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TERRAVIVA

#1

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# TERRAVIVA

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O JORNAL INDEPENDENTE DA XI CONFERÊNCIA DAS NAÇÕES UNIDAS SOBRE COMÉRCIO E DESENVOLVIMENTO

SÃO PAULO, 13-18 JUNE/JUNHO, 2004

## Building Bridges to the Future

By Adalberto Wodianer Marcondes

**B**razilian President Luiz Inácio Lula da Silva underlined, at the opening of UNCTAD XI, that there is a new world geography where countries of the South account for over 10 percent of global trade - a world where South meets South.

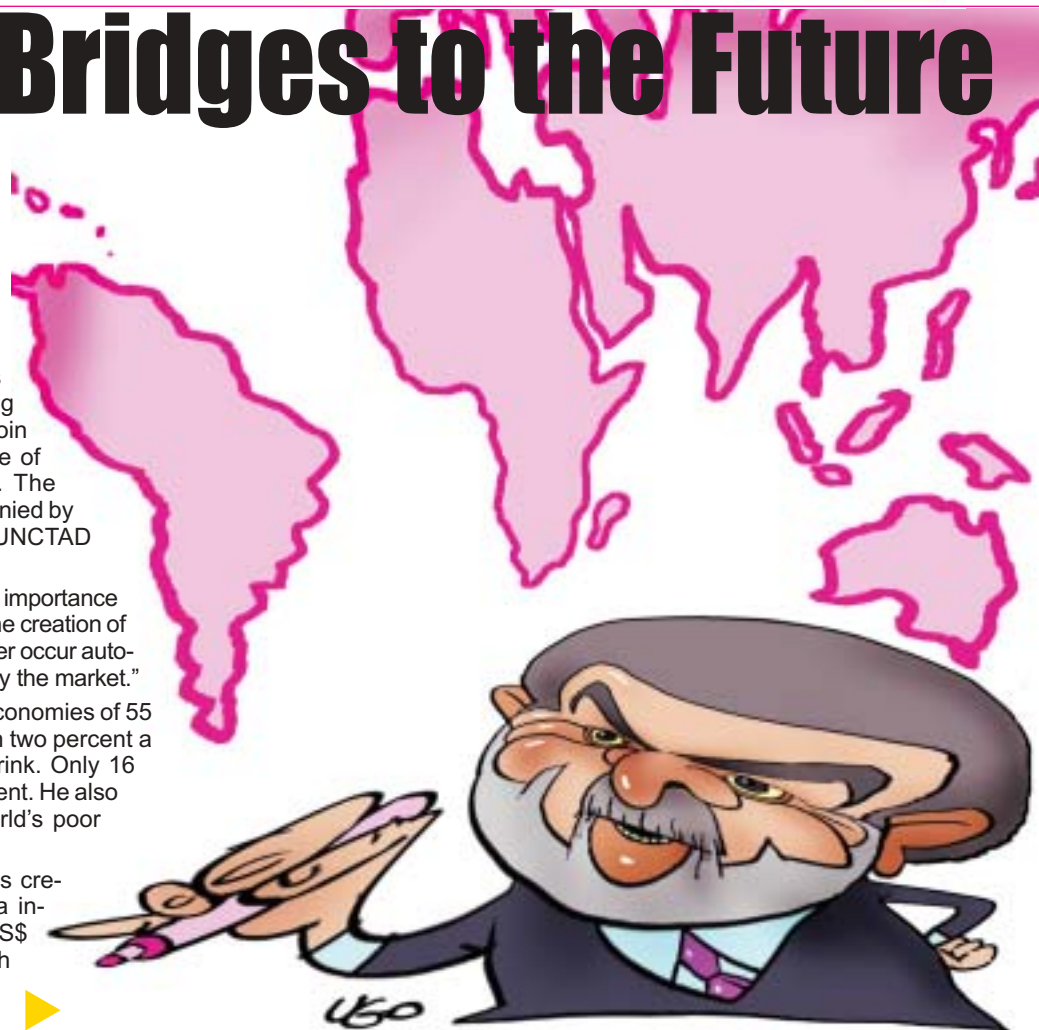
This is the map outlined at this week's UNCTAD XI meeting. During the opening ceremony, Lula invited the attendees to join him in building a new world order capable of producing prosperity with social justice. The president opened the conference accompanied by UN Secretary General Kofi Annan and UNCTAD Secretary General Rubens Ricupero.

In his speech, Lula underscored UNCTAD's importance as a forum for debate that will contribute to the creation of global development models "which will neither occur automatically nor be spontaneously generated by the market."

Lula noted that in the past five years, the economies of 55 developing countries have grown less than two percent a year, while another 23 saw their GDP shrink. Only 16 posted economic growth of over three percent. He also pointed out that the gap between the world's poor and rich countries has been expanding

at an exponential rate since UNCTAD was created 40 years ago. At that time, per capita income in the poorest countries averaged US\$ 212, compared to over US\$ 11,400 in rich

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## IS ODA GOING THE WAY OF THE DINOSAUR?

Thalif Deen

When UN Secretary-General Kofi Annan addressed a press conference yesterday, he was asked why no single speaker on opening day of UNCTAD XI had thought it fit to address the problem of declining official development assistance (ODA).

Was the long-promised ODA — which industrial nations pledged to the world's poorer nations back in the 1970s — going to be dumped in to the dustbin of history?

"The fact that we did not mention ODA this morning does not mean we have given up on it," Annan told reporters.

The secretary-general, however, admitted that only four out

of 22 industrialised nations — namely Norway, Denmark, Sweden and the Netherlands — have consistently met the aid target of 0.7 percent of their gross domestic product. The rest

have continued to renege on their promises and pledges.

Total ODA, which has declined over the last 20 years av

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# G-77 MINISTERS COMMIT THEMSELVES TO ERADICATING POVERTY

At the end of a two-day ministerial meeting commemorating its 40th anniversary, the 132-member Group of 77 unanimously adopted a declaration committing itself to the Millennium Development Goals (MDGs)—and specifically to the eradication of poverty by 2015.

“We call upon the international community and the UN system to fully and speedily achieve the MDGs and other development goals set out in the major UN conferences and summits, as well as in their respective reviews.”

The declaration said the expectations of greater global security and a just and non-discriminatory international economic and social order have not been realized.

“The world today is beset by acute economic and social problems, many of them marked by uncertainty and imbalances, with marginalization of developing countries, in particular the least developed.”

The Group expressed its deep concern about the tendency of developed countries to make decisions that affect the world economy outside the multilateral framework of the UN system, and without giving full consideration to the interests of developing countries.

The declaration also stressed the importance of strengthening multilateralism and the UN system in the face of growing unilateralism, as well as attempts to put in place new regimes and rules limiting the policy space available to developing countries and their choices for macro-economic policy making.

The ministers said the processes of globalization and liberalization have produced uneven benefits among countries. International disciplines and obligations also increasingly encompass rules that frame the development policy choices of developing countries. These developments, which had had negative economic and social effects, underscore the importance of ensuring policy space for developing countries to advance national development objectives based on their development, financial and trade needs.

The declaration also attached high priority to the reform of the UN, and reiterated the Group of 77’s willingness to actively participate in the negotiations for the strengthening of the world body.

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## IS ODA GOING . . . ?

Averaging about 55 billion dollars annually, increased last year to 68.3 billion. But a sizeable part of that increase — which was really earmarked for the reconstruction of war-ravaged Iraq — does not include any fresh funding for low-income countries.

Despite this aberration, however, Annan says the 68.3 billion dollars is still below the target of 100 billion dollars a year needed to meet the UN’s much-trumpeted Millennium Development Goals (MDGs).

If there is no significant increase in ODA in the next few years, Annan has warned that the world’s poorer nations will not be able to reduce hunger and poverty by 50 percent by the year 2015 — as envisaged in the MDGs.

In an appeal to the Group of Eight — namely Britain, Canada, France, Germany, Italy, Japan, Russia and the United States — Annan said last week: “You in the G8 have a clear responsibility to place yourselves in the vanguard of that increase, and I hope you can do so by committing yourselves to specific time-tables for achieving the ODA target of 0.7 percent of GDP.”

Such commitments, he said, will have a powerful impact, and reinforce the confidence of developing nations. Annan also said an increase in ODA was essential for sub-Saharan Africa which is being devastated by the spread of HIV/AIDS, malaria and other tropical diseases.

But the G8 summit, by and large, ignored Annan’s appeal.

## We Don't Want Another WTO

We do not want UNCTAD to be used to implement WTO agreements. We want it to keep its independence and critical approach with regards to supporting developing countries, says the message from the Civil Society Forum read at the Conference on Monday.

The declaration by around 200 social movements and organizations that have been meeting since Friday calls for opposition to financial blackmail, economic embargos, military interventions, and illegal occupations, as well as the cancellation of foreign debt, international trade subordinate to human rights, and mechanisms to regulate the commodity markets. It advocates the sovereignty of States over domestic matters, natural resources, and the protection of their economies and agriculture.

The Forum criticizes the UNCTAD XI official document for describing globalization as a “powerful force” for development, and for contradicting itself when diagnosing the negative impacts, such as the existence of “losers” among countries and within them. The rhetoric in favor of an inclusive and equitable globalization process ignores the wars that benefit transnational corporations, and deepen poverty, hunger, and environmental degradation, it adds.

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The



welcomes all members of the conference of UNCTAD in São Paulo

Genesis is a so called “Civil Organization of Public Interest” (OSCIP) recognized by the State of Brazil. The idea for the Instituto Genesis arose in 1996 with the target to reach a direct improvement on the social situation and for environmental protection in the various regions of Brazil by developing the economic situation of their people.

### ALL WE DO WE DO FOR THE PEOPLE BECAUSE NOTHING CAN BE RESOLVED WITHOUT THEM!

The upgrading of Brazilian products serves for this aim by the creation of brands, quality-increase, international networking and product-certification and last not least in exploring “direct-trading-routes”. The institute has created only for its own activities in the last years more than 400 jobs and serves for more than 10.000 farmers and other identities and their employees today.

For this purpose **THE BRAZILIAN ART PROJECT**, which already enjoys worldwide recognition, became initiated by the Instituto Genesis in close cooperation with international enterprises and foundations. Additionally the institute has managed to base a direct connection between the cultural activities and its social efforts. An International-Brazilian-Artists-Archive, connected with a worldwide network, will offer a generally accessible presentation area for all Brazilian artists and Brazil as a country. This platform will serve as well for advertising other events, products and enterprises. In the return pipe **THE BRAZILIAN ART PROJECT** and its clients invest directly in social-projects.

The idea of engagement in the area of project-development, certification in the animal-and farming-area, environmental protection, in social-affairs closely connected with the contemporary-culture of Brazil gives the chance to implement on the international stage and at a broad level a higher reputation and an increased value for the work of Brazilian people. This may serve as a model for other countries as well.  
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## Building Bridges ...

countries. Today, per capita income stands at just US\$ 267 in the developing world, while it has tripled to US\$ 32,400 in wealthy nations.

Lula took a pragmatic approach, saying he is aware of the fact that development is not a gift from the international community to poor nations. He said the only way to achieve change is for countries to join together in their efforts, and pointed to the emergence of the G20 in Cancun, where the need to incorporate into the multilateral trade system industries in which developing countries are more competitive was discussed. Together, the G20 countries managed to block negotiations that did not promote global equity. Many of the themes in Cancun will return to the table now, in São Paulo. Lula argued that in this week's UNCTAD meeting, negotiations for the Global System of Trade Preferences, created in the 1980s, could be reinstated, allowing developing countries to eliminate trade barriers among themselves without the need to extend that effort to rich countries.

Lula believes one of the most important roles of this conference is to create facilities to enable developing countries to increase trade among themselves, in an innovative model based on the horizontal creation of wealth. This model supported by Brazil is also seconded by Annan, who pointed out one way to bolster trade: a 50 percent reduction in tariffs in South-South trade.

In Lula's view, globalization cannot be seen as synonymous with development, but rather as an instrument for economic growth, provided its benefits can be extended to all countries. He pointed to the eradication of hunger and reduction of poverty as essential to ensuring peace and respect for human rights. The president cited the Marshall Plan, implemented after Europe was de-

stroyed during WWII, as a possible model for international efforts and investment to rebuild productive capabilities. "The Plan restored employment, income, and savings, and consolidated peace and progress," Lula told the hundreds of people gathered in the Anhembi auditorium, São Paulo's leading convention center.

Change first and foremost implies choices, said Lula. "It is necessary to build bridges to tomorrow, we must have the political courage to build them," he told his listeners. Lula announced his government's intent to support the creation of an international center for studies on development financing policies, which would take the name of Brazilian economist Celso Furtado, who was honored during the opening of UNCTAD XI for his work towards understanding the mechanisms that lead to the building of wealth or the perpetuation of underdevelopment.

The president spoke of the creation of a fund within the United Nations Development Program (UNDP) to fight hunger and poverty, supported by Brazil, India, and South Africa, with the objective of helping other countries overcome conditions of extreme poverty. He also mentioned another initiative, agreed with French President Jacques Chirac, Chilean President Ricardo Lagos, and Annan, for the creation of a technical group to study concrete proposals and mechanisms to obtain funding to finance development.

Lula closed his speech stressing the importance of reaching agreements and producing concrete results at UNCTAD XI, while inviting world leaders to a Sep. 20 meeting in New York to discuss mechanisms for overcoming hunger and poverty and providing political leverage to the formation of partnerships between governments, the United Nations, regional and international institutions, the private sector, and NGOs.

# WTO: P5 Brings New Hopes

**E**xport subsidies must be removed, domestic farm aid must be substantially reduced, and there needs to be a substantial increase in market access, said European Union Trade Commissioner Pascal Lamy, in his announcement of the consensus reached by the informal group known as the "Five Interested Parties" (P5) -- bringing new hopes of a farm trade agreement at the World Trade Organisation.

After meeting Sunday for four hours, trade ministers from Australia, Brazil, United States, India, and the EU said they reached a "convergence" that may allow the unblocking of negotiations, paralysed since the September 2003 WTO ministerial conference in Cancun, Mexico. Now is the hour of the technicians, who will deal with more concrete issues, such as numbers, time frames, products, tariffs, and of "translating concept into reality."

The P5 does not hold the authority needed to finalise multilateral agreements, but may play a decisive role because it comprises the two economic powers that pay out the most farm subsidies: the United States and EU. Brazil and India represent the relatively new Group of 20 (G20), a bloc of developing nations that emerged in the context of the Cancun meet. Australia leads the Cairns Group, which for two decades has been fighting agricultural subsidies.

There is still a lot of work to do, admitted the Brazilian minister of Foreign Relations, Celso Amorim, who organised the informal meeting in parallel to UNCTAD XI. But he said he believes the group has "a message of trust" and is "headed in the right direction."

Divergences were replaced by convergences, opening a new path, said India's Minister of Trade and Industry Kamal Nath.

Robert Zoellick, the US Trade Representative, acknowledged that an important step was taken at the meeting, but noted that the WTO has 147 members to be convinced, and that it is necessary to progress on all "three pillars" of farm trade negotiations: export subsidies, domestic supports, and market access.

"Parallelism and equivalence is the name of the game," said Lamy about the demand that other disloyal trade practices should disappear, such as special credits and government purchases of surplus. The Doha Round of negotiations involves 20 chapters, and all of them should be on the table, "we are negotiators, not dreamers," nobody makes concessions in agriculture while leaving the rest untouched, Zoellick said.

The "rest" includes industrial tariffs, trade in services, and other items, and tend to produce a reversal of positions, with the rich countries setting aside their defensiveness on the agricultural negotiations to demand compensation.

Caution is what Martin Khor, director of the Third World Network, recommends. His reaction to the P5 announcement is that there was a "small improvement, but not enough," and the group does not offer any assurances of consensus at the WTO. There was no commitment to special and differentiated treatment for developing countries, and especially for small farmers, he told TerraViva.

## Group of 20

The Brazilian and Indian ministers spoke on behalf of the G20, which met on Saturday, also in parallel to UNCTAD XI, to reassure their unity, the concepts upheld by the WTO, and their approaching of the Group of the 90 less developed and African countries. The G90 coordinator, Guyana's Trade and Cooperation Minister Clement Rohee participated as guest.

"Progressiveness," which imposes greater reduction on higher tariffs, and "flexibility," which recognises differences and the absolute need of some countries to defend their agricultural sectors, are two of the main concepts, explained Argentina's Foreign Minister Martin Redrado. One cannot expect to treat Indian farmers, whose production is a matter of survival, the same way as their European counterparts, explained Amorim.

The main result of the meeting was the consolidation of unity between all developing countries, which neutralised the pressures from the big trade powers to divide them, said Adriano Campolina, regional director for the Americas for Action Aid International.



Celso Amorim reporting: Hope still alive

UNCTAD is the political forum to determine the future of global trade, says Rubens Ricupero

# GEOPOLITICAL IMBALANCE, THE BIGGEST THREAT

*At a meeting with a small group of journalists held in Geneva before the conference in Sao Paulo, the secretary-general of UNCTAD outlined the hurdles and opportunities presented by the current impasse in global and regional trade talks. He pointed to China and India as the greatest innovators on the economic front today, and the G20 as one of the driving forces behind the trade debate. Ricupero said he was not worried about the outcome of the Conference, but that he was concerned about the planet: the most serious problem, he said, lies in "the major imbalances between the United States and the rest of the world."*

## EXCERPTS

### WHAT REAL SIGNIFICANCE DOES THIS CONFERENCE HAVE WITH RESPECT TO THE WTO NEGOTIATIONS?

The meeting in Sao Paulo is taking place just a little over a month before the late July deadline (for reaching a framework accord on agriculture negotiations in the WTO). That in itself will have an effect because the Conference is bringing together many trade ministers. This is the only occasion in which I see all of the United Nations countries, including non-WTO members, coming together. There is no other gathering until late July.

### ARE THERE ANY EFFECTIVE NEGOTIATIONS GOING ON RIGHT NOW?

Neither the multilateral, nor the regional or bilateral talks are moving along smoothly. At this time, the FTAA (Free Trade Area of the Americas), for example, is facing the same stagnation that is plaguing the multilateral negotiations. Which is curious, because until recently everyone touted the regional accord as an alternative, as something that would replace the multilateral framework with a more dynamic process.

### IS THAT A RESULT OF THE ECONOMIC RECESSION OF THE PAST FEW YEARS?

It's curious that right now the real economy and real trade are in a process of major recovery after the decline that began in 2001. Which in my view shows that the problems with the negotiations in general are more political than economic.

### WHAT ARE THE NOVEL ELEMENTS IN THIS CONFERENCE?

The strong growth of trade between developing nations, especially thanks to the growth of China, and of India as well. Increased imports by China have led to a 37 percent rise in Japan's exports, and have bolstered in-

tra-Asian trade, which now protects that region somewhat from the ups-and-downs of the rest of the world. China's expansion has also had repercussions on the United States — which is selling many products to the Asian giant — and even on Europe. The effect has reached Argentina, Brazil and South Africa, as well. It is what the president of Brazil calls "the new geography of trade," which is one of the themes of our conference.

### SO THE BIG ACTOR IS CHINA.

It is the economy that has been growing the most in the world for the past 23 years. But China has not followed any of the prescriptions that are in vogue, and I'm not saying China is an example for others. But in the case of China, the gradual pace at which trade liberalisation took place was a big help. The same thing is true for India. India and China have not been integrated into the process of financial liberalisation.

### CHINA FORMS PART OF THE GROUP OF 20. WHAT WEIGHT DOES THAT GROUP REALLY HAVE?

Analyses often overlook that reality, which lies behind the creation of groups like the G20 or the South Africa-India-Brazil group. Because those blocs would be merely an expression of desire or will if there were not something real that gave them substance. The reality has anticipated diplomatic initiatives.

### ALLIANCES OF COUNTRIES OF THE SOUTH HAVE ALWAYS FAILED...

Here is where the opportunity lies. The opportunity for the affirmation of the South. But an affirmation not in ideological terms, as in the past, based on manifestos, but with concrete developments of this kind, such as an increase in trade, attempts to unblock negotiations, the problems of global agriculture. That is where I would put the emphasis.

### WILL UNCTAD BE THE FUTURE SCENARIO OF GLOBAL TRADE NEGOTIATIONS?

No, we have staged the Conference as a sort of theatre. Now it is up to the countries to decide what kind of play they are going to put on. It is not up to us. It entails a political discussion, the presence of the trade ministers, the understandings they reach — not the formal resolutions, because we know that any outcome in the field of formal resolutions has to be the fruit of negotiations within the WTO, the FTAA, etc, not UNCTAD. This is a political forum that allows for more open debate, that can help create the conditions for an agreement, but is not intended to be the scenario for negotiating the agreement itself.

### WHAT ARE THE IMMINENT DANGERS FOR THE WORLD'S EMERGING ECONOMIES?

There are five potential problems I see, some already present, while others are trends extending into the future:

- The geopolitical situation, which is not directly within my area of expertise. But I think the lack of a clear solution to the Iraq conflict and the conflict between Israel and the Palestinians, as well as the possibility of a continued escalation of violence will have serious consequences.
- The price of a barrel of oil has climbed to 40 dollars and there is a structural tendency for prices to remain high.
- A hike in interest rates. I don't expect this increase in rates to be as radical or negative as in the early 1980s, but there is no doubt that it is an adverse factor for indebted countries.
- The prices of raw materials. In some cases the changes have been positive, as in the case of copper, iron ore or soy, whose prices have improved a great deal. I think the recovery of commodities is favourable for the countries of Latin America and Africa, but is less so for the industrialised countries.
- China's decision to seek a slower pace of economic growth.

Now, these must be contrasted with the growth in trade. Part of the negative impact of these events is offset by the growth of trade. So I believe in general



Ricupero: the sun rises in the East

terms that there is no serious problem. The worst problem is geopolitical — the major imbalances between the United States and the rest of the world. And there it is more difficult to make a prediction.

In UNCTAD's 40 years there has been a shift in the problems affecting developing countries, which calls for new approaches.

They have changed because when UNCTAD was founded 40 years ago the presence of developing countries in the export of manufactured goods was very limited. For that reason, the debate in the first meetings was dominated by commodities. The change is that many, if not all, developing countries have increased their participation in exporting manufactured products. In that sense they have brought about an enormous change in their position in foreign trade. But they also face other sorts of problems that perhaps did not exist in the past. One is that the increase in their manufactured exports has often occurred as a consequence of globalisation - the internationalisation, through transnational corporate giants, of their productive processes. That didn't exist in 1964.

### IS THAT A POSITIVE DEVELOPMENT?

Many countries that export manufactured goods, like China and Mexico, have benefited. But that hasn't guaranteed them an improvement in the degree of added value in their products. That is where the question of national policies comes in. The ones that have made out better, like China, have not passively accepted globalisation. They have made the most out of its advantages, which is to let in the multinationals, but with contracts for joint ventures for a limited time, and incorporating technology transfer. And today the Chinese are competing with the very companies that were the first to go to China. Meanwhile, Mexico, for example, which has remained

closely tied to the system of maquiladoras (tax-free plants that assemble foreign-made components for re-export) has not obtained that kind of benefit.

### WHAT WENT WRONG?

What happened is that Mexico has lost its competitive edge with respect to China. It is China that is taking over segments of the U.S. market that used to be supplied by Mexican products. Why is that? Because China has increased the added value of its products. UNCTAD has been the only organisation that has shown - since its 2002 Trade and Development Report - that increasing manufactured exports, even goods incorporating technology, does not mean much if that increase is based solely on assembly line production, without added value.

### WHAT IS A GOOD FORMULA?

China's way of doing business: joint ventures. In reality, they are to last 12 years and very often the contracts are not renewed. I think that in the case of China it has worked because the Chinese have taken advantage of the 12 years to learn how to do things better than their teachers. If you have the 12 years and you don't do what the Chinese have done, it won't benefit you at all.

India is turning into a major exporter of services. That is not due to the reason given, that costs are low. It is because labour in India is highly skilled. The Indians don't just set up "call centres" (for customer service), they also conduct research. Two million people a year graduate from India's universities, highly skilled in mathematics. That is much more than all of the industrialised countries.

NGOs complain that some industrialised countries are trying to undercut the UNCTAD mandate, to make this meeting fail.

I am not worried about the success of this conference. I am more concerned about the world, not about UNCTAD. About the world, I am not optimistic.

Gustavo Capdevila, in Geneva

## As pontes para o futuro



By Adalberto Wodianer Marcondes

**L**ula reforça na abertura da XI Unctad a existência de uma nova geografia mundial, onde o comércio entre os países do Sul já representa mais de 10% do total global.

Um mundo onde o Sul faz fronteira com o Sul. Este é o mapa que está sendo redesenhado nas reuniões da XI Unctad. Durante a cerimônia de abertura do evento, o presidente brasileiro Luiz Inácio Lula da Silva convidou os participantes a unirem-se na construção de uma nova ordem global capaz de produzir a prosperidade com justiça social. O presidente conduziu os trabalhos de abertura da Conferência juntamente com os secretários-gerais da ONU, Kofi Annan, e da Unctad, Rubens Ricúpero.

Em seu discurso, Lula ressaltou a importância da Unctad como fórum de debates para a criação de modelos de desenvolvimento para o mundo, “que não ocorrerão de forma automática, nem por geração espontânea do mercado”.

O presidente brasileiro lembrou que, nos últimos cinco anos, 55 países em

desenvolvimento cresceram menos de 2% ao ano. Outros 23 viram seu PIB ser reduzido e somente 16 tiveram suas economias crescendo acima de 3%. E salientou que a diferença entre pobres e ricos no mundo cresceu exponencialmente desde os anos 60, quando a Unctad foi criada. Na época a renda per capita dos países mais pobres era de US\$ 212, enquanto a dos países ricos passava de US\$ 11,4 mil. Hoje a renda dos pobres está em US\$ 267 e a dos países ricos triplicou, chegando US\$ 32,4 mil.

Lula seguiu pela trilha do pragmatismo ao afirmar que está consciente de que o desenvolvimento não é um presente da comunidade internacional para os países pobres. Ele aponta para a união entre os países como o único caminho para conseguir mudanças, e lembrou a posição defendida pelo G-20, em Cancún, quando foi cobrada a incorporação ao sistema multilateral de comércio de setores onde os países em desenvolvimento são mais competitivos. Juntos, os países do G-20 conseguiram bloquear negociações que não privilegiavam a equidade global. Mui-

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## O AOD ESTARIA CAMINHANDO PARA A EXTINÇÃO?

Quanto o secretário-geral da ONU, Kofi Annan, dirigiu-se aos jornalistas numa entrevista coletiva ontem, foi perguntado por que não havia um único palestrante no dia inaugural da XI Unctad que tivesse considerado adequado abordar o problema do cada vez menor Auxílio Oficial para o Desenvolvimento (AOD).

**Estaria o tão longamente prometido AOD - que as nações industrializadas pregaram às nações mais pobres do mundo nos anos 70 - sendo jogado na lata do lixo da história?**

“O fato de que não mencionamos o AOD hoje de manhã não significa que desistimos do assunto”, disse Annan aos jornalistas.

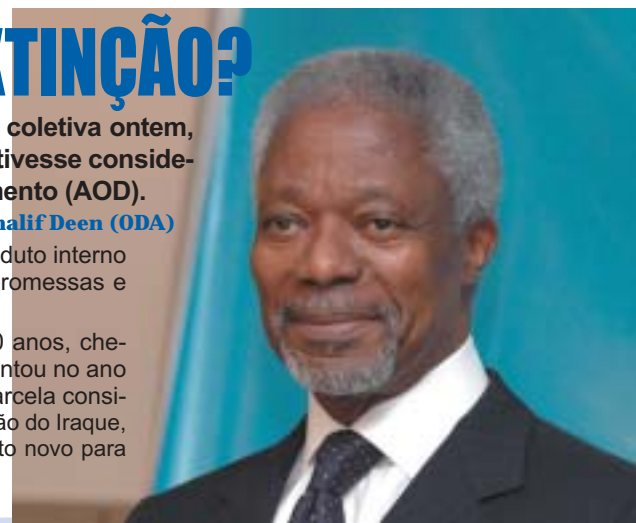
O secretário-geral, no entanto, admitiu que apenas quatro das 22 nações industriais - Noruega, Dinamarca, Suécia e Holanda - cumpriram con-

sistentemente a meta de auxílio de 0,7% de seu produto interno bruto (PIB). O restante continuou a protelar suas promessas e pregações.

O AOD total, que declinou ao longo dos últimos 20 anos, chegando a uma média anual de US\$ 55 bilhões, aumentou no ano passado para US\$ 68,3 bilhões. No entanto, uma parcela considerável deste aumento, destinada para a reconstrução do Iraque, destruído pela guerra, não inclui nenhum financiamento novo para países de baixa renda.

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by Thalif Deen (ODA)



# OMC: G-5 acena com novas esperanças

Os subsídios à exportação têm de desaparecer, com uma concomitante redução substancial do apoio doméstico e um aumento expressivo do acesso a mercados. Com este consenso político, enunciado pelo Comissário de Comércio da União Européia, Pascal Lamy, o informal Grupo dos 5 emitiu novas esperanças de um acordo na Organização Mundial do Comércio.

Reunidos no domingo por quatro horas, os ministros, ou equivalentes, de Austrália, Brasil, Estados Unidos, Índia e UE, disseram ter chegado a uma "convergência" que permite destravar as negociações paralisadas desde a conferência ministerial da OMC em Cancún, México, em setembro do ano passado. Agora é a vez dos técnicos, que tratam de coisas mais concretas, como números, prazos, produtos, tarifas, de "traduzir os conceitos em realidades".

O grupo não garante o consenso necessário aos acordos multilaterais, mas pode ser decisivo, na medida em que o compõem as duas potências econômicas que mais subsidiam sua agricultura, os Estados Unidos e a UE,

e outros atores de peso. Brasil e Índia representam o Grupo dos 20 (G-20) e a Austrália lidera o Grupo de Cairns que há duas décadas combate os subsídios agrícolas.

Ainda há muito trabalho, reconheceu o ministro brasileiro das Relações Exteriores, Celso Amorim, promotor do encontro informal paralelo à Unctad. Mas houve "uma mensagem de confiança, na direção certa", na sua avaliação. As divergências foram substituídas por convergências, abrindo um novo caminho, corroborou o ministro de Comércio e Indústria da Índia, Kamal Nath.

Robert Zoellick, representante Comercial dos Estados Unidos, reconheceu um passo importante na reunião, mas recordou que a OMC tem 147 membros a serem convencidos e que é preciso avançar simultaneamente nos "três pilares": subsídios à exportação e à produção e acesso a mercados.

"Paralelismo e equivalência são o nome do jogo", definiu Lamy, referindo-se à exigência de que junto com os subsídios desapareçam outras práticas de comércio desleal, como créditos

favorecidos e ajuda alimentar, o que se aplica também a outros temas. A Rodada de Doha de negociações tem 20 temas e todos devem estar na mesa, "somos negociadores, não sonhadores", ninguém faz concessões na área agrícola sem que o resto se mova, advertiu.

Será a vez da indústria, dos serviços e outros itens, quando as posições se invertem, com os países ricos saindo da defensiva em que estão na negociação agrícola, para exigir contrapartidas.

Cautela é o que recomenda Martin Khor, da Rede do Terceiro Mundo, reagindo ao anúncio do G-5. Houve um "pequeno avanço, não suficiente", e o grupo não oferece garantias de consenso na OMC, "nem de que haverá tratamento especial e diferenciado aos países em desenvolvimento e principalmente aos pequenos agricultores", disse ao TerraViva.

## Grupo dos 20

Os ministros brasileiro e indiano falaram em nome do G-20, que se reuniu no sábado, também aproveitando a ocasião da Unctad, para confirmar sua uni-



Celso Amorim informa: A esperança fica viva

dade, os conceitos que defende na OMC e sua aproximação com o Grupo dos 90 países menos desenvolvidos e africanos. O coordenador do G-90, Clement Rohee, ministro de Cooperação de Comércio da Guiana, participou como convidado.

A "progressividade", que impõe maior redução das tarifas mais elevadas, e a "flexibilidade", que reconhece as diferenças e a absoluta necessidade de alguns países de defender sua agricultura, são dois dos principais conceitos, explicou Martin Redrado, vice-ministro de Relações Exte-

riores da Argentina. Não se pode dar o mesmo tratamento aos agricultores indianos, cuja produção é questão de sobrevivência, e seus colegas europeus, esclareceu Amorim.

O principal resultado da reunião foi a consolidação da unidade de todos os países em desenvolvimento, neutralizando pressões das grandes potências para dividi-los, avaliou Adriano Campolina, diretor regional da Action Aid Internacional nas Américas.

Mario Osava

da página 1

## As pontes para o futuro

tos dos temas de Cancún vão retornar à mesa agora em São Paulo. Lula defendeu que nesta reunião da Unctad poderão ser retomadas, também, as negociações do Sistema Global de Preferências Comerciais, criado nos anos 80 e que permite que países em desenvolvimento eliminem barreiras comerciais recíprocas sem a necessidade de **extender** estas liberações aos países ricos.

O presidente Lula acredita que um dos mais importantes papéis desta Conferência é criar facilidades para que os países em desenvolvimento ampliem os negócios entre si, em um modelo inovador de criação horizontal de riquezas. Este modelo defendido pelo Brasil tem o apoio do secretário-geral da ONU, Kofi Annan, que apontou um caminho para incentivar o comércio: a redução de 50% nas bar-

reiras tarifárias do comércio exterior Sul-Sul.

Para Lula, a globalização não pode ser compreendida como sinônimo de desenvolvimento, mas sim como um instrumento de crescimento econômico, desde que seus benefícios sejam repetidos em todos os países. Ele aponta a eliminação da fome e a redução da pobreza como imperativo e caminho obrigatório para a garantia da paz e dos direitos humanos. O presidente citou o Plano Marshal, aplicado na Europa destruída pela II Guerra Mundial, como paradigma de esforço internacional para a recuperação da capacidade produtiva e de investimentos dos países. "O Plano trouxe de volta o emprego, a renda e a poupança. Consolidou a paz e o progresso", disse Lula às centenas de pessoas presentes no auditório do

Palácio de Convenções do Anhembi, o mais importante da cidade de São Paulo.

Para o presidente Lula, as mudanças implicam primeiramente em escolhas. "É preciso lançar as pontes para o amanhã, temos de ter a coragem política de erguê-las", desafiou. Lula anunciou a disposição de seu governo de apoiar a criação de um centro internacional para estudos de políticas para o financiamento do desenvolvimento, que lavaria o nome do economista brasileiro Celso Furtado, homenageado nesta solenidade de abertura da XI Unctad, por seu trabalho para a compreensão dos mecanismos que levam à construção da riqueza ou perpetuam o subdesenvolvimento.

Nesta linha de ação internacional e multilateral, o presidente falou da criação de um fundo no âmbito do Programa das

Nações Unidas para o Desenvolvimento (Pnud) para o combate à fome e à pobreza, com apoio de Brasil, Índia e África do Sul, com o objetivo de ajudar outros países a superarem situações de miséria. Também falou de outra iniciativa, junto com os presidentes Jacques Chirac, da França, Ricardo Lagos, do Chile, e Kofi Annan, para a criação de um grupo técnico para o estudo de propostas concretas e mecanismos para obtenção de recursos para financiar o desenvolvimento.

O presidente brasileiro finalizou ressaltando a importância de se conseguir o máximo de acordos e resultados concretos nesta XI Unctad, e convidou os líderes mundiais para uma reunião em 20 de setembro, em Nova York, para debater mecanismos de superação da fome e da pobreza e dar impulso político à formação de parcerias entre governos, as Nações Unidas, instituições regionais e internacionais, o setor privado e ongs.

da página 1

## O AOD ESTARIA...

A pesar desta aberração, no entanto, Annan afirma que os US\$ 68,3 bilhões ainda estão abaixo da meta de US\$ 100 bilhões anuais, necessários para atingir as tão alardeadas Metas de Desenvolvimento para o Milênio (MDM) da ONU.

Caso não haja um aumento significativo do AOD nos próximos anos, Annan alertou que as nações mais pobres do mundo não serão capazes de reduzir a fome e a pobreza em 50% até o ano de 2015, como estabelecido nas MDMs.

Em um apelo ao Grupo dos Oito, formado por Estados Unidos, França, Grã-Bretanha, Alemanha, Itália, Canadá, Japão e Rússia, Annan disse na semana passada: "Vocês no G-8 têm a responsabilidade clara de colocar-se na vanguarda deste aumento, e espero que vocês possam fazê-lo, comprometendo-se com cronogramas específicos para atingir a meta do AOD, de 0,7% do PIB."

Estes compromissos, ele afirmou, terão um impacto poderoso e reforçarão a confiança das nações em desenvolvimento. Annan também disse que um aumento do AOD seria essencial para a África subsaariana, que está sendo devastada pelo alastramento do vírus da aids, pela malária e por outras doenças tropicais.

Porém a cúpula do G-8, em grande medida, ignorou o apelo de Annan.

# O valor do pensamento

O pensamento que potencializa sentimento e imaginação, que supera dificuldades e transforma realidades. O Banco do Brasil é parte desse pensamento.

Os seus valores são os nossos valores.



O tempo  
todo com  
você



# DESEQUILÍBRIO GEOPOLÍTICO, A MAIOR AMEAÇA

Em uma entrevista com um pequeno grupo de jornalistas, em Genebra, antes da Conferência, o secretário-geral do Unctad delineou as dificuldades e oportunidades que se apresentam no atual impasse nas negociações de comércio global e regional, reporta Gustavo Capdevilla, de Genebra.



A bandeira da ONU ofrecida pela Escola de Samba...

## TRECHOS:

### Qual o real significado desta Conferência no que se refere às negociações da OMC?

A reunião em São Paulo está ocorrendo pouco mais de um mês antes da data limite de julho (para se chegar a um acordo estrutural sobre as negociações na OMC no campo da agricultura). Isto por si só terá um efeito, pois a Conferência está unindo muitos ministros da área comercial. Esta é a única ocasião onde vejo todos os países das Nações Unidas, incluindo não-membros da OMC, se reunindo. Não haverá outra reunião até o final de julho.

### Há alguma negociação de fato ocorrendo neste momento?

Nem as negociações multilaterais, nem as regionais e nem as bilaterais estão avançando bem. Neste momento, a Alca

(Área de Livre Comércio das Américas), por exemplo, está enfrentando a mesma estagnação que atinge as negociações multilaterais.

### Seria isto resultado da recessão econômica dos últimos anos?

É interessante que neste momento a economia real e o comércio real estejam num processo de franca recuperação após o declínio que se iniciou em 2001. O que de muitas formas mostra que os problemas com as negociações em geral são mais políticos do que econômicos.

### Quais são os elementos novos nesta Conferência?

O forte crescimento do comércio entre as nações em desenvolvimento, especialmente graças ao crescimento da China, e também da Índia. O aumento das importações da China levou a um aumento de

37% das exportações do Japão, e impulsionaram o comércio intra-asiático, que agora oferece alguma proteção àquela região contra os altos e baixos do restante do mundo. A expansão da China também teve repercussões nos Estados Unidos - que estão vendendo muitos produtos para o gigante asiático - e até mesmo na Europa. O efeito atingiu também a Argentina, o Brasil e a África do Sul. É o que o presidente do Brasil chama de "a nova geografia do comércio".

### Então o grande ator é a China.

É a economia que tem crescido mais no mundo nos últimos 23 anos. Porém a China não seguiu nenhuma das receitas que estão em voga, e não estou dizendo que a China é um exemplo para outros. Porém, no caso da China, o ritmo gradual no qual a liberalização do comércio ocorreu ajudou muito. O mesmo é verdade para a Índia.

### Qual é a boa fórmula?

A forma chinesa de fazer negócios: joint ventures. Na realidade, elas são feitas para durar 12 anos e muitas vezes os contratos não são renovados. Penso que, no caso da China, tem funcionado porque os chineses aproveitaram os 12 anos para aprender como fazer as coisas melhor do que os seus professores. E a Índia está se transformando em um importante exportador de serviços. Isto não se deve ao motivo que se divulga, de que os custos são baixos. Deve-se ao fato de a força de trabalho na Índia ser extremamente habilitada.

### A China faz parte do Grupo dos 20. Que peso este grupo realmente tem?

As análises muitas vezes passam ao largo desta realidade, que está por trás da criação de grupos como o G20 ou o grupo da África do Sul, Índia e Brasil. Porque estes blocos seriam meramente a expressão do desejo ou vontade caso não houvesse algo real que lhes desse substância. A realidade tem precedido as iniciativas diplomáticas.

### As alianças de países do Sul sempre fracassaram...

É aqui onde está a oportunidade. A oportunidade para a afirmação do Sul. Uma afirmação não em termos ideológicos, como no passado,

baseada em manifestos, porém com fatos concretos deste tipo, como um aumento no comércio, tentativas de desbloquear as negociações, os problemas da agricultura global. É aí onde eu colocaria a ênfase.

### O Unctad será o cenário futuro das negociações globais comerciais?

Não, fizemos desta Conferência uma espécie de palco. Agora é com os países para decidirem que tipo de peça eles vão encenar. Não cabe a nós. Este é um fórum político que permite um debate mais aberto, que pode ajudar a criar as condições para um acordo, porém não pretende ser o cenário para a negociação do acordo em si.

### Quais são os perigos iminentes para as economias emergentes do mundo?

Vejo cinco problemas potenciais, alguns já presentes, enquanto outros são tendências que se estendem para o futuro:

- A situação geopolítica, que não se relaciona diretamente com a minha área de especialização. Porém penso que a falta de uma solução clara para o conflito no Iraque e o conflito entre Israel e os palestinos, bem como a possibilidade de uma escalada contínua da violência, terão sérias consequências.
- O preço do barril de petróleo aumentou para US\$ 40 e há uma tendência estrutural para que os preços permaneçam altos.
- A alta nas taxas de juros. Não espero que este aumento nas taxas seja tão radical ou negativo quanto no início dos anos 80, porém não há dúvidas de que é um fator adverso para os países endividados.
- Os preços da matéria-prima. Em alguns casos as mudanças têm sido positivas, como no caso do cobre, do minério de ferro ou da soja, cujos preços melhoraram bastante. Penso que a recuperação das commodities é favorável para os países da América Latina e da África, porém menos para os países industrializados.
- A decisão, da China de buscar um ritmo mais lento para o crescimento econômico.

Agora, estes fatores devem ser contrastados com o crescimento no comércio. Portanto, acredito que em termos gerais não há um problema sério. O pior problema é geopolítico - os desequilíbrios importantes entre os Estados Unidos e o restante do mundo.

### Nos 40 anos da Unctad tem havido uma mudança nos problemas que afetam os países em desenvolvimento, o que exige novas abordagens.

Eles mudaram porque quando a Unctad foi fundada, há 40 anos, a presença dos países em desenvolvimento na exportação de bens manufaturados era muito limitada. Por esta razão, o debate nas primeiras reuniões foi dominado pelas commodities.

### Isto é um fato positivo?

Muitos países exportadores de bens manufaturados, como a China e o México, se beneficiaram. Porém isto não garantiu a eles um aumento no grau de valor agregado aos seus produtos. É aí que entra a questão das políticas nacionais. Aqueles que se saíram melhor, como a China, não aceitaram a globalização de forma passiva.

### O que deu errado?

O que ocorreu foi que o México perdeu sua vantagem competitiva com relação à China. A China está conquistando segmentos no mercado dos Estados Unidos que eram atendidos por produtos mexicanos. Por quê? Porque a China aumentou o valor agregado de seus produtos. A Unctad foi a única organização que demonstrou - desde o seu Relatório de Comércio e Desenvolvimento de 2002 - que aumentar a exportação de bens manufaturados, mesmo bens que incorporam tecnologia, não significa muita coisa se este aumento for baseado na produção de linhas de montagem, sem valor agregado.

### As ongs reclamam que alguns países industrializados estão tentando solapar o mandato da Unctad, tentando tornar esta reunião um fracasso.

Não estou preocupado com o sucesso esta Conferência. Estou mais preocupado com o mundo, e não com a Unctad. E, com o mundo, não estou otimista.

# Once Again, the Disproportions

Trade and wealth grow steadily, but so does inequality. Developing countries have now the chance to revert the trend by increasing South-South trade and exploring new competitive edges, writes

**W**orld trade is booming. Food, goods and services move across the globe with astonishing speed. Money is made.

Yet, tell that to the woman entrepreneur from Mauritania who can't ship her camel cheese to the North because of stringent European Union health regulations. Or to one of 15 million cotton farmers in Africa, where the industry is reported to be losing 250 million

dollars a year due to US subsidies to its own cotton growers.

Not to mention anyone of 2.8 billion people who live on two dollars a day or 1 billion with just one.

How to trickle down to the

poor the enormous wealth generated by world trade is once again under global scrutiny in São Paulo. UNCTAD Secretary-General Rubens Ricupero called this gathering an "unprecedented opportunity" to help developing nations in overcoming trade imbalance and its consequences.

Above all, the emphasis falls on improvement to access to markets, reduction of trade barriers and subsidies that distort trade to the detriment of poorer nations and thus compounding poverty and gender inequality.

## North-South rift

Representatives of civil society fear it could again wind up as a conference of impasse between North and South, the North unwilling to yield its entrenched gains from world trade to the South.

"UNCTAD must be ready to make far-reaching proposals and resist pressure from some industrialised nations to limit its role," says Celine Charveriat of Oxfam. Adds Iara Pietrikovsky of the Brazilian Network of Trade: "The International Status Quo does not allow for an international development compatible with the global needs to grow, to generate wealth and overcome poverty."

Statistically, global commerce rose 4.3 percent last year and is projected to shoot up 7 percent in 2004, with benefits to the developing countries as well, as their share of world trade went up from 24 percent in 1990 to 32 percent in 2000.

Still, over 80 percent of all world exports are produced by only 10 countries and the lion's share of every dollar of wealth produced in the world economy goes to

wealthy or middle-income countries. Only three cents of every dollar, says the World Bank, goes to the low-income countries that are home to 40 percent of the world's population.

And the share of the 50 least developed ones in trade slumped from 1.7 percent in 1970 to 0.6 percent in 2002, as East Asia produces 75 percent of developing world's manufactured exports. African and other least developed countries accounted for a mere 0.62 percent of world trade last year, and their economies, combined, made up 0.58 percent of global GDP. In 15 Latin American and Caribbean nations, more than 25 percent of the population lives in poverty, according to the World Bank.

Who's more liberalised?

While one can link poverty to trade imbalance, it is also pointed out by the UNCTAD Secretary General that despite an impressive trade performance in Latin America, there are 20 million more poor people today than in 1997. In China's recent trade boom, however, the percentage of the extremely poor has plunged from 64 percent to 17 percent since 1981

In parleys such as in São Paulo, the main undercurrents are globalisation and liberalisation - two trump cards of the North.

Through "outsourcing" or "off shoring," expected to increase 30 to 40 percent in the next five years, any big company can produce almost anything, anywhere, taking advantage of cheap labour and benefits extended by governments anxious to attract foreign investment.

Thus, liberalisation. But, it is now argued, a reluctant South is more liberalised than the North that advocates it. "Countries in the South have liberalized trade faster than the industrialized nations of the North, resulting in increased import bills," says UNCTAD. "Many of them have liberalised their trade regimes in anticipation of those gains, and the speed of that liberalisation has often outpaced that of developed countries. After two decades of opening up, however, the developing world is still waiting for the results"

## Alternatives

World trade analysts also see a window of opportunity for developing nations to go for "creative industries" such as music, movies, broadcasting, publishing and software production. Some East Asian economies engaged in such fields tripled their GDP and reduced their poverty level by 40 percent in the past two decades.

Another potential is seen in "service" exports, including labour in developed markets in the so-called "temporary movement of natural persons", while at the other end of the scale is commodity production, which

is highly vulnerable to price fluctuations and external shocks, according to UNCTAD.

If the cards are stacked against the South in North-South trade, unexplored potential exists in South-South trade, taking up 10 percent of total world trade, growing 11 percent a year and now representing over 40 percent of all developing-country trade. Brazilian President Luiz Inácio Lula da Silva has called it the "new geography of trade and economics".

Director-General Jacques Diouf of the UN Food and Agriculture Organization (FAO) is urging the creation of joint ventures between the agriculture-producing countries and the oil-producing countries to bolster the development of their production and trading capacity. In 2001, he noted, the former countries' petroleum imports were worth 6.3 billion dollars, while the latter imported agricultural products totaling 11.6 billion dollars.

## Women

In trade, a key factor apart from poverty and but also very much linked to it is the "gender differential" - creating job opportunities for women in expanding markets

such as in labour-intensive export industries like textile and clothing, footwear, horticulture and data processing.

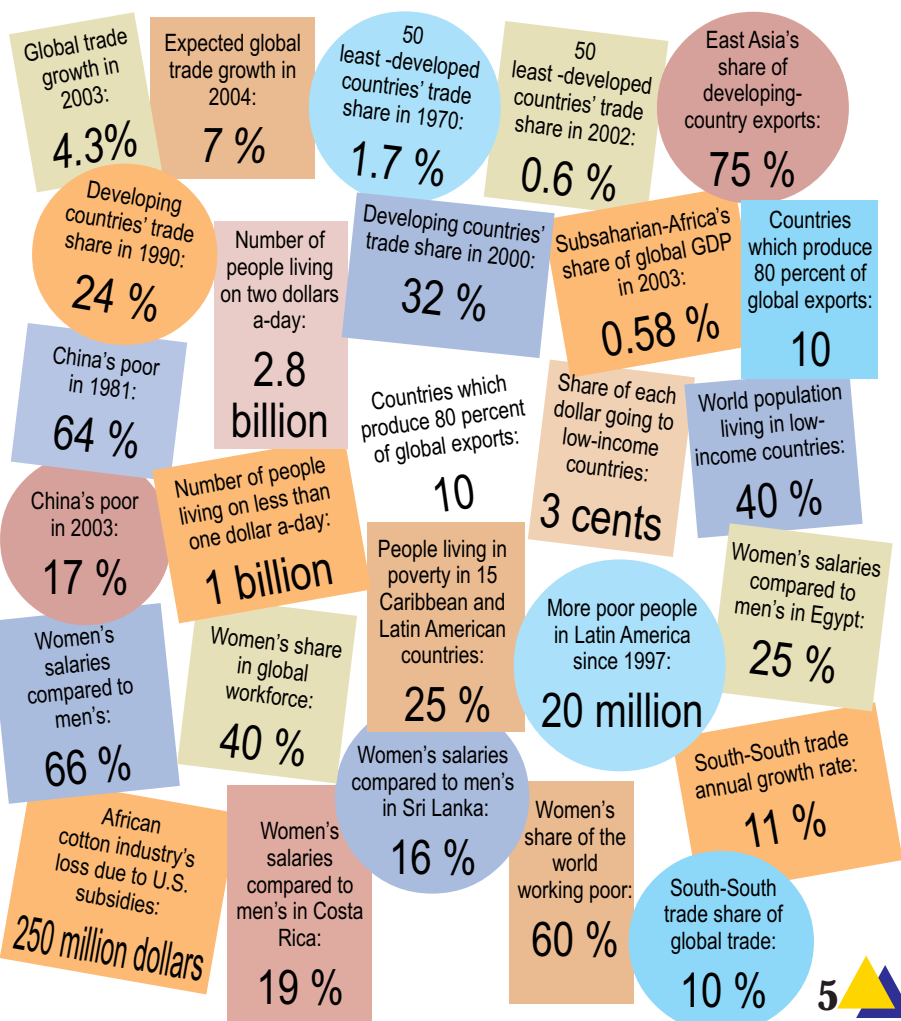
In the western hemisphere, women accounted for more than half of all migrants in 2000, although in many cases liberalization has also involved the removal of agricultural subsidies paid by developing countries to small-scale farmers, most of them women, resulting in widespread job loss.

Now, women account for about 40 percent of all workers worldwide, and their participation rate has risen steadily, the largest in South America - up from 26 to 45 percent - over 20 years. But women still earn about two thirds of what men earn. The manufacturing wage gap ranges from 52 percent in Botswana and 75 percent in Egypt to 81 percent in Costa Rica and 86 percent in Sri Lanka. And, says UNCTAD, 60 percent of the world's 550 million working poor are women.

The São Paulo meeting comes in the wake of stalemate in World Trade Organisation (WTO) negotiations, reportedly largely because its liberalised, free trade model has failed to improve the lives of people around the world.

And it is seen as supplying the opportunity for governments, NGOs and businesses looking for alternative models for trade that promote sustainable development by examining the critical role of fair trade rules to address hunger, the global farm crisis of commodities, supply management, international markets and economic development.

Hilmi Toros from Istanbul.



"UNCTAD must be ready to make far-reaching proposals and resist pressure from some industrialised nations to limit its role."

Celine Charveriat, Oxfam



# Grouping the Groups

If you are attending UNCTAD XI, most likely you already know what the different country-groups are, but in case you happen to wonder about the “alphabet soup” that has emerged, what they mean when they say the G77 demands participation along with the G20 and Cairns in the P5 talks, but the G33 and G90 demanded to be treated just as the G10, then read this:

## G77

The United Nations group of developing countries, founded 40 years ago in Algeria. They were 77 in 1964, but now they are 132. Often China joins them in negotiations and voting. Malta and Cyprus were part of this group until May 1<sup>st</sup>, when they withdrew as they joined the European Union.

## G20

This group was created at the initiative of Brazil, shortly before the WTO’s ministerial meeting held in Cancún, Mexico, in September 2003. They are all developing countries. Although they do not admit hierarchies among members, it is the larger countries - Brazil, China, India and

South Africa - that set the tone. The G20 members are:

Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Philippines, South Africa, Thailand, Tanzania, Venezuela and Zimbabwe.

## P5

### or Five Interested Parties

These are the main parties involved in WTO agricultural negotiations: United States, European Union, Brazil and India (on behalf of the Group of 20) and Australia on behalf of Cairns.

## Cairns

This group of 18 agricultural exporting countries was cre-

ated in 1986 in the Australian city of Cairns, to negotiate in the Uruguay Round launched by the then General Agreement on Trade and Tariffs. They account for one-third of the world’s agricultural exports. Its members are:

Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay.

## G10

These are agricultural importers that maintain heavy protectionist rules for their own products. Its members are: Bulgaria, South Korea, Iceland, Israel, Japan, Liechtenstein, Switzerland and Japan.

## G33

Developing-country importers of agricultural products, many of them also single-crop producers and exporters. They demand exceptions for certain products as full liberalisation could badly hurt their economies and populations. They are:

Barbados, Botswana, Congo, South Korea, Cote d’Ivoire, Cuba, Dominican Republic, Haiti, Honduras, Indonesia, Jamaica, Kenya, Mauritius, Mongolia, Mozambique, Nicaragua, Nigeria, Pakistan, Panama, Peru, Philippines, Senegal, Sri Lanka, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Zambia and Zimbabwe.

## G90

Currently led by Guyana, and like the G20, this group was also born in Cancún, to oppose attempts by the United States and European Union (EU) to include the so-called Singapore issues — investment, competition policy, transparency in government procurement and trade facilitation — in the negotiations.

sis in favor of developing countries. Some disputed paragraphs in the draft are asking for several of UNCTAD’s future activities to be in line with the framework of other agencies. This is resisted by developing countries that want UNCTAD to retain its independence.

The “good governance issue” has also given rise to disagreement. The disputed text says that “at the national level, the important elements for growth and development include political stability, transparent and accountable governance, and the rule of law.” Developing countries are concerned that this language can add to pressure for further conditionality or commitments.

They further argue that in contrast, the absence of good governance or democracy at the international level, which goes against developing countries’ interests and hinders national development policies, is not given similar attention in the text, thus causing an imbalance.

Another point of contention is on corporate responsibility. Developing countries are advocating UNCTAD XI’s recognition of the responsibility of corporate actors, especially transnational companies, towards the economic development of host countries, and also the need to improve international instruments to increase corporations’ contribution to development.

However, even the mild language on this issue — which is far milder than the text on corporate responsibility adopted at the World Summit on Sustainable Development in 2002 — is opposed by some developed countries, especially the United States.

There are also three paragraphs, proposed by the Group of 77 but opposed principally by the United States, on the need to eliminate the continuing use of coercive economic and trade measures against developing countries, through economic and trade sanctions, for example, and new attempts at extraterritorial application of domestic law, which violate the UN Charter and WTO rules.

It is expected, however, that the disputes over the draft will be resolved, and that the declaration will be adopted at the close of the conference.

**A key issue to be fought at UNCTAD XI will be the right of developing countries to “policy space”. They say their freedom to have policies promoting development is being curbed by too many global rules that work against them, and are fighting for recognition of their right to this space.**

**This is the main unresolved issue in the Draft UNCTAD XI Negotiated Text, which the Committee of the Whole will finalize starting Monday.**

# South Fights for ‘Policy Space’ at UNCTAD XI

By Martin Khor (Third World Network)

There was considerable North-South tension in the Geneva negotiations over the text, which still contains square brackets around 18 paragraphs.

The most controversial issue concerns the need strongly felt by developing countries for space to implement national development policies, which has recently been constrained by international rules, and may become even more limited in the future.

Developing countries are calling for recognition of their right

to this space, or the freedom to choose their own development strategies, rather than being prevented from doing so by WTO rules or IMF policies.

However, industrialized countries are concerned that recognition — through an inter-governmental consensus such as at UNCTAD XI — of the right of developing countries to such “policy space” would enable the latter to strengthen their bargaining position to elude the rich countries’ pressure on them to undertake greater commit-

ments to liberalization and privatization, especially at the WTO, through IMF-World Bank policy conditions for loans, and through aid.

The issue is to be resolved under the disputed paragraph 18, which states that with a globalizing world and the emergence of rule-based international economic regimes, the space for national economic policy is now often framed by international disciplines.

It is for each government to evaluate the trade-off between

accepting international rules and the constraints posed by the loss of policy space, says the text, adding that it is incumbent on the international community to consider the “appropriate balance” between national policy space and international disciplines and commitments when deciding on future disciplines and commitments and on implementing and interpreting existing ones.

Another issue is whether UNCTAD and its secretariat will be able to maintain an independent role in policy analy-



## O Brasil e a China acabam de ficar mais próximos.

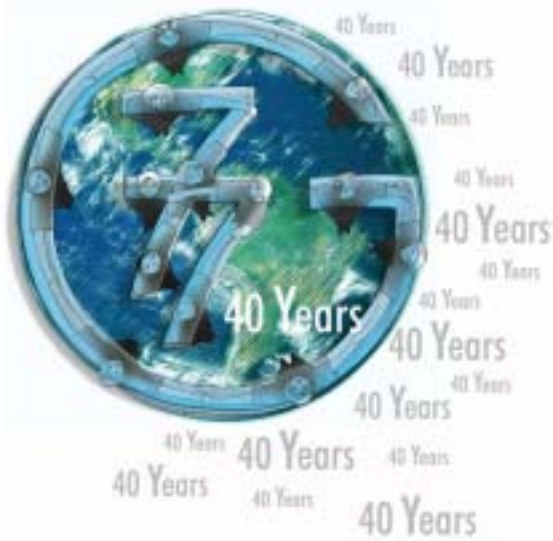
**Petrobras, uma das maiores empresas de energia do mundo, agora em Pequim.** A Petrobras está abrindo escritório na China. E, para uma empresa de energia movida a desafio, isso é motivo de muito orgulho. Hoje, a Petrobras produz dois milhões de barris de petróleo por dia e está presente em 12 países. Além disso, ela é líder mundial em tecnologia de exploração e produção de petróleo em águas profundas e fornecedora oficial de combustível da equipe BMW WilliamsF1. E, para a maior empresa do Brasil, abrir as portas em Pequim significa ganhar definitivamente o status de empresa do mundo.



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# GROUP OF 77 REMAINS STEADFAST Despite Attempts to Undermine

**D**espite a 40-year battle to reverse the inequities and imbalances of the international economic system, the Group of 77 is still engaged in an uphill struggle, the chairman of the Group told delegates Friday.

Speaking at a ministerial meeting commemorating the 40th anniversary of the G-77, the Minister of Economy and Trade of Qatar Sheikh Mohamed bin Ahmad bin Jassim Al-Thani said there have been concerted attempts to weaken and undermine the unity of the Group of 77. But these attempts have failed. “We had to face over the decades intransigent conditionalities, policies of graduation and forms of bilateral pressure,” he said.

The creation of the Group 40 years ago, he said, was perhaps one of the most significant political phenomena of the post Second World War era. “For the first time in history, the marginalised nations found a common voice.

The Group of 77, which is chaired by the State of Qatar this year, comprises 132 developing nations. At the two-day 40th anniversary meeting, the Group adopted a declaration projecting into the future and warning of the dangers ahead for the world’s developing nations. “Despite our untiring efforts to defend the interests of our people, it is evident today that

the agenda of our founding fathers still remains unfulfilled,” he warned.

The minister also pointed out that the Group has played an effective role in defending the protecting the interests of developing countries despite the fact that it has no institutional structure or a constitution, no written rules of procedure and a minimum of secretariat support.

But the Group’s strength, he said, lies in its pragmatic rotational leadership—a leadership that continues to work through difficult negotiations with industrial nations, analyses issues and proposes solutions. “Many of the past challenges are still before us. These have been compounded by new and merging crisis, narrowing of economic policy space and impositions of new realities”.

These challenges, he said, relate to:

- The need to strengthen the multilateral system. There has been some erosion of the role of the United Nations in the economic area. The development agenda remains crucial for developing countries and the United Nations is the best mechanism for an equitable decision-making process corresponding to the needs, interests and concerns of developing countries. Efforts should be made to reinforce the role of the UN General Assembly in

economic issues, in particular on macro-economic policy questions.

- The processes of globalisation and liberalisation have produced uneven benefits among and within countries. There is a need for a global strategy aimed at integrating the development dimension into global processes. This would require greater coherence between national development strategies, on the one hand, and international obligations, on the other, to create an enabling external environment for development.
- The issue of development finance—encompassing the debt problem, official development assistance (ODA) and foreign direct investment (FDI)—is of critical importance to the development process. Both public and private flows of capital impinge on developing countries’ decision-making and sovereignty in different ways. The situation has deteriorated to the extent that many developing countries sense a loss of control over their own destinies. In this respect, the implementation of the commitments made at Monterrey is essential.
- The importance of a devel-



*Al-Thani: They have tried, but failed*

concerns of developing countries. A major contribution of the Doha Ministerial Declaration was

opment-friendly international trading system has been repeatedly underscored. This is an essential requirement for realizing fully the benefits of the positive linkages between trade, development and poverty eradication. Developing countries have made strenuous efforts at trade liberalization under very difficult circumstances. Yet, they have not reaped the promised benefits. There is a need for a multilateral trading system which is truly “open, equitable, rule-based, predictable and non-discriminatory”, and which takes on board the core interests and

to place the needs and interests of developing countries at the heart of the Doha Work Programme.

- The continuing decline and volatility in commodity prices pose a serious constraint on sustained economic growth, poverty eradication and sustainable development in many developing countries, particularly in the least developed countries (LDCs) and in the African countries. This issue need to be addressed comprehensively. “Thus, as we meet today, proud of our past, confident in our present, we remain more determined than ever to meet the challenges of the future,” the minister added.

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