

# The bogey of missing the bus

Wholesale acceptance of the Dunkel Draft cannot be justified on any ground, says Uttam Gupta

**W**E must give our endorsement to the Dunkel Draft Text (DDT) without any further delay or else we shall be missing a golden opportunity to participate in the globalisation process and consequential economic gains. This is the syndrome in which our economic diplomats seem to have been caught. It has not only prevented the consensus building exercise at home but also considerably obliterated our perception of what is in the best interest of the nation.

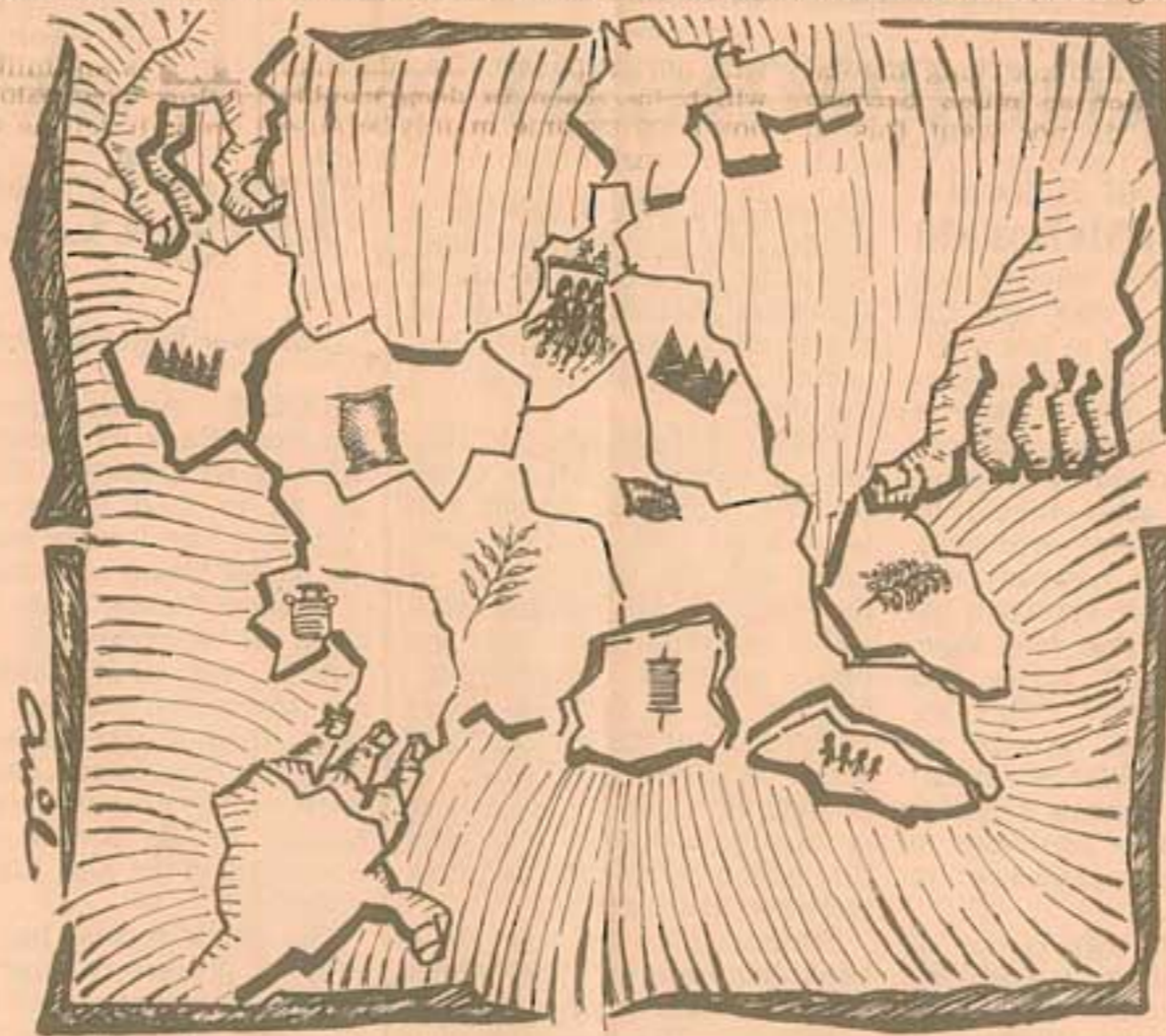
Considering that the key players in the Uruguay Round of trade negotiations — the USA on the one hand and the EEC on the other — have locked horns over the question of agricultural subsidies, and that there is only a remote possibility of an early and satisfactory resolution of this issue, we need not worry too much on account of the time factor. This is not to condone the delay on our part in initiating timely debate both in Parliament and outside. Such debate would undoubtedly have resulted in early crystallisation of the national viewpoint and prepared us adequately and effectively for the discussions. Now that congressional approval of the Clinton administration's proposal for further extension of the fast track mechanism has provided some leeway for the conclusion of the round, at least until the end of 1993, we could make up for lost time.

Far from being based on an objective evaluation of each proposal on merits and in the national perspective, our approach to the whole issue seems to have been born out of a sense of fear — if we do not give our nod to the Dunkel package, we shall be out of the GATT and that would be disastrous for our economy, particularly exports. This is too myopic a view and even ignores the fact that despite the much acclaimed GATT philosophy of promoting free trade between countries, exports from developing countries face a plethora of import restrictions, both tariff and non-tariff. The present Multi-Fibre Agreement (MFA) governing trade in textiles provides a classic example of all-pervasive quantitative restrictions. Besides, it is not uncommon for the developed countries making blatant use of anti-dumping legislation to prevent entry of goods in which the developing countries have an

inherent comparative advantage.

Then, you have the regional trading blocs which confer special privileges to the member countries including the most favoured nation (MFN) treatment to the detriment of the majority of the developing economies outside these blocs. Indeed, more such blocs have come into being in recent years, Nafta for example, even as we talk of amending the GATT rules ostensibly to encourage free flow of international trade.

Having recognised that the present international trading regime is far from being fair and equitable, there



is nothing that should prevent us from taking a bold and innovative stand in the present GATT round that is compatible with our national interest. Shorn of rhetoric, a close scrutiny of the Dunkel proposals would reveal that the new international economic order sought to be implemented through the GATT aims at achieving greater penetration by the developed world of the vast markets of the developing nations, without, at the same time, allowing the latter to have increased access to their own markets. Let us consider some of these.

Amendment of the Indian Patents Act to cover both processes and products is being sought primarily with an eye on our huge market for

drugs and pharmaceuticals. The proposed disallowance of compulsory licensing (except for non-commercial government use) would further mean that the patent holder cannot be forced to manufacture drugs in India, thus leading to inevitable dependence on imports. Quite clearly, multinational corporations would hold sway in this vital field and dictate terms as regards both price and availability.

Patenting of genetic resources including seeds is another draconian proposal that would lead to control of our agriculture through the backdoor. Even as we talk of a second green

main issue. Even otherwise, why should we be prevented from moving towards an increasingly favourable BoP in case our economy develops the necessary resilience suited to that situation?

Whereas the expectation from us is to open up our economy even in areas which are crucial to maintaining economic and political sovereignty, the developed countries do not seem to be inclined to allow increased access for our exports. This is clearly reflected in the Dunkel proposal to dismantle the MFA over 10 years, aiming for elimination of quantitative restriction on textile trade only by the year 2003. Similarly, while they would expect full scale entry of their insurance companies and banks into our markets, they have considerable hesitation in acceding to our request for liberalised access for export of skilled manpower from India, particularly in software services.

Agricultural subsidies seems to be the only area where our negotiators claim that reductions would be to our advantage. While our subsidy levels are well within the limits — both commodity specific and aggregate — laid down in the Dunkel draft, slashing down of subsidy by the developed countries would benefit us. But we seem to be forgetting that, already under pressure from the IMF/World Bank, we have moved substantially towards eliminating even the meagre subsidy level on one of the important agricultural inputs — fertilisers.

Removal of subsidy on power and credit as part of the public sector/financial sector reforms is also on the cards. Consequently, even on this front, the developed countries would have achieved their goal of perpetuating an unfair and inequitable world economic order. It does not matter whether it is done under the umbrella of GATT or of something else.

Let us not work on the basis of sweeping generalisations. Whether it is the fear of missing the bus or the alleged possibility of being isolated at the negotiating table, we should not allow them to come in the way of safeguarding our national economic and political interests. Our strategy at the Uruguay round needs to be carefully orchestrated to ensure that joining the global mainstream does not result in abject surrender of our prime national concerns.

revolution that would be possible only through gains in biotechnology and genetic engineering, we need to be fully on guard about the serious ramifications of what is proposed in the DDT.

Compulsory import at three per cent of the total domestic consumption of agricultural goods (during 1986-1988) is also being insisted upon. This would mean that we must import food despite our proclaimed policy of self-sufficiency in foodgrains production and the fact that we have the necessary wherewithal, amply demonstrated even under adverse circumstances, to achieve it. The stipulation that we shall be called upon to do so only when we do not have a BoP problem is irrelevant to the