

India, South Africa block major investment deal at WTO talks

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India and South Africa have filed a formal objection against an investment agreement at a World Trade Organization meeting in Abu Dhabi, blocking its adoption in a move that observers say could block hundreds of billions of dollars in investment.



Source: Centre for International Governance Innovation.

The deal agreed by some 125 countries, or about three-quarters of the WTO's members, aims to simplify red tape, improve the investment environment and encourage foreign direct investment.

But according to WTO rules, any of its 164 members can block a deal from being adopted by the body - a step which is necessary to ensure that countries are in compliance.

"We underscore that given the lack of exclusive consensus, this is not a matter for the...(meeting) agenda," a WTO document showed.

The Indian and South African delegations did not immediately comment publicly on the development.

Alan Yanovich, partner at Akin Gump Strauss, said the "deplorable" development would hurt the world's poorest countries the most.

"The notion that two members can prevent a broad group of willing members from moving forward is absurd," he said.

A Western trade delegate at the talks called it "ironic that India and South Africa stand in the way of something with such manifest benefits for developing countries".

Global welfare boost potential

The initiative known as the Investment Facilitation for Development (IFD) Agreement led by Chile and South Korea with China's strong support, could lead to between \$200 to \$800bn of improvements in global welfare, according to one study.

"Members have expressed a readiness to discuss this issue at the General Council in Geneva after (the ministerial conference)... And I would want to encourage them to do so," said Kerrie Symmonds, the facilitator for negotiations on developments at the meeting, and minister of foreign affairs and foreign trade of Barbados.

Four-day WTO talks to set new global trade rules on a broad range of topics including fishing and agriculture are due to wrap up on Thursday, although delegates said that little progress has so far been made, barring the formal accession of two new members to the body: East Timor and Comoros.

The US trade chief on Tuesday ruled out a deal on reforming the WTO dispute settlement system, hobbled for four years due to US objections.

A paragraph on climate change is confined to a WTO annex of the draft package of deals since members cannot agree.

"These are not small, easy to deal with issues, these are some of the big things that either distort trade or stop nations from being able to feed their own people," New Zealand's trade minister Todd McClay said.

"They are hard and they are challenging."

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