

## Post-Uruguay Round Trade Negotiations: A Developing Country Perspective<sup>\*</sup>

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I feel greatly honoured at being invited to deliver this year's Kale Memorial Lecture. The choice of the subject of my lecture today, let me confess, has been dictated by several considerations. Since in a public lecture I could not expect a captive audience of students as in a classroom, I did not want to drive prospective listeners away by speaking on an esoteric topic of little contemporary relevance. In the context of the dramatic disarray with which the Seattle ministerial meet, scheduled to draw up an agenda for post-Uruguay round trade negotiations, has just ended, I could hardly have chosen a more topical subject for my lecture. Second, not only is the subject of crucial importance for trading nations, both developed and developing, but it also involves interesting analytical and policy issues on which sharp differences seem to persist. The final reason behind my choice is rather personal. It is no modesty on my part to confess that in the areas I have been working on for the greater part of my academic career, I am yet to acquire the mastery required for lucid exposition of the topics. So far as trade theory and policy is concerned, though I am familiar with its rudiments, I have not done any serious research in this area and hence, am largely unaware of its complexities and nuances. Hence, I thought I could speak on the subject with some degree of confidence and clarity—qualities considered essential for a public lecture.

### Trade Negotiations: Some Puzzles

Before going into the economic significance of the contentious issues raised at the Seattle meet and the reasons behind its failure, it may be useful to start with a few general observations and puzzling features of trade negotiations among countries. When the General Agreement on Tariff and Trade (GATT) was set up in 1947, international trade was characterised by quantitative restrictions, high tariffs as also various types of non-tariff barriers. The avowed objective of the GATT and its successor, the World Trade Organisation (WTO), functioning from 1995, is to promote unhindered, multilateral trade, considered in mainstream economics as one of the most important factors contributing to allocative efficiency and growth of nations. However, despite the near unanimity among economists regarding the salubrious impact of free flow of goods and services across national frontiers, the history of successive rounds of trade negotiations since 1947 leaves little doubt that practically all governments still adhere to the mercantilist notion of international trade as a zero-sum game, with each country trying its utmost to secure an enlargement of its export market and to retain as far as possible its own tariff and non-tariff barriers to imports from the rest of the world.

In order to appreciate the yawning gap between theory and practice in the sphere of inter-country commerce consider the following rules enjoined by analytical considerations, rules which are honoured more by violation than observance when countries conduct their trade policies or enter into negotiations.

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