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### South Asian countries told to bargain collectively as WTO

By Dilshani Samaraweera

There is room for South Asian countries to work together at world trade talks, say trade experts.

"There are many areas that South Asian countries can stand together at the WTO. So South Asian countries can identify these areas and speak as one voice in these areas and agree to disagree in other areas," said Dr Saman Kelegama, the executive Director of the Institute of Policy Studies speaking at a press conference at the launch of a book titled 'South Asia in the WTO,' in December.

The publication, which is a result of regional discussions, examines the position of South Asian countries at the WTO and makes recommendations on regional cooperation at the WTO. The book was launched to coincide with the 60 anniversary of the multilateral trading system, which falls on January 1, 2008.

#### WTO for South Asia

Although trade discussions at the World Trade Organisation (WTO) are barely moving, trade experts say South Asia needs the WTO.

"The WTO is very important for South Asia. If you look at global trade patterns, 18% of global exports are controlled by the EU. The US controls 9% and Japan has control of another 6%. The whole of South Asia has only 1.5%. The situation is similar with regards to imports. So you can see that South Asia is still a very, very small player in the international trade arena. When you are small, your bargaining position is also weak. That is why the WTO is important for South Asia. Because it sets the rules for international trade," said Kelegama.

Trade talks at the WTO, with 151 country participants including developing and least developed countries, develop the rules on how world trade in goods, services and even ideas, will progress. Without these trade rules, point out the experts, world trade would be even more in favour of bigger players and the trade rules themselves will be made by the big players.

"If the WTO collapses, it will be like the law of the jungle. Political muscle will move international trade. The stronger countries will dominate international trade and will make the rules. So a rule based international trading system is very important and this will happen only through the WTO," explained Kelegama.

#### South Asia in the WTO

Trade experts point out that standing together, inside the WTO, would improve the bargaining power of all South Asian countries. But internal competition and politics have made it difficult for South Asian countries to stand united.

"Although common South Asian positions have been built they have not lasted very long due to Indo-Pakistan politics and pressure exerted by the US and the EU by extending preferential treatment," said Janak De Silva, visiting lecturer in international trade law, at the Sri Lanka law College.

Countries in the South Asian region compete with each other to gain export market share in the same markets for the same products. For instance, Sri Lanka competes with India, Bangladesh and Pakistan for market share in the US and EU for apparel and textile.

So when developing countries join hands at world trade talks and increase their strength at the WTO, rich countries use the age old divide-and-conquer tactic by offering various preferences to different

countries. Developing countries break rank to grab these preferences and the united front crumbles.

So SAARC countries are now advised to stand together in areas of common interest and to go their separate ways where interests are in conflict.

“South Asian countries can work together in areas like trade facilitation with regards to harmonising and improving customs procedure. They can stand together on aid for trade and eliminating non-tariff barriers. All South Asian countries are interested in Geographical Indicators for products like Basmati rice, Ceylon tea, and Darjeeling tea,” said Kelegama.

Not working together is seen as one reason for poor gains so far at the WTO.

“Lack of cooperation, despite the existence of SAARC, could be one reason for the miniscule gains of South Asian countries at the WTO, as opposed to the gains of the ASEAN bloc,” said Dr Biplov Choudhary, from the UNDP regional Centre, Colombo.

Therefore, trade experts are advising the political leadership of South Asian countries to develop a framework to work together on common issues at the WTO.