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● DEVELOPING COUNTRY TAG

US seeks review at WTO, targets India

Analysts say India, with poor per capita income and HDI ranks, can't be compared with China, Singapore or South Korea

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THE US HAS sought a review of the 'developing country' status at the World Trade Organization (WTO), claiming several members, including China and India, that have moved up fast on economic and social ladders since the formation of the multilateral body in 1995 are still enjoying special and preferential trade treatments by "self-designating" themselves as developing nations.

In a separate paper, presented at the WTO, India, China and some others have rebutted US claims, asserting that in various key indicators, ranging from per capita income and human development indices to agriculture, the gap between them and the rich nations is too stark to miss.

Analysts say while the US demand for a change in the status quo has some merit, as some of the richest countries — such as Singapore, South Korea,

Why equating india with others is flawed

	India	China	S Korea	Singapore	US
GNI* (Per capita, 2017, in \$)	1,800	8,690	28,380	54,530	58,270
HDI (Rank, 2017)	130	86	22	9	13
World Hunger Index (Rank, 2018)	103	25	NA	NA	NA
Poverty (%)	21.2	7.9	0.2	NA	1
Undernourishment (%)	14.8	8.7	2.5	NA	2.5
Agri employment (% of workforce)	41.6	16.4	4.8	0.1	1.6
B2C e-commerce (Rank, 2017)	83	65	5	18	26

*Atlas method; Sources: World Bank (for poverty, undernourishment), UNDP (HDI); ILO (farm employment); Unctad (e-commerce)

Saudi Arabia, Brunei, Hong Kong and Qatar — and the world's largest goods trader, China, claim to be developing to enjoy certain benefits, targeting India in the same breath is disingenuous by any stretch of imagination.

Since human beings are central to any debate on development, per capita income is the most crucial indicator of their progress. In 2017, the per capita gross national income (as per Atlas method) of India was just \$1,800, way below \$54,530 in Singapore, \$28,380 in South Korea and \$8,690 in China, according to the World Bank data.

Special and differential treatment allows developing countries longer time frames to implement commitments and greater flexibilities in adopting

measures to improve their presence in global markets. For instance, developing countries are allowed to provide considerably larger input subsidies and minimum price support (they can offer product-specific farm subsidies up to 10% of the value of production, against 5% for developed countries, although the latter enjoy other flexibilities). Further, developing countries will continue to provide indirect export subsidies, covering internal transport and marketing, until 2023, five years after the deadline for elimination of all forms of export subsidies.

Abhijit Das, head of the Centre for WTO Studies at the Indian Institute of Foreign Trade, said: "It would be extremely iniquitous if India is to be treated on a par with the

US (developed countries) at the WTO, given that the per capita income of the US is over 30 times higher than India's."

Biswajit Dhar, professor at the Centre for Economic Studies and Planning of JNU, questioned the need for New Delhi to partner China in opposing the US demand for a review of the developing country status, saying the Chinese economy is over four times larger than ours and it's a global trading power unlike India. He argued that India can't be treated as a developed country merely on the basis of its aggregate GDP number (The country is the world's 6th largest economy): "India is home to the largest number of the world's poor and undernourished. When two-thirds of its population can't afford food grains at market prices, prompting the government to bring in a food security law, how can India be treated as a developed country at the WTO?"

According to the World Bank data, as high as 21.2% of the Indian population was poor (earning less than \$1.90 a day as per 2011 purchasing power parity), against just 0.2% in South Korea and 7.9% in China. In Singapore, poverty is virtually non-existent. Moreover, 14.8% of population is undernourished in India, against 2.5% in South Korea and 8.7% in China, according to the World Bank. In Singapore, again, such undernourishment doesn't

really exist.

In the Human Development Index of the UNDP, India occupied the 130th position in 2017, while Singapore ranked 9th, Korea 22nd and China 86th. In the 2018 Global Hunger Index, India ranked an abysmal 103rd out of 119 countries. In contrast, both Singapore and South Korea didn't feature in the list, while China ranked 25th.

The paper submitted by India, China and some others, too, point at certain facts. The US' domestic support per farmer was \$60,586 in 2016, 267 times of India's (\$227), although Beijing's support (\$863) was almost four times of New Delhi's. Massive subsidies have led to huge competitive advantage of farm products of developed countries in the global market. While agriculture accounts for less than 2% of the total employment in the US, it is as much as 44% in India and 20% in China, suggesting much lower level of industrialisation in these countries.

Ram Upendra Das, head of the Centre for Regional Trade, said: "I don't think review (of the developing country status) per se is problematic. However, what is more important is a balanced approach to evaluate a country's development status. Any such review criteria have to factor in equity in both economic and social parameters and regional disparity."