

# Rao government in India on defensive over GATT opposition

by Ramtanu and Susan Maitra

A massive and unruly demonstration rocked India's capital on April 5 when more than 100,000 demonstrators, organized by the left groups, protested against the government's signing of the General Agreement on Tariffs and Trade (GATT). As the entire opposition is now gearing up to launch fresh agitations, the government of Prime Minister P. V. Narasimha Rao has gone on the defensive, and Rao himself said, at the opening of the 50th session of the U.N.'s ESCAP in New Delhi, that India would not accept any move by the developed nations to put social and environmental concerns on the trade agenda. What the prime minister was referring to, is the U.S. attempt to insert "social clauses" into the Final Act of the Marrakesh Declaration scheduled to be signed on April 15. But the demonstrators, who broke through the police cordons, were protesting the government's "unilateral" decision to sign the Dunkel Proposals in the first place as a "complete sellout of the country's economic sovereignty."

Since December, when the agreement was signed, the Indian opposition had begun to politicize the issue, bringing farmers and various manufacturers into their fold. The ruling party, internally split on the issue, was telling the opposition that all will be well with the new GATT, and, at the same time, expressed deep concern about the reopening of the Final Act. At the summit of the Group of 15, held recently in Delhi, Commerce Minister Pranab Mukherjee, a strong defender of the agreement, said: "The G-15 countries should collectively assert to thwart the attempt by certain quarters to vitiate the consensus reached at the end of the Uruguay Round of [GATT] talks by bringing in certain extraneous areas."

Mukherjee was referring to the issues of intellectual property rights, cheap labor in developing countries, human rights, the environment, and social dumping. These very issues prompted Prime Minister Rao to tell the august gathering at the ESCAP that "while developing countries and developed countries alike must share action to deal with genuine social and environmental concerns, we should not countenance any moves to put these concerns on the trade agenda, with the thinly veiled intention to nullify the comparative advantage of developing countries."

The opposition campaign, however, insists that the signing of the GATT agreement itself will take away a farmer's

rights over seeds and hand those rights over to the multinationals. GATT Director General Peter Sutherland, in a ridiculous article, "Seeds of Doubt," published in the *Times of India* on March 15, claimed that the Indian farmers could continue to sell seeds from harvested crops of protected varieties to each other outside the normal channel, thus violating the Uruguay Round TRIPS agreement. Besides asking the Indian farmers to be identified as "criminals," Sutherland claimed that the new varieties, which the farmers can access only through the breeders, many of whom are multinational plant breeders, will be more attractive because of the lower prices resulting from free competition among the breeders.

## Confusion in the ruling party

While none of these arguments cut the mustard, Indian opposition leaders have taken note of the upcoming constitution of the World Trade Organization (WTO), which is scheduled to work in tandem with the International Monetary Fund and the World Bank to arbitrate trade disputes between member countries. There is also little doubt that at least some in the Rao government are concerned about it. For example, Agriculture Minister Balruam Jakhar, when pressed during a parliamentary debate over GATT, said that the government would withdraw from the GATT agreement, after serving the mandatory six months' notice, if the provisions turned out to be against the country's interests. But such statements have added a new twist to the controversy and only ensured that even the government is not clear whether to believe the words written in the agreement.

While the opposition is focusing on the agricultural issues, obviously for political advantage, the Uruguay Round has other problems, such as the discriminatory way textiles have been treated. There are also pressures to reduce the tariff and non-tariff barriers to consumer goods imports, and now the attempt to insert social clauses.

And, although the opposition leaders have not yet officially demanded the country's withdrawal, the United States and European Union attempt to insert the social clauses will pressure the Rao government to do so. It is well recognized here, however, by both the ruling party and the opposition leaders that India will not gain anything by walking out of GATT. As a key negotiator in the Uruguay Round, former Commerce Secretary A.V. Ganesan, pointed out in a recent publication, "Taken as a whole, India is more of a gainer than a loser from the Uruguay Round." At the same time, as if referring to the latest moves to reopen the Final Act, he wrote that "even after the conclusion of the Uruguay Round, the issues covered by it will continue to be in the center stage of international negotiations, as will be new issues such as environmental and social issues." Advising the government to develop new strategies and responses adequately, Ganesan said that the foremost priority should be for India to shed an insular and pessimistic approach and show confidence in its entrepreneurial and scientific capabilities.