date with intense behind the scene confabulations on. European Union has been insisting on the new round of trade negotiations with commitment from developing countries on environment and investment related issues.

Another significant score for India was that it has been included in the drafting committee of final declaration along with six other members. Apparently, scales tilted after a meeting key 22 countries late on Sunday night that continued into wee hours of Monday morning where developed countries including

US-Japan-EU realised that the Doha round could end up with nothing in case "a better deal" is not offer to poorer countries. However, all issues are expected to be packaged into a comprehensive deal in the ministerial declaration that is expected to be ready by Tuesday night.



Anti-globalisation activists protest at the WTO conference in Doha on Monday. World Trade Organisation ministers' meeting have made no headway in efforts to reach common ground on the future of farm export subsidies. European Union Agriculture Minister, Franz Fischler, said.

AFP PHOTO

## SKIRMISH OVER PROCEDURE AT DOHA MEET

# WTO not a global govt.: Maran

By C. Rammanohar Reddy

**DOHA, NOV. 10.** The Union Commerce Minister, Mr. Murasoli Maran, today reiterated India's opposition to a comprehensive new round of trade talks at the WTO that would deal with "non-trade issues" such as foreign investment, competition policies and environment, and asked the Doha ministerial conference to instead give a clear mandate for addressing the trade problems of the developing countries.

"The WTO is not a global government and should not appropriate to itself what legitimately falls in the domain of national governments and Parliaments," said Mr. Maran in his strongly-worded address to the plenary session of the ministerial conference which today began its substantive work of trying to reach an agreement on a ministerial declaration. The Commerce Minister said India and other developing countries "are not ready to accept a new set of onerous commitments" that will arise from negotiating agreements on non-trade issues. Mr. Maran said that while all countries wanted the Doha meeting to be a success, this should not mean the adoption of an agenda that would "split" the WTO membership. Mr. Maran added, "rather than charting a divisive course in unknown waters, let this conference provide a strong impetus to the on-going negotiations on agriculture and



services, and the various mandated reviews that by themselves form a substantial work programme and have explicit consensus."

The first skirmish of the Doha meeting took place today over procedure when India and other developing countries raised questions about the process for negotiations and demanded assurances that non-transparent practices would not be followed and an agreement foisted on all the WTO members.

At the Committee of the Whole, the negotiating forum, six facilitators have been appointed by the Chairman of the conference, Mr. Yousef Hussain Kamal, the Minister of Finance of Qatar, to hold discussions with countries which have reservations on the subjects proposed for negotiation in a new round. Some countries fear that this will be similar to the nefarious "green room" process in

which a few powerful members reach a deal that all countries then have to agree to.

But Mr. Pascal Lamy, the Trade Commissioner for the European Commission, told *The Hindu* that the negotiating process devised for Doha would be democratic, transparent and superior to what was followed in Seattle.

The procedure now is that after the facilitators report back to the Committee of the Whole on November 11, the ministers will have the next two days to reach a compromise on the ministerial declaration that is expected to shape the WTO's work programme over the next few years.

While the Indian position remains hostile to new negotiations outside what was mandated in 1994, some representatives of Indian industry worry if India has a back-up plan in case it finds itself alone at the end. Mr. Lamy in his plenary address repeated the E.U. demand for a comprehensive agenda and stated, "we must ensure that we launch negotiations which bring short and long-term systemic benefits which are capable of conclusion within a short, preferably three-year time scale."

The U.S. Trade Representative, Mr. Robert Zoellick, too had much the same message to delegates and reflected the optimism that "an agenda for new global trade negotiations is within our collective grasp."

**New round not needed: Page 8**

THE HINDU

11 NOV 2001

# Maran talks tough at Doha

Doha, Nov. 10 (PTI): Hitting hard at US and European Union (EU) attempts to "coerce" developing countries into new trade issues, commerce minister Murasoli Maran demanded that 'Third World' interests should become the central theme of the World Trade Organisation's (WTO) activities, to find a "collective solution" to difficult issues.

Warning against attempts to thrust a "comprehensive round" encompassing investment and competitions issues, Maran said such an agenda would "split the WTO" as it was unjust and unfair to developing countries.

"After the setback at Seattle, all of us want Doha to be a success. Success, however, does not necessarily require over-reaching objectives or launching a comprehensive round," Maran said addressing the plenary of the fourth WTO ministerial meeting that got under way Friday.

"Also, the global unity achieved in the wake of the most unfortunate and tragic event of September 11 should not be undermined by proposing an agenda, which would split the WTO membership," he said asking the trade body to address the "expectation, aspirations and concerns of developing countries on all issues."

Analysts, however, said it is to be seen how far

Maran was able to sustain the crusade against inclusion of extraneous issues in the WTO agenda as the behind-the-scene activities has already begun to bend India to accepting a slightly modified new round by some trade-offs on implementations issues, particularly the health concerns of poor countries.

"Wisdom and commitment will enable all of us to find collective solutions to difficult issues in such a way that the final declaration really keeps the needs and interests of developing countries as the central theme of all future WTO activities," Maran said, implying there could be some trade-off if some of crucial concerns are addressed.

Rather than charting a divisive course in un-known waters, Maran said the conference should provide a "strong impetus" to the ongoing negotiations on agriculture and services, and the various mandated reviews that by themselves form a substantial work programme and have explicit consensus.

"We cannot be held hostage to unreasonable demands that concessions be made for what are already mandated negotiations. Nor can one accept the argument that there is a mandate only for commencing certain negotiations and not for completing them," he said.

INDIAN EXPRESS

11 NOV 2002

MASS OPPOSITION / 'GOVT. SURRENDERING INTERESTS'

## Trade unions rally against WTO

By Our Special Correspondent

NEW DELHI, NOV. 9. It was a day of protests in Delhi and the message was mass opposition to the World Trade Organisation.

With the avowed aim of conveying their strong protest, major trade unions joined hands as a coordinated nationwide campaign to coincide with the opening of the Ministerial round meeting of the World Trade Organisation (WTO) at Doha, today.

The unions organised the protests in response to the call of international trade unions to observe the day as "global trade union action against globalisation". The immediate casualty was movement of vehicular traffic in the heart of the capital.

The unions that joined today's agitation included the All India Trade Union Congress (AITUC), the Bharatiya Mazdoor Sangh (BMS), the Centre of Indian Trade Unions (CITU), the Hind Mazdoor Sangh (HMS), the Indian National Trade Union Congress (INTUC) and the AICTU.

The global action was to raise and strengthen the joint voice against globalisation. The unions cautioned the Government against "surrendering the nation's interests" at the WTO meet.

The Communist Party of India (Marxist-Leninist) also took out a mass rally here at which party activists protested both the WTO and the ongoing war in Afghanistan chanting slogans "stop war, no to the U.S. intervention" "the U.S. hands off Afghanistan" and "stop selling out to the WTO".

Addressing the 'anti-war, anti-WTO' rally, the CPI(M-L) General Secretary, Mr. Dipankar Bhattacharya, charged that the U.S. was waging a war against weak nations. "While in Afghanistan it is using bombs to kill and terrorise the people of this beleaguered country, at the Doha Ministerial summit of the WTO it is trying to



Activist of Left parties during an anti-war and anti-WTO rally near Parliament House in New Delhi on Friday. — AFP

use trade as a weapon of war and terror".

He said Washington was misusing and insulting the global sympathy against terror by killing and maiming hundreds of innocent Afghan people. He criticised the Vajpayee-Government's support to the Bush administration in

this war, both in Afghanistan and Doha.

Apart from Mr. Bhattacharya, leaders of the All India Kisan Sangharsh Samiti, including Mr. Swadesh Bhattacharya, Mr. Akhileendra Pratap Singh and workers from various parts of the country took part in the rally.

THE HINDU  
10 NOV 2001

9/11/01 11:12

## Doha & Delhi

As the curtain went up on the World Trade Organisation's ministerial meeting at Doha, traffic came to a grinding halt in New Delhi as protestors took to the streets in a massive anti-WTO demonstration. Once again, the usual calls that India pull out of the trade body were heard. One wonders if the protestors were aware of China's recent signing of a pact with the Association of South East Asian Nations (ASEAN) to create the world's largest free trade zone. This pact is expected to increase the combined gross domestic product of ASEAN nations by 1 per cent, and will eventually be expanded to include Japan and South Korea. What does that have to do with India and the WTO? Simply this: the China-ASEAN deal is just one of a number of significant regional trade pacts taking shape. The European Union is working towards a Euro Mediterranean Free Trade Area; negotiations are on for a Free Trade Area of the Americas. India, naturally, does not figure in any of these blocs. All it has to show is membership of the South Asian Association for Regional Cooperation (SAARC), which — to put it bluntly — is irrelevant in terms of global trade. India has many pretensions, but little to show in hard numbers. If we are not to be sidelined even further, then staying in the WTO is our best hope. Indeed, if the WTO were to actually stay true to its professed aim of creating a fair and equitable multilateral trading system, India — and the rest of the developing world — would gain much more than it would lose. According to World Bank estimates, scrapping all trade barriers could boost global income by \$2,800 billion, with more than half accruing to developing countries. Incidentally, the annual cost of ensuring universal primary education in the Third World has been estimated at \$9 billion.

Even WTO director-general Michael Moore recently acknowledged that developed countries spend \$1 billion a day on farm subsidies, six times more than all development assistance to poor countries. Not only does this push down prices and hurt Third World farmers, it also encourages fertiliser overuse, contributing to pollution even as the West waxes sanctimonious about environmental degradation. A reduction in these subsidies would greatly benefit Indian farmers. One of the objections to launching a new trade round is that the West has not fulfilled its previous obligations. Fair enough. But could India, as a negotiating strategy, not demand that the developed nations first offer a time-bound programme for implementing all unfulfilled commitments, as a quid pro quo for agreeing to a new round? Why would the West humour India? The answer: it may not bother about India, or even SAARC, in isolation. But it has to take note if the developing nations organise themselves into a solid bloc. Attempts to ride roughshod over Third World concerns helped contribute to the spectacular pile-up at Seattle. There is simply too much at stake for the West to allow a debacle at Doha. This presents a golden opportunity for India to resort to some tough bargaining and wrest a good deal. Of course, that is contingent on its persuading disadvantaged countries to band together and not short-sightedly sell out. But if it wants to do that, its logical place is at the dining table, not outside the castle walls.

THE TIMES OF INDIA.

10 NOV 2001



# India not alone at WTO: Maran

By C. Rammanohar Reddy

9/2/01  
9/11

DOHA, NOV. 8. The Union Commerce Minister, Mr. Murasoli Maran, says India is not alone at the WTO in demanding an agenda that is more responsive to the concerns of the developing countries. "Our assessment is that a number of countries share our position" about India's opposition to a new round of WTO talks, said Mr. Maran, who is here for the fourth ministerial meeting of the WTO.

In an interview on the eve of the opening of the conference, he said the draft ministerial declaration that has been prepared for adoption at the conference "does not reflect the interests of the developing countries", who constitute two-thirds of the WTO membership. The draft calls for the commencement of "a work programme" (a euphemism for a round) that could result in new and revised WTO agreements in a number of old and new areas. Mr. Maran said that in his meeting on Wednesday with Mr. Yousef Hussain Kamal, Finance Minister of Qatar, who will preside over the conference, he had expressed his "unhappiness and disappointment" about the contents of a November 5 letter from the WTO that was sent with the draft statement to the conference.

The letter, jointly written by Mr. Mike Moore, WTO Director-General, and Mr. Stuart Harbinson, Hong Kong's Ambassador to the WTO and Chairman of the General Council, is important because it was supposed to reflect the extent of disagreement on the draft ministerial declaration. A number of developing countries are unhappy that the covering letter to the Doha conference, by not fully reflecting the range of positions on each issue, was implying a consensus where there was none.

Mr. Maran said that while India would welcome the strengthening of the WTO if the multilateral system was marked by greater transparency and a more democratic decision-making process, the latest draft ministerial declaration was "a bombshell" because it reduced even the few options that had been listed

40-15  
9/11

in previous documents. The Commerce Minister reiterated that India was against the inclusion of "new and non-trade issues" like foreign investment and government procurement on the negotiating agenda. He also said that a new round of talks on reducing industrial tariffs was not in India's interests.

Mr. Maran dismissed suggestions that there were differences in the Union Cabinet about the Commerce Ministry's position at the WTO. (There has been widespread talk that the Ministry of External Affairs and the Finance Ministry have been demanding a less vehement Indian opposition to a new round). He said that at a meeting held on the eve of the Prime Minister's visit to Russia and the U.S., the Commerce Ministry's position had been endorsed once again.

Mr. Maran would not be drawn in to saying "yes" or "no" to a question about whether India would do a "CTBT" at the WTO and stand alone, if needed, in refusing to endorse a new round with an ambitious agenda. "India has a number of friends and with their numbers, the developing countries can safeguard their interests," he said.

While some observers have pointed out the declining vehemence of the opposition by some countries like Malaysia, Indonesia and Egypt, Mr. Maran denied that this was so. He added that the developing countries of Africa and the least Developed Countries were as strong as before in opposing the U.S. and E.U. proposals for a new round.

The Indian position at the WTO has at times been criticised at home and abroad for being too negative. When asked what he wanted in "positive" terms from the Doha meeting, Mr. Maran said India wanted a more comprehensive and up front addressal of the implementation issues that the developing countries have raised on existing WTO rules, inclusion of protection of geographical appellations (like Basmati rice) on the WTO agenda and a more liberal interpretation of the TRIPS agreement.

THE HINDU

9 NOV 2001

# India to oppose rules on trade at Doha

K A Badarinath and  
Deepak Joshi  
New Delhi, November 5

INDIA IS determined to oppose any negotiations for having multilateral rules on trade facilitation and transparency in government at the Doha ministerial conference starting next week, if concerns relating to the applicability of dispute settlement are not adequately addressed.

"Some flexibility should be shown for inclusion of negotiations on industrial tariffs, if there is a prior commitment to address the peaks and tariff escalation," according to the final position paper approved by the Cabinet Committee on WTO matters.

India will reject linkage of trade with labour standards and opposition to the launching of negotiations for a multilateral framework on investment competition policy. However, India may support the continuation of the analysis and study in the existing working groups who should report to the fifth ministerial conference.

Opposition to any widening of the existing environmental window will be clearly enunciated. However, India will support continued discussion of the balanced agenda in the committee on trade and environment of WTO.

India will also oppose the involvement of NGOs or civil societies in dispute settlement

## MARAN TO LEAD INDIAN TEAM TO WTO MEET

COMMERCE AND Industry Minister Murasoli Maran will be leading the Indian delegation to the fourth ministerial conference of the World Trade Organisation (WTO) scheduled to be held in Doha, Qatar, from November 9 to 13. His deputy Rajiv Pratap Rudy will accompany him.

The Indian delegation will include senior government officials - Prabir Sengupta, Nripendra Misra and representatives of ministries external affairs, agriculture, information technology, environment and forests.

The government has taken all steps to involve the stakeholders in the WTO negotiations. Maran held a series of interactive sessions with all major political parties to discuss WTO issues. The state governments have also been consulted in



MURASOLI MARAN

formulating India's position in the key areas such as agriculture.

A series of workshops with industry associations have been held to obtain the feedback from time to time. The advisory committee on international trade consisting of experts, representatives of

industry and civil society and other concerned ministries have also met under the chairmanship of the minister to advise the government on key WTO issues.

The preparatory process of consultations for the Doha ministerial conference has been underway at the General Council of the WTO in Geneva and India has been participating actively in the preparatory process. To move the preparatory process forward for the ministerial conference, the chairman of the WTO General Council released a draft ministerial declaration and the draft decision on implementation related issues and concerns.

The Confederation of Indian Industry (CII) is sending a seven-member delegation for the Doha summit.  
HTC, New Delhi

proceedings or functioning of decision making process of WTO, including through amicus curiae briefs.

In regard to the mandated negotiations under agreement on agriculture and services started in 2000, India had submitted proposals on market access, domestic support, export competition and food security.

India has also co-sponsored two proposals, along with other countries, on market access

and export credits. Under the General Agreement on Trade in Services (GATS) India has submitted a proposal on liberalisation of movement of professionals. The government is, however, concerned at the tardy implementation of the existing agreements on agriculture and textiles and other issues of interest to developing countries. The developed countries have neither reduced subsidies nor made any improvements in market access.

Tariff peaks and tariff escalations as well as non-tariff barriers still hamper exports.

On the review of TRIMs, India's demand has been to care of the development dimensions such that the developing countries may fix some minimum levels of indigenisation at the time or permitting investments.

No member has submitted any formal proposal for the review of the TRIMs agreement.

THE HINDUSTAN TIMES

16 NOV 2002

# Maran leading team to WTO meet

By Our Special Correspondent

NEW DELHI, NOV. 5. The Commerce and Industry Minister, Mr. Murasoli Maran, will lead the Indian delegation to the fourth ministerial conference of the World Trade Organisation (WTO) being held at Doha in Qatar from November 9 to 13. Other members include the Minister of State for Commerce, Mr. Rajiv Pratap Rudy, the Commerce Secretary, Mr. Prabir Sengupta, and the Special Secretary, Mr. Nripendra Mishra.

Senior officials from the Ministries of External Affairs, Agriculture, Information Technology, Environment and Small Scale Industries will form part of the delegation. Representatives of industry associations will join the team in Doha.

The Confederation of Indian Industry (CII) has announced that it will send a seven-member

delegation led by the Ashok Leyland Managing Director, Mr. R. Seshayee. The CII has declared its opposition to the second draft ministerial declaration prepared by Mr. Stuart Robinson, the General Council Chairman, since it gives no negotiating space on any issue. Further, it says there is a technical problem since there are now no negotiating options available. The draft now being circulated restricts the choices related to investment development for developing countries.

The CII says "what is important now is to address issues such as peak tariffs in the developed countries to reduce the inequalities that exist between the 142 member countries". Besides, it notes there are several other implementation issues regarding textiles, anti-dumping and geographical indications which need to be addressed before adding more to the multilateral agenda.

An official release notes that ministerial conferences are important as they set the future work programme of the WTO besides giving an opportunity to the Ministers to review the operations and functioning of the multilateral trading system.

It says India has been participating actively in the preparatory process of consultations for the Doha conference under way at the WTO General Council in Geneva. To move the process forward, the council released a draft ministerial declaration (DMD) and the draft decision on implementation related issues and concerns on September 26.

On October 27, the revised DMD and revised draft decision on implementation-related issues was issued by the general council along with a draft declaration on Intellectual Property and Access to Medicines (Public Health).

# Opposition blasts Govt. stand on WTO

By Our Special Correspondent

**NEW DELHI, NOV. 6.** A mass rally in the Capital today vowed to mount a coordinated challenge to the "onslaught of the process of globalisation, marketisation and re-colonisation being led by the WTO".

Leading the charge was the former Prime Minister, Mr. V.P. Singh, who expressed apprehension over the Government's resolve to stand firm at the Doha meeting of the WTO stating that there was little evidence to back the noises the Vajpayee Government was making.

Though the Prime Minister, Mr. Atal Behari Vajpayee, had promised that India would not succumb to pressures, the Government did not even earmark unacceptable clauses or portions in the draft declaration before returning it, ahead of the November 9-13 Ministerial meeting.

Lending weight to the rally organised by the "Indian People's Campaign against WTO" were prominent leaders including the former Prime Minister, Mr. H.D. Deve Gowda, the Samajwadi Party president, Mr. Mulayam Singh Yadav, the CPI(M) general secretary, Mr. Harkishan Singh Surjeet, and his CPI counterpart, Mr. A.B. Bardhan, the CPI-M politburo member, Mr. Sitaram Yechury, the CPI national secretary, Mr. Atul Kumar Anjan, Prof. Madhu Dandavate, Ms. Medha Patkar and Dr. Vandana Shiva among others.

Deploring the BJP-led NDA Government's policies of lifting the quantitative restrictions much ahead of schedule, the declaration adopted at the rally said the WTO-propelled integration of Indian agriculture and industry with the global market must be halted and rolled back.

The plight of the vast masses of poor working people on farms

and factories, peasants and those working in small and cottage industries was miserable. If the problem was not addressed, it could result in a revolution.

They also opposed the proposed round on issues such as global investment regime, a global competition policy, the 'so-called' social clause, environment and trade linkages, open and zero tariff trade in e-commerce and a multilateral discipline on government procurement. The insistence was on "implementation first" and focus on a substantial review of the previous commitments that have not been met.

Mr. Mulayam Singh Yadav asked the Government to inform the people of the "benefits" of globalisation during the past decade. The new regime was pushing the country towards economic slavery, he said. Mr. Surjeet asserted that if the Government did not realise the problems and act, people had the right to "pull its

ears". Mr. Bardhan felt that the Government should pull out of the WTO if it did not take corrective steps. "The WTO cannot ignore a country as large as India".

Mr. Yechury said that no international agreements that could bind generations could be entered into by a Government without prior Parliament approval.

## Kamala Bahuguna dead

**NEW DELHI, NOV. 6.** Ms. Kamala Bahuguna, former MP and wife of the former Uttar Pradesh Chief Minister, H.N. Bahuguna, died at the All-India Institute of Medical Sciences here today after a protracted illness. She was 77. — UNI

• **Clarification:** Because of technical problems, some news reports were repeated in the copies distributed in Chennai on Tuesday. We regret the error.

INDIA

7 NOV 2001

Open mind on investment and patents; food security not negotiable

# Off to Doha with face-savers

FROM JAYANTA ROY CHOWDHURY

**New Delhi, Nov. 4:** After taking a hardline stance of not accepting a new comprehensive round of trade talks at Doha, the government is formulating a fallback option that will allow them to accept fresh talks on investment, intellectual property rights and equal treatment in trade matters, but not on labour standards or human rights, which they will continue to insist was within the purview of different UN bodies.

As a prelude to this, Indian officials have already listed various measures related to freeing investments, creating a level playing field for domestic and global players and protecting intellectual property rights.

Likely to be offered as benchmarks for the new round, these include the new competition Bill and the government's policy of global tenders for high-value equipment. India will, however, insist that the remaining issues from previous rounds, like

freeing textiles trade from quotas and multiple layers of duties, being imposed by western nations as well as a consensus policy on anti-dumping duties, be settled promptly. It may even insist on shortening the time-table for opening up textile trade.

Officials said they were not averse to fresh talks on intellectual property rights as most western nations now seemed willing to address concerns of price monopoly by drug giants, after facing the brunt of paying high prices for necessary drugs like ciprofloxacin.

Besides, it will give them a better chance to handle issues of bio-piracy and hijacking of indigenous knowledge. India is also likely to give limited support to the US on farm sector trade negotiations.

It is in favour of bringing down agricultural subsidies and ending quota regimes in imports as long as there are safeguards to its own plans for creating a food security net.

The Indian plans call for continuation of reasonably high tariff on basic foodgrain imports and a support programme which will see farmers producing enough grain to take care of domestic needs. Officials feel they could smuggle in approval for this agenda in some garb or other.

The US attack on subsidies and farm tariffs is primarily targeted against Europe, and India hopes to reap benefits from any concessions that the European Union makes.

However, the US has also been calling upon India to change its policies, which may be a cause for bitter backroom negotiations.

The US has already targeted India over its canalisation of mass consumption goods and its policy of threatening to use tariff and non-tariff barriers against 300 others which it monitors strictly.

The US has made it clear it will take up its agenda of curbing use of export restrictions such as canalisation. It also plans to

take action in favour of curbing the monopoly of state-run trading enterprises in importing certain products.

India's canalisation policy imposes restrictions on import of mass consumption foodgrains such as rice and wheat, most petro-products and bullion — both gold and silver.

The policy allows only the State Trading Corporation to import these products. Western nations such as Australia, the US and Canada, which are large wheat exporters, would likely the market for this vital farm product to be opened up further.

India has no desire to allow this as it could hit wheat farmers in the northern region, something which could hurt the BJP government politically. India has also set up a "war room" to monitor the import of some sensitive 300 price-sensitive products with the threat that it would impose tariff and non-tariff barriers if the import of any of these products threatened local producers.

# Opp wants House consent on WTO issues

HT Correspondent  
New Delhi, October 31

OPPOSITION LEADERS, trade unions and NGOs want the Government to take Parliament's consent before signing fresh agreements that are proposed to be initiated at the forthcoming WTO talks.

Former Prime Minister V P Singh said Opposition leaders submitted a memorandum to the Prime Minister with the demand. The Prime Minister assured the delegation that India "would not succumb to pressures" and the Government would take a tough stand on issues of national interest.

CPM general secretary Harkishan Singh Surjeet, CPI general secretary A B Bardhan and Samajwadi Party president Mulayam Singh Yadav have formed an Indian People's Campaign Against WTO and demand a White Paper on India's stand on the issue. They plan to hold a rally on November 6 in this connection. They demand that the Constitution be amended to provide for Parliamentary ratification of WTO agreements.

THE HINDUSTAN TIMES

1 NOV 2001

FRIDAY, NOVEMBER 2, 2001

## THE STAKES AT DOHA

989 119-12

A PROCESS THAT began more than three years ago at the World Trade Organisation and has since travelled over more than one pothole is close to completion. It is now all but certain that next month's WTO ministerial conference in Doha will witness the launch of a new round of trade liberalisation negotiations; though all the details of the negotiating agenda will not be known until the last-minute wrangling and compromises that are the hallmark of WTO talks are completed at the meeting. Even at this late stage it is worth asking three important questions. What kind of agenda will suit the largest number of countries, giving special consideration to the developing world? What agenda will best secure the future of the WTO as an institution? And finally what options does India have at this stage?

The momentum now is towards an overarching agenda that may even dwarf the controversial Uruguay Round of 1986-93. This momentum, however, is not powered by the needs of the majority of the WTO members, but by the trade muscle of the U.S. and the E.U. with the support of Japan and Canada. If the latest proposals are approved at Doha, Governments could be signing on to negotiating as many as 14 different agreements in areas from industrial tariffs to foreign investment. Yet, the need, by any argument, is for a narrow agenda confined to trade issues which focusses on completing the unfinished business of the Uruguay Round like in agriculture and correcting its shortcomings like in intellectual property rights. Negotiations on a concise agenda can be completed quickly, they will not strain the technical, legal and financial resources of the developing countries and will contain the fissures in the WTO. In the past couple of years, the institution has been riven by deep divisions on everything from trade rules to as mundane an assignment as the selection of a new director-general. A round with an ambitious agenda that is formulated by powerful mercantile interests will, on the other hand, take even longer to negotiate than the Uruguay Round. Such an agenda,

by overloading the WTO, may even threaten to tear apart the multilateral trading system. And by adding new and non-trade issues such as foreign investment and national competition policies it could deprive the WTO of the little legitimacy it now enjoys among Governments, economic agents and civil society. India, perhaps more than most other countries, has a major stake in a favourable outcome from the Doha meeting since the organisation arouses strong negative feelings in the domestic polity and economy. Although the bogey of "India's isolation" has been regularly raised about the Government's insistence that the WTO deal first with implementation issues, it is important to remember that in the consensus-driven organisation that the WTO is supposed to be, any country — and India is not a minor member — can block an unfavourable agenda. The Union Cabinet has approved a negotiating brief that reiterates India's position and at the same time gives negotiators some flexibility. It is now a question of the Union Commerce Minister, Mr. Murasoli Maran, being able to negotiate the best that is possible in what he recently described as an organisation that was "a necessary evil".

The proposals for the next round are being sold alternatively as either needed to provide a psychological boost to a sluggish world economy or as being tailored to suit development needs. A WTO round with such a huge agenda that it could take close to a decade to finalise agreements is irrelevant in late 2001 to businesses around the world that are suffering from a loss of confidence. And an agenda that pushes developing country priorities well below that of the U.S. and the E.U. is as far removed as possible from a "Development Round". Doha may well be the last chance for the WTO to demonstrate that it is not an institution that will serve only particular interests but one that can come up with an honest compromise that all its members can accept with a minimum degree of comfort.

THE HINDU

2 NOV 2001

# Ideology at Doha

India should discard its ideological shackles and make the best of the bargaining shop at Doha, says Narendar Pani

WHEN the fourth ministerial of the WTO opens today at Doha, the agenda is even more open than it was at Seattle. In the third ministerial, the draft ministerial declaration consisted of parts that were agreed upon and parts, in brackets, that were not agreed upon. The bracketed portions were substantial enough to cause the ministerial to fail. The draft ministerial declaration for Doha has nothing in brackets. Instead, it has an overriding clause that it "does not purport to be agreed in any part at this stage". In other words, any part of the declaration is open to change. It will then be no surprise if the next five days see rapid changes in positions as deals are struck between members. And it is the negotiators who understand the patterns in these shifting sands who will be the most successful.

India's understanding of trends in the WTO has tended to be dominated by ideology. There is an unstated belief that the developed world is driven primarily by a desire to create a global free market. In such a free market the developed world will necessarily have a clear advantage. It is then in the interests of the developing countries to resist such a market. And India has consistently tried, no matter who rules in Delhi, to limit the WTO's agenda.

This approach may have had its uses in the past. The commitment of the developed world to a free market was, perhaps, never total. Even at the height of the Cold War there were commodity agreements that sought to control global markets. But the ideological pressures of the Cold War ensured the West pushed for a global opening up of markets. And the developing countries could be rallied around to resist this pressure. This Indian approach thus did pay limited dividends even in the early years of the Uruguay round.

But in the post-Cold War world, the developed countries' commitment to a free market has been reduced to occasional rhetoric. The extreme right in the United States is today staunchly protectionist. And most developed countries are seeking to create global trade rules that would open up other markets while protecting their own. As the interests of each developed country can be very different, there are inevitable trade-offs. These bargains are primarily among developed nations since they dominate world

trade. But the one-country-one-vote system in the WTO has forced the developed countries to woo small nations as well as the Least Developed Countries. The WTO has thus become one large bargaining shop where countries can come up with demands that have nothing to do with ideology.

Sticking to an ideological approach in this bargaining shop is clearly risky. Developing countries may come together on a specific issue to demonstrate their strength but could then abandon the alliance to make individual deals with the developed world. The combined power of developing countries brought implementation issues to the centre of the WTO's agenda. But Doha may well see many of them abandoning some implementation issues as a part of individual deals with the advanced world. India's

the commerce minister will be hemmed in not just by his own rhetoric but also the positions adopted by the Opposition at home. Major opposition leaders are now openly calling for India to pull out of the WTO. Even if Mr Maran does not do anything quite so rash, he may feel condemned to dig his heels in at Doha. And since the WTO operates on consensus, a stubborn India could, in theory, cause the failure of the ministerial.

But a failure at Doha would have consequences for the WTO itself. The failure of two successive ministerials will lead the more trade-dependent countries to seek other alternatives. And many of them are in a position to create an alternative system based on regional blocs. India could then find itself facing a global trade environment where it has even less of a say than it does in the WTO.

Much of this disaster scenario can be avoided if India looks beyond ideology. It would then not be committed to developing country alliances alone. It could seek out allies in both the developed and developing worlds depending on the positions it takes. And these positions need not be defined by the minimalism the developing country ideology



MANJUL

commitment to implementation issues may then turn out to be no more than a stepping stone for other developing countries.

In order to retain its alliance, India may find it necessary to woo other developing countries itself. It has demanded rules that allow other developing countries to raise protectionist barriers, even when these barriers are raised against Indian exporters. And it will be embarrassed by the clause in the draft ministerial declaration that calls for duty-free, quota-free market access for products originating in the Least Developed Countries. While it may be possible to ensure that this demand is not made on other developing countries, Indian exporters will still need to compete against duty-free competition from the LDCs in the markets of the developed world.

India's concessions are, however, unlikely to offset the much more lucrative offers of the developed world. We cannot then completely rule out the possibility of India being isolated in Doha. In responding to such isolation

demands.

There is no dearth of alternative positions India could take without increasing pressures at home. There are a large number of areas where India is adopting rigid positions in the WTO that are contradictory to what exists at home. And this is not just a matter of binding import tariffs at the WTO at levels much higher than what we actually have at home. Trade union rights are well established at home, but we have fought hard, and successfully, to ensure the WTO does not require other countries to provide the same rights. We are discussing a competition Bill in Parliament, but we are opposing the WTO ensuring global business follows some of these norms.

India could yet remove its ideological shackles and make the best of the bargaining shop at Doha. As the leader of a political tradition that has abandoned its ideology in search of pragmatic political bargains, Mr Maran is also well equipped to make this transition. It is just a matter of recognising that what works in Chennai can also work in Doha.



19-19 28/10

# Fewer options at s H1 net

By Chakravarthi Raghavan

GENEVA, OCT. 30. The Chairman of the WTO General Council, Mr. Stuart Harbinson, has put forward a set of documents for the consideration at the Doha Ministerial Conference next week, documents which are completely weighted in favour of the U.S. and the EC trade agendas, and giving ministers not even alternative formulations of strongly held developing country or countries' positions.

Only in the area of Intellectual Property Rights and public health, where the U.S. is stoutly opposed in defence of its pharmaceutical industry, while developing countries as a whole are insisting on clear declaration for mandating an interpretation of TRIPS provisions to support public health, has Mr. Harbinson provided clear alternatives for ministers to focus on and decide.

In everything else, the Draft Ministerial Declaration for a new 'work programme' (euphemistic word for a comprehensive negotiations) the proposals without alternatives that Mr. Harbinson has put forward are completely one-sided.

For three years now, the WTO members have been engaged in agreeing on measures under the rubric of 'implementation' issues, to correct the asymmetries and inequities of the WTO system. The Draft Ministerial Decision on Implementation (drawn up by Mr. Harbinson and the WTO head Mr. Mike Moore) sounds big in counting 'tires'.

However, the decision is empty of any real economic content or benefit — though a few minor ones of asking the General Council or subordinate bodies to take actions sound attractive. The one 'benefit' being dangled before countries like India, namely increasing the 'growth-on-growth' benefits in textiles and clothing quotas is too small a gain for any country to accept.

All the other implementation issues in theory are being made subject to a work programme and for actions in a new round as part of a 'single undertaking' by the end of the negotiations.

On both the draft Ministerial Declaration and on implementation, on every substantive issue, the considerable opposition voiced in the General Council, at

the Heads of Delegations (HOD) meetings, and several alternative formulations on behalf of groups of countries handed over in writing to Mr. Harbinson and the Secretariat have been ignored completely.

The HOD process of consultations was itself a scandal: in a 142-member organisation (though some do not have representation here, but service the WTO from Brussels), the meetings (despite protests) were held in a room where there are only 112 seats are available for delegations to sit before a microphone and earphones for interpretation facilities. Others not lucky to find a seat had only standing room. This was the process of consultations that the Chairman of the General Council went through to hear the viewpoints of delegations.

None of the developing country positions put forward on any of the four "Singapore" issues, or on market access for non-agricultural products, or the way the work programme is to be organised and run, has been accommodated or even alternative formulations presented to enable Ministers to take political decisions. Not merely In-

it was Rs. 15.12 crores against Rs. 11.38 Rs. 392.28 crores). Other amounted to crores (Rs. 6.75 crores). The profit depreciation, royalty and tax was higher Rs. 81 crores (Rs. 38.55 crores).

g the quarter, the company produced nes (3,941 tonnes) of viscose filament Y), 22,631 tonnes (24,307 tonnes) of black and 6,266 tonnes (6,686 tonnes) ators. The contribution to turnover garments division was Rs. 93 crores 0 crores), VFY Rs. 68 crores (Rs. 52 carbon black Rs. 72.50 crores (Rs. res), insulators Rs. 38.20 crores (Rs. res) and textiles Rs. 73.10 crores (Rs. res).

## Indal

Aluminium Company has achieved a of Rs. 59.40 crores for the half year ptember 2001 against Rs. 54.10 crores ne period of the previous year. es were higher at Rs. 678.51 crores s. 616.05 crores. Other income was Rs. 1.37 crores (Rs. 3.72 crores). In- arges claimed Rs. 18.53 crores (Rs. res. The provision for depreciation crores (Rs. 31.47 crores) and taxation crores (Rs. 19 crores).

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THE HINDU

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# The WTO and developing countries

By Mike Moore

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**O**F THE many obstacles facing the World Trade Organisation, the biggest is a myth — that developing countries are losing ground in the world trading system, and risk further impoverishment and marginalisation if a new trade round is launched. Like many myths, this one grows in conviction the further it departs from reality. We are told that the developing countries' share of world trade is declining; that their exports face the highest tariffs and the most protected markets in the world; and that they lack the ability to influence or change a system inherently biased in favour of the rich and powerful.

We owe it to the developing countries — as well as to the WTO — to re-examine this myth in the light of some facts. One is that developing nations are not losing out in world trade, despite what the WTO's critics say. The opposite is the case. Over the past decade, developing countries have consistently outperformed industrialised countries in terms of export growth — an average increase of almost 10 per cent a year, compared to 5 per cent for the industrialised countries. And trade among developing countries is growing more quickly than the trade with the industrialised North.

Last year, developing-country exports rose by 15 per cent — three times their GDP growth — the best in five decades. Even with the current economic slowdown, developing countries are expected to show much stronger trade growth this year than the industrialised economies.

These numbers demonstrate the average performance among developing countries: some are doing better, some worse. Even so, claims about poor-country "marginalisation" distort the facts. For example, the 49 Least-Developed Countries saw the dollar value of their exports rise by 28 per cent in 2000 — some \$34 billion — the second year in a row where they exceeded the world average. Bangladesh, Cambodia, Madagascar and Nepal saw their exports soar in the 1990s — matching or even exceeding China's impressive performance.

The second claim — that rich-country markets are more closed and protected, while developing countries are being

forced to open up — is also a distortion. It is true that many developing-country exports continue to face significant barriers in rich country markets. Often the products in which developing countries are highly competitive are the ones that confront the highest protection.

However, what is not true is the assertion that industrialised countries are more closed or more protected than developing countries. The average bound tariff for the U.S. is just 3 per cent, for Europe it's 3.6, and for the industrialised countries as a whole it's under 4 per cent. In comparison,

## *The developing world would be much worse off without the multilateral trading system.*

the average bound tariff for developing countries is over 12 per cent. While developing countries slashed their tariffs by 20 per cent during the Uruguay Round, developed nations cut theirs by almost 40 per cent.

This helps explain why, each year, developing countries claim a larger and larger share of the industrialised world's imports — from 15 per cent in 1990 to almost 25 per cent in 2000. Over half of Japan's manufactured imports now come from developing countries. For the U.S., the share is 45 per cent and rising. These trends do not reflect that altruism of the industrialised countries so much as their self-interest — a realisation that imports from the developing world are key to low inflation, rising productivity and increased living standards.

The third claim is that developing countries lack a voice in the WTO. How then to explain that so many "development" issues are now at the top of the WTO's agenda? From being a fringe issue a generation ago, the debate over how to get better integrated development priorities into the trading system has moved to the centre of the preparatory process for the Fourth WTO Ministerial Conference — and its resolution will largely decide whether new negotiations are launched in Doha. Developing countries such as India, Brazil and South Africa are in the forefront of nations defining the parameters of the WTO's fu-

ture programme — their Ministers, Ambassadors and officials are among the most influential trade-policy practitioners today.

Indeed, the idea that a new round of negotiations must be a "development round" is now almost universally espoused — from Ms. Clare Short, U.K. Minister of Development, to Mr. Kofi Annan, U.N. Secretary-General, Mr. Jim Wolfensohn, World Bank president, and Mr. Horst Kohler, IMF managing director. This is evidence of a new, more assertive role for developing countries.

## *Why? Because the WTO has emerged as one of the most important international institutions for development. Developing countries already account for a third of the world trade, from a fifth in the 1970s. At current trends, their share will grow to well over half of the world trade in the next 25 years. They need stronger multilateral rules, not less. Already a third of the cases before the WTO's dispute settlement body are brought by developing countries. They have gained significantly from trade liberalisation under the Uruguay Round and, according to a study, would realise some \$200 billion if the remaining trade barriers were to be halved in a new round. That is three times what the developing world receives in overseas aid. Eight times what poor countries have so far been granted in debt relief.*

This is to the credit of the developing countries themselves. The steps they have taken to open up their economies and encourage competition have created new incentives to find lower-cost inputs and to seek new markets abroad.

The biggest change is in attitudes. More and more, developing countries have come to see protectionism as a self-inflicted wound. It not only punishes consumers, grossly inflating the price they pay for necessities such as food or clothing, but it also handicaps exporters and entrepreneurs, who cannot hope to com-

pete in world markets without access to world-priced inputs, efficient services and modern technology. Trade liberalisation is the key to developing countries, not just because it opens markets, but because it makes their own economies stronger.

It is a fact that the developing world would be much worse off without the multilateral trading system. It is also a fact that the trading system can be greatly improved. Many critics — even some supporters — have spoken out about the inequities in the system, and they are right. Inequities exist. This is precisely why we need a new round of negotiations. There is no other way to change the rules of the WTO. No other way for developing countries to translate their interests and demands into real changes to the trading system. No better opportunity for developing countries to use trade reform and capacity building as tools of growth and poverty reduction.

Defining and refining rules for trade — keeping the system relevant to a fast-changing world economy — will always be work-in-progress. Governments will never stop and say they have finished, that they are satisfied. The challenge is to secure balanced progress that reflects common interests. Governments must feel committed, not coerced. They must see justice in the WTO agenda and national advantage in pursuing it.

But they must also be reminded of the achievements. More has been done to address poverty in these last 50 years than in the previous 500. Since 1960, child death rates have been halved in developing countries; malnutrition rates have declined by a third; access to safe water has improved dramatically. While the current U.N. Millennium Declaration targets show that there is still a long way to go, and we need to keep in mind that trade is just one contributor to the progress that has been secured, we should not lose sight of the important role the multilateral trading system has played.

The question is how we share this gift of opportunity and do a better job as an institution designed to serve our member-governments.

(The writer is Director-General of the World Trade Organisation.)

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## Change tack

AFTER the informal meeting of trade ministers at Singapore last weekend there is little doubt that a new round of trade negotiations will be launched at the next WTO ministerial. The ministerial itself may be shifted from Doha and the ministers may refer to a New Development Agenda instead of a new round, but there is clearly a determination in the developed world to push for a further significant reduction of trade barriers. A combination of a global recession and the need for unity after September 11 has led the developed nations to make the compromises needed to arrive at a common position. And they could soon begin to convert their economic muscle into the numbers needed at the WTO. The Least Developed Countries will find it difficult to resist some of the economic temptations the developed world can be expected to offer them. And the proposals have also been framed in a way that allows the new round to go ahead even without a complete consensus on all issues. Some of the implementation issues are sought to be postponed. And in competition and investment, countries that don't agree will quite simply be given the option of staying out of those agreements.

As one of the strongest opponents of a new round India can be expected to continue with its minimalist approach. It could use all its negotiating skill to get as many of the implementation issues on the agenda as possible. And it could opt out of the agreement on competition and investment. But such a minimalist strategy leaves the field open for negotiators of other countries to define the details of the new agreements. And India may be later forced to accept agreements that do not adequately take care of its interests. Even if India chooses to opt out of a competition and investment agreement, there is no guarantee that future governments will not want to be a part of the same agreement. Indeed, once a set of rules for competition and investment are in place they will influence the flow of foreign capital. Joining the agreement may then become inevitable. It is thus imperative that India learns from its failure to stop a new round and comprehensively reviews its negotiating strategy in the WTO.

The Economic Times

# Maran angry at hegemony of the rich in WTO affairs

Our Delhi Bureau

NEW DELHI 17 OCTOBER

EVEN AS the fate of the fourth ministerial meeting of the World Trade Organisation (WTO) hangs in balance, commerce and industry minister Murasoli Maran lashed out at the apex global trade regulatory body for ignoring the interests of developing countries.

Major economic powers like the US, the European Union and Japan were dictating the agenda of the WTO, he said adding from a rule-based organisation, the WTO was turning into a power-driven organisation. The minister said the developing nations, who are in a majority at the WTO, have failed to put up a united front, enabling developed countries to push their agenda.

Mr Maran was referring to the differences among the developing nations over a new round of WTO negotiations which the rich has been pressing for quite some. The Doha ministerial meet will open on November 9.

"They (rich nations) want to bring every activity under the WTO umbrella. Under the garb of trade-related issue, they may even seek to bring family ties under WTO ambit," Mr Maran said at the Economic Editors' conference.

The minister said India has told WTO that the draft ministerial declaration for Doha is not to its liking. By taking up new issues, WTO

will only usurp the territory of international bodies like the World Intellectual Property Organisation (WIPO), Mr Maran said.

"Many people are asking me why we should not participate in a new round. They are referring to various options like development round and millennium round. Such people do not understand the meaning of a new round. Why does the WTO not come out with a concrete plan for checking poverty? Then we will support them and participate in the plan. The current proposals can only be called an anti-development round. The WTO is now being run by a group of industrialised countries," Mr Maran said.

"The patents issue was introduced in 1978 Tokyo Round as an anti-counterfeit measure and India supported it. Look at the implications now," he said in a charged tone. Thousands are losing their lives in Africa and even Asia but TRIPS is keeping AIDS drugs prices high, he noted. "We have now been tied to the chariot wheel of WTO."

He ruled out quitting the WTO since it was a necessary evil. Quoting estimates, he said any country which keeps out of the organisation has to sign 2000 bilateral agreements every year to maintain status quo. Why do you think China wants to join the WTO, Mr Maran asked.

The Economic Times

18 OCT 2001

# Agreement cannot be quantified: Maran

By Amit Baruah

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**SINGAPORE, Oct. 14** The Union Commerce Minister, Mr. Murasoli Maran, said today that he did not want to give a "quantitative measurement" on the extent of agreement on a draft Ministerial declaration discussed by Trade Ministers from 21 countries over the week-end.

"I don't have the quantitative measurement, I am very sorry," Mr. Maran said when asked to comment on remarks made by the U.S. Trade Representative, Mr. Robert Zoellick, that "75 per cent agreement" had been reached on the draft declaration.

Addressing a press conference, the Commerce Minister said he was happy to go to Doha despite hints of a possible change in venue for the Doha Ministerial Meeting, the dates of which (November 9-13) may well remain the same.

Asked to comment on a remark made by the European Union Trade Commissioner, Mr. Pascal Lamy, that a "quasi-consensus" had been reached on implementation issues, Mr. Maran said: "There can only be consensus, not quasi-consensus."

"In the draft (declaration), all the implementation issues have been divided into three annexures... we wanted the language in annexure one and annexure two improved and issues not covered in these brought forward. The remaining issues should be addressed through a credible process," he said.

## Improvements needed

Implementation issues, Mr. Maran said, constituted the "cornerstone of the edifice of demands" of developing countries. Asked if India was "satisfied", he said: "We are not at all fully satisfied. Substantial improvements are necessary..."

Asked what India's position on a new round of trade negotiations following the discussions in Singapore was, Mr. Maran said: "It is not a question of round. What is important is the issues we are going to take up (for discussion)."

Mr. Maran said there was controversy on the word "round" - there was no mention of the word in the

draft declaration. There were also proposals that a new term be used to replace "round".

"What we are interested in is the issues... what will be the pains and gains for a country like ours. These are the important issues... you can call it by any name," he said.

After the September 11 attacks in the U.S., the whole world was "one". At this point of time, we should not create a cleavage by creating two categories of "developed and developing" countries.

India had "strong reservations" about what are called "Singapore issues" - of competition and investment. Some other countries had similar views on the question, he said. The Commerce Minister said the Singapore meeting had served a useful purpose. Some countries agreed that annexure one and two should be merged, the language in them improved and the remaining issues put in a fast-track process for a resolution.

"This is not Doha (where the formal Ministerial meeting is to be held), this is Singapore... there are 142 countries which are WTO members. They are the people who should decide," Mr. Maran said.

Asked if he was "upbeat" about the launch of a new round, Mr. Maran said, "There is no question of upbeatness. Simply about 20 countries exchanged views about the draft... it (the new round) all depends on the reaction of other countries..." The Commerce Minister also wondered whether "today's stand" would continue until Doha.

Asked whether he was concerned at Doha being the "venue", Mr. Maran replied: "No, not at all."

Asked to what extent India's views represented those of other developing countries, the Commerce Minister said that developing countries had not formed any kind of alliance.

Asked if there was agreement that the new round be called "new development agenda", Mr. Maran said "nobody" had agreed to this. Mr. Maran, who called it "development round", said if this was the case it should include "all development issues".

"If you want to call it development round, let's collect all development issues and discuss them and categorise them," Mr. Maran added.

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15 OCT 2002

## meeting aspirations'

By Our Special Correspondent

**NEW DELHI, OCT. 9.** The Union Commerce Minister, Mr. Murasoli Maran, today said that the WTO's draft ministerial declaration for the Doha meet, scheduled for next month, does not satisfy the "aspirations and requirements" of developing countries. 9-989 mb

Considerable improvement was needed in the implementation package and the draft ministerial declaration (DMD), he told the eighth meeting of National Advisory Committee (NAC) on International Trade. The meeting was convened to share with the members the developments that had taken place since the last meeting of the panel in June this year.

Mr. Maran said while a large number of remaining issues were left to be addressed, the draft declaration on implementation proposes 22 issues for immediate decision by General Council and 19 issues for decisions to be taken at Doha. "This ran counter to the stand taken by developing nations

who have demanded that implementation should be tackled first and only then should the WTO take up fresh commitments," he said. 10-10

Referring to the informal meeting of Trade Ministers held in Mexico last month, Mr. Maran said consensus continued to elude the WTO members on starting a new round of trade talks. India had taken several steps to evolve a consensus, he said and pointed out that without a consensus, a new round should not be thrust upon developing countries. India was not isolated on WTO issues and he indicated wider consultations with like-minded countries in the coming weeks.

Mr. Maran said he would again interact with the NAC after the informal Trade Ministers' meet in Singapore scheduled on October 13 and 14. The members made several suggestions which included recommending improvements in the content of draft decisions on implementation issues.

THE HINDU

# Experts want positive govt stand at WTO

FROM OUR CORRESPONDENT

New Delhi, Oct 4: Economists and industrialists have asked the government to stop stonewalling key trade issues at the ministerial round of the World Trade Organisation at Doha in November where it must go after doing a thorough homework.

"The commerce minister came back from the Seattle Round and said we went well-prepared and came back well prepared. But this time he will have to say we went ill-prepared and returned ill-prepared if the ministry does not prepare itself with relevant facts," Bibek Debroy, director of the Rajiv Gandhi Foundation, said at the Confederation of Indian Industry (CII) meet on India's interest in WTO.

Debroy condemned the government's attitude to oppose everything in sight. "The WTO will not destroy or harm any Indian industry. The industrial community needs a shakeout and exit of uncompetitive firms. Industrial leaders are not afraid of a competition policy at a national policy," Debroy said.

T.K. Bhaumik, senior advisor of CII, said: "If India needs its problems to be addressed on a global platform then it should go

to Doha round with a positive frame of mind. There is no other option in front of India. We are a member of Saarc which is not functioning at all. Rather than complaining on the issues that other countries are raising, it should come out with its own agenda."

Bhaumik said: "We need proactive offerings and transparency in the agenda. We should not be afraid to re-negotiate on the issues we are not agreeing to."

He said the government should also stop complaining about the non-implementation of decision that were taken at earlier WTO rounds and use that as an excuse to stop other nations from tagging on new issues to the agenda.

"Implementation issues are required to be addressed but the developed countries are not doing something that is violating the signed document. So India will have to address it from its own platform and not squabble about it," Bhaumik said.

The commerce ministry was pulled again for failing to come up with a drafted agenda and issues to be addressed. It was also largely blamed for the misconception created in the minds of the agricultural group about the open regime.

THE TELEGRAPH

The basmati issue is the result of ignorance and a legislative vacuum

# Patently confusing

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**BIBEK DEBROY**

In the *basmati* heat, myth needs to be separated from reality. There is a patent issue, there is a trademark issue and there is a geographical indication issue and all three are being freely mixed up, contributing to further confusion.

First, under the Uruguay round's trade-related intellectual property rights agreement, plant and seed varieties must be protected. Article 27.3 of TRIPS says this quite clearly. They have to be protected through patents or a *sui generis* system (which can be weaker) or a combination, as long as the item under consideration is new, involves an inventive step (is non-obvious) and is capable of industrial application (is useful). It is completely irrelevant that we have messed up internally and the plant and seed varieties bill is languishing somewhere.

Whether we protect plant and seed varieties in India is neither here nor there. The United States does. The Plant Patent Act has protected asexually reproduced varieties since 1930 and the Plant Variety Protection Act has protected sexually reproduced varieties since 1970. Since the *Diamond versus Chakraborty* case in 1980, genetically engineered plants or seeds have also been patentable, as long as the tests of patentability are satisfied.

In September 1997, RiceTec obtained a patent on basmati rice lines and grains. The US is obsessed with the patent culture. (How many countries have patents built into the constitution?) Patent offices go a bit overboard in granting patent claims. Hence, RiceTec obtained a patent on the basis of 20 sweeping claims. Had these gone unchallenged, imports of basmati to the US could only have been channelled through RiceTec.

Unfortunately, the US patent office does not invite third party objections before granting a patent. Often, the only way to find out whether there has indeed been an invention is to invite objections from rivals and competitors, who are technically more in the know than patent examiners. Indeed, there is a case for India arguing at the World Trade Organization that if intellectual property norms are being harmonized and standardized across the globe, so must the procedures. There must be third party objections, as is the case in India. But as of now, there are no third party objections in the US. Patents can only be challenged after grant, and this imposes sizeable legal and other transaction costs on those who are mounting the challenge. Lawyers don't come cheap. But if there is a successful challenge, as happened with *haldi*, patents can indeed be revoked.

Through the Agricultural Products Export Development Authority, India challenged the original RiceTec patent in April 2000. Several things happened next. In June 2000, RiceTec withdrew some exaggerated claims. This it did on its own. The US patent office knocked down some other

exaggerated claims. And in the August 2001 decision, which has triggered the present controversy, the patent office upheld five claims, numbered 8, 9, 11, 12 and 13 in the original list of claims. Of these, only claims 8, 9 and 11 matter, since these concern the new basmati lines that have improved and new characteristics that were not present in original basmati.

The hybrid strains are different from original basmati in that they are shorter,

American basmati in the US. Relatively inferior varieties are sold as Texmati, described as American-style basmati rice, while relatively better varieties are sold as Kasmati, described as Indian-style basmati rice. Notice that the grant of the patent has nothing to say about what this rice will be called, except in a very limited way. One of the lines is named Bas 867, with an implicit reference to basmati. Otherwise, the name



so that they can withstand high winds in the US. They have also been modified to take care of shorter day durations in the US. Plus, they are better because they have higher yields. They apparently also have better aroma and cooking quality. These three new basmati lines are named Bas 867, RT 1117 and RT 1121, Bas standing for basmati and RT standing for RiceTec. Claims 12 and 13 are for seeds and grains of these new rice lines and are therefore of secondary concern.

Now that the sweeping claims have been whittled down, there should be no objection to the patent. No intellectual property law anywhere in the world, including India, will prevent modifications to existing varieties or disallow patents if there is a significant inventive step. The Indian Agriculture Research Institute has similar hybrid strains of basmati that it now plans to patent. Nor is the fact that the original parental genes came from Pakistan of great relevance. The IARI has used dwarf genes from a Taiwanese variety.

All that has happened is the grant of patents to three new hybrid lines of rice. This is distinct from the issue of what these varieties of rice can be called. Basmati is not exclusively grown in India or Pakistan. It is also grown in the US and Thailand. For 20 years, RiceTec has sold

**In May 2001, the US argued that there were no statutory or regulatory bars on American rice being called basmati. Absolutely right.**

becomes a trademark or geographical indication issue.

What is a trademark? Defined in article 15 of TRIPS, "any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark". This is, therefore, a company-specific, rather than a country-specific, issue. Trademarks are protected in the US under the Lanham Act of 1946.

A trademark does not have to be registered, although it always helps to do so. 10 per cent of India's basmati rice exports go to the US. Who exports them? Are they exported as branded products? Have these brands been registered as trademarks in the US, and have these trademarks been used? I suspect there has been no such registration. Or

even if there has been a registration, the trademarks are not used.

Had this not been the case, one might have been able to argue that RiceTec is indulging in unfair competition by using the basmati name. It is causing confusion and deception and passing off something as something else. But because of what I have just said, I suspect there can be no case of infringement.

Besides, there is the question of limitation. RiceTec has been using the trademarks Texmati and Kasmati for twenty years and we have not objected. RiceTec's trademarks can of course be cancelled and this is easier than sustaining an infringement suit. But it is unlikely that we have a case there either.

This leaves geographical indications, defined in article 22 of TRIPS as "indications which identify a good as originating in the territory of a member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin". Basmati is not a geographical indication in the sense that Darjeeling tea, Kanjeepuram silk, Alphonso mangoes or Kolhapuri *chappals* are geographical indications.

There is an expression known as appellations of origin, which is a bit broader than geographical indications and enables one to plug in product attributes. Had this expression (instead of geographical indications) been used in Article 22, we might have been able to throw in basmati and *khadi*. Article 23 of TRIPS has higher standards of protection for wines and spirits. Had these higher standards prevailed for other forms of geographical indication, life might have been easier. These are issues for further negotiation.

As of now, we don't protect basmati as a geographical indication in India. For that matter, the Protection of Geographical Indications of Goods Act may have been passed in 1999, but the rules are still awaited. Of course, what happens in India does not have a direct impact on what happens in the US, except in one way. Article 24(9) of TRIPS says that a geographical indication need not be protected unless it is protected in the country of origin.

TRIPS does not require specific statutes on geographical indications. It is sufficient as long as these are protected, through some statute or the other. The US does it through the certificate mark system under the Lanham Act. Registration is again not mandatory, but it helps. Darjeeling tea has been registered as a certificate mark in the US. But no such attempt has been made for basmati, quite independent of the fact that the US might argue that the word basmati is generic.

ANGO did file a case on basmati and this was thrown out by the US federal trade commission in May 2001. The Americans argued that there were no statutory or regulatory bars on American rice being called basmati. Absolutely right. Unfortunately, through a legislative and knowledge vacuum, the problem is largely our own creation.

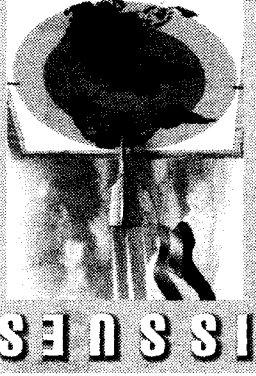
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# On India's stand at Doha

*India today, with one-sixth of humanity, accounts for less than 1 per cent of world trade. Should India not passionately embrace the free trading regime being ushered in by the WTO, or should India continue to oppose a new round? We present three views:*

## DEBATE



- ▶ Should India re-think its present position at the WTO?
- ▶ How important are implementation issues?
- ▶ Does India stand to lose out on the chance to influence proceedings if she sticks to her present stand?

**Biswajit Dhar**  
Senior Fellow,  
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THE on-going debate on the position India should take in the context of the forthcoming WTO Ministerial Conference to be held in Doha has now assumed a familiar picture. Various interest groups are working overtime to force the negotiators on to the table which is likely to contain issues that India should not be discussing at this point in time. Interestingly, the argument that is being put forth in defence of such pressures have been made in such a manner as to project India as a country that is averse to negotiations in the WTO. India has been among the few countries which has believed in constant engagement. The real issue is whether or not India should agree to an enlargement of the WTO mandate and include new issues like investment, competition policy and government procurement, in the post-Doha negotiations.



Further enlargement of the WTO interests. A comprehensive round should be launched only when the key commitments made at the Uruguay Round that the developing countries had agreed to participate fully in the Uruguay Round negotiations when they were assured of substantial market access covering areas like textiles and agriculture. While both these sectors were to be fully integrated in the rules based multilateral trading system, in other areas where developing countries had significant export interests, the barriers to market access in the form of high tariffs and non-tariff barriers, were to be reduced according to an agreed schedule.

However, in the past six years, many of these commitments made by the developed countries have been left unfulfilled. The integration of textile products has failed to meet the targets set by such margins that the eventual elimination of quota trade in textiles by 2005 appears to be a mirage. Agriculture has also seen the continuation of the market distorting subsidies by the developed countries. As a result, the gains that the low cost producers of agricul-

**Veena Jha**  
Consultant,  
UNDP

STATEMENTS from various political quarters appear to suggest that India is trying to build a consensus amongst its people for engaging in a new round. The US wants a Punta del Este kind of negotiating mandate which can be changed along the way as in the case of the Uruguay Round. The EU wants a "permissive and sufficiently open-ended and not restrictive mandate". Therefore, even if the most limited of rounds is launched, new issues could be included along the way. India's position at Doha should be examined against the background of two unalterable facts. First, India's share of world trade is less than 1 per cent, and in the WTO the political weight of the member depends on its trade weight. Second, while Geneva slumbers, the battle-



eral concessions on market access, aid packages and more technical assistance, it is likely that the resistance to the new round, led by Mr Muralidharan, may melt away. However, as a negotiating strategy given that India is not one of the *demandeurs*, it should not as yet yield its minimalist position. It's the *demandeurs* who should put their minimalist positions on the negotiating table. This is perhaps already happening as the EU is now talking about a limited and not a comprehensive round. According to the EU such a Round may include implementation concerns, agriculture, anti-dumping and environment. US proposals are far more ambitious, but far more ambiguous. Bush is unlikely to get the "fast track" to negotiate a broad new round.

Many members, besides India, feel that though Doha may yield a modest outcome, it could provide clear guidelines and time-lines for progress on some of the more contentious implementation issues. India's maximalist position on implementation issues may be justified, as these issues have now become a necessary and important part of any agenda being developed for the Doha Ministerial. This is a change in the position of the major players who were earlier hesitant to reopen UR issues or felt that

implementation concerns were purely of a procedural nature. On agriculture, India's interest in accessing export markets should be tempered with the poor health and safety conditions in this sector. Added to all this is a renewed emphasis on food safety issues, which may be much more complicated to challenge than existing subsidies. Thus trade promotion activities in agriculture would have to essentially focus on niche markets. Delinking tariff concessions on organic from inorganic agriculture and demanding higher tariff concessions for organic agriculture may be useful.

On environment, issues of India's interest, i.e. TRIPs and market access, appear to be mainstreamed. Other precautionary principles, eco-labelling and clarification of Article XX to accommodate trade measures for environmental purposes, does not find favour with the US, the Cairns Group and the other Quad members. Thus negotiations on environment are likely to be political, acknowledge-ments of its importance rather than rebalancing of rights and obligations. Any reference to the precautionary principle in the Ministerial Declaration or elsewhere should be carefully examined.

Similarly on anti-dumping there are issues of commonality between Japan, EU and India and the eventual package is likely to include India's interests. The US is however unlikely to agree to reopen the anti-dumping agreement. In conclusion, an important question is whether India would lose out if the multilateral system is replaced by regional and bilateral trade deals and agreements. Multilateralism is no safeguard against bilateralism or regionalism. The "reality check" meeting of the WTO general council at the end of July saw India's concerns endorsed by a broad range of WTO's membership, such as the LMG, the African and the Caribbean group. Stripped of the diplomatic, what is clear from the Mexico Ministerial meet of 16 ministers is that the membership of the WTO is far from a consensus on the specific items of the agenda for the Doha Ministerial. It is also clear that India may already be shaping the agenda for future deliberations at the WTO with or without a new Round, and despite its negligible trade weight.

**Pradeep S Mehta**  
Director,  
CUTS, Jaipur

INDIA'S stance against the new round of WTO talks is seen by some as the righteous action of an independent nation. But, the risk is that in defending its principles, India could end up sacrificing its interests. And if the new round is launched at Doha, many will say that we buckled under US pressure, as they did when we invited the Pakistani dictator, General Pervez Musharraf, to India.

The multilateral trading system under the GATT and WTO has been shaped by rich countries, but these countries have failed to deliver on their commitments and the promised benefits to developing countries have not materialised. Furthermore, India is one of the few developing countries with the size and influence to attract the attention of the world when it raises the flag. The prospect of new markets in the growing Indian middle-class is making the US and the EU much more sensitive to India's trade concerns. But, with a slightly more than half a per cent share of world trade, India is not so powerful that it can put trade liberalisation on hold single-handedly. Even if we manage to stall the launch of a new round, the rich countries will pour their energies into bilateral and regional agreements. Regionalism will almost certainly be more damaging for India than multilateralism - it diverts trade. More importantly, these deals are being used as templates to widen the scope for the inclusion on non-trade issues like labour and environmental clauses.

The recent agreement between Jordan and the US, whose trade is less than a decimal of a per cent, is testament to this. In international trade negotiations, other countries are driven by the single-minded pursuit of selfish interests. India may want to highlight the fundamental injustice in the system, but the risks of taking this path are very real. In the realpolitik of international economic relations, India's views are much more likely to get heard if we are on the negotiating table as deals are hammered out. The EU, US and Japan are seasoned participants in multilateral negotiations.



India, we must acknowledge the need for some reciprocity. On the contrary, we would only be agreeing to start talking. These talks can be dragged out virtually indefinitely. Witness the performance of the WTO study groups on investment and competition, set up in 1997, which are yet to come up with any concrete proposals. Arguments for India to participate in a new round are appreciated by many of India's influential figures. Like me, they are not saying that India has to agree to anything at the WTO, just that she should be prepared to start talking.

This view has been expressed by T N Srinivasan, B K Zutshi, Anwarul Hoda, Jairam Ramesh, T N Ninan, Sanjaya Baru and other experts in a joint statement with other noted economists like Arvind Panagariya and Jagdish Bhagwati writing on the same lines in newspapers. Recently in the USA, the leader of the opposition, Sonia Gandhi, has supported such an approach, while even the finance minister Yashwant Sinha has advocated the same.

At a recent conference in New Delhi, our prime minister has showed maturity by not ruling out a new round, but stating that we are open to discussions. Nobody can doubt that these people have India's interests in their hearts when they call for engagement at the WTO.

They have committed to an 'ambitious' new round and have already been trading rewards and concessions for the last few months. Other developing countries are very unlikely to stand with India when targeted offers are put before them. Looking at past experience, we can see that with the right incentives, even the most vociferous objectors can succumb. At the 1996 Singapore Ministerial, to take just one example, Malaysia agreed to discuss investment in exchange for an Information Technology Agreement (because of a big and growing IT industry). Similar deals are bound to be struck in the run up to Doha.

Progress on India's key interest - the implementation of existing agreements - may also require negotiations, i.e., trade offs. In these circumstances, India has to be realistic rather than idealistic. If we are to see any progress in the areas that really matter to

## India reiterates opposition to new issues at WTO

RD-12  
679  
By Our Special Correspondent

**NEW DELHI, SEPT. 5.** India has reaffirmed its position that no new issues should be included in the negotiating agenda of the World Trade Organisation unless there is an explicit consensus on the subject. Besides, it has stressed that implementation concerns of developing countries arising out of non-fulfilment of the promises made in the Uruguay Round by developed countries must be addressed upfront before the fourth WTO ministerial conference at Doha in November.

This position was reiterated by

the Commerce and Industry Minister, Mr. Murasoli Maran, at the recent informal meeting of Trade Ministers in Mexico.

In his interventions, he said the implementation concerns raised by developing countries was not imaginary and cited last year's U.N. panel report which said, "by far, the main beneficiaries of trade liberalisation have been the industrialised countries". Therefore, the primary issue was not whether there was a round or not but an agenda which was acceptable to all members.

The Mexico meeting, attended by 17 countries, concluded with

substantial differences still remaining, a Commerce Ministry release said. The developing countries complained that the pact signed in 1994 after the Uruguay Round was yet to be fully implemented.

Outlining India's position in various areas, Mr. Maran said on agriculture, the aim was to remove distortions in world trade due to major subsidising countries and to seek policy flexibility to support agricultural development in developing countries.

The Doha declaration should acknowledge the legitimate concerns of these countries, he said.

THE HINDU

5 6 SEP 2001

# WTO battle begins, Bengal waits

FROM R. VENKATARAMAN

New Delhi, Dec. 4: A five-judge full Constitution bench of the Supreme Court today began hearings on a suit filed by the Tamil Nadu government challenging India's signing of the World Trade Organisation treaty.

Earlier, West Bengal had said it would file a similar petition. But senior counsel A.K. Ganguly, who appeared for Tamil Nadu, said "the state is yet to join the petition, although letters were written to the President and Prime Minister by the West Bengal chief minister".

The five-member bench, presided over by Chief Justice S.P. Bharucha, granted permission to Tamil Nadu to amend its petition so that "newer develop-

ments" like the "lethal impact of India's signing the WTO on agriculture, medicine, rural and other sectors" could be added, Ganguly said.

The apex court gave six weeks to the state to amend, incorporate and detail all the latest developments, like the impact on the economy and the farm sector. It gave the Centre three weeks to reply to Tamil Nadu's contention.

Besides Justice Bharucha, Justices Syed Shah Mohammad Quadri, U.C. Banerjee, S.N. Variava and Shivraj V. Patil constitute the bench.

In its contention, in the form of a plaint/suit, Tamil Nadu said "states should be consulted before every such major policy decision" by the Centre as it has been mandated in

the Constitution.

Article 131 of the Constitution will come under sharp focus in the case as it would be interpreted by the Constitution bench. The article is "an exclusive judicial mechanism to resolve all disputes between the union and states and the states inter se..."

Tamil Nadu's submissions, settled by senior counsel Rajiv Dhavan and filed by the advocate on record for the state government, Arputham Aruna & Co., said the treaty-making power of the Union government could be challenged.

The submissions said this power "cannot be exercised" if it infringes the fundamental rights of a citizen and undermines federalism, a part of the basic structure of

the Constitution.

The government's treaty-making power can also be challenged if it inhibits the sovereignty of India and Parliament and other democratic functioning of the Constitution and takes away the powers of the states without adequate consultation, the submissions added.

Tamil Nadu contended that the legal regime of the treaty comes into effect irrespective of whether the treaty is incorporated or not.

It also contended that the treaty obligations under the General Agreement on Tariff and Trade extended to agriculture, patents and services — the exclusive responsibility of the states in respect of providing livelihood for farmers, health and public welfare services.

THE TELEGRAPH

## Govt., Cong. differ on new WTO round

By Our Special Correspondent

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NEW DELHI, AUG. 28. The Government will press for review and conclusion of the Uruguay Round-mandated agenda while opposing new issues at the fourth ministerial conference of the World Trade Organisation (WTO) at Doha.

The Union Minister of State for Commerce and Industry, Mr. Digvijay Singh, said this here on Monday at a seminar on WTO issues jointly organised by the Federation of Indian Chambers of Commerce and Industry (FICCI), and Consumer Unity and Trust Society (CUTS). He said steps would be taken to safeguard the core national interests at the conference. The Government's stance, however, goes contrary to the views of the Congress party judging by the comments made by the party's economic affairs secretary, Mr. Jairam Ramesh, at the same venue. He said a new round was inevitable and the exact agenda was yet to be worked out.

Mr. Ramesh felt India's interest was best served by being in a position to influence or determine the agenda. That position would be possible only if India supported the idea of a new round. Otherwise, India may have to get in reluctantly as protesters.

Mr. Ramesh said that India was the only major country so far to have taken a public stance opposing the new round. This could be due to India's domestic political compulsions.

Mr. Digvijay Singh said the country would have to

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tackle formidable challenges in the coming days ahead of the Doha ministerial meeting. He referred to projections that India had been isolated in the WTO due to its firm stance in favour of implementation issues and said that this was not at all true.

This was borne out by the recent SAARC Commerce Ministers conference where these countries opposed the move to extend the WTO frontiers before the inequalities between developed and developing countries were meaningfully addressed.

Regarding competition policy, the Minister said several developing countries, including India, were in the process of enacting national competition laws. They did not have enough experience of the functioning of competition law at the domestic level. Thus, it would not be fair to expect them to engage themselves now in negotiations for developing multilateral disciplines in this area.

There were working groups already established in the WTO, discussing the linkage between trade and competition and between trade and investment. These had not been able to arrive at any consensus and he felt these should be allowed to continue their work for the time being.

On the labour issue, the Minister said India was fully committed to observance of labour standards and had ratified most of the ILO conventions. India also cherished all the values of democracy, workers' rights and good governance. These issues, however, were not within the purview of the WTO.

THE HINDU

# State to move SC over WTO

HT Correspondent  
Kolkata, August 28

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CHIEF MINISTER Buddhadeb Bhattacharjee today said the West Bengal Government would soon move the Supreme Court over the Centre's decision to sign the WTO agreement without consulting any of the States. "The WTO will create havoc in our agriculture and will totally destroy small-scale and medium group industries," he contended.

"The WTO provisions would spell ruin for the country's agriculture. And, although agriculture is on the State list, the Centre did not bother to discuss such a vital matter with the States. It is, therefore, a flagrant violation of the country's Constitution by the NDA Government," he asserted at a press conference on the completion of 100 days of his Government.

Saying that he was trying to rope in all non-BJP Chief Ministers in support of his stand, Bhattacharjee claimed that a few, including Tamil Nadu's JJayalalithaa have already lent their voice to the demand for legal action against the Centre.

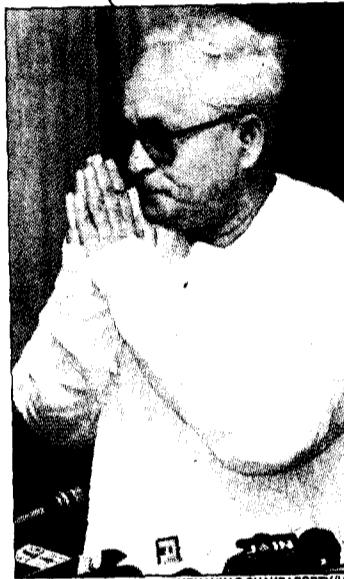
Stating that 100 days were "too short a period to judge success or failure" of a Government, Bhattacharjee firmly rejected the suggestion to grade his performance. "He who ranks or put

marks on his own performance is a fool. As for myself, I would give a zero," he quipped.

However, the Chief Minister admitted that the law and order, despite being "better than others", continues to cause him concern. "The Khadim case, for instance, gave me the maximum headache," he said. "There has been no qualitative change so far in this respect, and we have no reason to be complacent. Cases of kidnapping and ransom demands warrant more vigilance on our part, our successes in some cases including that of Partha Roy Burman abduction, notwithstanding."

Bhattacharjee seized the chance to launch a virulent attack on Amnesty International for its recent indictment of West Bengal in respect of human rights violation. "It is a typical anti-Communist outfit, and I hate them," he berated. "If the organisation was really concerned about human rights, why did it keep mum on the misdeeds during Suharto's and Pinochet's regimes in Indonesia and Chile? Why did it not speak for Nelson Mandela, when he was in prison?"

Referring to his promise of a "responsive, dynamic and corruption-free Government", Bhattacharjee said while it would take more time to change the old mindset, improvements are pal-



SUBHANKAR CHAKRABORTY/HT  
Chief Minister Buddhadeb Bhattacharjee at the press meet on Tuesday.

pable in respect of attendance and speedy redressal of grievances. "But I want to keep harping on these issues, so that it percolates down and really benefits the common people."

"We will try our best to remove political weaknesses by involving a large number of ordinary people in panchayat work. While rural developmental programmes are to have more funds,

procedures need to be made more simple and effective," he said.

Bhattacharjee chose to put himself in a different category than the tech-savvy Andhra Chief Minister. "I would very much like to call myself the Chief Minister, and not the CEO of West Bengal," he quipped.

Turning to his efforts on industrialisation and invitation of foreign capital, Bhattacharjee said he would go on a weeklong visit to Japan from September 15. During the visit he would address Tokyo and Osaka Chambers of Commerce. Besides, he would have one-to-one meeting with eight top Japanese companies, including Marubeni, Sony, Mitsubishi and Suzuki.

Bhattacharjee hinted that after Japan, his next destination might be the US, where NRIs led by McKinsey chief, Rajat Gupta and Partha Ghosh have mobilised a lot of goodwill and investment prospects for West Bengal. An NRI cell headed by Partha Ghosh may soon be set up for furthering West Bengal's interests among the overseas community, he indicated.

Bhattacharjee made it clear that while his Government would put "increasing emphasis" on knowledge-based information technology, it would also develop and modernise the State's traditional industries.

THE HINDUSTAN TIMES

29 AUG 2001

# Higher protection of commodities needed for GI: Maran India for Trips review

PRESS TRUST OF INDIA

CHENNAI, Aug. 25. — India would strongly seek higher level of protection for its commodities under the Trips Agreement for 'Geographical Indications' of goods, during the forthcoming WTO Doha ministerial meeting, the Union commerce and industry minister, Mr Murasoli Maran, said here today.

Inaugurating the office of the Geographical Indications (GI) Registry and a Patent Offices here, Mr Maran said during the Uruguay round of talks (1986 Gatt meeting) protection of GI covered only spirits and wines.

The Union minister said India had a rich heritage of products originating from specific regions, which had been nurtured by knowledge

and practices built up by communities over years.

"Historically speaking, well-known indications such as China silk, Dhaka muslin, Venetian glass, Swiss watches, the uniquely flavoured Darjeeling tea, gorgeous Banarasi and Kanjeevaram silks and the delicious Alfonso mangoes are much sought after brands by communities all over the world", he said. These indications had become "vectors" of country's national, regional and local cultural identities providing an added value to the products.

It was a pity that Trips

Agreement did not cover GI protection for other commodities. "I would call this an injustice to the developing nations", he said.

Hence India would seek a review of this issue during the Doha meeting, he said.

The Union industry ministry joint secretary, Mr A E Ahmed, said India had already sent a written submission on the issue to the Trips committee.

Mr Maran said visualising the potential of GI, the Parliament had passed the GI of Goods (Registration and Protection) Act, in December 1999.

The Act sought to provide for the registration and better protection of GIs relating to goods in India. The rules under the Act were being finalised and it was expected that the Act would be in operation very soon, he said.

The minister for commerce and industry said the protection of GIs in India aimed to prevent the unauthorised use of registered GI by others. The registration in India would enable the producers to obtain similar protection in other WTO member countries.

"It is important to remember that the protection of intellectual property inherent in GIs needs protection, under the Trips Agreement, in the country of origin before seeking protection elsewhere", he said.



POINT MADE: Mr Maran

26 AUG 2001

THE STATESMAN

# Basmati: Centre claims victory

STATESMAN NEWS SERVICE

NEW DELHI, Aug. 22. - Attempting to absolve itself of charges of inaction, the government today detailed how the grant of a patent for certain hybrid strains of "Basmati-like" rice by a Texas-based company RiceTec was, in fact, a victory for India.

RiceTec was granted a patent in 1997 by the US Patent and Trademark Office (USPTO) on specific cross-bred rice strains, developed by it and are grown in north, central and south America and the Caribbean Islands.

They made 20 claims in their original application for patents to the USPTO. Of these, according to the Centre, claims 15 to 17, defining rice grains without any limitation of territory, will include the strains of Basmati rice that Indian farmers grow, including traditional varieties like Bas 370, Taraori Basmati and Karnal Local, grown in Punjab, Haryana, UP and Uttaranchal.

If these claims had been granted, traditional Basmati exports to the US would have been threatened as an infringement of patents.

The government filed a claim with the USPTO on 28 April, 2000, challenging RiceTec's claims and seeking re-examination of them, to "safeguard India's commercial interests." India annually exports more than six million tons of Basmati rice to the USA. Last year, it worth around Rs 130 crore. The patent owner, RiceTec, gave up these claims after the government's challenge, and the USPTO, accepting the documentation submitted by the government issued a notification to that effect on March 27, 2001.

## India to attend WTO meet

The government said today it will participate in the informal WTO ministerial meet at Mexico next week, adds PTI. It will also participate in the meeting of like-minded group of countries, including Pakistan, being organised in Geneva next month.

23 AUG 2001

THE STATESMAN

Communication on geographical brand could have averted US patents blow

# Centre's sleep spoils basmati broth

FROM JAYANTA ROY CHOWDHURY

New Delhi, Aug. 21: Put this down as just another cock-up by the government: India lost the basmati patent case to US seeds giant RiceTec simply because it delayed bringing out a gazette notification claiming 'basmati' as a geographical brand like champagne or Scotch whisky.

Top officials from the ministries of commerce, agriculture, food and external affairs met here today as part of a crisis management group to consider the implications of the US patents and trademarks office's recent ruling in favour of RiceTec.

They were forced to admit that a simple notification on the lines of the one made for Darjeeling tea could have helped India demolish RiceTec's arguments. This would have spiked its claim that its brands were superior to basmati or that basmati is a generic description of a variety of rice.

An Act allowing geographical brands was cleared by Parliament but the government later moved to amend it. However, this did not pre-empt the government from coming out with a notification on basmati on the basis of an Ordinance, admitted officials. If it had not been for the tardiness of the government, "things might have been totally different", an official said.

The only thing lawyers representing the Indian commerce ministry's arm — Agricultural Products Export Development Authority — could extract from the US patents office was the withdrawal of some of the tall claims made by RiceTec, which would

have given it exclusive rights to rice germplasm from virtually all parts of the world, including northern India, the Americas and the Caribbean islands, and to 90 per cent of the basmati strains.

The US patents office has, however, upheld RiceTec's claims to three rice strains which it has developed and which it claims is superior to basmati. "However, our group decided to prepare a face-saving note for commerce minister Murasoli Maran, which he will place in the Lok Sabha tomorrow," an official said.

The reply is likely to try and show off RiceTec's withdrawal of some of the claims as the Indian government's big victory without acknowledging the fact that it has cleared its basmati derivatives through the US patents office. RiceTec has even been permitted to claim that its product is "superior to basmati" in the packaging.

Maran, who will be drafting his speech on the basis of a note finalised by this group, is likely to point out that India has successfully concluded a case against RiceTec in the UK where it was stopped from using the brand names, Texmati and Kasmati. He may highlight the brighter side of things by stating: "RiceTec has never claimed it has exclusive rights to use basmati".

Maran will also say that the government's contest of RiceTec's case has resulted in the cancellation of "wide-scope" claims posing a potential threat to export of basmati rice from India to the US. Commerce ministry officials have also advised Maran that with the rejection of these claims, "the commercial interests of Indian exporters have been fully protected".



9/21/01  
9/29

# 'Basmati battle won' 49-13

By Our Special Correspondent 2/18

**NEW DELHI, AUG. 21.** In a rejoinder to the outcry over the Texas-based company, RiceTec, being given a patent on Basmati rice by the United States Patent Office, the Commerce Ministry has declared that India's objections have been upheld as the latest decision rejects most of the original patent's claims. Echoing the Ministry's viewpoint, the Research Foundation headed by environmental activist, Ms. Vandana Shiva, described this as a victory for India as RiceTec had been forced to give up the title of its patent. In fact, the Foundation said, "the Basmati battle has been won by us."

The Ministry clarified that the U.S. Patent Office had actually accepted India's objections raised on the original RiceTec patent granted in 1997. The U.S. company's patent has been restricted to three rice strains which do not impinge on India's interest in exporting Basmati rice to the U.S., it claims in an official note. In effect, the action initiated by the Agricultural and Processed Food Products Export Development Authority (APEDA) has resulted in cancellation of the "wide scope" claims posing a potential threat to the export of Basmati rice. "With

these claims being rejected, the commercial interests of Indian exporters have been fully protected."

Similarly, the Research Foundation says the patent holder now cannot claim the unique qualities of Indian Basmati or the unique name "Basmati".

The Ministry said RiceTec had been granted a patent for certain strains of rice in 1997 and 20 claims were made in its application. Claims 15 to 17 were considered a real threat to the export of traditional or similar rice strains from India to the U.S. Thus, claims 15 to 17 were challenged in April, 2000 by filing a request for re-examination in the U.S. Patent Office to safeguard India's commercial interests. On the filing of this request, RiceTec surrendered claims 4 and 15 to 17.

Subsequently, the U.S. Patent Office found that a "substantial question of patentability" affected the remaining claims. Hence it accepted a submission made by the APEDA, and issued a formal notice in March this year to RiceTec. In response, RiceTec withdrew claims to the patent except claims 8,9,11,12 and 13, which related to the specific rice lines developed by it and not to any varieties or lines grown in India.

THE HINDU

22 AUG 2001

# Basmati issue rocks Parliament

By Our Special Correspondent

**NEW DELHI, AUG. 21.** The granting of a patent on Basmati rice to an American company by the U.S. Patent Office sparked considerable heat in both the Houses of Parliament today.

The Lok Sabha saw the customary trooping into the well by the Opposition members forcing an adjournment. In the Rajya Sabha, the Minister of State for Commerce, Mr. Digvijay Singh, was pinned by members from both sides till the Chairman, Mr. Krishan Kant, relieved him of the ordeal by directing the Government to make a statement later in the week.

In the Lok Sabha, trouble began as soon as the House assembled.

The Samajwadi Party members, led by Mr. Akhilesh Singh and Mr. Ramji Lal Suman, entered the well and urged the Speaker, Mr. G. M. C. Balayogi, to put off the official business and take up the adjournment notice. But the Speaker refused and urged them to raise the issue during zero hour.

The SP members were, however, unrelenting and accused the Government of bartering away the country's interests and caving into pressure from certain countries. Amid slogan-shouting against the Government, the House was adjourned till after lunch. Order was restored after the Parliamentary Affairs Minister, Mr. Pramod Mahajan, assured the members that their concerns would be taken into account and

that the Commerce Minister might make a statement in the House tomorrow.

In the Rajya Sabha, events took a different course with Mr. Digvijay Singh being frequently corrected during question hour. He began by asserting that India would have legal rights over Basmati after the Parliamentary Select Committee vetted the rules for the Geographical Indication Act. He also maintained that the grant of Basmati patent to a company in the U.S. would not affect indigenous Basmati cultivation and exports.

This observation led Mr. Balbir Punj (BJP) to wonder about the quality of homework done by the Minister. "The Minister has claimed that our losing the Bas-

mati case will have no bearing on exports. If it has no bearing on exports, why should we fight the case?"

To this, Mr. Singh sought refuge in officialdom. "We are obtaining confirmation of the report... At this stage, we do not visualise any effect on the export of Basmati... We have not lost the case. No formal information has come to the Government."

It was left to Mr. Kapil Sibal (Congress) to correct the Minister. "It is not a question of losing the case. The U.S. has granted a patent to a variety of Basmati rice, which is being produced by a particular company. So the question of winning or losing does not arise. We ought to have opposed the grant of the patent," he said.

Mr. Sibal also said that while Indian Basmati could be exported to rest of the world, there could be problems when it was dispatched to the U.S. because a company there had received a patent. As a result, there might be a ban on imports in the U.S. This would necessitate the Indian Government to move the U.S. Patent Office to lift the grant of patent to that company. "When will you do that?" he asked.

Mr. Singh again took comfort in his stock reply. "We will do that when the Geographical Indication Act comes from the Select Committee." Mr. Sibal again said this legislation had no bearing on the issue at hand. "At least register the patent of Basmati in the U.S. You do not even have the patent for Indian Basmati," he stated.

Mr. Pranab Kumar Mukherjee (Congress) also felt that since the issue was too important to be tackled in this manner, the Minister should prepare a statement analysing all the implications. Mr. Singh's grilling ended after Mr. Krishan Kant asked the Government to make a measured statement on the issue.

'Battle won': Page 13

## Copy cannot be better than the original

By Gargi Parsai

**NEW DELHI, AUG. 21.** The official stand on the United States Patent and Trademark Company granting the patent to Texas-based RiceTec for "superior strain" of Basmati rice is that it won't impact on rice exports. However, the issue is that the U.S. patenting agency has not only discounted India's claim on strains developed from Basmati as a parent, but not even given it a chance to fight it out. Basmati rice was evolved by farmers of undivided Punjab and has been grown here traditionally.

On the very fact that RiceTec had to withdraw four of its claims with regard to aroma and quality that were earlier challenged by India, the patent claim of the U.S. firm should have been struck down. Instead, it has been granted patent on Bas 867, RT 1117 and RT 1121. Only, it cannot sell under the brand name 'basmati' but can under the label "texmati" or whatever and claim their varieties as "superior to basmati."

To say that the RiceTec varieties — developed from the Basmati germ plasm — are superior is a misnomer. It is meant only to hurt India's sentiments and the Basmati market. RiceTec has claimed that the varieties developed by it are different from India's traditional Basmati in that they are not "prior art" (not documented) and have unique genetic characters. However, any new strain would have something unique; but

that does not make a copy better than the original.

The patent was also claimed on "starch index", which determines the cooking quality and which is equivalent to the Basmati grain. The question is that if it is "equivalent" to Basmati, why should patent be granted to another variety. "The fight," says Dr. Devendra Sharma, plant breeder, "is for India's traditional wealth. RiceTec's variety is not technically called Basmati. For the rest, it is Basmati." The grant of patent to the Basmati parent plant variety shows the inadequacy of India's Plant Varieties and Farmers Rights Bill, which has been approved by the Lok Sabha and is to be placed in the Rajya Sabha.

The Bill that has been brought to meet WTO obligations does not allow for patents and, as such, is inconsequential in the world arena. On the other hand, the U.S. has in place a Plant Varieties Act which allows for patents on products, as well as grants protection to non-commercial plant varieties.

The other option before India is to quickly set the Geographical Indication norms which grant protection to anything that is unique to a region as Scotch Whisky to Scotland and champagne to France. India had challenged the usage of the term "Basmati" as a violation of "geographical indication" and that has been upheld.

THE HINDU

22 AUG 2001

# Basmati war: India loses patent to US

Siddharth Zarabi  
New Delhi, August 20

IN A major setback to India's efforts to prevent the prized Basmati rice from slipping into American hands, the United States Patent and Trademark Office (USPTO) has upheld the patent claims of Texas-based Rice Tec Inc. on the flavoured grain.

Sources told *Hindustan Times* that the USPTO, on August 14, delivered a ruling on the company's 1997 patent claims following an appeal filed by the Indian Government through the Agricultural and Processed Food Export Authority (APEDA). The appeal, filed early last year, had contested three of the 20 awarded claims of the Texas firm Rice Tec. But, the company changed tack midway and withdrew four claims, including the three that India had decided to challenge.

APEDA chairman Anil Swarup confirmed the development. "We are evaluating the situation. I have just heard about it and cannot react at this stage," he said, adding that he was consulting with the law firm, Kumaran and Sagar, that was fighting the APEDA case along with a US-based legal outfit.

Swarup said that he was yet to receive any formal communication about the order. "In any case our stand is that Basmati rice cannot be patented. It pre-exists all claims," he argued.

Food and trade policy analyst Devinder Sharma said he had studied the USPTO ruling and was surprised at the outcome.

## WTO tariffs worry PM

The Prime Minister has expressed concern about the unfair tariff and non-tariff barriers imposed by developed nations on Indian steel, textiles and leather products. He emphasised the need for equitable and mutually beneficial multilateral trade and economic relations.

Detailed report on Page 7

"The ruling implies that the patent claim of Rice Tec has been upheld. They have said that the invention relates to novel rice lines RT-1117 and RT-1121, variety BAS-867, two plants and grains of these lines," he said, adding, "In addition, they have also said that Rice Tec method of breeding was novel."

Sharma believes the ruling proves that the US patent process is highly unfair and flawed. "For just one appeal, the Government has had to spend more than \$300,000. While it can keep on appealing, the initiative has been lost and the battle has become one-sided," he charged.

The biggest criticism against India's efforts is that the APEDA did not file a case against the 20 claims in the patent granted to Rice Tec. The three it did choose to contest were withdrawn early on by the firm. "USPTO has ruled on claims that we did not contest and as a result, Rice Tec will now be in a position to file for patents in other countries," said Sharma.

# We are not alone on WTO issues: PM <sup>401</sup>

By Our Special Correspondent

NEW DELHI, AUG. 20. The Prime Minister, Mr. A. B. Vajpayee, today stressed that India was prepared to engage "constructively and with an open mind" with developed countries on all issues relating to global trade. Speaking with reference to the coming Ministerial Conference of the World Trade Organisation (WTO) at Doha, he sought to put the country's stance on launching a new round of trade negotiations in the perspective of concerns raised by developing countries.

Apparently seeking to dispel the impression that India has taken a rigid stand on the new trade round, he said the "unmet promises and unfulfilled obligations of the developed nations made in the Uruguay Round have cast the legitimate concerns of developing nations into a sharper focus in the run up to the Doha Ministerial Conference." He felt that the principle of affirmative action justified and demanded reasonable protection for the developing countries and assistance for the least developed countries.

Mr. Vajpayee clarified that this was the ra-

tionale for India's insistence that the incomplete agenda of the Uruguay Round should be first completed before starting any new round of trade negotiations. In an obvious reference to suggestions that India may find itself isolated at Doha, he noted that India's position was shared by many developing countries.

Mr. Vajpayee, while agreeing to "engage constructively" on trade issues, emphasised that India remained opposed to the inclusion of non-trade issues such as labour and environmental standards which might furnish scope for misuse as non-tariff barriers.

He said India faced unfair tariff and non-tariff barriers in steel, textiles, clothing and leather products.

Mr. Vajpayee was speaking at the inauguration of an international conference on "concerns of developing nations in the WTO regime" organised by the Institute of Chartered Accountants of India in collaboration with the U.N. Conference on Trade and Development (UNCTAD), and the Commerce and Industry Ministry.

He sought to highlight the way in which advances in science and technology could affor-

dably meet the basic needs of the poor and the deprived. He referred specially to two concerns in the intellectual property rights regime. First, he felt there should be no misappropriation of the biological and genetic resources and traditional knowledge of the developing countries. It was thus necessary to mandate that patent applications revealed the country of origin of such resources and traditional knowledge used in a product or process for which the patent was sought. A letter of informed consent should also be furnished from their legitimate custodians.

Second, he said developing countries had a duty to ensure availability and affordability of the latest medicines for life-threatening diseases. The TRIPs agreement should enable every member country to take a broad range of measures for protecting and promoting healthcare.

On agriculture, he pointed out that the Uruguay Round did not bring about trade liberalisation in this sector to any appreciable extent. There were no significant reductions in domestic support or export subsidies by the developed world.

THE HINDU

20 AUG 2001

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19/8

# Holding the line at WTO

gndr. 9.6.9

By C. Rammohanar Reddy

The visit last week to India by Mr. Robert Zoellick, the U.S. Trade Representative, has catalysed the domestic debate on India's position on the launch of a new round of trade negotiations at the World Trade Organisation. Unfortunately, the debate has generated more heat than light and, characteristic of most of the discussion on WTO affairs in India, there has been a great deal of misinformation and plain tendentious analysis.

It seems it is not just Mr. Zoellick who is warning India about its position at the WTO. The burden of domestic "expert" opinion is that, one, India is in danger of being isolated at the WTO because of its opposition to a new round and, two, we should therefore lose no time in joining others supporting the launch of a round at or before the WTO ministerial meeting in Doha this November. The somewhat unique feature of this advice/opinion is that it is never clearly argued how it suits India's interests to endorse a WTO round and what precisely should the Indian agenda be for such negotiations.

Rarely has a seemingly innocuous term like a round evoked so much tension. There is no definition of a round at the WTO. But

## NEWS ANALYSIS

what would be special about a round is that there will be a time-table for conclusion, give and take across sectors and in the end a single package has to be agreed to. The memory of the Uruguay Round still runs deep in most developing countries, which is why a "round" causes so much discomfort.

Considering the domestic hostility to the WTO, which cuts across all sections of Indian society other than the body of trade experts, it will be political suicide for the Central Government to now agree to a comprehensive negotiating agenda that could imply substantial trade liberalisation. A part but not all of the anxiety about the WTO may be born of much misinformation. For instance, when the Chief Minister of Punjab attributes the problems of agriculture in the State to WTO agreements and compares the WTO to the "monkey man," Mr. Prakash Singh Badal has clearly got it completely wrong. (The only remote connection Punjab's farm problem has with the WTO is the difficulty in exporting cereals.) But until such fears are cleared one has to take as given that no government can willingly sign on to a huge negotiating agenda at the WTO.

This political reality apart, the other question is what would India want from WTO negotiations? Three broad areas can be identified. First, agriculture where in the post-QR area India would like to protect its farmers from import competition. Some would also argue that India needs to find

*India is being neither obstructionist at the WTO nor is it against future negotiations. The Indian position only protects its defined interests.*

greater market access for its agricultural products in the protected markets of the EU and the U.S. Second, the service sector, where India's foremost interest would be in negotiating for freer movement of its skilled personnel on temporary assignments abroad. The third broad area of interests is in getting imbalances and defects in the existing WTO agreements corrected. That would include obtaining faster removal of U.S and EU quotas on textiles; more transparency in imposition of anti-dumping duties, modifications in the TRIPS agreement to align it closer to the needs of developing countries and other concerns all of which are contained in the rubric of "implementation issues."

If this is a list of India's interests what is the Government saying at the WTO about them? It has been saying that it is willing to fully engage in negotiations on agriculture and services. These are two sectors where it was decided as far back as 1994 that new talks would start in 2000. This is the "built-in" agenda. By any reasonable standard the built-in agenda of these two issues plus an ongoing review of many other WTO treaties make for a heavy agenda and in normal circumstances would constitute a WTO round in itself.

The Commerce Minister, Mr. Murasoli Maran, is therefore quite correct in refusing to reconsider the Indian position. And it is wrong for critics to say that India is being obstructionist at the WTO or that it does not support future negotiations.

There can be other items on the agenda, where India can both gain and lose. Industrial tariffs is an example. India has an interest in lowering the high customs duties on many products that it exports — leather, textiles and sugar are three examples. But talks on tariffs can also involve concessions on our side since India has among the highest import duties in the world. It may therefore well have to lower these duties considerably. Therefore, in addition to talks on agriculture and services India may have to agree to negotiate in other areas. There is nothing wrong in this approach provided the Government expects that the net result will mean more gains than losses.

But for India to agree to a widening of the negotiating agenda, it must get something in return. The bottomline here is a downpayment on the implementation issues, which was what all WTO members decided on in May 2000. But these promises have not been kept and there is no sign that they will be delivered before Doha. It is therefore wrong to agree, as some have done in India, for implementation to be

made part of the next round.

Each country/bloc has its own conception of what the next WTO round should be about. India and many developing countries say agriculture, services with implementation beforehand. But they do not at this point call it a "round." The U.S. says a round should be talks on the "built-in agenda" plus government procurement, trade facilitation and in a narrow form foreign investment and competition policies; the Cairns group of agricultural exporters says an ambitious agenda for agriculture plus anything that will make farm talks palatable for other countries; some Latin American countries do not mind a substantive agenda because they see this as a counter-balancing of the U.S. domination of the proposed free trade zone of the Americas.

And finally there is the European Union, which is the prime candidate for being called obstructionist at the WTO, because in order to make agriculture talks acceptable at home it wants a huge agenda covering foreign investment, competition policies and environment — all in addition to the "built-in" agenda.

Therefore, when there are clamours for India to join a new round, what kind of round are we talking about? And why is the present Indian position wrong? Neither question is ever answered by the critics, most of whom offer no reason for endorsing a (large) WTO round of talks other than that the U.S., EU and a number of other countries have already done so.

Finally, there is the "China factor" that is often mentioned. Even before it has become a member of the WTO, China has endorsed a new round. It is in China's interests to do so because a new round of talks would offer it a chance to re-negotiate the onerous terms of accession to the WTO that it was forced to agree to. Second, the endorsement last June is also widely seen as a small favour for the WTO Secretariat (an ardent supporter of a round) in exchange for helping speed up China's entry. It therefore makes little sense to say that India must support a new round because China has already done so.

Although there is still a great deal of uncertainty about what the final outcome in Doha will be, India may in the end well be compelled to agree to the launch of a new round with an agenda, say, that is closer to the U.S. than to the EU. Even so, is it not better to stick to the very end to our position based on our trade interests, rather than throwing in the towel just because the U.S. and the EU want India to do so?

# India unlikely to agree to fresh WTO talks

STATESMAN NEWS SERVICE

NEW DELHI, Aug. 18. — India is unlikely to agree to a fresh round of WTO negotiations, despite increased international pressure, before its concerns on previous agreements are sorted out.

Although it has agreed to participate in the pre-ministerial talks to be held in Mexico next month, its position on fresh multilateral negotiations remains unchanged.

This is despite concerns raised during the recent visit of Mr Robert Zoellick, US trade representative, that India stands to be isolated if it persists in its opposition to fresh talks. China will soon gain entry into the WTO and is pushing for a fresh round of talks, also favoured by the European Union and Japan. India may thus find itself losing leverage power, speaking for a handful of developing nations, among them Pakistan and Malaysia.

But the commerce minister, Mr Murasoli Maran denied that India was being isolated.

The main issue the government proposes to raise at the fourth ministerial conference of the WTO (scheduled to be

held between 9 and 13 November at Doha) relates to difficulties faced by developing countries in implementing the Uruguay Round of Agreements.

Analysts at the Indian Council for Research on International Economic Relations (ICRIER) have agreed with the USTR and suggested that

will be.

These "implementation issues" fall broadly into three categories, the minister of state for commerce, Mr Digvijay Singh, said yesterday in response to a parliamentary question.

The first category deals with inherent imbalances in the Uruguay Round, the second category relates to non-implementation of various WTO agreements by developed nations, and the third deals with non-implementation of special and differential clauses in favour of developing nations within WTO agreements.

India's consistent position, from which it will not waver at the moment, is that the mandated negotiations on agriculture and services and the mandated reviews of several WTO agreements, and the work relating to the accession of more than 30 countries, along with the work programme for resolution of the "implementation related concerns" form a large enough agenda for the WTO.

The Doha conference needs to review implementation-related issues and give policy directions for mandated negotiations in agriculture and services.



Mr Yashwant Sinha

it will be in India's interest to agree to a new round of multilateral trade negotiations focussed on market access issues in agriculture, services and industrial products.

The sooner India declares support for a new round of talks, the greater her influence in setting the agenda

THE STATESMAN

19 AUG 2001

# India not isolated at WTO: Maran

By Our Special Correspondent

**NEW DELHI, AUG. 16.** The Commerce and Industry Minister, Mr. Murasoli Maran, today said that India was not isolated in the negotiations at the World Trade Organisation (WTO) in the run-up to the fourth ministerial conference.

He stressed that national interests would be fully safeguarded at the conference scheduled to be held in Doha, Qatar, from November 9 to 13.

Mr. Maran, who was addressing the parliamentary consultative committee attached to his Ministry, was evidently refuting the suggestion of the U.S. Trade Representative, Mr. Robert Zoellick, that India may be isolated by its rigid opposition to a new round of talks.

During his recent visit, Mr. Zoellick argued that most countries, including China, were now considering the issues to be taken up in the new round rather than questioning whether it would be launched at all.

He maintained that India should engage in negotiations rather than taking an inflexible stand.

In this context, Mr. Maran referred to the preparatory consultations underway at the WTO in Geneva for the Doha meet as well as the efforts by a few industrialised countries to include new issues. He told members that India's consistent position had been that implementation-related concerns of the developing

countries should be addressed upfront by the WTO membership as these arose out of the 1994 Uruguay Round of negotiations.

The developing countries had already paid for these by undertaking onerous obligations and were not prepared to do so again.

He emphasised the Government's resolve to intensify efforts to build a consensus in the country as also to garner support of the developing countries.

He said the country would participate in the Doha conference based on a stakeholder-driven negotiating mandate as was done for Seattle.

The members welcomed the Government's firm stance on issues of concern, especially agriculture.

The Congress MP, Mr. Kapil Sibal, and others appreciated the efforts to mobilise the support of developing countries, including Mr. Maran's recent letter to the Trade Ministers of the G-77 seeking a coordinated position on WTO issues.

On the on-going mandate negotiations in the WTO, Mr. Maran said comprehensive proposals on agriculture had already been submitted in the areas of domestic support, market access, food security and exports.

Agreeing with members that agriculture and the smallscale sector should be among the core concerns, he said the country would con-

tinue to take up food security and livelihood concerns.

Besides, it would seek market access opportunities for agri-exports by substantial reduction in tariffs, domestic subsidies and elimination of export subsidies. India had submitted proposals in the key areas of services seeking removal of existing limitations on movement of professionals.

Citing TRIPs (trade related intellectual property rights) and TRIMs (trade related investment measures) as the two most important areas of review, Mr. Maran said India had initiated proposals under the former review for protection of traditional knowledge and extension of protection for geographical indications to additional products such as Basmati rice and Darjeeling tea.

In TRIMs, the main demand would be to allow developing countries to fix some minimum levels of indigenisation while permitting foreign investments to take care of their developmental needs.

Responding to members' concerns about the impact of removal of quantitative restrictions on agriculture, Mr. Maran said it had not opened the floodgates of imports.

He cited data which showed that during the first quarter of the current financial year (April-June) imports had actually declined by 13 per cent for 300 sensitive items being monitored on a monthly basis.

THE HINDU

17 AUG 2001

# Centre to assess China's WTO entry

STATESMAN NEWS SERVICE

KOLKATA, Aug. 11. — The Centre has decided to commission two separate studies to assess the impact of China's entry into the World Trade Organisation, the Union commerce secretary, Mr Prabir Sengupta, said here today.

Observing that China — which is slated to enter into the WTO arena shortly — would throw open a lot of opportunities for Indian exports, Mr Sengupta said one of the studies would cover the availability of such opportunities while the other one would examine the impact of China's entry on major Indian export items.

The government would select a reputed consultancy firm to carry out the studies shortly, Mr Sengupta said while addressing a conference on WTO-related issues, organised by the Indian Chamber of Commerce here.

Regarding the issue of implementation-related concerns — which has been a major point of contention for de-

veloping countries — Mr Sengupta said "If the actual economic experience of developing countries is significantly different from the original premises or expectations, it is imperative that we revisit the main agreements under WTO."

He said that developing nations as a whole, including India, would try to raise these issues in the ensuing WTO ministerial conference in Doha this November.

The issues likely to be raised by the developed nations in the WTO meet include environment, labour standards, agreement on investments, competition law, transparency in government procurement and trade facilitation.

Mr Sengupta also drew attention to the fact that though global trade had grown 17 fold and world income had doubled, yet more than 80 per cent of the world population had lower per capita income than what they had a decade ago, and the top 20 per cent of countries controlled 82 per cent of world trade.

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minister of UP.

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GIFT WRAPPED  
India must ride the WTO horse

**B**EWARE of US trade representatives bearing gifts. A day after Robert Zoellick offered sweeteners worth \$540 million in preferential trade access, he told officials in New Delhi the other side of the bargain — India must support and join the new round of WTO talks. To be fair to Zoellick, though, he was doing what every major player does in the run up to tough international negotiations. Bribe second rung but key players. In fact, that the US took the trouble of bribing India in its preparations for Doha is a positive sign. It shows that despite India's minuscule share of global trade, its irrational tariff policies and a myopic but unfortunately strong anti-WTO domestic lobby, the country is taken seriously by big powers. Seriously enough for Washington to make doubly sure that New Delhi participates in Doha although the Americans must know that with hardly any major developing country willing to stay out of the negotiations, India's options are already severely limited. If India does join the party at Doha, the US will be looking at what in diplomatese is called constructive cooperation, just as the Europeans will be from a cluster of the poorest developing countries. Unlike, say, sub-Saharan countries, however, India has the ability to play a role beyond that of an effective courtier.

Some years back, American media reports had quoted US trade officials as complaining that Indian trade representatives were "very tough". Later, New Delhi's campaign to address unresolved aspects of previous trade rounds — the so called implementation issues — was acknowledged by all leading power blocs. This time, with the Doha meet being held in the context of the Seattle fiasco, the very uncertainty and fluidity of the situation that many in this country fear will give India opportunity to strike bargains and win friends. India should therefore go to Doha not only agreed to a new round but also open to revision of the WTO agenda. Politicians, farmers and industry have been pleading the government that the Indian team should have a negative strategy, of freezing the trade agenda and battling over unsatisfactory resolution of past issues. The second goal is worthy but it can be pursued while taking a proactive role in defining new trade formulae. The bottom line is that WTO regulations determine trade, and a country which can influence the process of negotiation must do so, for its own interest.

THE STATESMAN

12 AUG 2001

# India invited to informal WTO ministerial meeting

By Sushma Ramachandran

9/29/01  
9/29/01  
NEW DELHI, AUG. 10. In a bid to prevent a Seattle-like fiasco at the next ministerial conference of the World Trade Organisation (WTO) in November, the U.S. has invited India for an informal ministerial conference of about 15 to 20 countries in September. The aim is to evolve a preparatory draft on the framework for a new trade round by involving the key players in developed and developing countries.

According to the visiting U.S. Trade Representative, Mr. Robert Zoellick, this will give an opportunity for developing countries like India to voice concerns over implementation of issues as well as others at the opposite end of the spectrum like the European Union (EU) to express views on the need for a new trade round and issues like competition, investment and environment.

Clearly indicating that the U.S. has assumed a leadership role to broker a compromise between the North and South, he conceded that some countries are hesitant to commit support to a new trade round owing to concern over the possible gains. Mr. Zoellick insisted that the Caribbean group led by Jamaica was positive about a new round even though the Jamaican Foreign Trade Minister who visited here recently agreed with Indian concerns over implementation issues. As for the ASEAN group, he felt there was support from Singapore and Hong Kong but Thailand and the Philippines were uncertain while others like Indonesia were too engrossed in domestic upheavals to take a stance. China was aggressively positive which was bound to have influence in the region.

On the U.S. standpoint regarding linkage of labour and environment to trade, he said the U.S. President, Mr. George Bush, is "very very clear" that he is not going to accept any provisions that will end up being protectionist. The USTR stressed that the present administration is opposed to the approach of the former U.S. President, Mr. Bill Clinton, to link environment and labour issues to sanctions against developing countries. This approach had created tremendous resentment among the developing countries at the Seattle conference and largely contributed to its failure. Mr. Zoellick indicated that the Bush administration does not have to cater to organised labour interests in the U.S. as this is not a Republican constituency. At the same time, it will have to appease Democratic sentiments in order to have the trade promotion authority passed in the legislature. The authority will enable the administration to negotiate in the new round.

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aim during this visit was to "listen and learn" as well as to offer the U.S. assurance that specific implementation issues would be resolved to the extent possible while identifying areas of commonality between the two countries. He had a 45-minute meeting with the Prime Minister, Mr. Atal Behari Vajpayee, today as well as "positive and constructive talks" today with the Principal Secretary to the Prime Minister, Mr. Brajesh Mishra. During his three-day visit, he held talks with senior ministers, including the Commerce and Industry Minister, Mr. Murasoli Maran, and also met the Congress president, Ms. Sonia Gandhi.

Mr. Zoellick felt the proposal for an informal ministerial meeting in September was useful as it would give a chance for all sections to hear their points of view. The Indian stress on ensuring implementation concerns are resolved first could be heard as well as the EU's insistence on a broad agenda. It would bring about transparency and enable some kind of draft to be worked out prior to the Doha conference in November. In contrast, he said the Seattle conference was engulfed with all the working papers of various countries.

## Foreign Secys. fail to finalise dates for summit

By Nirupama Subramanian

COLOMBO, AUG. 10. The Foreign Secretaries of SAARC ended their two-day special meeting today without any agreement on the dates for the Kathmandu summit. At a press conference, the SAARC secretary-general, Mr. Nihal Rodrigo, said the standing committee's inability to finalise the dates was not due to any political objections by any of the member countries, but due to logistical problems. Host Nepal proposed December 28, 29 and 30, but fresh dates would have to be set after consultations at the "highest level" in all the seven member countries.

Sri Lanka's Foreign Secretary and chairman of the standing committee, Mr. G. Wijayasiri, asserted that the summit would be held in December and said it would be preceded by a meeting of the SAARC Foreign Ministers and Foreign Secretaries. "There was full agreement on early resumption of the summit process. Consultations on the finalisation of dates are proceeding." The standing committee accepted India's offer to host a meeting of the Commerce Ministers and Secretaries on August 23 and 24 to finalise a common SAARC position for the World Trade Organisation ministerial meeting to be held in Oatar in November.

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# New WTO round & India

By Muchkund Dubey

*The ideal position for India to take is that the Doha meeting need not launch a new round of trade negotiations... If a new round has to be launched, it should have a modest agenda confined to trade-related items.*

THE U.S. Trade Representative, Mr. Robert Zoellick, is in India this week for discussions on a whole range of bilateral and multilateral trade issues. But the issue which is going to figure most prominently in the discussions will be that of launching a new round of multilateral trade negotiations at the forthcoming WTO Ministerial Meeting in Doha.

No consensus has as yet emerged in Geneva on launching such a round. A large number of developing countries, including India, have reservations on the very notion of engaging in rounds of negotiations when the WTO has already become a forum for continuing negotiations. Besides, the moves for a new round have recently been used as a device for blocking progress in mandatory negotiations and reviews in which developing countries have great stake. In any event, these countries have made their acceptance of a new round conditional upon the resolution of some 90 to 95 implementation issues raised by them prior to the Third Ministerial Meeting in Seattle in 1999. These issues pertain to the inequalities and imbalances that have emerged during the course of the implementation of the Uruguay Round agreements. These have been under discussion in special sessions of the WTO's General Council for more than a year and a half now. But no progress has so far been made in resolving any of them in a substantive manner.

The European Union is unwilling to move towards agricultural trade liberalisation unless it becomes a part of a comprehensive agenda including investment, competition policy and environment. This is partly because of the French Presidential election in which the farmers lobby, which has a vested interest in perpetuating agricultural protectionism, is expected to exercise much influence and partly because of the uncertainty surrounding the E.U.'s common agricultural policy in anticipation of the next enlargement of its membership.

The Cairns Group of countries, sharing the common interest in agricultural exports, do not see much point in joining a new round without the prospect of agricultural trade liberalisation.

Most developing countries are against a comprehensive agenda because of their bitter experience of the Uruguay Round in which they were made to surrender a big chunk of their domestic policy options in the non trade-related areas of TRIPS & TRIMS in lieu of the marginal gains in the trade-related areas of textiles, industrial tariffs, agriculture and services. They now know that they will have very little to gain and much to lose if they are compelled to negotiate on the establishment of new regimes within WTO, for investment, competition policy and environment.

This experience has also made developing countries extremely wary of entering into trade negotiations as a single undertaking embracing both trade-related and non-trade-related issues, and in which the outcome is presented on an all or nothing alternative, and on a take-it-or-leave-it basis.

A vast majority of developing countries are uncompromisingly against linking trade with labour or environmental standards. For they know that these are blatant neo-protectionist devices under the garb of concern for the protection of labour rights and the environment in developing countries. These are designed to extinguish the comparative cost advantage of developing countries in a whole range of their competitive products. This cannot but seriously undermine their export and hence growth prospects for all time to come.

Left to itself, the present U.S. Administration does not seem to be keen to include investment, competition policy and environment on the agenda of the new round. There are also indications that the U.S. is more or less reconciled to devising arrangements within ILO for a more effective enforcement of labour standards. Thus the U.S. interests have converged on a more limited agenda consisting of industrial tariffs, mandated negotiations in the field of agriculture and services and transparency in Government procurement. This brings the U.S. position very close to that of India except that the Government of India is not particularly enamoured of the prospect of making its procurement policy more transparent. There could perhaps be a compromise by not making it a part of a single undertaking and concluding a plurilateral agreement on it, applicable to only those countries which decide to accede to it.

The other point of divergence is the implementation issues to which India attaches the highest importance and on which the U.S. has not been particularly forthcoming. The best prospects for resolving these issues lie in the ongoing process of the reviews of the Uruguay Round agreements. The U.S. should be persuaded to adopt a more positive stance in these review exercises. India should also convey to Mr. Zoellick India's firm stand on the linkage issue and its strong reservations on including other non-trade-related items on the agenda.

The U.S. does not seem to be pressing for agricultural trade liberalisation as vigorously as it had done during the Uruguay Round. This may be partly because

of its perception that there is little likelihood of pushing the E.U. very far in this direction. But if that is so, then the majority of developing countries and the entire Cairns Group will find little attraction in the new round.

Besides, there are apprehensions that the U.S. may strike a deal with the E.U. in favour of a comprehensive agenda and may also revive the linkage issues under the pressure of the Democratic Party-controlled Congress. The USTR should be told in unambiguous terms that this will be the surest recipe of throwing the baby out with the bathwater, as happened in Seattle.

The ideal position for India and other developing countries to take is that the Doha meeting need not necessarily launch a new round of trade negotiations. Instead it should agree on a two-year work programme for the WTO and impart vigour and a sense of urgency to the on-going negotiations by providing broad guidelines and setting deadlines for their completion.

Alternatively, if a new round has to be launched, then it should have a modest agenda confined to trade-related items. This could include reductions in industrial tariffs and the mandated negotiations on agriculture and services.

The implementation issue should be a common feature of both the scenarios. The ministerial meeting should seek to resolve some of the implementation issues and make special arrangements for pursuing them after Doha. In the continuing exercise, the emphasis should be on resolving these issues through the review exercises under way. Problems arising out of the implementation of a particular agreement must be resolved within the framework of that agreement. No attempt should be made to link these problems to those arising under other agreements, let alone to new issues, or to seek quid pro quo for resolving these problems, outside the confines of the agreement.

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# India may take steel issue to the WTO

By Our Special Correspondent

**NEW DELHI, AUG. 4.** A high-level Government-industry delegation has complained to the United States administration about the discriminatory treatment being extended to Indian steel exports by that country and has indicated that if the situation persists, the matter may be taken to the World Trade Organisation (WTO) in a big way.

An Indian steel industry delegation, led by the Secretary in the Ministry of Steel, Mr. N.N. Khanna, and comprising members of the Confederation of Indian Industry (CII) recently visited the U.S. to highlight the negative impact of the initiatives undertaken by the administration under Section 201 of the U.S. Trade Act and other anti-dumping investigations which have been launched there.

The Indian delegation pointed out that with the initiation of anti-dumping action on cut-to-length steel plates, the trade between India and the U.S. in this product had stopped. Since there was no bilateral discussion in this matter — as opposed to the bilateral talks that the U.S. held with Brazil and Russia — the matter perforce had to be taken to the WTO. Also, action on hot rolled (HR) coils had resulted in a halt in exports from India of this product to the U.S.

The U.S. side was told that India was a marginal player in the

U.S. steel market as its exports were barely three per cent of total U.S. steel imports. As such, under normal WTO standards, anti-dumping action could have been avoided. It was also emphasised that steel exports from India were based on firm and specific orders received from U.S. steel consumers and these were not on a stock and sale basis. In most cases, the quality of steel was such that the U.S. mills could not offer at that point of time, was the additional point made.

During the discussions, U.S. administration officials communicated to the Indian delegation that the current action with regard to steel was part of a three-pronged approach initiated by the Bush administration. The first step of this process was a detailed review under Section 201 of the Trade Act which meant a study by the International Trade Commission to assess whether any substantial injury had been caused to the U.S. steel industry because of imports. If the Commission came to the conclusion that such an injury had been caused, remedial measures — such as increased tariffs, quotas and a combination of both — would follow.

The second part of the process was to address the issues underlying the current situation in the global steel industry. According to the U.S. administration, there was excess capacity in the steel industry worldwide which had resulted

in excess availability and a depression in prices. So the U.S. proposes to initiate a discussion among the steel-producing countries on this problem and has also invited the Indian Government and the Indian steel industry to take part in these discussions since India was the tenth largest producer of steel in the world.

The third part of the strategy was to discuss the trade distorting measures that were in existence worldwide, particularly in the steel industry. These trade-distorting measures have been identified as subsidies, Government support to the domestic industry and a variety of trade barriers that have been used to protect domestic markets.

U.S. administration officials also pointed out the since some of the major steel-producing nations were not members of the WTO, an appropriate forum for discussion had to be created.

The Indian delegation, on its part, informed the U.S. administration that focussing solely on Section 201 and not progressing significantly on the other two parts of the strategy would result in further long-term distortion of trade. Also, it was important to address issues within the U.S. steel industry to ensure long-term viability of those industries, the delegation told the U.S. administration.

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# Agriculture and the WTO: Getting the facts right

*5/11/10*  
IN November the next ministerial round of discussions under the aegis of WTO are scheduled to be held in Doha. Going by the political noise being made here, an issue of crucial concern seems to be the impact of the WTO on agriculture. Recently, at a seminar held in Delhi by the Farmers Education and Welfare Society (Mr R N Mirdha's NGO) the undercurrent among many of the farmers present seemed to be a fear of the unknown. Unfortunately the media failed to report the proceedings of the technical sessions of the seminar.

In a series of interesting presentations one fact that clearly emerged was that farmers need to worry more about domestic issues (read politicians) than the WTO. For one, world agricultural prices have dipped below Indian prices in the last few years. Second, the volatility of world prices of agricultural goods has increased since 1972 (when the dollar lost its prominence after the end of the Bretton Woods system). Third, the cyclical pattern in prices has not been impacted by the WTO regime. Finally, as procurement prices continue on an upward trend there are bound to be times when Indian prices will exceed world prices so that exports are unlikely. This is precisely what happened to wheat exports this year. With elections in major agricultural states due next year, we can expect a politically correct procurement price again this year, further adding to already burgeoning stocks. But the stage is set: blame it on the WTO!

What is more amazing is that, despite repeated pleas by finance ministers in the budget speeches of the last five years or so, states are still not ready to open up the country to internal free trade in agri-

cultural commodities! Thus we find considerable variation in prices between surplus states (low prices) and deficit states (high prices). Apart from the PDS, efficiency requires that price equalisation takes place by trading among regions. The current situation is that the government is forced to mop up the surplus at the procurement price. What is worse, since government procurement is not time efficient, the poorer farmers sell at low prices to traders who then resell the produce elsewhere at the procurement price! While

## OCCASIONAL PAPER MANOJ PANT

the traders-politicians nexus makes merry what about the small farmers? Blame it on the WTO!

Another paper presented at the seminar revealed a more startling fact: the inefficiency of transport infrastructure. The cost of transporting grain from Punjab to Mumbai by road is twice the cost of shipping grain from Australia and almost four times the cost from Bangkok! On the other hand, the transport cost by rail is more competitive. Here again, freeing internal trade would reduce prices and also generate additional revenue for the railways. It is once again a politically imposed paradox that the railways finds its freight revenue falling while grain traders use expensive road transport. As someone once sang, this happens only in India!

What about agricultural exports? Currently, like inter-state trading, agricultural exports of basic commodities is subject to export restrictions (this is not WTO inconsistent). Would lifting of these curbs lead to increased exports? Some of the pre-

sentations did indicate possibilities in items like dairy products, wheat and rice. But, as I have argued earlier in this column, where is the productive capacity? In items like wheat and rice the possibilities of expanding production through increased irrigation in existing areas is limited. In addition, the productivity of major crops has been stagnant since about 1995. Two governments fell when trade in onions was opened up. So, barring major productivity increases in the next few years, export possibilities are limited.

As Shakespeare said, its all much ado about nothing. As far as agricultural trade is concerned nothing dramatic (in exports or imports) is likely in the next few years. Given the bound rates and other non-tariff barriers (import through state agencies, phyto-sanitary measures, etc.) no imports are going to flood the country.

Such protectionist measures are even more likely in the European Union. Recently, a representative of the EU, in an interview to the press, suggested that protection to agriculture was also important from the environment point of view — the sight of rolling farms brought a beaming environmentally friendly smile on the face of Europeans!

What happens when the MFA is finally revoked, trade in services and TRIPS: these are the issues that India must focus on. The Agreement on Agriculture is largely a fight between the big agricultural exporters (the Cairns Group) on one side and the EU on the other with the US generally in the anti-EU group. The problems of Indian agriculture are internal not external. But who's listening?

*(The author is Professor of Economics, School of International Studies, Jawaharlal Nehru University)*

## Maran against new trade round at WTO

By Sushma Ramachandran

**NEW DELHI, JUNE 29.** The Commerce and Industry Minister, Mr. Murasoli Maran, has firmly opposed proposals for a new round of trade negotiations at the coming World Trade Organisation ministerial conference at a time when the European Union and the U.S. have banded together to seek "an ambitious new round".

Despite repeated pleas by developing countries to ensure implementation of existing agreements before moving on to new issues, the North is making its intentions clear so that the stage is set for a new round to be launched at the November conference. The timing of the E.U.-U.S. joint statement in Geneva is significant since the WTO Director-General, Mr. Mike Moore, has repeatedly said a decision in principle has to be taken by July in case a new round is to be launched at Doha in November.

It is no wonder then that Mr.

Maran is seeking to ensure that the Indian stance is clearly spelt out though opposition to the new round has been voiced during a series of discussions over the past year with envoys from developed countries including the U.S. and the E.U. as well as with the WTO chief.

On the new issues being proposed, he said fresh obligations such as investment protection for multinationals were sought to be included while efforts were being made to link trade with non-trade issues. India and other developing countries would not accept bringing non-trade issues on the agenda for talks.

While Mr. Maran was vehement that a new round should not be launched, the Congress president, Ms. Sonia Gandhi, was reported to have said in Washington that her party was agreeable to a fresh round of trade negotiations. At the same time, she concurred with the Government that non-trade issues

should not be allowed to be taken up at the WTO saying the implementation of existing agreements was more important than any new round.

Even so, it may be time for the Government to consult political parties so that a uniform stance is adopted on crucial policy issues such as the WTO on public fora abroad. This is all the more important since there already exists a broad political consensus on multilateral trade issues and differences, if any, are on minor aspects.

In Brussels, the Confederation of Indian Industry president, Mr. Sanjiv Goenka, said Indian industry was open to suggestions for a new round while noting that there would have to be more clarity on the proposed agenda.

The process of evolving a consensus among all sections needs to be initiated right now so a common strategy is chalked out well in advance of the Doha ministerial conference in November.

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JUNE 29, 2001

## THE UNION OF INDIA AND THE WTO

THE ABSENCE OF an informed debate on the implications of the World Trade Organisation (WTO) among Indian political parties requires urgent correction. As India prepares itself for the Fourth WTO Ministerial Conference, to be held later this year at Doha, it will be on a better footing if its presence in the multilateral forum is preceded by a national political discussion. That the States were not consulted before India signed the Marrakesh agreement in 1994 has been an oft-repeated complaint by political players, especially those representing federal political interests. Now is the time, though belated, for correctives. That States can no longer take comfort in the belief that they will be insulated from the impact of the agreements reached by the Union Government is also more obvious than ever before. There is no better reflection of this recognition than the recent meeting of the Prime Minister with the State Agriculture Ministers. The tone of resistance by the States at the meeting points to one crucial lacuna in the Indian approach to the WTO. The non-involvement of political parties in the internal discussions prior to making a major international commitment. It is against this backdrop that the Andhra Pradesh Chief Minister, Mr. N. Chandrababu Naidu, strikes a correct political note by calling for a dispassionate and indepth study of the implications of the WTO at the political party level. Discussions on the WTO that are largely restricted to Governments, trade and industry representatives, academia and non-governmental organisations will not suffice. The issue needs to be extended into the internal political process.

The period from now to November, when the Doha meeting will take place, should be used by political parties to move towards bringing a concentrated focus on the WTO in their internal discourses. These will have to aim at reaching a broad consensus stretching across the political spectrum, however limited it may be, bearing the larger national interest in mind on the ap-

proach the Indian Government should take at the Ministerial Conference. With States directly bearing the impact of the WTO, especially in the crucially sensitive area of agriculture, the relatively low level of awareness requires to be corrected. That the country is not yet ready for the WTO regime and that there is lack of internal awareness on the implications of the multilateral treaty have been made clear on several occasions. In addition is the fact that much of the apprehensions that were expressed in April 1994, when India agreed to enter the WTO after the conclusion of the Uruguay Rounds, continue to remain.

In addition to agriculture, which has come to the fore in recent weeks, trade in services as well as the new issues, namely, environment and trade, labour and trade, competition policy and investment, are bound to emerge again at Doha. And, given the far-reaching impact these will have on the core of the Indian economy, it is imperative that a broad political dialogue is initiated. It will be unwise for the Government to present a *fait accompli* to the nation on important and sensitive decisions, which are binding in nature. The broad realisation that the country cannot do without the WTO in the changed international setting should be taken as a starting point for the deliberations in which all political parties are involved, thereby reaching out to their constituents as well. Paying heed to the concerns within the country will only further equip the nation's representatives to sharpen their responses, even if the demands of working out an international agreement would call for a great deal of flexibility and improvisation. Working within the WTO, it is obvious, is a part of the current global economic setting. The broad direction and the changes that would be called for need to be made clear to all sections in the country. For the national polity, such a discourse will symbolise a move forward towards issue-based politics.

THE HINDU

# Maran opposes new non-trade issues at WTO meeting

By Our Special Correspondent

NEW DELHI, JUNE 29. The Commerce and Industry Minister, Mr. Murasoli Maran has opposed the inclusion of new non-trade issues on the agenda of the coming World Trade Organisation (WTO) ministerial meeting at Doha in November.

Highlighting the need to resolve implementation concerns of the developing countries, he has stressed that it is not necessary for every ministerial meeting to launch a new round of trade negotiations.

In a letter to the Trade Ministers of the Group of 77 (G-77) countries, he has urged these countries to evolve a common position and strategy for the fourth WTO ministerial conference.

He has also called upon them to coordinate their positions on various WTO-related subjects as "full stakeholders" in the multilateral trading system based on their strong commonality of interests on major issues.

Mr. Maran has stressed that for bringing up any new issue at the conference, it should first be trade-related and should be thoroughly discussed.

"We should be able to evaluate its likely impact on the additional rights, responsibilities and obligations and be ripe for such an inclusion," he said.

Only proposals that satisfy this criteria and are endorsed by member countries could be considered for inclusion, he felt.

Otherwise, the sovereign Governments would not get a chance to discuss and evolve stakeholder-driven negotiating positions on such proposals if they are

thrust on the membership without sufficient notice.

Mr. Maran noted that significant non-trade issues are sought to be included in the name of trade liberalisation and constituency interests of the developed countries.

He said developing countries are not in a position to take on more commitments which they cannot digest and are therefore reluctant to include new issues.

He said developing countries have long opposed the linkage of trade with labour and environmental standards on the grounds that they might be used as an excuse to distort competition, undermine comparative advantage and provide a 'Trojan Horse' of protectionism.

In the letter, the Minister has pointed out that mandated negotiations and reviews and various working group discussions form a large agenda for the WTO system which stands unfinished.

"We should use Doha to take stock of the situation on all these issues plus the implementations concerns. Bringing multiple issues on the table just to get substantial trade-offs and swap concessions advantageous for a few countries without any benefit to developing countries does not augur well for the success of the multilateral trading system," he said.

He expressed regret that despite the May 2000 decision of the WTO General Council on implementation issues being resolved before the Ministerial conference, many developed countries were now openly stating that issues could only be resolved as part of a new round of negotiations.

He noted that for most developing countries including India,

implementation concerns are a legacy of the Uruguay Round.

These countries have already paid a heavy price by taking on onerous obligations not to their liking and these concerns should be resolved upfront without linking them to any new issues.

Outlining the priorities in this backdrop, Mr. Maran said the WTO work should concentrate on the full implementation of the Uruguay Round results and the "built-in" agenda which foresaw new negotiations on agriculture and services and reviews of several multilateral trade agreements.

Other matters of priority were the implementation of special and differential treatment as envisaged in various WTO agreements and correction of imbalances in agreements including subsidies and countervailing measures, anti-dumping, TRIPs and TRIMs which have major implications for policies and interests of developing countries.

"We can ill afford the extension of the 'frontiers' of the system in the context of national governance. Implementation issues are our priority. Unless the present inequalities are removed, we do not believe in the success of any round of negotiations. It would be unsustainable, over-burden the system and upset the original mandate of the Marrakesh agreement," the letter says.

Mr. Maran also regretted the reluctance to take account of the crisis on patents and drug prices in the WTO as well as lack of interest and attendance by developed countries of a WTO initiative on technology transfer to developing countries.

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## SEARCH FOR A CONSENSUS <sup>10-10</sup>

EVOLVING A NATIONAL consensus on contentious global issues is not just good governance it also strengthens the hand of the Government in international negotiations. So the call of the Commerce and Industry Minister, Mr. Murasoli Maran, for such a consensus ahead of the important ministerial meeting of the World Trade Organisation in Doha in November is a positive development. But considering the number of important issues that are involved and the strong positions of political, economic and social groups on all of them, the process of consultation has perhaps been delayed too long to offer the possibility of any substantive consensus over the next few months. In some areas a decision may even be reached at the WTO prior to the November meeting, over the next few weeks.

Since global negotiations inevitably involve give and take, the key to safeguarding India's interests at the Doha meeting will lie in a clear awareness of what India wants in return for having to agree to some of the proposals that other countries may make. A number of countries are beginning to ask that the Doha meeting should see the launch of a new round of wide-ranging trade talks to further liberalise world trade. But India has consistently opposed such proposals on the grounds that, one, imbalances that have emerged in the implementation of existing GATT/WTO agreements should first be corrected and, two, the WTO is already engaged in a dense agenda of negotiations in agriculture and services, reviews of existing agreements on intellectual property rights, trade-related investment measures and other issues so it will be counter-productive to expand the agenda. This stance has served India well over the past two years and a coalition of countries has been built around this position. But as more and more countries — the advanced and middle-income economies — seek to put the failure of the last ministerial in 1999 at Seattle behind them and as the differences

among them get narrowed it could well become difficult for this coalition of largely developing countries to hold on to the same position at the Doha conference. The question then will be what India will want or can accept in three broad areas. First, proposals to further lower industrial tariffs. Second, demands mainly by the European Union to negotiate global agreements on foreign investment and competition policies. And, third, the long-standing and most controversial demand by both the U.S. and the E.U. to bring labour and environment standards into the WTO. Even the most ardent proponents of these proposals do not expect all the WTO countries to agree to the extreme of the proposals in each of these areas. But with most political and economic groups in the country still strongly opposed to trade liberalisation, India will find it difficult to digest talks on any of these areas even in the most watered down form.

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Building a national consensus in this situation is not just important, it is also difficult to achieve and certainly cannot be done in a short period of time. If the Government were to lay out the entire range of options in each of the areas that has been talked about as a potential sector of negotiations the political, economic and social groups in the country may have a better idea of what is possible and what cannot be realised. The possible "costs" could be set off against the "benefits" from the proposals that the Government has already placed on the table regarding its expectations from the ongoing negotiations and reviews. Besides a solution to the "implementation problems", these include placing health concerns at the centre of a review of the WTO patent regime, stronger protection to products such as Basmati rice which have geographic indications and a faster and more meaningful reduction of agricultural subsidies in the E.U. and the U.S.

# Maran for consensus on WTO issues

By Our Special Correspondent

**NEW DELHI, JUNE 12.** The Commerce and Industry Minister, Mr. Murali Maran has called for a national consensus on critical issues prior to the fourth ministerial conference of the World Trade Organisation scheduled to be held in Doha in November.

He has also underlined the need for convergence of views in WTO on the proposed new round of negotiations. "Such a convergence can arise only if the implementation related concerns of developing countries are redressed upfront to restore their confidence in the WTO, the non-trade issues are kept off the table and developing countries are convinced about the need and desirability of any new issues to be brought into WTO", he said.

Addressing the first meeting of the re-constituted Advisory Committee on International Trade here today, he said the Government aims to participate in the coming conference with the backing of a national consensus. Before the last ministerial conference at Seattle, the Government had evolved a national consensus on WTO issues. It aimed to participate in the Doha conference too supported by a national consensus, he said.

Mandated negotiations on agriculture and services and the various mandated reviews including of TRIPs and TRIMs already underway plus the work programme on Implementation-related concerns constituted a broad enough agenda for the WTO. India, he said, was prepared for the few new items being taken up for negotiations provided implementation issues arising from the Uruguay Round were resolved satisfactorily.

The Minister said India's position on WTO issues was the same as outlined by the Prime Minister

in the Lok Sabha on December 1, 1999.

Giving an overview of the present state of play in the WTO, Mr. Maran said that under the mandated negotiations on agriculture which began in January 2000, India had submitted comprehensive proposals in the areas of domestic support, market access, export competition and food security. In services, it had submitted proposals seeking removal of existing limitations on movement of professionals and demanding commitments from developing members for allowing entry of professionals and skilled persons under mode 4 of the services agreement.

Besides, under the TRIPs review, India has proposed that it should be clarified that it is TRIPs-compatible to prescribe disclosure of the source of origin of biological material and the associated traditional knowledge used by the applicant in his invention.

India also favoured extension of a higher level of protection to geographical indications for additional products so that items such as Darjeeling tea, basmati rice and Alphonso mangoes get the same level of higher protection as at present provided to Scotch whiskey and Champagne wines.

Members of the committee felt there should be a strategic plan for greater cohesion among developing countries on issues likely to come up at Doha. They stressed the need for some kind of a global campaign to project the Indian point of view as part of the process of wider debate and opinion building exercise. On TRIPs, it was suggested that India should seek a substantive review, linking it with the Convention of Biodiversity as well as expansion of the scope of what could be excluded from patentability.

# Centre to seek consensus on WTO ahead of Doha meet

PRESS TRUST OF INDIA

NEW DELHI, June 12. - The government said today it would seek to create a 'national consensus' on India's stand on WTO issues ahead of the next ministerial conference scheduled to be held at Doha in November this year.

"Before the last ministerial conference at Seattle, the government had evolved a national consensus on our stand on WTO issues. The government again aims to participate in the forthcoming conference with the backing of the national consensus," commerce and industry minister, Mr Murasoli Maran, said while chairing the first meeting of the reconstituted advisory committee on international trade here.

Mr Maran said India was prepared for the "few new items being taken up for negotiations provided implementation issues arising from the Uruguay Round are also resolved to our satisfaction."

The implementation related concerns by themselves constituted a broad enough agenda for WTO and therefore there was no need to overload the agenda by including non-trade and new issues which could make WTO unsustainable,

the minister said.

India's consistent stand had been that any new round of negotiations could be discussed only after there was convergence of views in the entire membership of WTO, he said.

"Such a convergence can arise only if the implementation related concerns of developing countries are redressed up front so as to restore their confidence in WTO," Mr Maran said, adding the non-trade issues should be kept off the agenda.

Mr Maran told reporters after the meeting that India could not be forced to "sign a blank cheque" and enter into deals without knowing what was on the agenda.

"It has become stylish to call for a new round particularly by certain developed countries. However, India will attempt to ally with like-minded developing countries on addressing pending issues first before taking on new ones," the minister said.

Efforts were on to ensure that the next meeting at Doha does not become another Seattle, the commerce minister said, adding there was no question of countries like India entering into new agreements without the implementation of the old one.

# New proposal on trade agreements

By Our Special Correspondent

**CHENNAI, JUNE 1.** The Union Government is considering a proposal that members of the regional trade agreements (RTAs) should extend the MFN (most-favoured-nation) treatment to all members of the World Trade Organisation (WTO) after a period of "graduation" of such agreements, according to Mr. Nripendra Misra, Special Secretary in the Commerce Ministry.

Participating in a seminar on the "impact of the WTO regime on Indian industry", organised by the Madras School of Economics (MSE) today, Mr. Misra pointed out that more than 60 per cent of world trade was accounted for by regional free trade/preferential trade agreements, whose members enjoyed concessions denied to other nations, representing a (WTO-permitted) departure from the MFN principle.

India itself was not a beneficiary of any regional agreement,

while even the limited bilateral FTA reached with Sri Lanka had provoked protests from sections of industry like tea producers. The merits of the proposal for MFN treatment by members of the regional agreements would be considered (for support or opposition in the WTO) in the background of the extent of real benefits from FTAs, he said.

Declaring that India had a big stake in ensuring that the November 2001 Doha Ministerial Conference of the WTO did not end in a fiasco as happened in Seattle in 1999, Mr. Misra said what India was keen on was not the launch of a new round but time-bound negotiation of the Uruguay Round (UR)-mandated issues (viz, agriculture and trade in services), review of TRIPS, TRIMS, and discussion of UR implementation issues like special and differential treatment for developing countries.

Under no circumstances would issues like labour, environment

and investment should be brought under the WTO negotiations, he said and warned that some provisions of TRIMS and the agreement on sanitary and phytosanitary measures would put the future of the WTO in jeopardy.

Mr. Misra regretted that despite the Union Government circulating to major trade bodies the WTO schedule of Trade Policy Reviews of member-countries in the next few years, so that they could supply the Government with facts on issues like non-tariff-barriers practised by the countries concerned, the response from the industry was poor. The Government had therefore entrusted to the Rajiv Gandhi Foundation the task of identifying issues to be dealt with during the country-wise reviews.

He criticised relying on negative approaches like erecting NTBs to imports or leaving things to be tackled at the costly dispute settlement mechanism of the WTO.

Those who were hostile to India's very membership of the multilateral WTO, Mr. Misra said, should study the high price that China was paying for re-entry into the organisation, the labour standards that the U.S. had successfully imposed in its bilateral agreements with Jordan, Cambodia and Vietnam, and the European Union linking concessions in its GSP (generalised system of preferences) to compliance with labour standards.

Dr Raja J. Chelliah, chairman, MSE, said India was not a "typical" developing country but one with substantial capabilities to achieve competitiveness. However, it was India's approach of protectionism and diffidence which allowed the developed countries to get away with an AoA (Agreement on Agriculture) weighted in their favour in the Uruguay Round, rather than one in favour of developing countries having comparative advantage and little subsidy in the farm sector.

# Naidu calls for free debate on WTO

By Our Special Correspondent

**VISAKHAPATNAM, MAY 28.** Mr. Nara Chandrababu Naidu, Telugu Desam supremo and Chief Minister, on Monday appealed to party functionaries and activists to make a dispassionate and an in-depth study of the implications of the World Trade Organisation (WTO) agreement to which India is a signatory.

Analysing the issue threadbare during his presidential remarks at the TDP mahanadu on the resolution moved by Dr. Ummareddy Venkateswarlu, Mr. Naidu regretted that most people, including Ministers and officials, had not understood the WTO agreement and its impact on Indian economy, especially on agriculture.

He blamed the then Congress Government for signing the WTO pact without taking the State Governments into confidence, despite agriculture being a State subject.

The TDP chief pooh-poohed the suggestion that India should quit the WTO on this score. "Instead we must make WTO work to our advantage by taking the challenges it posed head-on. The challenges should be converted

into opportunities for betterment of our agriculture by increasing our farm exports," he emphasised and declared, amidst cheers from the delegates, that TDP was ready to take the initiative in this effort.

Describing the WTO challenge as a very important issue, he wanted all aspects of the agreement to be thoroughly debated at different levels such as Chief Ministers' conference and associations of farmers. There was no point in political parties criticising one another on the issue, he said and favoured a national consensus.

Mr. Naidu appealed to the Centre to understand the difficulties faced by the State Governments in view of the removal of the quantitative restrictions since March 31, and take up such irritants before the fourth WTO ministerial meeting at Qatar, due in November next, and seek appropriate remedies.

He noted that there were also some discrepancies in the WTO agreement in respect of farm subsidies and said that since developing countries had to use the subsidy instrument to achieve better farm output in a scientific and cost-effective manner, the

WTO should be persuaded not to be rigid on this count.

After his elaborate address, the delegates unanimously approved the resolution. Earlier, introducing the resolution, Dr. Venkateswarlu felt that the WTO should be persuaded to provide a level-playing field for all its member-countries so that none indulged in dumping its over-production of agro-products.

## Govt. staff to strike work on July 25

**NEW DELHI, MAY 28.** The employees of Central and State Government departments will organise a one-day strike on July 25 to press for their demands which include stopping of privatisation, and down-sizing, according to the two unions.

The employees will also observe July 18 as 'anti-privatisation day' by holding rallies throughout the country, the All India State Govt. Employees Federation and the Confederation of Central Govt. Employees and Workers, said in a press release here today.—PTI

THE HINDU

29 MAY 2001

## Renegotiate with WTO, Kerala tells Centre

By C. V. Gopalakrishnan

THIRUVANANTHAPURAM, MAY 23. Unless there is a renegotiation of agricultural commodity agreements that India has entered into with the World Trade Organisation, the losses it will suffer from the steep fall in the export prices of farm products will ruin the agricultural economy, particularly that of Kerala, says an exhaustive study carried out by the State Department of Agriculture.

The highest loss of Rs. 2,958 crores suffered by Kerala out of a total loss of Rs. 6,645 crores during 2000-01 was with respect to coconuts, the price of which dropped steeply from Rs. 693 per 100 coconuts in 1995 to Rs. 200 in 2000-01.

The export of spices dropped to 230,000 tonnes from a little over 236,140 tonnes. In dollar terms, the decline was as high as 25 per cent.

Liberal imports of cheap edible oils at very low tariff rates brought down the price of oil from Rs. 6 to Rs. 2. The removal of quantitative restrictions, it is feared, could lead to a large ingress and surge of edible oils and oil-bearing materials from other countries.

"A very important phenomenon," says the study, "is the bound rate of crude soyabean oil which is only 45 per cent. Hence, we plead that all the edible oils imported to India should have a bound rate of 300 per cent. Otherwise, there is every likelihood for unrestricted flow of soyabean and other oils into India having low bound tariffs and cheaper price."

The department regrets that coir is not included in the product coverage of the agreement on agriculture with the WTO and it has been treated as an industrial product. It is also dismayed by the classification of natural rubber as an industrial product though all the operations leading to the production of raw latex from the "cultivated tree" are agricultural in nature. It says, considering the

technical and socio-economic aspects, there is a strong case for recategorising natural rubber under the WTO agreement with the consensus and cooperation of not only rubber-producing countries but also other WTO members. Once recategorised, the bound rate may be hiked to 15 per cent. Till then, the bound rate of 25 per cent for dry rubber and 35 per cent for rubber latex shall be raised to 40 per cent since the synthetic analogues are enjoying a bound rate of 40 per cent.

The department has further pointed out that slope land farming, due to its rigidities and constraints, cannot be altered or tailored according to price fluctuations as in the case of annual crops grown in the plains of other States with irrigation. When there is a price crash, the farmers go bankrupt and it is the Government's duty to provide them support.

While agreeing to New Delhi's proposals to the WTO that the developing countries should be allowed to maintain appropriate levels of tariff keeping in mind their development needs and the high distortions prevailing in the international markets, the Kerala Government has suggested that there should be freedom to escalate tariff rates. It has also agreed to the proposal that the developing countries should be exempted from any obligation to provide a minimum market access.

The State Government has further agreed that export subsidies, given by developed countries on all agricultural products, should be eliminated in the first two years of implementation both in terms of export subsidy outlays and subsidised volumes. All forms of export subsidisation, including export credit, guarantees, price discounts and insurance programmes in developed countries, should be added to the export subsidies and subjected to the overall disciplines applicable to the subsidies.

THIRUVANANTHAPURAM

24 MAY 2001

**KARNATAKA / FARMING: 'CENTRE MUST ADDRESS POST-HARVEST MANAGEMENT'**

## CM regrets lack of public debate on WTO

By Our Staff Correspondent

**BELGAUM, MAY 23.** The current attempt to examine the implications of the WTO regime for the Indian economy is akin to the "five blind men describing an elephant," the Chief Minister, Mr. S. M. Krishna, said here today.

This was Mr. Krishna's view of the deliberations of the conference of Chief Ministers on the WTO agreement held in New Delhi on Monday. He was speaking at a function here on his way back to Bangalore. He observed that the Centre was unable to address certain fundamental questions on structural problems including the fall in prices of agricultural commodities and shortage of godowns for storage of surplus foodgrains. The post-harvest management of farm produce needed to be addressed by the Centre even though agriculture was essentially a State subject.

Asked later at a press conference about his expectations from the committee of Chief Ministers on food management and agriculture exports, he said the committee should conduct an in-depth study of the implications of the WTO regime and suggest concrete measures to be acted upon. Till now, there had been no consensus in this regard, and many MLAs and MPs were not aware of the implications of the WTO regime. However, "the initiative taken by the Prime Minister, Mr. A.B. Vajpayee, is welcome to that extent."

Asked why the NDA Government was being criticised for pursuing the economic policies initiated by the Congress party, he clarified that the Congress was not calling for a retreat from the path of globalisation. But the absence of a public debate on the implications of the WTO regime during the past four years had impaired the country's ability to deal with issues thrown up by globalisation. The Chief Minister said the State Government had not finalised its

stand on approaching the Centre for constituting a new tribunal to go into the distribution of surplus Krishna waters among the riparian States.

On the differences with Goa over the Mahadayi Project, Mr. Krishna said: "If Goa says no, it is no." The State Government had a good relationship with Goa and did not want to damage it.

**Border row:** Responding to a question on the Prime Minister's suggestion for a bilateral discussion between the Chief Ministers of Karnataka and Maharashtra on the long-pending border dispute between the two States, Mr. Krishna quoted the late U.S. President John F. Kennedy: "Never negotiate out of fear, but let us never fear to negotiate."

He said he had conveyed to the Prime

Minister on the telephone the State's initial response based on the resolution adopted by both Houses of the State Legislature. He was bound by this resolution. "Despite this, if the Prime Minister wants to host a bipartite or tripartite meeting, we will attend as an expression of courtesy towards the Prime Minister."

He would write to Mr. Vajpayee and invite the Kerala Chief Minister once he received an official intimation about the meeting since Kerala was also party to the dispute.

Without attaching much significance to the unauthorised 'signboard campaign' declaring that certain villages in the State were part of Maharashtra, Mr. Krishna appealed to the Kannada and the Marathi-speaking communities to live in harmony.

## CET selection: 5 p.c. quota for Kannada-medium students

By Our Special Correspondent

**BANGALORE, MAY 23.** The Minister of State for Higher Education, Dr. G. Parameswar, today said the Cabinet had decided to provide five per cent reservation in the CET selection process for those who had studied in the Kannada medium.

He told presspersons here that 600-odd seats of the 12,000 free seats in engineering colleges and about 60 seats each in medical and dental colleges would be reserved for this category. The seat matrix for these professional courses would be finalised after June 30. The CET results would be announced on June 10.

Dr. Parameswar said the Government had given "no-objection certificates" to 45 applicants to start engineering colleges. These applicants were in the process of getting the

viability certificates. He said the go-ahead had been given for the new colleges to offer only information technology-related courses and not the conventional courses. There was a demand for these courses and conventional courses did not have many takers. Last year, about 6,000 seats were vacant in the civil and mechanical engineering disciplines.

The Government, he said, had approved last year the establishment of 50 colleges offering courses in biotechnology. It was planned to bring out a vision paper on the course of technical education in Karnataka in the next 10 years.

Asked about the University Grants Commission's proposal to start astrology courses, Dr. Parameswar said there was no proposal to start such courses in Karnataka. Opposing the move, he said education should not be "saffronised."

THE HINDU

24 MAY 2001

# 92-6 Post-WTO farming 22/5

Farmers can't remain oblivious of the world market

CHIEF MINISTERS summoned to the national Capital to discuss the impact of liberalised trade on agriculture were unimpressed by Prime Minister Atal Bihari Vajpayee's assurances that domestic producers would be protected even as World Trade Organisation (WTO) obligations are met. There are several reasons for scepticism. The chief ministers know that most domestic producers in their states are not prepared for competition. And the main reason for that is policy-makers at the Centre and in the states have been slow to modify their food and agriculture policies in preparation for the day when trade barriers would be lifted. Meanwhile quarrels in different parts of the country have been growing as imports have started depressing domestic prices. In Kerala coconut oil prices dropped as soon as it was agreed during the prime minister's trip to Kuala Lumpur to import larger quantities of palmolein. Prices of all cash crops like rubber have also been falling in the state. Milk producers in the national capital region find themselves nudged off shelves by lower-priced imported produce. Try telling these domestic producers that the WTO deal is good for them.

In theory imports are supposed to compel reforms in agriculture, make farmers more efficient and drive policy-makers to remove obstacles to growth. The reality is different. April 1 has come and gone and the infrastructure in the country is as poor as ever, bad roads, erratic water and electricity supplies. Indian farmers are going from a highly protected environment into the icy winds of international competition with hardly any time

in between for adjustment. Agri-business is still relatively young in this country and supportive industries such as cold storage and packaging still have a long way to go. Farmers need to move up the value addition scale faster to benefit from the opening up of trade. But all that is still in the future. There are opportunities for mainly commodity producers from the opening up of trade but market intelligence and the spread of information must improve. Above all, as the mess in wheat exports to Iraq reminds us, stricter quality control mechanisms for exports need to be developed and more institutions to implement them should be set up.

Farmers all over the world resist change and demand and get protection. Indeed, American and European farmers are among the most protected in the world with a third to a half of government budgets going on farm subsidies. So it will be argued that the Chandrababu Naidus and Parkash Singh Badals are doing what politicians everywhere do: they shield their farmers from the market and subsidise their output. But the food mountain shows what India is paying for over-protectionism and giving farmers the wrong signals. Food subsidies are scandalously out of control and a drain on the exchequer. Farmers have to be directed towards producing for the market, including the export market. In the process certain sectors at certain times will need protection but the government must make judicious use of the measures at its disposal which Commerce Minister Murasoli Maran has said include tariff and non-tariff measures.

INDIAN EXPRESS

23 MAY 2001



# India wins first round in hessian patent war

Baren Bhattacharya  
Kolkata, May 21

INDIA HAS won the first round of the battle with UK-based Geohess Limited over the patent rights of hessian, a kind of jute cloth. Domestic jute products is likely to have a larger international market now with India's triumph over the issue of patenting hessian cloth / sheet.

The opposition division (OD) of European Patent Office (EPO) in Munich in their preliminary observation passed on April 18 this year has revoked the patent rights, which were being enjoyed by the UK-based company Geohess so long, said S Bhattacharya on the last day at office as secretary of Jute Manufacturers and

Development Corporation.

The patent battle for neem, haldi and basmati is continuing, and now the same has started for jute hessian, he added.

The patent will have to be revoked on grounds of lack of subject to support arguments that hessian is no different from jute and hence the patent fails to qualify any inventive subject vis-à-vis the documented prior use of jute cloth as cover for waste and dumping grounds, the opposition division, EPO observed.

According to Bhattacharya, Geohess, against their claim of inventing a certain kind of jute woven cloth / sheet to use as the covering for waste and dumping grounds, had been granted the patent right by the European

Patent Office in June, 1996. Since then, they have marketed around 4.5 million square metres of hessian. In addition, Geohess appointed licensees who used another 1.1 million square metres, but do not purchase hessian directly from Geohess.

The patent is, at present, effective in many European countries including UK, Germany, Sweden and France with the implication that Geohess has been charging royalty of 65 per cent on the cost of hessian on its commercial use.

That the patent rights of hessian should be granted to India, a product of the country, had come to the notice of Sanjay Kajaris, chairman, Indian Jute Mills Association in 1999. Thereafter, the JMDC and IJIRA challenged

the matter through their attorneys S Majumder & Co at the international parlance on grounds of lack of novelty and inventive merits.

They argued that hessian being a well-known variety of jute, the prior knowledge of its use of for such purpose was already there, and hence the patent attempts to monopolise the already identified and obvious use of a known natural fibre material.

It may be noted that India exports hessian worth around Rs 250 crore per year. And with the revoking of the patent right, exports are likely to go up many times over provided the existing market created by Geohess is suitably tapped.

# Farmers' interests will be safe in new world order: PM

The Times of India News Service

NEW DELHI: In a recognition of concerns and an attempt at reassurance, Prime Minister Atal Behari Vajpayee has promised to fight for a complete level playing field in global trade but told a gathering of chief ministers that India has not lost out on anything substantial in the new WTO regime and retains enough options to ward off any threats to its farmers.

Yet, if issues in this new order are to be "effectively" addressed, food management bottlenecks are to be removed, the PM said on Monday, seeking to rise above party politics and calling for a "consensus action plan on some crucial imperatives".

These include enhancing productivity, diversifying crops rather than focusing on just wheat and rice, restructuring procurement, stocking and distribution and creating assets in rural areas, especially through the National Rural Roads Project. Flanked by his government's finance, commerce, agriculture and food ministers and the Planning Commission deputy chairman, Mr Vajpayee warned a day-long conference of CMs on WTO and agriculture and food management that the subject was central to the future direction of India's agriculture and national economy, but that India would only be able to seize the opportunities if it went about the job as "a national mission".

The reassuring noises on WTO were a recurring theme in the Union ministers' speeches as they pleaded a case for domestic reforms, closing the door to 'outsiders' to debate the differences internally. Of the dozen CMs who did attend, several had reservations—on both WTO and the Union government's latest plan to decentralise procurement.

"Why is the Union government trying to withdraw from the PDS scheme?" queried West Bengal's minister standing in for the CM. Andhra CM Chandrababu Naidu, another critic of procurement decentralisation, made the point that India just had not prepared itself enough for the WTO regime and needed now to set up a national committee for evolving strategies and monitoring.

THE TIMES OF INDIA

22 MAY 2001

# CMs' meet on WTO today

By Gargi Parsai

**NEW DELHI, MAY 20.** The Prime Minister, Mr. Atal Behari Vajpayee, has convened a meeting tomorrow of Chief Ministers on the impact of the World Trade Organisation on agriculture strategies and food management. The meeting is essentially to build a consensus on Government policies in farm and food management under the WTO regime and the lifting of Quantitative Restrictions on farm commodities from April 1.

Today, the Prime Minister invited for dinner the Chief Ministers who had arrived for the meeting. It is learnt that only the Uttar Pradesh Chief Minister, Mr. Rajnath Singh, the Himachal Pradesh Chief Minister, Mr P.K. Dhumal and the Orissa Chief Minister, Mr. Naveen Patnaik, could make it. The Finance Minister, Mr. Yashwant Sinha, the Agriculture Minister, Mr. Nitish Kumar, and the Disinvestment Minister, Mr. Arun Shourie, were part of the dinner diplomacy which veered around issues emerging from the WTO agreement and State finances.

However, despite assurances from the Centre to safeguard the interests of farmers, on the ground, the farm sector is passing through a difficult phase as is evident from suicides by farmers in high production States like Punjab and Andhra Pradesh and the frequent interventions by the Centre to ensure remunerative prices for copra, paddy, wheat, pulses and other commodities. Most suicides have been by farmers who had gone in for cash crop. The cost of production remains high and investment and marketing avenues low.

The Centre will explain to the States India's position on Agriculture at the WTO and its proposals for the Agreement on Agriculture which emphasises the

food security and livelihood aspect. The impact of lifting QRs, the measures taken by the Government to safeguard the interest of farmers and its assertion that import duties would be closely monitored are some of the assurances Mr. Nitish Kumar wants to give to the States.

India's latest focus in the WTO on market access, domestic support and export competition with non-trade concerns and special treatment dovetailed with some flexibility to discuss any other issue of interest to members.

The meeting is likely to be stormy as several State Governments are still imposing restrictions on free movement of foodgrains, even as the Centre has called for a Single Food Zone in the country.

Speaking to *The Hindu*, the Union Food Minister, Mr. Shanta Kumar, said the Centre would request the States to lift restrictions on movement of foodgrains and on stock limits. The States would be urged to implement the various schemes of the Ministry to get rid of the impression that on one hand India had surplus food stocks and on the other, people were dying of hunger.

The most crucial aspect in food management would, of course, be the proposal for decentralised procurement. Several States have expressed reservation on this. But Mr. Shanta Kumar said if implemented fully, the move would reduce the Food Corporation of India's economic cost of carrying foodgrains. The States would get the differential of the support price and the issue price of foodgrains procured for the PDS and the excess grain would be lifted by the FCI for the central pool.

The meeting was earlier scheduled for April 23 but was postponed due to Assembly elections in five States.

THE HINDU

21 MAY 2001

# Labour meet divided on globalisation

By Our Special Correspondent

**NEW DELHI, MAY 19.** The two-day Indian Labour Conference which concluded here today failed to produce a consensus on globalisation. The representatives of the employers and employees expressed and persisted with their widely divergent perceptions of the impact of liberalisation and the World Trade Organisation on the Indian economy.

In the face of strong views expressed by the two sections of social partners and despite that fact that the Prime Minister had made it clear that there was no going back on the reform process, the conference had to come out with a modest resolution on the subject to satisfy both sides.

The resolution called upon the social partners in the Government to take serious steps in handling the possible adverse effects of globalisation. In view of the serious apprehensions expressed by the trade unions, it accepted that an adverse impact of liberalisation on the quality of employ-

ment could not be ruled out, at least in the short run. Briefing the media on the conclusions of the conference, the Union Labour Minister, Dr. Satyanarayan Jatiya, said that there was no question a consensus when there were so many parties with strong views on the subject. It was not expected; nor was one trying for it.

Dr. Jatiya said that taking note of the globally widening gap in incomes between highly skilled and low-level skilled workers, the conference through the resolution also called for giving more attention to upgradation of skills of the workforce by all the stakeholders.

The conference therefore recommended efforts to launch a strong movement to reduce redundancy by job skill upgradation and multi-skill training followed by redeployment.

Ignoring the strong resentment among the workers against the privatisation and disinvestment of PSUs, the conference emphasised only the need for transparency,

clarity, and rationality in the disinvestment exercise. At the same time, it said that India could not afford to live in isolation but should strive to build understanding with other developing countries in correcting inequitable decisions of the WTO.

## No assurance on labour laws

Responding to questions from reporters, Dr. Jatiya said he was not aware of any assurance given by the Prime Minister to trade union leaders on delaying the proposal to amend the Industrial Dispute Act and Indian Contract Labour Act — which the trade unions are strongly opposing — till the Labour Commission report by year end. The trade union leaders did mention the subject to the Prime Minister. But no assurance was given by the Prime Minister in his presence, Dr. Jatiya said.

The Minister said he had only broadly hinted that the two proposals to amend these laws might be brought before Parliament during the forthcoming monsoon session. However a decision on the issue

would be taken by the Government. He would however not commit on whether or not these proposals would be introduced during the next session as indicated by him earlier. Consultations would be held with the Chief Ministers on larger issues of reforms as labour fell under the Concurrent List of the Constitution. Others too would be consulted.

In a separate resolution on consultations with social partners on labour policies, the conference asked the Central and the State Governments to have effective and meaningful discussions with such partners on all labour issues. It also commended holding of State-level labour conferences on the pattern of the ILC.

The resolution on social security workers was adopted unanimously. It recommended introduction of an insurance scheme in consultation with all stakeholders for providing minimum financial assistance to retrenched workers till they find alternate employment.

THE HINDU

10 MAY 2000

# Atal advice lost on BMS

FROM OUR SPECIAL  
CORRESPONDENT

New Delhi, May 19: What is "absurd" for Atal Bihari Vajpayee is serious business for the Bharatiya Mazdoor Sangh, the labour arm of the RSS.

At the end of the two-day Indian Labour Conference, the BMS today put in a note of dissent to the resolutions passed on globalisation. The trade union demanded that the government quit the World Trade Organisation (WTO). Prime Minister Vajpayee had yesterday dismissed the demand as "absurd".

"India should come out of the WTO and lead the developing countries to form a second WTO," the BMS said in its note. It was the only trade union to have submitted a dissent-note in writing, though all others questioned and opposed the Centre's assessment of the im-

pact of globalisation.

The BMS' aggressive posture, matching that of the CITU, has embarrassed the government, increasingly forced to tackle more and more disaffected members of the Sangh parivar.

The RSS, which has been uncomfortable with the reforms, today tried to limit the damage to the government by ridiculing reports that it was upset with the economic policies. "The RSS never expressed the opinion that Vajpayee's leadership was proving disastrous, both for the BJP and the government," spokesman M.G. Vaidya said in statement in Nagpur.

But the BMS had no second thoughts. "All trade unions are meeting at the office of the All India Trade Union Congress tomorrow to work out a plan of action," BMS general secretary Hanshubhai Dave said. His organ-

isation, Dave said, will go ahead with the all-India strike scheduled for July 23.

A confrontation seems inevitable as the resolution passed at the labour conference shrugged off the suggestion that India should quit the WTO. The only concession the government has made is to agree to a proposal to forge greater ties with developing countries to strengthen their bargaining power in the WTO.

"We cannot undo what has happened. We have to be on the track of liberalisation," labour minister Satyanarain Jatiya said.

The labour minister said both industry and labour would have to mould themselves to survive the edge of the WTO's competitive regime. "We will have to improve the quality of products (and) introduce competitive prices in this new world," Jatiya said.

THE TELEGRAPH

20 MAY 2001

# China seeks Indian expertise on WTO

R Krishnan  
New Delhi, May 4

HF-13

CHINA IS working at a furious pace to fulfil the obligations that need to be met to enable it to join the WTO by November 2001, according to Jairam Ramesh, secretary economic affairs in AICC, who was invited recently by the Chinese government to explain the importance of adopting a rule based system to the representatives of China's 31 provinces, autonomous regions and municipalities.

Like many in India, the representatives of Chinese People's Congress also have serious reservations about the impact of WTO on China's agriculture, traditional knowledge, intellectual property right etc. The interface with the people's congress representatives was organised by the Chinese government and the German fund for technical cooperation. To widen the discussions, it is proposed to shortly organise a joint programme for representatives of Indian states as well as people's congress.

Jairam Ramesh said it was truly a global experience where the Chinese organised the programme, Germans funded it and an Indian provided the expertise. Incidentally, China has been negotiating since July 1986 first to join the GATT and later till 1995 to become a member of WTO.

In order to qualify, China needs to conclude a minimum of 45 separate bilateral agreements with as many countries and then conclude a multilateral agreement. It has already completed 36 bilateral agreements and hopes to conclude the multilateral agreement at the forthcoming WTO meet to be held at Doha in November 2001.

The differences with US apart, Jairam Ramesh said the main sticking point in China's case was it wanted to be treated as a developing country in order to have flexibility in fixing agricultural subsidies and antidumping duties. But the US and the European Union want China to be treated as a developed country.

They have argued that even

though China's per capita income may be lower than \$1,000, its foreign trade at \$470 billion constituted nearly 40 per cent of China's GDP. India's total foreign trade was at least six times less than that of China.

Jairam Ramesh said when he landed in Beijing recently, the Japanese imposed antidumping duty on imported Chinese vegetables. He told them "had China been a member of WTO the Japanese could not have taken a unilateral decision". Jairam Ramesh even related India's victory over the US on trade disputes.

The Chinese were informed about India's law making system and the passage of Geographical Indication Bill which allowed India to protect items like Darjeeling Tea, basmati rice, neem, etc. They were also keen to know about India's proposed plant varieties bill pending before Parliament.

Besides, they were also interested in understanding how India proposed to tackle the patents issue. Jairam Ramesh

said India could impart to Chinese expertise on legal framework, enforcement system and conflict resolution mechanism. Incidentally, it is in India's interest that China becomes a member of WTO.

This will resolve critical issues like Indian industry's inability to fight competition from Chinese goods because no one knows Chinese industry's actual cost of production. By joining WTO China will be forced to follow international commercial discipline.

Incidentally, China plans to set up 100 IIT-type institutions and its only fear of India is its leadership in Information Technology and higher education. Global consultant McKensi is doing a study for Chinese on setting IIT-type institutions. Interestingly, nearly half of those doing the study are Indians.

The other concern of China was India's leadership in higher education. Jairam Ramesh said. This is why Chinese have now begun to stress a lot on English, he remarked.

'U.S. ECONOMIC INTERESTS HURT MORE'

# Sinha hopes sanctions will be lifted soon

By Sridhar Krishnaswami

WASHINGTON, MAY 1. The Finance Minister, Mr. Yashwant Sinha, has expressed confidence that the United States will lift the economic sanctions against India "as quickly as possible".

Mr. Sinha, here for the last few days to attend the Spring Meetings of the World Bank and the International Monetary Fund, had a number of bilateral meetings with his counterparts from around the world, including the U.S. Treasury Secretary, Mr. Paul O'Neill.

The sanctions figured at the meeting with Mr. O'Neill, but only at the latter's instance. "He himself mentioned the issue of sanctions," Mr. Sinha told reporters at a press conference at the Indian embassy here.

"India's views have been very clear. We have said from day one that the sanctions hurt U.S. interests more than they hurt Indian interests and the fact that they are raising it with us is an indication of their keen desire to be able to do away with it as quickly as possible," he said.

During a meeting here last month with Mr. Jaswant Singh, the Secretary of State, Gen. Colin Powell, raised the issue.

Mr. Sinha said his meeting with Mr. O'Neill reflected a substantial measure of the commitment and interest of the Republican administration and the desire to pursue the outlines of the Vision Statement as it related to economic and financial matters. Mr. O'Neill accepted the invitation to visit India later this year to attend the second of a series of Cabinet-level forum meetings, first of which was held in Washington last year.

Mr. Sinha said the Enron imbroglio did not figure in any of his meetings here but the subject of foreign direct investment did. In fact, the Minister had brought it with Mr. O'Neill

and explained the present situation. Mr. O'Neill was said to have been satisfied; and Mr. Sinha said the Enron problem was well understood here and the issue was not a dampener to foreign investment in India.

## Concern at violence against minorities

In another development, the U.S. Commission on international religious freedom has flayed India — the BJP — for the "disturbing increase" in violence against religious minorities and called on the Bush administration to take steps to pressure New Delhi into pursuing those responsible for violent acts against religious minorities.

"The violence is especially troubling because it has coincided with the increase in political influence at the national and in some places the State level of the Sangh Parivar, a collection of exclusivist Hindu nationalist groups of which the current ruling party, the Bharatiya Janata Party, is a part," the Commission said in the section on India.

The Commission said its perception came from a number of sources including an extensive examination of the situation in India, testimony from Indians of various religious hues, experts, academics and through personal interviews of victimised groups. Its efforts to travel in an official capacity to India had been scuttled by the Government there, the Commission said.

Apart from the friction between Muslims and Hindus and the contributing causes to these over the years, the Commission said, the violence against Christians increased "dramatically" in India since 1998. "Particularly troubling are the continued reports that religious institutions are being pointedly desecrated by militant groups, groups that several

Christian leaders describe as associated with the Sangh Parivar," it said.

Though the BJP-led Government was not directly implicated, many accused it of hesitating to prosecute persons or groups responsible, in the process building a climate where extremists believed violence against religious minorities would go unpunished.

"Though the worst of the extremist groups do not have official power, they are closely aligned with those in power and are seen by human rights organisation to be deliberately encouraging an environment of increasing hostility towards religious minorities," the Commission said.

It also mentioned the suggestion that the tension between the ruling BJP and members of the Sangh Parivar was partly behind the Government's reluctance to pursue the perpetrators of sectarian violence. It also made suggestions to the Bush administration on how to deal with India, first of them being that the administration "should persistently press India to pursue perpetrators of violence against religious groups."

The Bush administration has been called upon to press New Delhi to oppose attempts to interfere with or prohibit ties between religious communities in India and any government efforts to regulate religious choice or conversion. The U.S. should pressure New Delhi to allow official visits from government agencies concerned with human rights, including religious freedom; and that New Delhi should also be asked to allow visits from non-governmental human rights organisations and groups concerned with religious freedom.

The Commission also called on the U.S. to allocate funds from its foreign assistance programmes for the promotion of education on religious tolerance and inclusiveness in India.

THE HINDU

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PLATFORM | Nilanjan Banik

## Agro-symphony may go to seed

*Under WTO's protectionist rules, the West can impose restrictions on imports to protect its people. With half-hearted liberalisation, the exim policy may not really take off for India*

**T**HE THEME song of exim policy 2001-02 is agriculture. Commerce and Industry Minister Murasoli Maran has sought to give a boost to this sector, in the context of the ongoing negotiations on agriculture at the World Trade Organisation (WTO). However, Maran's good endeavours can run to seed if he does not take into consideration some crucial realities. These are as follows:

■ Non-tariff barriers in the farm sector the world over: The imposition of non-tariff barriers has already had a telling impact on Indian agricultural exports. The share of farm produce in the export basket has fallen from a high of 18.1 per cent in 1998-99 to 12.2 per cent in 2000-01 (April-October). Considering the percentage change in growth rate, the scenario is quite alarming.

In the year 1998-99, exports of agriculture and allied products were down by minus 8.8 per cent and the rate never looked up. In 1999-2000, the growth rate was down by minus 9.6 per cent.

In the primary product categories, Indian exports like groundnuts, cashewnuts, mango pulp and manufactured tobacco run into market access problems in the UK, the Netherlands, Germany and the US because of sanitary and phytosanitary sanctions. For instance, the permissible limit for DDT residue in a tobacco leaf is four parts per million (PPM), the norm set by the World Health Organisation (WHO). However, countries like the Netherlands and the UK have fixed the permissible limit at less than two parts per million.

The US has tried to block shrimp exports from India by insisting that shrimps be trapped with the aid of turtle excluding devices. Obviously, Indian fishermen lack the means to use turtle excluding devices.

Shrimp exports to the European Union suffer the same hurdles. The amount of benzoic acid used as an additive to shrimp exports from places outside EU is fixed at 0.2 per cent vis-à-vis 0.6 per cent on shrimp exports originating from Europe.

Restrictions such as these are hard to challenge in the dispute settlement body of the WTO. Under the WTO framework, a country can impose restrictions on imports to protect its people from dubious additives, contaminants, toxins or disease-carrying organisms in foods and beverages. However, in most instances these are used as protectionist measures rather than health safeguards.

■ Endemic troubles plaguing the agriculture sector: India is one of the largest producers of many agricultural items like rice, wheat, sunflower oil, tea, coffee, etc. However, if one looks at the efficiency, India features way down the ladder in comparison

to other countries.

China has almost one-third of irrigable land in comparison to India. However, in terms of yield per hectare, China's productivity scores almost twice as high as that of India. This makes the Indian sector vulnerable after quota removal.

In the first phase of planning, particularly during the second and third Five Year Plans, industry was given higher importance. Consequently, growth in agricultural gross domestic product was only about 1.9 per cent per year between 1950 and the mid-Sixties.

The economic reforms of the Nineties partially corrected this situation through a significant increase in agriculture support prices, leading to high subsidies. This engendered another set of problems.

An increase in support price has resulted in lesser availability of funds for public investment in other essential activities like building rural infrastructure. Astonishingly, not many canals have been built after the Sixties.

Although there has been an increase in private investment in response to improved incentives offered for developing agro-processing industries and enhancing cold storage facilities, such measures are unlikely to bridge the infrastructure gap in the agricultural sector.

■ Half-baked liberalisation: Liberalisation, that is, rolling back of government control,

has also occurred in a half-baked fashion. There has always been a leash on imports, even as exports were encouraged in some ways. This time Maran has allowed imports of only a few commodities, like wheat, rice and maize, and that too through designated State trading enterprises.

This is unfortunate. Decanalising imports would bring private traders into import business. Experience shows that the State-run import agencies cannot handle price volatility and are slow to respond to shortages. Private traders are prompt to respond to market forces. They stabilise prices and their competitive nature reduces prices in the long-run.

Except for decontrolling sugar, not much has been done to remove distortions in the sugar sector. Earlier, Indian sugar manufacturers were required to sell 30 per cent of their produce to the government at a concessional rate. Indian sugarcane yield is comparable to international levels, but suffered all these years due to controls. Even in the case of items such as rice and cotton, the stagnation is visible.

Besides, quasi-monopolistic purchasing practices like that for rice by the Tamil Nadu government in Thanjavur district and cotton by Maharashtra's cotton federation continues. Indeed, incomplete liberalisation has severely hampered efficiency in the Indian farm sector.



No buyers for the grain



# WB, IMF should spur economic growth: Sinha

By T.V. Parasuram 11-13

WASHINGTON: India on Monday asked the World Bank and the International Monetary Fund to work out an action programme to 'rejuvenate' economic growth in developing countries in the face of global economic slowdown and set appropriate framework along with WTO for 'free and fair' global trade.

"To my mind, the primary task before this assembly is to work out an action programme aimed at rejuvenation and renewal of hope for the future with massive thrust for economic growth and development," finance minister Yashwant Sinha said at the joint meeting of International Monetary and Financial Committee and Development Committee.

Mr Sinha is joint chairman of the committee along with British chancellor of the exchequer Gordon Brown.

Asking IMF and World Bank to set appropriate ground rules along with WTO for free and fair trade, Mr Sinha said, "We have to ensure that multilateralism and movement toward global free trade is at the centre of trade negotiations. The IMF should become a stronger voice in terms of promoting further trade liberalisation on multilateral basis, he said. Mr Sinha listed textiles, garments and agriculture as areas of con-

cern where non-trade barriers were being maintained to create unfavourable trade conditions for developing countries.

Several developing countries including India have removed quantitative restrictions even on

textiles, agriculture but several developed countries continue to practice non-tariff barriers in these sectors," he said.

Asserting the need for an action programme to spur growth, Mr Sinha said this was necessary to deal with downside risks of globalisation with adverse effects particularly on the developing countries.

Referring to the financial crisis that had occurred in different parts of the world in the nineties, he said they originated as an incipient crisis in the foreign exchange market and quickly spread to the financial and banking sectors and then to the economy. It was in this scenario, Mr Sinha said, "We definitely need a more stable and better managed exchange rate system for the world economy. I find it hard to understand why inadequate attention has been given to this problem despite the experience of the 1990s."

Though India and China were doing well among the emerging economies, the U.S. downturn and happenings in the American technology sector were already causing turmoil, he said. "We see it in the stock markets where upheavals in Nasdaq get reflected," he said.

Noting that financial and banking sector reforms were also crucial, Mr Sinha said they were unlikely to be sustainable without an upsurge in economic activity supported by surplus capital which is currently available in some G-7 countries. (PTI)



World Bank president James Wolfensohn, right, and Yashwant Sinha, chairman of World Bank's development committee listen to reporters at the IMF on Sunday.

# 'Declining aid worrisome'

By Sridhar Krishnaswami

WASHINGTON, APRIL 30. The financial crisis in Turkey and Argentina and the cyclical slowdown of the global economy underline the fact that developing nations as a whole are still exposed to an uncertain and challenging economic and social future. But there are other areas of serious concern such as the dwindling of Official Development Assistance, the Finance Minister, Mr. Yashwant Sinha, said.

In an address to the Development Committee on Monday, Mr. Sinha, who is the chairman of the committee said the Official Development Finance — at the concessional and non-concessional level — of \$ 47.1 billion in 2000 is substantially lower than the \$ 55.2 billion achieved in 1990. The ODA from the OECD has declined from 0.33 per cent of GNP in 1990 to 0.24 per cent in 1999.

While global foreign direct investment continued to grow rapidly, the FDI to developing countries declined in 2000 by five per cent for the first time in a decade. The share of ODA going to Sub-Saharan Africa and South Asia which together account for a majority of the world's poor, had declined continuously from a high of a little over 49 per cent of total aid flows in 1990 to a little more than 37 per cent last year. "All these cause enormous concern," Mr. Sinha said.

Welcoming the "much greater participatory tone and tenor" of the ongoing IDA-13 replenishment

discussions, Mr. Sinha stressed that the replenishment process must be based on three premises — the replenishment must be substantially larger than IDA-12; given the problems of debt sustainability in HIPC countries, there should be an increased proportion of grant financing; and scarce resources must be allocated strictly on the basis of poverty and performance.

The point has also been made that as over the years repayments of IDA loans will be considerably lower due to debt forgiveness under HIPC, the current replenishments must be substantially higher to ensure that there is no net reduction in the quantum of IDA assistance.

Commenting on the World Bank's recent efforts to assist countries in the formulation of poverty reduction strategies and greater country ownership of the Poverty Reduction Strategy Papers (PRSP), Mr. Sinha said these proposals regarding the PRSP must be realistically costed "as there is a need to underpin the strategy with a credible financing plan which incorporates the projected level of domestic borrowing as well as external flows".

As a part of the agenda of the development committee, Mr. Sinha said the challenge of achieving the goals of the International Bank for Reconstruction and Development cannot be met without rapid progress in the so-called middle income countries which would include India and China. "The

Country Assistance Strategy (CAS) should continue to be the primary instrument for the Bank's work and support to a country."

The World Bank, in Mr. Sinha's view, should begin making assessments of the current development policy and strategy with a special focus on poverty reduction; undertake assessments of fiduciary and safeguard policies simultaneously; and once the assessments have been completed, propose a Country Assistance Strategy that would encompass lending and non-lending programmes.

Commending the World Bank and its strategic partners in the war against HIV-AIDS, Mr. Sinha said the fact that this war could only be decisively won if the vicious cycle of AIDS- Poverty-Illiteracy was broken. "While we mobilise resources to battle AIDS, we should not lose sight of the need to strengthen the basic health infrastructure in the developing countries, to deliver effective service to all sections of society," he argued.

The fight against HIV-AIDS would determine the outcome of the fight against poverty reduction in Africa. "Patent rights should not come in the way of the patient's right to live," Mr. Sinha said going on to make the point that while the recent resolution of the drugs' price issue in Africa is a positive development, "...much remains to be done to allow drugs to reach the needy at affordable prices and in a timely and regular manner."

THE HINDU

. 1 MAY 2001

# Negotiating WTO pact on agriculture

Jayanta Das

15-17

WITH THE opening up of the quantitative restrictions on imports, the Indian markets should see a huge influx of goods. A special concern has been raised regarding the issue of agriculture and agricultural products getting affected. Especially related to agriculture there has been some problems and difficulties that have come in especially due to the non fulfillment of obligations in letter and spirit by developed countries. Hence this provides a stumbling block to access the huge markets of processed foods and other agro products in the western countries.

Giving a small brief of the present status on agriculture, the Agreement on Agriculture (AOA) was part of the Uruguay round of agreements which was signed by 120 countries in April 1994 at Marrakesh. AOA came into force on January 1, 1995. During that time it was decided that further negotiations would be carried out to take care of various problems and issues from January 1, 2000. Initial pro-

posals for the time being are being received by the WTO and it is expected that it would take some years for the negotiations to be completed.

The AOA contains three provisions that address the trade and agriculture policies. They are market access, export subsidies and domestic support. India at present is under no obligation to reduce domestic support for its non product specific support (subsidies on agricultural inputs) is already under the permissible level of 10% of the value of agricultural output. Similarly, India also does not provide the type of export subsidies that have been listed in AOA.

Given the above backdrop and the overall experiences of world agricultural trade, it is clearly visible that the objective of liberalisation of trade in agriculture has not been met over the last six years and further, the benefits have not trickled down to the developing countries. Hence the issue for the ongoing negotiation should be two fold. First, it should be providing protection to your own domestic areas where there is requirement

and room for such steps. Second, it should look for ways and means to access the Western developed markets by ironing out all trade distortionary measures that are unwarranted under the letter and spirit of the WTO.

India has already submitted its proposals to WTO on January 15, 2001. The two broad classifications of such proposals are basically the food security aspect of developing nations and the "meaningful market access opportunities" that should be created in the developed nations. Let's check out some of the proposals.

Since food security in most of the developing countries is still at a delicate phase, measures that would not only enhance and protect domestic production and domestic capacities have been sought to be focussed. For example, additional flexibility for providing subsidies to key farm inputs has been suggested. Maintenance of tariff bindings of critical products in the domestic market especially with a view to their developmental needs has also been mentioned. Further rationalisation of low tariff

bindings in developing countries which could not be rationalised earlier has also been sought. To protect the domestic markets, no minimum market access commitments for developing countries have been proposed.

As I have mentioned earlier, the negotiations would certainly take considerable time given that every single issue would be strongly argued out. But it's crucial that for developing countries like India, a through preparedness is done not only for its proposals but also in citing cases of how developed countries have continuously barred the access to their markets in such agro products.

India's role becomes all the more crucial not only from the viewpoint of its negotiating position (among other developing countries) in the WTO but also given the fact that a huge potential in exports is in store in agro products and processed agro products.

After all, our experience in making pickles and the like are a centuries old tradition compared to the frozen peas or baked beans or instant curry.

THE HINDUSTAN TIMES

30 APR 2001

# Step up reforms to raise growth level, IMF tells India

S Rajagopalan  
Washington, April 28

THE INTERNATIONAL MONETARY FUND today said India could raise its growth level from 5.6 per cent to 8 per cent or even more by further structural reforms.

IMF's managing director Horst Kohler made it clear that he was quite happy with India's performance as also China's. "The growth impulses are strong and stable in both the big economies at a time of slow-down in many countries. India can raise its growth level from

5.6 per cent projected for this year to 8 per cent or even more through the route of further reforms," Kohler said on the eve of the IMF-World Bank spring meetings here. He felt it was now time for India to implement its commitment for more reforms.

The World Bank lauded India's performance. India, which happens to be the World Bank's largest aid recipient with a cumulative \$ 53 billion as of last fiscal, has achieved an impressive economic growth with declines in poverty and mortality rates, says a Bank report.

On a global plane, Kohler spoke of the world economy going through a very difficult phase, which would be the foremost item on the agenda of policymakers from 183 member countries who have assembled here for the spring meetings.

"Our best guess is that there will be a marked slowdown, but that it will be relatively short-lived, with the recovery beginning in the latter part of this year and gathering strength in 2002," the IMF chief said.

World Bank president James D Wolfensohn sought to counter

the criticism that the Bank and other top financial institutions were not doing enough to relieve the poorest nations of their debt burden. The Bank, he said, had already delivered \$ 34 billion in debt relief to 22 of the poorest countries.

Fielding a question on Enron, Wolfensohn said the Bank had no intention of getting involved in power pricing in the Indian subcontinent. The matter was best left to the market forces, he said when questioned on the controversy involving Enron's Dabhol Power Project.

## SINHA MEETS O'NEILL

US TRADE and investment in the context of second generation reforms being implemented in India was discussed by Finance Minister Yashwant Sinha and US treasury secretary Paul O'Neill. During the meeting on Friday the two sides pledged to intensify bilateral relations as envisaged in the 'vision statement' issued by Atal Bihari Vajpayee and the then US president, Bill Clinton.

PTI, Washington

# An Opportunity To Hear Him Speak On Agriculture **Fischler to insist on India-EU team in WTO negotiations**

Nidhi Nath Srinivas

NEW DELHI 13 APRIL

WHEN THE European Union's (EU) agricultural commissioner, Dr Franz Fischler, visits Delhi next week, his agenda will be to mainly persuade India to team up with it in the forthcoming round of WTO negotiations.

India's support is important for EU because of the 'friendly' fire it anticipates from the United States and the Cairns group. For India Dr Fischler's visit is an equally important opportunity to hear first-hand double-speak on agriculture in the new millennium or how to have your cake and eat it too while making your trade partners feel crummy.

When the Agreement on Agriculture (AoA) was first negotiated in 1994, the idea was that by phasing out subsidies and tariff barriers in high-cost producers Europe, Japan and USA, world's food production will shift to developing nations. Eight years on, in EU the relevant agricultural policy question is still not 'if' but 'how' to support farmers.

Last year, EU Trade Commissioner Pascal Lamy said: "We Europeans like to think that agriculture should not be completely exposed to the competitive market model — public goods and social objectives can be directly jeopardised by certain by-products of agriculture if it is left unregulated and based solely on competition." This official position on agriculture resonates throughout Europe, particularly Germany, France and Italy.



SMOKING THE PEACE PIPE

Take the instance of German agriculture. Germany is the world's second largest food importer, after Japan, and the third leading EU producer in terms of value, after France and Italy. Agriculture accounts for 10 per cent of its GDP, while farming and forestry take up 80 per cent of its land. The reintegration of East Germany has increased the importance of agriculture for Berlin as well as for EC.

In 1997, German food imports totalled \$41 billion, 62 per cent of which came from other EU countries. Its exports were \$23.6 billion, but 68 per cent went to other member states and not the world market. Expecting German farmers to welcome foreign competition through greater market access is thus like asking Salman Rushdie to buy timeshare in Iran.

Germany is one of the prime movers of EU's protectionist policies. In fact, it opposes any CAP reform at all, wishing to maintain status quo. As farming remains a central part of German life outside its purely economic aspects, the concept of multifunctionality of agriculture too remains strong in Germany. Almost 30 per cent of German farm land is covered by some type of environmental protection laws.

In such a scenario, the attempts in 1992 and 1999 to liberalise European agriculture could be nothing more than a compromise between the larger EU states — France and Germany — which aim to preserve the special and differential nature of agriculture in EU, and others like Britain which want greater acceptance of foreign agricultural goods.

# After the QRS

By C. Rammamohar Reddy

*While the dismantling of the last of the quantitative restrictions does not sound the immediate death knell of Indian agriculture and industry, the threat of dislocation to production and employment is real.*

IN THE fortnight since the last of the quantitative restrictions (QRS) were removed there has been a pathetic display of the Indian craving for all things "phoren". To celebrate the end of import bans as heralding the arrival of "goodies", the opening of the "global mall" is to make a travesty of the beginning of a process that has the potential to change the face of the Indian economy. Of import will not be what will appear on the shop shelves but whether or not and how quickly the economy can adapt to changes in decades-old structures of production and employment.

What the passing of the QR era means is that a system that was in place for more than four decades, one that sheltered domestic production of much of agricultural and industrial products as well as provided cover for employment on farms and in factories no longer exists. So when the Government tries to minimise the impact of the abolition of the ban by arguing that tariffs can be used to provide protection or that imports have been growing only slowly, it knows it is engaged in obfuscation. The effects of the end of the QR regime will not be felt immediately, they will unfold over the next few years. So while the dismantling of the last of the QRS does not sound the immediate death knell of Indian agriculture and industry the threat of dislocation to production and employment in the years ahead is real. It is up to the Government to show a greater foresight and sense of purpose than it has in managing with the least destructive impact the transition from a 40-year-old system.

No tears need to be shed for the dismantling of non-tariff barriers on the ground that they marked India's resistance to the global consumer culture. Unlike the "swadeshi" of the early 20th century it was not a social prohibition of foreign goods but a Government-dictated ban that could be broken by those who had the influence and the means to do so. And the blanket restrictions on import of everything from cereals to machinery while providing much of the foundation for domestic production and job creation neither facilitated the manufacture of the products of reasonable quality at affordable prices (for either the poor or the rich) nor did it provide as much employment as was needed.

Whatever the verbal semantics behind which successive Governments have tried to hide since the mid-1990s, this is a GATT/WTO-dictated action the beginnings of which can be traced to 1979.

Now that the QRS are gone, what is the likelihood of being swamped by a deluge of imports? And how does one prevent a threat to millions of livelihoods even if a small consumer population in the cities awaits the arrival of "phoren" consumer goods? The current levels of customs duties and the ceilings to which India can raise them, will, if used judiciously and in time, neutralise the impact of the removal of QRS, especially on agriculture. The situation is

slightly different in industry, especially the small-scale sector, where the ad-hocism on the part of a number of Ministries towards the SSIs has meant that this sector will find it difficult to cope with an influx of consumer goods. But the real threat to farms and factories will come in the future when "war rooms" in the Commerce Ministry will provide no more than temporary and minor relief by using anti-dumping duties or even the temporary imposition of product-specific QRS.

First, import tariffs on industrial and agricultural products are now high but the Government has committed itself to reducing customs duties over the next few years. Even if it changes its mind, our trading partners will not allow us to do so — a lowering of tariffs in both sectors will be an important item on the agenda of the next round of negotiations at the WTO. The non-tariff measures such as the requirement that imports must conform to Indian weights and measures that now provide additional protection will also be disputed at the WTO. Second, imported branded consumer products now suffer from a price disadvantage when compared to Indian made products. But just as foreign firms in the mid-1990s quickly learnt the importance of the price factor in the Indi-

an market the new generation of importers of a variety of branded consumer goods (in processed food, leather, textiles, electronics and more) will, with the aid of falling customs duties, slowly begin to edge out domestic firms. This is what eventually happened to Indian manufacturers of a variety of durable consumer goods such as refrigerators and air-conditioners, is happening in TVs and will happen in many more sectors. Third, branded products such as Heinz tomato sauce, Kraft cheese and Toblerone chocolates enjoy greater visibility but they do not pose the main challenge to production or employment. In size and impact the bigger threat will come

from mass-produced, unbranded and inexpensive foreign products of textiles and leather goods (in the consumer market) and low-end tools and machinery. The price and quality advantage enjoyed by foreign suppliers will be substantial and if present conditions in Indian industry continue these imports will sweep the market, dislump innumerable small and medium-sized industries and have a noticeable negative impact on employment. The situation then could well become like the wasteland that the Indian capital goods industry turned into during the 1990s.

Customs duties are going to keep falling, QRS cannot be re-introduced on a generalised basis and a withdrawal from the WTO will be suicidal. How then does the Indian economy cope with a lowering of protection across the board? The medium and long-term solution has to be found in raising productivity and improving local quality. This is easier said than done, a task that has been made all the more difficult by official agencies talking *ad nauseum* about the need to compete in the global market but not preparing Indian agriculture and industry for the impending change in fortunes. In agriculture (where WTO-sanctioned protection is likely to last longer) the cause of farming is not aided

by the exclusive focus on the price mechanism as a prop for farm incomes. Nor is agriculture aided by all the talk of a new thrust to farm exports when even in the production of basic commodities such as cereals, pulses and oilseeds India is finding it difficult to produce enough at low cost. In industry, the challenge is more immediate. Particular sectors have already been weakened by import competition and a weak domestic demand while individual enterprises have been pushed aside by foreign firms that have entered the economy after 1991. Predictions of a quick decimation of Indian industry are extreme but there is no doubt that specific industries — textiles is one example — will be hit badly. How they can manage and how jobs will not be lost will depend not just on the managerial talent and technological capability of these firms but on support from the Government in a range of areas covering finance, technology and marketing. In no area can exports replace the domestic market as a life sustaining force for Indian industry.

In the meanwhile, QRS or no QRS, some industries will continue to do well for themselves. The best examples are the local automobile and liquor industries which campaigned for extremely high protection. Both are pleased as punch with what the Union Budget and the Exim Policy have done to shield them from imports. It does not require much imagination to understand why these two industries have received special attention and not, say, the textile industry, which in the large, medium and small-scale sectors is now left to its own devices. One has a record of excise evasion and is a milch cow for state and national political campaigns while the other has proved itself adept at lobbying. Foreign automobile firms who entered India after 1991 ran a high-profile campaign for more than two years on the need to maintain high import duties and keep second-hand cars out of the Indian market. The Commerce and Industry Ministries have been quick to lend a hand to the car manufacturers' campaign, which has now succeeded. So much for competition in the global market and greater choice for the consumers — two mantras that otherwise come in handy for both the Government and some industries. Power and influence still talk in the post-QR era.

## Mazdoor union to rally against WTO pact

Coimbatore, April 11

12/9

THE BHARATIYA Mazdoor Sangh (BMS) will hold a massive demonstration in Delhi on April 16, to demand that India pull out of the agreement with WTO, BMS national working president said today.

Workers, farmers and small entrepreneurs are alarmed at the way the WTO exploits India's natural resources, he said.

He alleged that the WTO is enhancing the economic interests of developed countries at the cost of developing nations. The Centre's economic policy is pushing the country "economic slavery," he alleged and said the demonstration aims to organise workers and create public awareness against WTO and the Centre's "wrong policies".

Labour laws protecting the workforce are squeezed, whereas the corporate world and industrialists are frequently being given various concessions.

He also alleged the Government has succumbed to pressure from industrialists by allowing a factory employing 1000 workers to be closed without prior permission of the respective Government.

He questioned the finance minister's proposal, which bypassed the jurisdiction of the labour ministry even as the report of National Labour Commission was awaited.

"This shows the amount of pressure on the finance ministry from market forces," he alleged

THE HINDUSTAN TIMES

12 APR 2001

# WTO could lead to violent protests in Punjab: Badal

BY OUR SPECIAL CORRESPONDENT

Chandigarh, April 11: Punjab chief minister Prakash Singh Badal has warned that the implementation of the WTO and GATT agreement could lead to "violent protests and agitation" in the predominantly agrarian state of Punjab.

Addressing a seminar on Dimensions of Violence, Culture, Society and State at Chandigarh's Punjab University Campus, Mr Badal said, "The WTO and GATT agreement has created an atmosphere of uncertainty and fear psychosis among the farmers of Punjab, who are already deep in debt." Mr Badal said Punjab's farm and industrial sector does not possess the competitive infrastructure available in other countries. Majority of the state's farmers, with less than two acres of land, would never be in a position to compete with farmers who individually own thousands of acres in developed nations.

THE ASIAN AGE

12 APR 2001



HD-19  
17/2

## FICCI wants WTO tariff rate quotas abolished

By Our Special Correspondent

**NEW DELHI, APRIL 11.** The Federation of Indian Chambers of Commerce and Industry (FICCI) has proposed abolition of tariff rate quotas (TRQs) under the agreement on agriculture (AoA) as these have failed to provide the agreed level of market access to developing countries. Instead, it has suggested that TRQs applied by developed countries be replaced by "reasonable or equivalent tariffs" at the earliest.

The purpose behind introducing the system of tariff quotas under the AoA was to ensure that the tariffication process would not reduce the current level of imports or prevent the achievement of the agreed level of access for products previously subject to non-tariff barriers. Besides, TRQs were not meant to be a permanent solution and the ultimate objective remained full liberalisation through gradual increases in TRQs.

A FICCI study notes that implementation of the tariff quota system was left to importing countries with the result that there has been little improvement in additional access under the quota schemes for developing countries. The administration of tariff quotas and over-quota tariff rates have thus played a big role in determining whether or not new access for new suppliers was created in the post Uruguay

Round period. Under Article 20 of the AoA, the negotiations for continuing the reform process in agriculture were initiated in 2000. The abolition of TRQs would be of critical interest to developing countries in the current negotiations, it is stated, as it would provide a level playing field for their agricultural products.

On the TRQ, the study explains it is simply a two tiered tariff. A limited volume — the quota — can be imported at the lower tariff and imports in excess of the quota volume are charged the higher tariff. TRQs have existed for a long time but their use has never been as widespread as or important as standard import quotas and tariffs.

The chamber has supported the official stance on abolition of TRQs since the government, in its latest submission to the WTO has also sought their elimination in the AoA. It is felt by both government and industry that the TRQs established to provide minimum market access opportunities had perpetrated trade distortions for legitimising quantitative restrictions, generating quota rents and denying market access to newcomers. Allocation of quota licences with wide differences between in-quota and out of quota tariffs in the OECD food importing countries has a potential to generate excessive quota rents, it is not.

Besides, the study points out that non-transparent administration of TRQs and preferential trade arrangements have contributed to low quota filling in several commodities. It is thus strongly felt that the TRQ system should not be allowed to be "embedded" in the trade rules as it could easily become a form of "managed" trade which would be a retrograde step in terms of the progressive liberalisation envisaged in the agricultural sector.

The chamber observes that the AoA includes a provision requiring the abolition of QRs on agricultural imports but allows members to convert existing quotas and bans into TRQs. This appears to be contradictory because a TRQ from a legal point of view is not considered a QR because it does not limit the quantity that may be imported. But it does have the effect of a quota since the over-quota tariffs are high enough to deter importers. In addition, TRQs are more often employed by developed industrialised countries than developing countries. Only 37 out of a total of 140 WTO members have a combined total of over 1350 tariff quotas. Of these, three countries account for one-third of all TRQs — Norway, Poland and Iceland. The products largely subject to these quotas are fruits and vegetables, meat products, cereals and dairy products.

THE HINDU

12 APR 2001

The new trade policy will destroy Indian industry and agriculture

# The great surrender

T-10

**F**reedom, the sagest of the sages say, is the key to economic development. The World Trade Organization could not agree more. And since the WTO's word is of biblical import to our government in New Delhi, the new trade policy announced 10 days ago has ordained a total lifting of quantitative restrictions on import of 715 commodities; this is in addition to the 714 commodities that were granted the *imprimatur* of freedom last year. The list is truly impressive. Our countrymen are now permitted — perhaps cajoled is the right expression — to import, without let or hindrance, 147 items of farm products, 342 items of textiles and 226 industrial products.

The universe covered includes milk, cream, butter, coconut and coconut oil, tea, coffee, wheat, rye, barley, maize, parboiled rice, *jawar*, *bajra*, *ragi*, onion, egg yolk, seed grains, grapes, cabbage, cauliflower, pomegranate, potato, orange, tangerine, spices, synthetic fibres, cotton textiles, carpets, table covers, rugs, curtains, towels, apparel, alcoholic drinks, petrochemical products, fertilizer, rubber, ceramics, crockery, precious stones, gum, wax, plastic and fibre suitcases, handkerchiefs, exercise books, bags, tarpaulin, tents, tiles, aluminium and copper wares, pressure cookers, radio, televisions, bulbs, tractors, jeeps, motor cars including secondhand ones, lorries, trucks, scooters, motor cycles, mopeds, autorickshaws, boats, motor launches, yachts, trawlers, life-boats, watches, pens, so on and so forth.

Import duty on this range of commodities, it has been additionally stated, will be appropriately adjusted downwards and phased out over a period of time in conformity with WTO directives. All told, it is a magnificent *harakiri* ceremony for Indian agriculture and industry. The sagest of the sages, however, say that this is the road to development, and the WTO could not agree more. In fact, the WTO itself has a provision in its article 18B whereby a developing country is entitled to continue with QRs of agricultural imports in case the country's balance of payments position is tight. But have not our foreign exchange holdings soared to the level of \$40 billion and beyond? Is it not therefore *infra dig* on our part to plead balance of payment difficulties? The ministry of finance could not be a party to any such subterfuge. With great glee, it informed the WTO that the latter is welcome to order our government to lift QRs on farm imports; balance of payments problems must not any longer be used as alibi for protectionism.

**T**ake another look at the 1,400 and odd commodities that are to be brought in freely as a result of decisions taken over the past 12 months. The nation has been of late shaken by reports of the spate of suicides among the farming community; cheap grains and cotton from abroad are taking away its market. The process will now be aggravated. The state of affairs is going to be the same in the manufacturing sector, al-

## CUTTING CORNERS

ASHOK MITRA

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ready suffering from a bout of recession. Radios, televisions, aluminium and steel products, copper products, electrical wires, automobiles of all descriptions, watches, boats and ships are now to be let in freely. The rate of growth of industrial production has over the past decade

cause foreign governments subsidize their export to our poor country, just as our government is subsidizing wheat sales abroad.

Inanity, thy name is officialdom. The first generation of so-called reforms has done sufficient lethal damage. The gov-



been halved compared to the rate of growth in the preceding decade. The deceleration is bound to gather pace, resulting in large-scale lay-offs. In the automobile industry, for example, output has already dipped to 20 per cent of capacity; there should be no blinking of eyes if the utilization of capacity now declines to as low as 10 per cent. Or consider the textile sector, including small-scale operations. It has been traditionally responsible for 30 per cent of industrial employment and 15 per cent of industrial production in the country. Both percentages are going to fall further. Developments in the textile sector have a backward linkage with the problems in cotton production. It is therefore a generalized crisis which globalization will usher in.

Defenders of official policy offer one rather precious argument in support of their point of view. At least on account of liberalized farm imports, while agricultural producers might suffer, consumers might benefit from lower prices. The overwhelming majority of our consumers however happen to be sharecroppers, small farmers and landless agricultural workers. If the benign government deprives them of their source of income, where will they get the wherewithal to buy cheap imports? And very often these imports are cheap be-

**‘ The nation is being told that for the sake of its survival it must globalize; never mind if this, in its turn, as good as liquidates the nation ’**

ernment's response to this discomfiture is to initiate the second generation of reforms, exemplified by this year's Union budget, the set of monetary and financial policies recently announced and now the trade policy proclaimed with such flourish. The nation is being told that, for the sake of its survival, it is essential to globalize, never mind if such globalization, in its turn, as good as liquidates the nation. It is an echo of what the American general had once informed the world: in order to save Vietnam, it is first necessary to destroy that country.

One other argument touted by the liberalization lobby is that in case you allow free imports, the foreigners, particularly the group of seven nations, can also be persuaded to allow our exports to enter their countries to a greater extent, thereby raising our share in world ex-

ports. Do these people ever care to look at the nitty-gritty statistics that are available? During the quinquennium, 1950-55, India's average share in world exports was 1.64 per cent; at the end of the great decade of globalization, this share has shrunk to 0.62 per cent. Similarly, in the mid-Fifties, the share of exports to the G-7 countries was more than 53 per cent of our total exports; this share has declined to around 46 per cent in the decade of freedom. These data have not been invented, but are mentioned in a recent publication of the department of economic analysis and policy, Reserve Bank of India.

**L**et us consider some other facts. India's exports were of the order of \$18.5 billion in the year immediately preceding the introduction of the records, that is in 1990-91. This magnitude had advanced to \$38.5 billion in 1999-2000, the latest year for which data are available. In contrast, imports were \$27.9 billion in 1990-91 and advanced to \$55.4 billion in 1999-2000, which means that over the decade of expanding free trade, our trade deficit had nearly doubled. The situation is likely to be far, far worse in the coming decade. The retort will be, "What do we care? We have \$40 billion worth of foreign exchange reserves to tackle any balance of payments that might arise. But we also have NRI deposits worth \$23 billion which are repatriable on demand; there are, besides, three billion dollars of portfolio investments which could flow out of the country at a moment's notice. On top of all that, the country's external debt is in the neighbourhood of \$100 billion."

In such matters, any meaningful exchange of views with the decision-makers is quite impossible. They are determined not to look at facts. They will not take into account the hardship countrymen are to be subjected to because of the frightful import policy they have announced. The bulk of these decision-makers, if not all, belong to the thin stratum of society at the top. If a cataclysm strikes the country, their foreign friends, they firmly believe, will bail them out; let the rest of the nation drown, nobody need bother to save them.

**T**hose in power, some will maintain, are not altogether heartless. Have not the government mentioned a "war room" where a monitoring committee will sit, watch the effects of the new policy and, where necessary, take ameliorative measures? Has not the government also proposed new legislation to stiffen anti-dumping measures for protecting our producers? These are, alas, all eyewash: once the great surrender has been effected, any pro-producer measure our government may contemplate will be subject to WTO rules, which are stern in the extreme. Rest assured, the WTO will also insist on the rapid demolition of tariff walls.

But ordinary folk should still feel buoyant. They can drown their sorrow in Scotch whisky, now freely available in the country.

THE TELEGRAPH  
INDIAN EXPRESS

1 APR 2001

THE TELEGRAPH

**H**IS family had been growing paddy since as far back as he can count. As R Gopalan was proud of telling everyone he met, he knew all there was to know about paddy. That expertise was now being threatened. His crop value was shrinking and everyone around him was shifting to rubber cultivation which fetched better prices. A reluctant Gopalan, too, switched crops. In a few years time, Kerala was swathed in rubber while paddy cultivation had few takers.

The state gradually had to switch to imported wheat since it could not develop a taste for paddy produced in other states. It lost another community favourite, coconut oil, to the Malaysian palm oil which is so much cheaper. Consumption patterns had been redefined. This is, of course, a mythical scenario based on fact.

Paddy cultivation is dwindling in Kerala while rubber is getting popular; soyabean prices are depressed by 10 per cent in one year, owing to growing imports from a saturated world market. On the other hand, India is now exporting broccoli, a crop most of us could not spell or pronounce till recently. These instances spell the contagion effect of the World Trade Organisation regime that rides omnibus on a nation's fortunes.

The last batch of quantitative restrictions — that is, physical prevention of imported goods — were thrown out by India on 1 April, bringing the 715 remaining survivors on the hit list of imported goods.

This includes 147 agricultural goods, 226 manufacturing items and 343 textile products. These items will no longer be at the mercy of open general licences or red tape, unless they are sensitive purchases like defence equipment. While this promises a consumer's haven, it can also dry up his resources in the long run. It is not only the Indian corporates and agriculture which need to fear the WTO but also the man on the street whose budgeting may go for a toss.

The WTO may hit local production which, in turn, would affect employment and thereby spendable income. Economists, however, do not agree with this bleak picture of a post-WTO order.

Says M K Mukhopadhyaya, economic adviser to Tata Services, "The trickle-down will take three to five years when the import tariff barriers come down to the WTO-accepted level." But from then on, macro-economic policies with well-thought strategies alone can turn the threat of WTO into an opportunity.

In this year's budget, the finance minister has promised to reduce peak import duty from 38.5 per cent to 20 per cent in three years and eventually the average industrial tariff will come down to 10 per cent, as in other Asian countries. In the meantime, importers will have teething problems like high tariff levels and an unfamiliar distribution mechanism that would favour the Indian producers. But a few years on, Indian industry will be on its own.

The WTO will sweep excessive import duties and the prevailing benefits for domestic industry under the carpet as "distortions". On the one hand, this single-stroke external liberalisation, which India has succeeded in phasing out to some extent, will beget fierce competition, on the other, it will hurt the domestic industry's competitiveness. All fears about such interim rigours are being dismissed as adjustment costs that will

and peanuts is about one-third that of its Western and even Chinese counterpart.

To make things worse, the Indian consumer may soon be wooed over by cheaper foreign provisions like oil, rice and sugar.

This unfair competition is sure to break the farmer's back even if, arguably, for a few years. Only 18 per cent of Indian fields are irrigated. And despite having 25 per cent of the world's animal population, we are yet to achieve optimum utilisation of these resources, according to the NRV Movement.

There are some encouraging signals on individual enterprise. Farmers in Bihar and Uttar Pradesh using satellite-derived information to good use in potato cultivation while fishermen in Tamil Nadu are increasingly using communication facilities. These are sure ways of bridging the digital divide between urban and rural India. Even as these areas remain neglected, the government has promised sops in terms of higher subsidies if imports hit the farmers adversely. The tariff bindings committed by India are quite steep: up to 100 per cent on agricultural raw material and up to 150 per cent on processed foods, which may be knocked down in the long run.

Subsidies, though, will stay. Economists say they are inevitable and being under the WTO-mandated 10 per cent in India, do not need revision. What does, however, need attention is its skewed structure. Power and water are not important subsidies for most farmers who are willing to pay for a regular supply of both. The distribution is warped enough to facilitate the rich farmer rather than the poor or marginal man on subsistence farming.

Instead, export subsidies in storage and handling would boost our presence in the global market which is about one per cent right now and bring in the cash to combat the evil momentum of imports.

Interestingly, Indian ports take about 30 days to handle cargo while Singapore takes three hours. Instances of cargo rotting away for poor handling are legion.

Exporters face huge transactional losses which hit competitiveness. What is sorely missing is a well-thought agricultural policy that addresses its hidden potential and stems its oscillating rate of growth that fluctuates from 8.5 per cent to a negative rate every year all through the 1990s.

Of specific concern to India are some of the agreements under general agreement on tariffs and trade like the one on technical



**A woman buys imported groceries in New Delhi on Sunday. India removed quantitative import restrictions on 715 items, which includes consumer goods, agriculture products and second cars, to comply with World Trade Organisation rules. — AP/PTI**

# The contagion

**At the end of the tunnel in a post-WTO order, we will have businesses with global vision and resources besides vastly improved products and services. The big fish will survive while the smaller ones will offer to be swallowed or will sink, writes SEEMA KAMDAR**

barriers to trade. Analysts feel this also covers product and production method that could be used to discriminate against Indian exports of agricultural or medical products.

The small-scale sector needs to upgrade technology if it is to survive. And it cannot do so unless the ceiling on its capital investment is raised even higher than this year's Finance Bill promises to.

A holistic strategy to deal with this unique but all-important sector is not yet on the drawing board. In the circumstances, the only choice open to these units would be to merge synergies with a bigger company if possible or cop out.

Right from the small scale entrepreneur to the big-time jetsetter, all are asking for a level-playing field by reducing duties on domestic goods before letting imported goods flood the market.

This has not happened to their satisfaction though this year's budget is preparatory to the big plunge.

Industry has been bracing itself the best way it can — by consolidating. Joint ventures, mergers and acquisitions have been the order of the day.

Focussing on core competencies, restructuring and trimming down staff are efforts clearly not enough. First, they are slow. And, as Ratan Tata says, Indian companies do not seem to be able to work together.

Also, the wake-up call came late. It was in 2000 that India finally gave in to US pressure not to permit QFRs covering 2,700 products, given its tidy balance of payments situation. Given our way, GATT, which governs multilateral trade, would have been fully implemented only in 2003.

Indeed, there are some salutary safeguards like higher import tariffs, countervailing duties, anti-dumping duties and non-tariff barriers such as safety regulations and qualitative restrictions to ward off unfair trade practices or an irrational surge in imports.

When the export price of a product is less than its domestic sale price or when export subsidies pull down import prices, these clauses can be invoked but only after a cumbersome procedure where it can establish its case beyond reasonable doubt.

Further, food items have been channelled through nominated agencies, limiting that much free trade. Some smart book-keeping jugglery as done by the European Union can also check the tide in India.

In a major drawback, India is among the majority of member-countries of the WTO which cannot subsidise its exports like China does. This privilege has been given only to 25 nations.

All spheres of economic activity alike point to the inescapability of building up good infrastructure and streamlining the administrative process aggressively. Until the country's farmers, industrialists and professionals have uninterrupted access to power, water and good roads, and have lower and fewer tax slabs, it would be unrealistic to expect a smooth makeover to the reforms age. So far, Parliament has shown little ability to rise above politics and spare time for its core functions. The hiccups will persist but the path to prosperity can be paved with good intentions and a good measure of foundational support.

(The author is The Statesman's Mumbai-based Special Representative.)

# While lifting QRs, safeguards have been built against unfair trade

By Priya Ranjan Dash  
The Times of India News Service

NEW DELHI: The thrust of the export-import policy is that India has bid goodbye to the licence-quota raj in imports yet ensured that its market is not reduced to "a



**Murasoli Maran** ground, a junk yard or a kabadi bazaa r", commerce and industry minister Murasoli Maran asserted in an exclusive and wide-ranging interview with *The Times of India*.

Mr Maran acknowledged that Indian exports faced a new challenge in view of the U.S. and the Japanese slowdown, which account for 24 per cent and four per cent share in India's exports, respectively.

He, however, was confident that Indian exporters were capable of meeting the challenge and would be able to achieve a minimum 18 per cent annual growth over the next four years.

"We will back our exporters fully in this. We will come out with a medium-term export strategy in the next couple of months. An initial draft is ready. The strategy seeks to overhaul the present regime of export incentives, envisages full rebate of domestic indirect

taxes levied on export products and identifies key products and markets for special policy thrust," Mr Maran said.

"The strategy will also integrate the Market Access Initiative introduced in the export-import policy in its fold. This will be a major instrument — a big government-exporter partnership — for boosting exports," he said.

"It should be clearly understood that WTO is a rule-based regime. We have played in accordance with the rules. We have fully met our obligation of removing QRs (licensing and quota restrictions) on imports and simultaneously we have built adequate safeguards against destabilising imports and unfair trade. In a lighter vein may I say that India is also capable of bowling googlies."

Mr Maran said people need not unduly worry about the life after QRs. "Life will continue to be the same. Some people may buy some imported goodies. But they will have to pay a hefty price, which will bring in revenue both for the Centre and states".

"It is wrong to say that we are protecting domestic producers even as we have rolled back QRs on imports," Mr Maran said. "Protection is a bad word in WTO parlance.

WTO, however, allows member countries to adopt various measures to protect human, animal or

plant life or health and public morals. It also permits steps for conservation of exhaustible resources. Ditto with regard to national security concerns.

WTO rules clearly permit import and export of specific commodities to be entrusted to designated state trading organisations so long as they function in a non-discriminatory and commercial manner," he said.

"All we have done is to employ WTO rules to our advantage as every country in the world does. We have applied to imports the existing Indian laws which so far covered only locally-produced goods. We have not created any new law," Mr Maran said.

According to Mr Maran, the safeguards against destabilising imports are not being applied selectively to a few sectors such as cars, liquor and cigarette.

"The days of Ambassador and Premier Padmini cars are over. All major automobile players are in India today. The consumer has a wide choice. As much as Rs 50,000 crore has been invested in the automobile sector. One-and-a-half million people are employed. We have freed automobile import from licensing restrictions. But simultaneously we have ensured that road safety and environment concerns are also addressed. We have given level-playing field and national treatment to imports."

INDIAN EXPRESS

4 APR 2001

## 'Steps to stem import surge'

By Sushma Ramachandran

**NEW DELHI, APRIL 2.** In a bid to dispel fears of cheap imports swamping the agriculture and industry sectors, the Government is determined to use seven steps available under the World Trade Organisation rules to protect the economy. These include health and hygiene barriers known as sanitary and phyto-sanitary measures used by developed countries in a big way. These will be imposed in case of import surge in "sensitive" items including milk, chicken products, fruits, edible oils, liquor, tea, coffee, pens, toys, spices, salt and even passenger cars. Besides, the trade with Nepal will be re-negotiated to focus on prevention of smuggling through this route.

The WTO measures include re-imposition of quantitative restrictions (QRs) on imports in case of either a surge in imports of any commodity or a balance of payments crisis. The Commerce and Industry Minister, Mr. Murasoli Maran, says, "we cannot be naive and expect that nothing will happen." But he points out that experience of lifting QRs in the last few years had shown that floodgates to imports were not opened. In fact, there is concern over the



poor growth in non-oil imports which could have an impact on the capital goods industry and technology upgradation. In an interview to *The Hindu*, he said the Government would act in case of any large scale imports reported by the "war-room" set up to monitor 300 sensitive tariff lines. The steps include tariff adjustments, levy of anti-dumping duties, countervailing duties on subsidised imported goods, safeguard action such as duties and temporary imposition of QRs. Measures can also be taken to protect human, animal or plant life and health, for security concerns and QRs can be imposed in case of a BoP crisis.

On non-tariff barriers, India would merely follow the lead of developed countries in imposing sanitary and phyto-sanitary measures to ensure quality and hygiene of imported agricultural products. A team had been sent to Australia and New Zealand to study the steps imposed by those countries on agro-imports, even more essential with infections

such as the "mad cow disease" affecting meat products abroad, he said.

As for smuggling, Mr. Maran said the situation might be rectified soon as the use of the porous Nepal border may be contained to some extent. The Indo-Nepal trade treaty is up for review this year and Nepal is seeking accession to the WTO. India, like other WTO members, has to give its assent for membership. Nepal will thus have to abide by the rules specifying origin of products and manufacturing status for exports. He clarified that the discussions on trade would be in the context of existing friendly ties, but indicated that Nepal would have to be more circumspect on exports since apart from India other WTO members would insist on these issues.

Mr. Maran hinted that the interest rate on export credit may be reduced in the next credit policy announced by the Reserve Bank. Stressing the high transaction costs on exporters, he said the interest rate for export credit in Japan was zero as against 10 per cent here. The revival of tax concessions such as Section 80 HHCC was being discussed with the Finance Ministry to provide a level playing field for exporters.

THE HINDU

3 APR 2001

# India can take care of cheap imports: Maran

STATESMAN NEWS SERVICE

KOLKATA, April 2. — The commerce minister, Mr Murali Maran, today allayed fears of domestic manufacturers by saying that the World Trade Organisation has provided enough weapons in India's armoury, to ward off the threat posed by cheap and poor quality imports, which may follow the removal of QRs on 715 items.

While speaking at a video conference organised by the Federation of Indian Chambers of Commerce and Industry (Ficci) and Indian Chamber of Commerce on Exim policy, he said, "Under Article 21 and 18 (b), we can take any action including anti-dumping measures, tariff adjustments or even reimposition of QRs, if the need arises."

"For this purpose," he said, "a 'war room' has been created to battle unfair trade practices, where a standing committee will monitor the data of over 300 sensitive items including meat and poultry, to take active and quick steps, when needed."

The panel will comprise the secretaries of commerce, revenue and related departments besides the directorate general of import and export, who would keep an eye on the extent of imports.

51-10 26/4 ✓  
While defending the restrictive measures to check import of second-hand cars, Mr Maran said, "India should not become a 'kabariwallah' (dumping ground) of junk cars, as the domestic automobile industry employs nearly 1.5 million people."

He pointed out that international models of cars were already available in the domestic market and the move to disallow second-hand cars over three years or above was taken in national interest.

"What will we do for after-sales service and spare parts if these cars had been allowed to be imported freely," he asked, adding the decision had also been taken keeping in mind road safety.

Regarding the reduction in DEPB on branded garments, Mr Maran said, he was aware of the concerns of branded garment manufacturers who were opposed to the move, adding, the Centre will look into the issue.

Replying to a question on interest rates paid by Indian exporters, which was about four per cent above Libor compared to one per cent usual in the international market, he said, efforts are already on to address the problem, but any move on this issue will have to be sanctioned by the finance ministry.

THE STATESMAN

3 APR 2001

# Exim policy opens floodgates to imports

HT Correspondent  
New Delhi, March 31

THE VAJPAYEE Government today threw open the door to imported goods of all hues by abolishing quantitative restrictions on as many as 715 items, making good the commitment to the World Trade Organisation.

Exim policy 2001-02, unveiled today by Minister for Industry and Commerce Murasoli Maran, seeks to boost agriculture exports by setting up Agri-Export Zones (AEZs) and initiate measures to provide international market access to Indian products and services.

The policy allows free import of items like tea, coffee, coconuts, eggs, meat, new and second-hand cars and other consumer goods, but non-tariff barriers have been imposed to protect the domestic industry.

For instance, second-hand imported cars cannot be older than three years and will only be of right-hand drive. The Centre has also slapped a high duty of 180 per cent on these cars. Similarly, items like meat and poultry products have been allowed entry, but stiff restrictions related to manufacture, slaughter, packing, labelling and quality conditions have been laid down.

Barring a few, all agricultural items, including fruits, vegetables and seeds have been allowed free import, but subject to bio-security import permits. Import of wheat, rice, maize, petrol, diesel, urea and aviation turbine fuel (ATF), will, however, continue through state-owned trading enterprises like MMTC and STC.

Interestingly, ATF has been

## THE 'BRANDED' INDIAN

What she might soon be wearing

**DIAMOND NECKLACE**  
Van Clef & Arpels

**PULLOVER**  
Chloé

**BAG**  
Prada

**FOOTWEAR**  
Bruno Magli / Bally

**OVERCOAT**  
Dolce & Gabbana

**SCARVES**  
Hermes

**BELT**  
Calvin Klein

**SKIRT**  
Margaretha Ley Escada

ARYA PRAHARAJ

put on the restricted list although Petroleum Minister Ram Naik had announced lifting of price controls on ATF with from April 1. Maran maintained that the Centre is empowered to re-impose quantitative restrictions at least temporarily, in case there is a surge in imports or dumping of a particular item.

Apart from other measures like anti-dumping and safety duties, a standing group of secretaries headed by Commerce Secretary Probir Sen Gupta has been set up to monitor import of 300 sensitive items.

The thrust of the policy seems to be on promoting agriculture exports, while lifting restrictions on these items. Maran indicated that a new agriculture export policy will soon be in place.

For promoting agriculture exports, agri-export zones for apples from Himachal Pradesh, Jammu & Kashmir and alphonso

mangoes from Konkan region in Maharashtra will be set up. All concessions and schemes applicable to other exportable goods have now been extended to agricultural products.

These efforts apparently will lead to shifting of investible funds into the agriculture sector. Over the next few years \$ 20 billion may enter the agriculture sector. The Centre has announced a market access initiative after the much-hyped Brand Equity Fund failed to take off.

The new move will provide back-up support to Indian exporters in external markets in R&D, market research, specific market and product studies, warehousing and retail marketing infrastructure in select countries. However, exporters were dismayed that the Commerce Minister did not set up a specific fund for this purpose.

Related reports on Page 14

# Curbs go, but import duties are imposed; India joins league of free trading nations

By Priya Ranjan Dash

NEW DELHI: India on Saturday removed import licensing-quota curbs, known as quantitative restrictions (QRs), on a final batch of 715 items, thus completing the process of phased-trade policy liberalisation that was started in 1991.

The Export-Import Policy for 2001-2002, announced here by commerce and industry minister Murasoli Maran, frees all imports of QRs, but there are adequate safeguards in place. These will ensure that the import floodgates are firmly shut even as India meets its World Trade Organisation (WTO) obligations and joins the league of free trading nations. By itself, the freedom to import does not translate into direct benefits for the Indian consumer. No country in the world is, in reality, a free trading nation.

Every country protects its sensitive interests through a set of WTO-consistent measures. So does India. While the QRs, which the world sees as obnoxious, are gone, there are import duties, anti-dumping duties, safeguard measures, animal and plant protection policies, human health and safety regulations and quality standards. Foreign goods seeking entry into India will have to cross these formidable barriers.

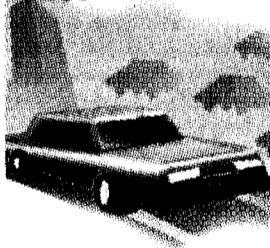
Second-hand cars not older than three years, for instance, can now be imported without a licence. But these imports have to contend with a high import duty of 105 per cent, plus special customs and countervailing duties. Then, there are at least five other tough conditions to be met. Similar duty and non-duty barriers will govern the import of new cars. The whole range of consumer goods, food products and textiles

**Your life has changed. Or has it?**

The licence-permit raj is officially over. Barring a few strategic items, you'll have access to products made anywhere in the world. But watch out for barriers put in place by government to protect domestic industry



**Second-hand ride?**



The 1999 Toyota Corolla you're eyeing has to have a right-hand drive, not be older than 3 years, and have a minimum life of 5 years. It can also come in only via Mumbai. And this, after paying 180 per cent duty. The price-tag: Rs 13 lakhs. The new model costs Rs 11 lakhs

will attract the peak import duty of 35 per cent at the minimum, plus other duties. These high duties will put imports beyond the reach of most Indian consumers. ► New regime will encourage efficiency, Page 7

THE TIMES OF INDIA

1 APR 2001



# QRs removed on CTVs, audio systems

HT Correspondent  
New Delhi, March 31

HR 14

THE CONSUMER electronic goods sector is set to witness increased competition in the domestic market following removal of quantitative restrictions on their imports by the government on Friday.

The removal of QRs on consumer goods is part of the new export and import (Exim) policy which is aimed at providing consumers with good quality products at reasonable prices.

The items on which the QRs have been removed include consumer durables like colour tele-

visions (CTVs), Black & White televisions, audio systems, toasters, coffee or tea makers, electric instantaneous or storage water heaters, emersion heaters, electric smoothing irons, ovens, cookers, grillers and roasters.

Sound reproducing apparatus (pocket size, cassette), cassette players, electric inverters, food mixers, cooking plates, bulbs, clocks and time pieces have also been brought out of the purview of import restrictions.

The move has attracted mixed reactions from the leading players in the consumer electronics sector. While some of the industrialists feel that it will further

intensify competition in the domestic market, others are of an opinion that this will lead to globalisation of Indian economy.

"Since import licence requirements were done away with last year itself, the removal of QRs will not have much impact on the domestic consumer electronics and home appliances segments. This apart, to protect the domestic market from low cost imports from China etc, the government has already made it CVD linked with MRP for white goods in the Budget 2001," Sunil Goel, general manager Finance, Samsung India, told *Hindustan Times*.

Pertaining to CTVs, most of

the Chinese and Korean brands are already in the market. And in terms of CTVs, the price drop has already happened. With the opening up of our economy and removal of QRs, we expect a further price erosion in the low-end market for CTVs and white goods like microwave ovens, refrigerators etc., he added.

Goel further pointed out that to have a level playing field for the domestic manufacturers, the Indian government needs to give more incentives for local production as well as sops for exports so that the Indian manufacturers can strive for greater economies of scale.

9-8-06 6:45pm

# Import curbs on 715 items lifted

STATESMAN NEWS SERVICE

NEW DELHI, March 31. — The government today swept aside the last vestiges of the "quota raj", removing quantitative restrictions (QRs) on the remaining 715 items of import.

This completes the dismantling process of QRs on over 10,000 products, begun with the opening up of the Indian in the '90s.

For the average citizen, especially the urban consumer, this means more available choices. There'll be far greater, and in some cases, cheaper access to the Californian orange juices and French and Italian wines, Swiss chocolates, German sausages, Dutch and New Zealand cheese, Brazilian coffee, Havana cigars and French perfume.

Even imported walkmans and CD players, not to mention microwave ovens and TV sets, will be more readily available across the counter. Cheaper branded and unbranded textiles too are likely to find place in the local market.

Though part of India's commitment to World Trade Organisation, removing QRs indicates the buoyancy in the balance of payments situation (foreign currency assets is over \$42 billion), and its greater integration into the global economy.

Of the 715 items on which QRs were removed in the Exim policy, unveiled by the commerce and industry minister today, 342 are tex-

tile and 147 are agricultural products, including alcoholic beverages. Other products, including TV sets and vehicles number 226.

Only Pakistan, Bangladesh, Sri Lanka, Nigeria and Tunisia will

## Quantitative Restrictions (QRs)

### Some Facts

- 1 Quantitative Restrictions are limits set by nations to curb imports (or exports), such as quotas, licencing needs or canalising of imports
- 2 QRs on 715 items removed from 1 April
- 3 But that doesn't mean duty-free imports
- 4 It only means an item can be imported without import licence or quotas
- 5 Imported goods are subject to payment of Customs duty/additional Customs duty or tariff
- 6 Duties will continue to be levied on all imports even after QRs are withdrawn
- 7 Applied duties can be raised to bound tariff levels, if needed, to protect the interests of domestic industry (SSIs & agriculture included)
- 8 Besides import duties other steps, like anti-dumping duties and safeguard measures during surge in imports, can be taken to protect domestic industry
- 9 Tunisia, Nigeria, Pakistan, Bangladesh and Sri Lanka are the only countries to have QRs

KEK Infographics

have QRs after today.

The government today created a "war room" to closely monitor 300 "sensitive items", to check any adverse fall-out on the fragile agriculture sector, and any swamping of domestic industry, especially small manufacturers.

The Exim policy gives a major thrust to agricultural exports promotion by extending incentives like the duty exemption and export promotion capital goods schemes.

The govt announced a series of specific steps to raise export growth through an ambitious market access initiative, special economic zones, (announced in last year) extension of the annual advance licence, duty free replenishment and duty entitlement pass-book schemes. It promised exporters that their demand for cheaper credit (through lower interest rates) and cut in transaction costs would be taken up with the finance ministry.

The market access initiative, a new feature, is a scheme through which the government will assist industry with research and development, market research, specific product studies, warehousing and retail marketing infrastructure. This is aimed specifically at small manufacturers, who would be at a comparative disadvantage.

The idea is to raise India's share in world trade to more than 1% by 2004, from the present 0.65%, by facilitating exports. Mr Murasoli Maran said "inward looking policies" and branding "exports as anathema" were responsible for India's decline in the international trade share.

■ More reports on pages 10, 13

THE STATESMAN

1 APR 2001

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# Govt imposes fresh import curbs on agricultural, food products

New Delhi, March 31

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9 B 10 A<sup>h</sup>  
EVEN AS government has phased out quantitative restrictions (QRS) on 147 agricultural products including alcoholic beverages, fresh import curbs were imposed on food products and agricultural items to ensure a "level-playing field".

"Removal of QRs does not mean throwing the gates wide open. As a sovereign nation, we are obliged to ensure safety and security of our citizens and safe-

guard our bio-security concerns as long as we ensure national treatment," Commerce and Industry Minister, Murasoli Maran, said while unveiling the new Exim Poliy for 2001-02.

Maran said that new measures had been notified for import of items like wheat, rice, maize, petrol, diesel, aviation turbine fuel (ATF) and urea.

The imports of these items would now be permitted through the designated state trading enterprises functioning on com-

mercial principles in accordance with the GATT agreement.

Imports of primary products of plant and animal origin will now be subject to import permits issued by the Ministry of Agriculture while import of foreign liquor, processed food products and tea waste would be subject to existing domestic regulation concerning health and hygiene, he said. He added that a standing group would review on a regular basis the import status of 300 items.

PTI

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THE HINDUSTAN TIMES

31 APR 2001

# Is there life after QRs?

*The immediate impact of the removal of quantitative restrictions is better measured by the trends in prices rather than in imports, says Narendar Pani*

**I**N DEALING with the aftermath of the removal of the final set of quantitative restrictions tomorrow, the government's focus is likely to be primarily on preventing a surge in imports. The government has consistently taken the view that if there is no surge in imports the impact of the removal of quantitative restrictions can be considered minimal.

But this view looks at each item of imports in isolation. In the process it ignores the dynamic impact that the removal of quantitative restrictions is already having on the economy. Indeed, there is reason to believe the removal of QRs is pushing the entire reform process to a flashpoint. It is worth reminding ourselves that one of the inevitable consequences of moving towards a market economy is that the economic structure will be transformed in the direction markets demand.

After more than a decade of reform it is now quite clear that the markets would like the services sector to play a more prominent role, at the cost of agriculture and even manufacturing. The share of services has been steadily increasing and is now just a little less than half the national income. This fundamental change in the sectoral composition of the economy is not unrelated to the removal of quantitative restrictions. This relationship may not be evident if we look at each item of imports in isolation. All that emerges from such a picture is the share of imports in each market. And if that share is low it is tempting to conclude that the impact of the removal of quantitative restrictions has been minimal.

But the impact of the removal of QRs is a more long drawn out process. In the first stage import growth may be limited. With the government keen to raise tariff barriers, the number of items where there is a surge of low priced imports may be restricted to a few products from countries like China. In most other products the high tariffs will ensure that imports can cater only to the high priced luxury segment. But once this segment is taken away by imports, Indian producers would need to compete for the rest of the market. This could cause a glut and a downward pressure on prices. The immediate impact of the removal of quantitative restrictions is thus often better

measured by the trends in prices rather than in imports.

The slump in prices is, in fact, already evident in several agricultural commodities. Sustained lower prices have an impact on production choices in both agriculture and industry. In agriculture there is pressure on the government to increase procurement and support prices. Going by the finance minister's budget speech, the Union government hopes to ward off some of this pressure by passing on the task of procurement to the states. But it remains to be seen whether state governments will quietly accept this burden. All the more so when the ruling parties in some states are in a position to bring down the central government.



The impact on industry may be less politically turbulent, but is no less significant. Several of the small manufacturers who supply large Indian brands could find it impossible to survive a sustained period of low prices. And when they are forced out of production at least some of the space they vacate can be taken over by imports. The owners of Indian brands may well find it desirable, in quality if not price terms, to use their brands on imported products. If there is then any attempt to raise tariff barriers, it would be these owners of Indian brands who would lead the resistance. India would then move further away from a manufacturing economy and towards becoming a trading economy.

It would thus be no exaggeration to say that the liberalisation of imports, particularly the removal of quantitative restrictions, has contributed to the current pattern of a stagnating agriculture and manufacturing sectors combined with a rapidly growing services sector. And next week, after the removal of quantitative restrictions on the more sensitive items, this process will get a further impetus.

None of this is to suggest that this

shift is in any way undesirable. On the contrary, it is a sign of the Indian economy adjusting to global demands. And as long as services grow rapidly enough to make up for the slowdown in the other two sectors, the overall growth rate will remain healthy. But the problem lies in the very different effects this process has on different segments of the economy. The shift will be smooth only if the people losing out in agriculture and manufacturing are also able to move to services. But this is often not the case. Agriculturists facing unemployment, or partial unemployment, find it difficult to move into services, particularly in the more technologically advanced sectors. In fact, even some of the older employees in the public sector could find it difficult to find work in, say, IT services.

With major segments of the population not benefiting adequately from overall economic growth, there will be a dampening effect on domestic demand. This in turn would force the services sector to increasingly look at foreign markets to grow. Thus while the economically powerful sections would seek to hasten globalisation, the numerically powerful ones would seek to protect whatever they can of their past glory. And in a democracy the numerically dominant will sooner or later assert themselves. The Congress has already taken a much more cautious approach to reform. And once the ruling alliance feels the pressure, it is well equipped to play its swadeshi card. If the reform process is not to reach this political flashpoint, it will have to bridge the divisions that have emerged in the Indian economy. It will have to make the economy more flexible so that all sections can respond to the signals sent out by globalisation.

This raises several questions that have not so far gained the attention of reformers. For instance, what are the challenges farmers face when they have to react to price signals from the international market instead of government influenced price signals? Or, who is to bear the costs of a shift from one economic activity to another? An effective response to the removal of quantitative restrictions will address such issues, instead of being blinded by the absence of an immediate surge in imports.

# India seeks implementation of WTO agreements

By Our Special Correspondent

HD-14  
NEW DELHI, MARCH 29. India has sought a meaningful addressing of implementation issues at the World Trade Organisation (WTO) before taking on any new obligations. This has been made clear to the developed countries which have been requesting it to agree to a broad-based new round of trade negotiations, according to the annual report of the Department of Commerce.

The report points out that it was at the initiative of India and other developing countries that the WTO General Council decided to set up a mechanism in May last year whereby the council in special sessions would address implementation concerns. The whole process is set to be completed not later than the fourth WTO ministerial conference.

India and other developing countries had expressed disappointment with the progress made so far in this area at the Special Session on Implementation in October last year. "Strategies to tackle the current logjam are under active consideration," it is stated.

The report, released here today, says trade policy reforms undertaken in the last few years have aimed at creating an environment for achieving rapid increase in exports and making exports an engine for achieving higher economic growth. It notes that exports have risen over the past decade from \$17.9 billion in 1991-92 to \$37.5 billion in 1999-2000. Exports in the current financial year (April-January 2001) are valued at \$35.6 billion, 20.70 per cent high-

er than the \$29.5 billion recorded in the same period of 1999-2000.

During April-November (2000-1), the report says exports increased significantly in the case of several principal commodities. These included pulses, sesame and niger seeds, oil meals, sugar and molasses, processed food, meat and preparation, poultry and dairy products, spirits and beverages, marine products, iron ore, processed minerals, other ores and minerals, leathers and manufactures, gems and jewellery, chemicals, engineering goods, electronic hardware, textiles and petroleum products. Some commodities which showed a declining trend included tea, coffee, tobacco, castor oil and sports goods.

The U.S. continues to be India's largest trading partner accounting for nearly 22.3 per cent of exports and 5.6 per cent of imports while the European Union is India's largest trading partner as a trading block and accounts for about a quarter of its exports and a third of its imports.

Regarding the east and southeast Asian regions, the report says after the recovery of their economies in 1999, exports to these regions barring South Korea has shown a significant increase during the current fiscal. While the share of East Europe in total exports has declined since the disintegration of the erstwhile Soviet Union, the growth of exports to this region has been positive during April-November 2000. Trade with the Latin American region has witnessed a high 47 per cent growth during this year, it is stated.

THE HINDU

30 MAR 2001

# India should assume leadership role, says Canada

By R. Gopalakrishnan

**CHENNAI, MARCH 21.** Concerns of no member-country of the World Trade Organisation (WTO) should be left out of consideration in its agenda for the next round of negotiations if it is to realise its objective of expanding the realm of free trade.

This is the message that Canada would like to convey to the global community, which is pinning its hopes on the next Ministerial meeting of the WTO at Doha, in Qatar, in November to kickstart the next round of negotiations, according to Mr. Rob Wright, Deputy Minister of International Trade in the Department of Foreign Affairs and International Trade of Canada.

"We do not want concerns of just a few developed countries reflected in the agenda of the next round," which might be decided upon at Qatar, he said. Talking to *The Hindu*, Mr. Wright said it might not be possible to accommodate all suggestions and concerns but the global community should be prepared to consider issues raised by and interests of all member-countries.

Mr. Wright, who has been dealing with trade policy in the Canadian Government since 1971 and was Deputy Head of the Canadian delegation to the

Uruguay Round, also emphasised that India, being a leading member of the world economy, should not just actively participate in the negotiations but should assume

a "leadership role" in evolving rules governing world trade.

Was it realistic to expect progress towards launching the first post-WTO round, when opposition to WTO and globalisation is widening not just in the developing countries but also in developed countries, the

latter because of fears of flight of capital to low-wage countries and job losses? Mr. Wright said it should be possible and the WTO should spread awareness about the benefits of a more open, transparent and rule-bound global trade regime for all economies.

Denying that opening up the world trade in agriculture would affect the livelihood of the rural populace in countries like India,

he said the present global trade in farm products was heavily "distorted" by subsidies granted by the European Union and the United States and penalised efficiency. Free trade would



Mr. Rob Wright

benefit India, which was a major producer of farm products and also exported substantial quantity of farm produce.

Does not free trade in agricultural produce, which implies domestic production solely on the basis of competitive costs and dependence on

imports for other commodities, pose a threat to national security, given the experience of whole nations being denied essential supplies in the name of 'sanctions'? "The WTO can do little about this (which is a political issue)," replied Mr. Wright.

But there was nothing that prevented nations from attaining self-sufficiency in grains. He also pointed out that

Canada had not imposed any (such merchandise-based) sanctions unless approved by the United Nations.

Mr. Wright agreed that the plethora of anti-dumping duties being levied by different countries tended to counter the objective of a free and open trading system. While affirming the right of every country to protect its industries against unfair practices — like Canada was doing in the case of steel — through such duties, he said the problem lay in the fact that several countries interpreted "dumping" and "injury" in their own ways. Canada would ask for more clear and precise definitions to avoid abuses of anti-dumping provisions.

Asked whether Canada was trying to enjoy the "best of both worlds" by having nearly 80 per cent of its trade with countries with which it had preferential/free trade arrangements (U.S. and Mexico under NAFTA and Chile under bilateral FTA) and at the same time taking advantage of the WTO, Mr. Wright laughed, saying "of course, yes." He, however, hastened to add that Canada's "first priority" was the WTO, followed by NAFTA, Chilean Agreement, an agreement with Israel and the ongoing negotiations for an agreement with EFTA (European Free Trade

# Naidu attack on China dumping

FROM OUR SPECIAL  
CORRESPONDENT

New Delhi, March 10: Miffed at the Centre's indifference to the plight of farmers, Andhra Pradesh chief minister Chandrababu Naidu has asked his party MP Umareddy Venkatesarlu to form a ginger group of parliamentarians, cutting across party lines, to fight the "anti-farmer" policies of the Vajpayee administration.

One of Naidu's major concerns is dumping of rice by China at the cost of domestic farmers, especially in Andhra Pradesh. The state is reeling under bumper production of foodgrain. This has resulted in a glut in the market with Food Corporation of India not procuring enough to lessen the burden. The crash in prices has added to the woes of the state government and the farmers.

China is able to dump cheaper stuff in Indian markets because of cheaper production costs. Superfine Chinese rice is available for as low as Rs 5.50 to Rs 6.50 per kg in the market, said a Desam leader.

With the World Trade Organisation deadline of April 1 fast approaching, the import of agriculture produce could wreak havoc on Indian farmers, the

Desam leader added.

He said that on April 1, a new WTO regime will become operational and any country can export its agriculture produce to India.

THE TELEGRAPH

11 MAR 2001

# 'Govt. trying to minimise impact of WTO agreement'

By Our Special Correspondent

**NEW DELHI, FEB. 24.** The Union Agriculture Minister, Mr. Nitish Kumar, today lashed out at those who blamed the National Democratic Alliance for the plight of farmers saying it was the Congress regime which signed the General Agreement on Tariffs and Trade (GATT) and the subsequent formation of the World Trade Organisation (WTO) without involving the Agriculture Ministry in the negotiations.

In trying to implement the provisions of GATT, the Government was trying its best to reduce the unfavourable impact on farmers, and was bringing in safeguards to get the best out of the situation, he said. Mr. Kumar's remarks come in the context of the farmers rally to be led by Ms. Sonia Gandhi here tomorrow and the growing pressure on the Government from various quarters about the likely surge in imports following the removal of Quantitative Restrictions (QRs) on farm products from April 1.

The WTO agreement as it stood today, was loaded in favour of the developed countries, but the Agriculture Ministry was fully alert and active in protecting the interests of farmers, he said inaugurating a conference on the impact of WTO on Indian agriculture and the marketing cooperatives.

The Ministry was examining measures for safeguards against unfavourable provisions in the WTO which would be raised during the AOA (Agreement on Agriculture) review. "More particularly, it is being examined whether we can go beyond the bound rate of tariff on imports if it impacts the livelihood of farmers. The other measure is to impose restrictions on quantity even after April 1 when India is obliged to remove QRs."

The Minister sought to remove what he said was a misconception that farmers were in for tough times after the removal of QRs. Put simply, the AOA governs domestic subsidy, the export subsidy and market access to other countries. It says that there can be no restriction on farm trade except through tar-

iffs. There can be no non-tariff barriers. But the Government had filed proposals with the WTO which focussed on the food security and livelihood concerns of our people, he said. Touching on the issue being raised by most farmers' organisations, political parties and "four former Prime Ministers including Mr. V.P. Singh, Mr. Chandra Shekar, Mr. Deve Gowda and Mr. I. K. Gujral" the Minister said it should be studied why farmers were not getting price for their produce when no farm imports were on and high duties had been imposed on edible oils, sugar, rice and, wheat. There was, of course, scope for a higher duty on import of edible oils with an average bound rate of 300 per cent.

He said the QRs were being removed, not because the Government had caved in to pressure from the United States, but because the QRs were linked to the Balance of Payments position and as it improved, the phase-out time period had to be advanced to 2003. The U.S. went to the Disputes Settlement Board of the WTO where India lost, but it negotiated bilaterally for a grace period of 15 months, which ends on April 1. The overall farm imports which were Rs. 12,000 crores in 1998-99, fell to Rs. 11,500 crores in 1999-2000.

The only way to meet the challenges of the WTO agreement to the farm sector was to improve product quality, go in for processing, pay attention to marketing, storage and diversification. There was need to improve market intelligence on the ground and in the international market to stay competitive. "We will reserve our position in the mandated review at WTO till we win and other developing countries are veering around to our point of view."

Meanwhile, the Uttar Pradesh Congress Committee president, Mr. Sriprakash Jaiswal, today charged that the NDA Government was indifferent to the plight of farmers and was not willing to impose duties permitted under the WTO. Farmers in the State were suffering due to the high cost of inputs and low returns.

THE HINDU

25 FEB 2001



# Maran calls for fair WTO dispute settlement

By Our Special Correspondent

NEW DELHI, FEB. 22. The Union Commerce and Industry Minister, Mr. Murasoli Maran, today urged the World Trade Organisation (WTO) to ensure a just and fair dispute settlement mechanism.

While India stood for a rule-based multilateral trading system which needed to be just and fair, the WTO dispute settlement mechanism — the panels and the appellate body — were overstepping their mandates and straying into the area of "authoritative interpretation" or "amendment" of the negotiated agreements. This was reserved for the WTO members, he said.

Inaugurating the Round Table on the dispute settlement mechanism of the WTO here, Mr. Maran said through a clever use of innovative interpretations of the provisions of GATT and other related agreements, the WTO dispute settlement system had gone much beyond the intent of the membership in respect of trade-environment linkages which was the cause of worry for third world countries.

"Third World countries are worried that what they may keep out through the front door may find its way into the WTO through the back door. This is a dangerous trend," he said.

Academicians and lawyers joined trade policy experts, including the Commerce Secretary, Mr. Prabir Sengupta, in the brainstorming session on some of these issues at the Round Table, jointly organised by the Indian Institute of Foreign Trade (IIFT) and the National Law School of India University, Bangalore.

The Minister stressed that the multilateral trading system should be rule oriented and not power oriented.

Power made the system useful, but because of that reason some industrialised countries were putting pressure to bring in non-trade related issues within the discipline of WTO.

He feared the "weak shoulders

of the developing countries would not bear this heavy burden with result that such a process would overload the multilateral organisation and would create Seattles after Seattles, which may endanger the multilateral trading system".

Highlighting the manner in which the appellate body took initiative to seek and accept unsolicited briefs, the Minister emphasised that this was a substantial issue on which only the WTO membership had the competence to take a decision.

The action of the appellate body amounted to changing the inter-governmental character of the WTO, he said. Mr. Maran stressed that there should be an arms length relationship between the Secretariat servicing the panels and rest of the WTO Secretariat in order to ensure transparency of the panel process.

Stating that India had been an active participant in the dispute settlement mechanism, he emphasised the need for developing local legal expertise in WTO law.

Speaking on the occasion, Mr. Prabir Sengupta pointed out that in the six years since the WTO and the establishment of the dispute settlement body (DSB) mechanism, the DSB had already been approved in over 200 cases.

While there had been a variety of judgments and experiences, the judicial bodies seemed to have exceeded their mandate and created new obligations for member countries beyond the text of the agreements.

He said newer moves by certain members such as the 'carousel' approach in respect of withdrawal of concessions had also caused concern.

"We need to carefully examine all these aspects and see what lessons can be learnt," Mr. Sengupta said. While the review of DSM had been underway for two years now, he noted it could not reach a fruitful conclusion before Seattle for various reasons.

THE HINDU

23 FEB 2001

WTO RULING / EXPORT OF BED LINEN TO E.U.

# India wins battle in anti-dumping case

By Batuk Gathani

BRUSSELS, MARCH. 2. In what is widely rated as "landmark" decision, the World Trade Organisation's court or 'appellate body' on Wednesday, ruled in favour of India over a trade dispute with the European Union in the 'cotton-type bed linen case'. The WTO dismissed the European Commission's practice of 'zeroing' when establishing the existence of the margin of dumping. The WTO appellate body instead upheld the Indian position on methodology used for calculation of administrative and selling costs and profits. According to the Indian submission, these had been incorrectly calculated by the European Commission.

The WTO noted that the European authorities had acted inconsistently with their obligations on four counts under the WTO Anti-Dumping Agreement (ADA). In November 1997, the European authorities had imposed anti-dumping duties on a variety of Indian bed-linen cotton imports which ranged from two per cent to 24 per cent. This had a devastating effect on a number of Indian manufacturers and exporters engaged in export of this merchandise to the European Union countries. Major Indian exporters included Bombay Dyeing, Madhu Industries and Prakash Cotton. The Indian case to WTO was based on the premise that the European Commission had violated some provisions of WTO's anti-dumping regulations. Indian exports of cotton bed linen have been growing at 5.7 per cent per annum and has currently crossed Rs. 500-crore. India is rated as one of the world's prominent exporter of cotton bed linen along with China; Egypt and Turkey being the other majors. In the European Union, Portugal is the leading bed linen manufacturer.

India commenced consultations with the European Commission in August 1998 but could not reach a satisfactory agreement with the European authorities. India had no option but to go to the WTO dispute settlement body and got a ruling in its favour.

The European authorities then appealed to the WTO's appellate body against the pro-India observations of the panel body. The body's decision also sets a precedent for developed countries on interpretation of WTO rules on imports from developing countries.

For three years now, the European Commission has been trying to adopt a strategy to resolve the problem of the European textile industry, which has complained about textile manufacturers in India, Pakistan, China, Egypt and Turkey, selling their fabrics and unbleached cotton at "knockdown prices" in the E.U. markets.

The European Commission then imposed hefty import duties on a provisional basis. It was then argued that more European fabric companies would either fold up or reduce staff, with dire political and social repercussions in the E.U. countries which have a high unemployment rate. But the strategy was to mainly protect Europe's fast-shrinking fabric-weaving sector.

Anti-dumping tariff is a double-edged sword. For example, a much larger group of European textile firms engaged in dyeing and printing fabrics or turning them into home furnishings and clothes, claims that high anti-dumping duties against imports from Asian countries could also threaten their future.

So far, the European Commission officials were satisfied that their anti-dumping strategy complied with the WTO rules but the matter was controversial. Hence this week's ruling in India's favour is widely rated as landmark decision.

THE HINDU

3 MAR 2001

# WTO dispute redressal body crossing its briefs: Maran

INDIAN ECONOMIC BUREAU  
NEW DELHI, FEB 22

COMMERCE and Industry Minister Murasoli Maran on Thursday flayed the WTO Dispute Settlement Mechanism (DSM), saying the panels and the appellate body under it were "overstepping" their respective mandates, thus endangering the multilateral trading system.

Maran's inaugural address at the Round Table on DSM here reflected what he described as the deep anguish of the developing countries to DSM's "straying" into the area of "authoritative interpretation" or "amendment of the negotiated agreements", which was reserved for the WTO members only.

The round table organised by the Indian Institute of Foreign

Trade and the National Law School, Bangalore, heard Maran calling upon the WTO to ensure a "just" and "fair" dispute settlement mechanism.

Pointing out that New Delhi stood for a rule-based multilateral trading system through a clever use of innovative interpretations of the Gatt provisions and other related agreements, he said the DSM had gone much beyond the intent of the membership in respect of trade environment linkages.

"The Third World countries are worried that what they may keep out through the front door may find its way into the WTO through the back door," he said terming it as a "dangerous trend". Academicians and lawyers joined by trade policy experts, including Commerce Secretary Prabir Sengupta

## Govt may retain QRS on 500 items

NEW DELHI: EVEN after the removal of quantitative restrictions (QRs) on 715 tariff lines from April 1, New Delhi will retain QRs on another about 450-500 items on grounds of exemptions provided under Article 20 and national security considerations under Article 21 of the General Agreement on Tariff and Trade (Gatt). In this regard, commerce ministry sources clarified that no defence items figured in the 715 tariff lines, though it consists of 242 items pertaining to the textile sector. The entire list of 450-500 tariff lines is currently under "review", and the question of pruning it or not has not yet been decided, sources said.

and Special Secretary in the commerce ministry Nripendra Misra, participated in the brainstorming session on some of these issues.

Detailed presentations were made by Roessler, a leading authority on WTO law on the role of WTO panels and the appellate body, and by Gabrielle Marceau, an official from the WTO Secretariat, on implementation of deci-

sions of the DSM. Maran said the multilateral trading system should be rule-oriented and not power-oriented. Power made the system useful, but because of these reasons some industrial countries were putting pressure to bring in non-trade related issues within the WTO discipline.

He feared that the "weak shoulders of the developing coun-

tries would not bear this heavy burden with the result that such a process would overload the multilateral organisation and would create Seattle after Seattle, which might endanger the multilateral trading system". Highlighting the manner in which the appellate body took initiatives to seek and accept "unsolicited" briefs, Maran emphasised that this was a substantial issue on which only the WTO membership had the competence to take a decision. He said the action of the appellate body amounted to changing the inter-governmental character of the world trade body. He emphasised that there should be an arms length relationship between the secretariat servicing the panels and the rest of the secretariat in order to ensure transparency of the panel process.

www.indianexpress.com

## WEF ends on a note of optimism

DAVOS (SWITZERLAND), JAN. 30. The World Economic Forum drew to an end on Tuesday with a look at a subject that causes more disagreement and anger than possibly any other: religion.

Five religious leaders — including the Chief Rabbi of Israel, Meir Lau, and the Anglican Archbishop of Cape Town, Njongonkulu Ndungane — will debate the future relationship between faiths. They will consider whether religious leaders can act as peacemakers in conflicts and whether there is a common framework for achieving world peace.

Also taking part in Tuesday's discussion are: Sri Ravi Shankar, a Hindu leader from the Art of Living Foundation in India; the Venerable Thich Nhat Hahn, an expatriate Vietnamese Buddhist leader from France; and Sheikh Zafzaf, a Muslim leader from Egypt.

At the end of a series of private meetings between government ministers and business leaders, the former U.S. Deputy Treasury Secretary, Mr. Stuart Eizenstat, said the leaders had agreed there was room for 'cautious optimism' over the global economic outlook.

"It is clear the United States economy is in a slowdown, but the recession isn't on the horizon," he said.

Ministers also expressed confidence that a

new round of trade liberalisation negotiations could be launched by the World Trade Organisation at its meeting in Qatar in November, he added.

Monday saw the Microsoft founder, Mr. Bill Gates, talking about some of the new technologies with which rich nations will be bombarded in years to come, but also some of the ways to improve basic health for people in poorer countries.

On Saturday, Mr. Gates announced a donation of \$100 millions to research into an AIDS vaccine and challenged other business leaders to pitch in as well.

Small demonstrations have continued in various cities across Switzerland since some 1,000 people went on the rampage in Zurich on Saturday night, infuriated by security which had stopped most of them getting to Davos.

Police in the capital Bern said they arrested 13 people aged between 15 and 22 following an attack on a McDonald's restaurant Monday night.

Three members of the environmental pressure group Friends of the Earth International dressed up as 'fatcats' on Monday and handed out leaflets claiming that the forum was guilty of a policy of "see no problem, hear no protest, speak no truth". — AP



Anti-globalisation activists representing the "See no evil, hear no evil, speak no evil" dressed in business suits, protest outside the World Economic Forum meet in Davos, Switzerland, on Monday. The meet wound to an end on Tuesday with the leaders agreeing that there was room for cautious optimism over the global economic outlook. — AP

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# India must lead the battle at WTO, says Mike Moore

By Our Staff Reporter

HYDERABAD, JAN. 11. The Director-General of the World Trade Organisation (WTO), Mr. Mike Moore, has made an appeal to India to be at the forefront of the battle at the WTO.

At the plenary session of the Partnership Summit organised by the Confederation of Indian Industry (CII) here today, he said that this would be to India's benefit. "We cannot make progress without India at the WTO."

A strong push for a new round from India could be decisive, as the WTO was approaching a critical juncture.

"The whole world recognises India's unique position economically and politically. We need your advice, leadership and enthusiasm if we are to advance on all fronts and achieve the sort of progress needed in this new year," he said adding "To build a strong global community of the future, we urgently need progress on all fronts. This will require India's leadership."

Against the background of India's spectacular progress in Information Technology (IT) in recent years and the tremendous potential that it still offered, Mr. Moore stressed that India would have a huge interest in freer trade in IT.

"It is one powerful reason why India should be fighting for a new round of negotiations at the WTO. Throw in the prospect of freer trade in agriculture and cuts in industrial tariffs, and the case becomes all the more compelling."

The Tinbergen Institute estimates that the annual gains to India from a new round could top \$



**'IN AND OUT OF WTO': Mr. Supachal Panitchpakdi (left), Director-General-designate of the World Trade Organisation, with Mr. Mike Moore, Director-General, at the CII-Partnership Summit, 2001, in Hyderabad on Thursday — Photo: P. V. Sivakumar**

11 billions, raising India's national income by 4.4 per cent."

The WTO could help prevent the digital divide from becoming a chasm.

Its Information Technology Agreement eliminated import duties on a range of computer hardware and the basic telecom agreement supported liberalisation of services.

Rich- country markets were reasonably open, but obstacles still remained, for instance, for Indian software engineers who wanted temporary visas to work in the United States or Europe, he said.

Indian computer industry's sales was \$ 150 millions 10 years ago. This financial year its exports were expected to reach \$ 6 billions, which is 13 per cent of

total exports.

The software industry employed only 3.40 lakh people. There was one internet host for every 55,000 people as against one for every seven in the U.S.

This was a major challenge for those who wanted to make sure that the developing countries were not left behind in the internet economy, he said. "Who can afford to miss out on the opportunities of the internet age? Not India. Not any country."

On the agriculture and services front, he said the negotiations would pause for stock-taking in March. This could lead to a deadlock.

Several countries had said that they could not negotiate fruitfully on liberalisation of agriculture unless they could open new mar-

kets for their exports in other sectors at the same time.

"We need trade-offs that only a wider negotiating agenda can best provide."

On the WTO's achievements in the last one year, Mr. Moore, who will lay down office in a few months, said six new members were welcomed into the organisation.

While a few thousand protested in the streets of Seattle, Washington, London and Frague, 24 million people joined the WTO last year.

"It is a dramatic referendum in support of rules-based, multi-lateral trade liberalisation."

Mr. Moore said 27 richer countries made improved market-access offers, and progress was made in involving all 140 members in the work.

"This year, we will enlarge ourselves again. We may make progress in China. We may make progress in Russia, Ukraine and Saudi Arabia also."

Rounding off his speech, he said a new WTO round would be possible only if sustained pressure on Governments produced the political will needed to adopt more flexible positions in sensitive areas.

Narrow interest must be examined in the context of pursuing the greater good.

Everyone — the U.S., the European Union and developing countries — had to realise that they had a shared interest in strengthening the WTO system.

THE HINDU

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THURSDAY, JANUARY 11, 2001

## INDIAN AGRICULTURE AND WTO 40-12

THE BLAME FOR overflowing godowns and falling agricultural product prices is being placed at the door of import liberalisation in general and the World Trade Organisation in particular. The impending removal of the last of the quantitative restrictions (QRs) on all agricultural products has added to the fears for the future of Indian agriculture. While contractual obligations and import liberalisation forced on the Government have indeed considerably increased the exposure to the world market, there has been a tendency to shift the blame for domestic problems on to external factors. There are four different sets of WTO-related issues confronting Indian agriculture and public debate frequently confounds them by seeing them as one when in fact they are largely distinct.

The immediate challenge is what will follow the removal of QRs in April. There is no reason to believe that there will be a flood of imports, only that protection can no longer be provided by a ban on imports but by customs duties. With the plugging of loopholes that existed in the form of zero tariffs on cereals and dairy products, agriculture will for now continue to enjoy a measure of protection. Where the Government could fail — as it did in the case of edible oil imports — is by moving slowly on increasing tariffs whenever global or domestic prices fall. However, the fairly high levels of tariff protection that India can now invoke could be under threat when the next phase of multi-lateral negotiations on agriculture begins at the WTO. This is the second issue, on which the Government has approved a set of proposals which will constitute India's initial negotiating stance. These talks will be completed only years down the line. In its first proposals, the Government appears to have chosen to place greater importance on protecting agriculture than on liberalising farm exports. This is apparent from the demand for constituting a "Food Security Box" that will facilitate higher levels of protec-

tion and codify provisions that already exist in WTO agreements. An influential section in the policy-making establishment has been pushing for India to become an aggressive agricultural exporter. But the twin of joining the side of the agricultural exporters at the WTO is a lowering of import protection. While India continues to demand adequate market access for its exports, the Government has wisely decided against too aggressive a position on liberalisation of trade in agriculture. The third issue is the functioning of the 1994 WTO deal on agriculture, which far from boosting trade has been used by the rich countries to increase farm subsidies. Experts in the country have demanded a review of this agreement, but such a review underlies the preparatory work now going on at the WTO for future talks. Besides, India has officially already made proposals to address the "implementation problems" in the farm pact. Going further may force India to offer more concessions on imports. A fourth issue is intellectual property protection. Compelled as India was in 1994 to agree to provide *sui generis* protection to plant varieties it had the choice of drafting its own legislation. This could have contained innovative provisions to protect traditional rights. Yet, six years of procrastination and inter-Ministry squabbling have meant that no legislation has been enacted, opening the door to disputes at the WTO from other countries.

When imports have caused problems they have followed either leaden-footed decision-making or the Government placing the interests of the consumers above that of the farmers. Both were evident in the setting of tariffs for edible oils (mainly palmolein) which were raised only recently. The larger problems that Indian farmers face are the result of high costs, low productivity, falling public investment, poor market development and ultimately limited purchasing power among one billion people. All these are the making of domestic policies.

THE HINDU

11 JAN 2001

# Pulling out of WTO will not benefit India: farm experts

By Gargi Parsai

NEW DELHI, JAN. 7. It will not be beneficial for India to pull out of the Agreement on Agriculture (AoA) in the World Trade Organisation (WTO) at this stage, despite the fact that the country had not gained much since the agreement was signed six years ago.

Experts at the 88th Indian Science Congress during a meeting on 'WTO and Agriculture' were responding to queries regarding growing demands from farm leaders to withdraw from the AoA.

Mr. R.C.A. Jain, Additional Secretary in the Ministry of Agriculture, said being a part of a multi-lateral system (such as the WTO) was still better than the "tyranny" of a bi-lateral pact.

He said China had pulled out of the WTO and now it was knocking at the door for re-entry. "It is being called upon to make commitments which are far excessive of the original members. Though there are inequities in the agreement, it is not beneficial to withdraw. Instead, we should strive for restoration of level-playing field."

Mr. Jain said the expectation was that with the withdrawal of support and subsidies by the developed countries to their farm sector, the international price of commodities would go up and benefit exports from developing countries. But that did not happen. Prices have successively declined and this has eroded the export market for India. Since the Uruguay round of WTO negotiations, the share of developed countries in agro-trade had gone up by 15 per cent.

Economist, Dr. V.S. Vyas, said the WTO did not come into existence by universal demand. It was thought of by the United States when its trade start-

ed declining in the 80's due to protectionist policies of the European Union and Japan. India figured nowhere. Consequently, the U.S., which initially had not allowed much progress in the General Agreement on Trade and Tariff (GATT) on agriculture later changed tune and sought a "more free and disciplined agri-regime globally."

Dr. Vyas said the developing countries had not benefitted because the time given to them for restructuring was too short. "Developing countries are not playing fair, there is inadequate control over MNCs and trading blocks such as sanitary and phytosanitary regimes and new issues such as labour, environment and animal welfare are being imposed. In addition to this is the policy measure for competition due to which MNCs demand right for competition with local trade."

India should seek standardisation of phytosanitary norms, ask for greater access for markets for tropicals instead of cereals, resist introduction of hidden subsidies and insist on giving priority for food self-sufficiency as long as it is a question of livelihood for 50 per cent or more producers.

"We should seek allies and play a more pro-active role and involve all stakeholders, including States in policy formulations," he said.

Dr. Mangala Rai of the ICAR said though the country was better prepared than before, there was a need for research and market intelligence on the farm and trade practices of the developed countries.

An NGO, Dr. Devendra Sharma, said that with farm subsidies intact in developed countries and quantitative restrictions being lifted by India, the country was sure to be inundated with food imports.

INDIAN EXPRESS

8 JAN 2001

# Swaminathan seeks white paper on WTO agreement

**By Our Special Correspondent**  
**NEW DELHI, JAN. 6.** Noted agriculture scientist, Dr. M.S. Swaminathan, has urged the Government to bring out a white paper on the World Trade Organisation's (WTO) agreement and Indian agriculture to "dispel notions and misgivings".

Such a paper would reassure the 70 per cent of India's farming population that their livelihood options were not being mortgaged without adequate consultations and consensus, he said while delivering a lecture on 'Shaping our Agriculture Future' at the 88th session of the Indian Science Congress here.

Dr. Swaminathan said, in a democratic society, the citizen had the right to know the facts and hence a paper on agriculture trade will be timely. Agriculture as a whole is the major determinant of the livelihood of nearly 700 million Indians. Trade policies which affect it are of concern to rural population and large numbers of urban poor.

He said the white paper must address issues such as what were the expectations on farm exports and imports when India agreed to the WTO's agreement in agriculture in 1994? What has been the

experience of six years? What are the rationale and international compulsions in relation to tariff rates with reference to farm commodities? What is the stand Government plans to take in the

re-negotiation of the WTO agreement in agriculture?

Dr. Swaminathan described the "unequal trade bargain inherent in the WTO agreement, the rapid expansion of proprietary science

and the potential adverse change in temperature, precipitation and sea level as "external threats to our agricultural progress".

The global threats can be overcome by ensuring that the Kyoto Protocol relating to the climate convention was implemented by the U.S. and other industrialised nations and adequate support was extended to public research

A 'Livelihood Box' for the next 10 to 15 years will be included in the re-negotiated agreement which will permit developing countries to impose quantitative instructions on the import of agriculture commodities, when such imports were likely to destroy livelihood opportunities for resource-poor farming families and landless agriculture labour.

The moratorium of 10-15 years may be necessary until effective post-harvest infrastructure, facilities for scientific land use planning and effective agro-processing and agribusiness enterprises were developed by developing countries.

The internal threat to farm progress can be faced by integrated attention to regulation, education and social mobilisation through the Panchayat Raj institutions, Dr. Swaminathan, said.

## 'Iodised salt, antidote for poverty'

**By Our Special Correspondent**  
**NEW DELHI, JAN. 6.** The controversy over the recent Government decision to withdraw the ban on consumption of non-iodised salt came alive again at the Indian Science Congress here today, with a leading nutrition expert making a forceful argument in favour of promoting iodised salt as an antidote for poverty.

The extreme poverty and socio-economic backwardness prevailing in the Uttar Pradesh-Bihar region was mainly because of the high incidence of iodine deficiency and not due to lack of natural resources or initiative by the people, Dr. N. Kochupillai, head of the Department of Endocrinology and Metabolism, All-India Institute of Medical Sciences, said.

The low agricultural productivity in the area despite the fertile

soil and plentiful water was not because the people were lazy as alleged by some planners. The main cause, on the other hand, was that they were weak with poor physical energy and motivation due to thyroid problems caused by iodine deficiency in their diet, he said.

"Their diminutive build, and disproportionate body, slow response to stimuli and dull apathetic expression, tardy reflexes and physical sluggishness" were all symptomatic of the overwhelming path-biology, he added. The former director-general of the Indian Council of Medical Research, Prof. V. Ramalingaswami, who also participated in the plenary session, in his presentation, urged that the issue of malnutrition be moved from the agenda of welfare to that of rights.

THE HINDU

7 JAN 2001



# Govt. urged to pull out of WTO

By Gargi Parsai

NEW DELHI, JAN. 2. Several political leaders, scientists, farmers, activists and NGOs today came together on a common platform on the eve of 88th session of the India Science Congress, to hold a parallel People's Science Congress on Food and Agriculture with the theme *Kheti Bachao-Desh Bachao* (Save Farming-Save Country).

The alternate Congress was organised by Dr. Vandana Shiva of the Research Foundation for Science, Technology and Ecology with 30 co-organisations. She said the Government sponsored India Science Congress on Food, Nutrition and Environment Security to be inaugurated by the Prime Minister, Mr. Atal Behari Vajpayee, here tomorrow, was offering a launching pad for global biotechnology giants. 'This rush to the market place, ignoring people's right to food and farmers' right to livelihood, was politically, environmentally and healthwise hazardous.'

Giving a call for joint people's action (*jan andolan*), the common refrain of the participants was that India should pull itself out of the agreement on agriculture in the ongoing negotiations at the World Trade Organisation (WTO) as it was adverse to Indian farmers and farm workers. They demanded that the National Agriculture Policy of the National Democratic Alliance, which seeks to "corporatise Indian agriculture" be scrapped.

Prominent among those who endorsed this view were the former Prime Minister, Mr. V. P. Singh, former Ministers, Mr. Madhu Dandavate, and Mr. Balram Jakhar, Member of Parliament, Mr. Amar Singh, former chairman of Khadi and Village Industries Commission, Mr. Surendra Mohan, activists, Dr. B. D. Sharma, Dr. Vandana Shiva, scientists Dr. Pushpa Bhargava, Dr. S. K. Sinha, activists Mr. B. K.

Keayla, Mr. R. K. Sarangi, Dr. Sunilam and the chairman of Bharat Krishak Samaj, Dr. Krishan Bir Chaudhary.

The situation became a bit tricky when Mr. Balram Jakhar took the mike. But while admitting that he was the Agriculture Minister when the Congress signed the General Agreement on Trade and Tariffs (GATT), he said it was signed with the understanding that it would not be accepted if it were against the interests of the country. "Now the BJP-led Government can annul it," he said adding that he favoured policies for small farmers against corporatisation.

Mr. V. P. Singh said the threat to the farming community should be taken as a threat to the country and a *jan andolan* should be launched by people themselves against it. It was as if the ruling elite had launched a campaign against farmers, workers and youth. "Any Government can say that it cannot accept the WTO conditions in the farm sector as there is opposition within the country. The Government can be helpless, not people and in this case people will have to help themselves. Politicians will join in." He said giving farmers' land to corporate sector and MNCs on lease is not only a social and political issue but risks the country's sovereignty.

Earlier speaking to mediapersons, scientist Dr. Pushpa Bhargava, said the hazards of genetically engineered food had not been made public nor alternatives explored. The country lacked a proper system of Risk Assessment Protocol. It would take 7 to 8 years to for risk assessment of GE foods. That is why there should be a moratorium of 10 years on GE foods in India, he said.

Dr. B. D. Sharma said the rights of tribals were "non-negotiable" and no Government had the right under the Constitution to touch tribal land and resources, or leas-

ing to corporate or MNCs. If this was done, there will be a country-wide agitation and conflict, he warned.

Dr. Keayela said WTO agreements had a direct implications for farmers and on the purchasing power of people. He said the amended Plant Varieties Bill did not allow farmers to sell surplus seeds and the punishment has been made more stringent such as fine of Rs. 10 lakh and 10 years in jail.

Dr. Madhu Dandavate said it was a myth that larger holdings give larger output. Propagation of this myth was leading to policy for leasing of farmers land to corporate sector and marginalisation of small and marginal farmers and workers. "You cannot have the foreign model of development for India where 70 per cent people are in the farm sector and so many hungry people to feed."

## FCI procurement inadequate: Rabri

PATNA, JAN. 2. The Bihar Chief Minister, Ms. Rabri Devi, today charged the Food Corporation of India (FCI) of not discharging its duties to ensure procurement of rice and paddy to mitigate the plight of farmers in the State.

Ms. Rabri Devi, who reviewed the progress of paddy and rice procurement at a meeting here on Sunday, said the FCI had so far procured only 1,300 tonnes of rice and paddy against the target of 20 million tonnes, further worsening the condition of the farmers.

The Centre was politicking over the issue of procurement of surplus paddy and rice in Bihar forcing the farmers to sell their foodgrains for peanuts, she said.

The ruling RJD has announced a series of agitational programmes to protest against the alleged anti-farmer policy of the Centre. — PTI

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