dispute settlement panel in early April. The panel created a watershed when it summarily ruled that the controversial U.S. rules of origin for textile and apparel products—instituted in 1996 to restrict burgeoning textile imports from Asia—do not violate the core principles of the WTO rules-of-origin agreement. That agreement allows most customs administrations to decide the origin of goods, according to where the product underwent the last substantial transformation. The most widely applied criterion attributes origin to a country if the product was sufficiently changed there to move its customs classification from one heading to another.

In a dispute raised by India against the United States' rules of origin for textile and apparel products, a three-member panel said in an interim "confidential" ruling that New Delhi had failed to show how the purported measures by Washington undermined Indian textile exports.

In textile trade, the rules of origin play a major role because of the existing quotas perpetrated by the industrialized countries on textile imports from developing countries. New Delhi said that, faced with a major trade dispute with India and the European Union, Washington struck a bilateral deal with Brussels.

### Generic Life-Saving Drugs

The 146 WTO member-states agreed on Aug. 30, that developing countries can import generic versions of patented medications to tackle serious and epidemic diseases, such as HIV-AIDS, tuberculosis, and malaria. The decision was not unanimously accepted by the developing nations, particularly Argentina and the Philippines. These countries point out that the negotiations were rushed to allay fears of broad failure of the trade liberalization talks in Cancun. The original intent of the talks, they say, was to facilitate the supply of affordable generic drugs for developing countries. However, this agreement has thrown up new legal, economic, and political obstacles to ensuring production and export of generic medicines in the future. The statement that the United States insisted on, adds another layer of uncertainty that leaves developing countries vulnerable to pressure not to use the system. But in India, Abhay Shukla, coordinator of the Mumbai-based People's Health Movement, said, "The change in WTO rules to respond to public health emergencies . . . will certainly help India's pharmaceutical industry, which is strong on generic drugs and is a major player in the export trade."

Brazil's Foreign Minister Celso Amorim applauded the accord because it reduces the cost of medicines that are often purchased by the government to distribute to those in need through health programs, free of charge. As a gesture of success, Brazil's President, Luiz Inácio Lula da Silva, issued a decree on Aug. 30 that authorizes import of generic medications—drugs identified by their main active ingredient, and usually much cheaper than their trademarked equivalents—without the consent of the holders of the corresponding patents. These drugs will be imported from India and China.

# Is U.S. Picking Russian To Loot Iraq's Economy?

by Rainer Apel

The Russian Liberal politician Boris Nemtsov revealed in Moscow on Sept. 8 that the United States is recruiting Boris Yeltsin's former tsar for economic shock therapy, deregulation, and privatization, Yegor Gaidar, to provide "expertise" for a postwar economic policy in Iraq. George W. Bush has decided to seek Gaidar out of the conviction that "Gaidar is the world's sole specialist who knows how to recover a country's economy," Nemtsov said.

Gaidar, with a group of fellow technocrats who had been trained in the 1980s at London "free-trade" think-tanks, pioneered the brutal shock therapy that looted and ruined the Russian economy and completely discredited Yeltsin, beginning with Gaidar's term as prime minister in 1992.

After Nemtsov's announcement at the party congress of the Union of Right Forces, Gaidar confirmed that he has received an invitation from the Temporary Administration of Iraq. According to *Izvestia* on Sept. 8, Gaidar himself clarified that the Americans are concerned not even so much with reconstruction, as with creating a different type of economy in Iraq, than what it had before: "They are facing the problem of a collapsed totalitarian regime with a high level of state participation in the economy."

Strana.ru noted, "The American offer to Gaidar has a certain logic. Truly, there is probably no specialist in the world today, more experienced in privatizing the oil sector of an entire country. . . . Reform of the oil industry was one of the first undertakings of the first-wave reformists [in Russia], led by Gaidar." The USAID has been prescribing "shock therapy" for the Iraqi economy, wrote commentator Sergei Pletnov, with "mass privatization of Iraqi industry." Of course, "It is well known that the privatization of Russian oil resulted in the concentration of the sector in the hands of a few monopolists; hence the Americans should have no problem making use of Yegor Gaidar's experience. After that, Iraq will also need the people who thought up Russia's loans-for-shares auctions" (the privatization swindles by which the Russia's oligarchs' fortunes were amassed).

Gaidar said he is leaving for Iraq on Sept. 19, leading what amounts to a Mont Pelerin Society international hit squad: According to *Izvestia,* he will be joined by former Bulgarian President Petar Stoyanov and Estonian ex-premier and "young reformer" Mart Laar. In 1997, Stoyanov surrendered Bulgaria's sovereignty under a "currency board" scheme modelled on British colonial times.