

16.01 hrs.

DISCUSSION UNDER RULE 193

India's Stand on Singapore Declaration of World Trade Organisation

[English]

(Mr. Speaker in the Chair)

MR. SPEAKER : Now, it is already four o'clock. We will take up discussion under Rule 193 regarding India's stand on Singapore Declaration of World Trade. The Commerce Minister is replying to the debate in the Rajya Sabha. It will be concluded at 16.25 hours. So, at 16.30 hours, the Minister will be here.

Now, the Minister of Parliamentary Affairs may lay the Statement on the Table of the House. It is because, this Statement has already been circulated in the morning. After this, we can straightaway start the debate.

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF TOURISM (SHRI SRIKANTA JENA): On behalf of Shri Bolla Bulli Ramaiah, I beg to lay on the Table a statement regarding India's stand on Singapore Declaration of World Trade Organisation.

STATEMENT

1. As the Hon'ble Members of this House are aware, the First Ministerial Conference of the World Trade Organisation was held at Singapore from 9-13 December 1996. This Conference was held in compliance with Article IV:1 of the Marrakesh Agreement Establishing the World Trade Organisation which stipulates that the Ministerial Conference shall meet at least once in every two years. There are currently 128 members of the WTO, in addition to 34 Governments and 49 international organisations having observer status.

2. The major focus of discussions at Singapore pertained to the future work programme of the WTO, including new issues. The new issues included:

- i. Core labour standards;
- ii. Investment;
- iii. Competition policy.

3. There was also discussion on the Information Technology Agreement sponsored by the QUAD countries, namely, USA, Canada, European Community and Japan.

4. I now wish to apprise the Hon'ble Members in some details about the outcome of the discussions at Singapore on these new issues.

5. In relation to the issue of Core Labour Standards, there had been a move by certain important countries to secure a mandate at Singapore for initiating a work programme in WTO to examine the linkages between

trade and internationally recognised core labour standards. India's position, along with that of many other developing countries, had been that while individual countries are fully committed to the observance of labour rights and promotion of labour welfare through their domestic policies, the issue of labour standards at the international level is a subject which needs to be addressed only by the ILO and that the question of use of trade measures to enforce labour standards should be forthrightly rejected. The same view had also found a mention in the Harare Communique of the G-15 leaders in November, 1996. I am happy to inform the Hon'ble House that a positive consensus decision was reached on the subject at Singapore Ministerial Conference as reflected in the following paragraph forming a part of the Declaration :

"We renew our commitment to the observance of internationally recognised Core Labour Standards. The International Labour Organisation (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalisation contribute to the promotion of these standards. We reject the use of Labour Standards for protectionist purposes, and agree that the comparative advantage of countries, particularly, low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO Secretariats will continue their existing collaboration."

6. Since the Ministerial Conference of the WTO is the highest decision-making body of the organisation, the foregoing statement clarifies WTO's attitude to the question of Labour Standards. This has given to the developing countries a substantial reassurance that the Labour Standards issue will not be used against them for protectionist purposes, either now or in the future. The developing countries including India which finally supported this formulation felt that the same result would not have been achieved, had the above stipulations only been embodied in the Chairman's Concluding Statement rather than having been incorporated in the Ministerial Declaration itself.

7. In early 1995, the Organisation for Economic Cooperation and Development (OECD), which represents 28 developed countries, agreed to initiate negotiations amongst OECD countries for drawing up a Multilateral Agreement on Investment to facilitate investment flows. A few months later, certain delegations representing prominent OECD countries started suggesting informally in the WTO that instead of such an Agreement being working out by the OECD, which they may subsequently put forward for adoption by all WTO Members, it would be better to take up similar

work in the WTO itself where both developed and developing countries are represented.

8. The Indian response to these suggestions has consistently been that :-

- i. Any Agreements which are worked out among OECD countries concern such countries and cannot have any automatic relevance for all WTO Members.
- ii. While investment may have some trade linkages, it has much stronger development linkages and implications and the organisation best suited to analyse the trade as well as developmental dimensions of investment in UNCTAD.
- iii. It is for each individual country to decide as to what should be its policy regime for attracting foreign direct investment and no single investment framework can meet the specific requirements of countries which are at different stages of development.
- iv. If any attempt is made to liberalise the flow of investment capital across countries, it must be accompanied by an equally liberal policy for the movement of labour which is another major factor of production.

9. At the Singapore Ministerial Conference, the sponsoring countries namely Canada and Japan, with the support of all the developed countries as well as a number of developing countries, actively pursued their proposal of starting an educative process to look at all issues connected with investment, considering the trade and investment linkage. The Indian delegation stated unequivocally that we could not agree to any new mandate being given at Singapore to start any examination of the investment issue and that we would prefer these matters to be first looked into by UNCTAD. In my Plenary statement on December 9, 1996, I had clearly stated that WTO should confine itself to issues of trade and should not try to encroach on matters relating to the domestic production systems in Member countries. I had also stated that national investment policies solely fall within the competence of the national governments. *As a result of the strong stand taken by us on this subject, the sponsors and supporters of the move to start investment-related studies in WTO had to scale down their position and to go along with a proposal formulated by the Conference Chairman with the advice of the WTO Secretariat that the study could only be taken up within the existing framework of the WTO Agreements including the specific provision in Article 9 of the TRIMS Agreement.* Article 9 of the existing TRIMS Agreement in WTO (Trade Related Investment Measures) reads as under :-

"Not later than five years after the date of entry into force of the WTO Agreement, the Council for Trade in Goods shall review the

operation of this Agreement and, as appropriate, propose to the Ministerial Conference amendments to its text. In the course of this review, the Council for Trade in Goods shall consider whether the Agreement should be complemented with provisions on investment policy and competition policy."

10. Even in relation to any studies to be undertaken under existing WTO provisions, we insisted that such studies should not automatically lead to any process of negotiations and *that the decision to go in for negotiations at a future date, if at all must be based on the explicit consensus of the WTO Members. I wish to inform the Hon'ble House that by specifying that the work on trade and investment relationship should only be carried out within the framework of the existing WTO Agreement and provisions thereunder and that this study should not lead to any negotiations without a fresh explicit consensus, India has not only fully preserved but further strengthened its rights regards any future work in this very sensitive area of investment.*

11. The outcome with regard to Competition Policy issue which is also required to be studied in the same context of the *existing WTO provisions* can similarly be deemed satisfactory from India's point of view. In the final Ministerial Declaration, it has been explicitly stated that the Working Group on Competition Policy will also deal with anti-competitive practice. Inclusion of anti-competitive practices at the insistence of developing countries like India was made despite the strong opposition of certain developed countries. Therefore, developing countries will have an opportunity to raise the issue of restrictive business practices of transnational corporations, as well as trade policy measures having anti-competitive effects, like anti-dumping action initiated by developed countries against imports from developing countries.

12. In the area of proposed further liberalisation where some countries had put forward the idea of evolving a plurilateral Information Technology Agreement, we had taken the view that strengthening of the global information technology infrastructure would be generally beneficial and therefore, subject to the interests of domestic producers being adequately safeguarded, India could consider joining the programme of phased tariff reductions. At the same time, India had also raised the issue during plurilateral discussions that if the global information technology infrastructure was to be strengthened, the rules for movement of skilled persons working in this sector should also be liberalised. It turned out that because of both paucity of negotiating time as well as the limited coverage that India was able to consider, we did not join the IT Agreement, which was initialised by a group of countries at Singapore.

13. Sir, I do hope that the foregoing facts and circumstances narrated in my Statement will satisfy and

reassure the Hon'ble Members that our national interests have been fully safeguarded at the Singapore Ministerial Conference and that India has left no one in doubt about its principled positions on certain issues which we intend to stoutly maintain in the future as well. It will be seen that it was not India which compromised its stand in any manner vis-a-vis its core interests but the other countries which had been seeking *new mandates* in the areas of investment and core labour standards which had to very substantially moderate their position in the face of stiff opposition put forward by India and some other countries.

[English]

MR. SPEAKER : Now, Shri Ramendra Kumar.

[Translation]

SHRI RAMENDRA KUMAR (Begusarai) : Mr. Speaker, Sir, first of all I would like to convey my thanks to you for giving me an opportunity to express my views on this issue. I have read the statement of the hon. Minister. After having read it, I would like to say that this statement includes nothing about the briefing of the Cabinet to the delegation that visited Singapore. I want to know what is the function of the World Trade Organisation? I understand the function of the World Trade Organisation is to discuss about the trade. If you look at the proceedings and declaration you will come to know that other issues apart from trade have also been considered there. Willingness or unwillingness has been expressed directly or indirectly on other issue. It has been mentioned in the statement of the Minister.

In Singapore the main issue considered was the future programme of WTO. Several other issues like Labour standards, wage policy, competitive policy etc. were also considered. I would like to say that the World Trade Organisation is deviating from the issues for which it was set up. It has started discussing internal matters pertaining to other countries. May be World Trade Organisation has unknowingly trapped into a circle. It appears as if the World Trade Organisation has become the supreme Government of the world. United States of America is ready to rule. Now whether we would decide our policy and trade of the country ourselves or it would be decided by the World Trade Organisation? Whether our policies would be dictated by America?

Mr. Speaker, Sir, the main point is whether there was a consensus about the principles and policies of our country? Whether our delegation diverted its line of action? If you look at it, you will come to know that the delegation deviated from its decided policy. There is a tilt towards rich. We have always discussed about the poor. But the industrialists of his country have started doing this. This has been stated in the Singapore declaration.

Mr. Speaker, Sir, attention is invited to the editorial of Hindustan Times dated 14.12.96. We have always

discussed about the poor. They are not doing it and a section of industrialists of the country do not agree with it. They are apprehensive about the threat to the country by the World Trade Organisation in future. I would like to submit in this regard that in our country the foreign investment is only 2 per cent and the remaining 26 per cent investment has been made from our savings. We can discuss an issue pertaining to competitive policy or we can state that directly or indirectly it is concerned with the foreign trade but if all these discussions were held in the World Trade Organisation instead of our Parliament than it is objectionable. The discussion in this regard may be held after few years or who knows that this government will continue or not; what would be the state of affairs in the world? Today we have yielded a bit tomorrow we may do more. Slowly and steadily our economic freedom will be endangered. I would like to draw the attention of the Government what is their policy in this regard? What are the issues raised by our delegation in the World Trade Organisation in the interest of the country? I want to give an example. We export raw material at a very low price. The foreign countries supplies finished goods at a very high price. Can we discuss this issue in the World Trade Organisation? Can we discuss about these prices? In view of the declaration of the conference, whether the World Trade Organisation and International Labour Organisation will continue their cooperation in the present form because it has been said that the entire world would follow the norms prescribed by ILO about the labour standard? Whether their secretariats would discuss these issues? Indirectly it means that World Trade Organisation has started intervening in the functioning and the decision of the ILO. WTO is a super power and it is possible that it may amend the labour standards of ILO. What will happen then? Therefore, I want to say that our Cabinet has stated that they have not accepted clause about the labour standards but they have accepted this concept of labour standards that secretariat of WTO would discuss with the secretariat of ILO in this regard. Who is WTO to discuss with ILO? Who are they to say anything about the labour standards? Are they bosses of the world? Will they dictate their terms? Then our industries will have to face a closure. Where would our people go? America would decide about our imports; about our production? Should we handover our economic management in the hands of America? This is the main issue. It has been stated in the declaration that there should be two groups. What is the need of these groups? It clearly indicates that indirectly an attempt is being made to amend the principles of the country. It is possible that in view of the complicated nature of the issue many persons and perhaps our Ministers might not have been consulted. It is a new trend in our country that higher officers after retirement join IMF or World Bank. Whether there is an indication of this type? We are least concerned about the interest of our country. We should not only watch our interest. No qualification has been laid down in the Constitution

for becoming a Minister. Mr. Speaker. Sir. If I were in your position I would have moved a constitutional amendment bill with a view to provide qualification for becoming a Minister. Qualification has been laid down for a M.P. but not for a Minister. Member of Parliament will become a Minister...*(Interruptions)*

DR. MURLI MANOHAR JOSHI (Allahabad) : Anyone can be appointed a Minister even if he is not a M.P.

SHRI RAMENDRA KUMAR : Mr. Joshi you have experience in this regard. You were appointed as a Minister for 13 days...*(Interruptions)* No Qualification has been laid down in our Constitution for a Minister. I come from Bihar. There, a secretary told the Minister that a note has been forwarded. The Minister hurriedly reached his quarter and attempted to locate "note"...*(Interruptions)*

[English]

MR. SPEAKER : Shri Ramendra Kumar, please do not refer to those.

[Translation]

SHRI RAMENDRA KUMAR : You are a very senior M.P. I also have a bit experience...*(Interruptions)*

AN HON. MEMBER : What happened to the note?

SHRI RAMENDRA KUMAR : You are well experienced in such matters. What is the need for constituting groups?

[English]

MR. SPEAKER : Shri Ramendra Kumar, please wait for a minute. Honourable Member should not read a newspaper like this in the House.

[Translation]

SHRI CHHATRAPAL SINGH : He was reading rates of wheat...*(Interruptions)*

SHRI RAMENDRA KUMAR : It has been stated in the declaration that there should be two groups. This is a deviation of our policy. Our delegation should not have accepted this. I also object the concept of constituting two sub-groups incorporated in the declaration. Our economic policy has also been discussed which is not in the interest of our country. The Hon. Minister is not present in this House. He is delivering a speech in the Rajya Sabha. He needs to give an explanation in this regard. At last in this connection I would like to add that in any case or in any circumstances we can not give this argument that India was isolated and in order to avoid that isolation we had to deviated from our policy. Whatever has been concluded or discussed is not in any way in the interest of the country. Therefore I would like to urge upon the Government not to make any compromise with the principles and policies of our country. At last I register my opposition on these issues.

DR. MURLI MANOHAR JOSHI : Mr. Speaker. Sir, this is a very important issue and I am thankful that this issue is being discussed in the House. Shri Ramendra Kumar has raised logical question about the economic freedom and about the future of the country. When a discussion was held about the delegation the Forum of Parliamentarians had deliberations in this regard. Shri Ashok Mitra, Jaipal Reddy, George Fernnades and A.B. Vardhan, Representing various political parties were apprehensive about the Singapore Conference. They had discussions with the honourable minister, Prime Minister and Finance Minister. We all apprised them of the concern of the entire National in this regard stating that the proposals likely to be moved by the European Union would be harmful for the countries like India. It would be improper to extend the jurisdiction and scope of GATT. There was no mention of such trims in the GATT Agreement. This has not relevance with investment and trade. We had reiterated that investment is a different thing and it should not be linked with trade. It is a conspiracy under which investment is being linked with trade. We asked as to what is the relation between investment and trade and investment and development. After a deep study it was found that investment had nothing to do with the development of trade except the intra firm trade. Where intra-firm trade is being carried out? This is being done in multinational corporations. It is done in those corporations which do not carry out their entire production at one place. They produce at various places and then sell out their commodity. In those cases there can be problems about investment and trade. They should resolve those problems under the normal trade rules. Why it is linked with investment? We had urged upon the Government that this is a very dangerous aspect and it should not be done. It is dangerous in the same way as an attempt was made after the Markesh Treaty to link investment, environment, social consult and labour. All these things have been mentioned therein. At that time also we had apprised that our delegation has not raised voice in this matter. At the concluding function of the Markesh Treaty it was pointed out in the speech of the Director General that this issue can be discussed in GATT and W.T.O. At that time also we were surprised why our delegates were keeping silence. This question can neither be raised to this juncture nor this can now be added. However continuous efforts are being made to link this question. Under that strategy multinational companies had launched GATT under which W.T.O. has been set up. When multinational companies of Europe, America and Japan observed that they are facing difficulties in the field of trade and developing countries are coming forward in various sectors such as India has progressed in the field of software and engineering; at one time America was leading in the field of automobiles but now Japan has also entered into this field; in our country patent act was enforced according to which we could produce only low price medicines as a result of which multinational Companies were unhappy and since 1986

a continuous attempt was made by them to include new subjects in the Uruguay Round.

16.22 hrs.

(Mr. Deputy-Speaker in the Chair)

The have tried to link patent, investment and labour.

[English]

'Basic Framework of GATT provisions on Intellectual property Rights' is a document in this regard.

[Translation]

Business community of Europe, Japan and USA had formed union of Industrial Employers Confederation of Europe in 1958. It has 33 member confederations of 22 countries. Its Secretariat is in Brussels. Big powers of business and industries of the whole Europe are associated with it. Some other organisations are also its members such as Federation of Economic Organisation of Japan. All the big industrialists and multinational corporations of Japan have formed this organisation. Their aim is to expand trade and watch the interests of Japan. Third organisation associated with it is American Intellectual Property a few multinational companies which are Members of this association, which are known to the entire world for their efforts to capture the economy of the whole world, are as follow-

[English]

Briston-Myevas Co. Ltd., E.I. due pont de Nemours & Co., FMC Corporation, General Electric Company, General Motors Corporation Hewlett-Packard Co., International Business Machines Corporations, Johnson & Johnson, Merck & Co., Inc., Monsanto, Pfizer Inc., Rockwell International Corp., and Warner Communications Inc.

[Translation]

It has been stated in this document that the exercise was undertaken for two year.

[English]

"This exercise was undertaken with a view to bring out in detail the type of Intellectual Property Regime which these three private sector institutions would like to be adopted in the Uruguay Round of GATT multilateral trade negotiations. It represents the culmination of about two years of close cooperation of the three organisations to develop private sector consensus on GATT provisions."

[Translation]

This is the secret of that document which is available to all. If you go through the document you will find that

the suggestions contained therein about I.B.R. and TRIMS are the same which were given by the Governments of America and Europe in GATT. A constant pressure was used on our country to compell us to agree with their conditions.

At that time all the suggestions given by them were not accepted in TRIMS whereas all these suggestions of Trade Related Intellectual Property Rights were included therein. They had talked about strong patent regime which your Government accepted. Bill pertaining to patents is pending with the Rajya Sabha as a result of which it lapsed. At that time also efforts were being made to enforce a strong patent regime in the country because big organisations of these three multi-national companies were striving for it as they were watching their interests. The same process is being adopted for TRIMS. Today multinational companies are facing difficulties in regard America and Europe has reached a plateau point with regard to investment. Condition is not favourable in those countries also. American Council on international and public affairs in their report has written that the situation is not very good in America. Unemployment is increasing tremendously and productivity is decreasing in that country. Scope for investment is very less. Therefore they intend to make investments in other countries in any way with a view to earn profits. About their aims and objectives report say-

[English]

"During the mid-1990s, according to the Bureau of Labour Statistics, America, 8.4 million workers lost their jobs. Of the 3.8 million who had held those jobs for three or more years, 64.8 per cent either did not find new jobs, or found only part-time jobs, or found jobs paying below their previous earnings."

[Translation]

This report contains all the figures about the growing unemployment in America. Almost same situation prevails in all the European countries.

I want to place a report of I.L.O. before you with which you will be able to understand the secrets for which these agreements are made and thrust upon us. This report of ILO-1995 on World Employment reads as follows:

[English]

"Between 1974 and 1985 unemployment grew markedly in the countries of the European Community following each of the recessions caused by the oils shocks, although it did not drop during the intervening upturns; it remained remarkably stable in the EFTA countries."

It further says:

"Finally, during the period 1990-94, the general recession affecting the whole of Europe nullified all the improvements on the labour market front during the preceding period; in 1994 unemployment returned to its 1985 levels, and even exceeded them, in most European Countries; under the simultaneous effect of the slump in the former USSR, which essentially affected Finland, the deep and lasting economic recession in Sweden and the Norwegian and Swiss recessions, unemployment rose sharply in EFTA."

[Translation]

This is what the ILO report says. This is not the report of any Indian economist or a politician I would not like to go into the details. It is stated in the report that :

[English]

'Thus the United States has created more employment in proportion to growth than the countries of the European Community, but this has implied a smaller increase in real wages compatible with productivity gains.'

[Translation]

The document says that there is lowest productivity in America and lowest wages also. The report further states :

[English]

"In rather simplified terms, we may define three different ways of responding to inadequate growth :

- the American model : sharing low incomes by giving jobs to a large part of the labour force at the risk of creating a whole class of working poor;
- the Scandinavian model : guaranteeing employment for all under satisfactory conditions by creating employment in the public sector, at the risk of building up inflationary pressures and depleting public finances;
- the European model : protecting the incomes and working conditions of those who are in employment by reserving for them all the benefits of growth and ensuring decent incomes, through the costly unemployment benefit system, for a large and still increasing pool of unemployed.

The most obvious sign of the failure of the three models, American, European and

Scandinavian, is their management of economic growth since 1973."

• This is ILO Report, 1995.

[Translation]

All these countries are facing economic crisis and that is why they are trying to find new employment opportunities, new market to sell their produce and investment opportunities. This document has forced two things on us silently. Shri Ramendra Kumar has rightly pointed out that they have asked to set up a study group. After some time they will say let us discuss same matters and still later they may ask to include them. They will do lot of arm twisting. Besides there will be many restrictions. They will even threaten us. Every effort will be made to keep a check on the trade of this country. If the issues discussed in the study group are accepted. Our country will be affected most. In fact many countries in the world will have to suffer the consequences. What do they want? They want that foreign multinational companies and the indigenous industries should get level playing field. We are demanding level playing field so that the disparities between foreign and domestic industries is eliminated and we get equal benefits. But they want level field in investment. This means that they want to make investment in whichever field they want, so that they can get benefit by manufacturing anything and can transfer the profits to their respective countries. I have a document which was adopted by the European Union. According to this document the income tax laws should be similar throughout the world. Similarly, the laws pertaining to investment should be same. They want one industrial policy throughout the world so that they can come here, manufacture goods, save income tax and accrue profits and transfer it to their country. What can the Parliament do in that case. If the income tax laws are framed by WTO what can we do. We are helpless. We will have to simply ratify it or support it. The country might be independent but our Government will be completely subservient to WTO. They will decide how much percentage of rebate is to be given for investment. The Government will have to agree to everything said by WTO. They will decide which type of goods are to be manufactured where. Proper sanction will have to be taken and you cannot refuse it. You will have to allow them. If the question is of economic freedom then it may be pointed out that in 1991 the BJP had raised this matter of danger to our economic freedom. The Hon. President Shri Venkatraman while addressing the House had said that there is danger to the economic freedom of the country and we should be prepared for it. We are surprised that even after so many Address to the Parliament, no effort has been made to save our economic freedom. The Government one after the other have sold off the country gradually and here is no way of protecting the economic freedom of the country. We should try to know the stand of veteran friends like Somnathji, Nirmal Kantiji, Basudeb Acharia and others who are sitting on that side. When

we were posing this move many of the friends sitting opposition had supported us. Shri Vajpayee had forewarned in 1994 when we were about to sign to the GATT agreement. He was addressing a mammoth rally in the Ramlila Maidan. He had drawn the attention of the House to those dangers which we are facing today. Many countries have criticised the GATT agreement and the Dunkel proposals. Many of those hon. Members are sitting on the treasury benches today.

I fail to understand as to how the Dunkel proposals were accepted. How did the Government accept the proposal of constitution of two study groups which will later formulate the guiding principles of the WTO. What will be the dispute settlement machinery America says that if 3 more decisions go against the interests of that country it will withdraw from GATT. The WTO will be ignored. The situation today is that American laws supersede WTO, wheat has been accepted there? Has anybody raised his voice against super 301 and its elimination. Has anybody raised his voice for the labour movement so that there are no restrictions on it throughout the world. What does globalisation mean? Does it mean that investment be made here, profits be earned and our labour force, talented doctors engineers and scientists be not allowed to move out. This is a strange market theory. I fail to understand as to how this can be said to be open market. Does globalisation mean only one way traffic i.e. only movement from that side. Nobody will go on the other side. This cannot be in the benefit of the country. How do we accept such a position?

I would like to know why this question was not raised when the question of scope of WTO was raised during this period? Why did our delegation accept these proposals. It is said that in cases of labour dispute the ILO would be the competent authority. They may take any decision in regard to labour scandals and therefor these should be accepted. Why does not the UNCTAD go in investment case and other allied trade related matters the UNCTAD, ILO and UNO are being ignored and only WTO will replace them. This seems to be the intention of USA. WTO will function according to the wishes of European Union, America and Japan. The other countries of the world will get ruined. There is no other purpose.

It is good that in regard to textiles the Government has expressed its concern. Nothing specific is mentioned about the barriers and restrictions on textiles industry. I have seen the statement and there is mentioned of our concern. Textile constitutes a major portion of our foreign trade. The interests of textile industry have not been protected and no concern has been shown. Another point is about linking environment to trade and development. Those countries have polluted the environment of nations like ours. Their technology has affected us through atomic radiation and the effluent of industries has adversely affected the environment in

our country. The way technology has been transferred during the last 30-40 years, even in countries like Greenland the percentage of DDTE is beyond tolerance. The population of Greenland is thin and it is away from civilisation. There are few industries yet the country is afflicted by this problem. This is the result of the industrial effluent. We have not created Green House effect. Infact this is their creation. They have disturbed and polluted the environment throughout the world. Not only this lakhs of fishes have perished on the seashore throughout the world because of the industrial effluent and chemical waste being pumped in the ocean. The balance of nature has been disturbed, be it ocean, air or water, everything has been polluted. Now they want to impose all environmental considerations on us and that too they want to relate with trade and development. They will not purchase our wheat, rice and fruits on the pretext that we do not fulfill the photo sanitary considerations. By doing so they impose barriers on our trade. They are responsible for polluting the environment but we are being blamed for it. All kinds of restrictions are being imposed on the developing nations. This is not appropriate. On the one hand they say WTO is an international agenda but on the other they say that every nation should have national agenda on environment, that is dangerous. That is not in our interest. This will destroy our technology because it will take some time before we reach their level. They have polluted the environment and are now asking us to clean it. But they do not want to give us sufficient time and also want to impose conditions on us so that their trade remains unrestricted. Whereas restrictions are imposed on our trade. Recently, they raised the issue of exploitation of child labour and ruined our carpet industry. You might be aware that our carpet cannot be exported till a foreign institution certifies that child labour has not been engaged in its manufacture. Why? The Government is accepting all these conditionalities. Tomorrow they can impose objection on our Gems and Jewellery trade on the pretext that the Goldsmith working in his shop does not get proper oxygen and there is a particular type of pollution at that place. That is why this jewellery cannot be purchased. The entire international trade in this sector will be wiped out.

Lot has been said about services. They want to enter the financial services sector like Insurance and banking. They have also imposed a deadline that it should be completed by that particular date. When will they take a decision regarding labourer mobilisation or will it be postponed indefinitely. I fail to understand when these provisions are not in the interest of the country why this agreement is being accepted. Why has the Government agreed to the study by the working Group and the Government procurement price. This means that they would impose conditions on us and compel that if procurement standard is not followed, it would affect our international trade which is otherwise also declining.

This is evident from the statistics of the period between April to September. Why have the exports declined? I would have been happy even if our exports would have increased in proportion to the overall increase in international trade. This would have made me believe that this GATT agreement is in the interest of countries like India and it has benefitted them.

Now, I would like to point out the real intention of these MNCs and the rich countries. This has been their intention and hidden desire for a long time. They want to control the developing countries including India so that they could have unrestricted trade there. Our share of output in the world manufacturing declined between the Years 1750 and 1900. The same is happening between the year 1900 and 2000. The share of output of USA in the world manufacturing was just 0.1 percent in 1750 which rose to 23.6 in the beginning of 20th century. It has risen today further. The share of output of Japan and China was 3.8 percent and 32.8 percent which has been reduced to 6.2 percent. This is the result of imperialist policies and economic liberalisation. Our trade share was 24.5 percent when India and Pakistan were united. This came down to 1.7 percent in the beginning of this century. Even today it is around 2-2.5 percent. There is no increase in it so what is the use of this International Trade Agreement (GATT) for countries like India. How much has our trade increased during these years. Had our share increased from 2.5 percent to 10 percent we would have believed that these Agreements were of some use and they would safeguard our interest. But this is not so. The exports are declining, share in international trade is declining, employment is on the declining, share in international trade is declining, employment is on the decline and the country is in deep debt. Beside, this is the result of those policies which were being implemented by the Rao Government and the present Finance Minister is faithfully implementing them. I would like to know what benefit would we get from such agreements. You should not have agreed to the Draft proposal. The Government is following a policy which is detrimental to the country's interests, I strongly oppose it and this House will never accept it nor will the National accept it.

[English]

SHRI NIRMAL KANTI CHATTERJEE (Dumdum) : WTO is an organisation of multinationals and a very strong public sector. May be China, therefore, wants to enter it. Why are you not coming to the conclusion by saying that our joining it has been a mistake and if possible we should come out.

DR. MURLI MANOHAR JOSHI : I have said it long back and my Party had said it long back.

[Translation]

The conditionalities of the WTO are not justified and if all of us decide together - because this it not the

question of one Party alone - if we decide that the WTO is detrimental to the interests of the country and therefore we should withdraw, we must withdraw. I would support this move. But we should have lot of courage to withdraw from WTO and I think in that case you should forget communalism.

[English]

SHRI NIRMAL KANTI CHATTERJEE : All of us together can do it. We had the muscle power ... (Interruptions). I does not mean that you cease to be communal.

[Translation]

DR. MURLI MANOHAR JOSHI : When the question of withdrawal from the WTO is concerned Nirmal Kanti Ji says that the entire secular forces of the world are united.

[English]

SHRI NIRMAL KANTI CHATTERJEE : But we can all be together and fight them.

MR. DEPUTY SPEAKER : You will have your say on our terms.

[Translation]

DR. MURLI MANOHAR JOSHI : At that time you say that you oppose because it is communal.

[English]

SHRI NIRMAL KANTI CHATTERJEE : You cannot escape WTO; you will be dragged into all this.

[Translation]

DR. MURLI MANOHAR JOSHI : We should speak with courage. The rich countries had set up colonies in countries like India and this is reflected in what English Economist James had said in 1865. I quote from Paul Kennedy's book 'Preparing for the 21st Century'.

[English]

"The plains of North America and Russia are our cornfields; Chicago and Odessa are our granaries. Canada and Baltic are our timber forests; Australasia contain our sheep farms, and in Argentina and on the western prairies of North America are our herds of oxen; Peru sends her silver, and the gold of South Africa and Australia flows to London; the Hindus and the Chinese grow tea for us, and our coffee, sugar and spice plantations are all in the Indies. Spain and France are our vineyards and the Mediterranean our fruit garden, and our cotton grounds, which for long have occupied the Southern United States, are now being extended everywhere in the warm regions of the earth."

[Translation]

This is what they intend to do even today. Instead of Britain replace it with the European Union and MNCs. They want that we should continue to supply Tea, Coffee, Cotton, Sugarcane and Spices for them and they enjoy all the worldly pleasures. This is the mystery behind imposing this neocolonialism and a new world economic order today. This thing was said in 1865 and the same is rooted in their minds even today in 2000. Why are you supporting it. Why don't you provide leadership to the down-trodden people of the third world countries who are the victims of this international mismanagement. You should come forward with courage, show that courage which you showed at the time of CTBT and the whole country had appreciated it and it has given moral boost to the country and we were expecting the same courage this time also. All the political parties have asked you to oppose this. At that we felt that you would do nothing which would adversely affect the interests of the country. But I do agree with Shri Ramendraji that there are officers in our country who are afraid that their prospects in IMF and World Bank would diminish after retirement.

SHRI KALPNATH RAI (Ghosi) : Of their children also.

DR. MURLI MANOHAR JOSHI : As Shri Kalpnath ji has said the prospects of their children will also be ruined. You please look above this bureaucracy and think for the country. We want such people in our country who have spine of steel. This banana spine won't do. We have to struggle and lot and prepare the country for it. I think it was an opportunity, where you could have given a message to the whole world that India is standing on its feet and it won't bend before any power and cannot be bullied by anyone. If we had adopted such an attitude, the whole world would have accepted the leadership of India. But I am pained to say that by accepting these two things in Singapore conference you have moved a step forward in the direction of shattering the economy. The other points which I have raised are also important but this point is more important. We do not think that W.T.O. was reviewed after two years and it was done in our interest.

Mr. Deputy Speaker, I disagree with all the points of this agreement and I think that the House should unanimously oppose it and give a message to WTO that Parliament of India is sovereign. I had talked to the people of America and asked why don't you remove super 301. One of their publisher replied that it is there in their statute Book and they are sovereign and are public representative. I asked them that you are sovereign of 23 crore people and we are representing 96 crore people. Our Parliament is not less than anybody in anyway. Therefore, had we asserted our sovereignty properly, I am confident that you could have raised the head of country high. You have lost this opportunity. This have always happened with the country.

Country want to do any thing and the Government does against the aspirations of the people. I am sorry that this story has been repeated in Singapore.

[English]

DR. DEBI PROSAD PAL (Calcutta North-West) : Sir, it is good that the decision which was taken at the Conference at Singapore by World Trade Organisation and to which India was a party requires a very close consideration. I do not accept the suggestion that India should have abstained or should have gone back from the World Trade Organisation. Such a suggestion was also made at the time when this House considered the issue that Uruguay Round of Conference when the Dunkel proposals were accepted.

We must not forget that in the modern times, no country can live in complete isolation from the rest of the world. When the Dunkel proposal were accepted and the treaty was signed it should be remembered that India was one of the 103 countries which were signatories to that Treat and there were not only developed countries, but quite a large number of developing countries also who had participated in the Dunkel proposals and even China made an application for an entry into the Dunkel proposals which were embodied, in the Treaty. So, in the World Trade Organisation, according to its Constitution, according to Article 9, the biennial conference is to be held and this was held in Singapore. One hundred and twenty eight countries participated in this conference. It is not correct to say that only developed countries were there. There were a large number of developing countries, large and small, which participated in this Conference. The World Trade Organisation undoubtedly in a forum through which the international trade is to be smoothened out. That was undoubtedly the objective. But, at the same time, we must not forget that in the name of economy, growth liberalisation of investments and trade, the developing countries cannot allow economic hegemony of the developed countries to be infiltrated into the developing countries. That should be the perspective when the developing countries like India participate in this Conference. One of the main subjects which came up for consideration in this conference was whether the labour standard should be used as an instrument or a device of protectionism. We must not forget that the economic growth of the different countries is unevenly balanced. The developed countries enjoy some advantage and a large amount of superiority because of their larger investments in capital. They can afford modernisation of plant and machinery because they have got enough flow of money. But, at the same time, in the developing countries, we have undoubtedly our labour which is efficient, but they get low wages for their labour.

If it is construed that in the name of economic liberalisation, the wage standards or the Labour Standards of the developing countries should receive

the same level and it can be used by the developed countries as an instrument for their protectionist policy. India has always protested against this. India, with all the other developing countries, has objected to it. I am happy that in this Conference, at least this position has been vindicated, has been reiterated. It has now been agreed at the Ministerial Conference at Singapore of the World Trade Organisation that the Labour Standards will not be allowed as an instrument for protectionist policy which the developed countries might insist.

In other words, if the Ministerial Conference at Singapore has any validity - and I hope it will - be acceptable because all the countries will observe this solemn assurance given at the Ministerial level as it is the highest body of the World Trade Organisation, that the Labour Standards will never be used as a protectionist measure. In other words, the developed countries though that this process, they can infiltrate into the economy of developing countries and because of the standard of low wage, they can plead that their economy also needs protectionism. If that is so, then the developing countries can equally claim that because of the advantageous position in the flow of investment, in the capital formation, then the developing countries also can require the same protection against the developed countries. Now, this position has been clarified in the Singapore Conference by the Ministerial assurance.

It has also been accepted that the low wage cost policy of the developing countries cannot be put into question by any of the countries. The low wage policy cannot be questioned because each country has got its own labour legislation, each country has got its own wage policy, the welfare legislation which is aimed at coping with their own problems needed, to suit the convenience of the labour problems and the labour situation in a particular country. No cut and dried policy can be framed which will be automatically accepted by all the countries. Therefore, whatever is the wage cost policy, that cannot be put into question, by and other country.

But one thing is troubling me. Although on the basis issues the Singapore Conference at the Ministerial level has assured that neither the Labour Standards can be used as a mechanism for protectionism nor the low wage policy can be put into question, yet there is one clause that there will be exchange of correspondence between the ILO and the World Trade Organisation. It has been accepted in the Singapore conference that if wage decision is to be taken. It is not within the domain of the World Trade Organisation but it is within the competence of the International Labour Organisation, the ILO, which has to consider having regard to the conditions of the economy of a particular country whether the wage policy requires any revision or not. The World Trade Organisation is not the competent authority to usurp the decision which is to be taken by the ILO. To that extent also, there has been a confirmation that the

World Trade Organisation, in the name of the Development of world trades, cannot intrude into the domestic policy of the wage decision of any one particular country, be it a developing country or not. But at the same time when we see the correspondence to be made between the ILO and the World Trade Organisation, on misgiving is lurking in my mind.

17.00 hrs.

What for is this correspondence to be exchanged? If the correspondence is confined only to certain matters of record or some letters, well, not much can be said. But on the correspondence which is exchanged between the ILO and the WTO, we enforce a very strict vigilance that in the name of this exchange of correspondence they should not enter into any consideration of any policy decision like wage policy or the labour standards. If correspondence is to be exchanged between the two organisations, it must be strictly confined only to documentary records and not otherwise. There should not be, in the name of exchange of correspondence between the two organisations, an attempt to formulate any policy decision regarding the wage policy or regarding the labour standards. The Government also should have made it clear that no such attempt should be made in the name of exchange of correspondence. I am sure, the hon. Minister will assure this House that this is what was intended when the draft was made regarding the exchange of correspondence between the ILO and the WTO. He should make it very clear and unequivocal that through this correspondence the WTO should not in any way encroach any policy decision on the wage policy or the labour standards.

There is another important area where the WTO has attempted to introduce multilateral agreement regarding the promotion of international investment. I agree that promotion of investment is not strictly within the domain of the WTO, but nonetheless the promotion of investment is a matter which pertains to the domestic policies of each particular State. The developing country has to decide as to what will be its policy of investments. The developing country has to decide how much or to what extent it can invite foreign direct investments. It is not for the developed countries which are the members of the OECD that they will formulate and dictate what will be the policy of international investment all over the globe.

It cannot be so because our country has its own economic problems, our country has its own economic difficulties and we are to solve our own problems by pursuing the policy of investment on your own. We cannot dictate the developing countries; we cannot dictate what the investment policy of a developing country should be. But at the same time, when we are to develop international trade, the restrictions, which to a great extent hamper the free flow of international trade, have to be to a great extent to be eased and smoothened. If the discrimination in tariff and non-tariff

reas, which often hamper the flow of trade could be wiped off or at least regulated, then, it would ease and smoothen the development of international trade to a great extent.

Any policy which tries to reduce such the degree of discriminatory treatment is welcome, but at the same time, we must not forget that there has been an attempt in recent times in the name of liberalisation that the developed countries, when they find that their market is squeezed, want to extend their economic hegemony in areas which have not yet been tapped by them fully in the developing countries. Attempts should be made that they are not allowed to infiltrate into the domestic economy of the developing countries. This has been accepted in the Singapore Conference very categorically.

In the Singapore Conference of in the World Trade Organisation, it has been accepted that if any decision is to be taken, then, it would require the explicit consensus of all the countries. In other words, whatever is the decision that been taken by the OECD and the 28 developed countries, they cannot be in any way be projected or thrust upon the developing countries. If any policy on investment is to be carved out, it will required the explicit consensus of all the parties. So, if any party, any developing country does not agree to it, it will not be binding. Therefore, this is a major step which has been taken to protect the interests of the developing countries.

At the same time, although the stand which was taken by the developed countries at the beginning has been slowed down, a provision has been made that a study is to be made regarding the promotion of international investments. I do not know how and why such a study could be made and why our country has to agree to that. It appears from the statement that has been circulated that the study would be confined only within the periphery of the WTO. Then, according to that, the study cannot expand to or embark upon new area of investment policy. As it goes on the paper, it is nice. But at the same time, if a study is made, a group of experts makes a study and makes some suggestions with regard to expansion of or the revision of the investment policy which will affect the developing country, then, I think, it is fraught with very grave consequences. Such a study should not be allowed to be made an in such a case there should be a struck vigilance to see that the study which is made does not usurp or extend its work beyond the WTO level. If that is not so, then, in the future, we may be faced with a consequence, where in the name of a study certain suggestions would be given for the expansion of or revision of the investment policy and it might affect the developing countries. The next question would be whether to accept it or not. Our country should have protested against the inclusion of such a clause.

I do not agree with the suggestion that because of the economic liberalisation policy, our economic conditions are deteriorating. During the last five years from June, 1991 to May, 1995, or, rather June, 1995, it has been found that by pursuing a policy of liberalisation, our exports had increased to an unprecedented 26 per cent; in the economic development of the country, our industrial growth had increased and rose to its peak level of 12 per cent; our inflation had been reduced to five per cent; even though our foreign exchange reserve at the beginning was only \$2 billion, it had increased to more than \$20 billion. If that has been the result, then, how could you say that the economic policy pursued by the earlier Government has led to the present deterioration?

Today, what we find is that our industrial growth has been reduced from 12 per cent to nine per cent; and now it would be eight per cent.

We find that our exports have decreased from 26 per cent to ten per cent. We can only speculate as to what will be the position in the coming months.

The foreign direct investments have come down from \$ 350 millions a month during the regime of present Govt. to \$ 50 millions. We cannot say this deterioration is the result of any economic policy pursued by the earlier Government. It is due to the mismanagement of the present Government which has led this country to the economic ruination. Within a few months the capital market collapsed and there is no growth of savings in the country. The economic ruination will go up much further.

There is nothing wrong if the present Government is a party to the World Trade Organisation. We cannot live in splendid isolation. Protectionism is taken by the developed countries in a veiled form. As an hon. Member has rightly pointed out, the US has Super 301 clause. It is nothing but a blatant protectionist policy. They speak of liberalisation of trade, they speak of globalisation and free development of funds all over the world, but a clause like Super 301 in the US code goes against such type of assertions. In the WTO, India should have insisted on promotion of international investments. The US must delete a clause like this. That would ensure a real gesture on the part of the developed countries.

Sir, I must caution the present Government that so long as this Government pursues the policy which was enunciated by the earlier Government, undoubtedly we will support this Government. But they need not be assured or be under an illusion that Congress would lend its support to whatever the present Government does. On each occasion we have to test its action with reference to the economic policy which had been pursued by the Congress Party.

With these words, I support some of the decisions which have been taken with the qualifications which I have already set out.

[Translation]

SHRI GEORGE FERNANDES : Mr. Deputy Speaker, Sir, this discussion is with regard to what happened in Singapore and how the representatives of the Government of India, in place of protecting the interest of the country surrendered before USA and its allies. But it should not be limited to what happened in Singapore. For the last few years attack of America and especially big producer countries is continuing on developing countries or least developed countries. A deep philosophy is behind all this. There is a famous document on which there was a discussion in our country three years ago. This document was prepared by renowned professor Samuel Huntington of Harvard University and its name was "The Changing Security Environment and American National Interests". I want to quote two three sentences because when we discuss the matter like what happened in Singapore, we should not see them in a isolated manner. Huntington has written about the policy of America. Huntington is an American citizen and is a great politician and a great writer on economic matters in Harvard University. Whenever he writes he does not write as an article but he writes as policy guideline and also places some facts with it :

[English]

"The West is now at an extraordinary peak of power in relation to other civilisations. Its superpower opponent has disappeared from the map. Military conflict among Western States is unthinkable and Western Military power is unrivalled. Apart from Japan, the West faces no economic challenges. It dominates international political and security institutions and with Japan, international economic institutions. Global political and security issues are effectively settled by a directorate of the United States, Britain and France; world economic issues by a directorate of the United States, Germany and Japan, all of which maintain extraordinarily close relations with each other to the exclusion of lesser and largely non-Western Countries. Decisions made at the UN Security Council or in the International Monetary Fund that reflect the interests of the West are presented to the world as reflecting the desires of the world community. The very phrase 'the world community' has become the euphemistic collective noun replacing the free world' to give global legitimacy to actions reflecting the interests of the United States and other Western power. Through the IMF and other international economic institutions, the West promotes its economic interests and imposes on other nations, the economic policies it thinks appropriate."

[Translation]

Mr. Deputy Speaker, the last sentence is :

[English]

"The West in effect is using international institutions, military power and economic resources to run the world in ways that will maintain Western predominance, protect Western interests and promote Western political and economic values."

[Translation]

I do not know whether your officers have given it to you for reading or not?

(Mr. Basudeb Acharia in the Chair)

17.48 hrs.

[Translation]

Mr. Chairman, Sir, there is a need of it because in what direction the world is going. America has chalked out WTO with great efforts by scraping GATT so that not only trade be discussed on international level but other economic and connected matters should also be utilised in the interest of America. Only with this purpose America had initiated to chalk it and the philosophy behind it was that of Huntington. With such type of statements that we have won and not lost, we are deceiving ourselves, not others because the world knows where they have thrown us. But the hon. Minister has given a statement and this statement appeared in Far Eastern Economic Review as an interview. The Commerce Minister of India Shri B.B. Ramiah say :

[English]

"An International Accord will give foreign investors and automatic right to establish in Asia taking away... Now, remember these words, Mr. Minister : "Asian Governments' sovereign right to vet investments." These words are yours and not of those who are talking about Swadeshi and not of those who are discussing woolly ideas about sovereignty because these days, I read in newspapers that many of the things that people like us are talking about are woolly, that we live in a different world and that we have still not come in terms with the new world., etc.

[Translation]

These were your words.

[English]

"Taking away Asian Governments' Sovereign right to vet investments."

[Translation]

You have further said :

[English]

"It is very important that countries are allowed to identify their investment priorities."

They cannot take away this right from us. They did not. You surrendered that right.

[Translation]

Mr. Chairman, Sir, we do not say that you did not give a fight. Our people there raised voice, and we do agree that we gave a fight but our complaint is not this whether you fought or not but our complaint is, why did you surrendered? You said that you were left alone. But whether Singapore will provide leadership to Indian or we shall follow Malaysia or Indonesia and these countries will tell us in which direction we should go. Whether stand we do not know that on whose behalf they speak. Did they tell you and make you under because in the statement you gave in the Far Eastern Economic Review there is no such fact that there is no harm in signing it. Did they make you understand that this is not going to make any damage to your sovereignty.

Here the issue of isolation is being raised again and again. What do you want to preach us. India knows what does isolation means, but where there is no question of isolation, we were talking about the leadership. You would not have been isolated but you have told the world that India has courage to face the philosophy evolved by Huntington for America, and this power has reached even in Singapore. What would have happened? If we do not know, you tell us some rules. If we had not accepted it then there would have been voting in Singapore. If you had been isolated in that voting then there would have been voting to constitute a working group to accept that declaration. If that would have passed with the majority, even then what was the loss? At least the world would have known that the Foreign Trade Minister of India can stand alone and has courage to reject it. We would not have been a loss. We would not have been isolated. After two years when this working group would come with its report you had moral right to say at that time that we had not supported it and even now we oppose it. You had an opportunity but you had missed it. What was the need for it. No body could have bullied you. As per original TRIMS Agreement, you had two years time. Then why did you surrender? There is no answer to this question in your reply.

I do not know whether you have gone to Harare or not but the non. Prime Minister has gone there - although he may have gone there for picnic. The statement which he gave in Harare was a strong one. He said in Harare -

[English]

In the Press statement, Shree Deve Gowda Said :

"There was a broad measure of agreement that the Investment Agreement should be first studied by a body like the UNCTAD to understand the subject and its applications particularly for developing countries.

On labour standards, Shree Deve Gowda Said :

"It was not a trade related issue and, therefore, should not be brought forward at the WTO Ministerial Meeting in Singapore next month."

[Translation]

It was a collective opinion about G-15 there. Then why do you organise all this conferences? Why do we 50-60 people with families go there for picnic. Whether all these G-15 and G-77 Conferences are organised for the picnic of our families? And we finally surrendered when America threaten us to sign.

Mr. Chairman, I am speaking all this with a sense of deep anguish. I also do not like that I should speak in such a manner, but what should I do? What was the meaning of Harare. Today we are being insulted before the world. Who will respect us? America has pressurised every country with G-15 and has adopted many measures such as arms twisting and others. We know that no deals were made with you. You were simply pressurised. We have been insulted. I am not talking about what respect do we hold before G-15 and G-77 countries, but I am talking about my own country. We are not being respected in our own country. Whether Government has not lowered our dignity in Singapore? These people do not know what they are doing?

Mr. Chairman, we are astonished with regard the the statement and you officers are saying that we have achieved much in respect of labour. I would like to say that the deal which you have finalised does not project our victory. I have some portion of this original draft which is about labour and has already been prepared by the Director General of WTO Shree Raneto Rugearo as to what is to be written there. I would not read it fully. Their original draft which they have submitted and on which there has been an agreement is as under:

[English]

"We are not putting into question the competitive advantage of low wage countries nor do we consider that trade solutions are the answer to the enforcement of core labour standards. We recognise the primary role of the ILO in the promotion of labour rights."

[Translation]

Now you see where the deal has struck. We agree that core labour is there. There can be no agreement in this regard which we can utilise to enhance our trade. You have decided to accept this agreement.

like to know that when you accept it and Raneto Regearo has finally written-

[English]

"We renew our commitment to the observance of internationally recognised core labour standards."

[Translation]

Who has define it? Is there any foot-note? Whether you have asked which are those core labour standards, which they recognised in their commitment. Then there is original draft and Mr. Chairman, it is stated there-

[English]

"We recognise the primary role of the ILO in the promotion of labour rights."

[Translation]

WTO wanted this and you accepted it. They place this document before you. You protested and they deleted something and added something and what they added is as under

[English]

"In this regard, we note that the WTO and the ILO Secretariats will continue their existing collaboration."

[Translation]

Where was not collaboration and when it was done? Its your own document. It is your Harare document, where you have stated in no uncertain terms that you have nothing to do with WTO. There is no mention of WTO. If you had given this statement in this document, then why did you allow WTO to enter. You are saying that we have one with regard to labour standard and you have also accepted there that the WTO and INO will work jointly. Did your officials not tell you that how America is playing tricks in all this matter. They speak everything to achieve their objective. Whether it is not the repetition of Uruguay round. We do not consider services, intellectual property and agriculture and trade matter and separately we go on discussing all the things and gradually GATT will also come to an end and that is what which we never wanted and for which this country fought at every forum 3-4 years ago. We took refuge in all these things in 1989 and today again we are treading the same path.

Mr. Speaker, I would not take much time. There is nothing they have won with regard to labour standard. Actually we have been beaten in this regard and I do not know how we shall find a way out. As far as multilateral investment is concerned, actually it is not multilateral but unilateral because America says that it should have right to invest its capital in any country of its choice. This argument also is being given that TRIMS were

already there. We say there was no mention of all these things in TRIMS. There were two things with regard to investment in TRIMS. The first was that any country can invest its capital in other country. The countries in which he would like to invest would impose certain conditions - some positive and some negative. Positive conditions in the sense that there would decide the extent of capital to be invested, the area in which it is to be invested and the basic on which it would come into the country. In this way there would be some other positive conditions also. Some negative conditions would be in the sense that once the capital is invested, it would decide the extent of profit to be taken out of the country. The extent of export to be made out of the production made through the capital. These are some positive and negative conditions in TRIMS. There was nothing in TRIMS agreement that they would invest their capital in your country on their own conditions. Today you have accepted the amended nature of TRIMS.

Somnath ji has posed an important question here. There is no party politics in Parliamentary forum, intellectual property and patent forums. We unitedly discuss all the issues. We Take some decisions. Shri Murli Manohar Joshi is Chairman of this forum. Shri Ashok Mitra and Shri Jaipal Reddy are its founder members. Shri A.B. Bardan takes part in its meetings although he is not its members. There is no party politics there. We must ponder over the question which Somnath Babu ji has raised, because India should not be pressurised by anyone. This thing cannot be accepted. Now the arguments being given is that if we shall not march along the world, we shall lag behind and we need foreign exchange. I would like to know all these things from Government. Shri Joshi ji has just asked this question but I would like to asked this with some facts that the areas in which the export of India has increased during the last two years, five years or it is expected that it would increase in future. It is the current month document of centre for monitoring Indian economy (CMIE). Both previous year and current years figures of export are given because it is December and they have given the figures pertaining to the month of August. If you may see our export of items like vegetables, rice, wheat, fish and meat is worth 2 billion and 884 million dollars. This figure pertains to the period from April to August this year. This export is of agricultural and allied products. Our export of manufactured products, comes to just 9 billion and 767 million dollars. The term 'manufactured products' may sound good but actually it consists largely of 'diamond cut and polish' which account for 1 billion and 833 dollars and 1 to 1.5 billion dollars respectively. Child labourers in Kutch, Surat or Mumbai do the cutting and polishing job. If we add value Added to it for the whole year, the amount comes to a figure of to 1.1 billion dollars. all this involves hard labour. All this work is done at the hands of small children and also of some grown up persons. In this you have no competition. India is the largest exporters

of diamond polishing and cutting items all over the world. Readymade garments, cotton including accessories account for exports worth 1 billion 260 million dollars, cotton yarn fabrics made up at 1 billion 240 million dollars, machinery and instruments : 429 million dollars. Where do we stand? Which are the items which will be exported from India.

The Finance Minister is not present here. I have read a sentence of the speech he delivered yesterday in Mumbai. He says that now they are working for those people who had no choice whatsoever up till now in regard to certain items. He gave two examples for this. What was the choice before the people previously? Ambassador and Ambassador, Indian Airlines and Indian Airlines. This was the choice. He used these two words there. Mercedes Benz in place of Ambassador and any big indigenous or foreign airlines in competition with the Indian Airlines were nowhere to be seen. His thinking is restricted upto this only. He does not know that there are people living in India who have no choice but to go to bed without taking meals or make do with whatever little food they can lay their hands on. So far he has developed no thinking for such people. Even as he was saying this, an interesting thing occurred. An international conference of Lawyers was held in Mumbai yesterday. Somebody asked him whether foreign lawyers will also attend the Conference. He replied in the negative saying that they should not come, they are not needed. He gave this answer promptly without exercising much thought over it because he himself is a lawyer and therefore does not want competition nor any choice in the field of law, and he is perfectly right in saying so...*(Interruptions)*

I am concluding. When I am saying this I am addressed not to the Government but to the whole country whom I would like to think over as to how to get out of the tangle we are in. I am not saying that the Ministers sitting here or the bureaucrats will do it, nor I am saying that only Parliament can take certain decision on it, but certainly this matter should be put before the country for decision. Because, as Huntington says, their intentions are to suppress us and rule over us for ever. When anyone exhorts me to face them in any field, I get disturbed. What we are saying repeatedly is that only two biggest giant multinational corporations of America, No.1 General Motors, No.2 Exxon or No.3 Ford Motors. Out of these three, when No.1 and No.2 or No.1 and No.3 combine, their total trade turnover exceeds the national income of India. How can we compete with them or participate in the World Trade? The FICCI people C.I.I. people have always harped on the same string. But now they are repenting because they have come to understand that for competing in the World Trade we neither have the technology nor is there any likelihood of our ever having such a technology because whatever technology we have is by way of technology transfer and it is either second hand or even third hand and they are never going to transfer their latest technology to us. We do not have

the guts to steal such technology like Japanese were once adopted in doing.

Considering all these things I have to request that (i) we must have second thoughts about WTO and the matter must be taken to the public. Gandhiji confronted the Britishers, their gigantic empire considered to have been the largest in world history, by taking the issues to the public and not in Singapore or Harare or in the Cabinet meetings or by having discussions with officials while gossiping or making fun. Now the time has come when we must go to the people on this issue after taking into consideration the country's independence, its sovereignty and all other related things. In the meanwhile we have to think over as to how to get out of the tangle created by our acts at Singapore for which the responsibility lies squarely at the doors of the Government.

[English]

SHRI RUPCHAND PAL (Hooghly) : Mr. Chairman, Sir, the questions being asked all around now are two. One is, "Who fixed the agenda for the WTO Conference?", and the other is, "Did the Indian delegation act on the basis of the brief received from the Government or not?" On both the count we need an answer from the Government. In the built-in agenda for the biennial meeting of the WTO, there were many items. The agenda items were to review the implementation of WTO agreements viz., (1) maritime, (2) telecommunication, (3) financial, (4) remedial measures, and (5) new trade issues. What came out of it was, three items under 'new issues' dominated the agenda. That was the major focus and that has been admitted in the hon. Minister's statement.

The second question is, "On whose brief did the Indian delegation act?" The delegation must have had the brief that the trade issues are our major concern and one such area of major concern was textiles.

There is no reference to what happened to the Textile Agreement. What was the demand? Whether we want to raise it or not?

Sir, regarding the implementation of the WTO agenda on the Multi-Fibre Agreement. There is no mention of it even in the Minister's Statement. Although Pakistan, all along had been with us and they wanted to raise the Textile question with us.

With regard to the skilled professionals, I mean the information technology professionals, what is given in the discussions on the ITA? Of course, we did not sign it. What happened? There is a causal reference to it to the effect that the movement of Skilled persons working in this sector should also be liberalised. But it turned out that because of both paucity of negotiating time as well as the limited coverage, India was able to consider it and we did not join the ITA Agreement. What happened to this demand? Who supported us? Are we isolated on this question also? These are the questions that are

being asked. What happen to our demand for manpower movement?

The United States were always sermonising about the multilateralism, liberalisation, opening and all these things. Have they opened up? Have they agreed to open up with regard to manpower movement? Are they agreeable to allow our own professionals to go to their country? What happened to that? There is no mention of such things in our statement. There are saying that the major focus was on the new issues like core labour standards, investment, competition policy, but what happened to our agenda?

Our brief was on the basis of our agenda. There is no mention of it. But we have heard that some neighbouring countries, including Sri Lanka, up to the last, had been with us. Pakistan had been with us on so many issues. Malaysia might have left; might be they had changed their position. But there are questions. Even at Harare, some people had said that Malaysia will shift its position and the warning was given to our leaders. That is on record, the Government of India knew that core labour standards will come. It is a new question? Did it not come from the very inception? Did it not come in the Uruguay deliberations? Did it not come in the Marrakesh? We knew that it will come, but ultimately we have shifted our position. On whose brief? Has the Government of India agreed? Because very serious things have taken place, we said that the ILO is the only organisation and now we are agreeable that WTO will continue the dialogue with ILO on such questions. They do not consider it a climb down. They consider it a victory.

I am not so much concerned about what happened in the past. What happened in Singapore is serious, but more serious is the complacency of this Government; more serious is that they are failing till now to address themselves to the new serious developments that are taking place. Have they worked out any alternative strategy? They knew what was to come. They knew what were the deliberations at the OECD countries. But the Government of India did never seriously work out any alternative strategy.

Sir, we are saying that we have agreed to set up two Study Groups in respect of multilateral investments. They are innocent Study Groups. Has there been any such exercise anywhere in the world, leave alone the question of an international forum like WTO? We have been told that we shall never allow this study to lead to any negotiation. We have never mentioned about what is meant by this educative process. By this educative process, they are weaning away the countries from the Third-World. Sometimes they give something to them; sometimes they influence them in several ways; sometimes they influence their leaders and sometimes they influence their bureaucrats. We knew all these things. Now, they are saying that they will not agree to the recommendations of these Study Groups.

We have been told that even in the Declaration there has been a positive mention about this explicit

consensus. What does that mean? Internal implicit consensus is one thing. No one will object to that. Does that mean unanimity? What does that mean? This House wants to be assured about it. This Government is saying that they have agreed to this explicit consensus. But, Sir, different interpretations are coming. Some leaders in the United States have explained it differently. They said that even without caring for India, they can come to a conclusion just as it had happened in the case of ITA. Out of 210 items, we have been trying to stick to some 40 items. Ultimately, the agreement was finalised on 400 items. They said that there is no time. We said that we have no opportunity to consider the draft. Actually, we have been marginalised on this question of ITA involving 600 billion market. ITA. Where our interest lies have been ignored. We had the brief to raise in the open this question of skilled professionals and all these things. The Indian also we have delegation ignored it. There is hardly any reference to it in the Statement also. Why is this question very serious? It is because, the WTO was set up with the specific objective of using it as another instrument of nominating the world, to capture the market, and by TRIPs, our indigenous capability, our own technology and all these things have been controlled. One window was left before us. It was strange. As a national sovereign Government, we have no option. Left before us. Earlier we have a choice regarding the area of investment about the sector, about the technology, and all such things. Now that window also is going to be closed. What will happen to us? Will they invest according to our choice? No. It is transnationalisation of the economy of the developing countries. They will dictate everything. Will they come to areas where we need foreign technology? We should not be fussy about foreign technology.

We need foreign investment. But who will take the decision? Will it come in the infrastructure or will it be in the unimportant marginal areas where we do not require them urgently or immediately? They will determine everything.

In the power sector a lot of controversy had come. In telecom and in many such areas what do you find is that they are gradually trying to dictate their terms. As a result of this note only that our sovereign right to choose as regards technology and area of investment is restricted and we are going to suffer but also our domestic industry will suffer. What is the reaction of the CII on that Singapore Declaration?

CII in their latest Study, even before the Singapore Declaration had reached them, had come our openly that it would be disastrous for the domestic industry. FICCI, in the beginning responded as 'it was a welcome move with regard to the core labour standard and all these things'. Today, you find that their reaction is also changing after studying the details of the Declaration. We are not, ultimately going to gain as a result of this Singapore Declaration or the agreement. It will cause havoc to our economy. What is the major concern for all

of us? This Government is weakening its position as far as its economic sovereignty and authority are concerned. But what is at stake is its credibility. Will the people of India believe them that at Delhi in the Preparatory Meeting they assured them that as far as core labour standard investment, competition policy, etc. are concerned, they should never surrender.

With regard to our stand on CTBT, we take pride that even if we are alone, we have taken a principle stand at Harare, in this House and outside. Who has authorised this delegation to radically change its position with regard to core labour standard, investment and competition policy?

When I raised the issue, the hon. Minister of Finance said that he did not have the details about what had happened there. He also said that with regard to investment, our delegation was unhappy. The Minister of Finance was unhappy. The Government was unhappy. But what has come out in the Statement 'that it was a victory. Who has surrendered? The other countries have surrendered. It was not India which compromised. Then who compromised? Other countries which have been seeking new mandate have compromised'. This is very serious.

What is very serious is this part of it that there is no serious thinking on the part of the Government as to how to make the new situation. In what situation they have surrendered is one thing. The Government must explain all those things. But this climb down, this shifting, this change of position, this surrender, may be in the jungle of diplomatic or neo-diplomatic verbiage or whatever it is, but it was a surrender. We are more concerned about this. There is still time and this Government should work out, have a national consensus, discuss...*(Interruptions)*

MR. CHAIRMAN : Shri Rupchand Pal, please wait for a minute.

Now it is six o'clock. If the House agrees, the time of the House can be extended up to seven o'clock today to conclude the discussion today.

(Interruptions)

SHRI K. VIJAYA BHASKARA REDDY (Kurnool) : Let us take it up tomorrow...*(Interruptions)*

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF TOURISM (SHRI SRIKANTA JENA) : Sir, it was agreed in the meeting of the Business Advisory Committee to extend the time of the House till we finish this entire debate and the reply thereto. But since a request has been raised for the adjournment of the House, we can sit up to seven o'clock today. Tomorrow, discussion on foreign policy is there, discussion on Supplementary Demands for Grants is there, discussion on the U.P. Budget is there, and the discussion on sports is there. In the meeting of the Business Advisory Committee, it was agreed by all the political parties to sit up to 10 o'clock.

As there is a request from the Chair to sit up to seven o'clock today and also as the staff will be facing some problem in going back to their places to day because of the bus strike, we can at least sit for another one hour today so that we can conclude this debate and the reply thereto can be given tomorrow...*(Interruptions)*

MR. CHAIRMAN : What is the sense of the House?

(Interruptions)

SHRI SONTOSH MOHAN DEV (Silchar) : Sir, we can sit up to seven o'clock today. Otherwise it will be difficult to finish all the subjects. Let us not sit more than one hour under any circumstances...*(Interruptions)*

MR. CHAIRMAN : So, today the House will sit up to seven o'clock.

Shri Rupchand Pal, you please continue your speech.

SHRI RUPCHAND PAL : Mr. Chairman, Sir, I am saying that the Government needs make some introspection. They have to work out an alternative strategy on the basis of suggestions from different political parties.

Immense damage has already been caused and many more dangers are waiting because in the OECD Agenda, they will not limit trade to trade only; they will try to relate almost every human activity on the earth to trade. For example, social clause, which they have been trying all along from the inception and they have now, at least, been successful to make a reference to it. Now, there are question on human rights and environment question. They will repeatedly try to incorporate all these questions in the WTO Agenda. We must have a positive alternative, which will not only project our own interests but also provide credibility so that under-developing countries can be mobilised around us and we can given leadership to protect themselves before the onslaught of these rich nations, particularly the United States and the other OECD countries, which are out to exploit the market, to capture the market of the developing countries and to subjugate them in every possible way. My plea to the Government is that still there is time to stand up; not only to try to compensate the damage caused but also to find a positive Agenda with which we can move on, protect ourselves and give leadership to other developing countries in the world.

SHRI C. NARAYANA SWAMY (Bangalore North) : Mr. Chairman, Sir, India's position at the recently concluded Ministerial Conferences of the World Trade Organisation which was held at Singapore is being discussed in this august House. India has been taking a consistent position in respect of many international issues. The internationally acclaimed stand of the country in respect of the Comprehensive Test Ban Treaty has shown that the country can take a decision on its own and continue the policy of non-alignment that it has been consistently following over the years.

Now, the Marrakesh Agreement has brought into existence the World Trade Organisation has implied the commitment on the part of its 128 members to certain provisions of the Agreement and under the agreement the Ministerial conference is expected to meet and discuss about the implementation of the various provisions of the Agreement.

Now, There are certain controversial issues relating to international trade, their relationship with international labour measures, the new and recent attempt to incorporate into the Agreement certain standards relating to core labour standards and relating to investment and competition policy. It is said by certain hon. Members here that India has gone back on its consistent stand taken earlier on various occasions relating to this subject. It is also a fact that we, having been a signatory to this Agreement are bound by the terms of the provisions of the Agreement, have a moral and legal obligation to proceed with the implementation of the various provisions. But we have to see as to how far these provisions have affected us or, in other words, how far the stand taken by our country in the Recently-concluded Conference has affected our sovereignty and interest in relation to the international situation.

We also know in respect of these trade treaties, the policies that we have followed, the trade agreements that we have had in the regional arrangements earlier and certain other arrangements with the countries which are signatories to the Agreement, in those regional areas, are allowed to be continued with.

It was opined that in respect of certain issues like the fixation of the core labour standards in this Treaty or in the recently concluded Conference, our country's Stand has not been fair or good for the interests of the country. But, on the other hand, we can see from the text of the Draft Ministerial Declaration and also from the statement of the hon. Minister that we have taken a stand much against the wishes of the advanced countries, including America, Japan and Canada who form the group of 28 countries and especially those who from the Organisation for Economic Cooperation and Development (OECD) which, in 1995, tried to initiate certain negotiation for their Multilateral Agreement on Investment to facilitate investment flows into the terms of World Trade Organisation. This has been specifically stalled at the initiative of our country and may other developing countries which supported this move.

Issues relating to the fixation of Labour Standards have now been left to be decided by the ILO. It is also said that the interests of the developing countries, especially the countries like ours, insofar as fixation of Labour Standards is concerned, have to be protected and these issues do not affect the interests of the developing countries so as to enable the advanced countries or the developed countries to have protectionist measures against the interest of the developing countries. It is also a fact to be mentioned here in respect of other issues which are raised in this

august House, that a consistent stand has been taken by our country that issues other than trade-related issues need not be discussed and no decision be taken on those issues, apart from the provisions of Agreement already entered into by the WTO. We also have other sensitive issues like the Trade Related Investment Measures (TRIMs) which are to be discussed for further action. I still remember that at the time when we entered into the GATT and we became a signatory to that Treaty and later on also accepted the formation of the World Trade Organisation, we had said that we would not remain isolated in the international economic scenario and that we have to integrate our economy, especially in relation to trade and development, and commerce with the international terms and treaties.

18.12 hrs.

(Shrimati Geeta Mukherjee in the Chair)

We also see in the Draft Ministerial Declaration that the issues raised by the developing countries and also in respect of Core Labour Standards, have been discussed. It says :

"The International Labour Organisation (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalisation contribute to the promotion of these standards. We reject the use of Labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly, low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO Secretariats will continue their existing collaboration."

The role of World Trade Organisation has been enumerated as a renewal of commitment to :

"a fair, equitable and more open rule-based system;

progressive liberalisation and elimination of tariff and non-tariff barriers to trade in goods;

progressive liberalisation of trade in services;

rejection of all forms of protectionism;

elimination of discriminatory treatment in international trade relations;

integration of developing and least-developed countries and economies in transition into the multilateral system; and

the maximum possible level of transparency.

Sir, as I already said, it also makes a mention :

"We note that trade relations of WTO Members are being increasingly influenced by regional trade agreements, which have

expanded vastly in number, scope and coverage. Such initiatives can promote further liberalisation and may assist least-developed, developing and transition economies in integrating into the international trading system. In this context, we note the importance of existing regional arrangements involving developing and least-developed countries. The expansion and extent of regional trade agreements make it important to analyse whether the system of WTO rights and obligations as it relates to regional trade agreements needs to be further clarified. We reaffirm the primacy of the multilateral trading system, which includes a framework for the development of regional trade agreements, and we renew our commitment to ensure that regional trade agreements are complementary to it and consistent with its rules. In this regard, we welcome the establishment and endorse the work of the new Committee on Regional Trade Agreements."

When we notice the overall composition of the Declaration and the stand consistently taken by our country, we cannot lose sight of the fact that our country has taken a stand which is in conformity with the consistent stand that we have been taking in these matters. At this juncture we have to see other things. It is not as if we are prepared to face a situation when all the terms of the agreement are becoming operative. Now we feel that in the context of our economy, especially the industrial growth there is a need for us to foster the existing core sectors from the onslaught of the new arrangement. So, we have to prepare ourselves.

Our senior Member was mentioning about the situation of the public sector undertakings like I.T.I. We may also mention about similar organisations. We have also to protect certain core sector organisations so that in the event of a competition in future our infrastructure facilities or our key industries do not lose their identity so as to be a dis-service to the country in that field.

These are certain aspects. I was listening to the hon. Member who was mentioning about the present economic situation. It is true that the present Government has been following the liberalisation policy that was adopted in 1991 and followed subsequently. At the same time, it is also true that there have been some instances. In specific cases I have observed that though there have been technological improvements in the quality of the products, at the same time there has been a negative growth in respect of employment in certain areas.

We have the National Renewal Fund. The budgetary provision is being made year after year. These things, the situation relating to the employment, condition of labour in view of the new scenario after liberalisation will also have to be taken care of. Units like I.T.I., H.M.T.

etc. have also a social cause to be followed. They are following the cause. That also has to be borne in mind while allowing for unbridled privatisation by investment from overseas or internally.

These are certain things which I would like to bring to the notice of the Government through you, Madam Chairperson. I thank you for this opportunity given to me. I welcome the stand taken by the Government.

I would also impress upon the Government to see that the industry and trade of the country is not affected adversely and that we have to take preliminary steps that are required so as to be in a position to face the situation that arises after the transition period.

18.20 hrs.

BUSINESS ADVISORY COMMITTEE

Ninth Report

THE MINISTER OF PARLIAMENTARY AFFAIRS AND MINISTER OF TOURISM (SHRI SRIKANTA JENA) : I beg to present the Ninth Report of the Business Advisory Committee.

18.21 hrs.

DISCUSSION UNDER RULE 193

(ii) India's stand on Singapore declaration of World Trade Organisation - Contd.

[Translation]

SHRI SHATRUGHAN PRASAD SINGH (Balia) (Bihar) : Mr. Chairman, Sir, today we are discussing a very important and sensitive issue. At this juncture, I would like to remind you of the international 5th Conference of the Labour Ministers held in Delhi on 23rd January, 1995 in which directives were issued about the Labour standards. The consensus arrived at the Conference has been given at page 34 of the Joint Declaration.

[English]

It is mentioned under 'Upgrading of Labour Standards'

"Opposition to any attempt to link ILO Conventions with international trade at all international fora. and -

[Translation]

Review, updating and consolidation of international labour standards within the ILO without linkage to trade concerns."