

DID INDIA WIN OR LOSE AT CANCUN?

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The fifth ministerial meeting of the WTO was held at the beach resort city of Cancun in Mexico. It started amidst controversy on 10 September and ended with a whimper on Sunday 14 September. Since its inception in 1995, all member states of the WTO hold minister level meetings every two years. The purpose is to review the progress of international trade, take stock of problems in implementation and try to find solutions. In actual fact, every ministerial meeting since the first one in 1995, have been used by the block of developed countries to further their trade interests, at the cost of the interests of developing countries. Developing countries, unable to resist the bullying of the developed countries in the first years, have now started rallying round and are becoming more articulate in projecting their interests.

From the Indian point of view, the second ministerial meeting held in Singapore in 1997 was particularly disastrous. Our negotiating team was ill informed about the issues, there was no consultation with experts, so positions were not well developed and there was no clarity even on what Indian interests actually were. The Indian government team lost a lot of ground and successive efforts were devoted to undoing some of this damage. The Indian situation was only a little better at the third ministerial held at Seattle in 1999 but we were saved by the defiant action of African nations. Fed up with the high handed and condescending attitude of the western nations, the Africans staged a walk out and caused the Seattle Ministerial meeting to derail completely. This process was helped by the internal politics of the US, which was facing a general election. The US preferred to see the meeting collapse rather than have to make concessions to the developing world that would have made the incumbent government unpopular at home.

Developing countries gained a foothold in the international trade negotiations two years later, in Doha. Here too, it was the African nations that were the key factor. On the one hand was the raging HIV/ AIDS epidemic in Africa, on the other, the refusal of the pharmaceutical multinational companies to supply cheap AIDS medication. The refusal of the large drug companies to allow other manufacturers, like those in India, to supply cheap AIDS medicines was the last straw that broke the back of public opinion. Public outrage orchestrated successfully by civil society groups led to concessions on implementing patent provisions under TRIPS when it came to addressing public health needs. Even as US companies objected in order to protect their patent and market interests, which would be hurt if another country were able to supply cheap AIDS medicines, a pro-poor declaration was made. The 2001 Doha Declaration was the first time that at least some developing country concerns with respect to public health, biodiversity and indigenous knowledge were acknowledged.

A timetable for implementation was framed that will not be met and it is now clear that the developed countries will drag their feet in taking on board the developing country concerns that find mention in the Doha declaration.

The encouraging thing at Cancun was that India went to the meeting better prepared than to any other ministerial meeting. India's principal stand at the Cancun meet was to demand the dismantling of the heavy agricultural subsidies granted by the EU and the US to their farmers and hence seek market access for its own agricultural produce in their markets. The second most visible focus of the Indian position was the determination not to allow the Singapore issues to become part of future negotiating agenda. In the Singapore issues, India's main objections were to allowing a multilateral deal on competition and on foreign investment. This has been an old Indian position. The determination to negotiate aggressively on agriculture was at least partly dictated by the impending general elections in 2004 and the knowledge that granting any concessions that would affect farmers at home would be suicidal for a government seeking re-election.

At Cancun the talks broke down when Kenya, the leader of the Africa Group, walked out of the Minister level Green Room discussion. This was partly because of their vehement opposition to inclusion of the Singapore issues. The main reason however was the obduracy of the US against granting any concessions in agriculture, especially cutting back the heavy cotton subsidies that hurt cotton farmers in

Africa. Once Kenya walked out, the Mexican chairperson closed the meeting and the Cancun talks collapsed.

This development is being greeted at home as a victory. But is it one? True, India emerged out of the shadows to once again become an important player on the global trading platform. True, the developing countries led by India, Brazil and China came together to defend their interests and this developing country solidarity was welcome since it is so seldom in evidence at the WTO. India's Commerce Minister emerged as an articulate and conciliatory world leader, bringing credit to his country, but his contribution would have been many times greater had he come home with a deal rather than without one.

The breakdown at Cancun does not serve India's interests, nor for that matter the interests of other developing countries. For developing countries, multilateral platforms are more benign than bilateral deals where the bargaining can be harsh and the pressure of the dominant partner more intense. The pressures on the major players like the US and EU is far more intense at the WTO than it can ever be in a bilateral negotiation. Under intense global scrutiny (and cast as the bullies in any case), the US and EU are much more motivated to appear as 'fair traders' sensitive to developing country concerns instead of the aggressive and distinctly 'unfair traders' that they actually are. So it is easier for developing countries to gain concessions at the WTO than it is in bilateral negotiations.

The road ahead needs to be charted carefully. It must include at least three important steps: maintain a respectable rate of growth at home so that we increase our trading (and negotiating) capacity; work hard to cement the new developing country solidarity and maintain the momentum of a common interest through the next two years, till the next WTO Ministerial comes round. And finally, explore and develop regional trade interests. With China joining hands with India at Cancun and India having acquired at least an observer status in ASEAN, there should be a more deliberate pursuit of regional trading blocks. It would not be mistaken to prepare for the next WTO meeting by stepping up regional trade and strengthening regional partnerships.