

Resist protectionism and revive Doha round, say Indian business leaders

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Business leaders at the World Economic Forum's 24th India Economic Summit called for countries to reject protectionism and work towards the conclusion of the Doha Round of global trade negotiations under the World Trade Organization. Their call to support the multilateral trading system echoed a similar statement by the G20 nations in the final communiqué released yesterday at the global summit on the financial crisis in Washington DC. Nearly 700 business, government and civil society leaders from over 35 countries are participating in the India Economic Summit, which is being held in partnership with the Confederation of Indian Industry (CII) under the theme Securing India's Future Growth.

As the crisis unfolds, "all of us, especially the developed world, should not go in for protectionism," said Rahul Bajaj, Member of the upper house of the Indian Parliament and Chairman of Bajaj Auto, in the opening plenary session of the India Economic Summit. "We have to save our industry, but not by a beggar-thy-neighbour policy." Added B. Ramalinga Raju, Founder and Chairman of India's Satyam Computer Services and a Summit Co-Chair: "Competitiveness will be the key driver; protectionism will be dangerous if it comes in the way of entrepreneurship."

Panellists also called for the successful conclusion of the current round of global trade talks, which have been stalled for months. "It would be good for India to take the lead in getting the Doha Round restarted," argued Rajat M. Nag, Managing Director-General of the Manila-based Asian Development Bank (ADB).

During the opening session, K. V. Kamath, Managing Director and Chief Executive Officer of ICICI Bank and President of the Confederation of Indian Industry (CII), assured participants that the Indian financial sector is "much cleaner" than those of other countries due to strong capital adequacy and the low level of non-performing loans.

"The fundamentals which created the crisis do not exist in India today."

And he warned against overreacting: "Fear has overtaken business to a level beyond what it should be."

Kamath predicted that, as interest rates come down, ICICI and other financial institutions would loosen credit. This will help stimulate consumer demand and revive growth, he reckoned.

The ADB is forecasting that developing Asian economies will grow by 7.5% in 2008 and by slightly under 6% in 2009, said Nag. Given Asia's continuing strong growth, "this is not the time to have a wake." It is critical that India continues investing in infrastructure, health and education, "rather than panicking and forgetting the future."

Asian economies should focus on the one billion people in the region who are most vulnerable to the crisis and live on only about one dollar a day. "This group may slip below the barest subsistence level," Nag warned. "Don't forget the other face of Asia and the other face of India, which were not shining before and are not shining now."

Earlier, session chair Klaus Schwab, Founder and Executive Chairman of the World Economic Forum, told participants that to adequately address the global financial crisis and other international priorities, "we must have multistakeholder involvement." He concluded: "You cannot solve all global issues on the basis of defending only national interests and making compromises later. We need global solutions."

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