

sents the critical economy in Asia in regard to the potential for establishing a new monetary policy for Asia and Eurasia, currently under discussion as the Asian Monetary Fund.

Even Taiwan, whose President Chen Shui-bian was elected by a party committed to the provocative policy of independence of Taiwan from mainland China, has recently begun to face the implications of the global economic collapse. After Taiwan's net economic decline in the second quarter, its the worst economic performance in 26 years, Chen has agreed to implement sweeping changes in Taiwan's relations with China. Following the recommendations of a special commission, Chen announced in late August that most restrictions on trade and investment in the mainland will be lifted. The restrictions were implemented under President Lee Teng-hui in 1996, backed by British and American China-bashers, to disrupt President Bill Clinton's efforts to engage China. Now, the investment cap of \$50 million on any one project will be lifted, along with the ban on certain high-tech areas of investment. Transportation and communications will be improved, along with numerous other measures.

Although Beijing's public response has been cool, insisting Taiwan must accept the "One China" framework, Taiwan is calling on Beijing to accept these measures as a good faith means for moving forward. It is such cooperation toward peace and development, in the spirit of the Bandung Conference, which the new Cold Warriors see as an impediment to their dreams of a new empire.

## India Rallies Third World vs. WTO Pressure

by Ramtanu Maitra

New Delhi has joined a major battle against the World Trade Organization (WTO), on the agenda for the upcoming ministerial talks scheduled for Doha, Qatar, in November. Both the United States and the European Union (EU) have threatened India that if it continues to organize the developing nations against the fresh round of talks — as pushed by EU, Japan, and the United States in particular — India will be isolated and the developing countries will lose significantly in the coming years. India and Malaysia have been identified as the "trouble-makers" by the countries initiating the new round of talks.

WTO's Australian Secretary General Mike Moore and his associates are doing their very best to make the fourth ministerial meeting at Doha a "success," after their bitter experiences in Seattle last year. It seems at this point, that even if Moore and Company manage to keep the Jacobins out of the way at Doha, the fight within the WTO is getting rougher

by the day. Unless a compromise is obtained quickly, it is almost a certainty that the Doha ministerial meeting will again produce nothing, and the WTO will be confronted with an existential crisis.

The mood in either camp is to not compromise. United States Trade Representative Robert Zoellick, a personal friend of President George W. Bush's, was in New Delhi to sort matters out. Between his gushing about India as a natural ally of the United States, Zoellick also made it a point to threaten India with "isolation."

A week later, the EU echoed Zoellick. Expressing concerns that India, a powerful representative of the developing nations, is organizing against the agenda proposed by the developed countries, a senior EU official told the India Abroad News Service that if India "continues to oppose the new round, India stands a huge risk of being totally isolated at the ministerial meeting." But he admitted that Malaysia and the member-nations of the South Asian Association for Regional Cooperation (SAARC) have been actively opposing the new round on principled grounds, including that the developed nations should address the issues raised by these countries.

### Agenda under Fire

Developed countries want a fresh round of talks which will discuss investment rules, competition policy, transparency in government procurement, trade facilitation, new rules on environment, labor, etc. at Doha. The developing nations — identified by the EU Commission's (EC) Secretary General for Trade Peter Carl, as India and Malaysia — demand implementation of the 1994 Uruguay Round of Talks, held under the aegis of the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT). These countries point out that the problems that they face in meeting the obligations of the existing agreements, and difficulties caused by the developed countries in not fulfilling their commitments to open up their markets, have not been resolved.

At the G-15 meeting at Jakarta last May, Indian Commerce Secretary Prabir Sengupta, said that six years' experience indicates that the benefits promised by the WTO did not materialize. "We strongly believe," said the minister, "that the WTO process must concentrate on matters of trade without expanding into non-trade issues. . . . Any open-ended fresh round of negotiations will only further compound the problems of developing countries, as they would once again be expected to give concessions. . . . And the items of interest to developing countries will get side-tracked as developed countries like to focus on areas of their core interest."

Following the G-15 meeting, the Malaysian newspaper *The Star* reported an interview with Malaysian Deputy Minister for International Trade and Industry Kerk Choo Ting. According to *The Star*, Malaysia does not want the WTO to include new issues before current negotiations are settled.

“The interest of developing nations must be taken into account and it is up to us to protect. We must stand on common ground and make out interests and needs known,” Kerk said.

### **Right to Affordable Medicines**

Another area where India has managed to garner support from some of the developing countries, is on the issue of demanding greater flexibility and clarity in the interpretation of the Trade Related Intellectual Property Rights (TRIPs) agreement of the WTO, to ensure affordable medicines in developing nations. “These concerns are in line with our public health concern and to ensure that medicines and life saving drugs are accessible to the average person in the developing countries,” a senior Indian Commerce Ministry official said.

The subject came up also at Geneva for discussions on June 20, and a group of developing countries, including India, the African Group, Barbados, Brazil, the Dominican Republic, Ecuador, Honduras, Indonesia, Jamaica, Pakistan, Paraguay, the Philippines, Peru, Sri Lanka, Thailand, and Venezuela, jointly submitted a paper to the TRIPs council.

Developing countries have also demanded that the WTO should ensure that the TRIPs agreement does not undermine the right of the WTO members to formulate their own public health policies and adopt measures for providing affordable access to medicines.

“The Doha Ministerial Conference [in November] should send a powerful message to the world that WTO cares for the people and it is not an organization, as is generally perceived, designed to serve only the business interests of big companies,” India’s statement at the TRIPs council meeting read.

In recent weeks, particularly since Zoellick had issued the U.S. threats, Indian responses were prolific and uncompromising. Prime Minister Atal Behari Vajpayee, inaugurating a New Delhi seminar in August on “Concerns of Developing Nations in the WTO Regime,” referred to the “unfinished agenda” of the Uruguay Round, and said: “Expectations that trade-distorting subsidies in agriculture, given by the developed countries, would be reduced, have been belied.”

Indian Industry and Commerce Minister Murasoli Maran was equally feisty. He waved off the threats issued by Zoellick and said India does not fear isolation. “India is insistent that implementation of issues that arose out of the Uruguay Round in 1994 should be addressed first. Speaking at a seminar on “Reflections of Doha Ministerial Meeting of the WTO: Issues and Options,” on Aug. 27, India’s Minister of State for Commerce Digvijay Singh warned his nation’s industrialists that “the country will have to meet formidable challenges in the coming days ahead of the Doha Ministerial Conference, and thereafter. We have to work hard to avert intense pressure exerted by the developed countries to get their way.”

### **Other Conflicts, Justified Fears**

India, other South Asian nations, and Malaysia believe that the WTO negotiations and agreements in the areas of

investment rules, competition policy, and government procurement could be very damaging for the developing countries. These fears are, by and large, justified.

Take the investment rules, which the European Commission and Japan are strongly pushing for negotiation at Doha. These rules are not for enhancing foreign investment in the developing countries, but for protecting the rights of foreign investors. They are aimed at curbing the role of the developing nations governments in guiding the entry and operation of foreign investment—a role which they can exercise at present without any form of external constraint. This role, on the other hand, is important and necessary for the developing countries in order to ensure that foreign investment is conducive to their development process.

The developing countries would like to use foreign investment for upgrading technology, building up infrastructure, and enhancing the production capacity for exportable products. These are genuine benefits. However, these benefits may accrue only if the host country is able to channel the investments into appropriate sectors and desired geographical regions, and guide some post-entry operations of the investments.

It is also evident that an agreement on investment in the WTO is, by itself, not likely to bring higher investment to the developing countries, but it is going to curtail their role in using foreign investment in support of their development process.

In the case of competition policy, which is yet another bone of contention between the developing and developed nations, any agreement is likely to curb the role of the developing countries in guiding the entry and operation of foreign trading firms. This may expose their domestic firms to competition against powerful multinational firms, and/or put constraints on a government’s discretion to give preference to domestic firms.

Finally, on government procurement: An agreement on expanding global market access in this area may curtail the current rights of the governments of the developing countries to choose the sources of supply for government purchases, and to give preference in such purchases to domestic producers and suppliers. In many developing countries, the volume of purchases for government use is very high: hence the Group of Seven so-called industrial nations are keen on opening up these markets for their producers and traders.

Developed nations, though expressing frustrations and issuing disturbing threats, have also launched new arguments: that a new WTO round may prevent the United States from turning more protectionist in the midst of recession; that the launch of a new round will reduce the pressure and inclination for protectionism in the world; that the developing countries can improve their market access in other countries through the launch of a new round, particularly by the reduction of industrial tariffs.

New Delhi and its allies appear unconvinced.