

Nath in no hurry to meet WTO deadlines

OUR SPECIAL CORRESPONDENT

New Delhi, April 5: Commerce minister Kamal Nath told WTO director-general Pascal Lamy here today that India would not rush into an agreement and compromise its interests merely to meet the deadlines set for the multi-lateral trade negotiations.

"What if the timelines are not met?" is the first question that Nath is reported to have fired at Lamy.

"Well, that would pose a problem," Lamy is reported to have shot back.

The commerce minister made it clear at the two-hour meeting that "while timelines or deadlines are important, this cannot be at the cost of the development content of the Doha round, which was launched with the aim of reducing global trade imbalances so that developing countries could benefit".

Nath and Lamy discussed issues relating to agriculture and non-agricultural market access that have to be settled by the April 30, 2006 deadline mandated in the Doha and Hong Kong declarations.

After the meeting, Nath said the massive agriculture subsidies in developed countries ensured Indian farmers are kept out of the global trading system by putting them at a disadvantage vis-a-vis costs.

"I have highlighted that agriculture in India is not a commercial activity, but a way of life and no deal that leads to its displacement was acceptable," the minister said.

Nath said any tariff reduction commitment

must take these sensitivities on board and that is why developing countries under the aegis of G-20 had proposed special products and special safeguard mechanisms. Pointing that India had medium, small and infant industries, he said developed countries had taken many years to nurture their industries and developing countries should be allowed to do the same.

Lamy told journalists there is a general council meeting on April 18 in Geneva and if there is forward movement, a ministerial meeting could follow.

He said, "We are approaching the moment of truth in the next few days. Developed countries like the EU and US will have to reduce subsidies in agriculture. Their agriculture tariffs should also come down, but developing countries like India, Brazil and South Africa will have to reduce their industrial tariffs."

"This round is the development round and trade needs to be rebalanced in favour of developing countries," Lamy said.

He said India had a lot more to gain than it has to concede and there was a need to weigh options in offensive and defensive areas.

India will have to make its contribution on tariff reduction and the Hong Kong agreement provided enough policy space in this regard.

Indicating that there had been progress after the Hong Kong ministerial agreement, Lamy said technical negotiations had widened and there was a possibility of a deal by April 30.

Lamy is also meeting Prime Minister Manmohan Singh, finance minister P. Chidambaram and BJP leader Murli Manohar Joshi.

The WTO and civil society: an encounter

Indian stakeholders express their unhappiness with the Doha round.

Sushma Ramchandran

WORLD TRADE Organisation director general Pascal Lamy felt the full weight of Indian civil society on a recent visit as he sought to get a sense of the stakeholders' views on the Doha development round of negotiations. From angry farmers to lucid economic experts, he heard the strong views of those who may ultimately be affected by the outcome of the current round of trade talks.

Mr. Lamy, who is known to survive on bread, bananas, and early morning jogs during marathon trade talks, must have been amazed by the wide range of views expressed. Contrary to its name as the "development" round, few were convinced it was in favour of the developing economies. Instead, the perception that the WTO is pro-rich and that the North will be the biggest beneficiary was clearly projected to the visiting official.

At the same time, there was a division among Indian stakeholders. Those in the agriculture sector viewed the WTO talks with hostility and even suggested farm trade should be taken out of the WTO's purview.

On the other hand, the corporate sector was keen on services negotiations and on viewing the WTO as a forum where the movement of professionals could be liberalised, yielding tremendous benefits to India.

The stakeholders' forum organised by the United Nations Conference on Trade and Development (Unctad) and the Union Commerce Ministry illustrated this divide, but the concerns of the farm sector, representing a much larger segment of the population, naturally dominated the discussions. Many of the participants had fascinating sidelights to share on the debate over free trade in global agriculture. On basmati rice, for instance, a speaker asked Mr. Lamy why rice subsidies to enable the producers to compete with the much cheaper and cost-effective product raised by South Asian farmers. In this context, he cited the "straight-faced" explanation give by Europeans about the need to protect rice farming in Spain. He recalled that they claimed it created a habitat for wild birds and this, in turn, needed to be protected. In contrast, of course he noted the need to protect subsistence farmers in India.

Another stakeholder, representing the interests of cotton farmers, described the WTO as another form of neo-colonialism while highlighting the \$3.5 billion subsidy given for growing cotton in the United States. As a result of these subsidies, he said, prices had fallen in the international markets affecting cotton farmers in poor countries. It was pointed out that dairy farming was still largely a subsistence activity in India. Most dairy farmers had only three to four milch animals as against the thousands of animals in the developed world's dairy farms. The high "bound" rates of import duty on dairy products in India were thus completely justified, it was stated.

High farm subsidies

Most farmers' spokespersons told Mr. Lamy that agriculture subsidies had not been reduced over the past decade since the WTO was set up. This had led to a fall in global prices of most farm products. They also told him that if comparative advantage was to be a determinant of trade, India would be the most competitive as it produced rice at one-third the cost in developing countries. Besides, there was anger over subsidies being

provided to agri-business and big farmers in developed countries. Several also linked the decline of Indian agriculture and farmers' suicides to these subsidies.

These issues were raised again at a protest demonstration on the second day of the WTO chief's visit where farmers demanded that agriculture be taken out of the ambit of the trade talks. Mr. Lamy had to repeatedly insist that he was not a negotiator at the talks and was only functioning as a kind of umpire. He even had to concede that the existing comparative advantage enjoyed by the developed world in agriculture was unfair and needed to be corrected by slashing subsidies. But clearly the views expressed on both days must have toned down any optimism for concluding the Doha round by the deadline of end-2006.

The prospects of achieving the earlier target of fixing modalities for agriculture subsidies and talks on industrial tariffs by the end of April also look bleak at this stage. Mr. Lamy has to bring both sides to the table. Forward movement on the talks depends largely, however, on the developed world in order to ensure that the term "development" for the Doha round has any real meaning.

WTO: align with developing nations, CPI(M) tells UPA

✓
2009
9/9/09
20/17
20/17

“That a small group was meeting exposes the undemocratic nature of negotiations”

Special Correspondent

NEW DELHI: The Communist Party of India (Marxist) on Thursday said that India's long-term interests in the World Trade Organisation (WTO) “are best served through steadfast solidarity with developing countries.” It asked the UPA Government to uphold this principle during the Geneva Mini-Ministerial meeting.

“From the perspective of developing countries, no deal would be much better than a bad deal,” the CPI (M) Polit Bureau said in a statement issued here ahead of the scheduled meeting to finalise the modalities on Agriculture, and Non-Agricultural Market Access (NAMA).

It said the draft modalities on NAMA, presented by chairpersons of negotiating groups on June 22, reflect wide divergences

in the negotiating positions of developing and developed countries. The fact that a small group of countries was meeting to negotiate on the modalities, excluding a large number of developing countries, “exposes the undemocratic nature of the negotiations being held currently.”

On how developed countries were trying to coerce developing countries on the question of tariff cuts on agricultural and industrial goods, the CPI (M) statement said it raised serious questions regarding the development implications of the Doha Round. “This was noted by the Indian Commerce Minister [Kamal Nath] in his recent letter to the Trade Ministers of WTO member countries.”

The party referred to Mr. Nath's statement in the Lok Sabha

- **Proposed cap for domestic subsidies for the E.U., U.S higher than prescribed level**
- **Steep tariff cuts on agricultural commodities to affect India badly**
- **India must strengthen the G-33 alliance to promote its interests**

on December 21, 2005 that one of the key achievements of the Hong Kong Ministerial Declaration was “the steep cuts in trade, distorting subsidies by the three heaviest subsidisers (the U.S., E.U. and Japan) and the flexibility for developing countries to designate an appropriate number of Special Products

(SPs).” Citing the draft modalities on agriculture, the statement, however, noted that the proposed limits of domestic subsidies for developed countries, especially the E.U. and the U.S., were actually higher than their current levels, while ambitious tariff cuts were being pushed for developing countries.

The U.S. proposal on Special Safeguard Mechanisms envisioned its use as a transitional tool to facilitate trade liberalisation rather than an instrument for developing countries to protect their agriculture sector against price fluctuations and import surges.

“India has nothing to gain from the negotiations on agriculture, but much to lose if steep tariff cuts are imposed on agricultural commodities, and the provisions for Special Products

and Special Safeguard Mechanisms are diluted considerably. India should, therefore, strengthen the G-33 alliance and ensure that the interests of Indian agriculture are not compromised under any circumstances,” the statement said.

On NAMA, it said the proposals were based on the non-linear Swiss formulae for steep tariff cuts on industrial goods. If steep tariff cuts were agreed to, it would have a detrimental impact on the industrial base of developing countries.

“India should, therefore, oppose such proposals...concrete commitments need to be obtained on non-tariff barriers (NTBs) since the developed countries use NTBs rather than tariffs to deny market access to developing countries,” the statement added.

Chidambaram seeks strategic shift in ADB's lending focus

100-13
375

'Restore loan charges to pre-2000 levels'

Ashok Dasgupta

HYDERABAD: The Union Finance Minister, P. Chidambaram, on Saturday asked the Asian Development Bank (ADB) to scale down its loan charges to pre-2000 levels and undertake a strategic re-adjustment to shift focus from public sector lending so as to facilitate larger private sector investment in member countries.

Chairing a session of the ADB Board of Governors here, Mr. Chidambaram said: "We believe that ADB needs to re-adjust its focus from public sector lending to a more fleet-footed financial intermediary and knowledge bank that helps DMCs [developing member countries] attract more private sector investment through intermediation."

Mr. Chidambaram said by way of the shift in lending focus, the multiplier effect of ADB's assistance through a public-private

- 'Facilitate larger private sector investment'
- 'Optimistic on healthy demand for Asian output'
- 'Commitment fee should not be treated as source of income'

partnership model would be much higher than the current approach of reliance on mostly public infrastructure projects.

The Finance Minister noted that high energy prices and the possibility of sharp adjustments in exchange and interest rates induced by widening international payment imbalances did pose very evident downward risks. Despite all this, he said he was optimistic on the "outlook for growth in Asia and a healthy demand for Asian output in the next few years."

Turning to the issue of scaling down the rates on loans, Mr. Chidambaram pointed out that

ADB's loan charges as compared to the cost of funds from other sources were critical for the bank's business growth. However, since its financial parameters for the past four consecutive years now had been robust, Mr. Chidambaram said: "Loan charges should be restored to the lower levels prevailing before the year 2000."

Approach of consensus

"The commitment fee should not be treated as a source of income and it should be possible either to eliminate or substantially reduce the commitment fee through improvements in

operations and internal efficiency of the bank," he said.

As the bank is poised to finalise its medium-term strategy in the next few months, Mr. Chidambaram hoped that it would firm up the means for adequately funding the strategy and on more favourable terms. On the initiatives for monetary and financial cooperation and integration, he said: "I urge the bank to follow an approach of consensus and inclusion rather than being exclusionary..."

Highlighting India's achievements, Mr. Chidambaram said the country had averaged a growth of nearly eight per cent in the last three years. "It is our constant endeavour to address challenges before us by deepening the reforms and to put the country on a trend growth rate of 8 to 10 per cent to eliminate poverty and achieve the Millennium Development Goals by 2015."

07 MAY 2006

'FINANCIAL BODIES MUST ACT'

PM harps on Asia security

9/2/2006
9:57 AM
S.M.
E.S.

Statesman News Service

HYDERABAD, May 5: Dr Manmohan Singh today said Asia needed a comprehensive security framework in the face of terrorism, as the region increased its economic profile globally with India getting linked into a web of partnerships to create a Pan Asian Free Trade Agreement.

"Our region needs a comprehensive framework of security that will ensure that the process of economic development is not derailed by the threat of terrorism, the threat to our environment and the threat to our energy security, food security and security of livelihoods", he told the opening session of the annual ADB meet here.

"The challenge before Asia today is to create and maintain a regional and international environment that is conducive to maintenance of high economic growth", he said. "Asia is once again on the move. If we can sustain our growth process, and ensure that it is equitable, we can banish poverty for all times to come".

He said Asia, including India, was turning into a major economic player on the world stage. While the West displays considerable resilience and will remain an important driver of global growth, "East and South East Asia, including India, are bound to increase their profile and relevance to the global economy. Asia will continue to increase its share of world GDP and trade, both as a source of export supply and as a source of import demand", he said.

"We are linking India into a web of partnerships with the countries of the region through free trade and comprehensive eco-



PM at ADB meet. ■ AFP

conomic cooperation. We have concluded Free Trade Agreements with Saarc, Singapore and Thailand. We are working on similar arrangements with Asean, Japan, China and South Korea".

Dr Singh today said international financial institutions needed to do more for countries in the event of a crisis to assure stability as Asia's global profile was rising.

"An important lesson coming out of the 1997 Asian crisis is the need for effective, quick and credible responses from international financial institutions in the event of a crisis", he told the ADB annual meet here.

"In the aftermath of the Asian crisis, international financial institutions came under heavy criticism for not acting quickly enough. There is a view that funding must come before rather than after the foreign exchange reserves bottom out. It is perceptions that fuel a crisis and it's important to manage them by acting quickly and decisively", he said.

Dr Singh said the Andhra Pradesh chief minister, Mr YS Rajashekar Reddy, was a visionary, who was out to develop the state's rural and urban areas.

■ See also page 8

06 MAY 2006

THE STATESMAN

India can achieve 10 per cent growth, says ADB president

"It should pay attention to economic reforms and infrastructure"

Ramya Kannan

MANILA: India could achieve its target of reaching 10 per cent growth provided it paid attention to economic reforms and building infrastructure, Asian Development Bank (ADB) president Haruhiko Kuroda has said.

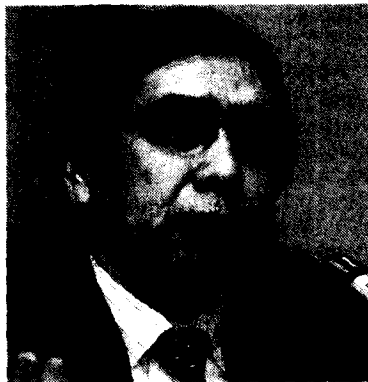
Robust growth

Over the last several years, India had registered "robust growth" and in terms of growth rate in the Asian region, was next only to China, Mr. Kuroda said. The Indian economy was also contributing to the rapid development of economies in Asia. However, for the economy to grow at 10 per cent at last two conditions would have to be met: "Continue economic reform and strengthen infrastructure." "For India to grow, infrastructure is very important. That means roads, railroads, power generation, communication networks and local infrastructure need to be upgraded," Mr. Kuroda said.

He added that it was essential that economic reform, already set apace, must be continued and accelerated. "Deregulation and concessions are appropriate, but there must be further reform for the economy to grow."

Mr. Kuroda, who is also the chairperson of ADB's Board of Directors, has served as Special Adviser in the Cabinet of Japanese Prime Minister Junichiro Koizumi. He was in India recently to oversee arrangements for the Bank's 39th annual meeting to be held in May in Hyderabad. The agenda of the meeting, he said, would be to focus on two areas: prospects of Asian economic development and the Bank's technical assistance to its various member nations.

"We are a development bank and are, therefore, particularly interested



Haruhiko Kuroda

in how economies in the region are developing," he told a delegation of visiting Indian journalists in Manila, on Thursday. This also translates into a keen interest in equitable development and poverty reduction. "Growth is necessary, but not sufficient for poverty reduction. We must have sustained growth to reduce poverty. This means investment in the social sectors — human capital and healthcare. Good governance is a prerogative for poverty reduction."

Globalisation

Veering onto a discussion about the negative impact of globalisation on some sectors of the economy, Mr. Kuroda admitted that in the short term, due to intense competition, certain sectors, individuals or companies might be affected. "However, I am very optimistic that in the long run, almost all stake holders will gain from the increased trade that globalisation brings."

In the medium to long run, the economy would adjust itself to globalisation, Mr. Kuroda said. He also made it clear that governments must intervene to provide assistance to

those sectors, regions or companies affected initially by the globalisation phenomenon. During his recent trip to Beijing, Mr. Kuroda said, Chinese economists had expressed concerns about inequitable income levels in China. The country's new five-year plan hopes to set right these inequalities by focusing on rural areas. "The main objective is to realise more inclusive, equitable growth."

Common currency

Responding to a question on the possibility of a common currency for Asia, the ADB president said though he was in favour of such a move, it would at best be a 'long-run possibility.'

He suggested that it would be better to focus on a few immediate steps, including improving connectivity in the region, encouraging financial co-operation, establishing consistent free trade agreements and working together to avoid serious natural disasters and epidemics that the region is prone to. Ten ASEAN countries had already agreed to establish FTA zones in their own nations and accelerate trade co-operation among themselves. "These economies are complementary to each other. If India has Information Technology, China has the manufacturing sector, Japan has capital goods and Korea, electronics. Clearly, the dependence among the economies is growing," he explained.

For common market

In his view, it is realistic that Asia first develops a common market, an economic community before envisaging common currency. It will take time, but it also requires substantial effort by the countries to reduce trade barriers and harmonise customs clearances and domestic regulations.

No click of the deal at G6 meet

SANDEEP Bartzai
London, March 12

THE TENSION resulting from the polarisation inside the boardroom was palpably visible on the faces of the trade representatives of the G6 as they trooped out.

Deal or no deal has been the question dominating the mental space of those tracking the WTO developments. And Brazilian Minister Celso Amorim probably captured the emotion best when he said, "Incremental steps will not result in the click of a deal. I am not hearing the click of a deal."

And Commerce Minister Kamal Nath backed him by saying, "We need more comprehension of the sensitivities and opportunities of our people who are living at less than a dollar a day. Large populations like this have to be able to move up the value chain because of the WTO, but this is not happening if we are not

being heard." It is clear that the developed nations led by EU and US have shut the door in the face of the developing nations, resulting in a logjam. In the run-up to the April 30 Geneva meeting, both these groupings will have to seriously rethink their positions if they want the development round to fructify.

Many have likened the London meet to a suicide round. And maybe that is what it has turned out to be. For analysts reckon that the key to any quantum of success is to generate new commercial opportunities for greater market access. And this can only be done by identifying areas of compromise by carrying diverse groups of economic interest with it. And this is where the developed world has failed. It has failed to listen to the voice of reason and reality. A voice which emanates from the poorest in the developing nations.

And what is the US position? The status of the G6 meet was best cap-

try or developed nations, but to help the 300 million farmers who earn less than a dollar a day in India

Indian agriculture cannot be compared with huge ranches and farms

Market access which upsets subsistence farming is unacceptable

If the goals of this round cannot lift the standard of the poor, it is not worth it

The idea is not to support big industrial

tured by US Trade Representative Rob Portman when he said, "These are tough political decisions which involve looking at tariffs in agricul-

What Kamal Nath says...

There is no question of any disruption in our agriculture due to structurally flawed principles

There's no formula and there are no numbers, we just have no deal

Simulation exercises ongoing in Geneva will tell us about corn and cornflakes

These simulations have revealed the elasticity which can be pushed to achieve the developmental goal



the same time, he added, "There is no deal, but I believe we will eventually get there."

It is learnt that after Kamal Nath threatened the developed nations with a winding-up proposal, enormous pressure was put on India to back-pedal, but he withstood it. Amorim thinks that the meet lacked the necessary ambition to produce a result as the participants were not prepared to move in concert. And this was what saw the meet deadlocked. Negotiating positions were so harsh and unrealistic that it was doomed from the beginning. EU's Peter Mandelson made the right polite noises, just as everyone else tried, but to no avail. The reality was that the bridge was too far.

Ultimately, London will be remembered as work in progress in the final cut of spectacular movie. Whether the movie will be a blockbuster at the box office is something that only time will tell.



শনিবার দাভোসে বিশ্ব অর্থনৈতিক ফোরামে সাংবাদিকদের মুখোমুখি হন ভারতের বাণিজ্যমন্ত্রী কমল নাথ। — এ এফ পি

দাভোসের আয়নায় ভারত থেকে অনেক এগিয়ে চিন

সিমা সিরোহি

রোম, ২৮ জানুয়ারি: দাভোসে বিশ্ব অর্থনৈতিক ফোরামের নজর কাড়তে ময়দানে নেমেছে ভারত ও চিন। তবে এই লড়াইয়ে চিনই এগিয়ে আছে বহু যোজন। সারা বিশ্বে চিন আজ চতুর্থ বৃহত্তম অর্থনীতি। সেখানে দাভোসের আয়নায় ভারত এখনও কৈশোরে এবং নিজের জায়গা করতে যুঝে চলেছে অবিরাম।

দু'টি নজির হাজির করে ভারতকে প্রায় কোণঠাসা করে ফেলেছে চিন। এর একটি নিজেদের আর্থিক বিকাশের পরিসংখ্যান। ২০০৫ সালে চিনের আর্থিক বৃদ্ধির হার পৌঁছেছে ৯.৯ শতাংশে। ব্রিটেন, ফ্রান্স ও ইতালিকে টেকা দিয়ে চিন বিশ্বে চতুর্থ স্থানে।

চিনের প্রতাপ আজ এতটাই যে, পৃথিবীর বৃহত্তম ইন্টারনেট সার্চ ইঞ্জিন গুগল-কেও মাথা নোয়াতে হয়েছে। বিশ্ব জুড়ে বহুতর বিষয়ে যে-সব তথ্য সরবরাহ করে গুগল, তার সবটাই চিনের মনমতো নয়। সুতরাং চিনে ব্যবসা করতে হলে গুগলকে 'সেক্স-সেন্সরশিপ' অর্থাৎ নিজেদের দেওয়া তথ্যের উপরে নিজেদেরকেই নজরদারি করে চিনের পক্ষে যা অনভিপ্রেত, তা আটকাতে রাজি হতে হয়েছে। মজার কথা হল, এই মাথা নোয়ানোয় ফোরামে বিশ্বয় প্রকাশ করেনি কেউই। রুপার্ট মার্ভকের স্টার গ্রুপের চিফ এগজিকিউটিভ পরিষ্কার বলেছেন, "স্থানীয় বাজারে কাজ করতে

হলে স্থানীয় আইন তো মানতেই হবে।" তবে ফরাসি বাণিজ্যমন্ত্রী ক্রিস্টিন লাগ্রেদের মন্তব্য, "গুগল ব্যবসার জন্য বলি দিল স্বাধীনতা।"

চিনের আর্থিক বলবীর্ষ প্রদর্শনে রীতিমতো উত্তেজিত সম্ভাব্য লম্বিকারীরা। বিশেষজ্ঞেরা বলছেন, চিনের মতো বিদেশি লগ্নি টানতে বহু জট ছাড়াতে হবে ভারতকে। গত ২৫ বছরে চিনে বিদেশি লগ্নির পরিমাণ ৪০ হাজার কোটি ডলার ছাড়িয়ে গিয়েছে। ভারতেও আর্থিক সংস্কারের পর থেকে বিদেশি লগ্নি বাড়ছে, কিন্তু চিনের তুলনায় তা নেহাতই নগণ্য। গত আর্থিক বছরে চিন টেনেছে ৬৪০০ কোটি ডলার, সেখানে ভারতের সংগ্রহ ৫৫৫ কোটি, চিনের ৮ শতাংশ মাত্র।

বিদেশি লম্বিকারীরা হয়তো ভারতীয় গণতন্ত্রের প্রশংসায় পরাঙমুখ হবেন না। কিন্তু সত্যি সত্যিই বিনিয়োগের সুযোগ যখন আসবে, গণতন্ত্র নয়, তাঁরা মেনে নেবেন একনায়কতন্ত্র।

ভারতের দাবি: দাভোস থেকে পি টি আইয়ের খবর: আজ দাভোসে বিশ্ব অর্থনৈতিক ফোরামে ২০০৬-০৭ বছরে অন্তত ১৫০০ কোটি ডলার বিদেশি লগ্নির দাবি জানিয়েছে ভারত। 'ইন্ডিয়া ব্রেকফাস্ট' শীর্ষক আলোচনায় ভারতের পক্ষে ওই দাবি তোলেন অর্থমন্ত্রী পি চিদম্বরম, বাণিজ্যমন্ত্রী কমল নাথ এবং যোজনা কমিশনের ডেপুটি চেয়ারম্যান মটেক সিংহ অহলুওয়ালিয়া।