

WTO-BEYOND SINGAPORE The need for equity and coherence

Introduction

Nearly two years after the new multilateral system came into being, as a consequence of the GATT/WTO, the Members are calculating their gains and counting the losses.

From initial reports, as expected, it appears that the least developed countries, are the worst losers. Together, according to an estimate by the World Bank, they are expected to lose 0.7 per cent of their incomes from international trade. The picture is not too rosy even for the developing countries who were widely expected to gain from the expanded international trade. The liberalised trade regime appears to be heading for a zero-sum game.

The WTO Members are scheduled to take stock of these developments at Singapore in December 1996. This Briefing Paper examines the current situation, looks at the road blocks ahead and argues for equity and coherence in the multilateral trading system, so as to create a win-win situation.

TRENDS IN WORLD TRADE

The value of the total cross-border trade in goods and services in 1995 exceeded \$6,000bn. But the increase in the volume of world merchandise trade in 1995 was lower than that in 1994. Based on the limited data available for the first half of the year 1996, a sharp slowdown is predicted in the trade growth rate. The global merchandise trade is predicted to grow at the rate of 5 percent for the year 1996, due to the unstable exchange rates. Also the export prices in national currencies are expected to be weak in many developed countries in the beginning of 1996.

A study of the composition of world exports reveals that the share of Africa in 1995 has reduced to 2.1% of the world exports from the 4.2 percent in 1985. The possible reason for this could be the fall in the share of agricultural products and fuel over the decade. The Asian region made a major recovery by increasing its share in the same period.

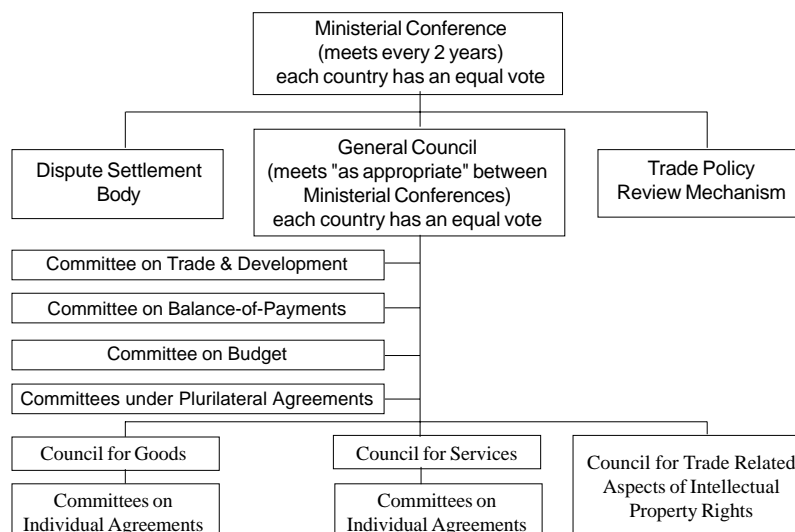
The price index for all the primary commodities maintained a steady upward trend in 1994 and 1995. This situation has created a positive feeling amongst the exporters of primary commodities. The world export of commercial services also increased by 4 percent in 1995 over the previous year's figure, Asia and Western Europe being the main players.

From the available data on merchandise and service trade the following conclusions can be drawn.

- there seems to be a larger variation in quantitative as well as qualitative terms pertaining to the sharing patterns amongst the exporting countries;
- the share of imports amongst countries has not shown much of a variation; and
- hence the specialisation of exports has greater impact on product structure of exports than differences of import demand on the product composition of imports.

In the context of the above data and the functions of the WTO it would be interesting to study how the WTO and its constituent Members have reacted to the liberalisation of trade in the last two years.

The structure of the WTO



THE TWO YEARS

Implementation and Supervision of Various Agreements

The Council for Trade in Goods (CTG) oversees the multilateral trade agreements and the ministerial decisions covering the goods sector. It takes action, where necessary, on issues raised by the various Committees on individual agreements which report to it.

The Textile Monitoring Body (TMB), is the watchdog for the Agreement on Textiles and Clothing (ATC). Immediately after the TMB adopted its working procedure of review etc it was confronted with a number of disputes brought under the transitional safeguard clause of the ATC, which protect developed countries mainly.

The Committee on Agriculture, for most of 1995, was busy reviewing the implementation of the General obligations under the WTO Agreement on Agriculture. This demands prohibition of the usage of cross-border measures other than tariffs and the export subsidies not subject to reduction commitments immediately. Among other activities the Committee began looking into the matters specifically related to 'market access' opportunities, domestic support policies and the export subsidy structure of the individual countries.

The Committee on Sanitary & Phyto-Sanitary Measures (SPS), (pertaining to health and safety of humans, animals and plants) had a difficult time maintaining a balance between free trade and health & safety measures employed by the importing countries. The Committee tried developing guidelines to help members achieve consistency in their decisions regarding acceptable levels of health protection. A number of disputes erupted in this area which were either resolved mutually or were referred to the Dispute Settlement System.

The Committees on Safeguard Measures, Subsidies and Countervailing Measures, Technical Barriers to Trade and Antidumping Practices were also set up under the aegis of the CTG.

The Committee on Trade Related Investment Measures (TRIMs) developed a standard format for notification which asks the members to notify the measures inconsistent with the requirements under TRIMs. It received notification from 23 developed countries.

The Council on the Trade Related Intellectual Property Rights (TRIPs) in 1995 and early 1996, undertook major work related to the notification and review of the national legislations regarding TRIPs.

FORUM FOR CONTINUING MULTILATERAL NEGOTIATIONS

Services

Under the General Agreement on Trade in Services (GATS) negotiations continued in the areas of financial services, basic telecommunications and movement of natural persons under the aegis of the Council for Trade in Services. There was no movement on maritime transport service.

In the area of financial services 32 members (counting EU as one) revised or supplemented their scheduled commitments while USA announced that it would neither open its financial markets nor guarantee national treatment to the new entrants in banking, insurance, fund management and other financial services.

In the basic telecommunications sector the work for

multilateralising all kinds of liberalisation related issues continues. In all, 34 participants (counting EU nations as one) including India submitted draft offers on this issue.

An agreement seeking zero tariffs on equipment related to Information Technology is being pushed by USA in the APEC, which might also feature at Singapore. The APEC nations have agreed on a 'substantial reduction' of tariffs on IT products by 2000.

In the area of Movement of Natural Persons, a stand-alone and a cross-sectoral issue under GATS, new commitments were made by six members: Australia, Canada, EU (as one), India, Norway and Switzerland. The US did not make any new commitment but agreed to bind its quota for temporary entry of professionals upto 65,000 per annum.

India, and many developing countries including Thailand, Egypt and Argentina, argued that their service providers do not have the capital to establish branches or subsidiaries abroad, nevertheless, individuals could still provide services competitively without a formal presence through 'contractual services'. They also adopted the strategy to liberalise their financial markets against progress in movement of natural persons.

Trade and Environment

As agreed at Marrakesh, the WTO established a Committee on Trade and Environment (CTE), to look into the intrinsic linkages between environment, goods, services and intellectual property. The guiding principles for the CTE are very important to understand in the context of the report it submitted (November 1996) to the Ministerial Conference at Singapore. These include:

- the WTO would not enter in the arena of global environmental policy and standard setting and would refrain from acting as an environmental agency.
- the steps taken to promote sustainable development would not be done at the cost of the multilateral trading system.

Some of the Highlights from the Draft Conclusions and Recommendations of the CTE to the 1996 Singapore Ministerial Conference:

- the links between trade and environment will be highlighted and its bearing on the process of sustainable development would be paid due attention by the WTO;
- differences in the environmental standards between the WTO members would not be used to promote restrictive trade practices;
- accepting the link between poverty and environmental degradation the CTE stresses for the provision of improved market access opportunities for the developing country exports. This would in turn generate a sustainable resource base allowing sustainable management of environmental resources;
- the WTO would continue to support multilateral solutions to global and transboundary environmental problems;
- creating a conducive atmosphere for policy coordination when disputes arise due to regulations under the MEAs that are not consistent with the WTO norms;
- the relationship between TRIPs and Convention on Biological Diversity would be clarified. This is because TRIPs would be the principle agreement under which the transfer of technologies and products would take place; and
- the CTE will continue its work in the areas of environmental taxation, subsidies, technical regulations and standards, ecolabelling, domestically prohibited goods etc.

The Functioning of the Dispute Settlement System

Dispute settlement is the fulcrum of any contractual agreement, and creates jurisprudence. Thus it is a very crucial area to protect the rights a country has against others in the multilateral trading system.

The Dispute Settlement Body (DSB) from its first month of operation made it sure that the system is operational. It also established the Standing Appellate Body to hear the appeals from panel cases. A review of the current decisions by the various panels suggests the DSB to be unbiased in its functioning.

The dispute settlement process, unlike in the GATT 1947 framework, does not require consensus decisions any more. It is required to settle disputes fast (including appeals) as it is required to do so within 18 months. In 1995, the WTO received 27 references, some of which are shown in Table 1. Of these cases the vast majority are against rich countries, and have been decided against them. Only four were against middle-income countries, and none against any least developed ones.

THE PARADOXES

Market Access

The 'revealed comparative advantage' of a country is obtained by calculating the ratio of the country's exports of industrial products with its total exports and comparing this with the same product's share of total world exports. Analysis shows that the developing countries have a revealed comparative advantage in textiles and clothing, food, raw materials, and

fuels.

It would be interesting to study whether the developing countries have actually enjoyed their revealed comparative advantages.

Table 2: Share of Textiles in Total Merchandise Imports in Selected EU Countries

Country	1990	1995
Austria	4.0	3.3
Belgium-Luxembourg	3.0	2.6
Denmark	2.9	2.5
Finland	2.9	2.5
France	3.2	2.7
Germany	3.3	2.7
Ireland	3.1	1.8
Netherlands	2.9	2.0
United Kingdom	3.1	2.9
European Union (15)	3.2	2.9

Source: WTO

The data regarding the imports of textiles of the 15 EU countries in fact shows that the percentage share of textile imports of the total merchandise imports has decreased in 1995 as compared to 1990 (see Table 2). The 'extra import' share of textiles in the total merchandise trade has remained the same at 2.5% in the years 1990 and 1995 for the EU.

The basic objective under the 'market access' commitments was the progressive reduction of tariff levels and the abolition of quantitative restrictions by replacing them with equivalent tariff restrictions only when required.

The use of some non-tariff measures on part of the developed countries declined after the conclusion of the Uruguay Round. But the use of contingency measures increased. Antidumping and countervailing measures started being used extensively by the developed countries.

The OECD as a group of countries, including Mexico and Turkey, maintained 738 final anti-dumping measures at the end of 1995 with non-OECD countries maintaining 79 only (see Table 3). The 'chilling effect' on trade on the mere initiation of the anti-dumping duties has been harmful to the developing country exporters, especially to the textile exporters.

Tariffs and the Problems of Tariff Escalation

The tariff levels in the world's major markets were already low at the end of the Uruguay Round. Hence the actual income gains from the reduction in manufacturing tariffs would be relatively small. This has been supplemented by a WB-OECD study which estimated, that the gains from the non-agricultural tariff reform are likely to be worth 15 percent of those in the agricultural sector. Not a good news for the aspiring LDC exporters of manufactured products!

Therefore it would not be surprising to see the developed countries (controlling over 80% of the world manufacturing trade) to benefit substantially. This may be at the cost of the industrial development of the developing countries. Adding to this is the problem of tariff escalation.

Tariff escalation is a process by which an importing country increases the tariff rates on products at higher stages of processing. This process of increasing tariffs in line with the manufacturing process discriminates in

Title	Complainants	Consultations Requested	Status
1. Malaysia - Prohibition of imports of polythene, polypropylene	Singapore	January 13	Settlement notified on July 19
2. United States - Standards for reformulated and conventional gasoline	Venezuela	February 2	Panel established on April 10
3. United States - Standards for reformulated and conventional gasoline	Brazil	April 12	Panel established on May 31
4. South Korea - Measures concerning the shelf-life of products	United States	May 5	Settlement notified on July 31
5. United States - Imposition of import duties on automobiles from Japan under Sections 301 and 304 of Trade Act of 1974	Japan	May 22	Settlement notified on July 19
6. Japan - Taxes on alcoholic beverages	European Community	June 29	Panel established on Sept. 27
7. European Community - Duties on imports of cereals	Canada	July 10	Panel established on Oct. 11
8. Japan - Measures affecting the purchase of tele-communications equipment	European Community	August 24	Apparent settlement

Note: These figures are as on 27th November 1995.
Source: WTO

Table 3: Final Anti-dumping and Countervailing Measures in Force

WTO Member	Anti-dumping	Countervailing
United States	292	72
EU (15)	145	3
Canada	93	6
Australia	87	13
Mexico	58	7
Turkey	38	0
New Zealand	25	1
Brazil	21	6
South Africa	15	0
India	13	0
Others	30	0
Total	817	108

Note: These figures are as on 31st December 1995
Source: WTO

favour of raw materials and against the development of manufacturing capacities in the developing countries.

This issue is very important for the L(L)DCs who are aspiring to become finished goods exporters. But tariff escalation will encourage them to engage in the trade of raw materials rather than finished goods.

This calls for some special tariff reduction considerations to be extended to the manufactured exports of these countries, an area which should be touched upon, at the forthcoming Singapore Ministerial Conference.

Problems Pertaining TBTs and SPS measures

It has been assumed that the agricultural exports of the developing countries would benefit as the EU, Japan and the USA agreed to reduce protection in this sector. But the barriers erected on the basis of Technical Barriers to Trade (TBTs) and Sanitary and Phyto-Sanitary (SPS) measures are hindrance to the smooth exports of agricultural products.

The biggest problem is the diverse standards on import inspection, packaging, food and drugs, clothing and other consumables was documented by the Government of India in late 1996 against countries like the USA, EU, Japan, Canada, Saudi Arabia, Thailand, Malaysia, South Korea and China. Many of these violate both the TBT and SPS agreements. For examples of agricultural commodities (see Table 4).

Export of Domestically Prohibited Goods (DPGs)

Export of DPGs is a serious problem for the developing countries because of lack of technological, administrative and physical infrastructure to cope with the time-consuming process of inspection. Developing country governments are demanding the reversion of the principle of 'duty to inspect' on behalf of the importer to 'duty to inform' on part of the exporters. Their case has been strengthened by international agreements like:

- the International Code of Conduct on the Distribution and Use of Pesticides, 1985; and
- the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, 1989.

The stand taken by the WTO in this regard is as follows, "The WTO does not intend to duplicate work that has already been accomplished elsewhere in the area of domestically prohibited goods".

The CTE, in its report to the SMC, has expressed its desire to work in this area by taking the support of specialised inter-governmental agencies and has also noted that WTO could play a complementary role in this area.

WHAT IS LIKELY TO HAPPEN AT SINGAPORE

Though DPGs is one of the important issues from the viewpoint of developing nations, it is unlikely to be an agenda item at Singapore. However the contentious issues expected to be discussed vociferously are:

- core labour standards or the social clause;
- a multilateral investment agreement; and
- a multilateral framework on competition

Why have these issues suddenly assumed significance?

The Social Clause

The debate on this issue focuses on two aspects:

- Social dumping: The dumping of goods by countries where the exported goods are manufactured under labour standards which are lower than those prevailing in importing countries; and
- Human rights: Certain labour rights are viewed as human rights and their infringement is considered an insult to human dignity.

Since the Marrakesh Summit, some of the Northern countries like the USA and France have been raising demands for the inclusion of labour standards under the WTO. This issue was also raised several times in the ILO (International Labour Organisation), but as it has no sanction powers, the push continues for inclusion of the 'social clause' in the WTO.

According to industrialised countries (except the UK) the right to bargain collectively, freedom of association, and workplace abuse (including forced labour and certain types of child labour) should be discussed on the WTO platform.

Table 4: Item and Country-wise Restrictive Measures

Item	Country	Restrictive Measures
Shrimps	USA	Automotive import alert and ban on shrimps harvested without turtle-excluder device
Fish products	EU	Regulations on process and production methods: breeding, water treatment system, packaging and transport
Fruits, tea and vegetables	USA Japan	Stringent FDA regulations Japanese restrictions more stringent than other developed nations
Meat, milk and milk products	EU	Ban on hormones in livestock milk production

As the preparations are on for the Singapore Ministerial Meet, USA and Norway have put forward proposals for launching a working party. These aim to link labour standards and related issues with trade within the multilateral framework of GATT.

As expected developing countries have expressed their reservations on such proposals. Some of the arguments of the developing nations are:

- this would be just a beginning to formalise protectionism on part of the developed world (in spite of assurances to the contrary), especially in the low-wage labour intensive industries like textiles, food etc. in which the developing countries have been shown to have a 'revealed comparative advantage';
- problems like child labour cannot be solved by raising barriers against export of commodities produced by children. It is an outcome of a complex socio-economic phenomenon which will need to be tackled at a domestic and not international level, with the exception of aid transfers; and
- with the existence of the properly functioning ILO there is no reason to expand on the 'trade related' issues and force the WTO to look into matters beyond its ambit.

The Proposed Multilateral Frameworks for Investment and Competition

The TRIMs, the GATS and the TRIPs are the agreements under the WTO that deal with different aspects of investment.

The TRIMs deals with negative investment measures that inhibit the maintenance of national treatment and the abolition of quantitative restrictions (quota). The measures that are inconsistent with national treatment are:

- local content requirement; and
 - import balancing.
- And the measures that are inconsistent with the abolition of quantitative restrictions are:
- import limitation;
 - forex balancing; and
 - export limitation.

Developing countries have been given 5 years and the least developed countries 7 years (extendible on request) to phase out the measures listed above.

The GATS operates like an umbrella framework extending the MFN and the National Treatment status mutually to all its members. But the GATS has established an important principle of the Right to Establishment which would allow the TNCs to set up their subsidiaries without hindrances in the participating countries.

The Window Under TRIMs

Under Article 9 of the TRIMs agreement there is a window which provides for future agreements on both investment policy and competition policy. While the TRIMs is restricted to goods, the GATS and TRIPs both acknowledge anti-competitive situations arising due to the protection being provided to business under them. Thus both the investment issue and competition issue will feature at Singapore.

In the run to the Singapore meeting, several formal and informal discussions have been going on at Geneva within and among members on these two plus several other issues.

How do they stand vis a vis investment and competition:

Possible Elements of a WTO Work Programme on Investment

Canada, supported by the European Union, submitted a proposal, urging the WTO to:

- analyse the relationship between trade and investment (complementarity, effect of measures in one area of activity in the other area and WTO Agreements which address trade and investment);
- identify common elements in the treatment of investment in international agreements (bilateral, regional and multilateral), and consider whether clear guidelines on investment in the international agreements have created stability for international investors;
- conduct economic analysis on the role of investment in the development and growth of economies, and study various aspects of international competition for investment (pattern of foreign investment, determinants of company decisions for choosing locations, existing barriers to investment, and policies in countries which compete for foreign investment).

Possible Elements of a WTO Work Programme on Trade and Competition

On this issue the European Union has put forward a proposal, inter alia, stating that an international framework of competition laws should be considered for a number of reasons:

- to promote the existence of domestic competition laws in the jurisdiction of all WTO members;
- to increase the effectiveness and coherence of national competition policies of WTO members;
- to avoid conflicts of law and jurisdiction between countries and to promote gradual convergence of competition laws;
- to strengthen the multilateral trading system and promote more equal conditions of world wide competition and market access;
- to recognise that anti-competitive arrangements may span several jurisdictions and it may be difficult to prove conclusively by any one authority acting alone; and
- to help countries seek to establish strong and neutral competition policies, to accompany and balance the effects of investment liberalisation.

The EU's proposal also notes that the work should build on the significant work done in these areas by other organisations such as the OECD and UNCTAD. (See CUTS Briefing Paper No.4 May/1996: "Competition Policy in a Globalising and Liberalising World Economy").

Japan also pushed for this issue, more or less supporting the EU's arguments, but added another dimension i.e. of trade and competition. From the trade perspective the issue is how to prevent anti-competitive actions from adversely affecting market access and from the competition perspective the issue is how to prevent trade measures which restrict competition in domestic markets (e.g: anti-dumping duties, safeguards, subsidies and countervailing measures).

This proposal does not find favour with the USA, as it does not consider these issues to be related to competition. It appears to be Japan's way of seeking revenge against the US's attack on its closed automobile and parts market and the photo-film dispute which is ongoing.

Why Not Rules for the Globalising Economy

Hong Kong also joined the debate by asking for a discussion on larger issues of a set of proposed WTO Rules in a Globalising Economy. It said, with globalisation, it is more difficult to address anti-competitive behaviour in a consistent and equitable manner, while the inter-relationship between trade and investment and the inter-linkages between the rules governing them become more complex. There is a need to ensure that the multilateral WTO Rules are coherent, mutually consistent and lend themselves to equitable and economically efficient outcomes. A working group should be established at the SMC to initially study:

- the inter-action between globalisation and existing rules, to identify areas where existing rules result in anti-competitive outcomes, and to explore the possibility of pro-competitive solutions which complement the process of globalisation;
- the inter-relationship between existing trade and investment rules and competition policy, to identify anomalies and to explore ways to reform the multilateral rules and remedies to ensure pro-competitive outcomes; and
- identify whether globalisation has created the potential for new forms of anti-competitive behaviour and explore possible remedies to these.

In conclusion, Hong Kong's very sensible proposal argues: "In analysing the above issues, consumer interest should be taken as a starting point and full account should be taken of the current business practices in the real world."

But such an 'ambitious' proposal is unlikely to be on the table at the SMC.

Investment Agreement, A Very Contentious Issue

Over the period 1973-95, the estimated value of annual FDI outflows multiplied more than twelve times (from \$25bn to \$315bn). Recognising the growing role of FDI in the development process, the OECD launched negotiations on their own Multilateral Agreement on Investment (MAI) in May 1995.

The basic features of this accord would be the right to establish, national treatment, MFN, the right to repatriate and dispute settlement provisions for private investors against the host country. The agreement though being negotiated only among its members would be open for accession by non-members as well. (See CUTS Briefing Paper No.6/July, 1996: "Globalising Liberalisation Without Regulations).

When the TRIMs agreement was being negotiated during the Uruguay Round, the US was the most insistent demandeur for a full-scale agreement on investment. It had to backtrack in the face of strong opposition from developing countries led by India and Brazil.

In the runup to the Singapore meeting, India held a meeting of 13 developing countries in New Delhi in October, where a common stand was adopted to oppose the new issues including investment. Only Brazil did not join as its stand was that discussions on the issue will not be bad, as it is a net capital exporter.

Further, the G-15 meeting at Harare in November adopted the same stand, including protesting on the unilateral measures being adopted by rich nations by placing non-tariff curbs on exports from developing countries.

On labour standards, their stand was equally vociferous, asserting that the ILO is the competent body.

Push by the WTO Secretariat

In the meanwhile, the WTO secretariat joined the bandwagon of discussing trade and investment issues by releasing the chapter on this issue of its Annual Report 1996 on October 16 1996. The reason, shared privately, was that the OECD had hijacked the issue without having a 'multilateral' mandate.

This report showing close relationship between trade and investment, favours a broadly accepted common regulation for investments for all the WTO members. This report found:

- FDI outflows over the period 1973 to 1995 multiplied twelve times while merchandise exports multiplied 8.5 times;
- TNCs are involved in two-thirds of all world trade;
- developed countries account for most of the FDI outflows and inflows but developing countries are gaining importance;
- FDI flows to developing countries are highly concentrated with 10 countries receiving nearly 80% of the total;
- the least developed countries, many of which are in Africa, receive very little FDI;
- there is no serious empirical support to the view that FDI has an important negative effect on the overall level of exports from home country; and
- the TRIMs agreement provides for a review within five years. In this context, consideration will be given to whether the agreement should be complemented with provisions on investment and competition policy.

The WTO Report seeks to justify MIA as the existence of the large number of overlapping legal instruments and initiatives in the investment area creates risks of confusion and conflicts.

The Report also holds that in the ensuing competition for FDI, availability of incentives is a key factor. An investment regime free from distortionary provisions would serve the interests of L(L)DCs.

CHALLENGES BEFORE THE L(L)DCs

The South and East Asian Miracle (tigers) and its impact have created a structural shift in the standards of living and consumption patterns thus affecting the industry in developing countries like Malaysia, Indonesia, Philippines and Taiwan. They are now being joined by countries like Vietnam and Brunei.

These countries have progressed in a very short span of time. They have even become exporters of capital, accompanied by Brazil and Mexico. Hence their approach over the issues relating to intellectual property, investment and competition and services would have to be understood in a new framework.

On the other hand countries like India, Pakistan, some of the Latin American and African countries (excluding the Sub Saharan countries) are still to grow at the Tigers' average rate of 7-8 percent. They have also witnessed political instability frequently. Some of them have undertaken their liberalisation programmes recently. Hence there is not going to be any substantial change in the stand of these countries with regards to their previous positions on the above mentioned issues.

This poses a great danger as it would make it difficult for the LDCs to reach some unified stand on important issues like MIA and competition policy. Peer pressures and haggling

will operate in full swing.

The future of the L(L)DCs in the era of multilateralisation depends greatly upon their internal political stability and on the concessions granted to them by the developed countries until they improve on their current macroeconomic situation.

The WTO Secretariat has plans to also push forward a proposal to grant zero tariff concessions to the exports of the L(L)DCs. The question then is, how many LDCs would like their market share to fall in the goods in which they compete with the L(L)DCs?

The upcoming Singapore Ministerial Conference will once again test the unity of the developing countries.

CONCLUSIONS

One thing which appears very visible in the run-up to SMC is that the developing countries were pushed by the developed world into a reactive mode i.e. responding to new proposals one after the other. At the same time they were under-resourced to put forward their concerns, except in one case of textiles. In the past they have been supported by the UNCTAD secretariat in analysis work, but this time it does not look very useful. The UNCTAD itself has been threatened by rich members.

The UNCTAD IX (April-May 1996), Midrand, South Africa has mandated the UNCTAD to analyse the implications of a possible multilateral framework on investment. It should take into account the interest of the developing countries keeping in view the ongoing work on the 'proposed MAI' by the OECD countries.

Unfortunately, the developed world were extremely unhappy with this decision. In fact, of the 28 OECD members, only seven were represented by ministers at the Midrand meeting.

It is important to note that, not only in the preamble to the WTO agreement, but in several agreements, special and differential treatment is advocated for both the developed (textiles and agriculture) and developing world (TRIPs, TRIMs etc), but it is the rich which use them to their advantage, while the poor continue to lose.

Thus, there is a general feeling that the issues raised by the North—like investment, competition and labour standards—will dominate the proceedings of the SMC. The South is afraid that the issues related to review of the implementation of existing agreements and market access (i.e. antidumping, TBTs, SPS etc)—the key to the success of multilateral trade—will be put on the backburner.

The developing countries, at the least, need to revive the UN code of conduct for TNCs, and demand for suitable social protection provisions under the proposed MIA.

In the run up to Singapore, the developing nations should show more solidarity among themselves in facing the new challenges. If they cannot do so, they will have much to lose and very little to gain.

On the other hand, the developed world needs to adopt an elder brother's attitude rather than a big brother's bullying role to ensure that the trading system operates in a win-win situation. And in this process there is a crying need for bringing in equity and coherence in the trading system.

Recommendations

- **The developing countries should support any measure taken to revitalise the least developed economies in order to promote better unity.**
- **The South needs to strengthen their institutional framework (creation of antidumping cells, etc.) by using the provisions of technical cooperation under the WTO.**
- **The South should take steps to foster greater cooperation and coordination between—and build capacities of—their industrial bodies and non-governmental organisations.**
- **In the course of negotiations South should be firm on their contention that issues like labour standards (and human rights) are best tackled at the domestic level, and at the ILO.**
- **The South should strongly oppose the attempts to expand WTO's sphere of influence to cover human rights and other such protectionist issues.**
- **The WTO secretariat should sincerely look into implementation problems and those relating to non-tariff barriers, and suggest measures for a more equitable trading system.**
- **The UN system needs to be freed from the pitfalls of members' support by way of an independent funding mechanism such as the Tobin Tax.**

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SAWTEE

The South Asia Watch on Trade, Economics and Environment (SAWTEE), a network of social activists and media persons in the South Asia region was launched in December, 1994 by Consumer Unity & Trust Society (CUTS) in association with Friedrich Ebert Stiftung and other NGOs of the region.

Its objective is to create capacities in NGOs and media persons to enable citizens to "understand and cope with the processes of transition and equip them with information and the tools of advocacy to provide adequate safety nets for protection of the environment and consumers through enhanced regional and international cooperation."

The programme is a part of the Consumers International's (formerly IOCU) global watch on trade and economics.

कट्स ✕ CUTS

Established in 1983, Consumer Unity & Trust Society (CUTS) is a leading social action group in India, working simultaneously at the grassroot, national, regional and international levels by pursuing social justice and economic equity within and across borders.

It is represented in several Government of India policy bodies: Central Consumer Protection Council, National Road Safety Council, Technical Committee on Ecomark and the Think Tank of the Ministry of Commerce.

Internationally, CUTS serves on the Consumers International's Global Policy & Campaigns Committee on Economic Issues and the Executive Board of the International Centre for Trade and Sustainable Development, Geneva. It is accredited to UNCSD and UNCTAD.