

'If multilateralism fails, India will lose'

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NOTED ECONOMIST Anne Krueger today said middle-income countries like India stand to gain the most from a successful multilateral trading system. While supporting resumption of negotiations under the Doha round, she said, "Multilateralism is a success that should be preserved."

Krueger, a former deputy managing director of the IMF, was speaking at a seminar on 'Multilateralism under Threat' organised by ICRIER. She said the success of multilateral international institutions like the Bretton Woods institutions – IMF, World Bank and GATT (now the WTO) – has been "great and underestimated". She said these institutions need to be reformed and strengthened, not abandoned.

Krueger outlined four factors about the current state of multilateralism as causes for worry – preferential trade agreements (PTAs); the absence of an international regime to govern global private capital flows; individual countries' efforts to secure individual gains at the cost of international institutions and systems; and the disproportionate vulnerability of 'second-tier' countries in the face of failure of multilateralism.

She said PTAs, instead of working as stepping stones to a multilateral trading system, become stumbling blocks. She added that multilateralism is essential to avoid trade diversion and ensure even access and transparency of rules for developing and middle-income countries.