

COMPETITIVE PRESSURES

Developing Countries Feel The Pinch

By SOUMYA KANTI MITRA

The WTO's Hongkong Ministerial confirms that it is childhood's end for developing countries (DCs). The idea that they should be routinely accorded special and differential treatment (S&DT) by rich OECD economies is rapidly becoming passé; so is the thesis that S&DT should continue until DCs are able to compete on an equal footing. Going too is the practice of "linear", item-wise, tariff cuts for DCs — to be replaced by another method. This one penalises the more protectionist from among the DCs by mandating that they should undertake the deepest tariff cuts (using the so-called "Swiss Formula"). On the way out, too, is selective access to OECD markets via the generalised scheme of preferences (GSP). And gone, finally, are the days when DCs mainly exported raw materials like minerals, or agricultural and plantation products. Nowadays the south is deep into exports of manufactures, a trade category that accounts for 60 per cent of total overall international commerce.

Reciprocal market

That sort of competitiveness — albeit only of some — would also explain why, in WTO's post-GATT dispensation, the OECD has been so eager to pull the carpet from under the DCs' feet. The GSP is a good instance of that, with competitive economies (like China's) being "graduated" out of the scheme. If asked, however, OECD members explain that they want all DCs to be exposed to competitive pressures just like the ones they had once had to face. DCs, therefore, get no better than most-favoured-nation (MFN) treatment from OECD economies now.

But, beyond such overt altruism, the OECD members are aiming for reciprocal market access to DC markets. They have been hankering after that despite being themselves loathe to open up their agricultural markets for imports; nor have they taken the necessary steps to stop subsidising agro-inputs, or done away with export credit at below-market rates. True enough, Bru-

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ssels has promised to terminate such subsidies; but that is an open-ended commitment. Finally, even in services, OECD businesses would much rather outsource so that they did not have to countenance competition and high wages at home!

These Northern pathologies were writ large during the WTO's Hongkong Ministerial of



13-18 December — and nowhere more so than in the OECD idea that DCs should employ the so-called "Swiss Formula" to render their markets more accessible.

Resurrected from GATT's Tokyo Round days, the basis of the formula is that the more protectionist of the DCs should be forced to slash tariffs by a bigger extent than others who had lower rates to start off with. More important, the non-linear Swiss Formula will entail painful adjustments for DCs. That holds even for DCs that have traditionally been more open; even their economies have certain sectors that will have to face important adjustments, while revenue losses (from customs) will hit official revenue streams. Other short-term hurdles would include job losses, output falls, and even perhaps the current account going into deficit territory!

Touch and go

Exploring three tariff-cutting scenarios (graded "ambitious", "moderate" and "flexible"), Unctad recently found that 12.5 per cent was the weighted average of DC import tariff rates

— a figure that would plummet to 3.4 per cent if the "ambitious" scenario got implemented. (Failing that, the "moderate" and "flexible" tariff-cut scenarios would yield tariffs of six per cent and 9.2 per cent respectively).

A lowering of the tariff rate such as the above can raise welfare and exports over the long run, says the study. But it would

be touch and go: welfare gains may lie between \$41-69 billion while exports grow by 2.1-4.3 per cent; but there would also be instances wherein export growth is matched (or more than offset) by import growth. The "moderate" scenario says, for instance, that exports from China (and Hong Kong) would be 10 per cent higher, but puts their import growth at 12.5 per cent, or even higher! Likewise, India's exports would grow by 19.7 per cent, but imports would jump by 21.1 per cent — and so on! Only in some very few cases, like Brazil's, would import growth lag export growth, yielding an incremental surplus in the current account. As for the fall in customs revenue, the paper warns that there would be a 50 per cent fall in takings if the 'ambitious' variant of the Swiss Formula were to be used.

Going country-wise then, Unctad had concluded that "ambitious" tariff cuts would lead to a 51 per cent decline in tariff revenue (amounting to \$32 billion) for China along with Hong Kong. India would lose an even larger proportion, i.e., 63 per cent of its \$12.9 billion takings of customs revenue. And

Brazil would lose 64 per cent of \$5.6 billion in revenue.

Such revenue losses would be the highest under the "ambitious" scenario, but losses would be significant even under the "moderate" and "flexible" scenarios. So, every one of the three scenarios would occasion serious (and painful) short-term adjustments. Unctad also cautions that there may be significant job losses in certain economic sectors. The G-20 therefore has asked rich countries to cut tariffs by about 54 per cent while requiring poor ones to cut by 36 per cent at most. The group also asks OECD governments to cut up to 80 per cent of their "trade-distorting domestic support" to achieve a fairer global trade system. But the jury will be out on that until after spring; that is when the finishing touches will be given to all the deliberations, resolutions, offers and counter-offers that have been generated by the Sixth Ministerial.

Export subsidies

Finally, the most significant development of the Hongkong meet surely was the manner in which countries of the South — a disparate group at the best of times — were united during what they felt was the worst of times. One witnessed the G-20 becoming the G-110. And it was their weight of opinion and purchasing power that finally impelled the OECD to agree to eliminate export subsidies for farm products by the year 2013. They agreed also to offer technical assistance to poor countries, and to eliminate export subsidies on cotton by 2006-end.

True enough, the DCs on their part did not feel up to a further opening up of their service sectors to service providers from the North. But that was less of a principled stand on their part, and more of an irked reaction to the slothful pace of trade liberalisation in the sector which is the DCs' forte — agricultural goods.

So, despite it all, one might feel like just about agreeing with WTO Director-General, Pascal Lamy's comment that "Seattle was about shrinking the WTO. Cancun was about sinking the WTO. Hongkong was about rethinking the WTO".

Yes, a while ago, we (the scientific community) did hear of perceived threats to institutions and routine security checks were carried out. But then, nothing happened, so the fear of an attack receded. But then, such an attack can happen even in a public marketplace. — Mr CN Rao, scientific adviser to the Prime Minister, asked if he believed that scientific institutes had become a little complacent on security issues.

I remember his face well. He sprayed at least 20 bullets. I thought he was using an AK-47. People rushed towards him to see what was happening. I screamed my lungs out, trying to tell them to get back to the auditorium. But by then I was shot. — Mr Vijay Patil, lab assistant who was an eye-witness to

the attacks on scientists in Bangalore.

I will not fight elections. I will not indulge myself in power politics anymore. — Mr Atal Behari Vajpayee.

The communists have been undermining democracy in West Bengal. They don't believe in democracy. — Mr LK Advani.

CPM is so desperate to put the Opposition in trouble with the help of the police, that even I may be charged. — Mr ABA Ghani Khan Chowdhury.

I do not think I will live long but before I die I want to see the CPI-M defeated. — Mr Siddhartha Shankar Ray, former West

Bengal chief minister.

We have to stop use of plastic carry-bags before the problem spirals out of control. — Mr Buddhadeb Bhattacharjee.

Our institutions — from our Parliament and legislatures to our courts and distribution systems — have become pervaded with corruption. — Mr NR Narayana Murthy, chairman of Infosys Technologies.

Those who talk of two power centres do not know what they are talking about; we share a strong relationship. — Mrs Sonia Gandhi, referring to Dr Manmohan Singh and herself.

I have gone through the

Centre's proposals. I told them to talk to the trade unions, but even I can say these are just not acceptable. — Mr Buddhadeb Bhattacharjee, on labour reforms proposed by the Centre.

Pandit Nehru was a colourful personality. Just because his name was linked to Lady Mountbatten, it does not reduce his contribution in politics. No political party should now flaunt the high plank of morality. — Editorial in *Saamna*, BJP mouthpiece, on the Sanjay Joshi CD issue.

Every Tom, Dick and Soumitra (Chatterjee, actor) has voiced an opinion. — Peter Roebuck, cricket writer, on the reactions following Sourav Ganguly's exclusion from the Indian team.

on RECORD

Hailing Hong Kong, completing Doha

Kamal Nath may take the lead and call a mini-ministerial conference to complete the modalities of negotiations, now that the LDC demands have been effectively addressed or are on the way to being addressed, says Arvind Panagariya

CONTRARY to the doom and gloom scenarios advanced by many, the WTO ministerial conference at Hong Kong concluded successfully on December 18, 2005, making significant progress towards completing the Doha Round. True, the conference did not produce dramatic results. But that was just as some among us had predicted: with the final round of negotiations still a year away, few accomplished negotiators could be expected to put their best offers on the table.

Two key factors explain why the failure to achieve progress in agriculture at Cancun turned into success at Hong Kong. First, having learned from its mistake at Cancun, where it had made common cause with the European Union, the US chose to forge partnership with developing countries at Hong Kong. Because the US has a strong comparative advantage in agriculture while the EU lacks it, developing countries with comparative advantage in agriculture were its natural allies. On one hand, the tactic helped persuade developing countries that the US was genuinely interested in agricultural liberalisation and on the other hand it intensified pressure on the EU to liberalise.

Second, the grouping of 20 larger developing countries known as G-20, initially formed at Cancun to counter the US-EU alliance, came of age at Hong Kong. While the G-20 naturally used its leverage to promote the interests of its membership, it also worked constructively to advance the negotiations.

Thus, early during the conference, led by ministers Kamal Nath of India and Celso Amorim of Brazil, the G-20 joined hands with the grouping of 90 smaller developing countries known as G-90 and successfully negotiated duty and quota-free access for the products of the 50 least developed countries (LDCs) into developed country markets. Later, in an important act of leadership, minister Nath broke ranks with Brazil and with China on his side, went on to support the reasonable EU demand that the date for



SASIKUMAR

the end to agricultural export subsidies be set at 2013 instead of 2010. That support provided the necessary balance to clinch the deal on exports subsidies.

The Hong Kong conference has moved WTO members significantly closer to a final Doha agreement. In addition to agreeing to end agricultural export subsidies by 2013, the member countries have made progress on tackling domestic agricultural subsidies. They have agreed to create three tiers of countries whereby the EU, which is by far the biggest user of such subsidies, will be required to make the deepest cuts; the US and Japan, the next largest users of the subsidies, will be subject to the next deepest cuts; and the remaining countries will be subject to the smallest cuts. While the final agreement is to be reached on April 30, 2006, under the current proposals, the cuts for the EU are expected to be in the 70-80% range and for the US and Japan in the 53-75% range.

On market access in agriculture, the member countries have agreed to base tariff cuts on four bands defined according to the existing level of tariffs with

deeper cuts applied to higher tariffs. Precise modalities meaning threshold levels of these bands and the extent of the cuts are to be negotiated by April 30, 2006. On market access in non-agricultural products, the member countries have explicitly adopted the Swiss formula that would cut higher tariffs more and lower tariffs less. Again, the modalities meaning the precise levels of cuts are to be negotiated by April 30, 2006. There has been less progress in services but even here deadlines have been set for the submission of the offers.

A KEY achievement of the conference has been to address several demands of the LDCs. For example, developed countries have agreed to open their markets for 97% or more products on a duty-free basis to them. The LDCs will also not be required to undertake reciprocal tariff cuts in any products. While trade economists question the advisability of both these measures as ways to assist the LDCs, they remain intensely popular with the latter. The conference also made significant progress

towards "aid for trade" for the LDCs.

These achievements notwithstanding, hard bargaining at Hong Kong has left developed country leaders uniformly sceptical that the Doha Round can be brought to a successful conclusion. The risk is that this scepticism can become self-fulfilling. That will be sad for developing countries including India, which have fought hard to give the negotiations their current shape.

Thus, at Doha, late commerce minister Murasoli Maran had valiantly fought against the inclusion of the Singapore issues — investment, competition policy, government procurement, and trade facilitation — into the negotiating agenda. With that objective achieved except for innocuous trade facilitation issue, the round is now squarely focused on trade liberalisation that produces win-win bargains. Considerable progress has also been made on trade liberalisation front along the lines sought by India and other developing countries. A failure at this juncture will not only wipe out these gains, it will also strengthen the hands of the US and EU labour lobbies' that may then return with vengeance with their self-serving and damaging demand for the inclusion of labour standards into the WTO.

With LDC demands effectively addressed or on the way to being addressed, the larger developed and developing countries such as the US, EU, Japan, Brazil, China, India and South Africa must now focus efforts on completing the modalities of negotiations. They must quickly get down to the business of putting precise numbers on the agreed upon bands and associated magnitude of liberalisation of domestic subsidies and market access. Given the progress already made as summarised in the annexes of the Hong Kong declaration, this is a task well within reach. Minister Nath may even wish to take the lead and call a mini-ministerial conference in New Delhi to complete this crucial step in the negotiations.

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India at Hong Kong: more give than take

C.P. Chandrasekhar

JUDGING BY the rhetoric, it was a triumphant return. Commerce Minister Kamal Nath arrived from Hong Kong, after attending the sixth ministerial meeting of the WTO, to declare that a "grand coalition" (G110) of the poorer countries had helped secure a favourable agreement. In particular, in his view, the Hong Kong agreement protects the interests of India's farmers. Elsewhere, Indian negotiators have claimed that India has not given too much in the two other critical areas of non-agricultural market access and trade in services.

Those less optimistic about what the Hong Kong declaration offers developing countries and critical of the role played by India and Brazil in the final stages of the Hong Kong negotiations, would see the Commerce Minister as claiming too much too early. Too early because, as expected, the declaration is still a framework and leaves most of the modalities for determining the extent of trade liberalisation by various members in the different areas largely unspecified. Too much because the framework extracts little by way of liberalisation from the developed countries in agriculture, while paving the way for substantial liberalisation of the markets for manufactures and services in developing countries.

Few would deny that nothing illustrates the unequal nature of the previous round of global trade negotiations than the persistence of massive levels of protection and support for farmers in the Organisation for Economic Co-operation and Development. Yet, the developed countries had already extracted substantial concessions in the area of agricultural trade in the "July Framework" of 2004. That document had signalled acceptance of the continuation of the Blue Box (which was to be phased out by the end of the Uruguay Round implementation period) and almost completely ignored the problem of "Box shifting" or transformation of trade-distorting support into forms conveniently defined as non-trade-distorting. The only issues up for negotia-

It is in the areas of non-agriculture markets access and services that developing countries, led by Brazil and India, have given too much even at this near-framework stage.

tion were the extent of and timeline for import tariff and domestic subsidy reduction by different members and the date and modalities for elimination of export subsidies on agricultural products.

Even here the Hong Kong declaration has little by way of finality. Its major "advance" is the acceptance by the European Union that export subsidies would be phased out by 2013, as opposed to the demand that this should be done by 2010. From the point of the EU this is really no concession at all. It currently offers support equivalent to around 90 billion euros under the Green, Blue, and Amber Boxes, whilst trade distorting export subsidies amount only to around 3 billion euros. In any case, a substantial reduction in these export subsidies had been envisaged as an integral part of the current phase of reform of its Common Agricultural policy, which was to be completed by 2013.

On other agricultural issues, the declaration reiterates the need to work out the modalities for reduction of tariffs and domestic support and agrees that these will have to be "non-linear" in the sense that those currently providing greater domestic support and imposing higher import tariffs will have to make larger reduction commitments. This it does by specifying that countries would be included in one of three and four "bands" respectively, when defining the extent of domestic support and tariff reduction. But the exact details of the reduction are yet to be negotiated. If the Hong Kong declaration is any indication, it is unlikely that these reductions would go beyond current offers by the United States and the EU, which relate only to "bound" (not actual) levels and are therefore unlikely to involve significant, if any, cuts in support.

Faced with these circumstances, Indian negotiators have implicitly argued India's interests in agriculture are not aggressive, or focussed on expanding exports, but "defensive," in the form of protecting domestic producers from international competition. Their claim is that the country's defensive interests in agriculture have been advanced by three Hong Kong "gains": the EU "concession" to phase out export subsidies by 2013; the agreement that developing countries will have the flexibility to "self-designate" an "appropriate" number of agricultural products as Special Products, which would not be subject to tariff reduction commitments; and the recognition of the "right" of developing countries to take recourse to a Special Safeguard Mechanism to deal with either import surges or sharp price declines in particular agricultural products, the "precise arrangements" for which have to be defined after further negotiation. In sum, India, along with other developing countries, has committed to providing greater market access for agricultural commodities, in return for minor concessions from the EU and the U.S., with the caveat that as yet unspecified number of special products will be exempted from significant tariff reduction and additional tariff protection can be resorted to against an import surge.

It is necessary to recall that in the period between the July (2004) framework and the Hong Kong Ministerial, there were two kinds of concerns. The first related to the intransigence of the EU with regard to significantly reducing the protection and support offered to their producers, which was threatening to derail the Doha Round. The second was the expectation that if and when EU did make any concessions, and the U.S. and the EU reached an agreement, the de-

mands they would make of the developing countries in the areas of non-agricultural markets access and services would set up a new stumbling block. The first concern has been resolved by virtually letting the EU off the hook. Where are we on the second?

It is here that developing countries, led by Brazil and India, have given too much even at this near-framework stage. In the area of non-agriculture market access, a contentious issue was the degree to which developing countries would have to give up their right to protect domestic firms in order to build and strengthen their domestic industrial base and face the threat of deindustrialisation by opening up their markets to imports of industrial goods. The thrust of the developed countries was to demand that all industrial tariffs have to be bound in all countries except the Least Developed (LDCs) and these bound tariff levels must over time converge across countries and products. The developing country position was that this amounted to ignoring the implications of international inequalities in industrial capacity and the policies adopted by the developed countries themselves in earlier phases of their industrial history. Despite this, the declaration signals agreement on a non-linear Swiss Formula that would harmonise tariff levels by ensuring larger cuts in the case of higher tariffs. Though there is recognition of the need for less than full reciprocity in reduction commitments for developing countries, the acceptance of a Swiss-type formula paves the way for harmonisation over an as yet unspecified time period.

Services sector setback

The setback for developing countries is true of the services area too. Services negotiations mandated by the Uruguay Round, with no binding commitments in a reciprocal request and offer process in self-selected areas, are still in their early stages. Rather than continue with this process and assess its implications when completed, the drive has been to accelerate the pace of liberalisation services by mandating sectoral negotiations in key areas such as finance, telecommunications, distribution, education, postal services and computer and business services. The intention clearly is to get developing countries to open domestic services markets and accept a set of rules in each of these sectors that will allow foreign investors the same rights as local suppliers. Further, to increase the pressure to liberalise all services areas, there has been an effort to push for plurilateral negotiations in addition to bilateral ones.

In the draft declaration that went to Hong Kong, Annex C, which argued for accelerating the liberalisation of services, was bracketed, implying that there was no agreement on the area. In a surprising development the whole of Annex C has now been unbracketed, albeit with some changes. In particular, the reference (in a footnote) to the attachment to the contentious Report of the Chairman to the Trade Negotiations Committee in connection with sectoral and modal objectives is accompanied by the statement that the attachment has no legal standing. But the inclusion of Annex C in the declaration is a signal that developing countries are now willing to engage in sectoral and plurilateral negotiations, though Cuba and Venezuela have formally expressed their reservations on the issue. Reports have it that India's role in mobilising developing country support for the inclusion of Annex C, driven by a misreading of its own interests, was crucial.

In sum, even at this framework stage, developing countries have given too much for little in return. Needless to say, the exact levels of gains and losses would be clear when the modalities have been fully worked out. But using the near impossible deadlines that have been set for finalising these, the threat of being identified as responsible for the collapse of the Doha Round would be leveraged to ensure that the trend set by the declaration would be strengthened in any final agreement that is forged.

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HINDUSTAN TIMES

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WTO and watch

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WTO

SQUEEZING SOMETHING productive out of a jamboree of posturing is not easy. The World Trade Organisation ministerial in Hong Kong can claim it has, but only just. Leaders are flashing one accomplishment in capital letters: a promise by rich nations to phase out agricultural export subsidies by 2013. This was a perfect issue on which to coalesce. Poor nations and NGOs were against them. As were half the rich nations. Only the European Union was ready to keep export subsidies on the books. It was a trade distortion well past its expiry date. The only complaint: eight years is a long time.

The trickier judgment is to ask whether too much was conceded in return. The promised industrial tariff cuts may prove meaningless. And forward movement in trade in services was non-existent. The developing world, led by the G-20 with the unwieldy G-110 in tow, declared victory. WTO chief Pascal Lamy went along with this, saying, "We are tilting the balance in the WTO firmly and steadily in favour of the developing nations." India is among those who have put a rose between its teeth.

On the face of it, the Hong Kong agreement was better matched to the interests of Africa than to those of India. The size and nature of India's agricultural exports are such that farm export subsidies are a sideshow. Second, though plenty of domestic industrial houses are happy with fuzziness on industrial tariffs, this won't promote the development of a competitive manufacturing sector. The Ambassador car did well thanks to tariffs, but India's car industry did not. Finally, where India is genuinely competitive is services. This is one trade area where India's interests are closer to the North's than the South's. The failure to pry open this trade area is a setback.

But trade veterans know WTO negotiations go better if everyone can go home and claim victory. Hong Kong gave many developing nations, including India, this rhetorical prize. With any luck this will mean that countries that played demolition derby at Hong Kong will be more inclined to brick and mortar-laying at the next ministerial, paving the way for a successful completion of the WTO's increasingly protracted Doha round.

21 DEC 2005

THE HINDUSTAN TIMES

No easy way out as Hong Kong II looms

After a week of trench warfare, the idea of a spring trade pact looks far-fetched. ¹⁰⁻¹¹ ^{29/12}

Larry Elliott

^{269 WTC}
JEAN-PAUL SARTRE famously said that hell is other people, and after six days at the trade talks in Hong Kong you could see his point. Were Sartre writing *Huis Clos* (No Exit) today, he would probably set it at a World Trade Organisation ministerial meeting, with negotiators snapping and snarling at each other, day after day, but making no apparent advance.

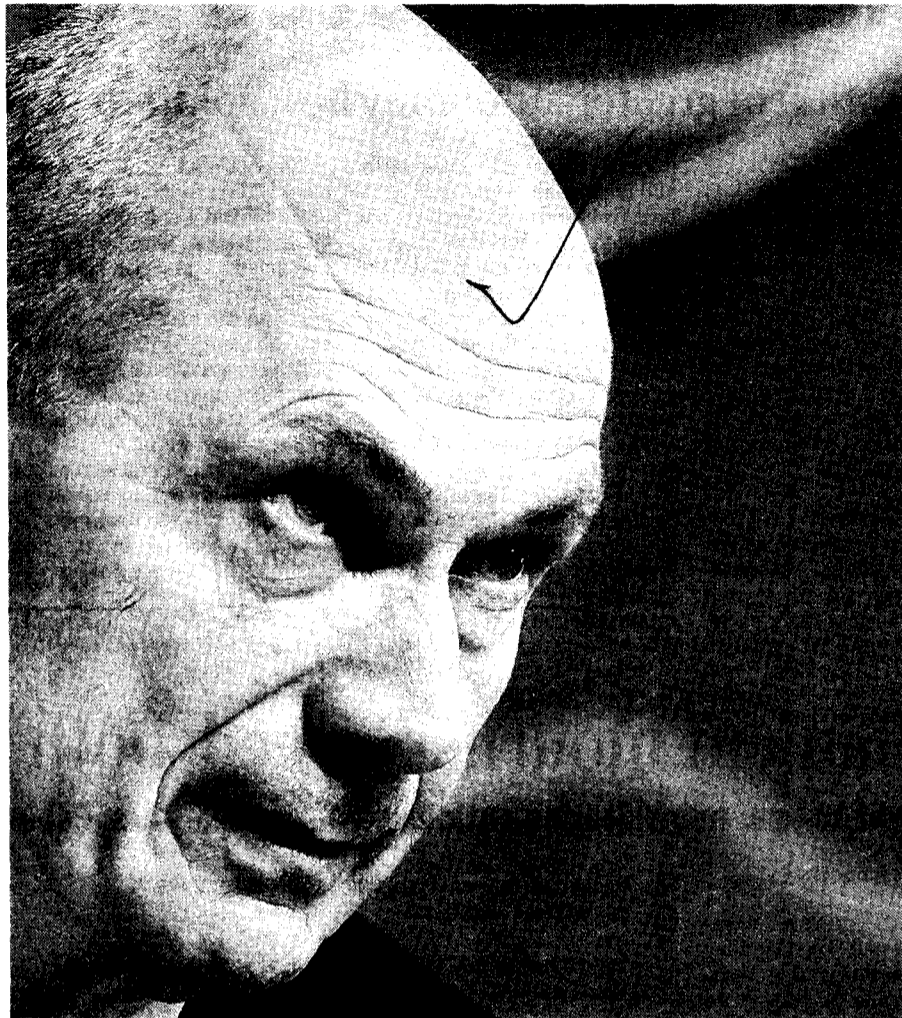
As a French intellectual, Pascal Lamy, the WTO's director-general, knows a thing or two about Sartre. For Mr. Lamy, the fact that his members are still talking meant Hong Kong was a success — of sorts. He was terrified that the meeting would be another Seattle or Cancun, and it was not. But in all other respects, the meeting was a failure.

The notion that Hong Kong would be a staging post to an all-but-final deal by the end of April looks far-fetched after the trench warfare of the past week. None of the big issues — agriculture, industrial tariffs, or services — was advanced, and the so-called package of special help for developing countries proved to be an exercise in cynicism by the developed world.

Take the agreement to allow the very poorest countries to export their products to the West, duty-free and quota-free. The European Union pushed this very hard, perhaps because it already has such a programme up and running under the Everything But Arms deal. Although the least-developed countries (LDCs) account for a tiny fraction of world trade, the United States and Japan insisted that duty-and quota-free could not apply to all products. As Adriano Soares of Action Aid put it, this means that Bangladesh will be able to export all its non-existent nuclear submarines to the U.S., but not the textiles that make up more than 80 per cent of what it sells overseas.

The deal for LDCs was supposed to be an early Hong Kong harvest — a sign of goodwill from the West to set a positive tone for the rest of the talks. No such galvanisation took place. All that the endless wrangling achieved was to expose the hollowness of the notion that the talks launched in Doha four years ago constitute a development round.

The whole point about the concept of a development round was to redress the legitimate grievances of developing countries following the end of the last batch of negotiations between 1986 and 1993. The Uruguay Round was so biased in favour of the EU and the U.S. that poorer countries vowed they would not sign up to a new set of liberalisation talks unless their interests were given special attention. In particular, they demanded real cuts in the protection granted by Brussels and Washington to their



A SUCCESS OF SORTS? WTO director-general Pascal Lamy at a news conference in Hong Kong — PHOTO: REUTERS

farmers. It became clear in Hong Kong that any notion of a "round for free" for developing states was not remotely on the table. The Americans offered the four cotton-producing West African nations a minor concession — an end to export subsidies — but were less forthcoming about the vastly more significant handouts that Washington gives to southern U.S. farmers when the world price falls.

Peter Mandelson, Europe's Trade Commissioner, was refreshingly frank about his mercantilist approach. It would be politically untenable, he said, for Brussels to give way on agriculture without getting something in return. The whole point about a negotiation was give and take. Brazil, India, and some of the other bigger developing countries could not expect to gain access to

the EU market unless they were prepared to concede ground on industrial goods and services. With the French and Irish determined to defend European farmers' interests, Mr. Mandelson's negotiating approach was, perhaps, understandable. But so was the argument of Brazil's Foreign Minister, Celso Amorim, that developing nations were being told to pay Europe for something it was supposed to do anyway.

The EU also sought to drive a wedge through the developing world by seeking to differentiate between countries that were really poor and those that were not. In other words, Brussels had no demands of Benin, but it was not prepared to give a free ride to Brazil. But as the campaigning World Development Movement pointed out, even "advanced" developing countries have

problems of poverty and inequality that would be inconceivable in Europe, and so to brand them as quasi-developed is nonsense. In India, for example, 80 per cent of people live on less than \$2 a day.

Developing countries certainly don't share all the same economic interests, but one feature of Hong Kong was the willingness of the non-developed world to band together in the G110 — comprising all WTO member-states apart from the advanced countries of Europe, North America, and Japan. While Washington and Brussels would love meetings to be conducted in the old manner — carving up a deal between them and foisting it on everyone else — the reality is that the WTO's dynamics have changed.

The new political reality will become evident if Tony Blair manages to convene his special trade summit in the New Year, which would include the leading wealthy and developing states. The feeling in Downing Street is that trade is now too big an issue to be left to Trade Ministers, and that if the Doha round is to get anywhere, people with a more strategic perspective must be involved. As one official put it, there is a case for saying that it would be in the interests of the West's counter-terrorism and immigration policies to be more generous to poor countries, but that sort of trade-off is not one that is recognised by negotiators at WTO meetings.

Mr. Blair is disappointed Britain's twin presidencies of the G8 and EU have ended on such a discordant note. More importantly, however, the expiry in mid-2007 of the U.S. fast-track mandate — under which trade bills are presented to Congress on a take-it-or-leave-it basis — means there is real pressure to get a move on.

It is hard, however, to envisage this round of talks being completed early next year, even assuming that a special summit can be convened. It is clear that the WTO is a dysfunctional organisation and, unless its 150 members are happy to settle for the lowest common denominator, it will take years to complete this round. It should then be the last. Donald Johnston, the secretary-general of the Organisation for Economic Cooperation and Development, made one of the more useful contributions to Hong Kong when he said countries may need to abandon the mercantilist thinking of "I'll only give you this if you give me that" and recognise that the interests of everybody may be advanced by individual states being brave enough to go it alone. But that's for the future.

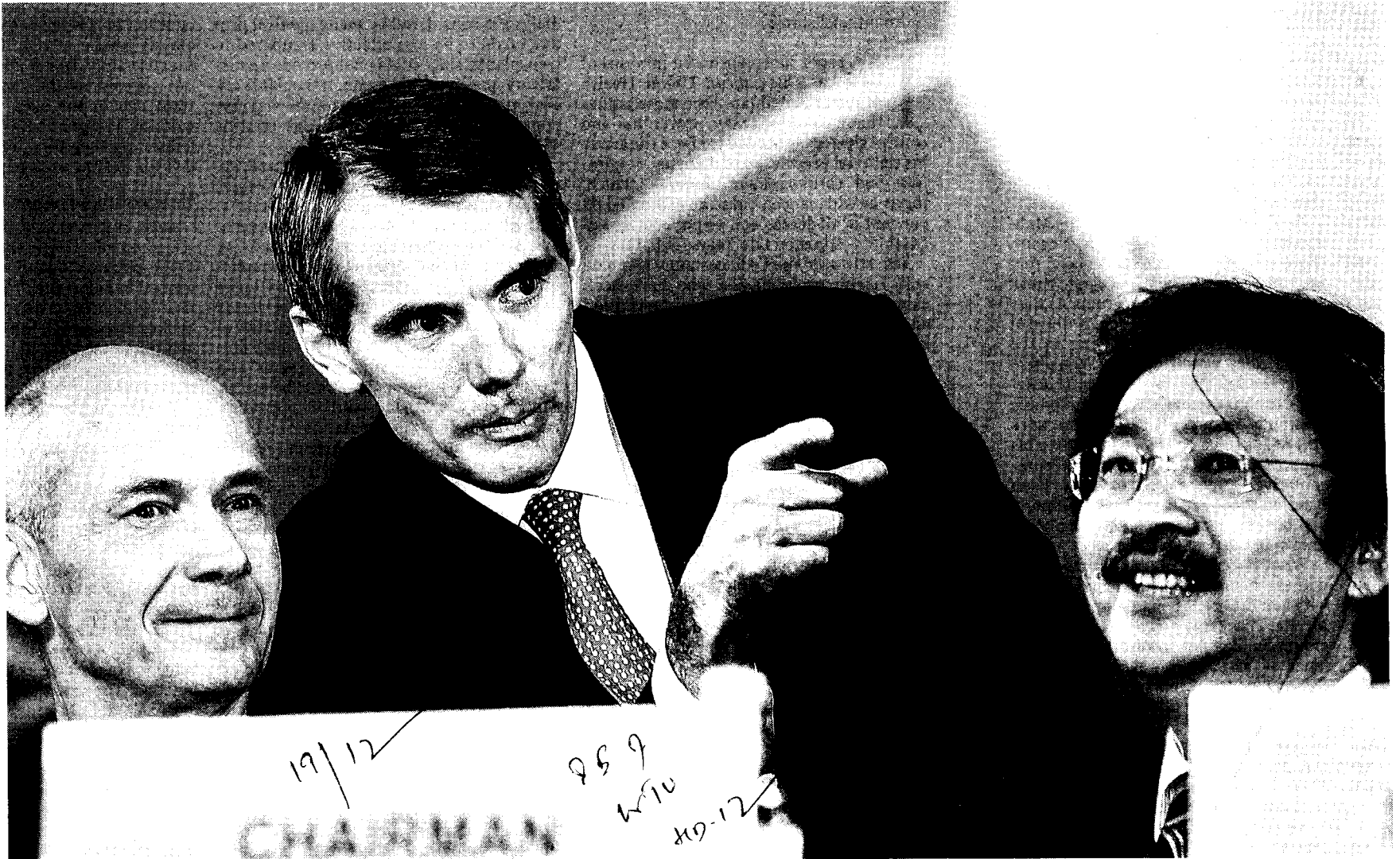
Meanwhile, the unfinished business from Hong Kong means we could be in for a Hong Kong 2 in the spring. —©Guardian Newspapers Limited 2005

20 DEC 2005

THE HINDU

'Statement betrays poor countries'

"A profoundly disappointing text; akin to rubbing salt into a wound"



DEAL STRUCK: Pascal Lamy, Director-General WTO, Rob Portman, U.S. Representative and WTO Chairman John Tsang share a few words at the closing session of the sixth World Trade Organisation ministerial conference in Hong Kong on Sunday. The 149-member WTO adopted a compromise text that opens a way to an overall accord. - PHOTO: AFP

HONG KONG: Anti-globalisation agencies on Sunday condemned a draft statement set for adoption by the World Trade Organisation (WTO) as a betrayal of the poor, as world trade talks moved towards a close.

The modest statement set to be adopted later on Sunday allows agricultural export subsidies to be scrapped by 2013, as demanded by the European Union, rather than 2010, as pushed by the United States and key developing nations.

It makes little progress on other issues key to developing countries.

While the G20 group of developing nations reluctantly accepted the proposal, saying it would

- **Minority interests put before needs of the poor**
- **Rich countries' protection of their textile industry disastrous for African producers**
- **Greenpeace calls on developing countries to reject text**

give some credibility to the previously stalled trade talks, non-governmental organisations at the Hong Kong meeting took a harder line.

"This is not a deal, it's a fraud," the head of ActionAid's trade justice campaign, Aftab Alam Khan, told AFP.

"Poor people can't wait another eight years for an end to E.U.

exports subsidies. The offer means that, yet again, minority interests are put before the needs of the majority of the world's population."

International aid agency Oxfam said the draft deal failed to deliver on the promise to help developing countries that was the central tenet of the Doha round of trade negotiations four

years ago.

Minimal access

Oxfam's trade campaign chief Phil Bloomer said rich countries had conceded minimal access to their agricultural markets while opening up the sensitive industrial and services sectors of developing nations.

"This is a profoundly disappointing text and a betrayal of development promises," Mr. Bloomer said.

Under the draft deal, developed countries have agreed to provide duty-free and quota-free market access for at least 97 per cent of the exports from the poorest countries.

However, the International

Confederation of Free Trade Unions (ICTFU) said the fact that rich countries would still be able to protect key products such as textiles was a disastrous result for African cotton-producing nations.

"This latest development is akin to rubbing salt into a raw wound; things for African countries are bad enough as it is," ICTFU general secretary Guy Ryder said.

Environmental group Greenpeace called on developing countries to reject the text but said they were likely to cave in to pressure from the more powerful rich nations in order to avoid being blamed for the collapse of the Doha round. - AFP

Draft sets deadline for export aids

Hong Kong: A draft deal put to World Trade Organisation states on Sunday set an end date of 2013 for farm export subsidies, extended some help for the WTO's poorest states and offered something to African cotton producers.

Agreement on the plan is seen as vital to WTO hopes for a draft trade treaty early in 2006 which could inject billions of dollars into the global economy and lift millions out of poverty.

Leading developing countries gave it a cautious welcome.

"India welcomes this final revised draft. From going round and round about we now seem to be setting course to a development agenda," said Indian commerce and industry minister Kamal Nath.

The compromise text, proposed after six days and almost as many nights of hard bargaining between rich and poor nations, must be approved by the full 149-state membership gathered for a ministerial conference in Hong Kong.

"We agree to ensure the parallel elimination of all forms of export subsidies and disciplines on all export measures with equivalent effect to be completed by the end of 2013," the draft declaration said.

Brazil's foreign minister Celso Amorim said he was authorised by the G20, an alliance that only deals with agriculture, to accept what was on the table on farm reforms, despite having demanded a 2010 end-date for export subsidies.

"I think that what is in the document I would qualify as modest, but not insignificant," he said at a conference. "I think it's a fair compromise. An accord on when to end export subsidies would remove one of the major obstacles to progress in the WTO's Doha round of free trade talks, even if the compromise fell



Commerce and industry minister Kamal Nath holds a copy of a draft agreement as he speaks at a press conference at the WTO summit in Hong Kong on Sunday. The tentative agreement, coming after all-night negotiations, calls for wealthy countries to eliminate farm export subsidies by 2013. "We welcome it," said Nath.

short of the 2010 date that major agricultural goods' exporters had been seeking. The draft also proposed eliminating export subsidies on cotton—a sensitive issue for the United States—in 2006, and proposed April 30, 2006 as deadline for reaching a draft pact for the wider Doha trade round. The Hong Kong ministerial meeting had initially been scheduled for 99.9%.

It left open the possibility of dismantling rich nation cotton subsidies, a key African demand, at a faster pace than would eventually be agreed for all farm goods under a final deal. But non-governmental organisations, which campaign on behalf of developing countries, were not impressed. "Justice has not been delivered in Hong Kong," said Catholic relief agency CAFOD. Reuters

ences were so great between states going into the conference that the WTO opted to lower the bar and seek a more modest pact. For least developed countries (LDCs), the text offered duty-free and quota-free access on at least 97% of all their goods by 2008, falling short of their demand for 99.9%.

It left open the possibility of dismantling rich nation cotton subsidies, a key African demand, at a faster pace than would eventually be agreed for all farm goods under a final deal. But non-governmental organisations, which campaign on behalf of developing countries, were not impressed. "Justice has not been delivered in Hong Kong," said Catholic relief agency CAFOD. Reuters

China keeps a low-profile at trade negotiations

269
250

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DEV CHATTERJEE

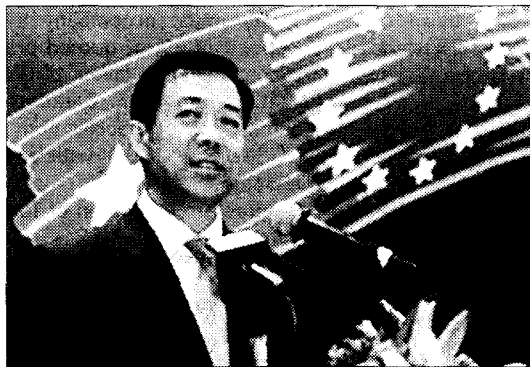
HONG KONG, DECEMBER 18

CHINA may be one of the world's biggest economies, but any question to a Chinese official on the developments at the current global trade talks in Hong Kong will be met with a stony silence.

But analysts say this silence is understandable. "They do not want to antagonize the big players like the US and Europe to which they are exporting the maximum," says economist Sidhartha Roy. "But at the same time, they want all the concessions which the developing world is demanding in the current round," he adds.

Indian commerce minister Kamal Nath agrees. "In almost all the matters relating to the developing world, China is supporting us," he says.

China's strategy, incidentally, at the World Trade Organisation talks is exactly the opposite of India's. While India and Brazil have taken an aggressive stance and are quoted widely in the international media, China has been keeping a low-profile — it is yet to address a single news conference at the Hong Kong talks.



Chinese commerce minister Bo Xilai, who is leading 100-strong Chinese delegation. The country is yet to address a single news conference at the Hong Kong trade talks.

Incidentally, it is officials from the Indian delegation who give details about the Chinese stance in the negotiations than the Chinese themselves. And if Indian delegates having access to the Green Room (where the big daddies usually negotiate) are to be believed, China supports India in almost all the key demands made by them in terms of agriculture, market access and services sector.



Rather than taking a hardline posture during the meeting, the 100-strong Chinese delegation, led by its commerce min-

ister Bo Xilai, prefers to take a stand which basically goes in this form: the WTO talks should not divide the developed and developing worlds further.

"China is highly interested in this trade talk reaching somewhere," says an analyst. "It will be the biggest beneficiary from both sides. Besides, it is taking a lot of interest in bilateral talks between governments," he adds.

With \$100 billion as trade surplus expected this year, China is today one of world biggest players in the global trade, along with Europe and the US. As there is so much of stake in the current round for China to keep its economic momentum intact, it is therefore not surprising to find the Chinese delegation keeping mum.

In the past, the US and EU had criticised China on some details of the implementation of its WTO commitments, especially on intellectual property rights. Besides, this summer's textile row with Europe is still fresh in the minds of Chinese officials.

With the developed world putting more pressure on China — which became a WTO member in 2001 and since then has implemented some far-reaching steps on opening up its markets further — small wonder that China prefers to keep a wait and watch strategy.

WTO deal: Scales tilt in favour of poor

K.A. Badarinarath

Hong Kong, December 18

AFTER TORTUOUS negotiations spread over the last six days, a compromise trade deal has been clinched between the 150 members at the WTO ministerial conference at a late night session on Sunday.

Violent protests by those opposing trade reforms and grumbling by poor countries notwithstanding, the ministers have resolved to finalise the modalities for new trade deal in next six months. This signals that trade reforms worldwide are on track.

The deal has given an eight-year timeframe for rich countries to end the export subsidies. Accordingly, developed countries like US, EU and Japan will phase out these subsidies by 2013. India and Brazil led G-110 had earlier pressed for removal of these subsidies three years earlier i.e. 2010.

Phasing out the export subsidies is expected to lead to an increase in the prices of commodities worldwide thereby making farm products from poorer countries price competitive.

Resistances put up by EU led to delay in adoption of the declaration

tion by about six hours. The back-stage consultation drama continued overnight for full 18 hours thereby sending out panic signals that Hong Kong ministerial conclave may end up without any deal and go the Cancun or Seattle way.

A coup of sorts for countries like India is that two windows -- Special Products and Special Safeguards Mechanism (SSMs) - have been allowed to prevent any rich country from dumping its farm products. Under the arrangement, India will have the freedom to decide the products that can be put in these windows and prevent unfair competition.

Addressing a news conference later, Commerce and Industry Minister Kamal Nath said: "The development agenda in trade talks has been put on track, though much more needs to be done." Brazil's foreign minister Celso Amorim said: "What is there in the document (ministerial declaration) is modest but not insignificant."

Unprecedented unity demonstrated by developing and poor countries through the G-110 grand alliance seems to have done the trick. The six-day WTO meet also hints at the changing dynamics in

INDIA STANDS TO GAIN FROM NEW PACT

Agriculture:

- Ending subsidies in rich countries will open up export markets for Indian products like basmati, non-basmati rice and cereals. Agri-exports may double to US \$ 14 billion in five years

Services:

- Advantage for business outsourcing, IT-enabled, contractual services & movement of professionals

TRIPS:

- Allow generic version of patented drugs to be produced and exported

■ Propose to protect traditional knowledge like unani, ayurveda, homeopathy and bio-diverse products

■ Basmati rice and Darjeeling

tea along with mine others posed for patent rights under geographical indicators

Industrial products:

- Jump in leather, garments, auto-components, gems and jewel exports possible

■ Competition from foreign goods to put domestic industry under pressure

■ 5-10 per cent products may get tariff protection

■ Proposed cut in peak duties and non-tariff barriers by rich countries would advance Indian exports

■ The country will have the option to choose the sectors, products to be posed for foreign competition

lift quotas and withdraw all duties on most products' exports by poor countries. This is expected to result in allowing cost-effective products from 50 least developed countries (LDCs) to be sold in advanced markets.

With regards to opening up industrial goods and services, the Hong Kong declaration has made significant progress despite reservations from LDCs and some developing countries. Here also countries like India and Brazil stand to gain owing to flexibilities allowed in reducing the duties.

This concession would also allow domestic industry the time line required to compete with foreign imports as duties have to be lowered.

On services, India's campaign for getting greater access for its outsourcing services and unhindered movement of its professionals did not make much headway. But, a significant shift in the mode of negotiations may go in favour of India. In next four months, a firm negotiation strategy would be firming up.

Meanwhile, major industry bodies like FICCI and Automotive Components Manufacturers Association welcomed the new trade deal.

trade diplomacy with scales tilting in favour of poor countries.

While the declaration directs US to end export subsidies on cotton by April next year, West African ministers are unhappy that no such end-date has been specified.

"There is a feeling of frustration as deadline for the rich countries to

WTO meet ⁹⁵⁹ ^{19/12} ^{KD-1} ^{- WTO.} finalises draft

Farm export subsidies to be eliminated

N. Ravi Kumar

HONG KONG: Trade negotiators at the sixth ministerial conference of the World Trade Organisation on Sunday finalised a draft promising the elimination of all forms of agricultural export subsidies by 2013 and allowing concessions to developing countries on reduction of industrial tariff.

The draft, approved at the concluding session of the ministerial, brought cheers to India and its industry. Commerce and Industry Minister Kamal Nath said: "India welcomes the draft that sets the course of the development agenda."

Concerns about the six-day conference — which saw the cementing of unity among the developing and least developed countries, round-the-clock intensive deliberations and violent protests by those opposed to the WTO — not delivering anything concrete were sorted out when the second revised ministerial draft was accepted with minor changes.

Among other things, the draft decided on 2013 as the deadline for the elimination of all forms of export subsidies and "disciplines on all export measures with equivalent effect. This will be achieved in a progressive and parallel manner, to be specified in the modalities, so that a substantial part is realised by the end of the first half of the implementation period."

Mr. Nath said the agreement on the elimination of export subsidies would help protect Indian farmers from unfair competition in the domestic market even while opening up new opportunities for the export of agricultural products.

The ministerial draft allowed the developing countries to declare an appropriate number of Special Products — that would remain outside the ambit of the tariff reduction formula — on a self-selection basis. It also pro-

vided for a Special Safeguard Mechanism under which the developing countries would be able to raise their import duties on agricultural products in the event of a surge in their imports or a fall in their prices.

Industrial tariff

Stating that the modalities for the implementation, on the agreements, would be finalised next year, Mr. Nath said the draft took note of the ABI (Argentine/Brazil/India) formula for reducing industrial tariffs. The three nations recommended a multiple co-efficient Swiss formula based on each country's tariff average.

According to an official communiqué: "A clear instruction to focus on reduction of tariffs, especially tariff peaks and escalation, on products of export interest to developing countries has been included in the declaration."

It had been ensured that flexibilities for developing countries would be included in the final package. This reinforced the Paragraph 8 provisions of the July framework agreement (on Doha Round) allowing the exemption of a specific number of tariff lines from formula cuts.

Services

On services, Mr. Nath said the policy space essential for developing countries had been fully preserved. It had been decided that discussions in Geographical Indications and Biological Diversity would be further intensified so as to be completed by June 30.

Fears about the second draft getting stuck on oppositions from some African countries on issues concerning cotton were allayed when Karan Bhatia, deputy trade representative of the U.S., told media that the U.S. and five African countries had "just now concluded" negotiations on cotton.

THE HINDU

Draft WTO declaration evokes discontent

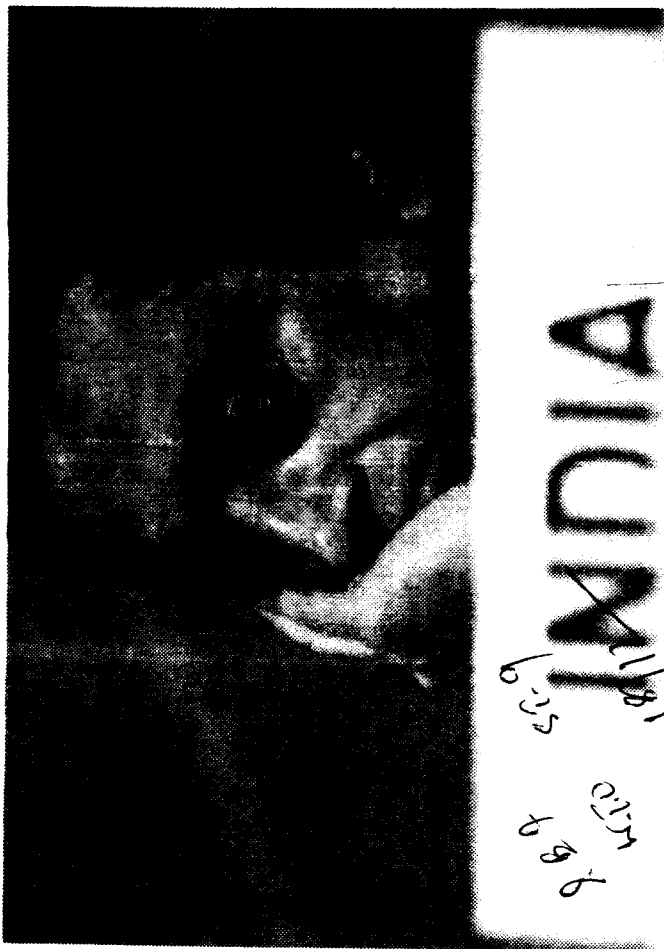
**Asha Ramachandran
in Hong Kong**

Dec. 17. — The negotiating ministers representing the 149-member World Trade Organisation (WTO) prepared for a long, gruelling night as the draft ministerial declaration released early today evoked dissatisfaction from all quarters.

The crucial issues of agriculture and industrial goods or non-agricultural market access (NAMA) remained bones of contention as not much convergence appeared to emerge among the participants at the end of the first round of negotiations.

While no one rejected the text, there was a fair amount of dissatisfaction expressed by the developed country groups (US and the EU) as well as the developing countries (G-20, G-90, LDCs and the African cotton growers). From India's point of view, while all its concerns seemed to have been addressed, there was barely any move forward in real terms.

With no end-date set for elimination of subsidies, which is technically said to have been put in brackets, the developing countries



Union commerce minister, Mr Kamal Nath listens to a question at a G20 Press conference at the World Trade Organisation (WTO) meetings in Hong Kong on Saturday. AFP

are arguing for a positive move forward on this. Similarly, the tariff reduction formula, known as the "Swiss formula", has evoked much dismay as that would entitle greater cuts by the developing countries. There has also been no progress on non-tariff barriers with all the contentious issues remaining within brackets. The entire Annexure C, which

outlines the objectives, approaches and timelines of the document, has also been put in limbo.

While holding that the revised draft Hong Kong ministerial declaration as a step forward, the commerce and industry minister, Mr Kamal Nath, said further improvements in the text were needed in order to address the core concerns of developing

countries, including India. "We still have 24 hours to go for the conference to end," Mr Nath quipped, saying he would press for further improvements during the marathon all-night "green-room" discussions.

Mr Nath said there were some areas which were a source of satisfaction as they addressed some of India's development concerns. Outlining the vari-

ous sectors of interest to India, the minister said in NAMA a large number of issues remained to be resolved. "It is premature to talk of a Swiss formula when the Para 8 flexibilities in the July framework, which is a stand-alone provision already agreed, is yet to be explicitly spelt out in the text."

Reacting to the draft text, the EU trade commissioner, Mr Peter Mandelson, said it "lacked balance and is not what we hoped for". He believes the text could be improved upon and that negotiations would continue. "We are here to do business but our negotiating partners will have to engage and show flexibility," he said. "We expect to be put under pressure tonight on export subsidies. We will defend our interests."

The LDCs' expectations had been raised to a great extent, even as they have been confronted with a watered-down proposal. Their incessant deliberations did not yield any positive developments. "We are not going to be party to disguise failure as success," the Zambian minister and LDC coordinator, Mr Dipak Patel fumed.

Rich nations, not serious, feels India Inc.

NEW DELHI, Dec. 17. — India Inc., represented by a vast majority of the CEOs and CMDs want the crucial WTO Hong Kong ministerial meeting to achieve significant success since the developing countries, which have forged a grand alliance of G20, ACP, African Group and small economies for the first time in history, have much more at stake than the developed nations such as the US and the EU. Hence it seems that the rich nations are not very serious about the Hong Kong meet.

A snap poll conducted by the Association Business Barometer of different industry segments shows that more than 80 per cent of the CEOs and CMDs felt that a failure of the Hong Kong ministerial meeting which is at the penultimate day, as happened in the Cancun ministerial meeting in September 2003, would damage the interest of the developing countries more than that of the rich nations.

They said the completion of the Doha Development Agenda by the end 2006 would be in the interest of countries such as India, Brazil, China and South Africa since any delay in the successful conclusion of the Doha Round would help countries such as the US and the EU.

"What do they (EU and US) lose if the Hong Kong ministerial meeting fails? They would continue to fund their farmers with huge subsidy which in turn would continue to depress our markets. In a way, they would be happy to buy time before they come round to the pressure of the developing countries to reduce domestic support and eliminate export subsidies in agriculture", said Mr Anil Agarwal, president of Assoccham, who is accompanying the official Indian delegation to the WTO ministerial in Hong Kong. **SNS**

Protests rocks HK, curfew at centre

Halfway house in WTO draft declaration

969 WTO
VIKAS DHOOT

HONG KONG | DECEMBER 17

AS A revised draft text of the current WTO meet Ministerial declaration was released in Hong Kong today, anti-WTO protesters escalated their tirade to violent levels close to and around the Hong Kong Convention Center, where negotiators from the 150 member countries continue to thrash out issues.

Protesters even managed to break into the venue, instigating the police to announce a curfew in the area.

In the draft text hammered out today, the core contentious issue of generous subsidies extended by the EU and the US to their farmers continued to be evaded. Even

setting the end date for one of the pillars of these agricultural subsidies - export subsidies — a key demand of developing countries including India and Brazil was not agreed upon, with the EU and the US continuing to blame each other for the stalemate.

In fact, Brazilian President Luiz In cio Lula Da Silva has written to political

18/12
Leaders around the world, including PM Manmohan Singh, and has called for a meeting of world leaders to resolve the issues facing global trade and save the Doha Development Round from utter failure.

Though India's key agricultural concerns of food and livelihood security have been incorporated in the draft text, the India's key demands on industrial tariffs and services were not explicitly integrated into the text. The dilution of India's stand on services in the text is not a big problem, say analysts, but the G-90 nations have expressed serious concerns and may veto the text.



**WTO
HONG KONG
HUDDLE**

The draft text language, in typical WTO fashion, is very ambiguous on most aspects. Trade analysts said that the biggest concern for India in the draft would be the lack of concrete language on flexibilities in the area of industrial tariffs. If accepted in the current form, the days of protection for Indian industry could be numbered.

Representatives from the Indian chambers of commerce urged Commerce and Industry Minister Kamal Nath

to reject the present draft on Non-Agricultural Market Access, as it failed to correctly reflect the concerns of developing countries. Nath called the draft text a step forward, but said he would press for improvements at the marathon all-night negotiations to begin late tonight.

On the unresolved important issue of TRIPS and the Convention of Bio-diversity that has dragged on for over 8 years now, Nath said that "We are up against a wall of obduracy in a handful of our developed country partners."

The expectations from the Hong Kong meet were low to begin with. But even the few gestures that were expected to provide an impetus for continuing negotiations have not come from the developed world. EU Trade Commissioner Peter Mandelson's assertion over the last few days that he came to Hong Kong with 'empty pockets', turned out to be more than a tactical ploy as at about 3 am last night, he told other negotiators that he had no mandate to offer anything beyond their original proposals.

Mandelson himself conceded there are problems with the draft text, but remained firm. "It lacks balance and is not what we hoped for. We expect to be put under pressure tonight on export subsidies. We will defend our interests."

ডব্লিউটিও-র খসড়ায় ২০১০-এ কৃষি ভর্তুকি লোপের প্রস্তাব

হংকং, ১৭ ডিসেম্বর: অবশেষে উন্নত দেশগুলি কৃষিপণ্য রফতানিতে ভর্তুকি কমাতে পারে বলে বিশ্ব বাণিজ্য সংস্থা ডব্লিউটিও-র খসড়া প্রস্তাবে আজ স্পষ্ট ইঙ্গিত মিলেছে। ওই প্রস্তাবে ২০১০ অথবা ২০১৩ সালের মধ্যে কৃষি ভর্তুকি অবলোপের কথা বলা হয়েছে। খসড়ায় আরও বহু বিতর্কিত বিষয় অমীমাংসিত থেকে গেলেও, কৃষি ভর্তুকি হ্রাসের প্রস্তাবই বলে দেয় যে, পূর্ববর্তী দোহা এবং কানকুন বৈঠকের অচলাবস্থা অবসানের পথে সামান্য হলেও, এ বার হংকং বৈঠকে কিছুটা অগ্রগতি ঘটেছে। চূড়ান্ত প্রস্তাব ঘোষিত হবে আগামী কাল বৈঠকের শেষ দিনে, সম্ভবত প্রাথমিক খসড়ায় কিছু পরিবর্তন-সহ।

ডব্লিউটিওর ৪৪ পাতার ওই খসড়া সম্পর্কে সতর্ক প্রতিক্রিয়া জানিয়ে ভারত বলেছে, “বিশেষ করে কৃষির প্রক্ষেপে কিছু ভাল প্রস্তাব আছে, তবে তার সঙ্গে আছে বেশ কিছু গুরুতর ত্রুটিও। আগামী কাল চূড়ান্ত ঘোষণার আগে যার সংশোধন প্রয়োজন।”

পরিষেবা ক্ষেত্রে সমঝোতার ব্যাপারে প্রাথমিক খসড়ায় কোনও ইতিবাচক প্রস্তাবই নেই। এ ক্ষেত্রে বহুপাক্ষিক চুক্তির সম্ভাবনা নেই বলেই খসড়ায় উল্লেখ করা হয়েছে। বাণিজ্য প্রতিবন্ধক অভ্যন্তরীণ সুরক্ষা ধাপে ধাপে তুলে নেওয়ার ক্ষেত্রে উন্নত দেশগুলির জন্য তিনটি পর্যায়ের প্রস্তাব করা হয়েছে খসড়ায় এবং এ ক্ষেত্রে উন্নয়নশীল দেশগুলির কোনও

প্রতিশ্রুতি দেওয়ার দায় নেই বলেও উল্লেখ করা হয়েছে। উন্নয়নশীল দেশগুলির পক্ষে আর একটি ভাল ব্যাপার হল, উন্নত দেশগুলি ভর্তুকি ব্যবস্থা এক খাত থেকে অন্য খাতে চালান করে নানা ভাবে তা বজায় রাখতে পারবে না বলেও প্রস্তাব রয়েছে। খসড়ায় আগামী বছর থেকে তুলো রফতানির উপরেও ভর্তুকি অবলোপের প্রস্তাব রয়েছে। আফ্রিকার দরিদ্র দেশগুলি বছদিন থেকেই এই দাবি জানিয়ে আসছে। অ-কৃষি পণ্যের বাজারে প্রবেশের প্রক্ষেপে খসড়ায় বলা হয়েছে, শিল্প-পণ্যে শুল্ক ছাড় নির্ধারিত হবে সুইস ফরমুলায়। এই ছাড়ের দাবি উঠেছে আমেরিকা, ইউরোপ প্রভৃতি ধনী দেশের পক্ষ থেকে।— পি টি আই

18 DEC 2005

ANADABAZAR PATRIKA

Modest progress at WTO talks

18/12

Developing nations, EU seek improvement in the draft declaration

HD-1

HONG KONG: The WTO trade talks on Saturday made modest progress on the thorny issues of farm subsidies, industrial tariffs and an LDC package, but India and other developing nations as also rich ones like the EU sought improvement in the draft declaration to reach at least a watered-down deal.

As anti-globalisation protesters sought to storm the conference venue in the most violent demonstrations during the talks so far, negotiators from 149 countries came out with a draft text that proposes to end farm export subsidies either by 2010 or by 2013.

The 44-page draft, however, remained silent on the end date for finalising the modalities.

The text gives two dates for ending export subsidies — 2010, and the other five years after the implementation of the agreement, which starts in 2008. This clause will give rich nations time till 2013 to phase out subsidies.

The draft will undergo more changes following the meeting of heads of delegations and green room discussions, before the Ministerial declaration is finalised.

For India, the text had some positive elements though it also had some "serious flaws", Commerce Minister Kamal Nath said, while pitching for improvements in the text.

The draft provided some relief to developing countries, as it has prevented developed countries from shifting subsidies from one box to another.

It also suggests eliminating cotton subsidies next year — a key demand of poor West African countries.

India has said there were some areas of satisfaction but there were many "unsatisfactory" areas.

He sought improvement in the draft to meet developmental concerns such as inclusion of "less than full reciprocity" and Special and Differential Treat-



PUTTING HEADS TOGETHER: Brazilian Foreign Minister Celso Amorim chats with Commerce Minister Kamal Nath at a G20 press conference at the World Trade Organisation meetings in Hong Kong on Saturday. — PHOTO: AFP

ment as a standalone provision in market access on industrial goods to ensure that poor nations have to make less steep cuts than developed countries.

India also wanted the tariff reduction formula to be reflected in the draft. Mr. Kamal Nath also sought serious negotiations on Trade-related Intellectual Property Rights and the Convention on Biodiversity to check bio-piracy and protect traditional knowledge of indigenous communities.

The G-20 group of developing countries, of which India is a key member, described the draft as a "micro step" forward in the

trade talks.

The European Union said the draft declaration "lacked balance" and was "not up to its expectations."

The Least Developed Countries said: "We want a meaningful agreement... We will not be duped by any ambiguous use of the English language. We will not be a part of any attempt to disguise failure," LDC coordinator and Zambian Trade Minister Dipak Patel said at the Heads of Delegation meeting.

Protesters, police clash

Anti-riot police forces were deployed in huge numbers in the

city, turning it into a citadel of sorts.

Anti-globalisation protesters, mainly from the radical South Korean farmers' group, broke the barricade after clashing with security personnel, forcing the authorities to call in thousands of riot police and making nearly half the city out of bounds for vehicles. Even the delegates at the conference had to walk kilometres to find any transport with roads full of police personnel in riot gear.

Shouting slogans like 'Down with WTO', the protesters clashed with security forces forcing them to use baton, pep-

per spray and tear gas to disperse them. There were some reports of injuries, though the police did not give any numbers.

With just one more day left for the meeting to end, anti-riot police in boats and helicopters were on regular patrol, as they fear that some protesters may try to enter the conference venue from the harbour side.

Barricades have been built on main access roads to the Convention Centre from the designated protest zone— PTI

Another report on Page 9

THE HINDU

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WTO

Draft LDC text out

HONG KONG, Dec. 16. — Fears of a deadlock over trade talks at the World Trade Organisation (WTO) ministerial appeared to dissipate today as the member countries agreed upon a draft LDC (least developed countries) package allowing them duty-free quota-free market access, though trade analysts saw it as a somewhat watered down offer.

Chief negotiators in the 'green-room', a select meeting of representatives of the various country groupings, were "comfortable" with the package, under which "developed member countries shall, and developing countries declaring themselves in a position to do so should, provide duty-free and quota-free market access for products originating from LDCs on a lasting basis".

The access is for all products originating from all LDCs in a manner that ensures stability, security and predictability. This is in line with the demand by the LDCs', who argued that this access should be specified to be binding and applicable to all products and LDCs in the text. Developed countries, however, have called for the exclusion of these

55.8

Checkmate

17/12

HONG KONG, Dec 16. — In what was seen as a strategic move to checkmate the pressures of the US and the EU, developing countries grouped under different alliances today decided to combine their efforts to evolve a common approach towards issues of common interest. This was the first time that various developing country groups — the G-20, the G-90, the ACP (African, Caribbean and Pacific countries), the LDCs (least developed countries), the African Union and the Small Economies — held a ministerial meeting. — SNS

more obligatory terms.

The draft text, however, allows a proviso for the developed countries, to encourage more of them to enter this. Now, those developed countries facing difficulty in giving 100 per cent market access to the products, can negotiate for a lower level. But they should by a certain date come up to 100 per cent market access. — SNS

THE STATESMAN

Developing countries close ranks to counter pressure from the West

Plate full of food & famished

OUR SPECIAL
CORRESPONDENT

Hong Kong, Dec. 16: Commerce minister Kamal Nath gave US trade representative Robert Portman and EU trade commissioner Peter Mandelson some food for thought and a lesson in grass-roots democracy today with a description of the plight of the impoverished peasants in his parliamentary constituency, Chhindwara.

In a discussion at the WTO green room, Nath took up the issue of the huge subsidies that the EU and the US were doling out to a few thousand farmers, while millions of peasants worldwide were hit due to depressed prices.

He spoke of the debt-ridden cotton farmers in Chhindwara, who were committing suicide because of the low prices that they received for their crops.

Nath is being seen by both Portman and Mandelson as one of the major hurdles to the ongoing WTO negotiations. Portman has even said that Nath "holds the key to the current round".

Mandelson and Nath are literally slugging it out at the WTO negotiations here. Mandelson has been singling out Nath, who seems to be enjoying his role. "I have not come here for a beauty contest but to safeguard the livelihood of 650 million farmers," he said when asked why Mandelson was so uncomfortable with him.

"Mandelson has the right to ask for anything but I have the right to refuse," he quipped.



Commerce minister Kamal Nath (second from left) with ministers from other developing countries at the WTO conference in Hong Kong on Friday (Reuters)

Doha combatants march on

S.P.S. PANNU

Hong Kong, Dec. 16: The India-Brazil-led G20 group and the G90, which includes the least developed countries, have forged an alliance to ensure that development issues are not sidelined by the West at the WTO talks.

The decision, announced at a joint press conference today, brings together 110 developing and least developed countries in the Asian, African, Caribbean and Pacific regions. The alliance gains significance as the western nations have tried to divide the developing countries by offering a special trade package for least developed countries.

The move is also expected to put at rest misgivings harboured by certain LDCs about the G20, which the advanced countries were exploiting.

A joint statement issued by the trade ministers of the 110 countries recalled the deal made at Doha to place the interests

and needs of the developing countries, especially the least developed among them, at the heart of the round. They reiterated that agriculture is the central issue of the development round.

The trade ministers agreed that the round must result in the removal of distortions that inhibit exports from developing countries. Adequate policy space for the developing countries to safeguard the livelihood of farmers and protect industries should be in place too.

The ministers have urged developed countries to agree to the complete elimination of export support measures to agriculture by 2010. They also affirmed the need for sharp reductions of trade-distorting support to the farm sector.

While some of these countries have conflicting interests in areas like cotton exports, they have decided to sink these differences for the time being and work for the larger cause.

Commerce minister Kamal Nath said

it was a "historic moment" for the third world and India would do its bit to help the least developed countries.

Brazilian trade minister Celso Amorim said the decision was a move to bring together nations with a common interest to usher in an era of fair trade.

Both Kamal Nath and Amorim have been doing the spadework to bring the various groups constituting the LDCs, the African Union and the African Caribbean and Pacific (ACP) developing countries on a common platform.

"We are not interested in outcomes couched in disingenuous English but in specific numbers and dates," Zambian trade minister and LDC convener, Deepak Patel, said. Patel, whose roots are in India, was referring to the quota-free and tariff-free regime the developing countries have demanded.

"We are seeking this in good faith and not as part of a bargaining chip or surreptitious deal," he added.

17 DEC 2005

THE TELEGRAPH

বাণিজ্য আলোচনা বাঁচাতে ছাড় দরিদ্র দেশকে

ভতুঁকি না-তুললে পণ্য বাজার খুলবে না ভারত

হংকং, ১৬ ডিসেম্বর: বিশ্ব বাণিজ্য আলোচনাকে আপাতত ভেঙে যাওয়া থেকে বাঁচাতে ডব্লিউ টি ও-র বৈঠকে দরিদ্র দেশের পণ্যের জন্য নিজেদের বাজার খুলে দিতে আজ রাজি হল উন্নত দুনিয়া এবং ভারত, চীন ও ব্রাজিলের মতো অগ্রণী উন্নয়নশীল রাষ্ট্রগুলি। এই সংক্রান্ত খসড়ায় দরিদ্র দেশগুলি থেকে আসা রফতানি পণ্যে শুল্ক এবং কোটা তুলে নিতে রাজি হয়েছে ওই সব রাষ্ট্র। গত চারদিনের আলোচনার পরে অবশেষে দরিদ্র দেশগুলির জন্য বিশেষ উন্নয়ন প্রকল্পে সাই দিল উন্নত দুনিয়া এবং তুলনায় এগিয়ে থাকা উন্নয়নশীল দেশগুলি।

তবে শিল্পোন্নত দেশগুলির কৃষি ভতুঁকি তোলার মতো বহু বিতর্কিত বিষয় নিয়েও আলোচনা থমকেই রয়েছে বলে ডব্লিউ টি ও-র অফিসারদের সূত্র থেকে জানা গিয়েছে। ভারতের বাণিজ্যমন্ত্রী কমল নাথ বলেছেন, কৃষি এবং রফতানিতে ভতুঁকি তোলা নিয়ে দাবি না-মিটলে শিল্প পণ্যের বাজার খুলে দেওয়া নিয়ে কোনও সিদ্ধান্ত নেবে না নয়াদিল্লি। পাশাপাশি, ভারতের মতো উন্নয়নশীল দেশকে বাজার সুরক্ষিত রাখার ব্যাপারে কতটা সুবিধা দেওয়া হবে, তা নিয়ে খসড়ায় স্পষ্ট প্রস্তাবও দাবি করেন কমল নাথ।

দরিদ্র দেশগুলিকে স্থায়ী ভিত্তিতেই এই সব সুবিধা দেওয়া হবে। এর ফলে দরিদ্রতম দেশগুলি (এলডিসি)-র অর্থনীতিতে স্থিতি ও নিরাপত্তা আসবে বলে ডব্লিউ টি ও অফিসারদের ধারণা। উল্লেখ্য, ডব্লিউ টি ও-র সদস্য হিসাবে রয়েছে ৩২টি এলডিসি, যাদের মাথাপিছু আয় ৭৫০ ডলারের কম। দরিদ্র দেশকে সুবিধা দেওয়ার ব্যাপারে অবশ্য ভারত, চীন এবং ব্রাজিলের মতো দেশকে কিছু ছাড় দেওয়া হয়েছে খসড়া প্রস্তাবে।

অন্য দিকে কমল নাথ বলেন, উন্নয়নশীল দেশগুলির জোট জি-২০, জি-৩৩ এবং জি-৯০ জোটগুলির সঙ্গে আলোচনা চালাচ্ছে ভারত। এই জোটগুলিতে রয়েছে ১২৫টি রাষ্ট্র। তিনি নিজের নির্বাচন কেন্দ্র ছিন্দওয়্যার তুলোচাষীদের দুর্দশার কথাও ডব্লিউ টি ও-র মঞ্চে তুলে ধরেন। এ প্রসঙ্গে তিনি আমেরিকার কাছে তুলোয় বিপুল পরিমাণ ভতুঁকি প্রত্যাহারের আর্জি জানান।

এ দিকে, ডব্লিউ টি ও বৈঠকে অচলাবস্থা সৃষ্টির জন্য ইউরোপীয় ইউনিয়নকেই সরাসরি দোষারোপ করেছে আমেরিকা। মার্কিন সহকারী বাণিজ্য প্রতিনিধি করণ ভাটিয়া হতাশা জানিয়ে বলেন, “কৃষি ভতুঁকি ছাটাইয়ে নারাজ হয়ে ই ইউ গোটা বাণিজ্য আলোচনাকেই বিপন্ন করেছে। আলোচনা আটকে রয়েছে এক জায়গায়।”

অন্য দিকে, কৃষি এবং রফতানিতে ভতুঁকি তোলার ব্যাপারে এগিয়ে না আসার জন্য আমেরিকা এবং অন্যান্য ধনী রাষ্ট্রকেই পাল্টা দোষারোপ করেছে ইউরোপ। ই ইউ-র বাণিজ্য কমিশনার পিটার ম্যাডেলসন বলেছেন, অন্য রাষ্ট্রের কাছ থেকে সমপরিমাণ ভতুঁকি তোলার প্রতিশ্রুতি মেলায় আগেই ই ইউ-র এ ব্যাপারে সিদ্ধান্ত নেওয়াটা হবে অবাস্তব এবং অযৌক্তিক।”

পিটার ম্যাডেলসন আসলে তাঁর নীতি থেকে আদৌ নড়েননি। তিনি অন্য রাষ্ট্রগুলির প্রতি কটাক্ষ করে সাফ জানিয়ে দিয়েছেন, বাণিজ্য জোট হিসাবে ইউরোপ কৃষি ভতুঁকি তোলা ইত্যাদির প্রশ্নে একতরফা ভাবে কোনও ছাড় দেবে না। বাকি সদস্যরা তাদের বাজার কতটা খুলতে রাজি হয়, এ বার তা দেখেই সিদ্ধান্ত নেবে ই ইউ। আমেরিকার সুর অবশ্য এই দিন কিছুটা নরম ছিল। — পি টি আই

Common stand likely on trade

98.9 ✓
WTO

WTO meet deadlocked on issues involving agriculture

N. Ravi Kumar

180-12
16/12

HONG KONG: An overwhelming majority of the World Trade Organisation members under the G-20 and G-90 coalitions are expected to take a common stand on the future of multilateral trade when they meet here on Friday.

Union Commerce and Industry Minister Kamal Nath told presspersons here on Thursday that the meeting of the grand coalition of 125 developing and least developing countries was significant as the member-countries accounted for about 80 per cent of the world's population. At the end of the meeting, the groups would state their common position.

The announcement of the grand coalition is expected to be crucial for the future course of the ongoing sixth ministerial conference on the Doha Development Round.

The six-day conference, which began here on Tuesday with what Mr. Kamal Nath described as "Hong Kong hype," is deadlocked with the developing countries insisting on firm commitments from the developed countries on reduction of farm subsidies and elimination of export subsidies. The developing countries have also said that there cannot be discussion on Non-Agricultural Market Access (industrial tariffs) and Services unless such commitments are made.

Breaking the deadlock assumed significance on Thursday, even as there were some indications of a revised draft of the ministerial declaration being announced on Friday.

Mr. Kamal Nath said the negotiations were being carried out almost non-stop. The underlying objective behind such initiatives was "put some movement on the text [ministerial declaration]." He hoped that text should be ready by Friday. The developing countries remained steadfast in their stand that the talks on agriculture could not move without an

• Revised draft of the ministerial declaration likely

• Negotiations being carried out almost non-stop

• India raises TRIPS issue; proposes amendment

offer, to them, on the Special Products and Special Safeguard Mechanism.

Duty-free access

On the LDCs demand for a duty-free, quota-free access (package) from the developed countries, he said India supported their case, even while pointing out the U.S. and Japan wanted exceptions both in terms of the countries and the products.

Asked whether India would also make a similar offer to the LDCs, the Minister said: "We have worked on a package, which would be announced by next month."

During his meeting with Ignacio Walker Prieto, facilitator of "other issues" and Foreign Minister of Chile, Mr. Kamal Nath raised the issue of Trade-Related Aspects of Intellectual Property Rights (TRIPS) and Convention on Bio-Diversity (CBD). Harmonising the TRIPS agreement with CBD was vital to prevent bio-piracy. Such a move would also help check misappropriation of the traditional knowledge of developing countries.

India, along with several other developing countries rich in biodiversity, had proposed an amendment to the TRIPS agreement.

An official release on the meeting of the Ministers said India wanted inclusion of three elements — disclosure of country of origin, prior informed consent and benefit sharing arrangement — in the amendment.

LDC card on a global trade spin

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Statesman News Service

HONG KONG, Dec. 15. — The least developed countries (LDC) card continues to be flashed at the ongoing World Trade Organisation (WTO) ministerial conclave here as the main negotiators try to break the current deadlock in the global trade talks in the midst of slinging matches between the US and the EU over food aid.

As the talks entered the third day today, the LDCs were being championed by both the trade blocks of developed nations through their proposals on food aid, with the US's special LDC package having a "duty-free, quota-free" provision overriding a larger development package by the EU. The US also proposed to link the LDC package with a successful conclusion of the Doha Round.

Trade analysts, meanwhile, slammed the rich nations for deploying what they termed as "constructive ambiguities" to really make even that reduced LDC package ineffective and non-operational as it falls far short of containing measures for an economy to enhance productive capacity and improve upon the livelihood of the poor.

"This package (LDC) is for LDCs," insisted EU Trade Commissioner, Mr Peter Mandelson. "This package of measures is an add-on and not substitute for what comes out of this round." Maintaining that the bulk of tariffs were paid on industrial goods and not agriculture, he said that in order to handle South-South trade, there was need to tackle tariffs and non-tariff barriers in industrial goods as much as in agriculture.

As the LDCs themselves prevaricated on the issue of services, a sector of crucial importance to India, the other developing countries grouped under G-20 and G-33 insisted they had the support of the poorest nations among them.

"The G-90 (Group of 90 developing countries) have some concerns, some valid and some misplaced over the services issue," the commerce and industry minister, Mr Kamal Nath, said. These were being talked out and the real position explained, he said. "It is important to drive services faster."

At its briefing today, the G-90 side-stepped questions on whether it had come out with a statement on the services. "We are examining various texts," was all that the Mauritian foreign affairs, international trade and cooperation minister, Mr Madun Dulloo, who is also the ACP (African, Caribbean and Pacific group of States) Coordinator, was willing to say.

16 DEC 2005

THE STATESMAN

Break the Impasse

Member-countries need to show flexibility at WTO meet

THE World Trade Organisation (WTO) ministerial in Hong Kong started on an uncertain note, with the developed and developing world sticking to their well-known positions. The broad areas of dispute are farm subsidies in the US and EU, industrial tariffs in the developing world and liberalisation of trade in services. Discussions over time have run into choppy waters because of the tendency of the developed world to negotiate across categories, instead of seeking solutions within each of the disputed areas. The developing world has called for 'delinking' each of the areas as one of the first steps to keeping negotiations on track. The Hong Kong meet should seek to establish this principle, as clubbing of unrelated economic categories only leads to a hardening of positions. For too long have WTO talks suffered because of the impasse over farm subsidies. The developed world, which subsidises its expensive agriculture in order to control world grain markets, wants countries like India to slash their subsidies as well. There is no consensus within the country on whether this should be done. Apart from the issue of whether a reduction in farm subsidies will endanger livelihoods, we need to ask ourselves whether we intend becoming big players in the world grain trade. The Cairns group of farm and dairy-product exporters spearheads the campaign against farm subsidies and tariffs. Shouldn't we steer the WTO talks away from this group's concerns, and move on to other areas?

The WTO is unpopular for being the agency of globalisation — driving down import tariffs and exposing peoples to economic shocks, in the form of unviable farm prices and industrial unemployment. By agreeing to preserve the status quo on agriculture, thereby reducing possibilities of further shocks, the countries can talk on industrial tariffs and services. The economic might of the US and EU does not match their political might; since the inception of the WTO in 1995, Asia has gone from strength to strength as an economic powerhouse. The G-21 and LDCs can negotiate on industry and services from a position of growing confidence. That prime minister Manmohan Singh should discuss a free trade area with ASEAN even as a WTO ministerial is in progress reflects a recognition of the emerging world economic order. The accent on regional trade blocs should not be seen as a slight on WTO, as some die-hard multilateralists would have us believe. If the EU, basically a glorified trade bloc, can exist, why not the rest?

15 DEC 2005

THE HINDU

Food aid hijacks other issues at WTO

96.9
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578
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Statesman News Service

China under fire

HONG KONG, Dec. 14. — The face-off between the US and the EU over food aid at the WTO trade negotiations here has effectively put other developmental issues, including elimination of agriculture subsidies and tariffs for goods and services on the backburner.

Playing their LDC (least developed countries) card, the rich nations were today bidding to outdo each other on the contentious issue of food-aid, which the EU contends is another means of subsidisation and thus detrimental to trade.

Be it the European Union (EU) camp or that of the US, or the OECD countries' group, the overriding issue is the food-aid. This programme has been

HONG KONG, Dec. 14. — China was under fire today from the US and EU for not doing enough to honour its WTO commitments as Beijing insisted it is the developed world that needs to do more for a fairer global trading system. The latest US broadside charged China with not fully embracing WTO principles, falling well short on transparency in key economic sectors and in tackling copyright violations. — AFP

launched to meet the needs of the poorest nations in times of dire needs. However, the US has been accused of procuring food at half the price to flood the poor nations. The EU, supported by some other countries, says no move-

ment on the agriculture subsidy issues, where India has a major interest, was possible without first resolving this issue.

The US, on the other hand, refuses to budge, saying this was food supplied to the poorest of countries in emergency situation like drought and floods.

Suggestions of giving cash aid to allow the countries procure food at their convenience was not practical, they feel.

Asked about the obsession with this programme at the current trade negotiations, US Deputy Trade Commissioner, Mr Karan K Bhatia, agreed but maintained it was important to focus on the three pillars of agriculture — elimination of export subsidies, elimination of domestic support and market access.

No headway at WTO meet

Asha Ramachandran
in Hong Kong

Dec. 14. — The second day of the World Trade Organisation (WTO) ministerial meeting underway here today ended without any headway on any of the contentious issues facing world trade. "There has really been no movement on NAMA, services, export subsidies or even the LDC package," commerce and industries minister, Mr Kamal Nath, said in his briefing at the end of the day.

With the US and the EU unwilling to shift their stance on the agriculture subsidy issue and caught in their sparring over food-aid, the negotiations are now poised on the brink. The developing countries, including the African Caribbean Pacific (ACP) group, too have taken a firm stand and unwilling to water down their position.

"It is a pity if we miss this opportunity to set a date for elimination of subsidies," Brazil foreign trade minister, Mr Celso Amorim said.

Mr Nath today met US Trade Representative, Mr Rob Portman as part of the G-20 group. "He said G-20 must assume a constructive role," the minister said adding that tomorrow the G-20 would meet EU Trade Commissioner, Mr Peter Mandelson, "to hear this side of the story".

Expressing disappointment at the US and EU stand on agriculture subsidy, Mr Kamal Nath said it was very clear in the framework agreement of WTO that subsidies must be eliminated. "But not even a date has been specified (for the elimination). However, Mr Portman has announced that this would be done by 2010."

Elaborating on the definition of export subsidies offered by the US, he said it did not include export credit or food aid. "We need to include all these," he asserted.

On the LDC package as well, which offered tariff free, quota free regime, he regretted there was no movement. The LDC package, he reiterated, must form part of the

development package and not the other way round. This stand, Mr Nath informed, was supported by the LDCs themselves.

Asked about what India had to offer to the LDCs, he said there was a proposal for preferential treatment that the Cabinet had to clear. "We are in an advanced stage on that," he said refusing to elaborate. India has also expressed support to the cotton farmers, a key stakeholder in the current negotiations. "While we recognise the complementarity of the trade policy and the development aspect of cotton, we support the position that removal of distortions caused by high levels of subsidies on cotton in developed countries is absolutely essential for the success of this initiative."

Earlier, addressing the Plenary Session, Mr Nath made a strong pitch for development, saying the Doha Round of multilateral trade negotiations should not perpetuate the inequities of global trade. "In the name of completion, if the content of

this round only perpetuates the inequities of global trade, then it will be no round. To redeem the pledge we made at Doha, let us resolve to make this a round for those who need it. Let us make this a round that truly reflects the development dimension in its most beneficial and most effective sense," the minister said.

He said the Doha mandate was to correct the "development deficit" left by the Uruguay Round and pointed out that negotiations in Hong Kong will have failed if they do not contribute towards creating a rule-based, world order, which not only makes trade free, but also make it fair.

He indicated that there would not be any farm agreement without special products (SP) and special safeguard mechanism (SSM), which were needed to ensure the livelihood and food security of millions of farmers and if effectively applied, could be the bedrock of any agricultural outcome of the current Doha Round.

India forms core group on non-agricultural market access

Eight other developing countries are members of the group

N. Ravi Kumar

HONG KONG: Taking forward its dominant status in the multilateral trade negotiation process, India formed a core group on Non-Agricultural Market Access (NAMA) with eight other developing countries at the sixth ministerial conference of the World Trade Organisation here.

Argentina, Brazil, Indonesia, South Africa, the Philippines, Venezuela, Namibia and Egypt are the other members of the group, which in its first communication to John Tsang, chairman of the conference, underscored the need for adhering to certain frameworks on NAMA as listed in the Doha mandate. While India chairs the group, the co-chair is South Africa.

"The principles of less than full reciprocity in reduction commitments by developing countries, and special and differential treatment were agreed to in the Doha mandate and remain central to the negotiations," according to the communication.

The key reason for the emer-

- India chairs the group and co-chair is South Africa
- "Developing countries should undertake lesser reduction commitments"

gence of the group is that neither the NAMA chairman's progress report nor the draft ministerial declaration adequately reflects the two submissions made by the developing countries — 'flexibilities for developing countries' and 'reclaiming development in the WTO Doha Development Round.'

The communication to the WTO, a copy of which was circulated by the Indian officials at the conference, said the developing countries should undertake lesser reduction commitments as compared to the developed countries. Moreover, "the commitments should allow for requisite policy space to enable them to pursue their development strategies. While developing countries are prepared to make a contribution to the NAMA negotiations, we find the developed countries reluctant to offer their fair share."

Noting that the Doha round provides an opportunity to create a more transparent, predictable and inclusive trading system by substantially increasing the level of bindings by all WTO members, the group said though the developed countries were highly competitive in the industrial sector, they continued to maintain high tariff, tariff peaks and tariff escalation on several products. Such products included those in which developing countries were strong in exports.

"The unequivocal removal of these is at the core of the Doha mandate. In addition, there are a large number of non-tariff barriers and abuse of trade remedial measures, which needs to be addressed." Stating that the ambition in NAMA could not be viewed in isolation, the communication said, "it has to be proportional to and commensurate

with the contributions by developed countries in other market access areas.

Developing countries cannot be expected to pay for the much needed reforms in the agriculture sectors of developed countries."

"Important development"

The formation of the core group is seen by experts as an important development. According to Milind Murugkar, agri-policy researcher from India, the G-20 helped correction to a "great extent" the imbalance in the agricultural negotiations. However, there was no such movement of NAMA.

The need for such a coalition on NAMA arises especially in the backdrop of E.U's demand for greater market access in the developing countries for its industrial goods in exchange of any market access for agricultural products from the developing countries. The formation of the core group would give these countries a better bargaining power while dealing with Europe on agriculture.

World Trade Organisation talks begin amid huge protests

Director General Pascal Lamy urges the trade negotiators to be open-minded

N. Ravi Kumar

HONG KONG: The sixth World Trade Organisation (WTO) ministerial conference opened here on Tuesday amid low expectations of it firming up the Doha development round negotiations, with protests by non-governmental organisations and a call from its Director General Pascal Lamy to the trade negotiators to be open-minded.

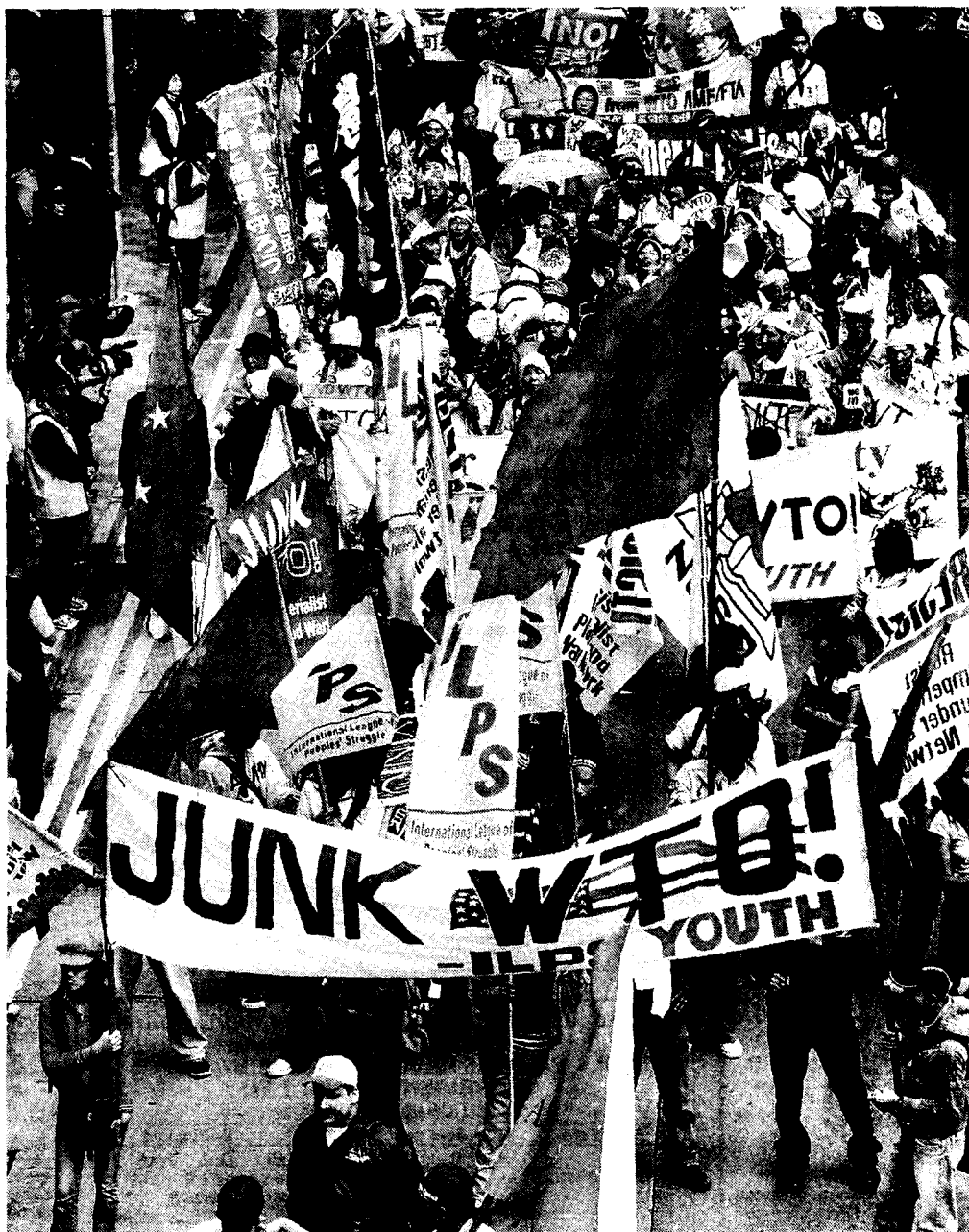
Marking the launch of formal discussions amongst the Trade Ministers of 150 countries, the inaugural session of the meeting was disrupted early on when some 50 volunteers of various non-governmental organisations entered the heavily guarded venue and raised slogans against the WTO.

Even as many among the audience described the entry and exit of the protesters as well-organised and planned, the protesters holding anti-WTO banners hogged the spotlight by timing their agitation along with Mr. Lamy's speech.

Peaceful demonstration

Coming into the conference hall in a rather regulated manner — through the entrance where photographers and media were stationed — the protesters, including several women, dispersed after about 15 minutes. This was a pretty peaceful protest compared to that organised here by those opposing the WTO in the last couple of days in other parts of Hong Kong.

"The banner was struck (concealed) in my tummy," said Anuradha Mittal, pointing to the banner proclaiming "no deal is better than a bad deal" that was used during the protest. An executive director of Oakland Institute, Ms. Mittal said several like-minded groups were part of the protest under the banner of "Our world is not for sale". She described the Doha development agenda that is sought to be shaped up in the negotiations



ENEMY OF THE POOR?: Demonstrators, protesting against global trade, march through the streets of Hong Kong on Tuesday.

"as nothing but lies ... basically it is about lies".

Mr. Lamy, who went ahead with his speech even during the protest, said: "There is a lot of

room for improvement in public acceptance of the WTO, as there is in its marketing activities. The WTO — the crowds in and certainly outside this building will

remind you with sound and sometimes fury — is not the most popular international organisation around, to say the least."

Noting that the protest was a voluntary action by some 50 persons, Satur C. Ocampo, president of Bayan Muna, a NGO in Philippines, said they went in on their own and came out on their own. The key reason for this, he said, was that all the agreements under the aegis of the WTO, since its establishment 10 years ago, have only favoured the developed countries and further impoverished the poor nations. "If WTO is about alleviating poverty ... it is the reverse trend that we are seeing," said Mr. Ocampo, a member of the House of Representatives of the Philippines.

Clash outside venue

Though one of the members of the group from Canada said that it was the first time that the protesters shouted slogans inside the conference venue, a trade representative of an Asian country and a regular at the WTO meeting, however, disputed it saying the protests at the Cancun ministerial meeting were more noisy.

AP reports:

Outside the venue, several dozen protesters — mainly South Korean farmers — struck security forces with bamboo sticks and tried to push through a police barricade.

Riot police with helmets and shields fended off the protesters with pepper spray a few blocks away from the WTO's meeting venue. The scuffle lasted about half an hour and died down as police reinforcements arrived.

No serious injuries were reported, but the pepper spray left several demonstrators staggering in pain and rubbing their eyes as other protesters poured bottled water on their faces.

The protesters, who also included Japanese, Indian, Filipino and Brazilian farmers, also burned a coffin that was used as a protest prop during a street march earlier in the afternoon that police said drew 4,500 people.

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WTO meet begins on glum note ^{lx}

Consensus may not be reached on future course of multilateral trade ²⁶⁹⁻¹⁷⁰ ^{HO-1} ^{19/12}

N. Ravi Kumar

HONG KONG: The sixth ministerial conference of the World Trade Organisation got underway here on Tuesday with lowered optimism about the nearly 150 member countries arriving at a consensus on the future course of multilateral trade.

An indication of the possibility of a not-so-good outcome came when WTO director general Pascal Lamy urged the member countries to commit themselves to the improvement of WTO rules for it to maintain and increase its current activities, "through the success of the current negotiations."

Democratic process

Addressing the inaugural ses-

sion of the six-day meet, he said that though it took time for WTO agreements to be reached, the decision-making process was democratic. "It takes more time, it is more burdensome and cumbersome, but I am convinced it remains the best way to take decisions that impact directly the lives of billions of people," he said.

Members should be proud of the "healthy and democratic common institution ... but like any stakeholder, you should also look beyond your immediate needs. You should think prospectively, you should care about the future," he said.

Mr. Lamy's remarks came hours after the G-20 — a group of 21 developing countries, including India, Argentina, Brazil, Chi-

na and Pakistan, which together account for 60 per cent of the world's population — finalised its ministerial declaration.

The group, whose members account for one-fourth of the world's agricultural exports, said negotiations on the Doha Development round should be targeted at substantive and meaningful progress in Hong Kong.

"A development round requires the removal of distortions in international agricultural trade rules. The largest structural distortion in international trade occurs in agriculture through the combination of high tariffs, domestic support and export subsidies that protect inefficient farmers in developed countries. Removing these anti-development measures is a core

objective of the Doha round. Agriculture is the central issue," the declaration said.

To stand united

It said the G-20 had, from the beginning, fought for these objectives and continued to stand united to reach out to other developing country groups that shared the same purpose. "We must move in agriculture for the other areas to move," it said.

Elaborating on its proposals, the declaration said: "At the heart of these proposals is the imperative to ensure substantial reductions in trade distorting domestic support through both reductions and disciplines. These proposals seek the elimination of all forms of export subsidies by 2010."

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THE HINDU

Tough posturing at WTO meeting

Washington News Service

HONG KONG, Dec. 13. — Tough posturing appears to be the order of the day as the sixth WTO ministerial meeting got underway today. With bilateral meetings having already begun yesterday, the developing countries, including least developed countries (LDCs), the US and EU, have chosen their corners and locked horns.

The much-hyped 13-18 December ministerial meeting of 148 nations has been billed as a key stage in the four-year Doha Round of negotiations to reduce barriers to world trade and spur growth in developing countries.

But sharp differences over two critical issues — the extent of a cut in import tariffs and government support for agriculture and opening of indus-

trial markets — and the hardening stance of the developed and developing countries are promising to water down negotiations.

"We have come to Hong Kong to correct these inequities, whether in agriculture or in tariff structure, not perpetuate them," commerce and industries minister, Mr Kamal Nath today said after a meeting with the G-20 nations. "There is a gap between the EU's proposal and that made by the ABI (Argentina, Brazil and India) and Pakistan."

All their differences notwithstanding, all the key negotiators are playing the LDC card. While Mr Kamal Nath professed that the G-20, as also India stood by them, the EU-US imbroglio was ostensibly to protect aid to the poorest of the poor nations.

With the backdrop of differences in positions on key issues

HONG KONG, Dec. 13. — Trade analysts see it as a bid by the rich nations to divert attention. But the support extended to the least developed countries (LDCs) appears to be a strategic move by all the negotiating groups whose interests are at stake. While the developing nations, largely grouped under G-20 and G-33, fear this could be a move by the developed countries, particularly the USA and the EU, to split ranks, the LDC factor dominated the fierce battle between the US and the EU negotiators.

"India stands by the LDCs and will continue to do so," asserted commerce and industry minister, Mr Kamal Nath. "It is not as if India will get its interests and the issue would be over. We will see that the rights of all developing countries are met."

The EU has blasted the US for using the food aid to the LDCs as an excuse while the US has pledged to continue its aid to the poor nations. — SNS

such as agriculture, non-agricultural market access concerns are central to the (NAMA) and services, ministers from developing countries, largely belonging to the G-20 and G-33 have emphasised their position that food security, livelihood secu-

The G-20 ministers, representing 21 developing countries from Asia, Africa, and Latin America, expressed their commitment to contribute to a successful ministerial. The G-20, with its stand that the negotiating process should continue to be the result of a "bottom-up" approach, is targeting at substantive and meaningful progress in agriculture during this conference.

"The conference has to reform agriculture trade rules and eliminate distortions," Brazilian trade minister, Mr Celso Amorim, said. "We must bring up two aspects of this round — development and agriculture — to reach out to other developing countries."

Since the Cancun meeting, the G-20 was forward-looking and wanted an ambitious result. "In many cases it will be the middle of the road in view

of the aggressive postures taken up by some quarters," Mr Amorim said. "These are ambitious goals. Agriculture is the engine of this round and we hope to achieve full modalities by the end of this round early next year (April)."

Mr Nath contended that special products (SP) and special safeguard mechanism (SSM) remained an integral part of any proposal and were the gateway issues. "They are not commercially driven but a development issue and must also form part of the development package," he noted.

On the agriculture tariff issue, while the US has offered a cut of just 10-15 per cent, it would mean India would have to undertake a cut of around 75 per cent. "This difference is not acceptable," Mr Nath said.

"I am not interested in any formula but want to know what they have to offer."

Battle lines drawn on farm subsidies

Asha Ramachandran in Hong Kong

Dec 13. — Trade ministers from 149 countries began their week-long negotiations for an equitable multilateral trade deal at the sixth WTO ministerial conference today. "Be open minded, be courageous. Enter the cave of tiger and leave Hong Kong with a prize in your hands, the assurance that the Doha Development Round has a real chance of coming to a happy end," WTO director-general, Mr Pascal Lamy said at the start of the 13-18 December conference.

Mr Lamy waved a black and white wand that he insisted was a magic wand, while warning that there were no magical solutions to the deadlock confronting the countries.

The contentious agricultural subsidies occupied centre-stage, as developing

countries, ranged in the Group of 20 (G-20) or G-33, and the developed countries, mainly the USA and the EU, drew their battle lines. Hopes for an accord at the week-long meeting have been declining since October as preparatory talks failed to reach a breakthrough on the key areas of agriculture subsidies and tariffs.

India kept up its offensive both in agriculture and industrial goods and launched a new coalition of nine developing countries to seek redress of their concerns. It made it clear that developing countries could not be expected to cut down tariffs on import of goods from developed nations. Despite their differences, developed and developing countries were one with the G-20 and the EU that the modalities of the final agreement could be completed only early next year to wind up the Doha round by 2006-end.

Terming the ministerial as a "once in a generation chance to enhance the global trading system", Hong Kong Chief Executive Mr Donald Tsang inaugurated the conference by reminding the participants that it would help "eliminate the pain of poverty for millions of people living in the poorer parts of the world".

Protesters pepper-gassed

Over 4,000 protesters managed to break the security cordon and approach the venue of the WTO ministerial meeting at the Hong Kong convention centre only to face a pepper-gas spray from riot police. The demonstrators, rooting the cause of the poor farmers in the developing countries and small industries, were halted some 500 metres from the centre.

Tough posturing at WTO meet, page 9

WTO: US positive on Hong Kong talks

DEV CHATTERJEE
HONG KONG, DECEMBER 13

DESPITE the rigid Indian government stand, US trade representative Rob Portman is hopeful that the Hong Kong ministerial meeting will have a positive outcome.

"I am hopeful that India and Brazil will come on board... if not in this meeting then may be later," Portman told *The Indian Express* on Tuesday.

He was reacting to commerce minister Kamal Nath's statement yesterday in which he said India will not negotiate on giving more market access to the developed world in lieu of them reducing their subsidies to their agriculture sector.

"I do not think either India or Brazil have 'rejected' our proposals. Both the countries have shown good attitude. This is a constructive opportunities for us to work together," he said soon after participating in a panel discussion here. Trade officials from 149 countries around the world are meeting in Hong Kong this week to discuss how to remove trade barriers and increase global trade.

Earlier, Portman said at the panel discussion that the talks are being wrongly projected as a rich versus poor tussle. "I reject this perception that this (tradetalks) is a fight between rich versus poor countries. With free trade both rich and poor countries have gained in the past," said he.

"We should use this week to make tangible progress. We've got to take full advantage of this Hong Kong Ministerial, they only come around every couple of years or so," said he.

"We need to take advantage of the meeting to both develop an effective Least development country, development package but also to make progress on advancing devel-



Rob Portman

opment through meaningful new market access. Let's not lose this opportunity this week to make some gains on the core negotiating areas so that we can complete the Doha round by the end of next year and make it a round that's truly worthy of its name," he added.

The Doha round talks are known as "development" round in order to give fair opportunities to the developing countries to develop. In order to benefit from low trade barriers, Portman said poor countries should invest more in roads, ports, financial system and telecom infrastructure. "You must have good infrastructure to benefit from low trade barriers," Portman said.

The US is the biggest trade partner of India and Portman said the market access to America is one of the lowest in the world. The US, he said, is the most open country in the world to the products of least developed countries. "The US has its score of 6, Canada 7, the EU 15 and Japan 24. The lower score is better, by the way, unlike when you're in school," said he citing a World Bank monitoring report, which assesses the market access given by all the countries.

Only a day before the WTO ministerial meeting began here today, Nath had warned that no other issues will be discussed in Hong Kong till rich countries sort out the issue of high subsidies which they give to their farmers. Compared to the US, Europe gives more subsidies to their farmers at \$49 billion a year. The US, incidentally, has asked Europe to reduce its farm subsidies.



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INDIAN EXPRESS

ডব্লিউ টি ও-র হংকং বৈঠক শুরু

সাত উন্নয়নশীল রাষ্ট্রের সঙ্গে জোট ভারতের

হংকং, ১৩ ডিসেম্বর: উন্নত দুনিয়ায় কৃষি ভর্তুকির প্রশ্নে ধনী ও দরিদ্র দেশগুলির মধ্যে ফারাক আরও বাড়বে, না দু'পক্ষের সন্ধি হবে, তা নিয়ে আশঙ্কার মধ্যে দিয়েই আজ এখানে শুরু হল বিশ্ব বাণিজ্য সংস্থার ষষ্ঠ মন্ত্রী পর্যায়ের বৈঠক। পাশাপাশি, কৃষি ছাড়া অন্যান্য পণ্যের বাজার খোলা নিয়ে আরও সাতটি উন্নয়নশীল রাষ্ট্রের সঙ্গে আজ একটি কেন্দ্রীয় জোট গঠন করল ভারত। গোল্ডার যুগ চেয়ারম্যান ভারত এবং দক্ষিণ আফ্রিকা। বাণিজ্যমন্ত্রী কমল নাথ হংকংয়ে বলেছেন, ইউরোপীয় ইউনিয়ন এবং আমেরিকার সামনে গোল্ডার দাবি হবে উন্নয়নশীল দেশ থেকে আসা রফতানি পণ্যে সর্বোচ্চ শুল্ক নামিয়ে আনা, চড়া শুল্ক কমানো, শান্তিমূলক আমদানি শুল্ক বা 'অ্যান্টি ডাম্পিং' আইন না-ভাঙা এবং শুল্ক ছাড়া অন্যান্য বিধিনিষেধ দূর করা। হংকং বিশেষ প্রশাসনিক অঞ্চলের প্রধান ডোনাল্ড স্যাং বৈঠকের সূচনা করে জানিয়েছেন, "বিশ্ব বাণিজ্য আলোচনা এগিয়ে নিয়ে যাওয়ার জন্য এই প্রজন্মের সামনে এটাই শেষ সুযোগ।" উল্লেখ্য, উন্নত দুনিয়ার চড়া কৃষি ভর্তুকি নিয়ে উন্নয়নশীল দেশগুলি আপত্তি তোলায় কিছুটা থমকে গিয়েছে ডব্লিউ টি ও-র নতুন দোহা রাউন্ড চালু করা নিয়ে আলোচনা।

অন্য দিকে, ডব্লিউ টি ও-র এই বৈঠক উপলক্ষে বিশ্বায়ন বিরোধী প্রায় এক হাজার বিক্ষোভকারী এই দিন জমায়েত হয়েছেন। উন্নয়নশীল দুনিয়ার কৃষির বাজার খুলে দিলে সাধারণ কৃষক জীবিকা হারাবেন বলে তাঁরা স্লোগান দিতে থাকেন। পুলিশের একটি ব্যারিকেড ভাঙতে চাইলে বিক্ষোভকারীদের সঙ্গে তাদের সংঘর্ষও হয়। কিছু ভারতীয় বিক্ষোভকারীও ওই দলে ছিলেন।

অন্য দিকে, ভারতের বাণিজ্যমন্ত্রী কমল নাথ যে উন্নত দুনিয়াকে কোনও প্রতিশ্রুতি দেওয়ার ব্যাপারে যথেষ্ট সাবধানী, তা এই দিন তাঁর বক্তব্য থেকেই পরিষ্কার হয়ে গিয়েছে। তিনি বলেছেন, হংকং বৈঠকে যে চুক্তিই হোক না কেন, কেন্দ্রীয় জোট আগে খতিয়ে দেখবে উন্নত দুনিয়া কৃষি

ছাড়া অন্যান্য পণ্যে তাদের বাজার কতটা খুলেছে। তার ভিত্তিতেই সিদ্ধান্ত নেওয়া হবে, তবে কখনওই পুরোপুরি উন্মুক্ত করে দেওয়া হবে না বাজার। 'লেস দ্যান ফুল রেসিপ্রোসিটি'-র তত্ত্ব মেনেই উন্নত দুনিয়া বাণিজ্য চুক্তিগুলি করবে। এই তত্ত্বের সার কথা হল, আমেরিকা এবং ইউরোপীয় ইউনিয়নের মতো শিল্পোন্নত রাষ্ট্র বাজার যতটা খোলার অঙ্গীকার করবে, উন্নয়নশীল বিশ্ব তার চেয়ে কম অনুপাতে নিয়ন্ত্রণ তুলবে। বিষয়টি জনিয়ে গোল্ডার পক্ষ থেকে ইতিমধ্যেই চিঠি লেখা হয়েছে এই বৈঠকের চেয়ারম্যান জন স্যাংকে। জোটের সদস্য হিসাবে রয়েছে ভারত এবং দক্ষিণ আফ্রিকা ছাড়া আর্জেন্টিনা, ব্রাজিল, ইন্দোনেশিয়া, নামিবিয়া, ভেনিজুয়েলা এবং মিশর।

এ দিকে, ইউরোপীয় ইউনিয়নের তরফ থেকেও ভারত, আমেরিকা এবং ব্রাজিলকে আলোচনা এগিয়ে নিয়ে যেতে আর্জি জানানো হয়েছে। তা যাতে হেঁচট না খায়, তার জন্য প্রচেষ্টা চালাতে বলেছেন ইউরোপীয় ইউনিয়নের বাণিজ্য কমিশনার পিটার ম্যাডেলসন। তিনি অবশ্য বলেছেন, উন্নত দুনিয়া কৃষি ভর্তুকি তোলার প্রতিশ্রুতি তখনই দিতে পারবে, যখন ভারত, ব্রাজিল এবং আমেরিকা তাদের কৃষি এবং শিল্প পণ্যের বাজার কতটা খুলবে, সে ব্যাপারে স্পষ্ট ইঙ্গিত দেবে।

ভারত-আসিয়ান তহবিল। কুয়ালা লামপুরের খবর: দক্ষিণ পূর্ব এশীয় দেশগুলির জোট আসিয়ান এবং ভারতের মিলিত তহবিলে ৫০ লক্ষ ডলার দেবে ভারত। তা দিয়ে চারটি উন্নয়নশীল এশীয় দেশ কাম্বোডিয়া, লাওস, মায়ানমার এবং ভিয়েতনামের সঙ্গে নয়াদিল্লির টেলিযোগাযোগের মাধ্যমে শিক্ষার প্রকল্প রূপায়িত হবে। উপগ্রহ মারফত এই যোগাযোগ গড়ে তোলা হবে। আসিয়ানের সঙ্গে অবাধ বাণিজ্য চুক্তিতে নিষিদ্ধ আমদানি পণ্যের তালিকাও ছাটাই করবে ভারত। ভারত-আসিয়ান শীর্ষ বৈঠকে প্রধানমন্ত্রী মনমোহন সিংহ বলেন, এ ছাড়াও আসিয়ান উন্নয়ন তহবিলে ভারত এক লক্ষ ডলার অবদান রাখবে। — পি টি আই

WTO deal still seems a long way off

70 per cent of any gains from freer trade will go to rich countries, say World Bank estimates

Larry Elliott

HONG KONG: Hong Kong will represent the WTO's third spell in intensive care in six years. Pascal Lamy, head of the WTO, knows it. The Trade Ministers who will sit down on Tuesday for six days of talks know it.

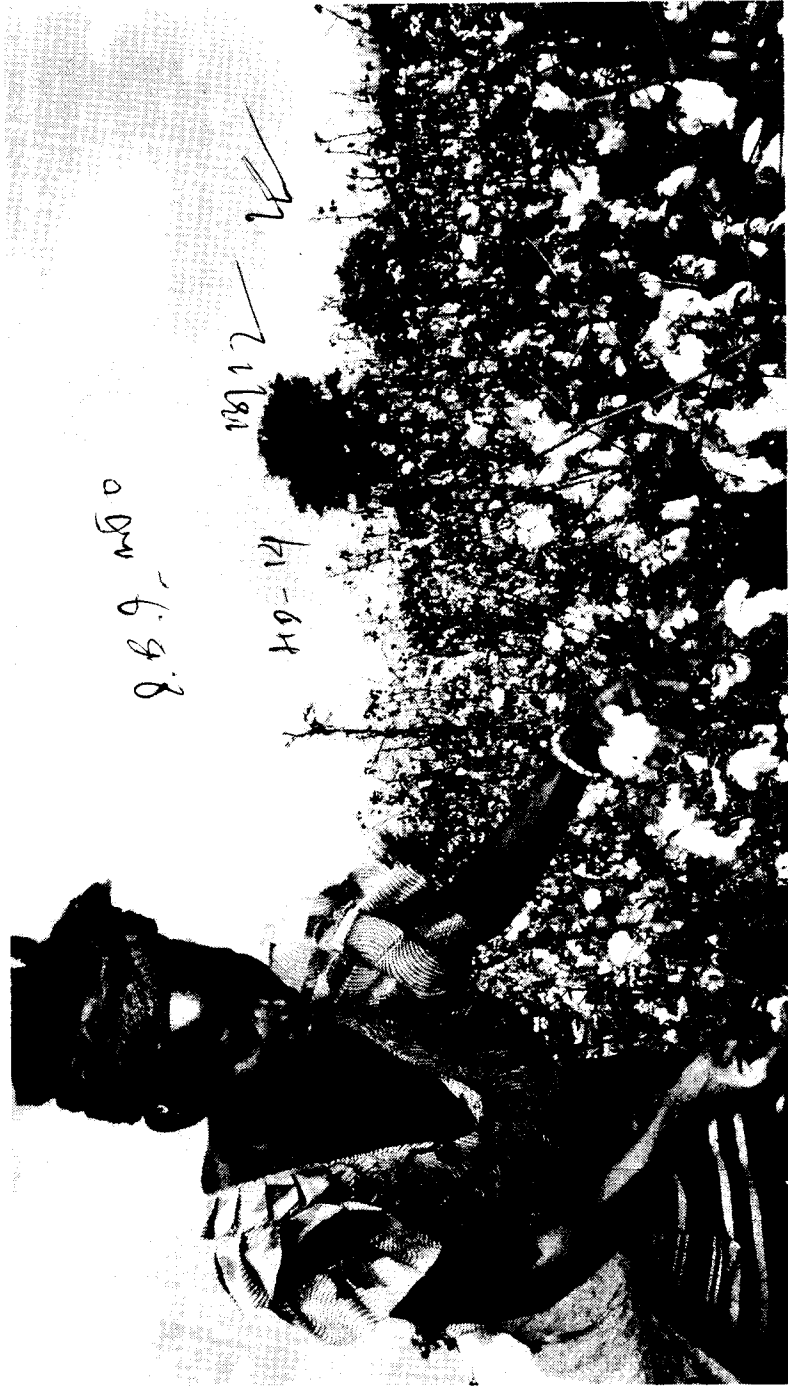
The 11,000 journalists, activists, church leaders and business lobbyists know it. All that remains to be decided is whether the global trade talks leave Hong Kong as a corpse or as a patient on the mend.

Along with aid and debt relief, trade was one of the main components of the U.K.'s anti-poverty agenda for 2005. Hong Kong was supposed to crown the year in triumph; instead, the year has ended messily and a deal still seems a long way off.

Poor left high and dry

For poor countries, it seems like groundhog day. They were promised a development round when the talks began in Doha four years ago, but the latest World Bank estimates show that 70 per cent of any gains from freer trade will go to rich countries, and they will get 25 times as much per head as poor countries.

Doha came just two months after 9/11 and there was a desire in the west for a show of global unity. Once the talks began in earnest, though, a more familiar pattern emerged. As one WTO official put it: "People think these negotiations are all about free trade. They're not. They're all about what you can protect."



HOPES CUT SHORT: Salimata Soro (25) harvests cotton in the Korofo region in northern Ivory Coast last week. African cotton producers say subsidies paid by the U.S. to its farmers depress world prices. - PHOTO: REUTERS

had a handful of mainly rich members and was concerned solely with industrial tariffs.

Today, the WTO has almost 150 members, any one of which can theoretically veto an agreement, and an agenda that encompasses agriculture, services and intellectual property rights as well as trade in agriculture.

Cautious approach

Mr. Lamy, the WTO's Director-General since September, has decided to settle for limited progress in Hong Kong in the hope talks can be completed in Geneva, rather than a third "train crash" in six years.

Better, in Mr. Lamy's phrase, to "recalibrate" than see the WTO's credibility fatally undermined.

Yet, even this cautious approach contains risk. There are negotiators and officials in Geneva who believe that once the political pressure is off the talks will lose momentum.

There are fears that a bad deal — minimal concessions from the west on agriculture, nothing on cotton for West Africa, a lack of properly financed aid to help poor countries build up their ability to trade — would be hastily agreed rather than the talks failing completely. But some, including Joseph Stiglitz, the former chief economist of the World Bank, say that would be a mistake. In a view echoed across many poor countries, he says no deal would be better than a bad deal. — ©Guardian Newspapers Limited 2005

but nothing that suggests access to the world's biggest market will be any easier for the products that matter for developing countries.

As far as the very poorest countries are concerned, the copies of patented drugs for life-threatening illnesses; Brussels has offered cosmetic changes to the Common Agricultural Policy

help West Africa, but most of the 40 "least-developed countries" lack the capacity to benefit from more open trade.

When it comes to agriculture, any gains will be made by the bigger developing countries such as Brazil. For the poorest, growth will lead to trade and not vice versa. If the games of brink-

manship are familiar, the potential for the talks to go wrong has been amplified both by the WTO's expanding membership and the complexity of the talks.

In the old days, life was much simpler. The road to Hong Kong began back in 1948 with the General Agreement on Tariffs and Trade, but GATT originally only

"E.U. must cut farm subsidies"

India for better market access for its products, says Kamal Nath

N. Ravi Kumar

HONG KONG: On the eve of the sixth World Trade Organisation Ministerial conference that gets under way here, India looks forward to specific commitments from the developed countries and not just "a statement of good intentions."

These commitments should be in the form of cuts in the subsidies doled out to farmers in developed countries and the opening up of the market to agricultural products from other nations.

Declaring that the WTO (trade negotiations process) could not move forward without "India being on board," Union Commerce and Industry Minister Kamal Nath said on Monday that the country was keen on measures to improve market access to its goods, correction in the anti-dumping law and re-

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- Correction in anti-dumping law, removal of non-tariff barriers also sought

- No market access on 65-70 sensitive Indian products

moval of non-tariff barriers.

The Minister briefed the media after attending meetings, including those with WTO Director-General Pascal Lamy, European Union Trade Commissioner Peter Mandelson and Pakistan's Trade Minister Humayun Akhtar Khan, who is also the facilitator for the discussions on NAMA (Non-Agricultural Market Access).

India, Mr. Kamal Nath said, was keen on better market access for its products in which its strengths lay, including textiles and leather. Even while underscoring the need for the developed countries to reduce their domestic subsidies, he said there

could be no compromise on 65-70 sensitive products of India. The country could not provide market access in these areas.

To a question on a recent European Union proposal for reducing subsidies, the Minister said the E.U. must "move forward" and cut farm subsidies. That would help India — whose agri-products exports was \$7 billion last year — in terms of better market access.

The success of the Hong Kong Conference depended on how the developed countries addressed the concerns of others, he said. The expectation from the meeting, under the Doha development round negotiations,

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was how far it would move ... "an inch, a step or a leap forward."

"The Hong Kong hype should not hustle us [the developing countries] into content that is not acceptable," he said. India would resist any effort to divide the developing countries.

Tight security

Earlier in the day, Keith Rockwell, WTO Director (Information and Media Relations) and S.Y. Tam, Assistant Director in Hong Kong's Information Services Department, said elaborate arrangements, including those related to security, had been made for the six-day conference.

Apart from 5,800 delegates from the 149 member countries, 3,200 media personnel and over 2,100 representatives of non-governmental organisations have been provided accreditation for attending the conference.

13 DEC 2005

THE HINDU

WTO meet seeks pact on poor

By Richard Waddington

Hong Kong: Major powers on Monday promised to help poorest nations get a bigger slice of trade while Europe came under renewed pressure to lower farm tariff barriers on the eve of a key World Trade Organisation (WTO) conference.

Although the WTO shelved plans for a draft free trade deal at the six-day conference, U.S. Trade Representative Rob Portman made clear that he had come "to work" and was looking for progress in contentious areas of the troubled negotiations.

With continuing deep differences between developed and developing countries -- particularly over agriculture -- forcing the WTO to drop the bar for the Hong Kong meeting, assistance for poor states, including duty-free access, have become a litmus test for success at the WTO's 6th ministerial conference.

"I think it would earth these nego-

KEEP PLAYERS AT HONG KONG MINISTERIAL



Pascal Lamy



Kamal Nath



Peter Mandelson



Rob Portman

some strong exporting countries getting together and make the trade rules," Japanese Agriculture Minister Shoichi Nakagawa told a meeting of farmers.

Around 10,000 anti-globalisation protesters, including South Korean farmers angry at the prospect of more rice imports into their long-protected market, are converging on Hong Kong.

"We are determined to voice out our resistance in a peaceful and legal way, but also in a very affirmative and strong way," Yang Kyeong Kyoo of the Korean Confederation of Trade Unions told a news conference.

Hong Kong has blacklisted some people, particularly from South Korean farmer groups with a reputation for violent protest, in the hope that the territory will be able to avoid the violence that marked the last WTO conference in Cancun, Mexico, in 2003. Reuters

than an average 39 percent cut in tariff barriers has been blamed by many farm goods exporters, most notably Brazil and the United States, for a stalemate in agricultural talks, the lynchpin of the WTO's Doha trade round.

"We need to solve the problem of imbalance. We cannot allow some wealthy importing countries and

WTO: Impasse looms large, hope hangs low

No deal in sight on farm subsidies at Hong Kong ministerial meet

K.A. Badarinarath

Hong Kong, December 11

TRADE TALKS at WTO's sixth ministerial conclave beginning this Tuesday assume significance for developing countries like India that have both offensive and defensive interests in agriculture, services and industrial products.

Any delay in putting together a package deal will hamper the development interests of poor nations that are in G-20 and G-77 groups with maximum impact on Africa-Caribbean-Pacific (ACP) countries.

The Hong Kong summit is being held in the backdrop of the concerns being expressed from poor countries that clamour for enhanced market access in Europe, US

and Japan.

However, the world trade leaders from most of 148-member countries have reconciled to the fact that the top-notch agenda item, agriculture agreement, may not be clinched during this week due to serious differences.

While behind-the-screen efforts continue on agriculture in this port city, a large chunk of developing nations have veered around to go ahead with delinking farm issues with others like services and industrial goods.

European Union as an economic block will have to do a lot of explaining as its stand on both domestic and export subsidies will determine the turn of events during the next few days. Mellowing down France and Germany on sub-

sidies will be an important component for the union leadership.

European Union will also have to take a stand on delinking farm deal from others especially as its proposal was wholesome.

TRADE TANGLES

Its proposal to reduce farm subsidies was conditional vis-à-vis progress in other areas.

The United States has not yet provided the desired initiative or leadership in trade talks while demanding market access from poor countries with livelihood concerns.

Once, the United States con-

tingent shows up flexibility in its stand, Japan is bound to fall in line.

On the other side, most poor nations look towards India and Brazil for leadership and initiative to clinch a trade deal in their favour. Indian Commerce Minister Kamal Nath and Brazil's Celso Amorim will be the two key figures who would be watched keenly all over the world on possible trade deal.

Five interested parties (FIPS) will be the forum to watch where a possible consensus could be worked out on all pending issues.

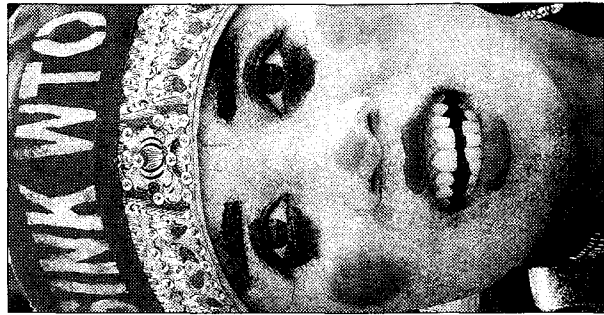
India and Brazil represent the interests of developing countries at this forum with the United States, European Union and Australia.

Meanwhile, over 10,000 rep-

resentatives of non-government organisations are bound to put up pressure for preserving the interests of deprived sections across the globe.

From West African cotton farmers to Korean agriculturists, they have come together under the banner of People's Alliance, seeking moderation on trade issues.

The next few days at Hong Kong ministerial conclave are bound to be crucial given the fact that at least some issues are bound to be clinched while on others some progress is expected. In this round of negotiations, the poor nations expect some sanity to prevail among the rich ones, especially the United States, European Union and Japan troika.



Getting ready for Hong Kong summit

Meet will decide progress of Doha development round

AS TRADE ministers of 148 countries meet at Hong Kong for six days beginning tomorrow (December 13), attention shifts as much to interpreting the outcomes of the talks as on the talks themselves. The former is going to be the critical activity, engaging attention long after the meetings are over. A 'favourable view' may help keep the expectations on the Doha development round alive even if the Hong Kong meet does not deliver on what was expected of it as recently as September (when the negotiators began a series of preparatory meetings).

FINANCIAL SCENE

One should not forget that expectations since September have been lowered precisely because the hectic, mostly informal discussions of the past few months have failed to break the deadlock. A reading of two recently released drafts of the ministerial texts reinforces the point. However, all trade talks involve plenty of legalese and obfuscation. Certainly the Hong Kong talks will not be, perhaps cannot be interpreted in clear-cut terms of success or failure. A verdict somewhere in the middle will in turn lend itself to any number of tall claims: it is likely that every one of the 148 countries will claim success. Considering that domestic politics of every country has a bearing on its negotiating capacity, it is unlikely that any trade minister will admit to limited success leave alone outright failure of the trade negotiations.

Toned down expectations

Therefore it is futile to expect a clear-cut verdict. Besides, even in the best of times — for instance, with a widely accepted draft text in place — the Hong Kong meet will be judged in terms of how far it has taken the Doha agenda forward. That is quite different from a scenario where the objective is to wrap up the entire round. Assuming of course such outcomes can be measured, Secretary General Pascal Lamy made the most optimistic assumption in September when he said two-thirds of the agenda could be wrapped up at Hong Kong, with the remaining one third completed by next year. Since then there has been considerable toning down of expectations and there is a strong possibility of another ministe-

IT IS UNLIKELY THAT ANY TRADE MINISTER WILL ADMIT TO OUTRIGHT FAILURE OF THE NEGOTIATIONS.

rial meet next year to further the agenda.

In a more optimistic scenario, the Hong Kong meet would have endorsed decisions on several items of the Doha development round in a way that would have breathed new life into the talks. In agriculture and NAMA (non-agricultural market access), there would have been decisions on full modalities: agreements on norms and formulae for reducing import duties and subsidies and a time frame for achieving them. A roadmap would have been prepared for services. In addition there would have been a package for the least developed countries and a cotton initiative for West African countries.

For India and many other developing countries, success in agriculture negotiations holds the key to overall success of the negotiations. But that is not how some of the developed countries view the situation. Some of them are insisting on concessions in market access from developing countries to go side by side with farm concessions.

Clear verdict far fetched

Also, it is futile to discuss trade issues in terms of neat compartments, one representing the developed world and another the developing countries. Even in agriculture where there is significant convergence of views among developing coun-

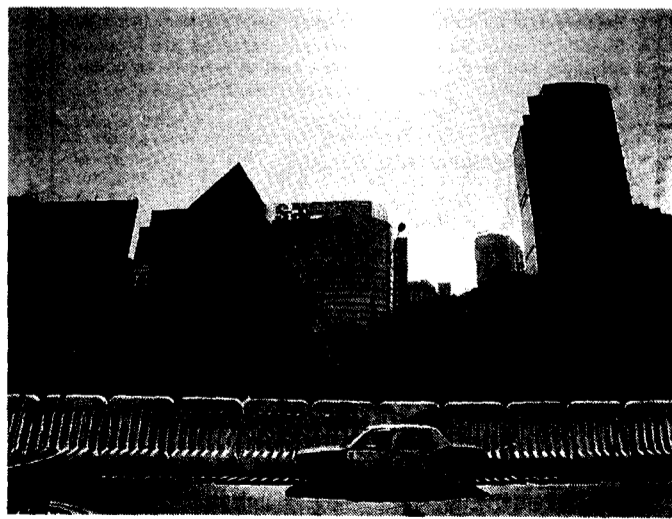
tries, there are differences as well. And the European Union and the U.S. differ vastly in their approach to tariff cuts and trade distorting subsidies in agriculture.

Even in the area of services, India, which favours greater market access through bargaining under the so called Mode I and Mode IV, has not been able to win support from some of the other key developing countries. (These refer to movement of services across boundaries with or without movement of persons and investment).

Looking beyond Hong Kong, it is likely that the outlook for multilateral trade negotiations and the WTO itself will change, depending on the considered assessments of the ministerial talks.

A less than satisfactory verdict will further encourage countries to enter into free trade agreements (FTAs). Although FTAs are not necessarily antithetical to the goals set out for multilateral trade, in the short-run they do bring in their own complexities in the form of preferential rules and so on. Also, there is unanimity that the administrative powers of the WTO, the disputes resolution machinery in particular, need to be further strengthened. That would become a tall order if the Hong Kong talks were seen to have failed.

C. R. L. NARASIMHAN



LEADERS CONVERGE: Hong Kong convention and exhibition centre, the venue for the upcoming WTO conference in Hong Kong this week. — PHOTO: REUTERS

হংকঙে ডল্লিউ টি ও প্রধান সমস্যা কৃষি ভর্তুকি

অভিরূপ সরকার

ওয়ার্ল্ড ট্রেড অর্গানাইজেশন বা ডল্লিউ টি ও-র পরবর্তী অধিবেশন আজ, ১৩ ডিসেম্বর হংকং-এ শুরু হচ্ছে। পূর্ববর্তী অধিবেশনটি বসেছিল মোস্কোর কানকুন শহরে। উন্নত এবং উন্নতশীল দেশগুলির মধ্যে মতের মিল হয়নি বলে কার্যত ভেঙে গিয়েছিল সেই মিটিং। মতান্তরের মূল জায়গাটা ছিল কৃষিপণ্যে মুক্ত আন্তর্জাতিক বাণিজ্য। উন্নতশীল দেশগুলির অভিযোগ, উন্নত দেশগুলি তাদের অভ্যন্তরীণ কৃষিপণ্যের বাজারটা বিদেশীদের জন্য, বিশেষ করে তৃতীয় বিশ্বের দেশগুলির জন্য কৃত্রিম ভাবে বন্ধ করে রেখেছে। নিজেদের দেশে উৎপাদিত কৃষিপণ্যের ওপর তারা এতটাই ভর্তুকি দিয়ে রেখেছে এবং ফলে তাদের দেশে সেই পণ্য এতটাই শস্তা দামে বিক্রি হচ্ছে যে সেখানে কৃষিজাত দ্রব্য বিক্রি করে তৃতীয় বিশ্বের দেশগুলি সুবিধে করতে পারছে না। কানকুন অধিবেশন জুড়ে ওই ভর্তুকি কমানো নিয়ে বিস্তর দরাদরি চলল। তৃতীয় বিশ্বের দেশগুলি, বিশেষ করে ব্রাজিল ও ভারত, বলবার চেষ্টা করল, ওই ধরনের ভর্তুকি অবাধ বাণিজ্যের পরিপন্থী বলে ডল্লিউ টি ও-র মূল দর্শনেরও বিরুদ্ধে। কিন্তু ধনী দেশগুলিকে বিন্দুমাত্র নড়ানো গেল না। বানচাল হয়ে গেল মিটিং। হংকং-এর মিটিংয়েও মূল বিতর্কটা কৃষিপণ্যের অবাধ বাণিজ্য নিয়েই দানা বাঁধবে। এবং সেই বিতর্কের কোনও মীমাংসা না হবার বা এবারেও অধিবেশনটা ভেঙে যাবার সম্ভাবনাগুলো একেবারে উড়িয়ে দেওয়া যাচ্ছে না।

কৃষিপণ্যের আন্তর্জাতিক বাজারের দিকে তাকালে আমরা তিনটি তথ্য দেখতে পাচ্ছি। প্রথমত, পৃথিবী জুড়ে কৃষিপণ্যের যত আমদানি-রফতানি ঘটছে, তার একটা উল্লেখযোগ্য অংশের সঙ্গে উন্নত দেশগুলি জড়িত আছে। যেমন, ২০০৩ সালে

পৃথিবীর মোট কৃষিপণ্য আমদানির ১৪.৭ শতাংশ গিয়েছে উত্তর আমেরিকায় এবং মোট রফতানির ১৮.৪ শতাংশ এসেছে উত্তর আমেরিকা থেকে। একই ভাবে ২০০৩ সালে অস্ট্রেলিয়া ও নিউজিল্যান্ড আমদানি করেছে পৃথিবীর মোট কৃষিপণ্য আমদানির ১.৪ শতাংশ, কিন্তু রফতানি করেছে ৭.৮ শতাংশ। আবার, ইউরোপিয়ান ইউনিয়নের ক্ষেত্রে আমদানি ও রফতানির এই সংখ্যাগুলি ৩.৭ শতাংশ এবং ৩.৪ শতাংশ। অর্থাৎ উত্তর আমেরিকা, অস্ট্রেলিয়া, নিউজিল্যান্ড এবং ইউরোপ পৃথিবীর এই তিনটি উন্নত অঞ্চলকে মেলানলে পৃথিবীর ১৯.৮ শতাংশ আমদানি এবং ২৯.৬ শতাংশ রফতানির হদিস পাওয়া যাচ্ছে। এই পরিসংখ্যান থেকে স্পষ্ট, পৃথিবীর এই উন্নত অঞ্চলগুলি যতটা কৃষিপণ্য রফতানি করছে, ততটা আমদানি করছে না। অর্থাৎ, আন্তর্জাতিক বাজারে এই উন্নত দেশগুলি কৃষিপণ্যের নিট বিক্রেতা। পৃথিবীর বাজারে কৃষিপণ্যের অন্য উল্লেখযোগ্য বিক্রেতা লাতিন আমেরিকার দেশগুলি। ২০০৩ সালে এরা সম্মিলিত ভাবে পৃথিবীর ০.৬ শতাংশ কৃষিপণ্য আমদানি এবং ১২.২ শতাংশ কৃষিপণ্য রফতানি করেছিল। অর্থাৎ, ধনী দেশগুলি আধুনিক প্রযুক্তির শিল্পদ্রব্য রফতানি করবে আর গরিব দেশগুলো সেই সব জিনিসপত্র কেনবার জন্য কৃষিপণ্য রফতানি করবে, আন্তর্জাতিক বাণিজ্য সম্বন্ধে এই প্রচলিত ধারণা মোটের উপর ভিত্তিহীন। হয়তো একসময় এই ধাঁচটা ছিল, এখন তা পাল্টে গিয়েছে।

দ্বিতীয়ত, উন্নত দেশগুলি, বিশেষ করে মার্কিন যুক্তরাষ্ট্র এবং ইউরোপের নানা দেশ, নিজেদের উৎপাদিত কৃষিপণ্যে বিরাট ভর্তুকি দেয়। সাধারণ ভাবে পণ্যের জাত অনুযায়ী

সমস্ত পণ্যকে ডল্লিউ টি ও কয়েকটি বাস্কে ভাগ করে প্রত্যেকটি বাস্ককে ট্র্যাফিক লাইটের এক-একটি রঙে চিহ্নিত করেছে। লাল বাস্কে যে-সব পণ্য, তাদের উপর ভর্তুকি পুরোপুরি নিষিদ্ধ। হলুদ বাস্কে যারা রয়েছে, তাদের ভর্তুকি দেওয়াটা একেবারে নিষিদ্ধ না হলেও সেই ভর্তুকি ডল্লিউ টি ও ভাল চোখে দেখে না। তৃতীয় ভাগে অর্থাৎ সবুজ বাস্কে যারা পড়ে রইল, তাদের উপর অবাধে ভর্তুকি দেওয়া চলতে পারে। এটা সাধারণ পণ্যের জন্য ভর্তুকির চুক্তি, কৃষিপণ্যের ক্ষেত্রে এই নিয়ম আরও গোলমালে। কৃষিপণ্যের ক্ষেত্রে লাল বাস্কে নেই, বদলে আছে নীল বাস্কে, যেখানে কিছু কিছু মেনে চললে অবাধ ভর্তুকি দেওয়া চলে। ধনী দেশগুলো হলুদ বাস্কের কিছু পণ্য নীল বাস্কে আনতে পেরেছে, ফলে কৃষিপণ্যের ওপর ভর্তুকি দিতে তাদের সুবিধে হয়েছে।

১৯৯৫-২০০৪ এই দশ বছরে মার্কিন যুক্তরাষ্ট্র হলুদ বাস্কের পণ্যে ভর্তুকি দিয়েছে ১৪৩.৮ বিলিয়ন ডলার। সঙ্গে নীল এবং সবুজ বাস্কের ভর্তুকি যোগ করলে মোট ভর্তুকি সাড়ে তিনশো বিলিয়ন ডলার ছাড়িয়ে যাবে। ইউরোপের হলুদ বাস্কের ভর্তুকির বাৎসরিক গড় ৪০ বিলিয়ন ডলার এবং সবুজ ও নীল বাস্কে ধরলে আরও অনেক বেশি। প্রশ্ন হল, উন্নত দেশগুলো তাদের কৃষিপণ্যে এত ভর্তুকি দিচ্ছে কেন? আরও বড় ধাঁধা, ভর্তুকি দিয়ে পশ্চিমের দেশগুলো শুধু যে তাদের অভ্যন্তরীণ বাজারে বিদেশীদের প্রবেশ আটকে দিচ্ছে তাই নয়, তারা তাদের কৃষিপণ্য আন্তর্জাতিক বাজারে বিক্রিও করছে। তারা আন্তর্জাতিক বাজারে কৃষিপণ্যের নিট



ডল্লিউ টি ও-র বিরুদ্ধে। ম্যানিলায় বিক্ষোভ। — রয়টার্স

বিক্রেতা। কথা হচ্ছে, আন্তর্জাতিক অর্থনীতির পাঠ্যপুস্তকে এটা স্পষ্ট যে, ভর্তুকি দিয়ে রফতানি করলে রফতানিকারী দেশের ভাল হতে পারে না। কারণ, এ-সব ক্ষেত্রে সুফল পায় বিদেশি ভোক্তা আর ভর্তুকির খরচ বহন করতে হয় দেশের করদাতাদের। তা হলে ভর্তুকি কেন? রহস্য আরও জটিল হবে যদি তিন নম্বর তথ্যের দিকে তাকাই। এক দিকে যেমন উন্নত দেশগুলো ভর্তুকি দিয়ে গরিব দেশগুলোতে কৃষিপণ্য রফতানি করছে, তেমনি অন্য দিকে গরিব দেশগুলো আমদানি করের দেওয়াল তুলে সেই পণ্যকে তাদের অভ্যন্তরীণ বাজারে দামি করে তুলছে, নিজেদের বাজারে তারা ভর্তুকি দেওয়া উন্নত দেশের কৃষিপণ্যকে অবাধে ঢুকতে দিচ্ছে না। কিন্তু এতে কার লাভ? অন্তত গরিব দেশগুলোর নয়। কেউ যদি আমাকে তাদের পণ্য ভর্তুকি দিয়ে শস্তায় বিক্রি করতে চায়, তা হলে আমার তো ভাল। আমি সেই পণ্যকে আমদানি কর বসিয়ে আটকাবার চেষ্টা করব কেন? গরিব দেশগুলো কিন্তু ঠিক এই কাজটাই করছে। পরিসংখ্যান বলছে, কৃষিপণ্যের ওপর মার্কিন যুক্তরাষ্ট্রে গড় আমদানি কর ১২ শতাংশ, ইউরোপে ৩১ শতাংশ, জাপানে ৫১ শতাংশ, সারা পৃথিবীতে ৬০ শতাংশ, ভারতে ১১৪ শতাংশ এবং কোনও কোনও তৃতীয় বিশ্বের দেশে আরও বেশি।

ধনী দরিদ্র নির্বিশেষে দেশগুলো যে তাদের কৃষিপণ্যকে বিদেশি প্রতিযোগিতার হাত থেকে রক্ষা করবার চেষ্টা করছে, তার একটা কারণ হিসেবে খাদ্য-সুরক্ষার কথা বলা হয়। ব্যাপারটা একটু খুলে বলা দরকার।

ধরা যাক বিদেশ থেকে শস্তা দামের কৃষিপণ্য এসে আমাদের দেশের বাজারে পণ্যের দাম এমনটাই কমিয়ে দিল যে, আমাদের কৃষিজীবীরা চাষবাস ছেড়ে দিতে বাধ্য হলেন। এতে কৃষিজীবীদের ক্ষতি ছাড়াও আরও একটা বৃহত্তর ক্ষতির আশঙ্কা আছে। (চলবে)

লেখক কলকাতার ইন্ডিয়ান স্ট্যাটিস্টিক্যাল ইনস্টিটিউটে অর্থনীতির শিক্ষক

12 DEC 2005

ANADALAZAR PAPER

WTO under pressure in run-up to Hong Kong meet

STATESMAN NEWS SERVICE

NEW DELHI, Dec. 10. — All eyes are turned towards Hong Kong as the World Trade Organisation (WTO) begins its sixth ministerial conference next week and power groups flex their muscles at the negotiating table. Nearly 150 trade ministers will be meeting during 13-18 December in an attempt to take forward the Doha Round of trade negotiations, battling contentious issues of subsidies in agriculture, tariff discrimination in goods and market access for professionals under the services segment.

In the wings would be pressure groups from all sectors of society — NGOs, trade unions, business organisations and several of the UN organisations — pushing for an equitable outcome. Voices would thus be many with visions of Seattle and Cancun constantly haunting the negotiators, now under pressure to reach an agreement.

The WTO talks are running up against a mid-2006 deadline, to allow enough time to collate thousands of pages of rules, customs duties and commitments.

India, widely seen as playing a leadership role in the week-long negotiations, has its own agenda set out by a range of stakeholders even as it needs to keep in mind the interests of other developing countries.

The most rational approach, suggests the Parliamentary Standing Committee on Commerce, would be to ask for the total abolition of domestic subsidies and export subsidies of all kinds in the developed countries before the developing countries themselves are called upon to undertake further obligations of tariff reduction.

The committee, in its report tabled in the Parliament yesterday, has urged the Indian team to insist upon combining all subsidies on farm products being doled out by rich countries into a single box and slap countervailing duty of an equitable amount on all OECD farm products.

Chaired by the BJP leader, Mr Murli Manohar Joshi, the committee said: "Market access is an issue in the manufacturing sector... Negotiations should fully reflect concerns related to loss in tariff revenues, sensitivity of certain sectors and adjustment costs."



People protest in front of Parliament against policies adopted by the Indian government with regard to the World Trade Organisation in New Delhi on Saturday. AFP

PROTEST

India makes fresh offer to G7

Will Open Industrial Sector If US, Europe Reduce Agri Controls

London: The Group of 7, comprising the world's leading industrial nations, threw its weight behind further trade liberalisation on Saturday, calling for "renewed momentum" in negotiations to prevent a breakdown in global trade talks scheduled to be held later this month in Hong Kong.

As finance ministers and central bankers met here, Brazil and India issued an unexpected offer of fresh concessions to the leading industrialised countries, saying they would open their markets further to industrial goods and services. But the offer, they said, was conditional on the US and the European Union (EU) further dismantling protection of their own agricultural markets.

The G7 welcomed the offer, but the proposal exposed fresh divisions among European countries, with Britain speaking in favour of fresh cuts in Europe's farm support and France denying any change in the EU's position.

India, which has offered a 50% cut in tariffs on industrial goods, said it was 'willing to undertake higher cuts provided developed countries can match or take higher cuts'. India said it was 'prepared to move forward' offering greater market access in services, depending on the response of other countries. It demanded an end to agri export subsidies and all 'trade distorting domestic support'

WTO TREATY TALKS

Gordon Brown, chancellor of the British Exchequer, said: "What we have seen today is an attempt to restart trade talks and a signal from the Brazilian and Indian governments that they would be prepared to move forward. But they are looking for reciprocity from

967
the EU and America." On Friday, Brown made a plea for an overhaul of Europe's system of farm subsidies and tariffs. This brought him into conflict with France, which strongly defends Europe's common agricultural policy.

John W Snow, the US treasury secretary, said, "This expression of support for progress from critical developing countries I hope will add momentum to the talks and help us break through the stalemate." He gave no further indication of how American negotiators would respond.

Negotiators are trying to agree on a binding global trade treaty lowering barriers across all sectors.

In an effort to make progress at the weekend summit in London, Brown invited ministers from India, Brazil, China, South Africa and Russia to join the G-7 countries—the United States, Britain, Canada, France, Germany, Italy and Japan. NYT News Service & Agencies

Trade powers progress to deal

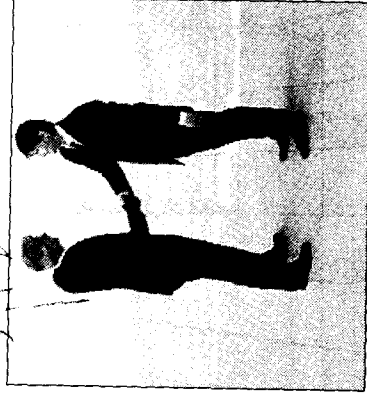
Geneva: Trade powers on Saturday said they were near a deal on duty-free access and other steps to help the world's poorest states in global free trade talks.

Following a meeting in Geneva, trade ministers from the European Union, Japan, Brazil, India and Australia expressed confidence the measures could be approved at a World Trade Organisation (WTO) conference in Hong Kong later this month.

"I think that we have the makings of a common platform," EU Trade Commissioner Peter Mandelson told a news conference.

The Hong Kong meeting had initially been scheduled to agree a draft treaty on reforming world trade, including slashing farm subsidies and opening up markets.

But with divisions still too deep, particularly over agriculture, the focus for Hong Kong has switched to ensuring the world's poorest countries get something from the trade round, launched in late 2001 to speed development. "There was a large con-



vergence ... that we need to have an important, meaningful package ... to show these countries that there is something in it for them in this round, something very substantial."

said Brazil's foreign minister Celso Amorim. Developing countries, such as Brazil and India, would also help assist the Least Developed Countries (LDCs), Amorim added.

In London, finance ministers from the world's leading economies at-

tempted to breathe life into the trade talks and appealed for a new spirit of compromise.

"This is a \$300 billion issue. We have a duty," British finance minister Gordon Brown said after chairing talks among the Group of Seven industrialised nations, also attended by Russia, Brazil, China and India.

He trumpeted a commitment by India and Brazil that they would be willing to offer greater access to their markets if the rich world was prepared to give up their subsidies to farmers.

The LDC issue dominated talks between the six, which began on Friday night, and little progress was made in other areas.

A date for the elimination of farm export subsidies, which has already been agreed in principle, is unlikely to emerge from Hong Kong as some had hoped. But the six ministers agreed to prepare the ground for such a move by setting an end-February deadline for completing the technical work. Reuters

Hong Kong blacklists WTO protesters

Hong Kong: Hong Kong has blacklisted around 300 people it suspects will cause trouble at anti-globalisation protests during a World Trade Organisation (WTO) summit later this month, the South China Morning Post reported on Sunday.

Citing unidentified sources, the newspaper said the list of "key troublemakers" was compiled with the help of international police organisation Interpol and included many South Koreans. Anyone on the list found trying to enter Hong Kong would be deported or detained in the city's Victoria Prison, which the government says can hold up to 700 protesters if trouble flares during the December 13-18 meeting. The Hong Kong government has denied the existence of any blacklist. Reuters

05 DEC 2005

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Salvaging the Doha agricultural talks

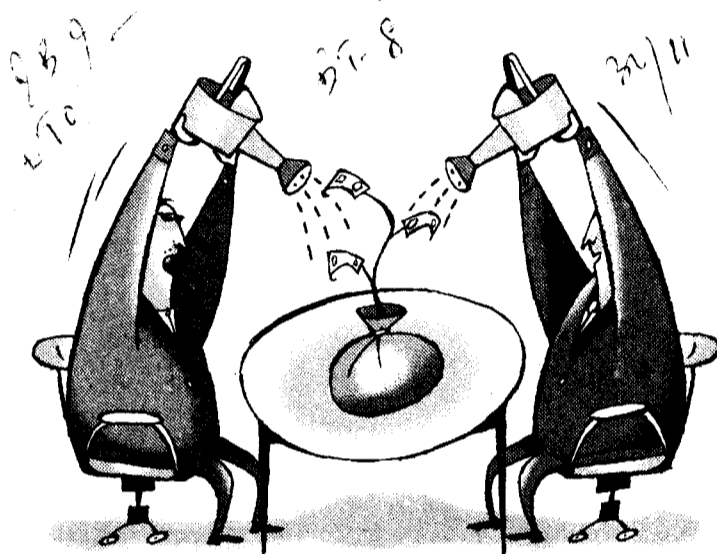
The assertion that the removal of agricultural subsidies by rich countries would benefit the LDCs is false. And telling the rich nations that their policies hurt the LDCs would not produce the desired outcome, says **Arvind Panagariya**.

AS THE sixth WTO ministerial conference to be held in Hong Kong during December 13-17, 2005 approaches, the European Union (EU), the US and the group of 20 mainly larger developing countries are deadlocked over the Doha negotiations on agriculture. Breaking the deadlock requires dispelling several myths spread by the press, international institutions and non-governmental organisations. Among the myths are: rich countries annually spend hundreds of billions of dollars on trade-distorting subsidies; agricultural protectionism is largely a rich country phenomenon; and the least developed countries (LDCs) are the worst victims of these subsidies and protection.

Twice recently the *New York Times* has editorialised that "developed world funnels nearly \$1 billion a day in subsidies," which "encourages overproduction" and drives down prices. The World Bank president Paul Wolfowitz similarly referred to developed countries expending "\$280 billion on support to agricultural producers" in a recent op-ed in the *Financial Times*. NGO Oxfam routinely accuses rich countries of giving more than \$300 billion annually in subsidies to agribusiness.

Astonishingly, these estimates bear no relationship to the subsidies subject to Doha negotiations. Instead, they have originated in the Producer Support Estimate (PSE) devised and published by the Organisation for Economic Co-operation and Development (OECD). The PSE includes all measures that raise the producer price above the world price including border measures such as tariffs and quotas. Most economists would find the idea of identifying such a measure with subsidies laughable.

The economically correct measure of subsidies that drive down world prices must be confined to the subsidies contingent on exports or output. When this is done, the extent of subsidies turns out to be considerably smaller than \$1 billion per day. Thus, rich country ex-



SASIKUMAR

port subsidies that have been so much in news currently amount to less than \$5 billion, perhaps as little as \$3 billion.

Subsidies contingent on output (identified as "amber box" subsidies by the WTO) are larger but not enough to add up to \$1 billion per day. Based on the latest data available from the WTO, these subsidies amounted to \$44 billion in 2000 in the EU, \$21 billion in 2001 in the US and less than \$15 billion in 1998 in Japan, Switzerland, Norway and Canada combined. Recognising that there have been no major cases of backsliding and the EU has made further progress in decoupling its subsidies from output, we can comfortably conclude that rich country domestic subsidies that encourage production and lower world prices currently are substantially below \$100 billion.

By focusing exclusively on subsidies, the media has distracted attention from the critical fact that the most important obstacle to agricultural trade comes from border barriers, also called market access measures by the WTO. And since the developing countries are not big offenders on the subsidy front, this focus

has promoted the false impression that agricultural protection is an exclusively rich country problem. In reality, when it comes to border barriers, the developing countries more than match the developed countries.

AMONG the latter, in 2001, the trade-weighted average tariff was 36% in Japan, 29% in the European Free Trade Area, 12% in the EU and 3% in the US. Among the former, the rate was 94% in South Korea, 44% in India, 39% in China and 30% in Pakistan. Interestingly, protection in the developing country members of the Cairns Group, which contains countries with greatest comparative advantage in agriculture, is not low: in 2001, trade-weighted average tariff was 13% in Argentina, and Brazil and 11% in Malaysia, Thailand and Indonesia.

Rich country subsidies and protection drive down the world prices. To the extent that LDCs import agricultural products, especially cereals, they benefit from these low prices. Rich country protection also raises their internal prices. Under its Everything But Arms

initiative, the EU grants the LDCs duty free access to its market. This means the LDCs also benefit from the high internal EU prices they receive on their exports.

The widely cited contrary case of cotton exporters is an exception rather than the rule. The EU does not have any cotton producers to protect so that it has a zero tariff on cotton. The US subsidies drive down the world cotton prices as also the EU internal price. Therefore, LDC cotton exporters receive the same low price whether they export to the EU or another country. Beyond cotton, the assertion that the removal of agricultural subsidies and protection by rich countries would benefit the LDCs is false. Even if it were true, telling rich countries that their trade policies hurt the LDCs would not produce the desired outcome. History offers few examples whereby countries choose trade policies to promote the interests of other countries rather than their own citizenry.

Therefore, dismantling protection would require reciprocal concessions from partner countries rather than exhortations. The US has comparative advantage in agriculture. It therefore insists on within-agriculture reciprocity. To persuade its farmers to accept deep cuts in subsidies, it would need deep cuts in agricultural tariffs by the EU and G-20 including the Cairns Group of countries. The EU, on the other hand, lacks comparative advantage in agriculture. To mobilise support for deep cuts in its agricultural interventions, it would require cross-sector reciprocity. Offers in industrial goods and services will have to be put on the table.

As for the G-20, benefits to them will come from agricultural liberalisation and the end to tariff peaks on clothing and footwear by the rich countries and from improved access to each other's markets. In return, they will have to offer access to their own goods and services markets. A bargain that benefits all those negotiating actively, thus, exists and can be forged.

(The author is a professor at Columbia University)

WTO chief releases draft document for key Hong Kong talks

Geneva: World Trade Organisation chief Pascal Lamy released his draft text on global trade talks for the WTO's keynote ministerial conference in Hong Kong next month, saying it was still open to change.

"I now intend to conduct intensive consultations with delegations in various formats over the next few days to see if we can improve on this first draft," Lamy told an informal meeting with representatives from the WTO's 148 members.

The text is meant to be the director-general's assessment of the state of the talks on a new round of trade liberalisation launched in Doha, Qatar, in 2001.

However, EU trade commissioner Peter Mandelson reacted skeptically, saying he feared the draft "will not advance the trade reform talks as it is". "There is progress in agriculture, even though we need further commitments from our partners. However, this progress is not matched in industrial goods or services," Mandelson said in a statement.

"This lack of balance is a real problem which needs to be addressed at Hong Kong."

Lamy and top negotiators have already resigned themselves to watered down targets for the meeting in Hong Kong from December 13, amid continuing deadlock on the two key areas, the extent of cuts in agricultural support and import tariffs, and the opening of industrial markets.

The talks have been blighted by cross-cutting disagreements between the European Union, the US, the G-20 group of developing nations including Brazil and India, and other smaller farm trading nations, on the details of a barrier-busting deal and

the extent of concessions each side must make.

The draft text merely assembles reports already published by the chairmen of the negotiating groups on farming and Non-Agricultural Market Access (NAMA), adding an overview reaffirming the members "full commitment" to the objectives set out in Doha. It also reiterates their "resolve" to "conclude the negotiations launched at Doha successfully in 2006".

"We emphasise the central importance of the development dimension in every aspect... and recommit ourselves to making it a meaningful reality," the text reads.

Commonwealth chief Don McKinnon this week warned that developing countries could walk away from the trade talks.

Rich countries needed to be willing to give more than they get from the deadlocked negotiations, McKinnon said ahead of the Commonwealth's 53-state summit.

"This text is not balanced, there has to be improvement in agriculture and NAMA," Brazilian diplomat Clodoaldo Huguene commented.

In its current form, the 41-page draft cannot form a basis for negotiations between trade and commerce ministers in Hong Kong and Lamy hopes to shape it up by then, trade sources said.

A formal meeting of the WTO's trade negotiating committee with all members is also on the agenda for Thursday and Friday.

"There is some margin for manoeuvre," a source close to the WTO said, outlining the possibility of an agreement on the principle of a three-band formula pledging greater cuts in farm subsidies by countries that pay out the most support. AFP

India not to compromise^{26/11/1} at WTO meet

NEW DELHI, Nov. 25. —

India will not compromise on the issue of agricultural subsidies in the forthcoming WTO ministerial conference at Hong Kong, as it feels it is a stand alone issue and that no trade off on this issue will ever be acceptable, the commerce secretary, Mr SN Menon, said today.

Meanwhile, commerce and industry minister, Mr Kamal Nath, told the Commonwealth heads of government meeting (CHOGM) at Valetta, Malta, that Commonwealth countries must harmonise and reconcile their position in the World Trade Organisation (WTO) negotiations.

As many as 30 top CEOs from all parts of the world met at the round table in Malta's Presidential Palace. The CEO from India was Mr Rahul Bajaj, who is also the co-chair of the Commonwealth Business Council. — SNS

'Deal unlikely at WTO summit'

Associated Press

NEW DELHI, Nov. 22. — A deal on setting up a framework for a new global trade pact is unlikely to come out of next month's World Trade Organisation meeting, but the Hong Kong summit won't collapse like the previous one, India's trade minister said.

WTO members are working on setting new deadlines for reaching key agreements, particularly regarding agricultural trade, to prevent a repeat of the last summit in Cancun, Mexico, where trade talks fell apart because of disagreements over farm subsidies — the issue that still blocks the talks.

"Because of divergent and contentious issues" an agreement in Hong Kong "will not be possible", Union commerce minister, Mr Kamal Nath said in an interview late on Monday.

The WTO summit was expected to come up with an outline for a new global trade treaty that would wrap up the Doha round of trade talks, named after Qatar's capital, where they were launched in 2001 primarily to address the concerns of poorer nations, agricultural trade being chief among them.

Still, Mr Nath said developing countries will not be disappointed if the Hong Kong meeting, starting 13 December, fails to seal an agreement.

Missing a deadline should not be considered a failure, he said. "Deadlines are not as important as the content" of the eventual deal, Mr Nath said, adding that an agreement must ensure that developing countries benefit from trade.

Western countries spend hundreds of billions of dollars a year supporting their farmers.

Major agricultural exporters



Mr Kamal Nath

such as Canada and Australia are also pushing for subsidy and tariff cuts in farm products by the United States, European Union and Japan.

Last month, Washington offered a 60 per cent cut in what it can currently offer to its farmers in subsidies and the European Union agreed to cut the average

tariff on agricultural imports by 46 per cent.

But India and other developing countries said the offers fall short and would still undermine poor nations' agricultural exports.

The United States has said it is willing to consider making more concessions in agriculture, if those were matched by others, but the European Union remains rigid in its stance. Mr Nath's comments came as WTO director-general, Mr Pascal Lamy prepared a draft text for negotiations at the Hong Kong meeting. The text is likely to be finalised by the end of the month.

Mr Nath along with US trade representative, Mr Rob Portman, EU trade commissioner, Mr Peter Mandelson and Brazil's Mr Celso Amorim planned to meet in Geneva on Tuesday to make a last bid to resolve differences over farm subsidies that have blocked trade talks.

Flu, WTO dominate APEC

On The Sidelines, China & Chile Sign Free-Trade Agreement



UNITED FRONT: Thousands of people blocked the streets in Busan, protesting against the summit, globalisation and American policies

Busan: Leaders from across the Asia-Pacific region opened their annual summit on Friday where they were expected to endorse an agreement aimed at reviving stalled global free trade talks, and pledge unity in efforts to combat bird flu and terrorism.

The leaders are set to endorse a statement agreed upon earlier this week by APEC ministers that aims to foster progress in World Trade Organisation talks set for next month in Hong Kong.

That statement acknowledged "considerable divergences" and said "a clear roadmap" must be established if the current so-called Doha round of WTO talks is to succeed.

Earlier on Friday, the presidents of Chile and Mexico defended bilateral and regional free trade agreements as good for their economies, but emphasised that the ultimate goal remains a strong multilateral trading system based on the WTO.

Underscoring the trade agenda, China and Chile signed a free-trade agreement on APEC's sidelines—the first between the Asian giant and a Latin American country. China's

Commerce Ministry described it as "a new historical milestone" that would promote close cooperation between Beijing and Latin America.

"It is essential that the leaders be able to put all of our political will and to instruct the negotiators that it is necessary to succeed," Chilean President Ricardo Lagos told chief executives at a gathering held alongside the APEC summit.

Mexican President Vicente Fox told the executives that APEC must "come up with a very solid,

strong voice" ahead of the WTO's Hong Kong meeting. But there was also pessimism about what can be accomplished.

"It's not being melodramatic to say that unless there is a very significant shift in the attitude of some countries, we are not going to have a successful Doha trade round," Australian Prime Minister John Howard said. He named the EU and Japan as holdouts on lowering agricultural subsidies.

In their own statement to be endorsed as the "Bu-

Bush raises Myanmar issue with ASEAN leaders

Busan: President Bush met Southeast Asian leaders on Friday to urge them to use their influence on the military junta in Myanmar, which Washington said this week was one of the world's "worst regimes" on human rights and free speech.

But the top ASEAN bureaucrat said ahead of the meeting that the fresh bid get Asian leaders to pressure Myanmar to accelerate democratic reforms would not persuade the group to change its non-confrontational approach towards the regime. On the sidelines of the APEC meeting, US secretary of state Condoleezza Rice told reporters that Myanmar's junta was "one of the worst regimes in the world" for its record on human rights and free speech. Bush this week named China and Myanmar as countries that "still have not taken even the first steps towards freedom." AP

san Declaration", the leaders will give their support to free trade and also express strong concern about the threats of terrorism and bird flu, according to a draft of the document.

"Terrorism remains a menacing threat to our world and we condemned terrorist acts that not only took thousands of lives but have also been aiming to destabilise the security of the region," it states.

On the sidelines of APEC, leaders are also holding separate meetings.

Bush met on Friday morning with Southeast Asia leaders to underscore US interest in the region—one of the battlegrounds in the fight against terrorists. He also met with Russian President Vladimir Putin and other leaders. AP

'No Apec, No Bush!'

Busan: About 4,000 antiglobalisation and anti-US demonstrators marched on Friday towards a summit of Asia-Pacific leaders to press their grievances against free trade, led by angry farmers who claim open markets are jeopardising their ability to survive.

Friday's protests were peaceful as they got under way in several parts of the city. The two largest demonstrations, consisting of thousands of people each, joined forces as they marched towards the main summit venue, which was ringed by hundreds of security forces armed with guns and batons.

At another protest about 1,000 labourers occupied another intersection, shouting and carrying signs reading, "No APEC! No Bush!" Police weren't anywhere to be seen. Demonstrators burned a coffin that had "APEC" written on it. AP

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A hard test at Hong Kong

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WTO

The countdown to the Hong Kong ministerial meet scheduled for December 13 to finalise a broad trade agreement under the aegis of the World Trade Organisation (WTO) has well and truly begun. What is worrying is that despite extensive discussions over the last four years, there are still no signs of substantial progress in narrowing down the differences. The three key issues that are likely to dominate the Hong Kong meet – agricultural trade access, non-agricultural market access (NAMA), and services, also referred to as the Doha development round issues – have enormous significance for India and other developing countries. Of these, a breakthrough in agriculture is deemed an essential first step for wrapping up agreements on the other two. The thrust of recent discussions has been on arriving at an acceptable framework for an accord on agriculture that could be adopted at Hong Kong. But that continues to be elusive, prompting all round scepticism over the outcome of the ministerial meet. Last week, after a round of meetings in London and Geneva, the G-20 countries, including India and Brazil, reiterated their well known stand that the developed countries should yield more by way of improving market access and reducing trade distorting subsidies in agriculture.

The recent proposals of the United States and the European Union, though refreshingly bold by their standards, fail in some crucial respects and in any case do not match the expectations of all member-countries, especially the developing ones. The U.S. has proposed slashing the highest tariffs on agricultural goods by 90 per cent and the most distorting farm subsidies by 60 per cent. However trade negotiators from India and other developing countries fear that the U.S. will indulge in "box -shifting", tucking away many types of subsidies to the non-challengeable green and blue boxes, effectively keeping them out of the negotiations. The EU proposals on reducing agricultural tariffs have been disappointing as is also, in a much broader sense, its linking agricultural negotiations to NAMA. Both the EU and the U.S. have to reckon with political constraints as well. The EU Trade Commissioner has been accused by France and a few other members of exceeding his brief. In the U.S., the approval given by the Congress to the President for a fast track clearance of trade accords will lapse by 2007. All these only underline the necessity of achieving a breakthrough at Hong Kong. On present indications, no one believes that it is going to be easy. Echoing Commerce Minister Kamal Nath's poser, WTO Secretary-General Pascal Lamy wanted to know whether it was time to "recalibrate" the expectations from Hong Kong. There are some advantages in being more realistic but they could also slow down the momentum the negotiations have acquired recently. The coming weeks are going to put the skills of the trade negotiators to a hard test.

U.S. wants EU to cut farm tariff

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Rob Portman says WTO talks are passing through tough times

Special Correspondent

NEW DELHI: The United States on Saturday pushed for forward movement in the WTO negotiations but was mum on the issue of extending further concessions on agriculture owing to the domestic farm lobby.

Noting that the global trade negotiations under WTO were passing through "tough times," U.S. Trade Representative (USTR) Rob Portman said: "Unless we solve this problem of agriculture [issue of market access] and non-agriculture market access, it would not be possible to move this round [Doha Round]."

Referring to the difficulty being faced by the European Union (EU) owing to the domestic pressure against reducing farm tariffs, Mr. Portman said, "Unless they [the EU] come out with a proposal to reduce tariff, it would be difficult to move the round."

Mr. Portman's comments at the FICCI luncheon meeting here assume significance as they have come just about a month before the Hong Kong Ministerial.

• **Pushes for forward movement in WTO talks**

• **U.S. plans to reduce domestic support**

• **G-20 pressing for market access**

Explaining the U.S. stand, Mr. Portman pointed to the U.S. proposal to reduce domestic support and export subsidies in agriculture and tariffs. On this proposal tabled last month, legislators from the agriculture states had already expressed concern as the subsidies were seen as being lowered without any assurance of greater market access.

Already, the average tariffs in the U.S. were low, he said, while pointing out that many other countries had high tariffs clamped on farm commodities, apart from other protective barriers.

Alongside, the G-20 developing countries' alliance on agriculture was pressing for market access and thus the main focus of the WTO negotiations would be the issue of farm tariffs, he felt.

US, India hopeful of progress at WTO meet

8.69 - WTO

Panels Set Up To Boost Bilateral Trade To \$40 Bn

Our Delhi Bureau
12 NOVEMBER

STIFF resistance from the European Union notwithstanding, on reduction in farm subsidies, India and the US have expressed the hope that significant progress on the Doha Development Agenda (DDA) could be achieved at the Hong Kong ministerial conference of the World Trade Organization (WTO) next month. Speaking to mediapersons here on Saturday, US Trade Representative Rob Portman and commerce & industry minister Kamal Nath emphasised that the 'level of ambition' would not be scaled down due to the current deadlock over agriculture.

While expressing confidence in achieving a breakthrough in the WTO negotiations by working together, America and India are also stepping up efforts to boost bilateral trade. Setting a \$40-billion target for bilateral trade by 2008, the two sides announced setting up of committees



ONE VOICE: Union commerce and industry minister Kamal Nath with US Trade Representative Ambassador Rob Portman in New Delhi on Saturday

to study ways to remove trade barriers in agriculture and services. Similar committees on tariff-related issues, non-tariff barriers, investment, innovation and creativity have also been formed after the first round of discussions by the US-India Trade Policy Forum.

Portman and his delegation also met corporate leaders at a series of meetings organised by trade bodies. Bilateral trade between the two countries, currently estimated at \$30 billion, is far below potential, the USTR said. Considering the synergy between the two economies, bilateral trade should be far higher, he felt.

Nath said India was willing to address difficulties faced by American exporters. The committees set up now on specific issues would meet on a regular basis to sort out emerging issues, he added.

On the Hong Kong ministerial, Nath said it was only a means to the DDA and not an end in itself. Significant progress has been done on the development agenda during the past couple of years and things should be moved in the right direction, he said while emphasising that the focus should be on development through liberal trade.

While speaking at a meeting organised by FICCI during the day, Portman and Nath emphasised on cooperation between the two economies at all levels, especially among small & medium enterprises.

Portman, who is visiting India for the first time, mentioned that India-US relations were in a better shape than ever before. He also promised to interact more with the Indian side on WTO issues. The USTR said the cut in farm subsidies proposed by the US was the best offer on the table. The US was keen to move faster with the DDA pact since internal changes would lead to procedural difficulties if the negotiations drag on beyond 2006.

Karan Bhatia joins US trade delegation

Our Delhi Bureau
12 NOVEMBER

WHEN Indian trade delegations meet their US counterparts in future, there will be one person whom they can mistake for a member of their own team. Karan K Bhatia, whose name spells out his Indian roots, has formally joined US Trade Representative Rob Portman as his deputy and is likely to handle India affairs at a time when the Indo-US relationship is on a new high.

Interestingly, Bhatia was in town with Portman who is on a visit to India now and this happens to be his first trip to India as the deputy USTR. "The US Senate confirmed the appointment of Bhatia just in time for him to join me on this visit," Portman said.



The new deputy USTR would interact with Indian trade officials frequently on bilateral issues as well as those related to the World Trade Organization (WTO) talks, he added.

While this is Portman's first visit to India, Bhatia is no stranger to this country. In the recent past, he had visited India to coordinate with his former employer, the department of transport, diplomats said. Bhatia played a key role in the India-US open skies agreement which was concluded recently.

Bhatia has also handled various assignments in the US department of commerce before he moved to the department of transport, diplomats said. He is quite familiar with India and was chosen as deputy USTR along with Susan Schwab, they added. Earlier, he was also partner at Wilmer, Cutler and Pickering.

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Handwritten notes and signatures at the bottom of the page, including what appears to be a name like "D. Bhatia" and some illegible scribbles.

The New York Times
nytimes.com

November 9, 2002

Global Trade Looking Glass: Can U.S. Have It Both Ways?

By DANIEL ALTMAN

Policies adopted by the Bush administration to advance specific domestic and international goals are undermining the White House's own efforts to open markets through trade's global rule-making body, some foreign officials say.

In particular, new farm subsidies and other barriers to the American market have led some of America's trading partners to doubt Washington's commitment to free trade, in spite of its ambitious proposals to reduce distortions in world markets. Those doubts, combined with the United States' pursuit of trade agreements outside the World Trade Organization, have also diminished the pre-eminence of the W.T.O., the critics say. That change may impede a crucial round of global trade negotiations begun substantially through American diplomacy last November in Doha, Qatar.

"The United States was very supportive of some of the positions that those of us from the developing countries took at Doha," Kofi K. Apraku, Ghana's minister of trade and industry, said in a telephone interview. "What happened at Doha gave us hope that we could work together."

But the mood has changed in the last year, he added. "There is a lot of concern and a lot of worry in our country about the United States' commitment to carry forward the momentum that was created in Doha," Dr. Apraku said.

In response, Robert B. Zoellick, the United States trade representative, said that all negotiators have to balance domestic concerns with those of their trading partners. "Many countries had to stretch politically and then had to deal with sensitivities back home," he said in an interview earlier this week, "so a pause for repositioning is understandable." Mr. Zoellick added that he was optimistic that the talks would succeed on schedule. "We're not refusing to discuss anything," he said. "I believe we can get the Doha negotiation done by 2005, if key developed and developing countries make the effort."

Chief among Ghana's concerns is the Farm Security and Rural Investment Act of 2002, generally referred to as the farm bill. The law will protect American farmers from slumps in the business cycle, but critics say it may also encourage farmers to overproduce. That would depress world prices for crops. Ghana does not export all the same crops as the United States, but Dr. Apraku said the bill set a bad precedent.

"It is a major concern for us in Ghana," Dr. Apraku said. "We are a developing country. Agriculture is very important to us." Farming accounts for 36 percent of Ghana's economy and 60 percent of its jobs.

Ghana is not alone. "It is clear that the United States farm bill is not very popular in Canada, either," said Pierre S. Pettigrew, Canada's minister for international trade. "It certainly requires more explanation on the part of the United States."

Experts estimate the farm bill, signed by President Bush last spring, could increase federal spending on agriculture by 70 percent over the next six years, to as much as \$180 billion, potentially violating limits for farm support set during the last round of global trade talks, but Mr. Zoellick's office disputed that.

Supachai Panitchpakdi, the director general of the W.T.O., said the increase in subsidies under the farm bill had hampered the new round of global trade talks. "It has created some questions, some doubts in the mind of some countries," he said, "and has sometimes been used to delay some of the proposals."

Dr. Supachai also noted that the talks were behind schedule. Negotiators missed a deadline for submitting a report on trade preferences for poor countries to the W.T.O.'s general council. "When the members missed the July deadline," he said, "the prevailing view of the developing countries was a bit of disappointment — that they were let down."

Mr. Zoellick said that the deadline had come too soon, since the overall shape of the negotiations — whether they would apply to tariffs, subsidies, quotas or other items — was still unclear.

He also said critics were overstating concerns about the farm bill. "The farm bill does nothing in terms of tariffs or market access," he said. "It doesn't change our policy on export subsidies." Additional annual appropriations to subsidize farmers, he asserted, could make the situation problematic.

In addition to complaints about specific policies, some critics have also objected to Mr. Zoellick's simultaneous pursuit of trade pacts with individual countries, with regional bodies like the Free Trade Area of the Americas and with the W.T.O. While that approach ensures against any one set of talks collapsing, diplomats say it also puts some negotiating partners at a disadvantage. Small countries in particular often lack the expertise to engage in three sets of talks, and the comprehensive negotiations at the W.T.O. could be shortchanged.

"The fact that our trade negotiators are so busy with the W.T.O., with the F.T.A.A. and with the bilaterals, causes a problem for all of us, not only for smaller countries," Mr. Pettigrew of Canada said.

The Workers' Party of Brazil, which will soon govern that country's economy, the biggest in South America, plans to make the Free Trade Area of the Americas — not the W.T.O. — a top priority. "The schedule is more urgent on that," said Giancarlo Summa, a party spokesman, "and of course there will be much more diplomatic pressure."

The Free Trade Area of the Americas would lower and eliminate tariffs on goods traded among 34 countries on the two continents, and could shape the rules for trade in services and foreign investment.

For Chile, by contrast, a long-awaited bilateral agreement with the United States is "in the front of the road," said Osvaldo Rosales, the country's top trade negotiator.

Though Mr. Rosales asserted that bilateral and regional trade agreements would serve as an important test for American leadership in the W.T.O., he also said that the existence of such pacts could make the negotiations at the W.T.O. more difficult.

Dr. Apraku was even blunter. "These negotiations will reduce the scope of the W.T.O.'s influence," he said.

Though a proliferation of trade deals could enhance African countries' negotiating skills and influence, it could also deflect attention from the overall effort to improve the living standards of the poorest

countries by bringing them more fully into the global trading system.

Mr. Zoellick affirmed the United States' commitment to seeing negotiations through at all levels. He said he intended to complete free trade agreements with Chile and Singapore by the end of this year, and the pan-American and W.T.O. negotiations by the end of President Bush's current term.

Yet worries about populist governments in Argentina and Brazil seem to have made neighboring nations more eager to sign bilateral deals. Panama, the Dominican Republic, Bolivia, Colombia, Peru and other countries have approached the United States, Mr. Zoellick said.

"They don't want to be left out," he said.

That suits Mr. Zoellick. "We will work with Brazil because its participation is important," he said, "but if it doesn't work, we've got to have alternatives."

Developing countries have also taken issue with Mr. Zoellick's opinion of the United States' importance to the global trading system.

"Doha wouldn't have happened if it weren't for the United States," he said. "The United States has an added responsibility for the trading and international economic system as a whole," he added later.

Rafidah Aziz, Malaysia's minister of international trade and industry, said that view might be overblown. She predicted that Mr. Zoellick would be "tearing his hair out" if he tried to strong-arm smaller members of the W.T.O. "No one can force anyone to do anything there, least of all the United States," she said.

Sherman E. Katz, a scholar of trade policy at the Center for Strategic and International Studies, a policy center here that Mr. Zoellick used to head, said that the United States still provided much of the intellectual energy behind talks on complex issues like intellectual property and trade in services. He concurred, though, with Ms. Aziz's central point.

"We can't throw our economic clout around on the W.T.O. table as much as we used to," he said.

Poorer members of the W.T.O. do not face an easy task. At least 50 issues related to carrying out the last global trade pact — a primary concern of developing nations — are on the table to be discussed before the end of this year.

"We are mobilizing ourselves so that we can have some leverage, make some difference, in these meetings," Dr. Apraku said. "We do not want to be marginalized."

The Indian **EXPRESS**

Tuesday, November 08, 2005

 PRINT THIS STORY

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Business

Crucial talks on to break WTO impasse

Trade Talks Key players, including India and Brazil, will discuss issues in London before heading to Geneva

KEITH BRADSHER

HONG KONG, NOVEMBER 6 Trade ministers from around the world have agreed to hold meetings in London and Geneva through the coming week in an effort to rescue plans for a global trade pact that is at an impasse over agriculture issues.

The talks coincide with concerns that differences over farm policies could derail a December gathering in Hong Kong of trade ministers from 148 countries and customs territories. The World Trade Organization conference here is intended to complete most of the work for a global deal to reduce tariffs, quotas, subsidies and trade barriers.

Top trade officials from the US, EU, India, Brazil and Australia will begin meeting late Monday afternoon in London and are scheduled to bargain late into the night over agricultural issues. The ministers and their aides will then fly to Geneva on Tuesday morning, where they will be joined by more trade ministers — the exact number has not yet been decided — for further negotiations, said Keith Rockwell, chief spokesman for the WTO.

The trade ministers for India and Brazil will attend the London meeting as representatives of the Group of 20 developing countries, which includes China. The group has argued that industrialized countries should do more than developing countries to reduce trade barriers. Australia will represent the Cairns Group of 17 food-exporting countries.

The US and the EU have each made fresh offers in the last three weeks to reduce subsidies and tariffs. Both sides have criticized each others' offers as inadequate, but Pascal Lamy, the director general of the WTO, has said that each deserves consideration.

Particularly controversial is the EU's insistence, under pressure from France, that no deal go beyond changes in domestic subsidies for the European farm program that were made in anticipation of a deal that never materialized.

In addition to insisting that the details of the offer are not open to negotiation, the EU has said the deal can be valid only if other countries agree to a list of rules, including a limit on the US' practice of shipping large quantities of food to poor countries as aid.

The US has been pushing for deeper cuts in agricultural tariffs and subsidies than the EU, although it still has not offered big enough reductions to satisfy developing countries.

WTO meeting ends in deadlock

ENSECONOMIC BUREAU

NEW DELHI, OCTOBER 20

THE two-day ministerial meeting of the Five Interested Parties (FIPS) to resolve the WTO impasse came to an abrupt halt on the first evening itself and the negotiations scheduled for Thursday were cancelled, in the face of a stalemate on agricultural issues.

Talks to find a breakthrough ended without progress, with the US and other countries blaming the European Union for failing to come up with new farm concessions. The European Commission is under tremendous pressure from France against offering any such concessions.

A deal on agricultural markets is considered the key to a successful outcome at the WTO summit in Hong Kong in December. Kamal Nath, Commerce & Industry Minister representing India at the meeting, said he would not settle for a deal that could be unfavourable for farmers. "Only an arrangement that fully safeguards our interests would be acceptable", he said.

Nath also resisted a move by the EU to link the treatment of Sensitive Products (products sensitive to developed countries) and Special Products. Nath said, "Sensitive Products are sensitive commercially, while Special Products are dependent on the food and livelihood security and rural de-

velopment needs. The two are conceptually different."

A move by the US-EU to widen the scope of talks and establish linkages of Agriculture with non-agricultural market access (NAMA) and Services, was also blocked by the Indian side, who insisted that the developing countries would not commit at any cost to more than two-thirds the extent of developed countries' cuts. Raising the issue of Special Products (products which will attract no or minimal tariff cuts) and Special Safeguard Mechanism (a safeguard against surges in imports) for developing countries, he said these would have to be sorted out satisfactorily before deciding on anything further.

Streamline immigration policies, Chidambaram tells G-20 meet

Nations should have a coordinated approach

HD-13

P.S. Suryanarayana

SINGAPORE: Union Finance Minister P. Chidambaram on Sunday emphasised the "need for a coordinated approach to immigration policies in labour-importing countries as well as labour-exporting countries."

Addressing the Group of Twenty (G-20) meeting of Finance Ministers and central bank governors at a resort-city near Beijing, Mr. Chidambaram said the "imperatives of globalisation require necessary policy responses" regarding the migration of workers and professionals from the developing countries to the developed bloc.

"Well-managed migration could actually provide a positive contribution to employment and global economic growth, if we manage to successfully promote the integration of the migrants in host-societies." Countries across the world "would do well to shift the emphasis from immigration control to better immigration management," he told the G-20 before the Ministers concluded the two-day meeting.

GATS talks

About the negotiations for a "general agreement on trade in services (GATS)," he said: "None of the WTO (World Trade Organisation) members have made binding commitments beyond non-specific horizontal commitments." A key argument from emerging market-economies and developing countries was "in favour of greater access by the developed countries under Mode 4 (movement of natural persons) in exchange for greater access by the developing countries under Mode 3 (commercial presence abroad)." With GATS still eluding the negotiators under the WTO auspices, "the current policy approaches to international migration is neither geared to realise its full potential nor



Finance Minister P. Chidambaram meeting his South Korean counterpart Dick Soo Han on the sidelines of the G-20 Finance Ministers and Central Bank Governors meeting in Kianghe in North China on Sunday. - PHOTO: PTI

respond adequately to its challenges."

Mr. Chidambaram said he would readily acknowledge that India "continues to reap the benefits of orderly out-migration."

Shining the spotlight on a related aspect of the "world-famous Indian Institutes of Technology," he said "it is sometimes asked: For whose benefit are we turning out qualified engineers?" However, "out-migration may create space for democratising education" in the countries exporting talent. Moreover, "migrant workers could become the nucleus of a worldwide network that can be harnessed for the home-country's development."

Knowledge transfer

Such networks might also "enable knowledge-transfer and promote new businesses in the home-country." Related to this was also "the phenom-

enon of ever-increasing remittances for both consumption and investment in the home-country." To be noted, at another level, was the impact of the migration of better-trained and risk-taking workers on the countries of their origin.

As for the economic effects of national-level population patterns, as outlined by the United Nations, Mr. Chidambaram said the "demographic dividend will not last long as the Asian population is ageing at a faster rate than the global population." The U.N. had emphasised "India will enjoy the benefit of demographic dividend at least until 2040." The study had also concluded that this dividend would "peak" around that time and "start to decline only after 2050." It was estimated that the demographic opportunities could push the growth-rate of India's gross domestic product by an additional 0.6 per cent to 1.5 per cent.

IMF window to finance oil price burden suggested at G-20 meet

Participants in finance summit in China stress the need for balanced growth

XIANGHE, CHINA: Finance officials from leading economies including India gathered outside Beijing on Saturday to seek ways to blunt the trauma from surging crude oil prices and promote more balanced world economic growth.

Chinese President Hu Jintao urged other members of the Group of 20 major industrial and developing nations, who met in a fortress-style resort south of Beijing, to ensure currency stability, lower trade barriers and "adopt responsible economic policies."

"We must strengthen international cooperation to seize opportunities and meet challenges together so as to promote balanced and orderly development of the world economy," Mr. Hu said while opening the event — an opportunity for China to showcase its rising economic and diplomatic influence while pressing its agenda for a greater say in world financial institutions.

Echoing Mr. Hu's concerns, World Bank President, Paul Wolfowitz, urged wealthy nations to make concessions on farm trade to help salvage stalled World Trade Organisation negotiations for the sake of the world's poorest 1.2 billion people.

"The solution has to come from opening markets," he said.

Hebei, China 15-16 October 2005



BRAINSTORMING IN CHINA: Finance Minister P. Chidambaram at the Seventh G-20 Finance Ministers and Central Bank Governors Meeting at Xianghe city in north China's Hebei province on Saturday. — PHOTO: PTI

"These people need aid but more than aid they need a place to sell the products of their work. Otherwise, they'll be aid dependent forever and that's not a solution."

Though the expected agenda for the closed-door meetings encompassed a wide range of issues, concerns over the

global energy market "so as to forge an environment for adequate supply and safe, economical and clean use of energy to fuel world economic growth."

Delegates to Saturday's talks raised "many good proposals" for financing a facility of the International Monetary Fund, which along with the World

Bank participates in the G-20, to aid economies badly hit by high oil prices, IMF managing director, Rodrigo Rato, told reporters. High oil prices were bound to persist, posing a threat to stable world growth, he said.

IMF praise for India

With the Indian government steaming ahead with reforms, the prospects for the country's economy are "very good," the Managing Director of IMF, Rodrigo Rato said.

"The Indian economy is on a very strong footing with a very strong growth. We certainly share with the Indian government and Finance Minister there needs to be special vigilance against inflationary pressures," he said at a press conference soon after his bilateral meeting with the Union Finance Minister, P. Chidambaram, on the sidelines of the seventh G-20 meeting. Delegates will exchange their views on "the problem of ageing and immigration" and "the conceptual innovation of development (G20 consensus)" on Sunday.

The meeting is to end on Sunday noon with the release of a communique, announcing the agenda of 2006 G-20 meeting and the presidency of 2007 G20. — AP, PTI

Farmers gather in Mumbai to protest "dumping"

If farmers can kill themselves, they can also make revolution happen, says Mahender Singh Tikait

Staff Reporter

MUMBAI: "First we had to fight the white traders and oppressors who came as the East India Company. Now it is black [brown] traders and our government. The Indian farmer is not so weak. He has been driven to commit suicide. If he can kill himself, he can also make a revolution happen," said veteran farmer leader Mahender Singh Tikait. He is here along

with thousands of farmers from all over India to protest the Government's World Trade Organisation policies and increased dumping of cheap subsidised agricultural goods. The rally will be held on Azad Maidan on the occasion of Mahatma Gandhi's birth anniversary.

Organised by the Indian Coordination Committee of Farmers' Movements, farmers from Uttar Pradesh, Jharkhand, Chhattisgarh, Uttaran-

chal, Gujarat, Karnataka, Tamil Nadu, Kerala and Maharashtra are expected to take part. Yudhvir Singh of the Bharatiya Kisan Union, said that at the Ministerial conference in Hong Kong scheduled in December the Government was all set to lower the agricultural tariff for providing increased market access to the U.S. India's agricultural market will be swept over by subsidised goods. He pointed at the difference in subsidy to farmers between the developed countries such as the U.S. and other European countries running up to 60 to 75 per cent whereas that of India barely touching 3 per cent.

He said: "How does the Government expect an average Indian farmer, who has less than two hectares of land, to compete with an average European farmer with around 1,000 hectares? We know that India cannot get developed nations to reduce their subsidy. We also know that they cannot give that much subsidy to Indian farmers. The only way out is protection by means of tariff which is also being lowered."

Ajmer Singh Lokhowal of the Bharatiya Kisan Union, Ludhiana, talked about the inevitable globalisation and unfair policies. "If there can be free flow of capital, why not free flow of

human labour! If we are allowed to do agriculture in their country then even we will be able to survive. We cannot stop globalisation but the policies have to be fair," he said.

Vijay Jawandhiya of the Shetkari Sangathana said the incongruity of the policy had to be seen. "It has to be understood that the farmers who are selling in the international market at lower prices are doing so only at the cost of heavy subsidy."

Hundreds of farmers had already reached Mumbai and were busy getting ready for Sunday's rally. Azad Maidan was crowded with farmers and their families settling down.

WTO farm policies to face protests

“Corporate hijack of food and agriculture” decried

Gargi Parsai

NEW DELHI: World activists will gather at Geneva on October 15 to protest against the World Trade Organisation policies that had contributed to the “corporate hijack of food and agriculture systems.” They will later protest at the Hong Kong Ministerial in November to press for the WTO to get out of agriculture just as in Seattle and Cancun.

Announcing this at the Navdanya Farmers Convention here on Alternatives to Corporate Agriculture and the WTO, the world famous farm-activist from France, Jose Bove, said that the WTO rules dictate that far from being a producer, the farmer had now become someone who is exploited, who could no longer decide on his/her own way of managing the land, nor freely choose a technique for this. “Either we accept intensive production and the huge reduction in the number of farmers in the interests of World Free Markets or we create farmers agriculture for the benefit of everybody.”

He stressed the need for new rules under globalisation that were not loaded against the farmers of the developing countries. “As of now, the developed countries want to deny access to developing countries to their markets, but want to gain control of their agriculture and food.”

Colin Hines, Adviser to the European Greens and the author of the book, *Localisation: the Global Manifesto*, felt that the situation was “so desperate” that the global trading system had no choice but to introduce protective measures to domestic markets. “To provide a secure future for farmers in poor and rich countries alike will require a



French farmer-activist
Jose Bove. - PHOTO: AP

transformation in world trade rules. This would be to make protection and re-diversification of national economies the end goal, rather than the present emphasis on evermore open markets to ensure international competitiveness.”

S.P. Shukla, former Ambassador to the General Agreement of Trade and Tariffs (GATT) during the Uruguay Round, pointed out that during GATT, there was a right to impose Quantitative Restrictions on imports to control the balance of payments. “There should be a parallel right to impose QRs. If the WTO Agreement on Agriculture is implemented, then of the three billion farmers in the world only 40 to 50 million would survive.”

Convenor of the National Group on Patents Law B.K. Keayla said: “The WTO preamble maintains that employment and prosperity should increase. But even after 10 years, developing countries are great losers as despite being required to reduce their subsidies, the developed countries have done just

the opposite. This distorts prices and leaves no level playing ground for developing countries.” According to him, under such circumstances there can be no agreement on agriculture.

Utsa Patnaik from the Centre of Economic Studies and Planning at Jawaharlal Nehru University argued that the reduction in farm investment since 1991 by the Indian government had led to decline in production, especially in foodgrains, and a decline in the purchasing power of farmers.

Executive Chairman of the Bharat Krishak Samaj Krishna Bir Chaudhary said corporate farming was not possible in India where the average land holding was merely one hectare. There should not be any restriction on farmers saving and exchanging seeds.

“Multi-national companies are promoting genetically modified seeds, but there is no market for them. Only organic farming has a potential market.”

Pointing out that trans-national companies were now seeking to get into organic farming, the Director of the International Relations at the International Federation of Organic Agriculture Movements (IFOAM), Bernward Geier, said organic farming that ensures food safety and security was developing throughout the world. Today 36 countries had achieved mega-country status, meaning that over 50,000 hectares of certified organic farming was being practised.

Over 26 million hectares of land was currently certified worldwide, generating over \$ 25 billion revenue in 2003.

“Clearly organic farming is the alternative to corporate farming,” he said.

WTO ruling against USA

WASHINGTON, Oct. 1. — In a victory for the European Union, the World Trade Organisation has found the USA guilty of unfairly subsidising exports through tax benefits, raising the possibility of imposition of sanctions on American goods.

The report, which came yesterday, may have important implications for another transatlantic trade dispute in which the USA and the European Union have accused each other of illegally subsidising their flagship aircraft manufacturers, Boeing Co. and Airbus SAS.

In the report, WTO's Dispute Settlement Body said the new US rules maintained subsidies which were declared in breach of the rules of inter-

national trade by the WTO in March 2000, after a European Union complaint.

EU trade chief, Mr Peter Mandelson welcomed the report. The USA said it was in the process of studying the report.

US Senate Finance Committee chairman, Mr Charles E Grassley said in a statement that the European Commission's insistence on perpetuating the dispute "is an ill-conceived effort to gain some sort of leverage in the civil aircraft dispute."

"Their blatant linkage of WTO disputes serves as a dangerous precedent," he was quoted as saying by US daily 'The Washington Post'. **PTI**

washingtonpost.com

WTO Keeps Talks Alive With Deals on Some Trade Barriers

By Paul Blustein
Washington Post Staff Writer
Monday, December 19, 2005; A19

Trade ministers from around the world agreed yesterday at a high-level meeting in Hong Kong to address several grievances of developing nations, keeping hope alive for a far-reaching global trade deal but leaving tougher issues unresolved.

The ministers, representing the 149 members of the World Trade Organization, vowed to conclude a major accord in 2006 and pledged that it would include a number of provisions sought by impoverished nations of Africa as well as middle-income countries such as Brazil and India. The provisions include eliminating duties and quotas on most of the products exported by several dozen of the world's poorest countries, scrapping by 2013 one particularly controversial type of subsidy payment to farmers in rich nations and ending similar subsidies for U.S. cotton farmers next year.

Yesterday's agreement, struck after six days of negotiations capped by an all-night session ending Sunday morning, kept Hong Kong from joining Seattle and Cancun, Mexico, in the annals of WTO meetings that have collapsed in acrimony. As a result, prospects are at least intact for concluding the "Doha round," the ongoing talks aimed at lowering trade barriers worldwide, which are named for the Qatari capital where they were launched in 2001.

"We didn't lose any ground. That's something to celebrate right there," said Celso Amorim, Brazil's foreign minister, at a news conference.

But in keeping with the low expectations for the meeting that officials had set beforehand, they failed to bridge gaps on more significant matters, in particular the extent to which tariffs and other barriers to trade will be cut worldwide for agricultural and industrial products.

"Basically the ministers just kicked the can down the road," John Engler, the president of the National Association of Manufacturers, said in a statement.

Pascal Lamy, the WTO director general, sought to put the outcome in a slightly more favorable light. "We came here with 55 percent of the round completed. We are leaving here with 60 percent," he told the ministers in the final session Sunday evening Hong Kong time. "There remains quite a lot to do."

Since ministers knew they could not advance much on the overarching issues in the Doha round, they focused on narrower concerns of interest to developing countries to underscore the round's emphasis on promoting development.

Even these limited moves required days and nights of ferocious haggling. The European Union came under intense pressure to agree that subsidies for exported farm goods should be eliminated by 2010. Export subsidies are just one type of payment given to farmers in rich countries, but they have drawn

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particular fire for putting farmers from poor countries at a disadvantage in world markets. Yesterday, the E.U. compromised on a 2013 date.

The move "isn't enough to make this meeting a true success," said Peter Mandelson, the E.U. trade commissioner. "But it is enough to save it from failure."

Also agreed upon was a pledge for rich countries to end duties and quotas on 97 percent of imports from at least 32 very poor countries, mostly in sub-Saharan Africa. The United States already imposes no barriers on most products from those countries, but this measure would expand the number.

The "duty-free, quota-free" initiative has drawn objections from the U.S. textile industry because some of the nations on the list -- Bangladesh and Cambodia among them -- have competitive textile and apparel industries. Also potentially controversial in Congress is an agreement to end cotton subsidies -- a matter of concern for several African countries -- earlier than other subsidies.

But Rob Portman, the U.S. trade representative, noted that for the most part, the pledges would take effect only as part of a sweeping Doha round accord. "The undertakings we've made this week -- with very few exceptions -- would not come to pass unless there is an ultimate agreement," he said.

The Hong Kong meeting was initially supposed to give the talks enormous impetus toward a conclusion next year by agreeing on broad formulas for reducing tariffs and subsidies. An end-of-2006 deadline may be crucial because that will allow just enough time for the U.S. Congress to approve a pact before President Bush's authority to negotiate trade agreements expires in mid-2007. Bush won that authority three years ago only after a hard-fought battle on Capitol Hill.

But the initial goals for Hong Kong were abandoned several weeks ago when vast differences emerged over farm trade, with the European Union's "final" offer to open its highly protected agriculture sector rejected as grossly inadequate by many other countries. Opening farm markets is a central issue in the Doha round, because the main objective of the talks is to give developing countries -- which tend to have economies based heavily in agriculture -- a greater share of the gains from global trade.

Now another meeting will try to advance the negotiating process to where it was supposed to be after Hong Kong; the ministers pledged to reach that point no later than April 30. "The down and dirty of the negotiations starts" in that phase, Susan C. Schwab, a deputy U.S. trade representative, said in a briefing for reporters.

But scant evidence has emerged to suggest that the gap on agriculture can be erased in coming months, especially because France -- the most militant of the E.U. member nations in protecting its farmers -- has vowed to prevent any further concessions by the 25-member bloc.

In one possible step toward resolving the impasse, the Hong Kong declaration commits the ministers to achieving "a comparably high level" of market-opening measures in both agriculture and industrial goods. That could help deal with one of the E.U.'s protests that it should not be expected to offer additional concessions in agriculture when big developing countries such as Brazil have not formally proposed cutting their barriers to manufactured products.

Critics of the WTO took some comfort from the lack of major progress at the meeting, which was beset each day by protests ranging from hundreds to several thousands of people. The WTO's detractors contend that the Geneva-based body works primarily in the interest of multinational corporations at the expense of the great masses of people, and they are eager to keep it from expanding its reach.

"The most significant deliverable here was simply avoiding collapse of yet another WTO summit," said Lori Wallach, director of Public Citizen's Global Trade Watch, a group founded by Ralph Nader. "With 95 percent of the deep divides that have deadlocked talks until now simply papered over here, Geneva WTO negotiators will return to the same rut they left."

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nytimes.com

December 18, 2005

Trade Ministers Continue Talks as Protesters Are Jailed

By KEITH BRADSHER

HONG KONG, Sunday, Dec. 18 - Trade ministers from around the world tried Sunday morning to conclude a narrow, four-part deal at a conference here, after a night in which police officers outside battled rioting South Korean rice farmers with tear gas and fire hoses.

Officials from Australia and the European Union said that the ministers were close to an agreement that would set 2013 as the deadline to eliminate all agricultural export subsidies, but were still debating the pace to phase them out.

Other officials said that a deal, being negotiated at the World Trade Organization's biennial ministerial conference, appeared very close on eliminating industrialized countries tariffs and quotas on most imports from the world's poorest countries. And negotiators made incremental progress in trying to reduce tariffs on manufactured goods.

But United States officials continued to wrangle with West African countries over a fourth possible element to a deal here, to cut American cotton subsidies.

If the details can be worked out, the compromise will represent the latest in a series of victories for the European Union. Trade ministers agreed in the summer of 2004 to an end to farm subsidies, but until Sunday morning most discussions of a deadline had focused on 2010, a date demanded by Brazil, India, China, Australia and the United States.

Foreign Minister Celso Amorin of Brazil stalked out of the talks when India and China acceded to the European demands during all-night negotiations and tipped the balance in favor of a 2013 deadline, Australian officials said. Leaders of the European Union agreed Friday to a budget that maintains farm subsidies through 2013 at more than double American levels.

Export subsidies help rich countries sell food in poor countries, depressing income that some of the world's poorest people get in local markets when they sell the food they produce. "For them, an end date is absolutely essential," Mr. Amorin said late Saturday.

Most of the rioters were South Korean farmers worried that the trade organization's rules would require their country to allow imports of inexpensive rice. Roughly 1,000 marched Saturday evening down a road where the police had not expected them and then burst through a line of officers and headed for the conference hall.

Stopped 50 yards from the center by rows of riot police officers, the protestors swung iron posts and wrestled away some of the officers' batons and riot shields. The demonstrators wore goggles and clear plastic wrap over their eyes as protection from pepper spray used by officers.

The farmers broke down plywood barriers erected to protect a building across the street from the conference hall, grabbed the shattered boards and rushed through gaps in the fence to outflank the police.

Wielding the boards as spears and long clubs, the demonstrators attacked lightly protected officers in rear areas, prompting the police to don gas masks and begin launching tear gas grenades into the mob.

Government officials said late Saturday night that 97 people had been treated for injuries, including 39 officers, but only 3 people had been admitted to hospitals, all of them protesters. The police encircled 900 protesters Saturday night, many of them South Korean farmers in conical straw hats. On Sunday morning, the police arrested them one by one.

The police later decided to allow another march to proceed Sunday, but asked the public not to attend, in an attempt to limit the crowd to a manageable size.

In contrast with the organization's ministerial conferences in Seattle in 1999 and in Cancún, Mexico, in 2003, there was little vandalism, and the protesters focused their energies on fighting the police.

Important provisions sought by the United States have not been included in draft texts here.

Rob Portman, the United States trade representative, said in an interview Saturday night that expectations had been low all along for significant progress at the talks, and that nothing had changed. Portions of the draft agreement, like a section involving services, could be workable even if they do not go as far as the United States had hoped, he said.

Before the talks, Mr. Portman persuaded Congress to support an offer of deep cuts in American farm subsidies and the lifting of many barriers to agricultural imports. He arrived here with a promise to seek corresponding cuts from other countries, and especially from the European Union.

Lobbyists for large American exporters, the main political constituency in the United States that works to push free trade agreements through Congress, have been losing patience with disorderly international conferences that produce few agreements, and they were unhappy with the meeting here.

John M. Engler, the president of the National Association of Manufacturers, said, "There's nothing at this point we can resolve and take home."

Mr. Portman said he was still working on the draft text. "It moves us forward in incremental ways across the board," he said between meetings that had been delayed when the police sealed the conference center while using tear gas against protesters.

A group of developing countries' ministers, led by South Africa's delegation, pushed for a rewrite of the rules for conducting negotiations on service industries like express package delivery and insurance, so as to make liberalization even more difficult.

A draft agreement on Saturday afternoon included a few changes to address their concerns, but many developing countries remained dissatisfied. "We don't want to be stampeded into opening our service industries too quickly," said Chitsaka Chipaziwa, Zimbabwe's envoy.

Mr. Portman said that the draft outlining how to negotiate on services "is not as strong as we'd like, but we think we can work with it."

The New York Times

nytimes.com

December 18, 2005

The World

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12/18/05

Ending Aid to Rich Farmers May Hurt the Poor Ones

By EDUARDO PORTER

BY now, it's almost a truism: the protectionist agricultural farm policies of the big, rich nations - mainly the European Union, the United States and Japan - are essentially barring poor countries from development.

That belief is what led to much of the bickering last week between trade ministers from rich and poor countries at the World Trade Organization meeting in Hong Kong. Many development advocates argued that subsidies and tariff protections for farmers in industrialized countries lock poor farmers out of the rich world market. "High tariffs keep them out of key markets, and tariffs and subsidies together drive down the world price of their exports," wrote Paul Wolfowitz, the head of the World Bank, in a recent opinion article in The Los Angeles Times. "Without the income that trade could provide, it is their children who go hungry and who are deprived of clean water, medicines and other basic necessities of life."

Virtually every economist will agree that agriculture is one of the world economy's most distorted sectors, and that dismantling industrialized nations' farm supports would give many farmers in the developing world better access to markets in wealthy countries.

However, some economists are warning that if the industrialized world ends its farm subsidies and lowers its tariff barriers to agricultural imports, poor countries may not be helped, but harmed.

"Everybody is saying that the last barrier to the development of these poor countries are the subsidies in rich countries. That's the wrong diagnosis," said Arvind Panagariya, an economics professor at Columbia University. "The least developed countries would be hurt by agricultural liberalization by the developed countries."

In a paper published in April, three economists - Nava Ashraf from Harvard, Margaret McMillan from Tufts, and Alix Peterson Zwane from the University of California, Berkeley, concluded that agricultural supports boosted the per capita income of two-thirds of 77 developing nations, including most of the poorest countries, like Burundi and Zambia.

Developing countries that are big agricultural exporters - including Brazil, Argentina, Indonesia, Thailand - are undoubtedly hurt by the farm subsidies. But these countries are not among the poorest.

Rather, many poor nations are big importers of farm goods, so they benefit from the lower agricultural prices caused by support policies in rich countries. Tariffs and subsidies keep cheaper imports out of the industrialized countries and encourage their local farmers to produce more. This raises the domestic prices of their farm goods. Yet, as it artificially boosts production of agricultural products, it pushes worldwide prices down.

A 1999 study by economists Alex McCalla of the University of California, Davis, and Alberto Valdes of the World Bank, found that 105 of 148 developing countries, including 48 of the 63 poorest nations, imported more food than they sold. Some poor countries export nonfood agricultural products, like cotton. Yet even including these commodities, 85 of 148 developing countries and 30 of the 63 poorest imported more than they exported.

True, some very poor nations, like Guyana, are food exporters. Yet even for them, Mr. Panagariya argues, the end of subsidies and tariffs might prove counterproductive, because some of their farm products can already enter the industrialized nations duty free.

For instance, most farm goods from the world's least developed countries get into the European Union without paying high tariffs under a preferential program called "Everything but Arms." This allows the poorest nations to sell within the union at the artificially inflated European price. If the European Union were to dismantle its protections, letting its price for farm goods fall, these poor country exporters would be worse off.

Mr. Panagariya concedes there is one important exception to this argument: cotton. Europe doesn't produce or subsidize it. But the United States and China provide enormous subsidies to domestic producers. Depressed world cotton prices are intensely hurting African cotton farmers.

Yet even in this case, there is another side to the argument. Bangladesh, one of the world's poorest countries, imports cotton to feed its textile factories. Bangladesh isn't clamoring for an end to cotton subsidies because higher prices would hurt its main export industry.

William Cline, an economist at the Center for Global Development, argues that this analysis omits the fact that more than half the world's poor are in countries that are net agricultural exporters or that could become net exporters if the distortions were eliminated.

Yet what virtually all economists agree on is that developing countries could help themselves greatly by liberalizing their own agricultural markets.

Poor countries often heavily protect their farmers, supporting vast uncompetitive agricultural sectors and drawing investment and labor into farming that would be better used elsewhere. Two World Bank economists, Kym Anderson and Will Martin, concluded that if the world were to dismantle its agricultural protections, most of the benefits for developing countries would come from the reduction of their own systems of farm support. "Liberalization in the rich countries is a good thing, but in my opinion a small thing," said William Masters, a professor of resource economics at Purdue University and an expert on agriculture in Africa. "Poor countries' own barriers are the biggest constraint to their own development."



OP-ED CONTRIBUTOR

Trading Favors

By PETER
MANDELSON

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Hong Kong

IT suits some members of the World Trade Organization to pretend that all that is needed to unblock the current round of trade talks (which began in Doha, Qatar, in 2001 and continue here today) is for the European Union to make meaningful concessions on agriculture.

The best that can be said about this self-serving argument is that it reflects well-intentioned but oversimplified views on the relationships among agriculture, trade and development. In reality, it is wrong on several counts.

First, the European Union has made significant concessions on agriculture on several occasions. We are reducing support to European farmers, a major reform begun after the Doha meeting that others conveniently overlook. While the United States was busy increasing its farm subsidies last year, we broke a taboo by offering to end all our agricultural export subsidies if others would match us in their comparable programs. Barely a month has

passed since we put forward new proposals to lower our average agricultural tariff by almost 50 percent; only two weeks ago we also radically reformed the European sugar market, lowering prices by more than a third.

It's true that the European Union needed to reform its agriculture policies. But any farm sector can absorb only so much reform at once. Unlike the nongovernmental organizations calling so vociferously for cuts in subsidies, governments have responsibilities to the citizens who elect them. The changes we have already begun are having an extensive impact on Europe's farm regions. As a result of the sugar reforms, producers in Ireland and Finland may well go out of business. We have seen no comparably bold action by any other major W.T.O. member, the United States included.

As the talks begin today, our fellow negotiators should be in no doubt that all the European Union's governments agree that there is no reason to move further on agricultural tariffs. They all agree that the time has come for others to respond in other areas of the Doha agenda, like lowering industrial tariffs and liberalizing service industries, to the moves we have already made.

And they are right. The actions we are taking and the proposals we are making in agriculture will cost a lot of jobs. Our governments need to be able to show that a global trade deal will create other, better and more jobs in Europe too.

A Doha deal will work only if everyone benefits. If we are to open our agricultural

markets further, our companies need to find new opportunities to invest and trade in other markets and in other economic areas - including real market opening in industrial goods and services in rapidly growing countries. Those countries need cheaper, more competitive goods and services, too, for their own development.

Brazil, for example, should offer to reduce import tariffs on industrial goods. Brazil should also offer greater access to foreign providers of services and help establish a more fruitful process for international negotiations on services in the future.

India should improve the tariff reductions it is offering on industrial goods. Both Brazil and India should recognize that there are differences between the needs of developing countries: they should consider what they can do to improve trading conditions for the poorest, for example, by themselves moving toward duty- and quota-free access.

The United States also needs to improve its agricultural proposal by reducing domestic subsidies and food aid programs that distort trade. It needs to improve its offer of market access for providers of services. We would be delighted if Rob Portman, the United States trade representative, followed Europe's example by granting duty- and quota-free access for imports from least developed countries, and lowering America's cotton subsidies. Europe could also use American support as we seek to stem the progressive abuse of anti-dumping suits by tightening W.T.O. rules.

If our W.T.O. partners take serious steps in these areas, they might have the credibility to ask Europe to revisit its agricultural

policies. Until then, Europe will stand fast in the belief that at this moment it is not another move by the European Union that is needed to ensure the success of the Doha Round.

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Peter Mandelson is the European Union's trade commissioner.

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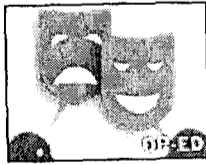
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প্রথম বিশ্বে ভর্তুকি বাড়ছেই এ দেশে কি কৃষি থাকবে না?

অমিতাভ গুপ্ত

ইউ এন ডি পি-র বার্ষিক হিউম্যান ডেভেলপমেন্ট রিপোর্টটিতে রাষ্ট্রপুঞ্জ যে রকম কড়া ভাষায় মার্কিন যুক্তরাষ্ট্র ও ইউরোপীয় ইউনিয়নের ভর্তুকি নীতির সমালোচনা করেছে, তা বেশ চমকে দেয়। রিপোর্ট অনুযায়ী, উন্নত দেশগুলি বিশ্ব বাণিজ্য সংস্থার (ডব্লিউ টি ও) নির্দেশ অমান্য করে কৃষিতে অন্যান্য রকম বেশি ভর্তুকি দিয়ে চলেছে, ফলে উন্নয়নশীল দেশগুলি আন্তর্জাতিক বাজারে কৃত্রিম ও অসম প্রতিযোগিতার মুখোমুখি হচ্ছে। এর ফলে মার খাচ্ছে তাদের কৃষি তথা জাতীয় অর্থনীতি।

কৃষি দীর্ঘ দিন মুক্ত বাণিজ্যের বাইরে ছিল। ১৯৯৫ সালে কৃষিকে বিশ্ববাণিজ্যের বিধিনিয়মের অন্তর্গত করা হয়। মুক্ত বাণিজ্যের পূর্বশর্ত, বাজারের প্রতিযোগিতাকে নষ্ট না করা। প্রতিযোগিতা, অর্থাৎ কত কম দামে বিশ্ববাজারে পণ্য পৌঁছে দেওয়া যায়। যে দেশে উৎপাদন ব্যয় যত কম, সে দেশ তত কম দামে পণ্য বেচতে পারবে। সব পণ্য উৎপাদন ব্যয় সব দেশে সমান নয়, তাই প্রতিটি দেশই কোনও না কোনও পণ্য উৎপাদনে ও বাণিজ্যে এগিয়ে থাকবে। কিন্তু প্রভূত কৃষি ভর্তুকি কৃষির আন্তর্জাতিক বাজারের প্রতিযোগিতাকে নষ্ট করে দিতে পারে। ধরা যাক, একটি দেশে এক টন গম উৎপাদনের খরচ ৫০০০ টাকা, অন্য দেশে খরচ ৭০০০ টাকা। কিন্তু, দ্বিতীয় দেশের সরকার যদি প্রতি টন গম উৎপাদনের জন্য কৃষককে ৪০০০ টাকা ভর্তুকি দেয়, তবে, সেই দেশটির চাষির কাছে এক টন গমের উৎপাদন ব্যয় দাঁড়ায় কার্যত ৩০০০ টাকা। সুতরাং, দ্বিতীয় দেশটিতে উৎপাদন ব্যয় আসলে বেশি হলেও ভর্তুকির জোরে সে প্রথম দেশটির চেয়ে কম দামে বিশ্ববাজারে গম বেচতে পারবে।

ডব্লিউ টি ও-র নিয়ম, কৃষিতে ভর্তুকির পরিমাণ কমিয়ে আনতে হবে। উন্নত দেশগুলিতে এই কমিয়ে আনার হার উন্নয়নশীল দেশগুলোর থেকে বেশি হবে, তারা কৃষি ভর্তুকির পরিমাণ ১৯৮৬ সালের তুলনায় ২০ শতাংশ কমাবে। এই অবধি শুনতে বেশ ভাল লাগে। কিন্তু বাস্তবে যা ঘটেছিল, তা অনেক বেশি জটিল। মার্কিন যুক্তরাষ্ট্রের উদাহরণ দেওয়া যাক। সে দেশের নীতিনির্ধারকরা জানতেন, কৃষিকে ডব্লিউ টি ও-র অধীনে নিয়ে আসতে হলে ভর্তুকি কমানোর প্রস্তাব অনিবার্য, সুতরাং, আগেভাগে ভর্তুকি বাড়িয়ে রাখা খুব দরকার। তাই, ১৯৮০ থেকে ১৯৮৬ সালের মধ্যে প্রথম বিশ্বে ভর্তুকির পরিমাণ অবিশ্বাস্য রকম বৃদ্ধি পেয়েছিল। মার্কিন যুক্তরাষ্ট্রে ১৯৮০ সালে অর্থমূল্যের বিচারে মোট কৃষিজ উৎপাদনের নয় শতাংশ ভর্তুকি দেওয়া

হত, ১৯৮৬ সালে তা দাঁড়ায় ৪৫ শতাংশ। অন্য কয়েকটি উন্নত দেশের ক্ষেত্রে ১৯৮০ এবং ১৯৮৬ সালের ভর্তুকির পরিসংখ্যান এই রকম: ইয়োরোপিয়ান কমিশন— ২৫ ও ৬৬ শতাংশ, জাপান— ৭১ ও ৯৩ শতাংশ, কানাডা— ১৫ ও ৫৪ শতাংশ। অর্থাৎ, প্রতিটি উন্নত দেশই ২০ শতাংশ হারে ভর্তুকি কমিয়েও ১৯৮০ সালের চেয়ে বেশি কৃষি ভর্তুকি বজায় রাখল।

উন্নত দেশগুলি উরুগুয়ে রাউন্ড বৈঠকের পরেও কৃষি ভর্তুকির পরিমাণ বাড়িয়ে চলেছে। ১৯৮৮ সালে উন্নত বিশ্বে মোট কৃষি ভর্তুকির পরিমাণ ছিল ২৪৩ বিলিয়ন ডলার, ২০০৪ সালে অঙ্কটি বেড়ে হয়েছে ২৭৯ বিলিয়ন ডলার। উন্নত দুনিয়ায় কৃষি উৎপাদনের মোট আর্থিক মূল্যের এক-তৃতীয়াংশ ভর্তুকি হিসেবে দেওয়া হয়। এই



প্রতিবাদ: ডব্লিউ টি ও-র বৈষম্যমূলক কৃষিনিতির বিরুদ্ধে। কানকুন ২০০৩। এ এফ পি

দেশগুলি মিলিত ভাবে গত আর্থিক বছরে তৃতীয় বিশ্বের দেশগুলিকে একশো কোটি ডলার অর্থসাহায্য করেছে, অন্য দিকে দেশগুলির কৃষিক্ষেত্রে দৈনিক ভর্তুকির পরিমাণ একশো কোটি ডলারের সামান্য কম। ইউরোপীয় ইউনিয়নের দেশগুলিতে কৃষিক্ষেত্রে দেশের মাত্র দু'শতাংশ লোকের কর্মসংস্থান হয়, কিন্তু কৃষিতে ব্যয় হয় বাজেটের ৪৮ শতাংশ।

গত আর্থিক বছরে ইউরোপীয় ইউনিয়নের কৃষকরা আখ চাষ করার জন্য বিশ্ববাজারের দামের চারগুণ ভর্তুকি পান, ফলে, দেশগুলিতে মোট ৪০ লক্ষ টন আখ উৎপাদন হয়। বাজারের চেয়ে এক তৃতীয়াংশ কম দামে এই দেশগুলি আখ সরবরাহ করতে থাকে। এর ফল ভোগ করে ব্রাজিল, দক্ষিণ আফ্রিকা বা তাইল্যান্ডের মতো দেশগুলি, তাদের ক্ষতি হয় যথাক্রমে ৫০ কোটি, ১৫ কোটি এবং ছ'কোটি ডলার। অথচ, এই দেশগুলিতে আখের উৎপাদন ব্যয় ইউরোপের তুলনায় অনেক কম।

মার্কিন যুক্তরাষ্ট্রও পিছিয়ে নেই। ২০০৫-০৬ আর্থিক বছরে কুড়ি হাজার তুলো চাষি মোট ৪৭০ কোটি ডলার ভর্তুকি পাবে, যা তুলোর উৎপাদনের মোট অর্থমূল্যের সমান ও সাহারার দক্ষিণবর্তী আফ্রিকায় মোট মার্কিন অর্থসাহায্যের চেয়ে বেশি। এর ফলে বিশ্ববাজারে তুলোর দাম পড়ে যাবে, ক্ষতিগ্রস্ত হবে বারকিনা ফাসো-র মতো দেশগুলি, যেখানে প্রায় কুড়ি লক্ষ কৃষক তুলো চাষের ওপর নির্ভরশীল।

অন্য দিকে, তৃতীয় বিশ্বের দেশগুলো ১৯৮৬ সালের আগে দেশের কৃষি ভর্তুকি বাড়তে পারেনি। তার ওপর নিয়ম মেনে ভর্তুকির পরিমাণ কমানোর ফলে বিশ্ববাজারে তাদের পণ্যের প্রতিযোগিতার ক্ষমতা কমে গেল। অবশ্য, ভর্তুকি কমাতে তারা বাধ্যই হয়েছিল। প্রথম বিশ্বের দেশগুলি ডব্লিউ টি ও-র মাধ্যমে এবং ঋণ দেওয়ার সময় বিভিন্ন শর্ত চাপিয়ে উন্নয়নশীল দেশগুলির কৃষি ভর্তুকি কমিয়ে আনতে চেষ্টা করল, এবং এই চেষ্টা রীতিমত সফল। ফলে তৃতীয় বিশ্বের নানা ভাবে ক্ষতি হল। প্রথমত, কৃষিব্যয় বেড়ে গেল, ফলে বিশ্ববাজারে তাদের পণ্যের দাম উন্নত বিশ্বের চেয়ে বেশি হয়ে গেল। ফলে, রফতানির পরিমাণ হ্রাস পেল। অন্য দিকে, উন্নত বিশ্ব থেকে আসা কম দামের কৃষিপণ্য

তৃতীয় বিশ্বের দেশি বাজারেও ঢুকে পড়ল, ফলে এই বাজারটিও হাতছাড়া হয়ে গেল। ফলে, তারা এক অভূতপূর্ব অর্থনৈতিক সঙ্কটের মুখে পড়ল। সারা পৃথিবীতেই তৃতীয় বিশ্বের চাষিদের আত্মহত্যার ঘটনা বাড়ল। অঙ্কে তুলোচাষিদের আত্মহত্যার কথা মনে পড়ছে? ফসল বিক্রি না হওয়ায় চাষিদের আয়ের পরিমাণ কমে যাচ্ছে, ক্রয়ক্ষমতা প্রায় শূন্যে গিয়ে ঠেকছে। গ্রামীণ অর্থনীতিতে কেনাবেচার পরিমাণ কমছে, ফলে পরের বছর বিনিয়োগ ও কর্মসংস্থান ক্ষতিগ্রস্ত হচ্ছে। যেহেতু, বেশির ভাগ উন্নয়নশীল দেশই কৃষিপ্রধান, তাই জাতীয় ক্ষেত্রেও এই ক্ষতির প্রভাব পড়ছে। আফ্রিকার একটি সমীক্ষা অনুযায়ী, গ্রামীণ কৃষিক্ষেত্রে আয় এক টাকা হ্রাস পেলে তা স্থানীয় বাজারে আরও তিন টাকা আয় কমায়ে। ভারতেও এই ছবিটি খুব আলাদা হওয়ার কারণ নেই— এ দেশে এখনও দুই তৃতীয়াংশ মানুষ কৃষিনির্ভর।

সারা পৃথিবীতেই কৃষি জমির পরিমাণ কমছে, বিশেষ করে উন্নয়নশীল দেশে শিল্পের প্রসার ঘটায় সমস্যা আরও বেশি। জনসংখ্যা বৃদ্ধির ফলেও বেশি উৎপাদন প্রয়োজন। ফলে, কৃষিজমির উৎপাদনশীলতা বাড়ানো জরুরি। গরিব দেশের কৃষকদের পক্ষে নিঃসন্দেহে এর পিছনে খরচ করা কঠিন, অন্য দিকে ভর্তুকির পরিমাণ কমিয়ে আনায় সরকারের কাছে থেকে পাওয়া টাকাও কমছে। এর ফলে জমির সংরক্ষণের কাজটি ব্যাপক ভাবে ক্ষতিগ্রস্ত হচ্ছে।

মুক্ত বাণিজ্যের নামে উন্নত দেশগুলি আরও অনেক ভাবে শোষণ করছে উন্নয়নশীল দেশগুলিকে। নানা রকম কোটা, আমদানি শুল্কের বাধা, বৈদেশিক মুদ্রাসঙ্কট সৃষ্টি— চলছে সব কিছুই। অবিলম্বে প্রথম বিশ্বের দেশগুলিকে এই দ্বিচারিতা বন্ধ করতে বাধ্য করা উচিত। না হলে তৃতীয় বিশ্ব থেকে এক দিন কৃষি যদি বিলুপ্ত হয়ে যায়, অবাক হওয়ার কারণ থাকবে না।

VIEW FROM DOWN UNDER: *The WTO is being bogged down in the swamp of details*

Er, not another UN?

BY MIKE MOORE

Apr 6 2007 ✓

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EARLY THIS month over 30 ministers of trade met in Dalian in North China to seek an agreement on the Doha Development round, which is already behind schedule. China was a good choice as host. Dalian is a beautiful hi-tech coastal city, a world leader in aquaculture and an unusual city. There are people alive who can still remember being occupied by the Russians and later the Japanese, who are now big investors and fill the magnificent cliff-top golf courses.

If you didn't read any newspaper stories about this important conference, don't feel bad. This time the media got it right. Nothing much happened and there was little to report. This informed ministerial was planned to get countries' positions closer before the December meeting of the World Trade Organisation in Hong Kong.

Ambitions are very low, so the Hong Kong meeting should not fail. However, I didn't believe the Cancun ministerial in Mexico would fail either. After all, it was just a mid-term review, an opportunity to narrow differences. Alas, the WTO is becoming more like the UN where nations read out speeches, blame others, call for support, demand the other side be flexible and don't negotiate.

The WTO membership is over 140. Some member nations have missions in Geneva; many lack capacity and resources to back up their minister, thus pre-conference positions can be hard to reopen. At the Doha conference, which launched the round, I had a minister who told his Parliament that he would oppose a new round. Remember, at the WTO any one nation can stop everything, giving rise to the cliché 'nothing is agreed until everything is agreed', — or as we said at the Seattle debacle, 'nothing is stuffed up until everything is stuffed up'.

Anyhow, the minister who promised to stop the round launch now saw a document that was very much in his country's interests. "Easy," I told him, "Let's not call it a round. Let's call it the Doha Development Agenda." The media, civil society and opposition politicians demand ministers make public their negotiating positions in the name of democracy and trans-



parency. This can kill legitimate compromise and trade-offs. When positions become too public, it becomes more difficult to cut a deal even if the disadvantages of compromising in one area are more than offset by gains in another.

At Cancun, the Europeans and the Japanese had been pushing hard for the inclusion of competition, investment and government procurement policies, something that had divided everyone at Seattle. In negotiation, as in poker, there's a time to hold and a time to fold. Towards the end of the doomed conference, the Europeans showed great flexibility and announced that after many years they accepted that these issues, important for them, would not float and they would take them off the table.

They expected applause and then movement because of this compromise. Too late. Many ministers kept reading out their speeches prepared weeks ago in capitals or, in some cases, written by anti-trade pressure groups. Ministers who wanted progress were furious in their disappointment, but they said, "We have already given on this, what will you offer?"

For some delegations it's hard to rewrite positions when the agenda changes. No ambassador has ever been sacked for saying 'no' and pre-

serving the *status quo*. It's safe. Yet, even the big countries are stuck back in an age when you can cut a deal at a minute to midnight after going without sleep for 40 hours.

It now doesn't work. You just can't get the message out to all the ministers and capitals in the time available. That's why the Doha conference was successful. My greatest fear is that after a modest advance at Hong Kong, cynical ministers will seek another strategy. This impatient and dangerous alternative would be to offer developing countries time to adjust. This will become not a legitimate space for reform but an 'opt-out' option. That's a two-speed WTO — one for those who are doing well, engaged, growing, and the other for the majority who are poor and marginalised who can opt out.

The rich countries could do little deals to provide some modest access to markets, some technical assistance and continue as the Top 20 countries now do to provide 80 per cent of world trade. This could then be called a successful conclusion of the Doha Development round with all the sordid spin now associated with these meetings.

This would be a historic disgrace and betray the principles of multilateralism by keeping the 'rich club'

intact and leaving the poor countries on the sidelines. Sadly, some of the poorest countries who now desperately cling to certain privileged export quotas would feel pleased. So would some of the anti-trade NGOs. But then they would realise all they have got is the *status quo*. And haven't we all agreed for years that the *status quo* was unjust and only yesterday's best compromise?

We should not forget that the WTO is more than just free and open trade. Its rules help create and maintain modern market economies. It acts as an outside peg to drive up internal reforms. Something China, Taiwan and South Korea understood. The most successful economies like South Korea, Singapore and Taiwan didn't wait for the WTO; they did it anyway because it was in their interests. That's why they are doing well.

The WTO is being bogged down in the swamp of detail; regionalism is exploding, disputes multiplying. When this happens in diplomacy, the strategy must be to widen the context, enlarge the vision. To do this, we need to re-read the speeches of our fathers who established the multilateral system. They thought big. The thinking now is mercantile and municipal. Although at the G-8 and the African plan, there was a glimpse of what could be.

Multilateralism could well be saved by the Group of 20, a new group led by India, Brazil, South Africa and China. If they can internalise their differences, they have the credibility to do the deal and to tell the truth. Some countries, wound up by extreme NGOs, still think they can win on their specific issues outside a full trade round. It's called a single undertaking covering all issues because for nearly 20 years we had been trying to fix the criminal injustices in cotton, sugar and coffee on an individual basis. It didn't work.

One thing I have learnt is time flies. Sometimes in negotiations we spend ten years discussing a five or ten-year timeframe. I'm still positive but it's going to take a few presidents and prime ministers to make some calls to make this work.

The writer is former Director General, WTO

Bid to divide Third World: India

'WTO core concerns should be adequately addressed'

PRESS Trust of India
Dalian, (China), July 12

INDIA AND China have expressed concern over attempts by some developed countries to "divide" developing nations as WTO negotiations on key issues such as agriculture and services reached a critical stage.

Commerce minister Kamal Nath, who had a meeting with Chinese counterpart Bo Xilai here on Monday night on the sidelines of the Dalian Informal Ministerial Meeting (IMM), said both sides viewed with "serious concern" the attempts by some developed nations to divide the developing nations.

"We had a good interaction and decided to coordinate our stance at the IMM talks so as to defend the rights and interests of developing countries, including least developed countries," Nath said in this northeast Chinese port city.

"We share a lot of commonalities with China and the meeting I had with my Chinese counterpart would be of great significance for our bilateral relations as well as ongoing WTO negotiations," he said.

The minister said he was very keen to organise a meeting of least developed countries (LDC) prior to the holding of the Dalian IMM in order to exchange views with them on matters of common interest as well as for coordination.



Chinese hostesses make a last minute clean-up before WTO meetings start in the Chinese city of Dalian on Tuesday.

Nath said India had been intensively engaged in the WTO negotiations to ensure that its core concerns and interests continued to be adequately addressed. India's negotiating objectives and the strategies to achieve them have been developed based on detailed

analytical work and intensive consultations, which are underway with relevant stakeholders in the country, official sources said.

The Dalian IMM, convened by China, is being attended by commerce ministers from countries like Australia, Argentina, Brazil, Canada, Japan, Indonesia, Malaysia, Pakistan, South Africa, the US and the European communities.

The IMM will conclude here on July 13 with a chairman's declaration.

China as the host expects that the ongoing meeting will promote the Doha round, an IMM spokesman Zhang Xiangchen said on Monday.

"Our expectation is that the Dalian Informal Ministerial Meeting will be a successful one which will promote the Doha round," Zhang said.

"The negotiations are now at a critical juncture. According to the prescribed agenda, members should reach the so-called 'first approximation' by the end of July this year," Zhang, also deputy director general of WTO affairs of the Chinese ministry of commerce, said.

Nath also said that India's stand on the sensitive agriculture talks at WTO is gaining recognition.

"The G-20 proposals, which India has helped formulate, has been more or less accepted as the starting point to start discussions. The extreme proposals have not worked. India's position is gaining recognition."

A decade of WTO

The two volumes offer a comprehensive picture of the first 10 years of WTO

Raghu Dayal

Not yet on the threshold of its teens, the World Trade Organisation (WTO) has been "a startling success," according to Alan Oxley, Director of ITS Global, Melbourne, who adds, "Its capacity to deliver its basic mission — regulation of international trade based on free markets — is far stronger than its critics understand."

No international institution has indeed engaged the attention of the people across the globe the way the WTO has done, albeit at times, for wrong reasons. Razeen Sally finds the WTO to be in many "ways a victim of its own success, in danger of regulatory overload." There is a "tendency to overload it with all kinds of issues, so that the WTO assumes the task of a global governance institution."

A rollercoaster ride

Lawrence Saez terms the WTO unique among international organisations in that it is a minimal international institution that operates in a contractual rules-based regime of international cooperation. Aptly put in the chapter, "Ten Years of WTO: Indian Industry", since its birth in 1995, it has been a rollercoaster ride for this trade nego-

tiating body. In 10 years, the WTO witnessed two major failures — Seattle and Cancun Ministerial conferences. But, it has also shown tremendous resilience. It has seen it all — debates, protests, failure and revival.

The 23 papers, compiled in two volumes, constitute two broad categories, the first volume espousing development through trade and the second addressing issues at stake. The two volumes offer a comprehensive snapshot of what the first 10 years of WTO have been about. These volumes help "look back" on some significant happenings ever since the First and the Second Ministerial held respectively in Singapore (1996) and Geneva (1998) triggered a vehement debate during the WTO's nurturing period.

There is a lot also to look forward to — the Sixth Ministerial slated for December 2005 in Hong Kong holding a promise to get the agenda moving forward for equitable international trade to grow and help a just economic order to emerge for peace and prosperity of the peoples across the globe.

Multilateral trade setting

Pascal Lamy, the WTO chief designate, rightly finds a place of prominence in the first volume, reinforcing the changing nature

of the multilateral trade setting, and the "general recognition that trade cannot be separated from development and that development can be furthered through a trade round." He highlights the difficulties of forging consensus and taking decisions in a 148-member organisation.

The WTO like its predecessor General Agreement on Trade and Tariffs (GATT) has all along elicited divergent debates, perceptions and solutions, signifying the hiatus between the rich and the poor, the North and the South and the developed and the developing countries.

Alan Oxley believes the policies being pursued in the WTO against their own economic interest and that developing countries have put themselves in a perverse position; protection is higher in their economies, which retards their growth.

Free trade is its own reward. This concept is further emphasised, "When structured properly, international trade agreements can provide a useful supplement to purely unilateral liberalisation." The burgeoning RTA/PTA growth could not naturally be overlooked in the exercise of this genre. Saman Kelegama feels that "they are second best solutions", that "RTAs are more of building blocs

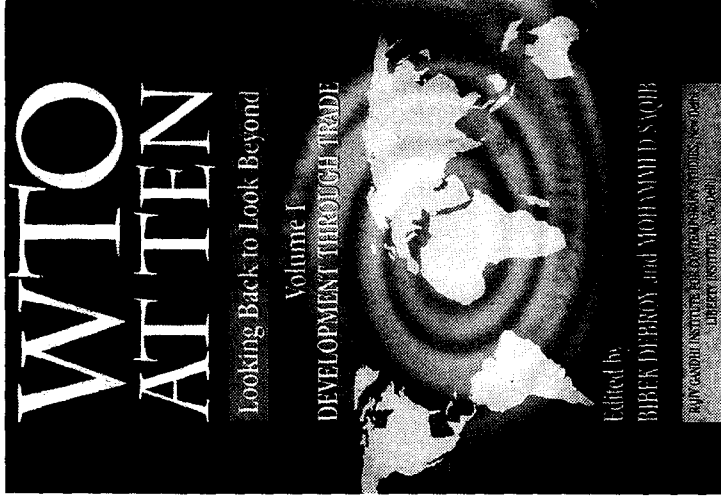
of the multilateral trading system," although Razeen Sally adds, "PTAs do lead to a 'spaghetti-bowl' of discriminatory red tape."

Issues at stake

Lawrence Saez shows the most visible impact of the growing global economic interdependence being the promotion of trade in services, pleading for "support among all WTO members, and especially developing countries, for wider and more commercially meaningful GATS commitments."

Bristling with issues at stake, the second volume has a number of contributions on anti-dumping, trade policy reviews and dispute resolution. K.D. Raju seeks much broader authority for the WTO dispute settlement panels. Amir Ullah Khan advocates the developing countries to look for benefits from increased royalty inflows as innovative activity is nurtured, and improvements brought about in their IPRP regime.

An Indian angle pervades the two volumes. The role of industry as a sounding board for negotiations has been increasing in India. The industry too has been independently building its knowledge base on WTO issues. The services sector draws special attention. India has a strate-



WTO AT TEN — Looking Back to Look Beyond; Vol. I — Development Through Trade Rs. 550; Vol. II — Issues at Stake: Rs. 650; Bibek Debroy and Mohammed Saqib — Editors; Rajiv Gandhi Institute for Contemporary Studies & Kohark Publishers Pvt. Ltd., A-149, Main Vikas Marg, New Delhi-110002.

gic interest in liberalising its services sector. Agriculture has been another important sector of interest to the developing countries. Julian Morris raises the subject of environmental protection, including the rather dubious conceptualisation of the trade-environment nexus by certain environment groups, as well as the desire of certain extremist organisations to push all stakeholders.

An easy to read and comprehend, the compendium of essays by eminent practitioners, scholars and specialists encompasses the whole gamut of subjects and issues of great interest to the people, industry, trade and government worldwide, the complexity of which would require wisdom and understanding by all stakeholders.

All you needed to know about WTO

Q: How is the WTO structured?

A: The World Trade Organization (WTO) came into force on January 1, 1995, replacing the previous GATT Secretariat as the organization responsible for administering the international trade regime. The WTO presently has 148 members, accounting for over 97% of world trade. It is headquartered at Geneva, Switzerland. The WTO's top-level decision-making body is the Ministerial Conference, which meets at least once every two years and is composed of international trade ministers from all member countries. Below this is the General Council (normally ambassadors and heads of delegation in Geneva, but sometimes officials sent from members' capitals). The General Council also meets as the Trade Policy Review Body and the Dispute Settlement Body. At the next level, there is a Council for Trade in Goods, a Council for Trade in Services, and a Council for Trade-Related Aspects of Intellectual Property Rights (TRIPS), which operate under the aegis of the General Council. At the lowest levels, numerous specialised committees, working groups and working parties deal with the individual agreements and other areas such as the environment, development, membership applications and regional trade agreements.

Q: What is the role of the General Council?

A: The General Council, composed of senior representatives of all members is responsible for overseeing the day-to-day business and management of the WTO, and is based at the WTO headquarters in Geneva. In practice, this is the key decision-making arm of the WTO for most issues.

Q: What is the role of the Trade Policy Review Body?

A: The Trade Policy Review Body oversees the Trade Policy Review Mechanism, a product of the Uruguay Round. It periodically reviews the trade policies and practices of all member states. These reviews are intended to provide a general indication of how members are implementing their obligations, and to contribute to improved adherence by the WTO parties to their obligations.

Q: What is the Dispute Settlement Body?

A: The Dispute Settlement Body, also composed of all WTO members, oversees the implementation and effectiveness of the dispute resolution process for all WTO agreements, and the implementation of the decisions on WTO disputes. Disputes are heard and ruled on by dispute resolution panels chosen individually for each case, and the permanent Appellate Body that was established in 1994. Dispute resolution is mandatory and binding on all members. A final decision

of the Appellate Body can only be reversed by a full consensus of the Dispute Settlement Body.

Q: How does the WTO take decisions?

A: The WTO seeks to make decisions not by voting but by consensus. This procedure allows members to ensure their interests are properly considered even though, on occasion, they may decide to join a consensus in the overall interests of the multilateral trading system. Where consensus is not possible, the WTO agreement allows for voting. In such circumstances, decisions are taken by a majority of the votes cast and on the basis of "one country, one vote".

Q: What is the Secretariat?

A: The WTO Secretariat, based in Geneva, has around 600 staff and is headed by a Director-General (DG). Its annual budget is roughly 160 million Swiss francs. Since the members themselves take decisions, the DG has little power over matters of policy. There are four Deputy Director Generals to assist the DG. The Secretariat's main duties are to supply technical support for the various councils and committees and the ministerial conferences, to provide technical assistance for developing countries, to analyse world trade, and to explain WTO affairs to the public and media. The Secretariat also provides some

forms of legal assistance in the dispute settlement process and advises governments wishing to become members of the WTO.

Q: How is the Director General appointed?

A: The procedures for the appointment of the DG stipulate that the appointment process must start nine months prior to the expiry of the term of the incumbent and conclude at least three months prior to the same date. Since the term of office of the current DG, Dr Supachai Panitchpakdi, comes to an end on 31 August 2005, the appointment process for the next Director-General began on 1 December 2004. Members have one month after the start of the appointment process to nominate candidates. Subsequently, each of the nominated candidates has three months to make themselves known to members and to engage in discussions on the pertinent issues facing the WTO. In the final two months of the process, the General Council through a process of consultations seeks to narrow the field of candidates and ultimately arrive at a consensual choice for appointment. Recourse to a vote for the appointment of a DG, though allowed, would be an exceptional departure from the customary practice of decision-making by consensus. Frenchman Pascal Lamy will succeed Supachai as the next DG.



Rich nations' farm subsidies rigging world trade

Associated Press

GENEVA, April 10. — Rich nations are rigging international trade by providing heavy farm subsidies while also pushing developing countries to lower protective tariffs, according to a report released on Monday by the Oxfam aid agency.

In negotiations at the World Trade Organization, richer states particularly the United States of America and the European Union are forcing developing countries to open their markets and then dumping their own excess agricultural produce at below cost price, undermining the livelihood of farmers in poorer nations, according to the 68 page report.

"This is an example of rigged

rules and double standards at their baldest", said Mr Phil Bloomer, head of Oxfam's Make Trade Fair campaign. Their selfish motives couldn't be clearer.

The USA and EU have repackaged their farm subsidies so they appear to conform to WTO rules, but they are still able to dump products such as corn, milk, rice and sugar, the report said.

WTO members are aiming to produce an accord to reduce tariffs and subsidies at a year end summit in Hong Kong, which could lead to a binding trade liberalization treaty by the end of 2006.

But if the Hong Kong meeting collapses, the WTO "risks becoming an irrelevance in global trade", the report warned. "Developing countries would

then face the demands of rich countries through bilateral and regional trade agreements." The rice trade is a particular prob-



lem, because it is the staple food for more than half of the world's population, Oxfam said.

Rice-producing developing

and poor members, as well as differences on agriculture.

High-level meetings in Geneva in July 2004 finally led to a framework accord on cutting tariffs in agricultural trade, as well as export subsidies that have helped farmers in rich nations and undercut their poor country competitors.

Also on Monday, actor Colin Firth will meet WTO Director General Supachai Panitchpakdi to discuss the Oxfam report and present a petition with 7 million signatures on behalf of Oxfam, calling for a more fair treatment of the poor countries.

"Trade could be a powerful force for poverty reduction but unless the rules are changed this will not happen", said Mr Jo Fox, who is coordinating the petition for the aid group.

countries are being pressured to lower their tariffs, while rich nations continue to dump their excess produce at below cost price, the report explained.

Between 2000 and 2003, USA dumped its excess rice production at 34 per cent below its true cost, Oxfam calculated.

"US rice would not be competitive without massive state subsidies," Bloomer said. "It is scandalous that poor countries are forced to compete with the US". American agro business is the real winner from the combination of subsidies and rapid trade liberalisation in developing countries, the report concluded. In 2001, the plan was to create a new global trade treaty by the end of 2004.

But a WTO conference in 2003 collapsed amid bickering over investment rules between rich

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PREFERENTIAL TRADE AND WTO

A REPORT ON the future of the World Trade Organisation (WTO) prepared by an eight-member independent board headed by Peter D. Sutherland, former Director-General of the WTO and its predecessor, the General Agreement on Tariffs and Trade (GATT), focuses its concerns on the recent emergence of preferential trade agreements (PTAs). These compacts include bilateral and regional free trade agreements and unilateral trade concession schemes such as the Generalised System of Preferences operated by the European Union and the United States. It is true that PTAs represent a departure from the precept of non-discrimination that is supposed to be a guiding principle of both GATT and WTO. The Africa Growth Opportunities Act of the U.S. is another significant example of a discriminating enactment. However, it is a reality that such preferential agreements (assuming they meet certain criteria) are within the norms of both GATT and WTO.

In expressing its ideological opposition ("in principle") to the PTA surge over the decade of WTO's existence, and its anxiety over the potential of these agreements to undermine the benefits of non-discriminatory free trade supposed to be conferred by the multilateral WTO system, the Sutherland report seems to contradict many of its own contentions. For instance, it praises the role played by the European Union, which represents the highest level of regional economic integration anywhere, in ensuring peace and stability in post-war Europe. It joins issue with critics of the North American Free Trade Agreement (NAFTA), and hails the regional integration being brought about in South America by the Mercosur grouping. However, in relation to the plethora of new PTAs, the report finds the risks too high. It defends the surrender of national sovereignty involved in the "widening and deepening" of the international trade agenda represented by WTO through the inclusion of

agriculture, services, and trade-related intellectual property and investment norms. However, the expert report looks negatively at the new regional agreements under which member states are inclined to surrender a much greater degree of sovereignty than they are prepared to do in respect of WTO.

It is not as if the pitfalls of PTAs highlighted by the Sutherland report are not real. Such negatives include the disproportionate clout wielded by the larger economies in the groupings, the motivated imposition of non-trade agenda items like 'environmental and labour standards' on developing countries, arbitrariness in deciding the rules of origin, weaknesses and corruption in their enforcement, and the overdependence of developing countries on unilateral concessions under the GSP, which might be withdrawn at any time. If despite these risks many WTO member states are eager to lock themselves into regional agreements, the reason must be more substantial than "frustration" with delays in negotiations under the WTO process, which the report cites. If WTO represents both a response to, and a driver of, globalisation, PTAs must be recognised as a legitimate response by member states to what WTO stands for. It is one way of seeking to improve their comparative and competitive advantage by forging compacts with trusted and compatible trade partners. Thus, the PTAs seem to represent building blocks rather than obstacles to the realisation of the globalisation agenda. The authors of the Sutherland report admit as much when they throw up their hands and say: "While our political sense tells us that little can be done effectively to prevent some further spread of PTAs, we would like to think that governments will take into account the damage being done to the multilateral trading system before they embark on new discriminatory initiatives." It reads like an opportunistic bow to realism from those who have an active ideological agenda to advance.

THE HINDU

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World Bank washes hands of Baglihar spat

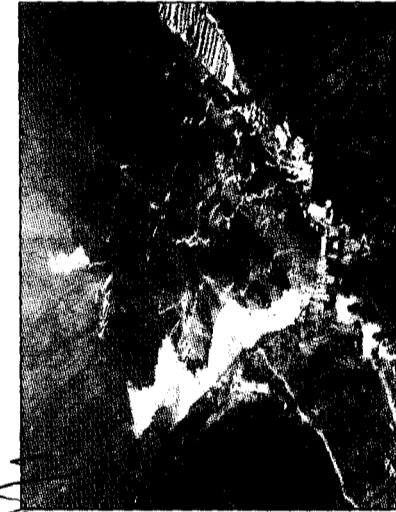
Times News Network

Washington: The World Bank (WB) has sought to distance itself from the Baglihar dam complaint Pakistan has brought before it, saying its role is restricted to helping establish a court of arbitration after all other steps have been exhausted. It has made it clear that it cannot play any part in the actual hearing or determination of issues before such a tribunal if it comes to that.

Acknowledging that it has received a request from Pakistan calling on it to appoint a neutral expert under the provisions of the Indus Water treaty to examine its issue with India, the bank has requested that "Pakistan share with it a record of the actions taken prior to the request to ensure meticulous compliance with the treaty by all parties". But it has again clarified that it is only a signatory to the treaty and not a guarantor.

The bank issued a statement on Friday—the second on the matter this week—that suggested that Pakistan was in for a protracted procedural wrangle to get a hearing, let alone bringing the issue anywhere close to a resolution. According to the steps detailed by the bank, Pakistan first needs to exhaust all bilateral avenues with India, including those relating to the appointment of a neutral expert, before the bank can initiate further steps.

In other words, Pakistan has to return to the



The Baglihar project in Doda district

table with India to discuss a mutually acceptable neutral expert. If the two sides can't agree on the expert, a third party agreed upon by the two countries can appoint the expert. If there is no agreement on this too, the appointment of the neutral expert will be made by the bank, in consultation with the two countries. This consultation would seek as far as possible to reach a consensus within a reasonable time, in the absence of which the World Bank has an obligation under the treaty to appoint a neutral expert.

Here again, the bank clarified that "the treaty does not envisage a role for the World Bank in the determination of any issues which might be brought before a neutral expert". It also maintained that it would not participate in any discussion or exchange beyond its role in the process of appointing a neutral expert.

That's not the end of it. Under the terms of the Indus Water treaty, if the "difference" over the Baglihar issue does not fall within the mandate of the neutral expert or if the neutral expert rules that the "difference" should be treated as a "dispute", the World Bank will help establish a Court of Arbitration.

The role of the World Bank, along with institutions such as the secretary general of the UN, is to participate in the selection of three appointees to the seven-person Court. The parties to the treaty each select two members of the Court. The World Bank itself plays no part in the actual hearing or determination of the issues before the tribunal.

From the elaborate procedures laid out by the bank, and the several grey areas in the treaty, it now appears the issue may not be resolved any time soon. Bank officials who spoke to TOI on background said Pakistan had opened a Pandora's Box by bringing the issue before the bank. "In water disputes like this, the best strategy for a lower riparian state is tact and forbearance," an official familiar with river issues said.

Tsunami as metaphor, world as their oyster

Ravindra Kumar in Davos

Jan. 27. — One month ago, it was the tsunami. Today, as the world's most powerful leaders and business captains gather here to "improve the state of the world", the calamity of 2004 has become a rallying point for all calamities to come.

President Jacques Chirac in a televised address to the plenary of the World Economic Forum (the weather having intervened with his plans to attend in person) spoke of the "silent tsunamis" of famine, infectious disease, violence, revolt, anarchy, uncontrolled migratory movements and rises in extremism.

Actor Richard Gere — who

was at a lunch for media fellows with Hollywood star Sharon Stone — spoke of the hundred tsunamis that afflict mankind and then focused on the tsunami he has identified himself with, the battle against AIDS.

Even British Prime Minister Tony Blair, the star attraction at yesterday's opening, managed to weave the tsunami into his plea for support to the causes he has identified for himself — Africa and global warming.

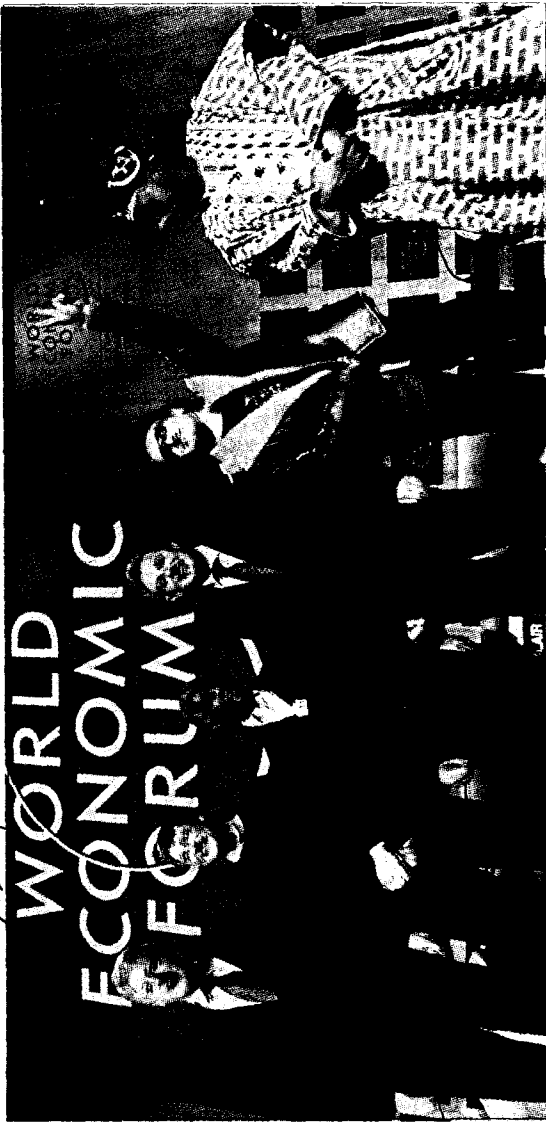
Cashing in on the savage imagery evoked by the devastating wave to lobby support for individual causes may seem self-serving, but really isn't. Because the world's problems didn't begin with the upheaval in the Indian Ocean, nor are they likely to end with the relief

pouring into affected countries. The tsunami, though, brought the world together as few events have in recent times. And lobbyists for individual causes — heads of state or passionate actors — were quick to point out that the world needs to exhibit solidarity more than once if problems are to be grappled with.

It was left to a group of some 700 global members of the Forum, who met to prioritise the key issues facing the world, to take a broader view and to then put things into sharper perspective.

Six issues were identified and in order of importance were poverty, equitable globalisation,

■ See FORUM, page 3



CONCERT OF DAVOS: Mr Bill Clinton, Mr Bill Gates, South African President Mr Thabo Mbeki, Mr Tony Blair, Irish singer Bono and Nigerian President Mr Olusegun Obasanjo prior to the meeting on Thursday. — AFP

(Continued from page 1)

climate change, education, the Middle East and global governance. Nearly 70 per cent of the members — many prominent captains of industry among them — who identified the issues were Europeans or North Americans. Yet the two top issues they chose were those of the world outside these two continents. While their reasons weren't perhaps entirely altruistic, they manifested a humane and practical way of dealing with the "war on terror".

Poverty eradication got 64.4 per cent of the vote because poverty is the link

FORUM:

between all social issues and reducing it "will reduce terrorism and instability". Equitable globalisation got 54.9 per cent of the vote because it ensures the "fastest means to fair distribution of wealth and the surest track to peace." And a peaceful world is good for business.

Over the next four days, these six issues will form the basis of the Forum's deliberations.

Underlying these discussions will be the role developed economies see for

themselves, in tandem with what Mr Blair called the emerging economies of China, India and Brazil.

Whether the sub-zero temperatures of Davos will raise the heat on the need to tackle global challenges remains to be seen. Forum participants themselves are sceptical; only 39 per cent are confident that world leaders would make the tough choices necessary.

But an overwhelming majority of them — 89 per cent — are prepared to raise the level of their own commitment. Tall promises? Or reas-son to hope? Perhaps Davos 2006 will provide the answers.