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Riaz Tayob and Percy F. Makombe

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1) Introduction

The Southern and Eastern African Trade Negotiations Institute (SEATINI) held its sixth workshop in Arusha, Tanzania, from 2-5 April 2003. The main objectives of the workshop were:

- To facilitate an exchange of views by senior African trade officials on the state of progress in the Geneva negotiations pursuant to the Doha mandated work programme
- To prepare for the forthcoming Ministerial meeting to be held in Cancun, Mexico in September.

The workshop benefited from contributions of resource persons from intergovernmental organisations, academics, senior government officials and non-governmental organisations. One of the results of this workshop was that participants came up with recommendations for the way forward for southern and eastern African countries towards Cancun. Below is the declaration

of the recommendations of the way forward:

We, the countries of Angola, Kenya, Lesotho, Malawi, Mozambique, Tanzania, Uganda, Zambia and Zimbabwe, present this draft for consideration [by our governments] for World Trade Organisation meeting in Cancun 2003 and recommend the following:

2) Developments in the Doha Work Programme

The Doha mandated negotiations so far have been marked by a total absence of progress in areas of interest to the developing countries of the region. In particular, the failure to meet Doha mandated deadlines in areas such as Implementation, TRIPS and Public Health, Special and Differential treatment and Agriculture raised serious concerns among the participants in the Workshop about the commitment of the major developed countries to deal seriously and in a timely manner with these issues. On the other hand, issues of concern to the developed countries such as Services, Market Access for Non-Agricultural products and the Singapore Issues have been actively pursued and promoted by them. The

asymmetry in the coverage of issues in the negotiations, moreover, has been marked by singular absence of transparency in the conduct of the negotiations. Participants expressed serious misgivings about the on-going practice of convening mini-Ministerial meetings outside the framework of the established negotiating machinery. In view of the exclusion of the vast majority of African developing countries from the opaque and non-democratic consultation and negotiating processes, they urged that such processes should cease forthwith. They considered that the question of overall conduct of the negotiations should be addressed and decisions taken to ensure that the processes that have characterised the negotiations so far are not repeated during the remaining phase of the Doha Work Programme.

3) Services

The United Nations Declaration on Human Rights and the African Charter on Human Rights recognises the right to basic services like drinking water, health care, housing and education. Member countries of the WTO have made “initial requests for specific commitments” to liberalisation in the area of trade in services. In this connection, the Workshop noted the real possibility that each service sector critical for human development will be subjected to the General Agreement on Trade in Services (GATS). The workshop noted that the provision of services in the countries of the region have been eroded under the Structural Adjustment Programmes.

The Workshop stressed that the original GATS premises the start of further negotiations on the results of impact assessment being carried out, welcomed Paragraph 15 of the Doha Work programme which endorses this requirement and stressed that these assessments have not been carried out. Accordingly, the Workshop urged African governments,

- a) to call for a moratorium on Services negotiations until independent and reliable impact

assessment studies have been carried out.

- b) to defend and utilise the public nature of services as a means for serving human rights of all, especially the poor.
- c) to reserve and affirm the right not to respond or accept any requests to make any further commitments.
- d) to adopt and implement responsible programmes and policies that are instrumental to national development as provided for under the GATS Article XIX.
- e) to be vigilant to the intrusiveness of the GATS Article VI.4 on domestic regulation. Governments should not lose their ability to regulate policy economic activity and to provide basic, affordable and accessible services to all its people.
- f) to recognise the irreversibility nature of the GATS commitments and hence the long term implications on the future of our countries and people.

4) Agriculture

Agriculture is a sector of much importance in Africa. Besides providing food security and sovereignty, it is the backbone of African economies. However the performance and effectiveness of the sector have been stifled by factors in external markets such as subsidies, tariff peaks and escalation. The inequities in the Agreement on Agriculture (AoA) that allows developed countries to maintain their subsidies while denying developing countries the same rights to counterbalance with tariffs are also to blame for the deteriorating performance of this sector.

The Workshop pointed out that while the Doha Declaration mandates that draft schedules be submitted by the 5th Ministerial Conference and that these drafts be based on modalities to be established by 31-03-2003, this deadline had passed with no agreement reached on draft modalities.

The Workshop called for:

- a) The elimination of amber, blue and *de minimus* boxes of subsidies by developed countries and the limiting of their green box subsidies as these have a direct effect on production for export and therefore become trade distorting.
- b) The elimination of all forms of export subsidies, credits, tariff peaks and escalation by developed countries and the need for transparency in tariff rate and quota administration.
- c) Special and Differential Treatment for developing countries by allowing them to raise tariffs on strategic products in accordance with their individual needs.
- d) Unencumbered use of the Special Safeguard Measures by developing countries.
- e) The addressing of implementation issues especially the commitments undertaken by developed countries.
- f) An end to the use of multifunctional and non-trade concerns as additional market access restrictions for the developing countries' products in the developed markets.

5) TRIPS and Public Health

The Workshop affirmed the right of our people to proper and affordable health care and stressed that this right should not be subordinated to corporate profits, including those relating to patents. The Workshop reiterated the need to ensure access to affordable medicines and protection of public health.

The workshop was reminded of the need to be guided by the Doha Declaration on TRIPS and Public Health including para 4 which states that "We agree that the TRIPS Agreement should not prevent members from taking measures to protect public health ... and should be interpreted and implemented in a manner supportive of WTO members' right to protect public health, and in particular, to promote access to medicines for all."

We note that the solution to the problem of para 6 of the Doha Declaration remains unresolved at the WTO because of the lack of commitment by the developed countries, especially the US. We call on our African governments and delegations to stand firm in insisting on a solution before Cancun, that would be true to the spirit and letter of the Doha Declaration. In particular, the solution must cover all diseases and public health issues and governments must also have the right to determine what constitutes a public health problem (thus the solution should not be confined only to some diseases or to emergencies and circumstances of extreme urgency).

It is urgent that African governments now act at the national level so that they can take full advantage of the flexibilities and policy measures allowed in TRIPS and reaffirmed at Doha, to ensure cheaper medicines. We urge that governments review their patent laws, and amend them if necessary, to enable policy measures that include compulsory licensing, parallel importation and government use, in ways that are most conducive for providing affordable medicines. Following these legislative measures, governments can take administrative and other practical measures to put into effect the means for providing affordable medicines. At the workshop, we have gone through in detail the Manual on Public Health Sensitive Patent Laws produced by the Third World Network and an international team of experts, and we endorse the usefulness and benefit of the Manual. We urge African governments to make full use of his Manual in the review and preparation of laws and policy measures.

6) TRIPS and Article 27.3 B

We reaffirm the position that the Africa Group took in its submission to the WTO in August 1999 on the review of Article 27.3B of TRIPS. We call on the Africa Group to continue to pursue the review process along the following lines:

- a) It should be stressed that the distinction made in article 27.3b

between life-forms and living processes that can be excluded from patentability and those that cannot be excluded is artificial and not based on science.

- b) The review process should clarify that all life forms (including micro organisms, genes and gene sequences) cannot be patented as these are not inventions. Similarly it should be clarified that all biological and microbiological processes are not inventions and cannot be patented.
- c) Regarding protection of plant varieties, it should be clarified that developing countries have the freedom and flexibility to interpret what a *sui generis* system is, and to formulate their own *sui generis* systems that give maximum or adequate protection to their farmers, indigenous people and local communities in terms of their rights and interests, including the right to use, save and exchange seeds and other biological resources.
- d) There are inherent tensions and contradictions between TRIPS and the CBD in relation to the exercise of sovereign rights over resources, in relation to the treatment of IPRs and of benefit sharing, and in relation to the balance of rights between companies/patent holders and local communities. These contradictions should be resolved in a manner that adheres to the principles of sovereign rights, prior informed consent, and recognition of and provision for the rights of farmers, indigenous people and local communities, in relation to their knowledge and biological resources.

7) The WTO negotiating process

In view of the growing concerns about the decision making processes in the WTO,

The Workshop proposed the following:

- a) The Chairpersons of the various Committees, Working Groups and

of the Trade Negotiations Committee should be democratically elected.

- b) Important meetings should not overlap to ensure that each member is able to attend and contribute to the work of the organisation.
- c) Mini-ministerial meetings should be abolished as they encourage the exclusion and co-option of some WTO members.
- d) Regional consensus building for African trade negotiators should be encouraged within the continent in the context of the African Trade Union.
- e) Draft Agreements should reflect the different views (bracketed) and should be drafted by the member States of the WTO rather than the Chairpersons or the secretariat.
- f) The African group should meet before the Ministerial meeting to strategise and come up with a common position.
- g) Developing countries should be ready to reject any negotiating outcome that are a result of undemocratic processes and do not address their concerns.
- h) To the benefit of small delegations, which are not able to participate in all Working Groups, all draft decisions should be consulted with them before being presented as consensus.

8) New Issues (Singapore Issues)

We believe that the decision to be made on the four Singapore issues would be perhaps the most important decision to be made at Cancun. We therefore urge African policy makers and negotiators to pay great attention to these issues.

Before Doha the developing countries were of the opinion that the WTO membership should in the next years focus on resolving the problems arising from the Uruguay Round and the institutional and systemic issues. However the developed countries pushed very hard to have the WTO expand to incorporate new areas.

Most developing countries were resistant to this, as evidenced by the decisions and declarations of the LDCs Ministerial Conference in Zanzibar and the African Trade Ministers Meeting in Abuja. However their views, as explicitly expressed in the WTO General Council before Doha, and at the Doha meetings, were ignored in successive Doha Declaration texts. As a result, a decision was made in Doha that negotiations would begin on the four Singapore issues after the Fifth Ministerial, but only on the basis of an explicit consensus on modalities. Moreover, the Chairman's understanding read out at Doha states that any Member can prevent the start of negotiations until it is willing to join the consensus.

We take this to mean clearly that a decision has not yet been taken to begin negotiations, and a crucial set of decisions will be taken at Cancun whether or not negotiations will begin.

On examining the present status of discussions, we are of the view that WTO Members are far from having reached consensus on the modalities of each of the Singapore issues. Since there are only a few months remaining, we believe it is not possible that consensus will be reached before or at Cancun. Several issues have been brought up after Doha, that require further clarification. Moreover, the more aware our African delegations have become of the issues, the more worried we have become, in that the new obligations arising from the proposed new agreements would limit our policy space and flexibility and could severely damage our present and future development., and therefore there are now more substantive reasons to add to our concerns. Although there has been some technical assistance provided since Doha, this has mainly been in the form of workshops, and many of these have been donor-driven. The capacity of African countries to negotiate these issues has not increased (especially since the expanded work programme after Doha has stretched our personnel resources even more) and our capacity to implement new obligations arising out of

the four issues has certainly not been increased either.

We are therefore of the view that African countries should take a position that the Cancun meeting decide that negotiations on the four issues should not begin. African countries should take the position that instead of starting negotiations, the process of clarification of issues (for each of the issues) should continue in the respective working groups.

The reasons for this are that:

- a) We do not have the capacity to begin negotiations on such complex and important subjects, as we lack the financial and personnel resources and technical expertise, especially because the extremely heavy workload of the Doha work programme is taxing the time of our policy makers and negotiators even more than ever before;
- b) we still do not have sufficient knowledge about the issues, and therefore the process of clarification of issues should continue;
- c) There is no consensus among WTO members on the modalities of the issues;
- d) We are now aware enough of the issues to realise that negotiations on these issues would lead to new agreements that would commit African countries to a range of serious obligations that would adversely affect the flexibility and policy options they currently exercise over development policies. Indeed, such commitments would also hinder our present economic and social structures and future development prospects;
- e) The technical assistance programs to enhance the negotiation capacity of developing countries have not been adequate and in fact our negotiators and policy makers are even less capable of participating in negotiations for reasons in (1) above. Indeed, such commitments would also hinder our future development

prospects and could damage our social development structures.

- f) The technical assistance programs to enhance the negotiation capacity of developing countries have not been adequate in that they are not designed by the developing countries themselves. Instead, experts for carrying out these programs have been chosen by and from developed countries. In addition, it is now clear that the real capacity need for developing countries is that that of enhanced negotiators, as opposed to that of understanding issues for negotiations.

9) The issue of modalities

We also take note of the EC paper on modalities of the Singapore issues (Feb 2003) and we reject its approach of taking all the issues together and its treatment of modalities to only mean a listing of “elements of modalities.” We call on African delegations and countries to reject this approach to the issue of modalities and to put forward our own approach. Modalities should be treated not as “procedural modalities” (i.e. the procedures to be adopted for negotiations) but “substantive modalities” (i.e. modalities of the contents of the issues and obligations).

The approach of African countries should be that “modalities” include a listing of issues to be included in a framework, the meaning of each issue, and the nature and main details of obligations to be contained in the framework. This approach to modalities is being used in the agriculture and industrial tariff negotiations. Therefore, before negotiations can start, explicit consensus is required on substantive modalities along these lines, and not on procedural modalities. We call on our delegations to take urgent measures to make this position known to the General Council as early as possible, and to combine efforts with other developing countries along these lines.

10) Investment

A decision should be taken in Cancun that negotiations should not begin on

investment. The process of clarifications in the Working Group should continue.

In studying the investment issues since Doha, it is realised that negotiating an agreement on investment may lead to the erosion of the ability of our governments to regulate investment and to formulate investment policies. An investment framework advocated by the proponents would prevent or limit the host government’s ability to regulate the entry and operations of foreign firms and funds, and its ability to assist or give preference to local firms. This will be the result of principles or provisions as pre-establishment rights of investors, non-discrimination (MFN and national treatment), banning or restraints on performance requirements, freedom for investors for transfer of funds, and compensation for “expropriation” Our governments would not be able to exercise choice on foreign investments and channel them along national objectives. Local firms may lose protection and assistance provided by the state. The prohibition on government to regulate the flow of funds could lead to financial instability, balance of payments problems and increased external debt.

The WTO’s non-discrimination principle which was created for trade is most inappropriate when applied to investment. The DSU also has the potential to enforce imbalanced investment rules to the detriment of African countries. Thus, African countries should raise their concerns that the WTO is an inappropriate forum to house an investment framework. This issue should be resolved before any decision is taken on starting negotiations. African countries should take an active part in the remaining meetings of the working group and strongly voice their concerns on the issues listed for clarification. In addition, they should insist that any investment framework (whether in or outside WTO) should have a fair balance between the rights and obligations of investors and host countries, and between the rights and obligations of host and home governments. In this respect, the proposal put forward by a

group of developing countries (including some African countries) on investors' obligations and home governments' obligations should be supported.

11) Trade and Competition

This is an extremely complex subject which is subject to different interpretations. Our understanding of competition policy, from the development perspective, is that there is a need for government to assist and promote local firms so that they can survive, be viable and develop despite their present relative weakness, so that they can successfully compete with foreign firms and their products.

The opposite interpretation to the above, which is advocated by the developed countries, is the market access approach, i.e. that foreign firms should be granted the right to effective equality of opportunity to compete equally with local firms in the local market, and governments would be prohibited from giving preferences or assistance to local firms. They invoke the WTO's non discrimination principle to make this argument.

If negotiations begin, it is likely that the developed countries' market access approach may eventually win out, due to their higher negotiating capacity and influence. There could then be a competition agreement in WTO that would oblige our governments to give almost total freedom and market access rights for foreign firms and their products and services, whilst local firms would not be able to receive assistance or subsidies and many of them may not survive.

Given these concerns, we believe that the non discrimination principle should not apply to the area of competition policy. This view should be put forward forcefully by African countries in the remaining discussions in the working group and at the General Council.

African countries should take the position before and at Cancun that negotiations should not start on competition, and that the process of clarification should go on.

The question whether WTO is the right venue for a competition agreement should be part of this further clarification process.

12) Transparency in Government Procurement

A decision should be taken in Cancun that negotiations should not begin on this issue. The process of clarifications in the Working Group should continue.

There are still many complex issues that have not been satisfactorily resolved in the working group. African countries should take the following position:

- a) The framework should strictly be confined to transparency issue and should not in any way cover market access. There must be a satisfactory guarantee that such a transparency framework will not lead on to market access issues in future. Transparency should be confined to the provision of information and notification in relation to tenders and the conditions for tenders. It should not include administrative or judicial processes, or decision-making processes.
- b) "Government" should be taken to be only the central government, and other agencies (eg. Government agencies, entities and enterprises, state and local governments) should be excluded.
- c) "Procurement" should be confined to government supplies, and only purchases above a high level should be covered. Concessions for projects such as road construction and other projects should not be covered.
- d) The WTO DSU process should not apply.
- e) The framework should be in the nature of a voluntary cooperation non binding framework, and not a legally binding framework.

13) Implementation and S& D Issues

These issues are of utmost interest to developing countries. They have been raising these issues since the coming into

force of the UR Agreements and the satisfactory resolution of these issues will contribute to the redress of the present imbalances in the multilateral trading system. It is very disappointing that the clear mandates and the timeliness provided in the Doha Ministerial Declaration/Implementation Decision for the early and successful resolution of these issues have not been honoured by the major developed countries. Accordingly the Workshop recommends that:

- a) All the Implementation Issues are addressed and resolved at the TNC level immediately and to the satisfaction of developing countries.
- b) The provision-specific S&D proposals by developing countries to make effective, operationalise and strengthen are put into effect without any further delay.
- c) The developed countries honour the commitments by their ministers in Doha to the mandates in respect of these issues.
- d) Developing countries show their determination by demanding an immediate and successful outcome of the negotiations on these issues and indicate that without such an outcome there will be no progress on other Doha mandated issues such as agriculture, services, non-agricultural market access and protection of geographical indications for wines and spirits.

14) Trade Facilitation

A decision should be taken in Cancun that negotiations should not begin on this issue. The process of clarifications in the Working Group should continue.

We have serious concerns that negotiations could lead to an agreement that would impose new obligations on African countries that are costly and difficult to implement. It may require our countries to purchase and maintain expensive equipment for customs clearance and safety testing.

Moreover, a set of customs harmonisation rules would be inappropriate and unfair on

developing countries as we should not be obliged to take on high standards that will be expensive. Moreover the structure and functions of customs are different in developing countries, as governments there are much more reliant on customs duties for revenue and therefore there is a greater need for careful checking of invoices to prevent under-invoicing and underpayment of duties.

It is more appropriate that a cooperation arrangement of a non binding nature be made at the World Customs Organisation, than a legally binding agreement with minimum standards at the WTO.

African countries should make formal and written submissions along the above lines in the remaining discussions before and at Cancun.

15) Market access for non agriculture products

The workshop discussed this issue extensively and agreed to the following:

- a) Greater attention should be paid by policy makers in our capital on this key issue and a pro-active strategy should be taken.
- b) There have been wrong assumptions made by proponents of trade liberalisation in the industrial sector. They come up with models making unrealistic assumptions, and showing projections of many billions of dollars of “welfare gains” to be obtained from trade liberalisation. These conclusions are usually based on the assumption of full employment, not considering sufficiently the negative effects on the national production structure of the developing countries (levels of output, employment, degree of industrialisation, wage levels and level of technology). However the assumption made, that competition from cheaper imports will induce local firms to be more competitive, is misleading. In face the other paradigm is more realistic, that the developed countries of today had

industrialized under high tariff and import protection, and that countries that liberalized too fast suffered deindustrialisation, ie closure of local industries and job losses. The African situation closely resembles this second approach. Therefore African countries must be sceptical about the claims of gains from import liberalization, and be very cautious about proposals to impose further rapid liberalisation.

- c) We take note and support the position taken by a group of African countries in their submission on this issue to WTO in November 2001. They proposed that a study be made on effects of previous liberalization, before starting negotiations. It also proposed that LDCs and countries with a weak industrial base be exempted from tariff reductions in any future negotiations. Unfortunately the proposal to postpone the start of negotiations was ignored before and at Doha, and instead Doha decided that negotiations will begin.
- d) Since Doha negotiations have intensified and currently they focus on the modalities. We note that the developed countries (US, EU, Japan etc) have put forward proposals based on certain formulae, all of which oblige developing countries to drastically reduce their tariffs. The US proposal is for zero tariffs by 2015 and 6% by 2010. The European proposals call for larger percentage reductions for higher tariffs, which would also mean drastic reductions for developing countries. Since developing countries have much higher tariffs than the rich countries, these formulae and proposals would mean much larger tariff cuts by developing countries in terms of percentage POINTS, even if the proposals are couched in terms of less percentage reductions for

developing countries. Our position is that these formulae and proposals by the rich countries are inappropriate and should not be accepted by African and other developing countries.

- e) Instead we support the principles and modalities in the proposal put forward by several African countries in February 2003. According to this proposal: (i) The main aims of the negotiations should be to promote domestic industries and the industrialisation process; (ii) Developing countries, especially LDCs and other countries with a weak and vulnerable industrial base, should not have to assume obligations for tariff reductions; (iii) In line with most of the previous Rounds, developing countries should not be subjected to tariff reductions based on any harmonisation or formula approach. Instead, developing countries with a weak and vulnerable industrial base should have the policy freedom and flexibility to choose their own commitments regarding which sector and at what rate of reduction their commitments are to be. (iv) Developed countries should commit to steep reductions for products of export interest to developing countries, and they should also phase out tariff escalation. (v) Negotiations should be on the basis of bound and not applied tariffs. (vi) Countries that have already suffered deindustrialisation from previous tariff cuts should have to flexibility to increase their tariff rates above the bound rates for a certain period for those products and sectors that have been adversely affected.
- f) Participants at this workshop will endeavour to get support for this proposal, for example by getting more African countries to notify the WTO secretariat (or one of the original signatory countries) that

they would like to associate and sign on to the proposal.

- g) It was also noted that an international agency carried out an exercise to determine the effects of the various formula approaches (of the US, EC, Switzerland Japan etc) on the imports and exports of a sample of developing countries. In all cases, the result was that there would be a much larger increase in imports than an increase in exports, i.e. the trade balance of the developing countries would be significantly negatively affected. Therefore instead of these approaches, an alternative approach should be proposed. The group felt that the proposal put forward by the African countries in February 2003 is on the right track, and the group urges that more work and further detailed proposals be put forward based on the initial proposal by this African group of countries.
- h) Moreover, it is important that further studies and estimates be undertaken, at the present and all future stages of negotiations, so that countries can know what the effect of each proposal will be on their trade. The negotiations on modalities should not be rushed and should not be completed until these studies are done, and until developing countries have the time to put forward their own proposals in an informed manner.

16) Financing for development

Theoretical, the origin of savings is restrained consumption but in practical ways, it is retained profits. In order to have sustainable finance for development, the primary source of financing should be domestic resources. Foreign investment is not an appropriate source of development. Governments should come up with ways of plugging the externalisation of domestic savings.

17) Follow Ups

SEATINI was thanked for organising the workshop and requested to help in coordinating positions by the Africa Group. SEATINI was further asked to spearhead the formation of task groups that will assist in coming up with position papers for Africa.

18) Beyond Cancun

The Workshop noted that the Doha negotiations "...shall be concluded not later than 1 January, 2005". . In this connection, the Workshop stated that the possible application of single undertaking device during the concluding phase of the negotiations is contingent upon satisfactory conduct of the negotiations and determination of an "overall balance in the outcome of the negotiations". Accordingly, the Workshop strongly recommended that any draft package purporting to reflect the outcome of the negotiations must be the subject of critical analysis, debate and scrutiny at the level of each African country's Government Ministries and public institutions, national Parliament and the civil society. Such an examination must determine the overall balance of the outcome and consistency with national development priorities. Each African WTO member must accordingly assert its sovereign right to reject or reopen the package as required.

Arusha, 5 April 2003

Editorial: Iraq invasion reveals crisis of profitability

Riaz Tayob and Percy F. Makombe

Trade officials from the Southern and Eastern Africa met in Arusha, Tanzania, between 2 and 5 April 2003 to discuss their participation in the global trading system. The discussions were contextualised within the broader geopolitical landscape that was unfolding at the time, namely the illegal invasion of Iraq. The workshop aimed to address both the specific challenges facing African countries in the upcoming Cancun Ministerial Conference in September,

Mexico and the broader political agenda of Africa. The Workshop pointed out that without a wider perspective on events, it was not possible to understand the immediate concerns of Africa and this would make it difficult to articulate positions for Africa's concerns at the Cancun Ministerial conference.

The North is in crises. It is experiencing a crises of profitability and this compels the institutions of the North to pry open the markets of the developing countries in order to seek better returns on investments. The North is also trying to turn public goods like water and access to health services into private goods so that its over-accumulated capital, most of which has no relation to physical goods/services, can find investment opportunities with the possibility of a healthy return.

In order to feed the insatiable consumers of the North and the exponential growth of their capital stocks seeking returns, the US and Britain – as principal Northern actors - are obliged to secure access and total domination over the resources of the South.

Against this background, it is not sufficient to understand the Iraqi conflict in purely humanistic terms, or to label George Bush, Tony Blair and Saddam Hussein as “crazy”.

It is not simply a matter of controlling resources, it is also about the US dollar as a currency, the reserve currency through which oil is quoted and traded. Oil is the lifeblood of the US economy and the denomination of the oil price in US dollars helps maintain the strength of the US economy. For the US it is very important to maintain the centrality of the US dollar as the measure of value of commodities and as a medium of control over the global credit system. This fact was recognised by Saddam Hussein who converted the stock of Iraq's reserves into Euro based denominations in November 2000. Effectively this threatened to reduce the demand for the dollar in the longer term. Hussein had also granted lucrative oil drilling contracts to the Germans, French

and Russians to the exclusion of the US and British companies who therefore became the most vociferous supporters of the devastating sanctions against Iraq. This exclusion increased the incidence of a war, which could secure US and UK access to the oil and restoration of the US dollar as a prime international reserve currency.

The agenda of regime change, through the bloodiest means possible, by the coalition of the United States and Britain together with their compliant allies occurs at a time when the power configuration in the world is in need of re-alignment. In the olden days, the Soviet Union and the European Union fought their proxy wars in the continent of Africa. Now the proxy war is being fought in Iraq with many other states such as Syria, Iran and North Korea in tow. The old colonial boundaries imposed by world powers in 1914 no longer suit the interests of the powerful and they will seek to alter these so that the interests of the North are better served. The US now exists as the sole superpower in the world with the power and will to change the political landscape.

This is the most dangerous period in our age. Every time the balance of power changes, there is re-configuration of the world. The crisis of profitability which is affecting the developed countries will have serious repercussions for Africa's development. There have been sustained efforts to force Africa to liberalise on basic services (health, housing, education, water) and also its financial markets. Africa's marginalisation, under development and decreasing participation in international trade are regularly blamed on Africans' inability to foster development. This is despite African countries having the most integrated and open economies after having followed the prescriptions of the World Bank, International Monetary Fund and the World Trade Organisation. The results of these economic experiments have been spectacular failures with disastrous consequences for the poor.

The WTO 5th Ministerial meeting in Cancun, Mexico in September this year

cannot be discussed in isolation of these forces. The question must be asked: What are the larger forces that create overall conditions of trade? Africa is not just negotiating at the WTO global level. She is also negotiating the Cotonou Agreement with Europe as well as the African Growth and Opportunities Act with the US. AGOA and Cotonou are presented as opportunities for Africa. They are presented as reciprocal, but in this reciprocity who gets what? What is evident is that the US and EU are now scrambling for Africa. This scramble is not geographical like in 1884, they are scrambling for markets and investments. They are fighting for opportunities in our countries. It is the crisis of profitability that is promoting this scramble. Banks are in crisis of diminishing returns. Big corporations are affected by declining profits. This leads the corporate world to promote the opening up of all sectors in our countries. Misguided in our naïve belief that all trade is good we are in the process of opening up everything believing that this will spearhead growth.

How does big business solve the crisis of profitability? They apply more machinery to production, they do it through mergers and acquisitions which throw out of employment thousands of desperate people. Above all they push their costs to weaker sections of the community – women, children. They withdraw social benefits by placing them above the costs of the ordinary persons. In recent years, big business has been taking away billions of dollars from pension funds and

corporatising the money through demutualisation, as with the Old Mutual in our region.

So in every aspect of the global trading system the South is denied the policy flexibility to determine for itself what is suitable for its development. No policy flexibility means that the South is effectively disarmed and has very little power to assert any of its demands for more equitable treatment or for the pursuit of policies that will promote genuine growth and development.

What then is the way forward for Africa's development? The recommendations from Sixth SEATINI workshop offer a starting point. Ultimately it must be realised that sustainable development does not come from foreign direct investments, but from domestic resources. Sustainable development is when a nation can provide for all its basic needs (food, water, shelter, healthcare etc) no matter what happens in the outside world.

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