

WTO vital entity for South Asia - Kelegama

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COLOMBO: Although the South Asian region's stake in world trade is meager compared to the EU and the US, the World Trade Organization (WTO) is very important for South Asia said Dr. Saman Kelegama, Director of the Institute of Policy Studies (IPS). He expressed this view at a press conference on Friday to launch the book "South Asia in the WTO."

The WTO deals with the rules of trade between nations at a near-global level; it is responsible for negotiating and implementing new trade agreements. Kelegama said that at present 18 percent of global exports are controlled by the European Union (EU) and nine percent by the USA. South Asia's stake is only a meager 1.5 percent. The situation is also similar where global imports are concerned.

Therefore South Asia is only a small player, when you take in to account all other regions. However, he said that if the WTO collapses then global economic activity would be regulated in a manner similar to the "law of the jungle." This would be disadvantageous to regions with a small stake in global economic activity and little political influence. Certain powerful countries would use their political muscle to dictate the manner in which global trade should be conducted. Dr. Kelegama also stated that therefore rule-based trade is important, which is only possible through the WTO at present.

However, critics argue that the WTO does not manage the global economy impartially, but in its operation has a systematic bias toward rich countries and multinational corporations, harming smaller countries which have less negotiation power.

