CHAPTER XI
11. CONCLUSION

The principal mandate of the WTO is to promote an open, equitable and non-discriminatory multilateral trading system. Ricardo's principle of comparative advantage guides the WTO's concept of equitable trade. The WTO's emphasizes on competitive efficiency and economies. The WTO started work on January 1, 1995 on the basis of the agreement signed by 125 nations at Marrakesh in April 1994. According to the WTO, the members themselves decides on the rules governing their trade relations, and periodically enter into rounds of negotiations aimed at further opening up of markets and reforming the agreements. It is a rule-based organization that seeks to foster a world where persuasion supersedes coercion, where the principle of non-discrimination among members imparts fairness, giving small countries as well as big ones a voice, and where decisions are taken by consensus.

The WTO was expected to play a crucial role in implementing the new world trade system visualized in the Uruguay Round. It was expected to enshrine the rule of law in international economic and trade relations, thus setting universal rules and disciplines over the temptations of unilateralism and the law of the jungle. This collective profession of faith was expected to mark the end of the colonial pact and embodied genuine interdependence.
Regardless of the size of individual economies, they would all enjoy the same rights and be subject to the same obligations, and so on.

In particular, when the WTO was set up, a great promise was held out to the underdeveloped world. It appeared that, they would gain as much as the developed countries, and perhaps a little more than that because of the fact that the rich countries would have to remove all trade restrictions making way for a world of free multilateral trade. But in reality, the developed countries seem to be raising new barriers to international trade in the guise of environment and social standards. At the same time, both inside and outside the WTO meeting, much pressure is being put on the developing countries to remove all barriers of trade to make their economies global. "The purpose seems clear: developing countries have a market potential and that must be tapped to the advantage of rich countries. The history of clash of interest indicates that the real economic purpose is never revealed; it has to be understood as the fact unfolds itself."

Presently we look into four sectors of the Indian economy under the WTO regime: these are agriculture, environment, labour standards, Indian industry (textiles and clothing). We begin with agriculture.

**Agriculture**

For many decades since 1947, discipline in agriculture sector, under the GATT, have been much softer compared to the general disciplines. Problems arising out of it in international trade
had nevertheless been appreciated from time to time and efforts made in the past to work out modalities for introducing some discipline in this sector. Yet by and large, agriculture was accorded a special treatment under GATT and was not subjected to some of the important provisions. Agriculture was exempted under Art. XI from the ban on quantitative restrictions subject to the condition that QRs are required to implement government measures to regulate domestic production and marketing of the relevant products. Similarly, the discipline of Art. XVI which prohibits the use of export subsidy did not apply to agriculture. The only requirement was that the country extending the subsidy would not secure for itself a more than equitable share of the subsidized commodity exports. Further, under Art. XX, import of agricultural products can be prohibited/restricted on the ground of protecting human, animals or plant life or health. Most of the sanitary and phyto-sanitary measures fell under this Article and so on. It was the Agreement on Agriculture under the Uruguay Round that made a noticeable attempt to bring agriculture into the mainstream of WTO negotiations.

In terms of WTO guidelines, the main concerns in agriculture are on domestic subsides, public distribution system, access to Indian market to be given to foreign suppliers and patenting of seeds. The major issues that have controversies are Trade-Related Intellectual Property Rights (TRIPS) and Trade Related Investment Measures (TRIMS) and trade in services. Other issues are of lesser importance. The TRIPS are nothing but the intellectual property
rights related to the trade. Intellectual Property Rights (IPRs) refer to the legal ownership by a person or business of an invention/discovery attached to a particular product/process, which protects the owner against an authorized copying or limitation. The IPRs are categorized into seven types viz., copyrights, trade mark, geographic indication, industrial designs, patents, integrated circuits and trade secrets. In six of these areas excepting patents, by and large, Indian laws, policies and regulations as well as the administrative and judicial system, are at par with those prevailing in the rest of the world. A patent is an exclusive right conferred by a government for a limited period to inventors of any new and useful machine, process or substance to manufacture or sell their products. A Commerce Ministry study indicates that in 20 out of 23 items, subsidy is negative in India because the international price is higher than the domestic price. It is only in the case of three items such as sugarcane, HPS groundnut oil and tobacco that there is the danger of the subsidy exceeding 10% limit. In any case, it is the aggregate and not individual items to which the 10% subsidy limit is sought to be applied. India has been assured that the stockholding of rations through the Food Corporation of India or the PDS would not be affected in any way if the Dunkel proposals were to be accepted.

Protection by patents in agriculture threatens to deprive farmers of their rights to produce, reproduce, modify and sell seeds. In India, farmer-to farmer sales meet nearly 60 percent of the total annual seed requirement. The international convention for
the protection of New Varieties of Plants (UPOV) give the breeder, monopoly rights over his variety via the seed trade but the system allows exemptions for farmers and breeders. The farmer's exemption gives farmers the right to save their own seeds. The amendment of UPOV in 1991 has taken away these exemptions. The farmer now cannot use farm-saved seed unless he pays royalties to the patent holder.

It is true that India's share in global farm trade is meagre. The question, therefore, is not how much India's share is in global food trade but how the acceptance of the Dunkel Draft will affect the gains of the green revolution and how great will be future food scarcities. It would seem as if the paths lead from self-sufficiency to total dependency. The restrictions imposed in the Draft Final Act on national agricultural policies discourage the development of food self-reliance and sustainable farming programmes in the developing world. India will no longer be able to manage its policies to encourage long-term agricultural and economic development. Producers may get affected by depressed local prices and a shift in domestic consumer taste towards more imported foods. In all likelihood, the public distribution system will undergo a thorough squeeze as a result of which is sizeable chunk of consumers will have to pay more while the poor in many backward parts of the country may have to go without food. Hundreds of thousands of farmers may be driven out from their meager land holdings. The implications are grave. It is not for nothing that led Dr. Mahbub-Ul-Haq to say that while India's high tariff rates allow the industry to
get twice the international price for manufacturers, agriculture is denied international prices and is subjected to export duties.

Punjab was the first state to openly oppose enforcement of the World Trade Organization agreement, arguing that its implementation was against the interest of its agrarian economy. The State Government has decided to set up a Committee of experts, which would prepare the state's case with the national leadership, before the next round of the talks of the agreement. The Punjab government supports 'direct subsidies' to the farm sector, arguing that the issue to be viewed was an amalgam of economic, political, social and moral concerns. Bhalla also reaffirms that the developed countries had devised misleading nomenclature to replace 'agricultural subsidy' to serve their own interests. He is of the opinion that the European Union pursued the worst form of protectionism. He said that the existing subsidy was $25,000 per hectare and $30,000 per farmer. He said that the Union accounted for 30% of world agricultural trade, of which 70% was amongst the member countries leaving little scope for Indian farm products to enter the market there.

The impact of free trade on Indian agriculture will determine whether it will enhance prosperity or poverty in the country. Agriculture is the lifeline of rural livelihood security. It is also the foundation for national sovereignty. Most Indian farmers are resource poor, struggling to produce and market more with poor production and post-harvest infrastructure. Even today, the road
and the roof are the primary spaces available to most of them for drying the harvested grain or other farm produce. Exposing our hard working but resource-poor small farm families to the challenge of comparative advantage in world trade without assisting them through integrated packages of technologies, services and public policies to bridge the wide gap between actual and potential yields currently prevailing in most farming systems, will result in importing unemployment and perpetuating the growing rich-poor divide.

**Environment**

The raising of environmental issues in trade is only an extension of the already accepted and the prevailing regime of human, animal and plant health-related criteria governing trade as contained in the standards set out by the Codex Alimentarius Commission and the sanitary and phytosanitary protocol. The developed countries, who are harping on environmental standards are those responsible for rapid environmental degradation at the global level. Approximately 60% of carbon dioxide emissions come from industrial countries. But it is the climate of the developing world that is mostly at risk. Rio Conference had laid greater responsibility on the developed countries to help developing countries in measures related to environment protection. In place of discharging their duty in that respect, they are now trying to impose restrictions on trade in the name of environment protection.
Developing countries have to unite and fight for their justified share in the world trade while protecting the environment.

India has adopted an eco-labeling scheme applicable to 15 groups of products ranging from soaps and detergents to food additives, textiles, leather and food products. Although the ecomark has not found many takers so far yet, environmental awareness is gradually spreading among Indian firms, particularly those engaged in exports. In a recent survey conducted among chemical and leather units in Tamil Nadu, this awareness was found to be fairly high. Developments like the evolution of ISO:14000 standards have caught the imagination of manufacturers. Just as apprehensions prior to 1995 of the formation of a 'Fortress Europe' spurred the firms to go in for the ISO:9000 certification, the recent developments abroad are egging the Indian companies to seek the ISO:14000 certification. The possibility of eco-labelling and certification emerging as a trade barrier has been addressed by the International Standards Organisation. The ISO had laid emphasis on guarding against environmental labeling being used to discriminate between domestic and foreign products and services.

The conclusion that is drawn on the basis of the questionnaire is that the WTO, and the growing international demand for free trade, is a direct threat to environmental quality, especially in the less developed countries. "What we need today is a complete reversal of the argument about trade and the environment. Neither trade nor the environment is limited to the
economic realm. These are issues that have to be politically and ethically debated. The environment is not an issue that can be assessed in economic measure alone, most ostensibly not within the ambit of trade negotiations. As a matter of global strategy, all groups negatively affected by recent trade regimes have good reasons to unite politically irrespective of whether they are developed or less developed countries. Farmers and fishermen, cottage and small-scale industries, need to work out mechanisms for sustainably managing their landscapes and ecosystems without jeopardizing their present and future livelihoods and compromising environmental quality. These in turn demand localizing economies with globalising environmental consciousness, as well as politically informed trade regulations."

**Labour Standards**

The use of labour standards in the multilateral trading system under the WTO was strongly advocated by the developed countries in the Marakesh Ministerial Conference. These member states argued that the right to bargain collectively, freedom of association and workplace abuse are matters for consideration in the WTO. They argued, WTO rules and disciplines would provide a powerful incentive for member nations to improve workplace conditions. The Seattle Conference of December 1999 was a unique one, as it tried to bring under its ambit a linkage between labour standards and trade, allegedly to improve labour standards the world over, especially in the developing countries. But the delegates
from the developing countries strongly opposed bringing in non-trade issues within the WTO ambit and have successfully aborted the move by the US and other developed countries in this regard.

It is not so much the imposition of labour standards on countries as the linking of these standards with trade that the developing countries have raised their voice against. It is widely felt and voiced that the introduction of labour standards in the WTO would lead to a clamour for wage parity across countries and that any tendency in this direction would leave developing countries with little competitive edge in the global market place. Wage parity would affect not only trade in goods but also the pattern of investment flows across countries. Although there is a view that wage levels no longer play an important role in determining the flow of investible surplus internationally, yet the relevance of wage levels in trade in goods cannot be brushed aside. As a matter of fact, the issue of wage levels assume particular significance in view of the fact that some of the more labour-intensive sectors in the developing counties most noticeably textiles and clothing and agriculture, are gradually being freed from all import controls under the WTO.

The Vice-President of India, Mr. Krishna Kant, addressing the World Federation of Trade Unions in New Delhi, made a fervent appeal to trade unions, "to force the world to address questions such as, whether market-based reforms which exclude the poor can be an ethical imperative for the new world order." All this, of
course, is a contribution to the fashionable trade against the WTO, which has emerged as the common enemy of many developing countries that have been chasing the false god of statism for decades. On how countries like India can sustain rigid labour laws designed in a by-gone era, there is nothing much by way of sober reflection.

There is a notion in the developing countries that labour standards improve only when economies and job opportunities grow. Globalization aims at improving our growth rate and thereby improve labour standards, though not at the same rate. So far this has not really happened. The condition of labour in the formal sector is reasonably good as they are covered by comprehensive labour laws. Here wages are relatively high and working conditions relatively good. However, this sector covers just about 8% of the workforce while it contributes nearly 40% of national output. The harsh Indian reality is that the vast majority of the under-privileged workers are found in the informal sector, which covers almost 92% of the workforce. The working conditions in the informal sector are extremely bad and the workers are nearly totally bypassed by labour laws. The incidence of child labour is common in this sector. The labour in this sector finds it difficult to organize themselves and fight for better conditions because of the fear of being dismissed or antagonized by their employers. To believe that the kind of labour standards being invoked under the WTO aegis can be applied to India's informal sector, at least to a large part of it is almost like living in a dream.
Industry (Textile and Clothing)

The textiles and clothing sector has been protected by developed countries since the 1960s through quantitative restrictions imposed on exports of the third world. Normally, in such a situation, the developed countries should have resorted to some precautionary action under the provisions of Article XIX of GATT 1994 to restrain the imports.

It needs to be pointed out that the textile agreement is not evenly balanced in the sense that in the initial years, there is minimal liberalization while significant steps for liberalization are left only to the last three years. This is one of the points of dissatisfaction for India. This is, thus, a strong case for urging the importing countries to bring forward the liberalization process.

There are some disquieting signs, that the developed countries will resort to other WTO consistent measures such as safeguards and anti-dumping duties to continue to protect their textile and apparel industries. For example, "the U.S. imposed in April 1995 restrictions on imports from India of women's and girl's wool coats and woven shirts under the safeguards provision. India contested the imposition before the Textile Monitoring Body of the WTO. The U.S. removed the restrictions in April 1996 on imports of coats, and its restrictions on woven shirts were found to violate the provisions of the UR agreement in textiles. The European Community has imposed anti-dumping duties on the imports of grey cotton cloths from India and five other countries. This is a
particularly egregious act, since such imports are already set by MFA quotas and there cannot possibly be any incentive to dump.

The overall conclusion that can be drawn based on the questionnaire is that the Developing countries have no alternative but to agree with the new arrangement of trade. It is wise on their part to fight the Big Brothers of World Trade from within. We have to face the new challenges with firmness. Protest marches are being held in several parts of the developing world against the WTO system of trade and commerce. Most of the experts in the field of international trade, banking, insurance, monetary system are against this style of trade arrangement. The observers and politicians of the third world countries are of the opinion that this system will lead to more discrimination. It goes against the Indian economy. India lives in villages. Agriculture is the predominant sector of the country most ostensibly from the view point of employment. Small scale industry is the other significant source of large scale employment in our country. Thus, the entry of multinational companies in the Indian economy will protect the interests, and market of such companies instead of encouraging Indian entrepreneurs for native growth. Indians are not against the multilateralism in trade and commerce, but we are against discriminatory mechanism in international trade, financial, and monetary systems.

Thus, the WTO Agreement is an emergence of World Parliament and imposes international trade laws on the member
countries and takes away the matters that were under national jurisdiction so far. The WTO trespasses the sovereignty of nation states, and the economic sovereignty of nation states is at stake. By this Agreement the developed nations have succeeded in building up a new international economic order that fully serves them.

**SUGGESTIONS**

We are not living in an ideal world because those who are powerful will always try to dominate the weak. As Hirschman aptly asks, "Do we exit or do we voice?" The second alternative should be followed. The WTO should not be used as a private club by the US and other European countries to fulfil their specific interests at the cost of the developing world. The WTO should become truly universal and admit as its members all countries which are members of the United Nations. Here the researcher is giving some suggestions (based on the questionnaire) so as to eliminate or minimize the losses from the provisions of WTO and maximize its gains from the provisions of multilateral trading system.

1. Developing countries (particularly India) should be united and firm not only to protect their trade interests but carry on a resolute struggle to democratise the WTO and the other world financial bodies like the IMF and the World Bank. Their united stand should result in a situation that the third world's interest can neither be bypassed nor marginalised any more.
2. Developing countries (particularly India) should also campaign for the removal of restrictions for import of high-tech goods and abolition of non-tariff barriers being erected by the developed countries.

3. Commitment to elimination of poverty and a lasting world peace should be global objectives in all major regions of the world.

4. The industrialized countries have to reduce their subsidies and provide increased market access. Reduction of subsidies will raise the prices of agricultural products in the world market and this should make our exports more competitive. The liberalization measures will create market openings, which will be available to us.

5. The four specific laws that are needed to be enacted without any further loss of time include the Biodiversity Act, Geographic Indications Appellation Act, Patent Act and the Plant Varieties and Farmer's Protection Act. The expert committee on patents must understand the TRIPS related issues in the true national perspective and suitably act as a 'think tank' to the government and general public. India should approach the WTO to treat patent violations and spurious patenting using pirated genetic materials as punishable crimes. The combined results of these efforts can enable India to safeguard its bio-wealth from the planned plunders by the MNCs.
6. There is a need for greater investment in rural infrastructure. Contract cultivation and buy-back arrangements should be promoted so that large industrial houses are able to provide small farm facilities with opportunities for assured and remunerative marketing.

7. The issue of sustainable development is of more recent origin and tries to develop a nexus between trade and environment. There is no doubt that while some environmental issues are trade related, many others are not. While some of them are international in character, others are purely domestic. There is already a specialized UN agency, UNEP, looking after this aspect. The role of WTO in this field seems to be of doubtful significance. The 1996 Report of the WTO Committee on Trade and Environment (CTE) acknowledges that an open, equitable and non-discriminatory multilateral trading system and environmental protection are essential to promote a sustainable process of development and that there is a close linkage between poverty and environmental degradation.

8. Importance of market access opportunities in assisting developing countries to obtain needed resources to implement adequate developmental and environmental policies diversify their economies and provide income generating activities for the poor.

9. According to an UNCTAD study, the positive measures could be directed at (a) alleviating sectoral vulnerability of the third
world countries; (b) special support measures for small-scale firms; and (c) mitigating trade and development effect of multilateral environment agreements. India must prepare an effective strategy to not only keep these forces at bay but to ensure that it can pursue an independent and self-reliant path of sustainable development.

10. If the developed countries are so concerned about the welfare of workers in the developing countries, they should abolish their highly restrictive policies towards free inflow of labour. It is a common concept that capital is free to flow where returns are high, labour should be free to go wherever, wages are the highest. Problems like child labour cannot be eradicated overnight. India is prepared to abolish child labour in 20 years, i.e., 2020 A.D. but if the developed countries feel so strongly as to require that we achieve this task by 2005 or 2010, then they should finance the project, either wholly or substantially. India will have to be vigilant to ensure that new trade body does not became an instrument of new colonialism.

We are confident that a day will come when the slogan "from each according to their ability, to each according to their needs" will be accepted. According to Amartya Sen, "one would like to avoid the danger of hollow purism that has made so much of modern economics unfit for actual use."
The conclusion based on my research through the questionnaire I would like to conclude my thesis by stating that the non-trade items cannot and should not be brought into the WTO jurisdiction to give a longer rope to the US and other developed countries to encircle the developing third world countries to squeeze their economies in the name of environment, labour standards and other items. The commercial interest of the North should not be imposed on the South. The WTO should not be used as an instrument of coercion and exploitation. If the WTO is really to function as an international organization, it must be fair, creditworthy and, hence, equitable to the countries concerned, otherwise this will end in a grand fiasco. To say the least, it will fail to become a viable and effective instrument to serve the best interests of all concerned.