

12.45 hrs.

*(Interruptions)*

CALLING ATTENTION TO MATTER OF  
URGENT PUBLIC IMPORTANCE

MR. DEPUTY SPEAKER: No Member will put the question sitting over there. This is not proper.

**Situation arising out of decision of U.S. Government to single out India for unfair trade practices Under Super 301 Provision of United States Trade Act**

*(Interruptions)*

*[Translation]*

MR DEPUTY SPEAKER: Prof Kurien, don't prolong it It is not necessary. In the interest of the discipline in the House, you need not do that

SHRIPRAKASH KOKO BRAHMBHATT (Baroda) I call the attention of the hon Minister of Commerce to the following matter of urgent public importance and request him that he may make a statement thereon —

Now, the hon Minister to make the statement

'Situation arising out of decision of the U S Government to single out India for unfair trade practices under Super 301 provision of United States Trade Act and the action taken by the Government in regard thereto

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): We have learnt with deep concern the U.S. Government's decision to continue the identification of India under its Super 301 law during the year 1990

*(Interruptions)*

Last year when the U.S. Government initiated the legal process under its domestic law Shri Dinesh Singh, then the Minister of Commerce had made a statement decrying the action as an unwarranted encroachment on India's sovereignty which endangered the multilateral trading system, imperilled the multilateral process of the Uruguay Round and violated the political commitment of "standstill" undertaken at the time the Round was launched We were in agreement that the appropriate response was to refuse to negotiate under the threat of retaliation

*[English]*

MR DEPUTY SPEAKER Please or-

*(Interruptions)*

SHRI G M BANATWALLA (Ponnani) Sir before you, intimidation is going on in this House Threats are being made Intimidation is going on *(Interruptions)*

MR DEPUTY SPEAKER Hon Members will not exchange whatever they have on the floor of the House at least

*(Interruptions)*

MR DEPUTY SPEAKER Prof. Kurien, please take your seat Everybody has a right to express his views. You cannot attribute motives to what they have said Please don't do that No Member will question what I have said here

Now we learn that the U.S. Government has decided to continue action against India What the U S seeks is that we remove all controls on private sector investment and change our insurance laws to allow access to foreign firms As Hon'ble Members are aware our policies in these areas are geared to meeting our socio-economic objectives and are designed to address the problems arising out of our economic situation. Unmindful of the socio-economic imperatives that guide policy making in India, the United States wants us to enter into negotiations in

order to change our regimes. Failing this it threatens us with punitive measures.

Members would agree that even though India has now been singled out for action by the U.S., we cannot relent on our stand. We cannot enter into bilateral negotiations to change our basic economic policies in areas which are in the domain of sovereign decision making, and that too under threat of retaliation. Since the U.S. Government has not actually imposed any measure affecting India's exports, the matter is not yet ripe for taking recourse to the dispute settlement machinery of GATT. However, we shall continue to work in multilateral fora, as we have been doing in the past, to generate the pressure of international opinion against the manifestly unfair course of action adopted by the U.S.

We have a deep commitment to the multilateral process and we shall continue to strive for the success of the multilateral trade negotiations aimed at the growth of all countries and development of developing countries. We expect that the United States will display a similar commitment.

[*Translation*]

**SHRIPRAKASH KOKO BRAHMBHATT** (Baroda): Mr. Deputy Speaker, Sir, I am fully satisfied with the reply of the hon. Minister. Our hon. Minister belongs to such a party which can govern the nation in an excellent manner. I would like to know from the Government, the point of time when the U.S. Government had decided to continue the identification of India under its super 301 law and the reasons thereof. The U.S. Government should also see that certain factors and socio economic conditions are taken into consideration at the time of such identification and consider the fact that India is not a developed country. Last time, the hon. Minister of Commerce had stated in his statement that negotiations would be held with the U.S. Government in this regard. When the U.S. Government was ready for negotiations, we had informed them about our poli-

cies. We can have our own policy in regard to the bilateral trade. I think that we should not discuss these things with the U.S. Government.

Today, the new Government has come to power replacing the previous one. The people have brought in a change and they also want that if the U.S. Government treats us like this, then we should also teach the U.S. Government a lesson. If this Government adopts the policies of the previous Government, it too won't last long.

[*English*]

In his statement, Mr. Bush said the dispute with India, cited last year for a ban on operating foreign private insurance companies and for controls on foreign investment that distort trade, remains unresolved and that he would keep India on the list. He said he would not add any new countries this year. The list must be updated annually. "Let there be no mistake," Mr. Bush said. "This administration is committed to free and fair trade. We want open markets and fair treatment for our products, services, investment and ideas."

While the designation of India was likely to meet with the approval of Congress, the failure to cite Japan was certain to raise protests. India has made no concessions and taken the position that it cannot submit to another nation's law, Officials said. Mr. Bush's Cabinet economic Council met to decide which country or countries should be named this year under Super 301.

[*Translation*]

Mr. Speaker, Sir, last year, there were three countries in it, viz., Japan, Brazil and India. Now, only one country is left. We came to know of this fact from the newspaper of the 28th April. I would like to know from the hon. Minister of Commerce whether the news that has appeared today in the Financial Express is true or not?

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*Situation arising out of U.S.*  
*Govt. decision to single out*  
[Sh. Prakash Koko Brahmhatt]

MAY 4, 1990

*India under super 301* 480  
*provision of U.S. Trade Act*

[English]

It has come in today's Financial Express under the heading "Super 301: US may not penalise India" and I quote:

"We feel as we keep the negotiations going with the Indian Government bilaterally or multi-laterally we will be able to arrive at an understanding which is mutually beneficial to both countries, the White House Deputy Press Secretary for Foreign Affairs, Mr. Roman Popaduik, told newsmen here on Wednesday.

India was put on the US trade hit list along with Japan and Brazil last year. But last week both of them were taken off the list leaving New Delhi alone to face the trade sanctions as envisaged in the Super 301."

MR. DEPUTY SPEAKER: Are you reading it out.

[Translation]

SHRI PRAKASH KOKO BRAHMBHATT: Mr. Deputy Speaker, Sir, it has been reported in this newspaper that India will not be penalised. In the end, I would like to know from the Hon. Minister whether all these facts are true or not? What type of relations we should have with America when it is treating us like this. Please tell us in detail about it.

PROF. VIJAY KUMAR MALHOTRA (Delhi Sadar): Mr. Deputy Speaker, Sir, the entire House and the nation should raise their voice against the conspiracy of the U.S. Government aimed at entrapping in their economic trap all the developing countries, particularly India. This has only shown that the U.S. Government has been trying for last many years that India should neither be able to free itself from the vicious circle of foreign debts nor come out of the claws of Multinational Companies and become an economi-

cally self-reliant. It is just one instance of American designs.

Mr. Deputy Speaker, Sir, the U.S. Government had enacted Omnibus Trade Competitiveness Act in the year 1988. The Government of India should have raised its voice against it at that time. They wanted to take action under the U.S. Trade Liberalisation Negotiation Priorities by 26th May, 1989 and also identify the countries which were coming under U.S. Trade Barriers. Last year on 25th May, 1989, three countries namely Brazil, Japan and India had been identified under it. That was the high time that we should have raised our voice against the U.S. Government and should have taken this matter to the international forum. But we missed the opportunity. We had also given this impression at the time of Geneva talks that we were ready for talks on that issue. They had started blackmailing us on patent laws under Super 301.

Mr. Deputy Speaker, Sir, the hon. Minister has stated that no action has been taken so far and we do not consider it appropriate to take action in the GATT also. The deadline fixed by the U.S. Government is expiring in June. The U.S. Government have clarified that they will take an action only after June and impose 100 per cent tariff duties. They said that India has been put on the trade hit list. I think that the deadline of 16th June is not very far off and we should not wait for the U.S. Government's action but should take steps before hand. I would like to say that they have placed four conditions before us. The U.S. Government has said that they should be allowed to operate in the field of Insurance Business. The condition of 40 per cent equity in foreign companies should be liberalised, they should be given relief under non-tariff trade barriers and import policy should also be liberalised. In India, the Private Sector is not allowed to operate in the field of Insurance Business, then how can we allow the Americans to enter this field? In regard to Non-Trade Barriers, the U.S. Government itself had conceded at the meeting of GATT, an organisation of 98 countries of which America is also a mem-

ber, that Non-Tarif Barrier may be imposed there.

The hon. Minister has stated that we have taken a very serious view of it. The U.S. Government has imposed barriers and asked to liberalise the policy. I would like to say that there is no need to liberalise the policy. Instead, it should be made more rigid. Today, there are several multinational companies operating in India and they need to be thrown out of here. They are blackmailing us and we are being told that multinational companies should be allowed to operate here. The multinational companies, which have established their monopoly in consumer items, have rendered 10 crores of people jobless. Cottage and small scale industries are also dying. Therefore, instead of throwing the multinational companies out of our country, a demand is being raised here to liberalise the condition of 40 per cent equity. In their country, Australia, England, France and Canada etc. do not treat the foreign companies with 10-15 per cent equity at par and here we are keeping these companies with 40 per cent equity at par. They are allowed 76 per cent equity in core sector but they are that we should not impose the condition of export and they should be allowed to invest in our country more liberally.

Mr. Deputy Speaker, Sir, inspite of surrendering before them we should ask them to withdraw from the field of consumer items. But the Government has opened the flood gates for these companies by granting permission to Pepsi Cola. The Coca-Cola and other companies will also try to invest in India. The Government has yielded to them as they have granted permission to Pepsi Cola. I would like to say that this company should be closed down. We are preparing to combat the threat of invasion from Pakistan. The Hon. Prime Minister is giving a call to the nation everyday. But it is also necessary to realise the gravity of threat from America because it intends to entrap our economy. The 30 per cent of our total export earnings is being spent on repayment of foreign debt,

which stands at present at the level of one crore of rupees.

MR. DEPUTY SPEAKER: I think that there is no difference between what you intend to say and the stand that has been taken by the Government.

PROF. VIJAY KUMAR MALHOTRA: But I can see the difference, Sir.

MR. DEPUTY SPEAKER: If you think that there is a difference then you may seek a clarification.

PROF. VIJAY KUMAR MALHOTRA: It is not enough to say that we are taking it seriously. Instead you should say that you are not going to accept those conditions which have been imposed on us. You should say that we are going to make our relevant rules more rigid. India is capable of evolving its own policy and we cannot compromise on this point, at any cost.

MR. DEPUTY SPEAKER: Please speak of your doubts, if you have any, in this regard.

PROF. VIJAY KUMAR MALHOTRA: I am saying that only.

[English]

India's economic policies on foreign investment, imports regulations and nationalisation of insurance business are guided by its national priorities and compulsions. The sovereign right of your country cannot be subjected under threats from USA to help them improve their trade deficits.

[Translation]

I would like to submit that the hon. Minister should pay attention to four-five things. Why the Government is not strictly enforcing the condition of 40 per cent and 76% investment of capital in the core sector equity participation in respect of foreign companies. When several other countries do not treat the foreign companies having 10 to 15 per cent of equity participation at par with their indige-

[Prof. Vijay Kumar Malhotra]

nous companies why they have been treated at par here. Why America has not been told in clear terms that their companies will not be given insurance cover in which they have a share. All the multi-national companies, particularly those producing consumer items, should be asked to wind up. Attention should be paid to the dead line. Our trade deficit in respect of America is near-about 600 million dollars whereas the aggregate of it in respect of all the foreign countries comes to a total deficit of rupees nine thousand crore. So the American deficit is not very high and there is nothing to worry about. Entire country stands to support the Government. Hence, it should be made clear to America that if it took such a step, it would be considered as an interference in our internal affairs. We are even ready to face the challenge. Even if our country is not allowed to go in for imports, it can do without foreign goods, but we will not let them harm our economic interests. It should be made clear to them.

[English]

SHRI P. CHIDAMBARAM (Sivaganga):  
Mr. Deputy Speaker, Sir, We are happy that the hon. Minister of Commerce has made a Statement, responding to our concern over the decision of the United States Government to keep India in what is popularly described as a hit list under Super 301.

Sir, I must particularly thank the hon. Minister for recalling the Statement made by the then Minister of Commerce, Shri Dinesh Singh who will speak after me, which was made in this House on the 4th August 1989. I think, this is a good indication that on a matter like this, there are no political differences, there will be no political differences and we, in the Opposition, extend our support to Government if it takes a firm and clear line in the matter of Super 301. We do not change our policies because we are on this side of the House. In fact, Mr. Dinesh Singh, when he responded to the call attention last year in August, 1989, categorically stated

and, I think, it is worthwhile to quote him on that:

"We have made it quite clear that India will not negotiate under Super 301. But I must also say that as a country, we have never declined any request for negotiations. But there cannot be a negotiation under threat under Super 301. If the United States wishes to negotiate to discuss, to talk with us on any matter in the world, we are quite open to do so provided it is done in an appropriate manner without any threat or retaliation."

Sir, that remains the policy of my party. I sincerely hope that the Government will adhere firmly to the policy which is contained in the Commerce Minister's statement.

Having said that, I wish to point out that the Commerce Minister could have been a little more candid with us or taken us into more confidence. After all, this is an important occasion. It is the first parliamentary occasion where the Government and the Opposition exchange views and debate on the question of Super 301 after the recent US decision. Should not the Government have taken this House into confidence, this nation into confidence and shared with us some more information? Firstly, why is it that the United States has chosen this time to make a public announcement, as it were, that India will remain on the hit list even while Japan and Brazil have been taken off the list. It is not a matter of mere economics. All questions of economics are inextricably linked with politics and all questions of politics are linked with assessments made by other countries about our political strength, about our political resolve about the political course which this country will follow.

In August, 1984, Shri Dinesh Singh said that India had consulted Japan and Brazil. And I quote him:

"Both Japan and Brazil have themselves declared that they will not negotiate under Super 301. Their position is

not very different from ours. So far as Japan is concerned, they are already having a total review of the economic relations between Japan and United States. I suppose, there will be an opportunity to discuss this matter. Brazil has said that these matters are already under discussion in the multilateral forum."

How is it that Japan and Brazil have got off the hook, as it were, while India remains on the hit list? Or put it conversely: Why does the United States feel that it is necessary to take Japan and Brazil off the list? Any why did the United States feel that it is necessary—and what is worst possible—to keep India on the hit list? This is an unanswered question in the Commerce Minister's statement.

I believe for the last few years India has a trade surplus with the United States. The surplus is not a large surplus. It is a very small surplus. I think, hon. Member, Mr. Malhotra, mentioned a figure of 600 million. I have a figure of 850 million. The Commerce Minister, I am sure, has the latest figure. The US's deficit with Japan, which means Japan's trade balance or trade surplus with the US is in the order of 50 billion dollars. Please correct me if I am wrong. It is possible for Japan and the US to reach a position—I do not know how—by which Japan, which has a trade surplus of 50 billion dollars has been taken off the hit list while India with a small surplus of 600 or 850 million dollars is kept on the hit list. Why? Our trade and tariff with the US is increasing year after year. The US investment also has been increasing year after year. Barring the United Kingdom, which, for historical reasons, had a large investment presence in India, it is the US which has the largest investment in India. The Commerce Minister should kindly take this House and the people into confidence and tell us as to what is the investment of US in India today. What has been the growth of US investment in India in the last five or ten years? Has there been any real hindrance to US investments consistent with our policy? Is the US really feeling any difficulty within

the framework of our policy? I am not asking as to whether they have expressed difficulties of investment outside the framework of our policy. But within the framework if there is a growing curve of investment and trade, then why, again I ask, is the US choosing this point of time to hit India? I believe that recently the Commerce Minister went to Mexico. He was one of the few Ministers representing the few countries who were invited to the Mexico Conference. But this statement makes no mention Mexico. I do not know whether or not Mexico has any relevance to the subject or not. But my information is that this has relevance to the subject. Some of these matters were discussed in Mexico. It would be certainly more appropriate for the Government to take the House into confidence and tell us briefly as to what happened in Mexico. I want to know as to whether these questions were discussed there or not. Was the question of Super-301 raised in Mexico? Were Japan and Brazil present there? Did the Commerce Minister exchange notes with his counterparts from Japan and Brazil? This is valuable information which we must have. Now let me try to attempt an answer to my own question.

MR. DEPUTY SPEAKER: Why should you do that?

SHRI P. CHIDAMBARAM: In order to provoke the Commerce Minister to come out with an answer. Let me attempt an answer. In my own view, this kind of pressure is being put on India at this point of time because perhaps, the US Government believes that they can get away with this kind of pressure at this point of time. In its zeal to undo all that was done by the previous Government, perhaps, the present Government has sent out a signal that everything is open to review. Let me once again be fair to the Government's statement. There is a certain continuity in the policy which was announced last year and the policy which has been stated in the Commerce Minister's statement today. But have you sent out a signal by a word or an act or an exchange, may be wittingly or unwittingly, that everything is open to review, with the complexion of Parliament and

[Sh. P. Chidambaram]

an apparent shift to the right? By claiming openness in everything, have you sent out a signal that everything is under review and perhaps, this is the time for the US to apply pressure? A couple of days ago, the Prime Minister spoke about transparent investment policy. I am quoting his words. He said that the investment policy should be more transparent. He also, I believe, used words like 'policy which should be more fair and equitable'. He said that he would indicate the areas in which foreign investments are welcome. I am not saying that there is a cause and effect connection. But what is transparent about a proposed policy and what was not transparent about the policy announced last year? Sir, I think, we must be careful about the choice and use of words. If we have a clear and firm policy, if we are resolute and wise, if we are fair and firm, as I believe, Japan and Brazil have been, India will not be kept on the hit list and the USA will have to deal with India in the same manner the USA is now dealing with Japan and Brazil which were kept on the hit list last year.

There was a mention of Pepsi Cola. This illustrates the kind of confusion that sometimes crops up. I saw a video cassette titled 'Business Plus', and I am sure it was circulated to every Member of the Government too. We saw two Ministers of the Government giving opposite views. In the first shot, one Minister says: Whom is Pepsi Cola fooling? Pepsi Cola is taking this country for a ride; Pepsi Cola can jump into the lake. And in the next shot, another Minister of the Government says: Pepsi Cola and we have a solemn agreement and we will carry through this agreement. Now, there are two statements, which read separately, give different views. I would send you the cassette if you wish, and just see on the same cassette two Ministers of Government holding Cabinet posts and speaking in two different voices. It is this which is causing confusion. The hon. Member, Shri Vijay Kumar Malhotra should have pointed out this contradiction in Government and not started on his own—I am sure, he is entitled to—enunciation of the

BJP policy on the question of Pepsi Cola. The Government itself has got two or three policies, BJP will add more and CPM will add yet another policy. This is the kind of confused signals that will go out of the country to the world that everything is open to review in this country and there will be no continuity of policy, no firmness and fairness in dealing by this country with the United States of America.

Once again, let me emphasise that we stand firm on the policy that we stated last year when we were in Government. I would only request the hon. Minister to spell out his policy. He says that sanctions and measures have not yet been imposed on India and he will continue discussions in the multilateral fora. I would only ask two specific questions. If the USA makes an offer for bilateral discussions, does your statement rule out a bilateral discussion with the United States of America? Last year, Shri Dinesh Singh's statement said that while we would use multilateral fora, we would negotiate with the United States, but not under Super 301, not under any threat of retaliation, but otherwise. But your statement seems to rule out bilateral discussions, even if the United States of America says that they would negotiate now without Super 301, without the threat of retaliation.

Secondly, if the United States of America does go on this perfidious course and imposes measures and sanctions, against India, what will you do? This cannot be a secret, you will have to take this House into confidence and tell the nation what you will do if such measures are taken, particularly in sensitive commodities and goods which we export to the United States of America.

These clarifications, I am sure, will help us understand the problem, understand the position of Government and will give us an opportunity to extend greater support to the Government.

SHRIDINESH SINGH (Pratapgarh): Mr Deputy-Speaker, Sir, at the very outset, I would like to express my satisfaction on the

statement that has been made by the hon. Commerce Minister, Shri Arun Nehru, and to congratulate him for not deviating from the policy that we had enunciated and announced regarding Super 301. I think, it is this kind of firmness which may still prevail over the United States of America to try to find a solution to the difficulties that they themselves have created. I was pleasantly surprised to see in the newspapers this morning that the United States of America Government is saying that they would perhaps not take any retaliatory action, but that they would keep us on the Super 301 hit list.

It is quite patent that Super 301 or the whole of the USA Omnibus Trade and Competitiveness Act of 1988 is an infringement on the sovereignty of other nations. No other country has attempted such an act. What is so special with the U.S. that they should wish to pass an act in their legislature which infringes upon the sovereignty of other nation? It is very important to note that no other country, not even one country, has supported the United States on Super 301. It is an indication that by this act United States stands isolated in international trading practices and it is in violation of its own commitment to GATT and to multi-national negotiations that are going on under the URUGUAY round. I think the Commerce Minister must have brought it to their notice. I think he will clarify that their attitude is endangering the URUGUAY round of negotiations.

At times I feel rather amazed that the United States—which talks of free trade and under the pretext of which it has brought in this legislation and has put us on the Super 301—has a variety of its own restrictions of free trade. I know the European communities had drawn up a list of a large number of restrictions that the United States still has. I can mention some of them. For instance, the in-tariff barrier that they exercise over agricultural products like sugar, textile, steel, automobiles and a whole lot of things. Even then they want to take action against countries who see process of development or whose stage of economic growth requires that they have protection. From the very

beginning the United States itself has exercised these restrictions. Take the case of textile. When it is talking of space age and high technology, it still wants to protect an industry which is obsolete in the United States. They can never compete but they want to protect it against us and against other countries which over a short period of time have developed their own industries to international standard. Sir, it is nothing short of arrogance of power and I think it needs to be exposed. I am quite sure that when the Commerce Minister went to Mexico he discussed it with the Ministers of other countries and arrived at a consensus because the United States may still make an effort to isolate us in the URUGUAY Round of Negotiations. It is very important that we carry with us all the countries which will be adversely affected by the proposals that the United States has. For instance, the United States while wanting us to give up all barriers of trade, itself wants primary commodities to be excluded from the export subsidy. Our export policy has already been approved by GATT and it has been established that we are not giving export subsidy but we are only balancing the disadvantages that our industries have. So, Sir, it is a matter which is not limited to some action under Super 301 or keeping us on the list on a purely bilateral basis.

It has already been mentioned by Mr. Malhotra and my friend Shri P. Chidambaram that, the trade advantage we have, the surplus we have with the U.S. is a very small one. I think, last year, it was 669 million dollars. The U.S. trade deficit is over 100 billion dollars. It is not even one per cent. This has come about because of mismanagement of their own economy, not because of small surplus that we may have. I think, this is an effort by the United States Government, first of all, to conceal their own mismanagement of economy, and to put pressure on us and other developing countries. India is being made an example to pressurise us in the Uruguay Round Negotiations. I think it was a very pertinent question that my friend Shri Chidambaram asked. I hope the Commerce Minister will reply to it. What I



[Sh. Dinesh Singh]

wish to add to that is this. Have any bilateral discussions taken place between us and the US outside 301, because we have a Joint Commission with the US, and some of these items were already on the agenda of the Joint Commission? What has been the result of those negotiations? Have those negotiations been broken down or are they still continuing? If they are continuing, their action under 301 becomes even more ridiculous. It merely shows that they wish to put extra pressure on us; they have no valid reason except they have the power to do so.

The Commerce Minister has mentioned in his statement that he is continuing the policy that the previous government had formulated. So, we need not have too many apprehensions about this under his able guidance. I am sure that it would be possible for us to be able to emphasise both bilaterally and also in the multilateral negotiations that what the United States is doing is really trying to destroy the free trade system that GATT is trying to evolve. Any action that they take against India is not really an action against India: it is an action against the developing countries as a whole. India is being made an example and Brazil is being let out. According to the newspapers, the US President is happy that the new Brazilian President has come in. Therefore, it is no longer a trade related issue at all; it is a highly political issue, and we will have to deal with it on the trade side, because US has no power to take any trade related action against India, as has been mentioned in the statement by the Commerce Minister. We can activate the system under GATT to resolve the dispute. But it is a political action that I am afraid has come about, because the US feels that India is not speaking in different voices and that it has given a signal that all issues are open for re-negotiations. I hope that the Commerce Minister would make it quite clear that on national issues they continue the same policy, and they are no longer open for negotiations, particularly negotiations under pressure.

SHRI S. KRISHNA KUMAR (Quilon):  
Mr. Deputy-Speaker, Sir, I would like to join my esteemed colleagues in welcoming the statement of the hon. Commerce Minister to the extent to which it reiterates the unambiguous position taken by the Rajiv Gandhi's Government that India would not be pushed around and that they would safeguard our national priorities. Sir, speaking in a journalist idiom, Uncle Sam has again started shooting from the hips at India. By singling out India for punitive action under Super 301, the forces of economic imperialism have bared their fangs again in a naked act of economic aggression against our country.

The action under Super 301 is symptomatic of a deeper malaise which had plagued U.S. relations with independent India.

There is wide body of opinion in this country that the U.S. is wary of and is in fact very sorry about the emergence of our country as a major power in the region and in the world. Perhaps, it is not coincidental that we launched Agni on the 2nd May 1989 and they fire this economic missile at us within a fortnight, i.e. on May 25, 1989.

We should note the language and tenor of the speech of Carla Hills, the cabinet ranking U.S. trade representative on the 6th April this year on the eve of Indo-U.S. Joint Business Council. I quote: She asks India to

"get out of the business of regulating commercial activity."

Again I quote:

"India must comply with 301 and Super 301 or else it could find the American market shut on its face."

The measures suggested by the U.S. Government have far-reaching adverse implications for our country, listed on the trade barriers are the entire gamut of rules and regulations under which we have been conducting our international trade-investment, import licencing, insurance, patents, trade marks, copy rights, trade secrets and

even motion pictures. We have to protect our basic economic philosophy which is the establishment of an egalitarian society. This country cannot open its flood gates to multi-nationals and transnationals. In reality what the U.S. calls 'trade barriers' are in essence safeguards to protect our national developmental objectives.

The changes in the Patent Act suggested by them can increase our drug prices, for instance, manyfold. They want to make forays into our nationalised insurance sector.

The world is entering into an era of inter-dependence. Consequent on the visit of Smt. Indira Gandhi to Washington in 1982 and Shri Rajiv Gandhi to U.S. in 1985, we have made efforts to come politically closer to and strengthen economic cooperation with the U.S.A. and the trade with the U.S.A. has been burgeoning. It has almost reached six billion dollars in the current year, with only a balance of one billion dollar in India's favour as my able colleague Shri Chidambaram mentioned.

MR. DEPUTY SPEAKER: I would like to bring to your notice that this motion provides you with an opportunity to get your doubts cleared on the statement made by the Minister.

SHRI S. KRISHNA KUMAR: I am coming to that. I am raising a doubt that while our trade with US was burgeoning as emphasised by Mr. Chidambaram, what is the specific reason that they have come out with an act of economic aggression against India at this juncture? It is wrong to say that India is protectionist when the United States itself has been one of the most severely protectionist countries in the world. I have handled textiles in the Government of India. The trade in so many ordinary goods, agriculture to automobiles is saddled with endless array of restrictive practice in the United States. They had unilaterally amended the bilateral agreements in textile exports. When Singapore which has been characterised as the capital of piracy in the world has been

excluded, when Japan which has a trade surplus of 55 billion dollars with the United States has been exempted, it is curious that the US is bringing pressure tactics on India. The aim is only to deflect India from the strong position it has already taken on multi-lateral issues, and in the larger context, it is against India's leadership in the struggle for a new and just world economic order.

The Indian National Congress has always taken a very clear stand to protect the nation's integrity and honour in international relations. Shri Dinesh Singh, Shri S.B. Chavan, Shri P.V. Narasimha Rao and former Prime Minister Shri Rajiv Gandhi had reiterated that their Government would not even negotiate or participate under threat of retaliation. Other countries have supported us. My doubt is the same as expressed by Mr. Chidambaram. It is the perception of weakness of this Government which is responsible for this new initiative of the US Government to push us around. At the same time I would like to ask the Commerce Minister whether on the constructive side, while we will not deflect from our path of national self-reliance, will he continue the constructive initiatives of liberalisation and modernisation in the economy which had been launched by the administration of Shri Rajiv Gandhi. For instance, there is still scope for liberalising import of technology and selective liberalisation of foreign investment. For instance, China allow upto 51 per cent of foreign investment while we have a limitation of 41 per cent only. There is still scope for getting rid of the remaining excesses of the licence-permit raj. We can curb piracy. We can promulgate tougher laws and strengthen the enforcement of Anti-Piracy Act. We need steps in this direction outside the threat perception now before us. Also the foreign investors want 'one-stop' service as in other countries. 'One-point contact' would enable them to track their projects through the maze of Government department and procedures. While rejecting the threat posed by the US Government, outside this threat perception, we should continue the liberalisation proc-

[Sh. S. Krishna Kumar]

ess. I would like to know from the Commerce Minister whether constructive policies of the previous Government will be followed.

A strong and self-reliant India has been the basic premise, the foundation of our economic development. I would like to quote from the US Ambassador Hubbard on demitting his office.

"The new Government (i.e. V.P. Singh Government) is now likely to adopt a more compromising and less intransigent posture."

This only supports my colleague's contention that there is a perception of weakness about the new V P. Singh Government in the thinking of the US Government. Let this Government categorically state that under no circumstances the national honour will be compromised. A message should be sent to the whole world that India will not be pushed around in any field whatsoever.

**SHRI ARUN KUMAR NEHRU:** Mr. Deputy Speaker, Sir, I would like to thank all the participating Members in the Calling Attention for the sentiments which they have expressed. Various clarifications and also some very important points have been raised by Shri Dinesh Singh, Shri P. Chidambaram and all other friends. I think the important thing is that all political parties feel the same way and what I would really like to do is to seek your indulgence in a little time so that I can go into some details and the whole background and what we plan to do in the future.

Firstly, India and the United States have had excellent relations both political and economic. If you look at the figures over the last five or six years, our exports have gone up, imports are also appreciable. We have a small surplus. As some hon. Members have very correctly stated if we take into account the total deficit which the United States has, which is 100 billion plus or the figure is close to 150 billion, the surplus which we have is

less than 1 per cent, or it may in fact be less than half a per cent. Hence, very correctly, the question has been raised as to why India has been singled out under 301. Since the House is unanimous on the course of action the Government is taking, I do not think this is the occasion to score debating points on some of the issues raised. The point is that there is no difference of opinion at all. Whatever I have stated, we intend to stand by and there is no question of having any negotiations with the USA, as long as the threat of retaliation is there under 301.

Shri P. Chidambaram has raised the issue of Japan and Brazil. You will see that recently negotiations between the USA and Japan were committee. In three important priority areas the Japanese have agreed that they have trade agreements with the USA and these three priority areas, as listed by the USA, were Super Computers, Satellites and recently wood products. As far as Brazil is concerned, it is said very categorically that it would not negotiate under 301. But, at the same time, they scrapped their import procedure in totality.

Now, we can have endless arguments on the subject. The fact is that India is not going to succumb to pressure. If any one feels that on our bilateral trade we can be put under pressure so that multi-lateral process is affected that is not going to succeed.

Shri P. Chidambaram had mentioned about the US investment in India and foreign collaborations. Upto 1988 out of 926 and odd collaborations, the USA had 191. In terms of statistics 20.6%. The total investment was about 457 million dollars. I also have comprehensive details with me showing that U.S. companies in India are doing remarkably well. So, if you take commercial logic, there is no reason for India really to be under 301. If we talk of the concept of free trade, there we are being restricted. I am not being critical but I think it is relevant to mention here that the USA does not exactly favour free trade either. There are several barriers which exist even at the moment, some of which have been mentioned by the hon.

Members. In fact, if you go back to the day of their independence in 1789 and trace the last two hundred years, you will find that American manufacturing itself was born and bred under tariff force. I can give hundreds of illustrations. The point is that all developed nations were developing economics up to a few years ago and those who are telling us what to do today, have conveniently forgotten what they themselves were doing a few years ago. I am not going into the details of this as we do not want to pass judgement on others, but the facts of the case are very very clear. Very briefly, the US barrier, affecting exports from India, is basically on textiles and clothing. In brevity, if the quota system did not exist, we could export at least dollars seven to nine hundred million worth of additional products into the USA. But there are restrictions. We have the quota system. The United States have also taken recourse to countervailing measures and anti-dumping duties which are totally against the letter and spirit of the obligations under GATT. There are also health and sanitary restrictions on imports of handicrafts and food products. Similarly, there are restraints on exports of steel, steel products, machine tools—I have got a whole list with me. So, whilst the United States talks of free trade, one should also take into account that these restrictive measures do exist.

We believe in the multilateral process. Mr. Chidambaram and Mr. Dinesh Singh have also mentioned about Mexico. This was an informal meeting of Ministers from twenty-nine countries and this was to take stock of the Uruguay Round, as to how far we have progressed. I am mentioning this specifically because during our Mexico meeting and also earlier, we have made some very pertinent points in regard to access to markets, reinforcement of GATT rules and also on the important subject of TRIMS, TRIPS, which is, the Intellectual Property Rights Investment Measures, and also in regard to trade in services. Now, the viewpoints which we have expressed do not necessarily coincide with those expressed by the developed countries. The viewpoints expressed by India are substantially the viewpoints expressed

by all developing nations, the third world countries. As I have said earlier, we are not going to come under any pressure from any country but we cannot help the feeling that an attempt is being made to take punitive action against us bilaterally to influence our course of action in the multilateral negotiations. And that, I would like to assure the House, is not going to happen. I am raising these points because I think they are very relevant, because these are the points on which disputes will come in the future.

SHRIMATISUBHASHINI ALI (Kanpur): I would like to have your clarification on certain points, if you permit me to ask.

SHRI ARUN KUMAR NEHRU: Please ask, I don't mind.

SHRIMATISUBHASHINI ALI: One thing that is agitating some of us here is that the Minister has given very good assurance which I think all of us welcome. In the past also, the previous Governments—when the question of 301 and Super-301 was mooted—made very brave statements at that time. But at the same time there was certain compromise like Intellectual Property Right which was put on the agenda of the GATT meeting. I think that was a sign of weakness. What I am really trying to say is that while we make and we are making very good statements that we are not going to be bullied and we are not going to be pressurized, but at the same time I hope that the present Government is not going to repeat many of the mistakes, many of the policy mistakes of the previous Government. (*Interruptions*) I am not accusing anybody.

SHRI DINESH SINGH (Pratapgarh): You are bringing in totally irrelevant things.

SHRIMATI SUBHASHINI ALI: It is not irrelevant. I am just coming to the point. My fear is that while on the one hand we will say that we are not going to be bullied, we are not going to be pressurized in the name of so-called liberalisation and opening up, I hope that we are not going to be dictated to do many of the things that the USA want us to do

[Smt. Subhashini Ali]

and I think we also want to know that in all these things, the Government is really not going to yield.

MR. DEPUTY-SPEAKER: He has been very categorical on that.

SHRI ARUN KUMAR NEHRU: Sir, I would like to mention that there was no discussion on '301' because '301' is not relevant in the multilateral discussion. Now, the steps which we have proposed were to dismantle the discriminatory trade regime on Textiles. This is a major step. Similarly, we had suggested integration of agriculture into GATT and for its liberalisation, to take into account the needs of the developing countries. We had also agreed that tariff cuts would be necessary. We want industry to stand on its own feet and we are taking appropriate steps in that direction. In regard to reinforcement of GATT Rules, we have given a very very high priority to negotiations on safeguards reaffirming the MEN principle. We want the trade barrier effect of countervailing and anti-dumping actions to be minimised.

Similarly, on the subject of TRIMs, that is, Trade Related Investment Measures, we have made our position very clear. We have mentioned that the industrialised countries have advocated prohibition of investment measures such as exporting obligation and domestic content requirement. This suggestion was totally unacceptable to us as we use investment measures to harmonise corporate interests with national interest. In many cases, we want to ensure that investment does not aggravate the balance of payment problems and contributes to real industrialisation and not merely to establishment of screw-driver technology. We felt that there should be genuine manufacturing activity.

Similarly, on trade related aspects of Intellectual Property Rights, we have made our position very very clear. In fact, I have a comprehensive list with me as far as major countries and their patent laws are con-

cerned. We have made our position very clear and we cannot agree to it and the fact we had also brought it to their notice of the concern about the patent laws which they themselves were using in their own countries, that is industrially developed countries. Some of them are still using them. In some country, it goes on up to 1992. Similarly on trade in services, they wanted it on Insurance and other matters and we raised the question of liberalisation of labour and labour intensive services. You cannot have it one way. Now, I would like to mention here that when we raised these issues in Mexico, there was general support from all the developing countries and in many developed countries also the general appreciation was there that the need of the developing countries in the Third World should be taken in the proper perspective.

On the point raised by the hon. Member, I would like to mention here that in today's context we have a global economy, we are not operating in isolation. After all, if we are looking for record exports—and we have record exports today—we are going to finish up with Rs. 28000 crores or Rs. 29,000 crores we are not exporting to the tune of what they are exporting to the rest of the world. We have to take global trends, we have to take global shifts, we have to be competitive, we have to update technology, we have to update our infrastructure. Otherwise, what are going to export? We have to cut down on tariffs, you cannot have indefinite high tariffs and for what? It is all right for a domestic market, but what are you going to do for exports? The fact is that our exports have to go up and this is a point which we have made. What we have told our trading partners is that like all developing countries we have our compulsions. In the new import-export policy several attempts have been made to cut down procedures, to cut down on the red-tape, to liberalise further in certain streams where it is necessary, where we have to develop infrastructures we have to cut down duties on capital goods. A lot of our exporting units in the small scale and the medium scale have to update their technology. How they are going to do it? But what we

have said is that we are taking these steps on account of our own national priorities which we worked out. Nobody else can work it out for us. I would like to assure the House, and I think there is a general agreement amongst all parties that our balance of payments position has to improve, there is no instant magic in this. If the position is to improve, our exports have to go up. We are making a very very aggressive drive towards exports both in the developed countries and the developing world, the Third World, everywhere. Today Indian exports rank with the best anywhere and that is because over the years we have pursued a policy which has strengthened the infrastructure of our industries.

As I have said earlier, I do not want to score debating points. This is a national problem. I do not want to be critical of anything here because the fact remains that whatever we have done in the field of exports has been constructive. We have a very difficult task ahead of us: next year we are aiming at an export of nearly Rs. 36,000 crores which is not an easy target to achieve, but I think that with the efforts which have been made and with every one's cooperation we will be able to achieve it. But I would like to mention here that several changes have been taking place in recent months in the global trading pattern. There have been changes in Eastern Europe, the process of Europe integrating in 1992, but what we are emphasising to all concerned is that this, in fact, is a global system, we have expressed our faith repeatedly in the multilateral process. People have a tendency at the moment to go into trading blocs of strong economic countries trying to aggressively push the others aside. This is not going to work. These are temporary phenomena. The point is that whatever agreements are made can only be made on mutual self-respect and I would only like to State that India is not going to come under any pressure from anybody, we want the best relations, economic, political or otherwise, with all the countries in the world. But we have to fashion our trade policies, export policies with the need of the nation and this we intend to do.

14.00 hrs.

SHRI DINESH SINGH: Mr. Deputy Speaker, Sir, the hon. Member Smt. Subhashini Ali, in saying that she is a novice at this game, gave an excellent example of how she can sneak in something which she had no business to say. Therefore, I would like to correct the record by saying that there was no giving up by the previous Government in Geneva on intellectual property rights.

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MATTERS UNDER RULE 377

14.01 hrs.

[English]

- (1) **Need to take steps to protect the ecological balance and wild elephants in forests as also the villages and their produce in North Wynad in Kerala**

SHRI MULLAPALLY RAMACHANDRAN (Cannanore): Sir, fortunately the people the world over are becoming more and more conscious about the need to protect and maintain environment and ecology. In India also, this consciousness is on the increase, although a lot remains to be done to preserve the flora and fauna.

I make this submission to draw the attention of the Government to the problem faced by the people of North Wynad in my constituency in Kerala. Kerala had some of the most luxuriant forests of India and hundreds of wild elephants roamed these forests. With the denudation of forests and consequent loss of greenery, the elephant population, that have escaped the onslaught of ivory hunters, have now turned to village produce for their food.

The elephants are thus destroying the very livelihood of many farming villages in North Wynad. It is my earnest request that scientific means must be adopted early to