Political and Economic Notes:

R.C.E.P. Trade Deal

Surrender of National Interests

India and other 15 countries are in the final phase of negotiations on Regional Comprehensive Economic Participation held in Vietnam. According to the news reports, India has agreed to several provisions that bring it in line with investment rules, including banning host countries from mandating that investing companies transfer technology and training to their domestic partners and removing the cap on the quantum of royalties domestic companies can pay to their foreign partners.

As 'The Hindu' reported, "the investment chapter of RCEP deal has been agreed upon and India has agreed to the removal of technology transfer requirements and also the removal of any caps on Royalty payments", the source said. India also agreed to reduce tariffs on the imports of milk and milk products.

Until now the Indian government is claiming that it is pursuing a hard policy at negotiations on the issues detrimental to India's interests that includes technology transfer and royalty payments. As any international deal need not be endorsed by the Indian Parliament, the government may sign it as it likes. The news leakages to the media are only calculated move to prepare the ground back in the country.

If signed, the RCEP deal would spell doom to millions of peasants in India by destroying their livelihoods and by land grabbing.

Land is a basic necessity in agriculture. Land grabbing by foreign investors and agribusiness deprives and compromises the lives and livelihoods of small farmers and indigenous communities. At the same time, land concentration tends to make countries more vulnerable to fluctuating food prices, speculation and the need for imports.

Among RCEP member countries, over 9.6 million hectares of farmland have already been transferred from rural communities to foreign corporations over the last decade.The largest transfers happened in Australia, Cambodia, Indonesia and Laos. Companies such as the Singapore-based Wilmar and Olam, the South Korean conglomerate Daewoo or the Chinese agriculture company Beidahuang Group are among those that have acquired hundreds of thousands of hectares of farmland concessions across the RCEP region.

Since RCEP talks began in 2012, the rise of e-commerce and information technologies became prominent that are attracting new corporations into farmland investing among RCEP member countries. China's e-commerce giant Alibaba has reportedly acquired 29 dairy farms in New Zealand totaling 12,000 hectares.

The RCEP trade deal has the potential to exacerbate and escalate this trend of land grabbing. The RCEP proposes rules that will facilitate the transfer of lands from peasants to big agribusiness. These provisions are found in two chapters: the investment chapter and the services chapter. Both oblige governments to remove barriers to foreign investment, including in agriculture and in service.

One major rule is called '**national treatment**'. Under RCEP, every country must treat the multinational corporations of other RCEP countries as if they were domestic companies. That means that, unless they make special exceptions when they sign the text, countries like

India, Indonesia, the Philippines and Thailand which currently restrict foreigners' ability to own farmland will no longer be able to do so. This applies also to food retailers and financial institutions investing in them. In short, RCEP countries will have to open land markets.

Both chapters also contain '**standstill**' and '**ratchet**' clauses. That means that governments have to freeze their current levels of market opening, and if they liberalise more they cannot go back. In the past decade, RCEP countries like Laos and Japan have adopted a raft of legislative changes to remove protections on farmland that small farmers and indigenous communities tradi-tionally enjoyed, exposing them to the takeover of their lands for large-scale corporate farming.

If the RCEP agreement is signed by India, most immediate impact would be on the dairy sector. India's 150 million small dairy farmers, local cooperatives and networks of small-scale vendors have made the country the world's largest producer of milk. The handful of MNCs that dominate the global dairy industry are still only marginal players in India, and only a tiny fraction of dairy products are imported into the country or exported out. But several new trade pacts like the Regional Compre-hensive Economic Partnership (RCEP) or the proposed deals pending with Europe, threaten to wipeout India's small dairy farmers.

The vast majority of these farmers are small land holders, owning less than a hectare and just two or three cows or buffaloes. Although the average milk production per animal is very low (3 litres/animal/day) compared to industrialised countries (30 litres/animal/day), Indian dairy farmers nevertheless have managed to ensure the availability of a nutritious yet affordable food for an ever increasing Indian population.

Dairy in India is much more than an industry. It is the main source of livelihood for hun-dreds of millions of small and marginal farmers, landless labourers and pastoralists, and tens of millions more people involved in the collection, processing and sale of dairy products, many of whom are women.

The international dairy market has long been controlled be finance capital. Essentially what happens is that heavily subsidised surplus production in a small number of countries, that have mainly mechanized the dairy sector, is dumped on the international market, and mostly exported into developing countries.

Developing countries like India can only protect their dairy sectors from the ravages of this distorted global market by instituting high tariff and non-tariff barriers. Without these measures, their small scale dairies would rapidly be wiped out and taken over by global dairy giants. India's Prime Minister Narendra Modi argued against opening the country to dairy imports in 2013, when he was Chief Minister of Gujarat.

Today, India's dairy sector is protected by an import tariff of 30 to 60 percent. Since 2003, India has also imposed various sanitary and phytosanitary require-ments on dairy imports, which have essentially served to block US dairy products from entering the Indian market. Yet, despite these barriers to imports, dairy companies have found loop holes in the system and have been importing a growing amount of dairy components, like lactose and whey, from Europe and the US. These imports can have significant impacts on India's cooperative dairies and small scale dairy systems. According to India's largest dairy cooperative AMUL, "Every month about 1,500 tonnes of whey powder gets imported in the country. As a result we are forced to sell our stock cheap because the imported whey is cheaper," despite import duties of 40 percent.

This is not a wild criticism. Many MNCs are waiting at the entry gates to by RCEP agreement (See the box item-p.17)

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