



By ALBERTINA ALMEIDA

Stances about RCEP* and FTAs* need to go beyond election year!

Even as India played a critical role in shifting the deadline for the conclusion of negotiations on the proposed Regional Comprehensive Economic Partnership (RCEP) to 2019, it has floated the idea of a new approach to free trade agreements. “We will do a completely new approach toward FTAs (free trade agreements). ... We are appointing two independent agencies, who will talk to all the stakeholders...it is a first major change. This will be a new template which will emerge for all future negotiations and we are working on it”, India’s Commerce and Industries Minister Suresh Prabhu is reported to have announced at an event organized by India’s Consumer Electronics and Appliances Manufacturers Association. “So, while we need FTAs, we will make FTAs in a way that will also benefit India to begin with, and other countries also,” Prabhu told the gathering.

There are obvious rumblings about why India needs these “two independent agencies” to “talk to all the stakeholders”, what are the costs involved and who are the stakeholders that the Government recognizes. Cannot Government of India’s mammoth machinery including the various concerned Departments like Agriculture, Water Resources, Labour, be mobilized to gather peoples’ interests as stakeholders in the Free Trade Agreements? Also, the word stakeholders hangs loosely and can be stated to mean anything. In the way Governments, including the Indian Government, have operated thus far, big industrialists have been seen as primary stakeholders, and their representation and meetings with them are well taken care of.

Earlier in November, 2018, the 7th Regional Comprehensive Economic Partnership (RCEP) Ministerial Meeting did not end in a resolution, reportedly after India’s call, for retaining some level of protection for local goods through tariffs and seeking access to markets for its services, was not found acceptable. Japan’s largest broadcasting organization NHK observed that reluctance by India has led ministers from 16 Asia-Pacific nations to give up on their goal of reaching a broad agreement by the end of this year on tariff cuts.

The proposed RCEP, an ASEAN plus Agreement, that is, an agreement among ASEAN Countries (Association of South East Asian nations) comprising of most South East Asian



nations) and some non ASEAN countries, specifically banks on the participation of India and China, as in any event, the ASEAN has its own body of rules for free flow of goods and services within its member states, and also has existing free trade agreements with Australia, China, India, Japan, South Korea and New Zealand, all of which are at the negotiating table for the proposed RCEP. To have within one fold two big countries, India and China, size-wise and population-wise, who would doubly augment the coverage area of the Trade Agreement is what is seen in top circles as making the agreement crème de la crème, which is why any dissonant utterances from India or China rock the negotiation boat. China is evidently throwing its might behind the proposed RCEP, as a counter blast to Trump's imposition of tariffs on Chinese goods in the US. But other countries at the negotiation table, and especially India, are not so keen, as the idea of mutually cutting down tariffs would mean that Chinese goods would keep flooding the market and destroying the agricultural sector.

One would think that any trade agreement, and moreso one that calls itself a Regional Comprehensive Economic Partnership, would have to be comprehensive in the concerns it addresses, and equitable to its proposed partner countries as a partnership is supposed to be. But RCEP was being seen as a corollary to a flagship programme flaunted by India's present political leadership, called 'Make in India' launched shortly after the last election, to attract investment to India. With investment, this Make in India Programme also attracted services, thereby disrupting potential employment of local services, and also disrupting the employment generated through local people's access to land. This was in addition to the fact that India's export goods could not compete either in quality or in price with the goods from China. So what use would India's membership in the RCEP partnership be?

While the above issues continue to dog the negotiations and have prevented the RCEP negotiations from being concluded this year as planned, local people and civil society groups, rights groups and trade unions have been flagging even more areas of concern. What would happen to access to affordable life-saving medicines, a right hard-won through a legal battle? In 2013, the Supreme Court rejected Swiss pharma giant Novartis' plea for a patent on cancer drug Glivec and for a restraint on Indian firms from making generic medicines. It was a verdict that resulted in the Indian firms providing affordable drugs to lakhs of cancer patients in the country. Would not any trade agreement that encourages investment from foreign pharma companies with patents for drugs for grave medical conditions like cancer, amount to overriding the Supreme Court Judgement? Would our rather robust labour, security and environmental legislation get compromised at the altar of lowering the prices of the



goods to make them competitive in the RCEP countries markets? Is the heavy price to be paid for engaging in Investor-State Dispute Settlement (when sued) worth it, after the experience of being the highest sued country in the proposed RCEP countries, where just the basic expenses are dizzying, irrespective of a win or loss? Why do we not have access to the drafts of the text of proposed RCEP being negotiated? These are questions that have been poignantly raised, ever since the proposed RCEP began secretively hovering over the Indian firmament, and even reinforced at the resistance meeting preceding the 19th round of negotiations held in Hyderabad, India, in July 2017 where a large gathering of civil society groups, trade unions and community organisations thundered an effective NO to the trade agreement in its current form. These issues got a deaf ear if reports on newspapers and websites of participating Governments and my own interactions with senior Government officers there, after a stakeholder intervention, are anything to go by.

Now, on the eve of India's elections, while kickbacks from foreign investors, as well as from local corporates who could possibly benefit from the proposed RCEP, can seem lucrative, the Government can ill afford to ignore the electoral consequences of signing the RCEP Agreement. The issues around agricultural subsidies, the agitation on account of the plight of farmers, the quantum jump of dollar value against the rupee, the Government's unmet promise to bring back the black money siphoned to Swiss and other foreign bank accounts, and its promise to put fifteen lakh rupees into the account of every Indian, a labour code that seeks to dismantle hard won labour rights, has already significantly lowered the image of the NDA Government. Any further aggravation would be a sure recipe for an election debacle. Which is why when the Indian Government talks the language of national interests, it has also made a shift from speaking only about investors' interests, passed off as national interests.

While public participation is certainly welcome, what remains to be seen is whether the present dispensation or any other that gets elected will be consistent with the positions presently taken, about heeding people's interests and consulting stakeholders when negotiating Free Trade Agreements, once the dust settles down on the 17th Lok Sabha elections which will have been held in 2019.

*RCEP = Regional Comprehensive Economic Partnership.

*FTAs = Free Trade Agreements.



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