

RCEP: Cat is out of the Bag

At last the Indian government broke the silence and lifted the curtain of secrecy shielding the talks on Regional Comprehensive Economic Partnership (RCEP). The newly installed commerce minister Suresh Prabhu said that other countries in RCEP are showing interest only on trade in goods but not on trade in services. In the next round of ministerial level talks, he said, India will insist on the trade in services. According to his perception, trade in goods and reduction of tariffs on imports, which India agreed upon, is good to all member countries, while trade in services, including cross border movement of professionals is to the advantage of India as it has a large pool of trained professionals.

Also India has agreed to provide future domestic policy concessions in services and investments sectors to RCEP members with a gap of five years. Known as 'ratchet' in trade parlance, ratchet implies that future domestic policy changes undertaken autonomously by India will be get committed under RCEP after five years of policy decision. Under MFN (Most Favoured Nation), India has also agreed to provide any future investments and services related concession given to a trading partner under a bilateral treaty automatically to RCEP members as well without any time gap.

"Good progress has been made in investment chapter. We have proposed ratchet to come into effect with a grace period of five years from the date of amend-ment", a commerce ministry official said on condition of anonymity". (Asit Ranjan Mishra on Livemint, 6-9-2017)

The fears expressed on RCEP talks (see Class Struggle, August 2017) came true. The Indian government agreed to reduce tariffs to zero level on 80 per cent of goods, which floods the country with cheap imports. This spells doom to the small producers in industry and agriculture, who are the mainstay of Indian economy. Already the central government scrapped import duty on wheat in December 2016, which was 25 per cent till September 2016. The import duty on raw and finished sugar as well as palm oil was reduced to the minimum.

Along with RCEP, the US, EU, UK and Australia are pressurising Indian government to open up its agrarian market by reducing tariffs, dismantling import barriers and speedily adopting biotechnology advances – meaning genetically modified crops. The decision on this is expected to take during the WTO ministerial talks at Argentine later this year. Many MNCs, including Monsanto - whose Bt cotton second stage seed is awaiting clearance with Indian government in the context of its reduced cultivation in India – are vigorously lobbying with their governments to pressurise the Indian government in this regard.

Now most of these demands are agreed upon in RCEP by India will be automatically applies to other countries outside the RCEP under MFN rule. The bold face put up by Suresh Prabhu that the government will fight at RCEP talks to our advantage is only a smoke screen. What else one can expect from a comprador bourgeoisie than surrendering to imperialism?!
