

## Foreword

The Institute of Policy Studies of Sri Lanka (IPS) and Friedrich-Ebert-Stiftung (FES) organized an International Conference on 'South Asia in the WTO' in Colombo, Sri Lanka during 18–19 May 2006. The primary objective of the conference was to analyze the negotiating positions of individual South Asian countries on various issues of the July 2004 Framework Agreement in the aftermath of the WTO Ministerial in Hong Kong, and identify areas where common positions are emerging and areas where there are divergences of interest.

Eight sessions were organized with this objective in place. Seven sessions focussed on each South Asian country's negotiation position at the WTO and the negotiation capacity for participating in the WTO deliberations. The eighth session focussed on the overall South Asian position in the WTO. The conference analyzed each country's latest position on key issues of the July 2004 framework, namely, agriculture, non-agricultural market access (NAMA), services, development issues, and trade facilitation (including the broader area of rules) based on the papers submitted by identified resource persons from Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. Also, the conference provided an open forum for discussion and debate to a wider audience of policy makers, researchers, private sector participants and civil society organizations.

The workshops and conferences on this topic generally look at the subject from an issue-based perspective or through the WTO perspective to respective countries. However, this conference on 'South Asia in the WTO' took a different approach, which focussed on each country's negotiation position on WTO issues, taking into account the capacity and institutional constraints. It was recognized from the very beginning that the negotiating strengths differ

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across the region. Therefore, it was considered important to examine the national trade policy capacity in the light of the emerging issues of the WTO.

The individual country papers highlighted that all the six WTO members of the South Asia region are of the view that the Doha Development Agenda (DDA) offers prospects for them to achieve their objectives of sustainable development and poverty reduction, and therefore all of them have a stake in the successful completion of the DDA. In general terms, South Asia is looking forward to: (a) redressing the past imbalance and perceived inequity in global trading, (b) enhancing market access, (c) creating more 'policy space', (d) supporting capacity building and technical assistance, and (e) maintaining procedural fairness from the DDA of the WTO.

As far as presentations and discussions were concerned, it was obvious that all countries in the region attach greater importance to all five issues of the July 2004 Package. However, South Asia faces formidable challenges in actually being able and having the capacity to contribute to the ongoing negotiations. According to the papers presented by most South Asian members, it was clear that capacity constraints in South Asia to participate in the negotiations consist of common factors such as inadequate legal provisions and their limited capacity in liberalization and regulatory reforms, inadequate skilled manpower, restrictions on infrastructure, administrative problems, widespread bureaucratic practices and lack of coordination among and between countries in the region.

Regional groupings have increasingly become important forums through which collective positions can be arrived at to strengthen the negotiating positions of individual countries. The efforts undertaken by South Asian countries in this regard have also been reflected at some of the previous Ministerial Meetings. At the final session of the conference, which focussed on the South Asian position in the WTO, concerns were raised by some members about the importance of pursuing for a common position, while some debated on whether there is still room for the region to formulate a common position at the regional level. Many South Asian participants highlighted that the attempts to pose a collective position at the regional level, in recent times less than a decade ago, have become largely unsuccessful due to a number of obstacles. Foremost is the diversity of the region, which comprises two large developing countries (India and Pakistan), four least developed countries (Bangladesh, Bhutan, the Maldives and



Nepal)—two of which are landlocked (Bhutan and Nepal)—and a small developing country (Sri Lanka). For instance, while larger economies like India and Pakistan are in a position to make reciprocal commitments, LDCs like Bangladesh, the Maldives and Nepal hope to benefit from Special and Differential (S&D) provisions. In addition, LDCs' concerns such as rules related to accession, implementation issues in regard to S&D treatment, concerns of Net Food Importing Countries may not have the same priority for some of the other members of the developing countries group. As a result, national development priorities reflect many differences. In addition, regional politics have also sometimes acted against achieving a common position.

Despite these problems, it was highlighted at the conference that formulating a common position based on an issue-based approach is important for South Asian countries in the Doha Round to minimize losses and to maximize gains from the negotiations. Therefore, it might be in the regional interest to have common positions on agreeable issues under agriculture, NAMA, services, development issues and trade facilitation to add bargaining strength to individual negotiating positions.

This book edited by Saman Kelegama, Executive Director of the Institute of Policy Studies of Sri Lanka, contains all the revised papers presented in the seminar. The revisions incorporated most of the comments and observations that were made during the seminar. The introductory chapter by the editor puts together the arguments for and against a common position and articulates a possible way forward.

This book will be useful for all those who are actively involved in multilateral, regional and bilateral trade negotiations, not only in South Asia but also those who are keen observers of the region from outside. It will also be useful for the national as well as regional chambers, academia working on trade and related issues, and civil society activists. The FES would like to record its appreciation for all those who were involved with the seminar, the IPS for preparation of the manuscript for publication, and for the publishers for bringing out this volume for a wider readership.

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October 2006      Friedrich-Ebert-Stiftung, Colombo, Sri Lanka