

**High-level Panel Discussion on Reclaiming Development in the WTO,
Organised by the Permanent Mission of India and
the Permanent Mission of South Africa
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Transcript of Speech by Ambassador J.S. Deepak, Permanent Mission of India to the WTO, Geneva

Good morning Ambassadors and distinguished guests.

2. The advantage of speaking last is that by the time you get the floor most points have already been made, and today they have been made very effectively by the other panelists. Ambassador Ngarambe has provided us an update about the status of negotiations in the CTD-SS, where there has been no progress. Nothing going on there! Dr. Richard Kozul-Wright in his detailed presentation of the UNCTAD Research Paper that sheds light on the persistent economic and social gaps between developed and developing countries and supports the continuing relevance of self-declared development status and Special and Differential Treatment (S&D) for developing Members in the WTO. Other panelists also spoke about how apt the term ‘reclaiming development’ is in the context of our on-going discussions at the WTO. ‘Development’, in the context of the WTO, means access to policy space, addressing existing asymmetries, and being able to catch-up with more developed countries.

3. Catching-up is a challenge because of the non-level playing field, the first mover advantage of developed countries in most economic areas including e-commerce and the policy space that developed countries were able to preserve for themselves in negotiations that were heavily skewed in their favour. To give you an example, according to ICAC data, Indian farmers are the most competitive in producing cotton, with cost of production less than 1 US\$ for 1 kilogram of cotton. Similarly, several cotton farmers in Africa are very competitive as well. However, farmers from India and Africa cannot compete with the might of the treasuries of developed countries with AMS beyond de minimis entitlements, as they provide several thousands of dollars in subsidies per farmer. This illustrates that ‘reclaiming development’ is going to be a tough job. But, as the saying goes, when the going gets tough, it is time for the tough to get going! The Delhi Ministerial meeting of developing countries in May 2019, the retreat organized by China in June 2019, and today’s meeting have been important forums for an exchange of ideas on how to ensure that the development dimension does not get side-lined from our work at the WTO.

4. WTO reforms are now at the centre-stage of our discussions in Geneva. As the original proponents of reforms to correct the asymmetries in the covered Agreements, developing Members are more than willing to engage constructively in these discussions.

5. However, the reform agenda being propagated by a handful of developed Members seeks to push a one-sided narrative with disregard for issues of importance and concern to developing countries, and erodes the core principles of consensus-based decision making, non-discrimination and S&D. Recent proposals to differentiate between developing Members; impose punitive strictures for non-compliance with notification obligations; and do away with S&D in negotiations on fisheries subsidies are illustrative of the lack of balance in the reform proposals that have been tabled. This needs to be remedied and soon. We need to have on the table reform proposals that reflect the views of developing countries including LDCs. Without 'balance' the idea of WTO reform will be dead as a dodo!

6. In their recent communications, in documents WT/GC/W/757/Rev.1 and WT/GC/W/764, the United States has employed selective economic indicators to argue that there has been a significant reordering among countries and increasing economic differentiation among them. However, while developing Members have achieved progress on some economic indicators since the inception of the WTO, the old gaps in the levels of development are far from being bridged, and in some areas, have even widened. And, new divides, especially in the digital and technological spheres, are becoming more pronounced. This has been amply highlighted in the UNCTAD research paper presented by Dr. Richard Kozul-Wright and very eloquently by Xiangchen with examples of village communities in India and China. While some progress has been made, significant gaps remain. How Intellectual property is held, the way profits of MNCs flow, how global value chains are structured, the way value-addition in manufacturing is organized and financial flows happen, all show how little things have changed. The world has changed but enough!

7. The claim that many developing countries no longer need S&D, even as an adjustment tool, rests to a considerable extent on poverty numbers and gross statistics. This methodology has two major flaws, as brought about very insightfully by the UNCTAD paper. *Firstly*, the jury is still out on what is an appropriate poverty target to make historical and cross-country comparisons, or indeed, what is an appropriate statistical approach to measuring poverty. While the number of people classified as being in extreme poverty, defined by the World Bank as US\$ 1.90 per day per household has fallen, if we were to use a more realistic metric of US\$ 7.40 a day for measuring global poverty, the number of people living under this line is estimated to have increased dramatically since 1981, reaching the highest level of 4.2 billion people in 2018. Further, studies on the correlation between poverty-reduction and overall development gains show that reduction in poverty trends do not provide any basis for pronouncing an end to the development challenge and reclassifying countries on such a basis. *Secondly*, if at all we are to use economic indicators to gauge the development level of a country,

these must be per capita indicators, because the essence of development is the human being. It is precisely for this reason that in the WTO covered agreements indicators used to assess the level of economic development of a Member are based on per capita calculation, such as “income per capita”, “GDP per capita” and “household income per capita” in Article 8.2 (b) (iii) of the SCM Agreement.

8. In any case, even a quick assessment of numbers highlights the gaping divide between the levels of development in developing Members as compared to those of developed Members. I request the audience to take a moment to consider some startling figures: India is home to 35.6% of the world’s poor compared to 38% in all LDCs put together and 195.9 million or 24% of the world’s under-nourished people. During the period between 2010 and 2017, on an average India’s per capita GDP was 2.9% that of the United States. Approximately 61.5% of India’s population is dependent on agriculture for their livelihood, and yet data from 2016 shows that domestic support per farmer in the United States is 267 times that in India. Furthermore, India has 81 times the number of farmers per hectare as compared to the United States. In view of this stark development divide, it would be grossly unfair and iniquitous if India were required to take the same obligations as developed countries. The evidence is on our side, even though the resources and rhetoric may not be!

9. Other developing Members face similar challenges. For instance, we know access to broadband is the most vital indicator for measuring digital development. And in the developing world, most broadband access is on mobile phones. As far as mobile broadband penetration is concerned, from 2007 to 2016, it increased from 19 percentage points to 90 percentage points in developed countries as compared to an increase from 1 percentage point to 41 percentage points in developing countries. Further, the difference between developing and developed countries was 18 percentage points in 2007 which has grown to 49 percentage points in 2016. Today, 3 of 4 people in India, 4 of 5 in Africa & 5 of 6 in LDCs do not have access to high speed broadband. Thus, in the critical digital area also, not only is the divide very large but it has also grown considerably in the last 10 years.

10. Given the clear, empirical data on challenges faced by developing countries at various stages of development there are no grounds for diluting S&D. Indeed, if anything, in light of the imprecise, unenforceable and ‘best endeavour’ nature of existing S&D obligations in the WTO Agreements, the call should be for more not less. The developed country narrative of “do as I say, not as I did,” nor as Adam Smith suggested, nor as China did, is therefore unacceptable.

11. S&D is indispensable for allowing all developing Members the space to formulate their domestic trade policy, in a way that helps them to reduce poverty, industrialize, generate employment and integrate meaningfully into the global trading system. It is a necessary condition for inclusive development and for taking everybody along, a cliché which all of us pay lip service to!

12. Self-declaration of development status has been a long-standing practice since the early days of the GATT, and therefore it became a part of the ‘customary practices to be followed by the WTO’ within the meaning of Article XVI: 1 of the Marrakesh Agreement. Depriving developing Members of the policy space that is a right, and that was enjoyed by each developed Member in their process of structural transformation and economic growth, would be a gross violation of the basic tenets of equity and justice and would strike at the very legitimacy of the rules-based system.

13. As underscored in the UNCTAD research paper, the flexibilities available to developing Members in the WTO are important to allow such Members the policy space to adapt the negotiated rules to their domestic specificities and challenges, thereby allowing WTO negotiations to move forward. Only developing economies, themselves have adequate knowledge of their local conditions to decide whether they should be categorized as developing Members to avail S&D or not. There is no ‘one size fits all’ definition of development and therefore, attempts at differentiating between developing Members based on arbitrary and selective criteria would be a certain recipe for intractable deadlock in negotiations. In view of this, India along with some other developing countries and LDCs around the globe, hope to put forth a paper on reforms, reflecting the priorities of developing countries including LDCs.

14. Many developing countries are proponents of reform to address the asymmetries in Agriculture and other areas. Efforts are made to divide us, by suggesting, that unless some Members are graduated, there will continue to be a stalemate in negotiations. But facts show that this is not true! Why is there a stalemate? As Pascal Lamy once said in a speech “in the old days, getting a new Round launched and indeed agreed was simply a question of aligning EU and US objectives, sidestepping the odd row about agriculture, signing up the rest of the world, and catching the next plane home.” Those days are gone. The “rise of the rest”, to use a phrase coined by Michael Moore, former DG WTO, has ensured that other WTO Members have a greater voice in negotiations. While developing countries may not have the necessary leverage to get issues of their interest added to the agenda, they now have the numbers and the influence to block issues that are clearly inimical to their interests.

15. We need to be clear that all developing countries including LDCs will benefit from the presence of S&D which is a fundamental pillar of the Marrakesh Agreement. We cannot give up on this! While on this issue, I must share a ditty from history (slightly paraphrased), which refers to the effects of the tactic of dividing others:

First they came for the socialists, and I did not speak out—because I was not a socialist.

Then they came for the trade unionists, and I did not speak out— because I was not a trade unionist.

Then they came for the liberals, and I did not speak out—because I was not a liberal.

Then they came for me—and there was no one left to speak for me.

16. Richard spoke about history, but history is sometimes a poor teacher. We would all do well to remember that unless we hang-together in informing the narrative being created at the WTO right now, we will all hang separately!
