Panel on WTO to strengthen India

Srinjoy Chowdhury in New Delhi

Dec 26. — The newly-formed Cabinet committee on World Trade Organisation matters meets tomorrow evening to formulate a strong negotiating position on allowing India policy-flexibility within the organisation's tariff-reduction guidelines.

The Cabinet committee, headed by the Prime Minister, Mr Atal Behari Vajpayee, including about a dozen other senior Cabinet ministers, will meet to create a smaller Group of Ministers to discuss issues relating to non-agricultural products and report to it.

Non-agricultural product is a broader subject than industrial produce and includes significantly for India, fish and jute, minerals, ores and rubber. The formulations being worked out show India fighting on behalf of developing countries.

The Cabinet committee is headed by the Prime Minister, Mr Atal Behari Vajpayee, including about a dozen other senior Cabinet ministers

The committee includes the deputy prime minister, Mr LK Advani, as well as the ministers in charge of foreign affairs, finance, railways, textiles, commerce, agriculture, food and consumer affairs, information technology and law.

Mr Murasoli Maran, minister without portfolio, is also part of the Cabinet committee. It is probably the largest Cabinet committee, the other such bodies having only about half a dozen members.

The committee has to decide that the tariff rates are reduced not from applied rates, but bound rates. The developing countries should have the flexibility to bind them at rates generally above the bound rates prevailing for bound items in a country's tariff schedule.

The formula for the reduction of tariff is also being worked out as follows:

It should be a simple percentage on the bound tariffs of each member. The government wants a higher percentage to be set for developing countries and a lower one for developing countries.

The developing countries should have the flexibility to decide on the actual bindings on some tariff issues as a special differential measure while still maintaining the percentage reduction on average tariff.

No tariff is to be in excess of three times the respective member's average tariff. As for the implementation period, the precedent set in the Uruguay Round may be followed, the government feels.

Also, developing countries should be permitted to implement tariff commitments undertaken over a longer period than that by developing countries. The actual deviation, government officials said, would depend on the extent on commitments undertaken. Credit for the autonomous liberalisation of tariffs by members since the Uruguay Round should also be given.

The Centre also plans to seek removal of non-tariff barriers in foreign markets and the marking of environmental goods only for environmental purposes.

THE STATESMAN

27 DEC 2002

HD-15 22/12

WTO fails to agree on measures for developing countries

By Our Special Correspondent

CHENNAI, DEC. 21. The member-countries of the World Trade Organisation failed yesterday in Geneva to meet a 2002 deadline to reach an agreement on relaxing patent regulations on medicines for developing countries and on measures that would provide general concessional treatment for the poorer members of the WTO.

After a year of protracted negotiations, the U.S. refused in the end to approve a compromise agreement that would have operationalised the 2001 Doha Declaration on patents and public health. That deal was meant to give developing countries greater flexibility to use the compulsory licence route to access medicines at prices far less than those charged in the advanced economies. This flexibility would have benefited the pharmaceutical industry in India, Brazil and other developing countries with a well-developed generics sector. The final sticking point in the Geneva negotiations this week was that while the U.S. wanted the scope of the flexibility restricted to medicines used to treat HIV/AIDS, malaria and tuberculosis, the developing and middle-income countries insisted that the new rules should apply to all areas of public health, including treatment of diabetes, asthma and cancer. Most other members of the WTO were willing to go along with the draft agreement, although many developing countries had expressed their reservations about what they saw as a watering down of a promise made in November 2001 to make medicines less expensive in their markets.

The inability to agree on what is a relatively narrow issue is likely to have implications for the larger Doha round of trade negotiations, since the promised flexibility in the TRIPS agreement was portrayed as a template of a new inclusiveness in the WTO. The U.S. Government position, which killed the possibility of an agreement, has been widely seen as being influenced by the pharmaceutical industry, which heavily financed the victorious Republicans in last month's Congressional elections. The collapse of the talks in Geneva marked a reversal from the advances made at an informal meeting in Sydney last month of ministers from some two dozen important member-countries of the WTO. That meeting was, however, held before the mid-term elections in the U.S.

The second failure yesterday in Geneva was in evolving a consensus on binding rules for Special and Differential (S and D) treatment for developing countries. The WTO has now missed a second deadline (the earlier one was July 2002) to arrive at rules for favourable treatment of the world's poor countries. The S and D issue was also placed on the agenda in the Qatar capital last year in order to get developing country support for the launch of the new round trade liberalisation negotiations.

While both issues are likely to be taken up for negotiations again in the new year, the failure to meet the end-2002 deadline is likely to arouse new suspicion that the final outcome of the Doha Round will not yield substantial benefits to the developing countries. This Round is to be completed by early 2005 and a mid-term review is to be conducted in late 2002. Most negotiators agree that progress since the talks began a year ago has been less than satisfactory. The new year will witness intense negotiations in a number of contentious areas, including in agriculture and industrial tariffs where another set of deadlines for further liberalisation are scheduled to be met before May 2003.

INDIA AT THE WTO

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THE LOUD THINKING of the Union Disinvestment Minister, Arun Shourie, on the need to rethink India's position at the World Trade Organisation is going to create ripples in the domestic and international arenas. The negotiating strategies that India is following at the WTO do need a re-assessment, even if Mr. Shourie, now holding additional charge of the Commerce and Industry Ministries, is not clear about what the Government should aim for.

Until the 1980s, the Indian position at the General Agreement on Tariffs and Trade was effective in its objective of shielding the economy from imports. But this approach had exhausted its usefulness by the early 1990s, when at the end of the Uruguay Round negotiations India found itself holding the wrong end of the global trade bargain. The reason for this was not a "sell-out" (as all too easily alleged), but that with the collapse of socialism the alignment of countries at GATT had changed and the advanced market economies had begun investing far more than before in the powers of the GATT/WTO. But India has continued with much the same "defensive" strategy, though at best this approach has only slowed the access that global exporters have to the Indian market without correspondingly expanding the opportunities of Indian exporters. This was most obvious in the formulation of the agenda for the Doha round of trade talks, which contrary to the claims of the Government was far from what India had been negotiating for. What then could be a better approach for India to take at the WTO? Disengagement from the WTO is not an option. If anything, it will leave India worse off since it will strip the economy of even the element of protection provided by multilateralism. But it is also a fact that while on paper each member-country of the WTO has the same power as the other, it is the market interests of the major economies which ultimately decide the final outcome. The course of action then can only be to work towards reforming the WTO as much as is possible while obtaining the best for the country in the (unequal) "give-and-take" process that underlies negotiations.

The best results would require four broad sets of actions. One, India needs to give as much importance to what it wants from the WTO as to what it wants to prevent. Given that India is gradually integrating itself with the world economy, it is no longer in the country's interests to focus solely on a defensive approach. A "pro-active" approach as it is called will require the construction of coalitions of countries at the WTO, which will differ from issue to issue and will cut across developing and developed countries. Two, the negotiators' hands are tied by the Government which since the mid-1990s has been influenced, in turn, by the positions of all political parties and the interests they represent. If the latter are mistaken in their opposition — as sometimes, but not always, they are — then it is because the Government has been less than effective in building a negotiating consensus. Third, the Government all too often holds on to a rigid position at the WTO long after a particular approach has ceased to provide benefits. A case in point is the Indian position on the implementation issues of past WTO agreements. India formulated and for years very successfully led an alliance of countries in articulating these concerns. But there is little point in continuing to expend energy on these issues (however just the cause) when the usefulness of what was always a bargaining strategy has disappeared. Four, while it is perfectly appropriate to control access to the domestic market (the U.S. and the E.U. do so in many areas) it does not serve India's cause if the Government engages in autonomous liberalisation. An example is India's defensive position at the WTO on import duties while at home it has already spoken of a medium-term plan to substantially lower tariffs. A re-orientation of India's strategy at the WTO will not be easy. But it has to be done if the country is not to emerge from the Doha Round in much the same manner as it did from the Uruguay Round.

THE HINDU 19 DEC 2002

Sino-Indian FDI code under fire from US, EU

HT 12 12/12

KA Badarinath
New Delhi, December 11

THE UNITED States, European Union and Japan have opposed a proposal of India and China at WTO seeking imposition of a legally binding code of conduct for foreign investors.

The move by India and China has the support of four other key members including Pakistan, Zimbabwe, Cuba and Kenya who are co-signitories to the proposal.

However, the developed countries led by the US blasted the proposal with the contention "it would turn private companies into tools of industrial policy and put a chill on investments in countries imposing such obligations".

EU and Japanese trade representatives, according to sources, were surprised that China was signatory to the proposal at a time when it was the largest beneficiary of foreign direct investment.

The stand of the three major international stakeholders was made clear at a meeting of WTO working group on trade and investment earlier this month.

Meanwhile, Malaysia joined the India-China axis on proposal for legally binding norms on corporate responsibility and accountability, sources divulged.

The proposal envisages a code of conduct in the wake of fraudulent practices and scandals of Enron and WorldCom. At the same time, it recognised and welcomed foreign direct investment that provides "supplementary financial resources, technologies, managerial skills and employment opportunities".

The proposal seeks to curb adverse impact of corporate corrupt practices on the fragile, nascent financial and capital markets in host countries.

At the same time, the proposal puts on record the positive impact of foreign investment, which has sharply gone up to US $ 1271 billion by 2000 as against US $ 200 billion in 1990.

The proposed code for corporates, hitherto, voluntary in nature, is to be made legally binding under WTO. At the WTO working group on trade and investment, all the six countries have asked for clamp down on restrictive business practices (RBPs), manipulation of transfer prices, protection of environment, transparency in corporate dealings, disclosure requirements and global accounting practices. In this context, the Bhopal gas tragedy has been cited where the legal wrangling continues on Union Carbide's insufficient compensation to the victims.

Commenting on the proposal, Director General of RIS, a research and information system centre under External Affairs Ministry Dr Nagesh Kumar said "there is a need for balance between host and home-member interests relating to foreign investments."

The proposal is expected to become part of the negotiations for trade and investment pact sought to be thrashed out at the Cancun ministerial summit of WTO in September 2003.

THE HINDUSTAN TIMES

1 2 DEC 2002

US stalls WTO bid to accord textile quotas

S VENKITACHALAM
NEW DELHI, DECEMBER 9

WASHINGTON'S tough stance has stalled implementation of a major proposal that envisaged a substantial increase in the developing countries' textile export quotas retrospectively from January 1, 2000, in terms of the package negotiated at the Doha summit. This has meant an estimated forex loss of about $95-100 million a year to India under the "growth-on-growth" provision in the WTO agreement on textiles and clothing.

Washington's stand is notwithstanding the position taken by the International Textiles & Clothing Bureau on behalf of the Third World that the proposal "falls within the textiles and clothing agreement and therefore does not require any change, modification or alteration in it".

The US contention has been that implementation of the proposal will require a change in the agreement, besides "subverting the carefully negotiated balance of the agreement".

Because of the strong opposition from the US, the WTO committee on trade in goods, set up after the Doha summit to study the question of a substantial increase in export quotas retrospectively from January 1, 2000 under the textiles and clothing agreement's growth-on-growth provision, made no recommendations on the issue to the WTO general council.

Other developed countries such as the European Union and Canada also joined the US, further delaying the progress on the implementation issue. New Delhi had raised the matter at the Sydney mini-ministerial last month, but nothing tangible emerged from the meeting.

Contrary to the position taken by Washington, New Delhi continues to hammer the point that the developing countries' textile exports to the US have declined from 77 to 66 per cent during 1994-2000 and to the EU from 46 to 43 per cent. India's annual average export growth in value terms to the US has been around 17.7 per cent during 1990-94. This has come down to 10.3 per cent during 1994-2000.

Quoting a WTO Secretariat document, New Delhi also points out that in regard to the EU market, its pre-agreement annual export growth during the same period was 11 per cent, which fell to minus 0.8 per cent during 1995-2000. On the other hand, its textile exports to markets other than the US, the EU and Canada is growing at a much faster pace since the past few years. The textiles and clothing sector is a major segment of the economy of the Third World countries, including India. It accounts for about 20 per cent of its exports of manufactured products and employs a large workforce.

India's textile exports to the US Item 200-01 2001-02 (in $ million) Ready Made Garments 1,845.9 1,457.9 Cotton textiles 531.8 488.8 Man-made textiles 37.6 34.8 Wool & wool textiles 13.8 8.7 Silk 105.0 77.7 Total 2,534.2 2,067.8.

10 DEC 2002

INDIAN EXPRESS

Towards a tariff-free world

GUEST COLUMN

ROBERT R BLACKWILL

ON NOVEMBER 26, the United States proposed a bold plan, in the context of ongoing negotiations in the World Trade Organisation, to eliminate all tariffs on manufactured products by the year 2015. US trade representatives formally began discussing this proposal with our trading partners, including India, in the WTO this week. In making this proposal, the American goal is to stimulate economic growth, raise incomes and lower taxes, generate jobs, reduce poverty and cut costs for consumers and businesses around the world. This effort fits in very well with the similarly ambitious US propositions for market access liberalisation in the agriculture and services sectors. In fact, the Bush administration's goal for all trade in goods is the same: the complete elimination of tariffs.

Removing tariffs would result in nearly $6 trillion of duty free global trade. The World Bank estimates that removing all barriers to goods trade would expand the international economy by $830 billion by 2015, resulting in a 2.5% annual increase in world per capita income. That is about $136 dollars more earnings each year for every person in the world. The US proposal will also significantly contribute to worldwide economic development. Increasingly, WTO members are coming to accept that the path to higher standards of living and eradicating poverty lies not in continuing protectionist trade policies, but rather in multilateral trade liberalisation. The evidence shows that those countries that are willing to actively seek a better future through freer trade are the ones that prosper while those that cling to insular and outdated economic policies continue to fall behind.

Developing countries, on the whole, maintain high tariff levels, and eliminating these will provide considerable benefits for the world's poor. For example, nearly half of all developing country trade is with other developing countries. The result is that about 70% of the duties paid by these nations are paid to each other. Furthermore, as the WTO recently reported, high tariffs hamper a country's ability to grow through exports. High tariffs are, therefore, most harmful to developing economies.

The World Bank estimates that together India and other developing economies could realise income gains of more than $500 billion from duty free trade. Three-fourths of that gain would come from eliminating tariffs on trade between developing countries themselves. Also according to the World Bank, complete liberalisation of trade in goods and services — coupled with other steps to enhance growth — could lift 300 million people out of poverty by 2015. That is certainly a goal worth pursuing.

It is important to note that the US plan offers developing countries what they have always wanted: duty free access to markets in North America, Europe, and Japan, in addition to the other markets for their products.

We are not asking India and other countries to throw open their doors immediately. Neither are we asking them to act without help from us. Our proposal first provides for WTO members to achieve an overall balance in tariff rates before moving toward tariff elimination. Along the way, the US and other developed nations are committed to providing technical assistance so developing economies can fully participate in, and benefit from, the new negotiations under the Doha Development Agenda. Trade liberalisation will ultimately benefit all, and the US is willing to help all WTO members gain as tariff barriers are eliminated.

The US views this proposal as a critical part of a larger "competitive liberalisation" strategy, fitting in with the current US bilateral and regional free trade negotiations. About half of global goods trade is already duty-free under more than 200 regional or bilateral free trade agreements. We would like to see progress take place primarily in the WTO, where trade liberalisation can benefit all members. With this proposal the US is simply asking the WTO to set the world standard for genuinely global duty free trade. Those countries unwilling to work with other WTO members toward liberalisation run an increasing risk of being economically sidelined. The US and other nations cannot sacrifice their own economic future if the WTO proves too slow. Working with interested countries, however, America will seek progress where it can be made.

The proposals offered to the WTO contribute to fulfilling the Bush administration's commitment to the American people to grow the US economy while meeting its responsibility as a global leader to reduce poverty and stimulate economic opportunities around the world. As part of this effort, we encourage India and our other WTO partners to work with the US to create a more prosperous future for all.

(The author is US ambassador to India)

The Economic Times

4 DEC 2002

EU praises spirit of US tariff cut plans

Lea Paterson, The Times, London

LONDON, Nov. 27. — Europe gave a cautious welcome on Tuesday to US proposals that all 144 members of the World Trade Organisation (WTO) scrap tariffs on industrial goods by 2015, but gave warning that the needs of developing nations must be taken into account.

The European Commission voiced concerns that poorer countries would struggle to meet the USA's ambitious targets for tariff reduction. A spokeswoman for the Commission said that the EU's own proposals, which call for tariffs on industrial goods to be cut gradually rather than wiped out, were "less beautiful, but perhaps a little more realistic" than the US plan.

The spokeswoman said: "We are very glad that the USA has finally decided to engage in a discussion to further liberalise industrial goods. But we already know that this [the US proposal] is a target that might be very difficult for the developing nations to meet."

Mr Robert Zoellick, the US Trade Representative, spelt out details of the US proposals, which would result in a two-stage elimination of industrial tariffs by 2015. Manufactured goods, ranging from cars to industrial machinery, would be included in the planned tariff-reduction programme, as would politically sensitive parts of US industry such as textiles.

Under the US plans, all tariffs on industrial goods that are set at less than five per cent would be eliminated by 2010. Tariffs of more than five per cent would be capped at no more than eight per cent by 2010, Mr Zoellick said, and eliminated by 2015.

Most US and EU tariffs on industrial goods are significantly below those of developing countries. The US proposals will, therefore, oblige poorer countries to make larger reductions in tariffs than nations in the developed world

The US proposals will be presented to the other members of the WTO in continuing trade discussions in Geneva. The Geneva talks were launched last year after the WTO ministerial meeting in Doha.

However, to date, the talks in Geneva have been overshadowed by US attempts to forge bilateral trading agreements with individual countries rather than pursue an international trade liberalisation agenda.

Most US and EU tariffs on industrial goods are significantly below those of developing countries. The US proposals will, therefore, oblige poorer countries to make larger reductions in tariffs than nations in the developed world, a suggestion that is likely to meet fierce resistance from high-tariff economies such as Brazil and India.

However, American businesses welcomed the move, which would provide a substantial boost to US exports if agreed with the WTO member nations.

The National Foreign Trade Council, a US association of companies involved in international trade, said: "This is an historic proposal that is both visionary and realistic, and we applaud the Bush Administration for its leadership.

"It will energise the Doha Development Agenda by setting a bold goal that will provide enormous economic benefits to developing and developed economies and raise the level of ambition in all other areas of the negotiation."

THE STATESMAN

28 NOV 2002

Govt. distancing itself from WEF conference?

By Sushma Ramachandran

NEW DELHI, NOV. 24. The Davos-based World Economic Forum's annual India Economic Summit seems to be running out of steam as the political leadership is conspicuous by its absence in the three-day event. Considered a prestigious venue for addressing potential foreign investors and reassuring them of the progress in economic reforms and the bright prospects for the Indian economy, the summit has been abandoned by most of the Cabinet Ministers handling key economic portfolios. This is apart from the fact that the Prime Minister, Atal Behari Vajpayee, declined to deliver the inaugural address and the Finance Minister, Jaswant Singh, is maintaining a discreet distance from the event.

The WEF has made its annual Davos conferences notable for attracting the *creme de la creme* of global corporate leaders as well as heads of government and key economic Ministers of developed and developing countries who meet and confabulate in an informal retreat setting. The Prime Ministers have attended Davos meets in the past while the Finance Ministers have been regular visitors as part of the drive to attract foreign direct investment.

The WEF has, over the years, extended its conferences to various regions, with the Indian Economic Summit, in collaboration with the Confederation of Indian Industry (CII), having become an annual affair for the last 18 years. In the past, however, these events stood out by the presence of nearly all the Cabinet Ministers handling economic portfolios, while the inaugural address was usually the preserve of the Prime Minister or the Finance Minister of the day. This time, the former Finance Minister, P. Chidambaram, alone is addressing a session on the prospects of achieving eight per cent growth. And the sole Cabinet Minister with a crucial economic portfolio addressing the conference is the Communications Minister, Pramod Mahajan. Yashwant Sinha, External Affairs Minister and former Finance Minister, will be voicing his views on the geo-political scenario while the other Cabinet Minister to participate is the Tourism and Culture Minister, Jagmohan.

The question being asked by those participating in the conference is whether the Government's absence signifies its disinterest in economic reforms. Does the controversy over disinvestment mean that the political leadership is not keen on expressing its views on these issues at a forum where foreign investors are present? Is the deliberate withdrawal from the event an indicator that reforms are no longer high on the Government's agenda, though Mr. Jaswant Singh reiterated their importance at last week's G-20 meeting?

THE HINDU 25 NOV 2002

INCHING FORWARD AT WTO

THE DOHA ROUND of trade liberalising negotiations of the World Trade Organisation has been given a new lease of life by last week's informal ministerial meeting in Sydney of Commerce and Trade Ministers from 25 countries. A decision to waive patents on drugs which would make it possible for the developing countries to obtain essential medicines at low cost now seems likely to be taken before the WTO deadline of end-2002. The issue of compulsory licensing of patented drugs is not, strictly speaking, part of the Doha agenda, but it has come to be seen as a test case for the new found "development" face of the WTO. A failure to reach an agreement on a selective waiver of the WTO rules on drug patents would have sent the wrong signals to the developing country membership of the WTO. This, for the moment, has been avoided, but there is still a long way to go before the so-called "Development Round" of trade talks begins to bear fruit for the developing countries.

The members of the WTO had decided a year ago to interpret the agreement on trade-related intellectual property rights (TRIPS) in a manner in which public health concerns were given as much importance as patent protection. But for that decision to have operational meaning, it was necessary to frame rules that would not be questioned by the Governments of the advanced countries, which are home to the global giants of the pharmaceutical industry. In the year since the Doha Declaration on TRIPS was issued, trade officials have struggled to draw up such rules. Should the waiver of patents apply to medicines for treatment of only HIV/AIDS, malaria and tuberculosis? Will they apply to drugs to treat any disease? Can only the world's least developed countries benefit from the Doha Declaration, can the developing and middle-income countries too waive patent rights? What legal instruments will protect countries using the new flexibility from dispute settlement proceedings at the WTO? The informal meeting in Sydney has inched ahead in answering these questions. The final outcome will be known over the next month. ~~However,~~ the movement forward seems to favour the developing countries ~~although~~ it could come at a considerable administrative cost that may make implementation burdensome. Still the fact that the global pharmaceutical industry has not been able to fully recover the ground it lost at Doha suggests that the tide remains turned against the producers of intellectual property.

The focus at the ministerial meet was on essential medicines, but the meeting had a larger purpose. The Doha Round of talks on a huge agenda that rivals the controversial Uruguay Round agenda of the 1980s is scheduled to be completed two years from now. But a year of negotiations have not taken the Round anywhere in any area. In the important issue of agriculture, recent decisions by the European Union and the U.S. to either increase or maintain agricultural subsidies at their present astronomical levels have jeopardised the larger agenda. The WTO membership has also not been able to fulfil its commitment to reach an agreement on an across-the-board favourable treatment of developing countries. On these and other issues such as industrial tariffs and services, the Sydney conference saw little more than an exchange of views. Unless the positions at the WTO are narrowed over the next few months, it is quite likely that the Trade Ministers will be asked once again to renew their life-saving operations for the Doha Round. And even after the progress on the drugs and patents issue, scepticism continues to abound that this is a "Development Round" only in name. Last week's ministerial meeting starkly brought out once again the problems of decision-making at the WTO. Only 25 countries were invited to the conference and while the group included rich and poor, large and small countries, participation was only by invitation of the Government of Australia (not the WTO) and more than 100 members of the WTO had no role to play in the discussions. Informal small-size ministerial meetings have in the past helped narrow gaps at the WTO. But they are reflective of opaque and not transparent decision-making.

THE HINDU 20 NOV 2002

Deal on drugs for poor nations

969 · 410-15 16/11

SYDNEY, NOV. 15. Leading Trade Ministers agreed on a plan give the world's poorest nations access to affordable medicines, a breakthrough in the effort to tackle global health crises like HIV/AIDS, malaria and tuberculosis, officials said.

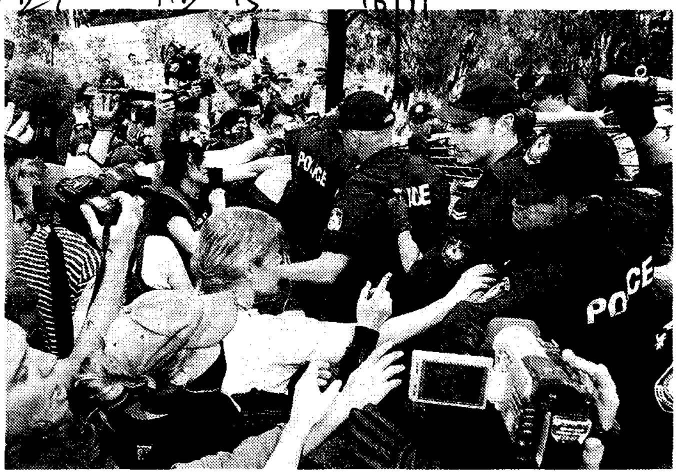
The deal came at a heavily-guarded meeting yesterday of Trade Ministers from 25 nations that was called to kick-start flagging efforts to liberalise global trade and has been marked by sporadic clashes between police and anti-globalisation protestors.

The Thai Commerce Minister, Adisai Bodharamik, confirmed the meeting had agreed to back changes that will allow some developing nations to manufacture generic drugs now protected by Western patents and export the medicines to other needy countries on a case-by-case basis.

The agreement topped the agenda at the Sydney meeting, which was attended by a number of African countries such as Nigeria, Senegal and Lesotho which currently have to import expensive AIDS/HIV drugs from the West.

Also attending were Ministers from the United States, the European Union and Japan, along with new director-general of the World Trade Organisation (WTO), Supachai Panitchpakdi.

A member of the U.S. trade delegation said the drugs deal represented a success for the meeting, which then moved on to discuss dismantling agricultural trade barriers.



Demonstrators attempt to pull down the fence surrounding the venue of World Trade Organisation Trade Ministers meeting in Sydney on Friday. — AFP

"The Ministers had a very good and constructive discussion," the official said.

"There is a broad consensus that the concerns of the poor countries are a priority that they will be working to address."

Meanwhile, Police arrested 41 people today and clashed with hundreds of protesters trying to storm a meeting of trade representatives from around the world.

Hundreds of protesters arrived at the concrete-and-steel fence surrounding a hotel in Sydney's Olympic Park early today and almost immediately began ripping down sections of steel mesh.

Riot police charged the crowd and formed a human chain, preventing any demonstrators from getting close to the hotel while other officers repaired the breaches.

Police arrested two men and two women as they tried to break down another section of fence. Teams of officers then moved into the crowd and detained individual protesters, including an Associated Press photographer who was briefly held before being released without charge.

Police said a total of 41 people were arrested and would likely be charged with trespassing and violent disorder.

"What we have seen is police charging into the crowd," said bystander Adam Bandt, who described himself as a "legal observer." "They appear to be targeting people who were doing nothing. It is a tool to try to control the crowd." — AFP, AP

INDIAN EXPRESS 16 NOV 2002

India loses WTO case against European Union

S VENKITACHALAM
& AMITI SEN
NEW DELHI, NOVEMBER 5

NEW DELHI has lost the bed linen case against European Union (EU). The compliance panel set up by the World Trade Organisation (WTO) to resolve the dispute on re-imposition of definitive anti-dumping duty on Indian cotton bed linen by Brussels has favoured European Union in its preliminary report. And even as the panel's final report is expected on Friday, the European Union has received a petition seeking a sunset review of the duty by Eurotex, the main complainant in the case. The main purpose of the sunset review is to ascertain whether the continuation of the anti-dumping duty would be necessary in order to protect the European textile sector from the onslaught of Indian cotton bed linen imports.

The panel was set up at New Delhi's request to decide whether the anti-dumping duty, suspended by EU from August 14, 2001, be rolled back or not. The panel met in Geneva on November 1 and gave its ruling against New Delhi in its preliminary report.

"We do not know the exact grounds on which the panel has based its ruling and will get full details after receiving the preliminary report," textiles ministry officials said. "We will be able to decide on the next course of action only after getting the report," they said.

Earlier, the panel had heard arguments from the official delegations of India and the EU on September 10 and 11 in Geneva. K.K. Jalan, joint secretary in the textiles ministry who led the Indian delegation at the meeting, had raised seven or eight points before the panel. The basic objective was to drive home the point that the EU's action of not withdrawing or scrapping the duty was "inconsistent" with WTO rules.

But the arguments put forward by the EU delegation "have fallen short of our expectations," Jalan pointed out. New Delhi had set high hopes on the case after the WTO Appellate Body upheld its claims in the the linen dispute and concluded that the EU had acted "inconsistently" with its obligations under the provisions of the agreement on anti-dumping.

The ruling implied that the European Union had to withdraw the definitive anti-dumping duty ranging from 2.6 to 17 per cent it had slapped on cotton bed linen imports from December 5, 1997.

According to the Textile Export Promotion Council, the European Commission had imposed these duties despite the overwhelming evidence that the bulk of Indian exports termed "seer suker" had physical properties which were different from the ones manufactured in the EU member-countries.

The designated authority set up in the commerce ministry had initiated sunset reviews in respect of several dumping cases in the past to assess whether the anti-dumping duty imposed should be continued to safeguard the interests of the domestic industry.

INDIAN EXPRESS

6 NOV 2002

Ajit bid to garner support for farm battle at WTO

OUR CORRESPONDENT

New Delhi, Oct. 24: Union agriculture minister Ajit Singh today appealed for a broad political consensus on farm sector issues so that India could present a cogent and cohesive argument to protect its interests at the World Trade Organisation (WTO) discussions on agriculture-related issues.

Calling for an all-party meeting on October 29, he said, "There is no tax on the farmers at the moment; even under the WTO regime their interests will be protected. We need a level playing field to protect the interest of the farmers who do not have great technologies but can compete with any country given the right atmosphere."

Singh demanded a better WTO agreement on agriculture which would have to be completed before January 1, 2005.

The minister, who was addressing a meeting of agriculture ministers from the states and union secretaries to work out a strategy for re-negotiation of the WTO agreement on agriculture, said, "The state governments will be fully consulted on the issue."

"The three most important factors that India will have to fight are internal subsidies given by developed countries, external tariffs on imports and influencing global trade prices. There has to be a political will to ensure our negotiators go about their job smoothly," Singh added.

Singh said export subsidies in other countries are hindering India's international trade. India's problem is not due to its

Singh: Mobilising forces

subsidies which are lower than that stipulated but that of funds. "However, the WTO advantages should not be denied due to resource problems; rather subsidies in other countries should come down."

Due to various interests in agriculture, including the food security demand, India has common demands with most of the lobbies in WTO negotiations. However Singh said that the sharing of common interests does not bracket India with a particular group. "India will have to fight independently while balancing between various groups. New Delhi will have to represent the developing countries even though some African and other nations do not largely depend on agriculture."

Developed countries like the US and Europe are giving millions of dollars as export subsidies leading to a drop in the international prices of agricultural products during the last few years.

2 5 OCT 2002

THE TELEGRAPH

India seeks WTO rethink on farms

Statesman News Service

NEW DELHI, Oct. 24. — India today set the ball rolling to chalk out its strategy to renegotiate the WTO Agreement on Agriculture with a meeting of state agriculture ministers, but said a political consensus within the country was crucial for negotiators to push New Delhi's stand abroad.

Union agriculture minister, Mr Ajit Singh, said though India was facing severe problems in its WTO discussions in the farm sector, the government would ensure that interests of Indian farmers were protected at all costs. The farmers, for one, he said, had not suffered due to WTO, but high subsidies to farmers elsewhere.

Developed countries should reduce their export subsidies to enable developing countries compete with them on a level playing field, the minister said while asserting that India would strive to bring about this level playing field when re-negotiations on the agreement on agriculture enter the crucual third phase. Article 20 of the agreement had provided for a fresh agreement that will come into force from January 2005.

The existing WTO agreement on agriculture stipulates that developed countries complete their reduction commitments within six years, that is by 2000, whereas the commitments of the developing countries would be completed within 10 years, by 2004.

Stating that India should not be deprived of the WTO advantages as a result of resource problems, the minister expressed concern over increase in farm subsidies in the developed countries due to political and other considerations.

2 5 OCT 2002

THE STATESMAN

LACK OF CONCERN

THE 2002 ANNUAL meetings of the International Monetary Fund and the World Bank will be remembered more for what the world's Finance Ministers and central bank governors did not address than for the issues they discussed and the decisions they took in Washington last week. For once, anti-globalisation protesters did not take the limelight during a global economic meeting. But the annual meetings were not the better for the absence of large-scale protests on the streets.

The only significant decision taken at the meetings was to accelerate work on the IMF's proposal for a Sovereign Debt Restructuring Mechanism, which, if approved, would permit Governments to reschedule their debt to international private capital during a crisis. The IMF has been having a running battle with the U.S. on this proposal, since the latter has been more interested in the alternative of "collective action clauses" written into contracts between Governments and their foreign lenders. While no one disputes the need for a different kind of mechanism to deal with financial crises involving Governments and global capital, that is not the only or main challenge confronting the world economy today. The Washington meetings took place at a time when world economic growth has markedly slowed and the prospect is of a further slowdown in the light of deflationary pressures across the world and uncertainty about the future course of world oil prices. Besides, a huge chunk of the global economy that is centred in South America is caught in a quagmire. Argentina, a former poster-country for the IMF, is slipping from bad to worse and on the eve of the IMF-World Bank meetings it announced that it would default on the debt obligations that were going to fall due later this year. And the Brazilian economy continued to be pushed to the edge for no fault other than that the global markets were worried about the outcome of the presidential elections this month. In spite of all these challenges and problems, the International Monetary and Financial Committee, the policy-making body of the IMF, was not unduly worried about the slowdown. It seemed quite confident that world economic growth would revive in the near term. Issues of development suffered a similar fate at the annual meetings. The World Bank tried to raise anew the shortage of resources for meeting the millennium development goals for 2015, but the appeal fell on deaf ears. It is now more than apparent that the goals of halving poverty, reducing maternal and child mortality, lowering illiteracy rates will not be met by the target date. The Finance Ministers of the advanced economies were also told that the much-touted debt forgiveness initiative for the world's poorest countries was $ one billion short of resources. The Ministers promised to meet the shortfall, but the proof of their intentions will be in an actual inflow of resources. Both the IMF and the World Bank reiterated once again that many of the problems of the developing countries could be solved if the developed world reduced its subsidies to agriculture and opened its markets to labour-intensive exports. This focus on trade barriers is a relatively new strategy of the multilateral financial organisations, but while the IMFC endorsed these arguments they have not found favour at the forums where the decisions are taken. At the World Trade Organisation, the notion of "a development round" is increasingly looking frayed and the U.S. Trade Representative has been less than respectful of the IMF-WB recommendations on trade.

India emerged in a less than favourable light from the annual meetings. Gone were the glowing observations of recent years about India (and China) being among the fastest growing economies of the world. Instead, the special mention that India received at the IMF-WB meetings was that it now ran among the largest fiscal deficits in the world and that this along with the domestic debt-GDP ratio of 60 per cent was a major obstacle to accelerating growth.

THE HINDU

WTO okays EU's $4bn sanctions on US exports

Reuters
GENEVA, 30 AUGUST

The World Trade Organisation (WTO) today ruled that the European Union could slam sanctions worth $4 billion on US exports in retaliation for illegal tax breaks to US companies, trade diplomats said.

The diplomats spoke just hours before the anxiously awaited release of the official report from WTO arbitrators, whose decision could stoke simmering trans-Atlantic trade tensions. "The figure is $4 billion," one well-informed envoy close to the case said.

If confirmed by the official finding, which is due at 1400 GMT, it would be by far the highest level of retaliation ever authorised since the Geneva-based international trade body was set up in January 1995.

The $4 billion figure met exactly the EU calculations for trade losses it said companies in the 15-state bloc were suffering as a result of the disputed tax concessions, granted to US giants like Microsoft and Boeing.

US officials had argued that just under $1.1 billion would be a fairer estimate.

European external affairs commissioner Chris Patten welcomed the WTO ruling.

"We never had any doubt that the position we have taken was going to find favour and that it was in line with the international rule book on trade," Patten told reporters when asked to react to the news.

"But obviously it is our concern to have everybody playing by the rules, it is our concern to minimise the fallout from problems with our biggest trade partner," he added, speaking ahead of a meeting of EU foreign ministers in Elsinore, Denmark.

The ruling, however, is unlikely to lead to immediate sanctions from the EU, which has said it will first consult industry on which products could be hit in the retaliation. Brussels has also said it would stay its hand if Washington worked to reform the tax regime, which gave special treatment to companies using offshore subsidiaries to trade. The Foreign Sales Corporation (FSC), as the tax system is known, has been ruled in violation of WTO rules four times when past Washington efforts to reform it were deemed insufficient.

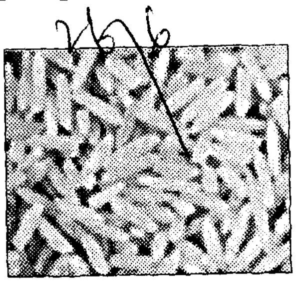
3 1 AUG 2002

THE STATESMAN

EU plans to end basmati rule

Nidhi Nath Srinivas
NEW DELHI 25 JUNE

HOT farm moneyspinner — basmati — is facing a sudden chill as the European Union tells India it may soon stop giving it zero duty access into its market. But for once, farmers and industry have a glimmer of hope. India is unlikely to give up without a fight as the popularity of basmati in this premium market over the last seven years is Udyog Bhawan's only tangible success story under WTO. One out of every four bags of



LEFT OUT IN COLD

brown rice imported by Europe today is basmati. "They have already informed India's mission in Geneva of their intention to end this market access route and are seeking informal consultations on the road ahead," commerce ministry officials said. Officials said India's biggest strength in the scenario lies in basmati's rapid growth curve. "We intend to point out that we have been investing time and money in cultivating the EU market, believing that we are protected under WTO. Now that the time has come to reap its benefits, EU is suddenly pulling the rug from under our feet. This is unacceptable," they said.

Under Headnote 7 of the Uruguay Round in 1995, EU agreed to follow the principle of higher the price, lower the duty i.e. the most expensive commodity will have to pay the least customs duty to ensure that it remains competitive. This gave basmati zero duty access as it is the world's most expensive rice, and also helped Thai and American rice gain market share. Seven years later, faced with huge stockpiles of its own wheat and rice, Brussels now wants out. Under Article 28 of the World Trade Organisation, if EU wants to end this access, it can negotiate a compensation with its biggest exporter.

The Economic Times

26 JUN 2002

Tariff challenge at the WTO

By C. Rammanohar Reddy

If there is one central point in the WTO Secretariat review, it is India's high tariffs on industrial and agricultural goods.

AN UNUSUAL set of circumstances formed the backdrop for the World Trade Organisation's 2002 review of India's trade policies. A new surge of protectionism has surfaced in the United States, the world's largest economy which is also the biggest trader. Then there is the Doha round of trade talks at the WTO which has begun to falter as the realisation sinks in that the liberalisation agenda that has been drawn up is much more than what the member-countries can chew. And at home, one year has just ended with a small contraction in exports, though that has not prevented the Commerce Ministry from drawing up a target of 12 per cent growth in 2002-03, a goal which is more unrealistic than ambitious.

The review of India's trade policies which was conducted at the WTO this week is the third since the Trade Policy Review (TPR) Mechanism was instituted in 1989. This periodic examination of each country's policies is not restricted to its policies on exports and imports. It looks at the entire gamut of macro and micro-economic policies which are supposed to have an impact on the degree of openness and competitiveness in the economy. These are only reviews and not negotiations; they therefore do not result in any mandated changes in a Government's policies. But by turning the spotlight on a country — first through a detailed review report prepared by the WTO Secretariat, accompanied by the Government's own assessment of its trade policies, and then with discussions among all the WTO members — a certain picture is drawn about what is right and wrong with a country's trade policies. This then becomes the setting for demands that the other Governments make during trade negotiations at the WTO. This is one reason why the TPRs have had their share of controversy. The WTO reports have on occasion been faulted for treating the major trading powers (e.g. the 2000 review of the European Union) with kid gloves even as they critically dissect the policies of the smaller trading nations.

There is both a continuity and change in emphasis in the latest WTO review of India's policies. A common strand running through the reviews of 1993, 1998 and 2002 is the highlighting of large fiscal deficits, the need for privatisation and the removal of obstacles to competition. These perspectives are not particularly novel; they have been talked about both domestically and by a number of other external agencies. It is the details in the reviews that have changed with the times. In 1993, trade liberalisation had just begun and while India's position on the eve of the completion of the Uruguay Round of talks was still one of maintaining trade barriers, the then GATT was optimistic that in the new era the Government would hasten the dismantling of trade and non-trade barriers. In 1998, the TPR could point to more rapid export and GDP growth as showing the fruits of greater integration with the world market. But that was also the height of the imbroglio over India's maintenance of quantitative restrictions (QRs) and the WTO had to point out that non-tariff barriers of this kind were harmful to the economy. Now, in 2002, export growth has decelerated and so too has overall GDP growth. While there is some attempt to link this with the larger global slowdown, there are enough faults to find in India's trade policies. The QRs may have gone, but other non-tariff restrictions remain. If there is one central point in the WTO Secretariat review, it is India's high tariffs on industrial and agricultural goods. Tariffs are also an important item on the agenda of the ongoing Doha round.

MACROSCOPE

It is well known that India's import tariffs are among the highest in the world (the exceptions being the customs duties imposed by the smaller developing and least developed countries). India did commit itself to a reduction during the Uruguay Round. And rates have come down during the 1990s; but the reduction has not been smooth and lately not very substantial either. The WTO now points out that India has bound its import duties in 72 per cent of the tariff lines. That is, the Government has committed itself not to raise duties above certain levels in a little under three-quarters of the product categories; it is free to set whatever rate it wants in the remaining tariff lines. These bound rates in 2005 (the last year of implementation of the Uruguay Round agreement) will on an average be as high as 51 per cent, with an average of 116 per cent for agricultural products and 38 per cent for industrial products. On the other hand, the average applied (actual) import duty, as noted by the WTO, which was 35 per cent in 1997-98 fell marginally to 32 per cent in 2001-02 and is scheduled to come down to 29 per cent in 2002-03.

These features of India's import duty structure flag three challenges before India at the WTO — during the ongoing Doha round of talks. First, India will be asked to 'bind' tariff ceilings in an even higher proportion of tariff lines, perhaps close to 100 per cent. Second, it will asked to set lower bound rates, both for industrial products and agricultural goods. And, third but just as important, it will be asked to close the gap between bound and applied tariffs. Bound tariffs, which are much higher than the applied rates (as they are now in many cases), give India sufficient cushion to protect itself from import competition. Hence, the demand to close the gap and therefore the room for manoeuvrability. (India used this cushion in 2000 when it raised tariffs on a number of agricultural products such as oilseeds and vegetable oils.) The WTO is aware that even after a decade of tariff reductions, customs duties still provide the Government of India with 20 per cent of gross tax revenue. This, as much as the concerns of domestic industry and agriculture, makes a hasty reduction in duties quite difficult to achieve. But the Government has announced it will move to a two-duty (10 and 20 per cent) structure by 2004-05. However, this commitment is not going to persuade India's trading partners to go easy during the Doha negotiations.

Indeed, during the discussions in Geneva this week on the TPR of India's policies, tariff levels and the gap between the applied and bound rates were brought up by India's more important trading partners. On another track, there have been attempts to paint India as a villain of the slowdown in the Doha round negotiations on industrial tariffs. Efforts to accelerate the talks on tariffs and de-link these negotiations from the overall agenda have been questioned by India. The pressure to make substantial concessions is bound to build up in the coming months.

The global mood at this point is not exactly in favour of further trade liberalisation. The biggest forces in this direction — the U.S. and the E.U. — are either squabbling about their disputes or building barricades around particular sectors. In the latter, we have had the U.S. make moves to protect its steel industry, enact legislation which would see a huge increase in support for its agriculture and its Congress place many protectionist riders on its grant of negotiating powers to the President, George W. Bush. But this will not provide India any respite. As the final denouement at the Doha WTO ministerial meeting last November showed, when it comes to the crunch gaps can be closed and immense pressure applied on recalcitrant countries such as India.

2 2 JUN 2002

Sinha's call to developed countries

By Sridhar Krishnaswami

WASHINGTON, APRIL 20. Industrial countries should take dedicated steps to phase out trade prohibitive agricultural subsidies and desist from initiating other trade inhibiting measures, the Union Finance Minister, Yashwant Sinha, said.

The industrial countries "should also open up sectors such as textiles and services which are of significant export interest for developing countries," Mr. Sinha said in his statement to the International Monetary and Financial Committee. The Finance Minister is participating in the Spring Meetings of the World Bank and the International Monetary Fund.

Mr. Sinha referred to the removal of subsidies and other trade inhibiting measures as part of the priorities the international community must address urgently in the context of some of the economic and financial concerns. "At the global level, it remains essential to carve out measures for reducing vulnerabilities and maximising policy flexibility for encountering external shocks, particularly for developing countries," Mr. Sinha said.

He stressed the emerging market and developing countries should devote particular attention to fiscal consolidation and structural initiatives, particularly in their financial markets. "For developing countries, an enduring reduction in poverty remains the overarching priority in the longer run." He argued that policy responses to address global imbalances alone were insufficient.

Rather, it was critical for the international community to reflect upon the importance of securing the benefits of globalisation for all. The Union Minister touched on widening global imbalances which was accompanied by reduced volumes of capital transfers, currency volatilities, asset price fluctuations and new protectionist measures which were eroding the capabilities of developing countries in deriving the benefits of globalisation. "This calls for coherent policies as well as policy coordination by major advanced economies as they have a significant bearing on global growth and the development prospects of developing countries," Mr. Sinha noted.

India's growth performance in the last decade "was one of the most impressive among the major economies of the world," Mr. Sinha said, going on to make the point that the economy had shown "exemplary resilience" in the face of shocks such as the Gujarat earthquake, the terrorist attack on Parliament and the heightened tension on the border."

The process of implementing enduring structural reforms was being carried forward in India in right earnest. The latest Union Budget had announced far-reaching initiatives in the farm sector, terminated the administrative price mechanism governing the petroleum market and the capital account had been further liberalised, Mr. Sinha said.

"The results of efficient macro-economic management are reflected in the comfortable balance of payments situation and achievement of sustained low inflation. Foreign exchange reserves are now above $54 billion and the privatisation programme has picked up rapid pace in the recent months," the Union Minister pointed out.

On the subject of the IMF's policy agenda, Mr. Sinha has argued that while laudable efforts had been made at the bilateral and the multilateral levels for strengthening the surveillance mechanism, it was important to sharpen the focus of surveillance given the "widening" agenda. "For the developing countries, surveillance needs to go beyond crisis prevention; it should also identify the sources of growth and the policy actions required at the national and international level to actualise this potential," the Finance Minister said.

Referring to the role of the IMF in the HIPC initiative, the Union Finance Minister said there was the urgent need on the part of multilateral creditors to demonstrate their commitment to the Initiative for the Heavily Indebted Poor Countries. "In some cases, actual delivery of interim relief has come much later after the decision point," Mr. Sinha remarked.

Bold steps needed in WTO regime

By Our Special Correspondent

NEW DELHI, FEB. 21. India must quickly develop strategies for responding to agricultural export market needs under the World Trade Organisation (WTO) regime.

It must especially take steps in research on technologies that could take care of the "non-tariff barriers" to ensure that the country's surplus products were exported with a competitive edge, the Director-General of the Indian Council of Agriculture Research, Punjab Singh, said here today while inaugurating a national symposium on 'Agriculture in Changing Global Scenario'.

Dr. Punjab Singh said the technical issue of non- tariff barriers on export-worthy agricultural items was crucial if India had to survive and flourish in the global WTO regime.

For this, the surplus wheat and rice should be of a quality that could withstand the "non tariff barriers", including the enormous subsidy support provided by competing developed countries.

He said India should concentrate on key products such as cotton, jute, arecanut, coffee and fruits such as mangoes, bananas, grapes, cashewnuts, besides, surplus rice and wheat.

Dr. Singh said India's strategies should be scientifically targeted in keeping destination markets and agricultural commodities together against the real situation existing in the competing world economies. This way, not only the country's surplus could be effectively marketed, India, with its unique agricultural base, could develop an export market-oriented quality agricultural sector.

An integrated approach involving the policy-makers, economists, extension educationists and agricultural scientists was urgently required to wrest the initiative in India's favour from competing countries such as China, Australia and Thailand.

Timely collection of agriculture-related information and data and its dissemination through cyber space informatics tools will equip the Indian farmer better with favourable marketing strategies for domestic and external trade.

THE HINDU

MONDAY, MARCH 11, 2002

TRADE POWER

IT IS IRONIC that so soon after the U.S., along with the E.U., persuaded the rest of the world to launch a new round of trade liberalisation negotiations at the World Trade Organisation, it has chosen to impose additional tariffs of between 8 and 30 per cent on steel imports, a decision explicitly aimed at protecting the domestic steel industry. India and other developing countries are by and large exempt from the U.S. action. But the larger message from the U.S. action, which is relevant to all countries, is that even the biggest proponents of "free trade", if it suits them, can very easily jettison their professed convictions.

There are many explanations of the U.S. President, George Bush's decision, which is the most significant import control measure of the U.S. since the mid-1980s' "voluntary controls" on automobile imports. The ostensible reason is that an industry that has seen 20,000 jobs lost and 30 bankruptcies in the past five years needs breathing time to adjust to cheaper imports from the E.U., Japan, Russia, South Korea and Brazil. The political reasons are, one, that Mr. Bush is delivering on his 2000 campaign promise to voters in the "steel" States and, two, Mr. Bush needs the support of the Senators in these States if he is to cross the last hurdle to acquisition of the powers of the Trade Promotion Authority. Mr. Bush needs this authority if he is to successfully negotiate a free trade pact covering North and South America. This will be a major trade liberalisation agreement, which is yet another irony. The U.S. has claimed that it is applying the new tariffs under WTO agreements which give it the power to "safeguard" domestic industry against a sudden growth of imports. Yet, the U.S. appears to have flouted the main provisions of the safeguards agreement of the WTO. It has not, as required, gone through the process of prior consultation. It has clubbed import of different steel products to argue that there has been a threat to domestic industry, while the WTO rules state that imports of each product must be treated separately to demonstrate injury. And most important, there is no sign of a sudden surge of imports which would call at this point for the application of protective tariffs. Steel imports into the U.S., in fact, declined from 38 million tonnes in 2000 to 29 million tonnes in 2001. Such niceties may not be of much concern to the U.S. since it is surely aware that even if the affected countries make a formal complaint at the WTO it will take at least two years before a ruling is made against the U.S. — a sufficiently long time to help the domestic industry recover from its present difficulties. It is therefore irrelevant that the new tariffs will be applicable for a "temporary" period of three years.

The U.S. steel industry's travails have many roots. One of the more important ones is that the industry is suffering from the burden of large "legacy costs" under which companies have to meet their pension commitments to workers who have retired. The U.S. industry meets the wage costs of 150,000 workers and also the pension costs of 600,000 retirees. Cheaper imports are only one factor behind the present problems of the industry, and in any case dumping by foreign producers has not been proven. Globally, there are many industrial and agricultural sectors in individual countries which are affected by import competition. But few Governments can dare to flout international trade rules, as the U.S. has done, to protect their domestic industries. The steel dispute is a telling example of national power influencing trade decisions. Governments which were being persuaded to believe that low tariffs were always good for their economies and that there was a common set of global trade rules for all countries should now know that this is not the case.

Burgeoning ties with Israel

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By K. V. Krishnaswamy

India 9.9.92 New

A HALF century after secular idealists won their battle for independence from the British, the growing influence of the religious political bloc is threatening to negate those cherished ideals and throw the nation into a crisis of identity. If an election were held today, secularists will be routed. Orthodoxy, in other words, has never had it so good. As a direct consequence, secular nationalism, the principle that the nation is rooted in secularist rather than a religious or ethnic identity, is in crisis.

I am speaking of Israel. If the description fits India, it is because this is one of the many areas in which there are striking similarities between the two countries. Interaction with a cross section of leaders and experts in academia and officialdom during a week-long visit to Israel left the impression that the battle to keep the synagogue separate and apart from the state has perhaps already been lost. Israeli identity is fast becoming inseparable from Jewish identity.

If this were not true, there should have been protests from sections of the press and the political establishments at the Ariel Sharon Government's handling of the Palestinian crisis. The systematic way in which Yasser Arafat and the civilian population have been targeted has, surprisingly, evoked very little popular protest in Israel.

Worse, the violence the Israeli Government has unleashed on the Palestinians with its terrible, inevitable consequence of retaliatory suicide bombings and sporadic outbursts is ensuring precisely the outcome that the Jewish right has been working for. Mr. Sharon and the right which are in coalition with the Labour Party will get a big majority on their own if elections are held today, Israeli journalists and academics concede. This is perhaps the only reason why the Labour Party, which swears (rather haltingly these days?) by secularism, is not leaving the so-called national government headed by Mr. Sharon despite the reality that every day it shares power with the right wing it is losing support among the population — to the rightist groups.

For years, researchers and pollsters have employed four categories to gauge degrees of religiosity in Israel: secular, traditionalist, religious and ultra-orthodox. A new category was added a few years ago: secularist with a positive attitude toward religion. That was acknowledgement that the secular majority was thinning rapidly as the orthodox Jew stepped up his campaign after realising that a Palestinian state may emerge in his own lifetime.

It is not just in politics that the parallels between India and Israel run as the two seek a 'civilisational bonding' that can, as the latter sees it, encompass several areas of interaction.

The defeatism that has gripped the Labour Party and other secular groups in Israel has led to a dangerous degree of resignation. "I have had my innings," said the Labour veteran, Shimon Peres, when asked whether he was unhappy that he was not leading his country at this critical time. His mood of despondency was unconcealed. He seemed as aware as the rest of the world of his helplessness in stemming the slide, in preventing the systematic undoing of the last hope of Palestinian moderation and his own peace partner, Mr. Arafat.

The former Israeli Prime Minister and one of the architects of the Oslo peace accord spoke to us, a group of Indian journalists, in his chambers immediately after participating in the voting on an anti-Government motion in the Knesset. As the vote was about to begin, he moved into the House and sat quietly by the side of the burly Mr. Sharon, as speaker after speaker addressed an indifferent audience. Mr. Sharon looked a picture of calm amid the din, secure in the knowledge that his Government had the numbers. But to any dispassionate observer, the scene would have been disquieting: the escalating, climaxing fight over power and symbols was in full play. There was a distinctly oppressive air of conservative orthodoxy in the small chamber as members sported their religious beliefs all over themselves and wore their faith on their sleeve or their balding heads. A variant, god forbid, of a Lok Sabha bathed in saffron.

The direct result of the religious revival that swept Israel after the six-day war of 1967 when the country gained control of territories that form the biblical land is reflected in today's political scene. This is a far cry from the early years of the founding of the Jewish State by secular and often atheist Zionists, in particular by the Ashkenazi elite from Europe and the U.S. The battle ultimately boils down to whether the majority wants a Jewish state or a state for Jews. If the latter was the predominant motive in the wake of the Holocaust and the violent birth of the state of Israel, today there are more and more adherents to the former. A view strongly articulated by officials and others when queried about Tel Aviv's policy on the contentious issue of the right of return of Palestinians expelled from their homeland when Israel was proclaimed.

The opinion was near unanimous that conceding that right would amount to the very negation of Israel. There was only one argument that we heard from everyone, from academics like Yaacov Bar-Siman-Tov, President, the Institute for International Relations, to Ilan Fluss of the Foreign Ministry: if the Palestinians who are now scattered all over the region in refugee camps and elsewhere are allowed to return to their homeland, it will have the potential to reduce the Jewish population to a minority. "We don't want to commit suicide."

Most of them at the same time wanted the Oslo process to continue so that a Palestinian state is established. Years of living under tension and violence have led to a stage where there is an overwhelming desire for peace, for a return to normal life. It is not of course just in politics that the parallels between India and Israel run as the two seek a "civilisational bonding" that can, as Israelis see it, encompass several areas of interaction. Of immediate relevance, the post September 11 situation has resulted in increasing strategic cooperation between the two, defence and related interaction intensifying manifold from even the high levels reached in the post-Kargil days. "We continue to cooperate, collaborate and enhance the relations that already exist," remarked Amos Yaron, Director-General at the Ministry of Defence. On the level of this collaboration, his comment was telling: why invent the wheel two times?

Israeli enterprise in turning a desert green is one enviable model. More avenues are opening up a full decade after India, in the wake of the end of the Cold War, established diplomatic relations with Israel. In Israel there is a deep desire for closer relations with India going beyond the issues provoking today's conflict in the Middle East.

The most eloquent, forceful rationale for this "fascination for India" came from Mr. Peres. He said, "We knew the Indian culture before we knew the Indian country."

In New York on Saturday. — PTI

'U.S., Europe curbing Indian steel exports'

By Sridhar Krishnaswami

NEW YORK, FEB. 3. The Union Finance Minister, Yashwant Sinha, has said that the restrictive practices of the developed world are preventing Indian steel-makers from taking advantage of the global market.

Addressing a press conference at the Consulate-General of India here on Saturday, Mr. Sinha said he had not come looking for "any assurances" and pointed to the "new and innovative" methods of restricting steel imports from India. The anti-dumping levies on India had been made on "specious" grounds.

Participating in a panel discussion on the "Global Economic Outlook" at the World Economic Forum, now in session here, Mr. Sinha put forth the same arguments. The developed nations of the West, Europe and the United States faced sharp criticism over protectionism at the forum from other participants too.

Calling on the rich countries to open up their markets, Mr. Sinha gave specific examples of the European countries and the U.S. restricting the import of Indian steel. "Just because manufacturers in India are more competitive, they have been prevented from taking advantage of the markets in the developed nations. That has resulted in a surplus capacity," he said, adding that it would be beneficial for both India and the U.S. if Washington lifted the restrictive trade practices against the Indian steel. As far as India was concerned, better market access, capital flows, Overseas Development Assistance and terrorism were some of the main issues of concern, he added.

During a question-and-answer session, Mr. Sinha said fiscal deficit was a problem which India had not been able to solve as "yet"; but, he was quick to point out that fiscal deficit was not on account of excessive expenditure but due to shortfall in revenue. Unproductive expenses had been kept under check, but for some time now, there had been a shortfall in revenue.

Asked to comment on the depreciation of the rupee against the dollar and the impact of this on the growth rate, Mr. Sinha said it would not have any appreciable effect. With the day-to-day management in the hands of the Reserve Bank of India, the bottomline was to ensure that there was no undue volatility on the exchange rate. The market forces would determine this.

Asked about the "lessons" from Enron as it pertained to India, Mr. Sinha referred to one of the sessions, at the five- day WEF session, this morning, where a participant apparently pointed out that at the time of the East Asian Financial crisis, the U.S. was lecturing to the Asian countries on accounting standards and transparency. "We have no right to lecture," the participant, Paul Krugman, is said to have remarked.

Mr. Sinha said that while the "trend of modest defence spending will continue," India would not compromise with its security and whatever funding was required, it would be "unhesitatingly provided."

Tiger tricks

It's too risky to grant the LTTE a foothold in Tamil Nadu

IF the reported request of the Liberation Tigers of Tamil Eelam (LTTE) for a temporary base in Chennai to hold peace talks with the Sri Lankan government is true, it is a reflection of its brazenness. The militant organisation is so self-righteous that it overlooks the fact that it is the prime accused in the case pertaining to the assassination of former prime minister Rajiv Gandhi. Besides, its chief, Veluppillai Pirabakaran, is a "proclaimed offender" and is wanted by the Indian police. It is also in the dock for many terrorist strikes in India and for inflicting heavy damages on the Indian Army while it was on a peacekeeping mission in Sri Lanka in the eighties. Yet, it had no compunction in asking the Indian government for facilities in the southern city to hold talks with the Sri Lankan government. The LTTE's ideologue and interlocutor, London-based Anton Balasingham's chronic illness is the proximate cause of the strange request.

Tamil Nadu Chief Minister O. Panneerselvam is worried that if the LTTE is allowed a foothold in the state, it will lead to situations which are out of the state's control and which have a bearing on national security. Given the fact that there are some political parties which are sympathetic to the LTTE cause, it will not be difficult for it to exploit the language links between the people of Tamil Nadu and the ethnic minority in Sri Lanka to subserve its own vested interests. Hence, public opinion in Tamil Nadu is definitely against allowing the LTTE to set up camp in the state. It is no secret that the promises the LTTE makes cannot be taken at their face value. In fact, it has a tendency to go back on its promises as the various governments and agencies that had at one time or the other dealt with it would vouchsafe. Hence, it cannot be trusted when it promises that it will not misuse the facilities extended to it by the Indian government.

After all, allowance has to be made for the fact that the LTTE is a terrorist organisation which shows no scruples when it comes to achieving its objectives. That it still resorts to terrorist methods is borne out by its recent attack on the Colombo international airport in which 12 military and civilian aircraft were destroyed. At a time when India is in the forefront of the war against terrorism, any truck with such an organisation is bound to compromise its own position on terrorism. Under these circumstances, the Central government can only turn down the LTTE's request for a temporary base in India. This does not, however, mean that India is averse to the initiative launched by the Norwegians to bring peace to the island nation. Be that as it may, it was with great difficulty and at great cost that the LTTE's presence in Tamil Nadu was ended. Let it not stage a comeback under the garb of the peace process.

Unite at WTO talks, Maran tells Third World

By Our Staff Reporter

BANGALORE, JAN. 10. The Union Minister for Commerce and Industry, Murasoli Maran, has stressed the need for a united and active participation of the developing countries in WTO negotiations over the next three years, following the developments at the Doha conference.

Addressing the CII Partnership Summit on "The world trade order after Doha", Mr. Maran said that in the earlier negotiations, developing countries had no effective role in the agenda-setting process. Developing countries did not combine their efforts; they merely insisted on special and differential treatment and showed reluctance to participate in the negotiations.

Mr. Maran said it was only in Doha that there was a semblance of unity among developing countries which formed 75 per cent of the members. That led to issues being taken up for consideration and their inclusion in the WTO work programme.

The absence of a tried and tested mechanism to evolve a consensus which gave a sense of participation to members, particularly developing countries which were frustrated that their views were not adequately represented in various draft declarations, had cost us dearly in the past, Mr. Maran said.

At the Uruguay round, developing countries lost the right to implement many of the policies that had been central to East Asia's miraculous success, including selective protection of domestic industries.

In the past, the negotiation process involving all nations started only after the U.S. and the European Commission had reached an understanding between themselves on various issues. "What we should seek is a framework within which all people of developed countries and developing countries can trade together fairly, without oppression or exploitation."

Mr. Maran said a specific model to seek consensus was used once: for the declaration on TRIPS and Public Health a drafting committee was appointed, and India was one of the members. Consultations took many days and all countries participated.

Industry must give governments continuous inputs on its requirements, the problems faced in accessing markets, and in the movement of professionals and other skilled persons.

Earlier, Supachai Panitchpakdi, Director-General- designate, WTO, called for the creation of a trade negotiation committee headed by an ex-officio chairman. Mr. Maran said the Director-General of the WTO must be the ex-officio chairman of the committee.

Mr. Panitchpakdi said he would try to strengthen the WTO Secretariat, raise additional resources for the WTO budget and infuse substance into the work programme, between September 2002 and August 2005.

Both Mr. Maran and Mr. Panitchpakdi said developing countries must prepare in earnest for the next (fifth) ministerial conference to be held in Mexico next year, "which may even be brought forward."

WTO panel rules against India on auto-licensing regime

By Ranvir Nayar

PARIS: A dispute settlement panel of the World Trade Organisation (WTO) has ruled against India on its automotive licensing policy and asked New Delhi to bring it in line with global trade norms.

The panel, which was appointed on requests made by the U.S. and the European Union (E.U.), contended that the Indian government's insistence on certain conditions for foreign car manufacturers were against WTO rules.

The U.S. and the E.U. had challenged the conditions imposed by the Indian government on foreign car manufacturers for indigenisation or use of local components.

Foreign car manufacturers in India are currently supposed to reach a minimum level of 50 per cent indigenisation in the third year of operation in the country and 70 per cent within five years.

Another condition that was challenged at the WTO was the export obligation of foreign manufacturers. The agreement meant that all manufacturers had to export in value terms at least equal to the value of the imports made by the company. The WTO panel has supported the contentions of the E.U. and the U.S. on almost every point, leaving India with little chance of success in case it decides to go in for an appeal.

The U.S., which was the first country to call for a dispute settlement panel, contended that the local content and trade balancing requirements were inconsistent with the obligations of India under the General Agreement on Tariffs and Trade (GATT) and the Agreement on Trade-Related Investment Measures or TRIMS.

The E.U., which followed the U.S. in asking for the panel, claimed that the indigenisation requirement violated Article III of GATT.

India, on the other hand, said most of the issues raised by the two complainants had already been addressed satisfactorily in earlier agreements reached by the E.U. and the U.S. with it.

New Delhi also contended that the licensing regime had been abolished on April 1, 2001, and as a result the trade balancing provisions did not apply any longer.

India said the trade balancing provisions did not entail any export obligation and hence did not restrict imports or favoured domestic products over imported ones because they did not apply to freely importable products.

On the local content issue, India said since the abolition of the import-licensing regime, the government had the discretion on whether to apply or not to apply its contractual rights with the car manufacturers. *(IANS)*

'Indian stand on WTO a PR disaster'

Times News Network

NEW DELHI: Renowned international economist Jagdish Bhagwati has criticised the "no-new round" stand taken by India in the recent WTO ministerial conference at Doha, saying that it turned out to be a "PR disaster" for the country. He, however, noted that the overall outcome at Doha was "not bad" for India, but the government should now be more careful about how it approaches forthcoming WTO negotiations.

Addressing members of FICCI on 'Doha and India: Looking Back and Ahead' here, Mr Bhagwati suggested that the government involve NGOs, trade unions and experts in various fields to articulate India's point of view at WTO. "We have only limited standing in terms of our share in world trade and our capacity to offer inducements and punishments to other countries for getting our way. Our greatest strength is our intellectual capacity to make sound arguments in favour of our positions. This we must employ fully."

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