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"UNCTAD XI should revitalise not further marginalise UNCTAD"

Goh Chien Yen

Introduction

Thank you for this opportunity for civil society to present our views on UNCTAD XI. We have met several times over the last month to prepare a civil society statement, which I have the pleasure of introducing. The statement is co-signed by Third World Network, CONGO, CONGAS, CIEL, Oxfam International, IATP, ICDA, ICFTU, International Gender and Trade Network, Public Service International, World Council of Churches, WWF International, Women and Development Denmark, and Coordination Sud. In the process of preparation, we also have had the chance to think through for ourselves how we see the purpose and objectives of this conference and our role in it.

In our opinion, UNCTAD XI could be an important forum for tackling the most pressing developmental challenges confronting developing countries. Indeed, UNCTAD has taken the lead in doing so,

addressing these issues through its own activities and analyses. For instance, just last week, it held the 4th Inter-regional Debt Management Conference where solutions to the intractable problem of developing countries' debt were explored and examined.

Searching for appropriate development strategy

Through its analyses contained in the annual Trade and Development reports UNCTAD has pointed out the fundamental flaws and weaknesses in the international financial architecture, and have highlighted the imbalances and deficiencies of the multilateral trading system. Significantly, this year's issue of the TDR provides a sobering critique and account of the failure of neo-liberal policies in delivering economic growth and development. Another example is The Economic Development in Africa report which is one of the few if not the only publication which critically assessed the limits and purported benefits of the World Bank and the IMF's Poverty Reduction Strategy initiative.

The ultimate significance of these analyses and activities is that they enable developing countries to think through the interface between their own national development policies and the global economic environment. This is valuable to all stakeholders in developing countries as they struggle to define an appropriate developmental strategy and their relationship with the global system. We hope that UNCTAD and the upcoming Conference will affirm and expand this vital function.

This approach of finding the right development strategy for each developing country in relation to the global economy stands in stark contrast to the one-size-fits all approach of market fundamentalism and liberalization. Regrettably, this neoliberal ideology has dictated the design of development strategies, ignoring the contradictions and iniquities in the global economic system which developing countries are routinely faced with.

Slow and erratic growth

It is thought that this neo-liberal approach would usher in a period of sustained economic growth. Strategies for this purpose have required many developing countries to break with past policies and to pursue closer and faster indiscriminate integration into the world economy. However, the past two decades have been characterized by slow and erratic growth, increased instability, and rising income gaps between most developing countries and the industrial world and the unprecedented erosion of natural resource base. In real terms, millions of people especially those in the poorest countries continue to live in abject poverty and resource insecurity. For them, even the pragmatic objective of reaching the Millennium Development Goals by 2015 remains a distant and empty promise.

Nonetheless, the WTO, World Bank and the IMF dogmatically continue to pressurize developing countries to adopt policies promoting greater market fundamentalism, a minimal role for the state and further liberalization. Perhaps as explained in this year's UNCTAD Trade

and Development Report, "fanaticism calls for a doubling of effort in the face of failure."

The UN and its agencies, such as UNCTAD, on the other hand, operate under a different belief, one that sees public intervention and a proactive state as necessary to enable basic needs to be met and human rights fulfilled. More importantly, UNCTAD and the UN have provided not only policy options for governments but have offered a vision of equity to the international economic system and the relationship between developed and developing countries premised on North-South partnership and the right to development, instead of the principles of liberalization and laissez-faire. This should be one of the cornerstone principles of UNCTAD XI.

Contradictions in global economic system

The dangerous disregard for the contradictions and iniquities in the global economic system is a vital issue which UNCTAD XI must tackle head on as it deliberates on appropriate development strategies in a globalising world. We know that in today's increasingly interdependent world, developing countries are ever more vulnerable to disturbances emanating from the advanced industrial countries.

International trade has been an important channel in transmitting the slowdown in the industrial countries to developing countries. Furthermore, in many regions, slower growth in export volumes has been compounded by lower prices, particularly those of primary commodities. In addition, developed countries continue to distort international trade by dumping artificially cheap agricultural products maintained inter alia, through high export and domestic subsidies. More importantly, the rhetoric of free trade does not reflect the reality of widening trade deficits, the closing down of firms and farms leading to the loss of jobs and livelihoods, the degradation of the environment and the further marginalisation of women and vulnerable groups in many developing

countries which have adopted trade liberalization policies.

These critical issues must be taken up and effectively addressed by UNCTAD XI, if trade is to become a genuine prime lever for sustainable development. UNCTAD's work in the area of trade has also provided an important counterpoint to the mainstream and uncritical view that greater liberalization would simply bring economic growth. In relation to some of these problems, UNCTAD has also provided support, research and analyses to developing countries in their trade negotiations. This critical function must be affirmed and expanded by UNCTAD XI.

Capital flows and financial instability

Finance has been another channel of transmission of vulnerability. The expectation that liberal financial and monetary policies in the industrial and developing countries would trigger capital flows to the latter, has not happened. Rather, developing countries have been and continue to suffer from financial instability and crises, which have ravaged their economies, plunged them into debt and pushed millions of people below the poverty line.

We urge all delegations to ensure that the draft declaration for UNCTAD XI and the final declaration fully reflect commitments by governments to resolve the above mentioned global problems and that UNCTAD is provided with the continuation and expansion of its important role in seeking for solutions to these global economic problems.

Unjust global rules

Indeed, civil society will be judging the extent of success of UNCTAD XI according to whether UNCTAD is allowed to expand its role not only in assisting developing countries to cope with their national development problems, but even more so whether UNCTAD will have stronger capacities to help change the present unfair and unjust rules and practices of global trade, finance and investment. It is crucial therefore that UNCTAD is not diverted onto a path,

which is uncritically accepting of globalisation. In this kind of scenario, UNCTAD would end up shepherding developing countries into globalisation, regardless of its negative ramifications.

The changing of the unfair terms of global relations so that the developing countries could get a better share of global economic benefits was after all the reason for the formation of UNCTAD in the first place so many years ago.

We must admit today that the role of UNCTAD has been diminished because of the emergence of institutions such as the IMF, World Bank and the WTO, but as our statement makes clear, these other institutions now have diminished credibility everywhere in the world. This diminished credibility is mainly due to the poor development record emanating from their policy advice and loan conditionalities and the imbalanced rules of the trading system. In so many parts of the world, there has been the eruption of financial, economic, social and even political crises as a result of countries having to follow the bad advice and rules of these other institutions.

It is now time for UNCTAD to be given back its appropriate, important function in the international arena. This is the time for UNCTAD to move ahead and to fill in the vacuum left by the failure of the orthodox policies. We urge all delegations and the UNCTAD secretariat and its leadership, to make use of the UNCTAD XI process, to revitalize UNCTAD both as an important secretariat working for development as well as a premier inter-governmental forum dealing with the interaction of trade, finance and development, in all their important facets.

Pre-conference text equivocal

It would surely be wrong if ironically, UNCTAD XI were to lead to a further marginalisation of UNCTAD. In this respect, on behalf of the Third World Network, I would add some comments on the pre-conference text for UNCTAD XI.

Whilst we find several interesting views reflected in the Secretary-General's

preparatory document on UNCTAD XI, we find that it is not bold enough in staking out UNCTAD's role in this changed international scenario.

There is a mismatch between the recognized gravity of the problems, which the Conference is to address, and the level of ambition of the pre-Conference text.

We would especially like to stress that in Section One of the pre conference text on development strategies, while it has identified and listed most of the issues confronting developing countries, the critique, analyses and prescriptions are too modest, qualified and equivocal.

In relation to this first sub theme, "Development strategies in a globalising world", we find that there is inadequate treatment of global economic problems such as the external debt crisis, the financial crisis and the need for a new financial architecture, the inadequacies and the adverse consequences of inappropriate loan conditionalities including the PRSPs, the issue of ODA inadequacy, and the negative transfer of resources from South to North which is now USD 200 billion a year, as remarked by the Secretary-General of the UN, Mr Kofi Annan during the Financing for Development follow up. The document does not seem to be giving an adequate role for UNCTAD to deal positively with all these critical issues.

This makes the pre-conference lopsided in comparison to the following two sections on "Building productive capacity and international competitiveness" and "Assuring development gains from the international trading system and trade negotiations" where UNCTAD's role and contribution in these areas and the direction in which UNCTAD's work is to be continued are more thoroughly and explicitly stated. These run well into three pages, while the equally critical if not more so, issue of creating an enabling international economic environment for development is summarily dealt with in barely a page.

On the recurring issue of coherence between the international economy and national strategies, the pre-conference text is notably silent on what needs to be obviously addressed, which is an honest and comprehensive account of all the external hindrances and curtailment to domestic policy formulation, such as the inappropriate structural adjustment policy conditionalities imposed by the international financial institutions, the predatory practices of transnational corporations and foreign capital, the imposition of imbalanced and often damaging commercial and trade rules through the WTO, regional and bilateral agreements. An analysis of these will allow for deeper understanding of the fundamental changes needed to the international economic system and their institutions in order to be supportive of development.

It is vital that this Conference and UNCTAD speak clearly and emphatically on the international problems undermining development on the one hand, and the principles, political gumption and proposals we need to decisively rectify them.

Perhaps the Secretary-General and the secretariat of UNCTAD are too modest about UNCTAD's role in this regard. We urge the delegations would take steps to rectify this deficiency and come up with language and text that adequately deals with these issues as well as with UNCTAD's future role in these issues.

Conclusion

Finally, on a more practical note, UNCTAD should enhance its efforts in promoting UNCTAD XI and reaching out to more civil society organisations, especially those from developing countries. Several practical hurdles such as the issue of accreditation, financing for civil society participation and the lack of information and advance notice of the UNCTAD XI process have not yet been effectively addressed. .

The modalities of civil society participation should be open to allow civil

society's views, values, concerns, analyses and proposals to be taken into effective consideration for the purposes of this Conference. In this regard, our role as potential partners cannot simply be pre-determined as merely "supporting the objectives and policies defined at the intergovernmental level" as envisaged in the preparatory document for UNCTAD XI.

These logistical matters and the modalities of civil society participation should be dealt with immediately. A list of practical concerns and recommendations is appended to this statement.

**This is a presentation by Goh Chien Yen, Third World Network, introducing the Civil Society Statement to the UNCTAD XI Preparatory Committee Meeting, 17-20 Nov 2003 in Geneva*

ZCTU-FES- SEATINI Workshop with trade unions

This is a summary of a report of the proceedings of a workshop organised by the Zimbabwe Congress of Trade Unions, Friedrich Ebert Stiftung and the Southern and Eastern African Trade Information Negotiations Institute, at Troutbeck Inn, 20-23 October 2003. The workshop was on globalisation and World Trade Organisation issues. It was organised for labour union leaders.

The ZCTU Secretary General Wellington Chibebe welcomed participants to the workshop and thanked FES and CTUC for their financial assistance. He said the labour movement was striving for a fair and just workplace. He also appreciated the work done by the ZCTU research department (LEDRIZ) in organising the workshop. The secretary general then extended his apologies for the failure of the ZCTU President Lovemore Matombo to be at the workshop. Chibebhe then introduced the first Vice-President of the ZCTU Ms Lucia Matibenga, the SEATINI Director Professor Yash Tandon and Dr Medicine Masiwa representing FES

Keynote speech by first ZCTU vice-president

Lucia Matibenga

In her opening speech the Vice-President welcomed SEATINI, FES and all ZCTU staff and participants. She thanked SEATINI for accepting the invitation to provide technical assistance and FES for financial support. She pointed out that the workshop came soon after the fifth WTO Ministerial Conference in Cancun and this made it very critical.

Globalisation is not a new phenomenon but the depth of its process makes it unique from other processes. Communism collapsed and globalisation is now presented as inevitable to developing countries.

Mrs Matibenga pointed out four negative effects of globalisation especially on the South namely:

- Uneven distribution of benefits,
- Marginalisation of developing countries in multilateral settings,
- Adverse labour Market and Social effects;
- Financial volatility, economic insecurity and Systemic Risk

Workers are on the receiving end of globalisation and women as well as other less privileged groups such as children are affected. Trade Unions should now play their role by creating an alternative globalisation steeped in just principles. She said the "key values and principles such as social justice and equity, inclusiveness, transparency, accountability and stakeholder participation should inform the alternative globalisation we strive for".

Seattle marked a turning point for the struggle for a better, more just and equitable world order. In Cancun the rejection of a comprehensive round of trade negotiations underlines the determination of the developing countries, such resistance should be consolidated the Vice-President emphasised.

The WTO its structure and operations in the context of globalisation

Yash Tandon, SEATINI Director

Yash Tandon said that globalisation is presented as a neutral phenomena but in actual fact it is as a result of a crisis of profitability faced by multinational corporations and is therefore actually a response to this crisis. Businesses in the Western World are finding it difficult to maintain their profits. As a result companies taking measures to preserve and enhance profitability. Globalisation also has a political dimension. When the South resists pressures from the North, for example the Iraq and Afghanistan scenarios. Globalisation is a strategy by the multinational corporations to gain markets for their commodities by arm-twisting the South to open up their markets. He said the main instruments of domination within the Globalisation juggernaut are the International Monetary Fund (IMF), the World Bank (WB) and the World Trade Organisation (WTO).

The WTO is in many ways worse than the IMF and the WB. It is the successor to the General Agreement on Tariffs and Trade (GATT) and has the principal objective of liberalising trade between member states through the reduction of tariffs and non-tariff barriers.

It is different from GATT because it extended its ambit to cover a number of issues not covered under GATT such as agriculture, services, Trade Related Intellectual Property Rights (TRIPS). The prefix "Trade related" is tricky because anything can be trade-related.

The WTO was born at the end of the Uruguay Round in 1995, at Marrakech, with more comprehensive functions, a different approach and a new set of rights different from GATT.

The highest policy making organ of the WTO is the Ministerial Conference, which comprises of representatives of all member countries, seconded by the General Council which is composed of ambassadors appointed by member

countries which also acts as a Dispute Settlement Body and oversees the operations of the agreements and Ministerial decisions on a regular basis. In between Ministerial Conferences, Ministerial Conferences are held every two years.

Decisions at the WTO are made by "consensus" and whatever decision made is binding. Discussions are held in the Green Rooms by the QUAD countries (US, EU, Japan and Canada) and a few chosen from the South. All decisions made at WTO are legally enforceable. A country with a dispute against another brings the complainant to the Dispute Settlement (DSB) and if found guilty sanctions can be imposed.

Professor Tandon then outlined the journey from Singapore (1996) to Cancun (2003).

In Singapore there were four main issues vis-à-vis: investment, trade facilitation, competition policy and government procurement. He said these issues were primarily aimed at liberalising the flow of investment capital.

He gave a brief a brief account of all the previous ministerial meetings and their outcomes. The Geneva conference in 1998 was a commemorative meeting for GATT and in Seattle in November 1999, Africans were more vigorous and aggressive. They collectively exercised a negative consensus. The European Union and the United States failed to agree on Agriculture and consequently Seattle collapsed. African countries wanted to discuss implementation issues before new issues as agreed in Marrakech. In November 2001 at Doha there was a Western agenda with no developing country agenda as a result there were massive disagreements. India introduced the concept of explicit consensus.

At Cancun (2003) the Singapore issues became the focal point and they were rejected by Developing Countries as a result Cancun negotiations again collapsed.

Discussion

A question was asked if SEATINI has plans to educate the civil society. SEATINI responded by saying education of the Civil Society on Globalisation and the WTO is a process and not an event and by having such a workshop with the ZCTU the process has began. More similar workshops will be held with other sectors of the civil society.

Agriculture and the question of subsidies

Dr Medicine Masiwa & Rangarirai Machedze

Dr Medicine Masiwa began by pointing out that Agriculture is of paramount importance because it contributes towards food security, it is a major foreign currency earner, accounts for more than 30% of the GDP and employs a greater proportion of the population.

The Agreement on Agriculture is all about gradual agricultural reform whose major objective is to establish a fair and equitable market-oriented agricultural trading system. The agreement on agriculture is structured under three main pillars consisting of:

- 1) Market access,
 - Tariff and non-Tariff Measures
 - Tariff reductions
 - Special Safeguard Measures
- 2) Domestic support to producers
- 3) Export subsidies.

Each member country is compelled to make quantitative reduction commitments in these three areas. The commitments are held in a legal document called country schedule. Each country enters on to the schedule how much they are charging as tariffs. All countries even the least developed, are required to bind all tariffs on agriculture. Tariff reduction in the developed countries differs from tariff reductions in the developing countries. In developing countries tariffs have a significant role:

- a) Protects domestic industries

- b) It is a source of revenue for governments
- c) It helps ration scarce foreign exchange among competing imports.

The impact of reducing tariffs therefore is far greater in developing countries than in developed countries. During the ratification process a country can give a very high tariff on the schedule and when they reduce their tariffs still the tariff remains very high. Tariffs go up if value is added to products for example processed goods from agricultural products.

Green Box subsidies

There are exemptions from reduction commitments on domestic support; these are subsidies without or with marginal trade distortion effects on production, these are;

- Investment subsidies generally available to agriculture in developing countries.
- Subsidies for inputs
- Support to diversification from growing illicit drugs in developing countries
- Domestic food aid.

Most countries do not want to compromise on their goods, exemptions can also be given on some goods especially those on research which are not trade distorting as well – non distorting products.

He gave examples of farm subsidies that are still prevalent among developed nations, for example:

- A) EU is the largest exporter of powdered milk, which it sells at about half the production costs.
- B) A cow in Switzerland earns an average of US\$ 1500 / year
- C) The EU is the largest exporter of sugar, which it sells at about a quarter of the production costs.

This they argued resulted in de-industrialisation: and the US farm bill

heavily subsidises cotton such that US farmers sell their grain at half its market price. In the year 2002 alone President George W. Bush authorised US\$4 billion in subsidies to cotton farmers and there are approximately 25 000 cotton farmers in US. This had an impact on West African countries that also rely on cotton .In general, governments in developed countries pay about US\$300 billion in subsidies which is seven times greater than what they give as developmental aid to the Third World.

He noted that developing countries could not subsidise their farmers also, because of financial constraints and budget deficits and in turn instead of giving subsidies they tax them. The Uruguay Round came at a time when most African Counties were suffering from Structural Adjustment Programmes.

Machemedze also outlined the importance of agriculture in the developing countries, as it is a means of livelihood to more than 75% of the total population. He emphasised that globalisation had favoured the developed nations and pointed out the need to localise as opposed to globalise. Developed nations heavily protected their farmers also, for instance the EU subsidizes its farmers to the tune of US\$352 billion per annum, which amounts to US\$1 billion a day.

The US and the EU are fighting for third world markets and ultimately it is the developing countries that suffer at the end of the day. The bone of contention between the EU and US is the issue of profitability and subsidies and they are doing it not for the good of the third world countries.

He further said that there are some agricultural commodities that are taken as special commodities and should be exempt from tariff reduction. He however said that there was objective method of defining the special products and this gave rise to manipulations.

The Cancun experience

In conclusion he said that the Cancun experience resulted in deadlocks hence it

ended with no agreement on agriculture as the developed countries failed to honour the provisions of the Doha Declaration and the issue of agriculture contributed to the demise of the trade negotiations.

Machemedze said, “ the US was interested in further opening up of markets of developing countries for their cheap and subsidised foods including Genetically Modified Foods. This meant substantial reduction of tariffs by developing countries.”

On the other hand in Cancun the EU was mostly interested in cutting their subsidies if the other countries could agree on starting negotiations on Singapore issues. The impasse on Cancun does not give advantages to the third world because there are other channels such as bilaterals that can be used for example AGOA and Cotonou and pressure will be put on individual weak countries. At least there was giant step by developing countries through the collapse of negotiations in Cancun.

Discussion

a) It was noted that the South could not subsidise its farmers to the same extent as the developed nations because of affordability (financing) and sustainability (budget deficits).

b) The bone of contention is the issue of profitability and also the issue of subsidies.

c) There are also counter-accusations between the EU and the US, with each party accusing the other party of subsidising its agriculture to the detriment of the other party and a result the developing countries suffer.

d) It was noted that the deadlock in Cancun does not give an advantage to the developing countries because there are other channels such as bilateral agreements that can be used. The degree of sensitisation used in multi-lateral levels can also be taken for the bilateral levels.

ACP/EU trade negotiations

James Maringwa

The year 2000 saw the signing of a deal between 77 African Caribbean and Pacific (ACP) countries (G77) and the European Union (EU), which later became the Cotonou agreement. The major focus of the agreement is reciprocity of trade-related issues; this agreement builds on the twenty-five years of ACP-EU partnership under the Lome Conventions.

The Cotonou agreement will be negotiated in two phases and phase 1 negotiations were launched in September 2002 and were expected to continue for a year. The ACP ministers and the EU Commissioners for trade and development met in Brussels on 2 October 2003 for negotiations on Economic Partnership Agreements (EPAs). Under the Cotonou, the current non-reciprocal tariff preferences will be maintained until December 2007.

Phase 1 is the negotiating phase and should result in binding commitments. The agreement on phase one will be used as a point of reference to negotiations for phase two which also began in Central and Western Africa on the 4th and 6th of October 2003 respectively.

Maringwa pointed out that one of the objectives of the agreement is that ACP countries enter into Economic Partnership Agreements (EPAs) with EU either as individual member states or as a regional block. The EPAs are attempts to assist ACP countries enter the global market economy making use of existing organisations such as SADC and COMESA.

Though EPAs include a free trade component, they are intended to be more than just free trade arrangements and to deal with the trade related issues as well as market access. So far the ACP ministers have already observed some divergences between ACP and the EU concerning these EPAs.

It is of interest to note that most of the ACP countries are former colonies of the EU and they are amongst the Developing

Countries requiring resources from the EU to enable them to engage in negotiations, and the EU has been rather dictatorial in its dealings with the ACP in as far as the trade negotiations are concerned.

In order to carry out any meaningful negotiations, Mr Maringwa said ACP countries should either collectively or individually carry out impact assessments to determine the overall effects of trade liberalisation within the EU.

Labour issues: the debate on social clause

Gregory Peta

The social clause is one of the most contentious issues from the global down to the national level. The social clause can only be discussed in relation to globalisation and the WTO. At the ICFTU there has been debate to include the social clause in the WTO but at grassroots level nothing has been done.

Integration of the global economy, which is globalisation and market driven economies, have taken different forms for example Structural Adjustment Programmes (SAPs). Market-driven growth has resulted in jobless growth. Lots of investment came in but did not create employment hence the emergence of the informal trade. Ruthless growth related to inequality and poverty as evidenced by SAPs. There is also rootless growth, which is growth, that whither cultural identity. All this has adverse effects on labour markets, and poses greater concern for labour markets security, wage security, job security and representation security. This gives an idea on how the social clause came about.

What is the Social Clause

It refers to a legal clause in trade agreement aimed at removing the most extreme forms of labour exploitation in exporting countries. One of the means is through importing countries taking trade measures against them if they fail to observe internationally agreed minimum labour standards. These measures may

include: exclusion from arrangements providing preferential trading status for example the Most Favoured Nation (MFN) principle, restrictive quotas or non-tariff barriers and complete restriction of imports from offending country.

Social clause provisions have been linked to non-trade arrangements as well for example US Overseas Private Investment Corporation (OPIC).

Peta said trade union rights are human rights. Some of the ILO conventions have been considered to be the basis of the clause – collective bargaining and freedom of association. Most proposals for a social clause are based on the ILO conventions such as the abolition of forced labour, prevention of discrimination in employment, equal remuneration for work of equal value and a minimum age for the employment of children.

The majority of the trade unions have supported the inclusion of the clause in the WTO. One needs to understand and know the characteristics of the WTO. He was quick to say all conventions are “children of the ILO but the ILO does not have teeth like the WTO”. The WTO will never serve the interests of the workers. Some national unions who are sympathetic to workers also want the clause included in the WTO. The social clause was raised as a result of the problems such as child labour in Asia and Pakistan where they employ children who are irreplaceable and they are preferable because they are cost effective and less likely to absent themselves from work. Profit maximisation is achieved because they are lowly paid.

Discussion

During the discussions the following points were taken note of:

1) Trade Unions have not been incorporated in the structure of the WTO why the sudden interest for the welfare of workers by the WTO? Labour standards must remain at the ILO.

2) At times we join the bandwagon because of our economic situation but we need to understand the characteristics of the WTO.

3) Labour rights are not negotiable. An alternative is to try to strengthen ILO and the tripartite structure should be changed to the QUAD structure. At Cancun the clause never came up.

4) Developing countries are lacking a value-drive agenda. Let us have a set of values that guide and propel trade unions and the agenda should be based on the people that are represented. There is need for a holistic look at things.

5) The Social Clause is following the same way as SAPs where there was a social dimension to the SAPs. If we are to have labour in support of the inclusion of the clause and the powerful governments in agreement then this will be victory for the WTO.

6) Need not hold on to the weaker end and we need to look at the ideology of clause.

Role of social movements

Thomas Deve

Social movements are civil society organisations that work and act as pressure groups for the people as they represent them.

Social movements have different mandates and when they bring issues into the community there is need for accountability. There is need to protect the rights of the society in social movements.

Mr Deve said, “The big challenge is that we are together with the community and we have to articulate the concerns of the people”. There is need to identify a pressure point to direct our attack, there are areas of specialisation that NGOs have and we attack liberalism. Even in struggle there are academics who can deal with the global problems, there is need to see how we peg our struggle. Global justice movement is responding fairly to the

needs of the people we have to fight the capitalist mind and respond fairly to basic needs of our people.

The first thing is to identify who our friends are and who our enemies are. Mr Deve encouraged national, regional and even global networks and have radicalism and progressiveness.

Value based intervention when building our social movements is important. The state is an area of our struggle and we need to know where we stand as working people.

In our social movements we have to see how democratic we are for we are not expected to be neutral. A closer look has to be taken also at how the state reacts or responds to the working people. So we need to be careful in articulating our way forward. A new challenge to be dealt with is empowerment that comes from knowledge and this should be shared. This therefore highlights the need for training and research.

Africa is not getting a good deal in globalisation so lets identify our struggle sites, and documentation of our struggle is important for it helps in future reflections. We also need to understand that AGOA is an instrument to push wages in a negative way.

There is need for alliance building and let us personalise issues to find out how each union reacts to NEPAD, WTO or even Cotonou.

There should be no “TINA Syndrome” (There Is No Alternative) but lets think of an ideological platform as to identify why we support and take part in marches. The posters we use should portray the right messages we want conveyed.

There is a library of alternatives namely:

- Lobbying and advocacy (aggressive lobbying),
- Popular education (a must for social movements)
- Gender dimension of our struggle,

- Race (a serious issue in social movements)
- Need to site our reproduction, how do you reproduce yourself in the social movement context?
- Progressive social movement versus democratic state, battle of ideas and hegemony are a critical feature of the struggle.
- What is our position on privatisation and what are we doing to help other NGOs, ideological thrust.

Discussion

We should be guided by values from a worker perspective we must not be seen coming from the left, which is the socialist angle.

As a labour movement we need to know where we are in terms of socialism or communism, let us look at values in terms of our practice and go beyond propaganda.

Social democracy is in decay under multinational corporations we need to be democratic and socially sensitive, ZCTU has to define its relations with alliances from the developed countries. In Africa when leaders are chosen, they are given the freedom to rule and we create our own dictators thereby creating our own problems. Let's repackage materials and encourage economic literacy

Plenary discussion - Way forward

The participants agreed on the following:
We need to set values as labour as we naturally represent the people. Need for networking between labour civil society and mobilisation of other organisations that represent the society and see what they have already done

Labour to be fully engaged from an informed point of view and carry out research and the community needs will be addressed. Area of education and publications must be addressed first Identify challenges back to constituencies and discussions can be done at grassroots level. The following points were adopted as the general sum up of the way forward:

- a) Research – impact assessment

- b) Alternatives – what are the alternatives?
- c) Training – people need information
- d) Economic literacy problems to be dealt with
- e) Develop cadres
- f) Information and publicity
- g) Mobilisation and creating networks
- h) Need for partnerships

Editorial: How does the UNCTAD XI report measure up to promises?

Chandrakant Patel

UNCTAD secretary general's (SG) report to its quadrennial conferences traditionally serves as the main document guiding the deliberations of the conference and sets the basis for its programme of work for the next four years. The report also serves as a platform for proposing themes around which policies and measures can be negotiated at the conference.

How, then, does the present report measure up to these promises? Before answering the question, it should be noted that the SGs report for U-XI articulates four themes for the conference:

- (i) Development strategies in a globalising World
- (ii) Building productive capacities and international competitiveness
- (iii) Assuring development gains from international trading system and trade negotiations
- (iv) Partnerships for development.

These themes are elaborated in Part II of SGs report: they cover national and international dimensions of the issues and policies arising thereunder, followed by the role of UNCTAD in dealing with them.

Eclectic Intellectualism

Part I, Overview, (pp 3-15), has the imprimatur of its secretary general: a bizarre cocktail of clichés, political correctness and intellectual showmanship. The very first sentence of the report, credits Charles Dickens with two quotes. The “spiritual world, after the ecumenical renaissance” is suitably credited to Pope John XXIII and Pope Paul VI. Not to be

outdone by the less spiritual world, the SG credits “the young new President of the United States” in the 1960s with championing “a social democratic alternative”. In similar, politically correct/name dropping vein, he refers to “inspirational leadership of Nehru” and the “brilliant intellectual contribution of Mahanalobis” for plans to transform “the economy from an agricultural to an industrial one”. Interspersed with these remarks are gratuitous references to the Berlin Wall, the Cuban missile crisis, the Cuban revolution, the Vietnam War, the Cold War and decolonisation.

All of the above in the first three paragraphs of the report, not surprisingly, sets the stage for a document that attempts to touch all bases by appealing to all constituencies but, to paraphrase Dickens, ends up being “A Tale of Neither This Nor That”. If the purpose of the retrospective examination of successful development policies is to argue the case for a strong development state, there is little evidence or analysis in the report in support of such a case.

Report dodges critical issues

Instead of critically analysing the role of the multilateral institutions such as the IMF, the World Bank and the WTO in dismantling the core policy apparatuses of the weaker and vulnerable developing states, the report argues, in support of the opportunities of globalisation, that “twenty five developing economies – a small but not insignificant number-- were able to take advantages of the opportunities and grew at rates of 5 percent or more throughout the decade”. (Para 20).

A closer look at these so-called successes suggests the pitfalls of such analysis. Of the six countries in Africa (out of a total of nearly 50) credited with such ‘successes’, two (Equatorial Guinea and Sudan) grew largely on account of oil while three (Cape Verde Uganda and Mozambique) are almost entirely dependent on aid and remittances. In these countries, more than 60 percent of the recurrent and much larger proportions of the capital budget are funded by donors or by remittances.

Moreover, of the six, Uganda and Mozambique grew from a very low base, with per capita incomes in both yet to reach levels attained in the 1960s and 1970s. In Asia, the same is true of several cases cited in the report, notably Lebanon, Laos, and Vietnam. Several others are micro states (Bhutan, Maldives, and Tuvalu) so atypical as to suggest few, if any, lessons can be drawn from their growth experiences. It would have been useful to analyse the reasons why the 40 or so African countries failed to grow, but then this would muddy the analysis and the 'feel good' message the report is conveying.

Part of this message consists of claims, in Para 27, of improved market access opportunities via instruments such as AGOA and EBA: but no effort has been made to assess or analyse benefits of these initiatives, even though many in the civil society now see them as no more than highly conditional instruments that have added little or no value to local production or raised Africa's exports. Likewise, NEPAD is touted in the report as having set a "new trend in national ownership of development strategies and mutual accountability in development cooperation". The fact of the matter is, NEPAD has been disowned by a large majority of African civil society organisations as an instrument of control, led, designed and imposed by Blair and his cohorts in South Africa, Senegal and Nigeria. NEPAD provides a license to shift public resources to the private sector, in exchange for promises of more aid. That such promises of aid are almost certain to be chimeral has apparently not troubled the authors of this Report. Since the current aid levels are sufficient to ensure the necessary leverage that the donors require for their policy objectives, there is no reason to think that aid levels will rise.

Against this background, large negative net transfers from the developing countries are now permanent features of the so-called development cooperation between the South and the North. In 2002, almost US Dollars 200 billion of negative net

transfer (gross inflows less interest repayments, profit remittances, amortization and changes in reserves) is reported to have taken place. On how to deal with this perverse phenomenon, UNCTADs Report is notably silent as it is about the implications, for the South, of the US Dollars 500 billion that the US Treasury is going to borrow from the rest of the world this year alone to fund its ballooning trade and fiscal deficits.

In the Alice in the Wonderland world of international organisations, no questions are asked about who is being developed by who and who benefits from the present system of monetary and trading rules. Lessons from these trends and measures to control them would be of far greater value to developing countries than the platitudes that are now the standard fare of UN reports.

UNCTADs recipe ("Ingredients for the most successful development strategies" – Pages 16-17) consists of the standard neo-liberal fare, namely,

- Policies to create a good investment climate in which corporate and national development interests converge
- Policies to manage integration with the global economy
- Policies to manage the distribution of the benefits of development

This textbook analysis seems to have turned the causation of development on its head. Improved capital accumulation is surely a *consequence* of many other factors including land reforms, access to education, development of local and national institutions, and peace and security, to cite a few. By selectively emphasising the role of capital accumulation as being central to growth process, the Report inevitably falls back on the neo-liberal case for global integration, good investment climate and bridging the financing gap. That these Panglossian recipes have led to dependency and further immiserization of much of the South appears to have escaped the attention of the authors of this Report.

Civil society input ignored

The blueprint (“Ingredients”) that UNCTADs now puts forward appears to draw little from the work of the UNDP or from the many civil society organisations that see development as organic transformation of societies, following their own logic and building upon their own knowledge and strengths. Development as starting from scratch and drawing on somebody else’s blueprint flies in the face of 50 years of experience.

On the Conference theme dealing with international trade, the report refers to economic “gains from broad based liberalisation, similar to that in the Uruguay Round, are estimated at as much as \$400 billion a year... “ (Page 41, Para 13). Setting aside the veracity of these numbers (the World Bank, in a report timed for Cancun, claims these to be between US \$500 and 700 billion, 80 per cent of which would accrue to developing countries), it is widely acknowledged that much of the benefits of liberalisation accrued to a few developed countries. Peter Sutherland, just before the conclusion of the UR, cited the benefits to be of the order of \$200 billion; a few weeks later he thought they were gross underestimates and suggested true gains of the order of \$ 500 billion. Let us be clear about these numbers: they are based on and sensitive to highly questionable assumptions; using the same unreliable data, and alternative assumptions, it is equally possible for econometricians to arrive at opposite conclusions. For UNCTAD to give credence to these suspect figures suggests that it has also become part of the bandwagon to create pressures to promote the beneficial effects of the Doha Round. Indeed, its secretary general went so far as to claim that “Doha was a milestone in the evolution of the multilateral system” and went on to assert, “it was one of the first time.. ...pledges were made... to put development at the heart of the work programme”. While we are accustomed to such panegyric pronouncements from the media and OECD countries, the civil society and UNCTADs developing country member states are less likely to be rolled over this time around with such concerted rhetoric.

The unrequited deference shown by UNCTADs current management to the WTO has not deterred it from claiming: “Through our research and policy analysis, our intergovernmental consensus building and our technical assistance and capacity development activities, we seek to play a complementary role in relation to the WTO.” (Statement at the 50 th Session of TDB). Much of the Chapter on trade develops the above claims. Consequently, the Report is completely silent on the need for reform of WTO, its key Agreements or its procedures and governance.

The final theme on “Partnerships” is defined as serving “to enable the contribution of the various components of civil society to *support the objectives and policies defined at the intergovernmental level.*” (emphasis added). In as much as the intergovernmental process in UNCTAD is driven by the secretariat and deals with the lowest common denominator of consensus, it is questionable whether many of the CS organisations would wish to be a part of this effort. In particular, we need to be clear that in as much as our views, analysis and mandates are more often than not likely to diverge from those of official agencies, we should be extremely weary of such partnerships.

UNCTADs approach appears to be somewhat patronising to the CS; but since we are not seeking UNCTADs or any other official bodies approval, we should not be sidetracked by the haughty offers of cooperation, participation and so-called partnerships. If UNCTAD was serious about partnerships, it could have consulted the CS before drafting the criteria of Partnership (Para 147, page 50).

Conclusion

In any case, the general lack of preparedness on part of UNCTADs management to engage the CS at an early stage in the current process does not inspire much confidence in the scope or viability of these partnerships. UNCTADs main preoccupation in this area appears to be to access to new funding: “Available and /or expected sources of funding should be clearly identifies. Partnerships should

therefore be based on predictable and sustained resources for their implementation, include mobilising new resources....". The impression gained from this text is that the CS is viewed as no more than a new conduit for UNCTAD

to spend such funding in the name of partnerships.

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