

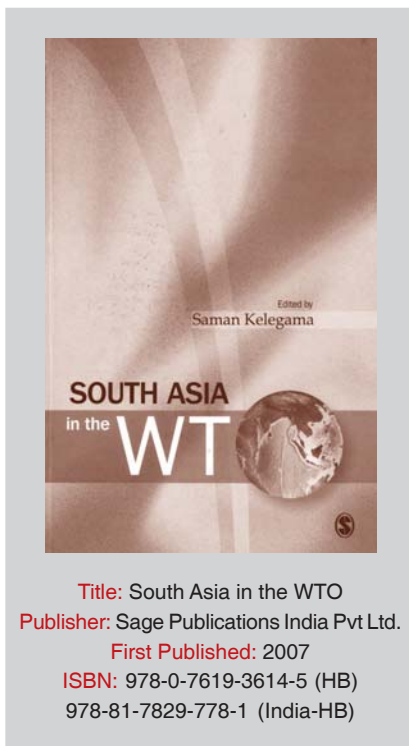
# South Asia in the WTO

■ Paras Kharel

South Asia, hosting 40 percent of the world's poor, had pinned high hopes on the successful completion of the Doha Round of World Trade Organization (WTO) negotiations. The Doha Round is in limbo, yet the region has little option but to vigorously participate in the negotiations to ensure that if and when a deal is struck, it is not out of sync with its interests.

*South Asia in the WTO*, edited by Saman Kelegama, is a timely book that focuses on each South Asian country's concerns and positions (including those of Bhutan, a WTO observer since 1998) on WTO issues, taking into account the capacity-related and institutional constraints. Experts from Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka have contributed a chapter each examining, *inter alia*, their respective countries' positions on the July Package (JP). On the basis of the country chapters, the introductory and concluding chapters evaluate the commonalities and differences among South Asian countries, and thus assess the feasibility of a South Asian common position in WTO negotiations.

Going by the often divergent concerns and positions of the South Asian WTO Members, forging a common regional position is a difficult proposition, although an issue-based unity, as suggested by Kelegama in the introductory chapter, looks more realistic. In agriculture, India is pushing for the removal of domestic and export subsidies, mainly in the United States and the European Union (EU). On the contrary, net-food importing countries (NFICs)—the Maldives, Nepal and Sri Lanka—face the prospect of higher import bills due to price rise once subsidies are scrapped. Muchkund Dubey, the author of the concluding chapter that exudes optimism about the possibil-



ity of a South Asian common position, does not consider this to be an insurmountable problem. A quick fix he suggests is that the food-deficit countries import food from their food-surplus neighbours. However, as rightly pointed out by Kelegama, this means more regional dependence. One also comes across contradictory information on Bangladesh's status regarding food self-sufficiency. While the chapter on Bangladesh states that the country is an NFIC, Kelegama's introductory chapter lumps it with India and Pakistan as a country that has achieved a "high level of food self-sufficiency".

The preferential treatment accorded by developed countries to certain developing countries and all least-developed countries is another bone of contention. India finds the EU's Generalized System of Preferences (GSP) 'discriminatory' while Pakistan and Sri Lanka, the latter it-

self a GSP beneficiary, have reservations about the duty-free and quota-free (DFQF) market access for LDCs (Bangladesh, the Maldives and Nepal). In fact, it was in large part due to the vocal opposition of Pakistan and Sri Lanka that the 2005 Hong Kong Ministerial Declaration pledged DFQF to LDCs on only 97 percent of tariff lines. Likewise, if India has an offensive interest in tariff reduction, especially in textiles and clothing, Bangladesh and Nepal face preference erosion due to reductions in most-favoured-nation tariffs by developed and developing countries alike.

Despite such conflict of interests, there appears a clear case for a united front to push for the dismantlement of non-tariff barriers (NTBs) that developed countries are particularly resorting to. South Asian countries can also close ranks to press for the elimination of tariff peaks and escalations, as well as 'less than full reciprocity'. Dubey urges South Asian developing countries to back LDCs' demand for the operationalization of special and differential treatment provisions in the WTO Agreement and full DFQF market access, as well as to accord such treatments to LDCs on their own. Though a noble idea, it is easier said than done. The record under bilateral and regional trade agreements, what with prohibitive sensitive lists, quantitative restrictions and NTBs, is not encouraging.

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) comes out as an issue where South Asian countries see eye to eye. A united push for an amendment to TRIPS to bring it in line with the Convention on Biodiversity is conceivable. The formation of issue-based common positions is, thus, within the realm of feasibility. An all-encompassing South Asian common position, however, is not, given that the countries are poles apart on many issues. Even so, as the book suggests, the deepening of regional integration can help iron out differences considerably and provide an impetus to regional unity in WTO negotiations. ■