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Requiring a new mandate

It is clear that if UNCTAD is unable to redefine its role, it will be lost in oblivion

Two failed WTO Ministerials followed by two UNCTAD Conferences – a mere coincidence or a clarion call? It is interesting to note that UNCTAD XI and Bangkok conference of February 2000 closely follow failed Ministerials of the WTO – the Seattle and Cancun Ministerials preceding the Bangkok conference and UNCTAD XI respectively. Can this be allowed to 'let go' as a mere coincidence or taken as an opportunity to 'rethink UNCTAD'? But, will the member states agree on a new mandate for UNCTAD during UNCTAD XI?

The developed members, particularly the US and the EU, have already shown serious concerns over the clauses in the 'Preconfernece Negotiating Text' that envisions strengthening UNCTAD's role in assisting developing countries so that their development objectives are complimented through international trade. The developed members argue that UNCTAD's mandate is only to give technical assistance to developing countries in the area of trade policy making and 'nothing more'. They are also quick to add that UNCTAD should keep itself out of matters related to international trade. On the other hand, the developing members want UNCTAD to play a more proactive role in the international trade arena and champion their cause.

Outcome of UNCTAD XI will determine whether UNCTAD will be allowed to play a more proactive role in the international trade arena or will remain a passive policy advisor. It is, however, clear that if UNCTAD is unable to redefine its role, it will be lost in oblivion. The million dollar question is: will the developed members give UNCTAD a new mandate? There are compelling reasons as to why they should.

First, the current impasse in international trade negotiations has amply illustrated the need for independent institutions like UNCTAD to play an impartial and proactive role. The WTO in spite of its 'one member one vote' structure is skewed towards the developed members and the developing members are, more often than not, left in a 'take it or leave it' situation. There is a need to re-launch trade negotiations keeping in mind the needs of developing and least developed countries. UNCTAD with its impeccable reputation as a champion of developing countries and member of the UN system is capable of filling this gap.

Secondly, UNCTAD could play an important role in enhancing the capacity of developing countries to identify and pursue cases of non-implementation or unilateral policy decisions of developed countries. This could help developing countries to seek redressal under the existing multilateral trade framework. This is important, as only a few developing countries possess the capacity to pursue such issues independently.

Thirdly, if the multilateral trading system is to be 'democratic', there is a need to reform the decision making process in the WTO system. The non-transparent and non-inclusive decision making process in the WTO must be brought to an end. This can only be done if the whole system works on the principles of participation and transparency. UNCTAD is the most appropriate agency to work for making the multilateral trading order more 'democratic'.

Finally, UNCTAD can play an important role to enhance South-South trade. South-South trade presently constitutes 43 percent of total trade of developing countries. Further expansion of such trade would encourage them to address their supply side constraints and attract investment from developed countries.

In matters related to trade, UNCTAD is increasingly finding itself being reduced to a minnow. The WTO, due to its legal mandate and dispute settlement mechanism, has become the only agency that determines the 'happenings' in international trade. If UNCTAD is not provided with a new mandate this time around to play a more proactive role in matters related to international trade, the conference could be the 'beginning of the end'. ■

INSIDE

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Development in a globalised economy

A proactive policy for integration is needed to ensure that countries are not frozen out in the 'economic catch up' process, suggests Dr Veena Jha

Globalisation from the way it was known in the 19th and most of the 20th century has acquired an entirely new dimension in the 21st century. Technology, i.e. applied knowledge, is the most dominant feature of today's globalisation. On account of this technology dominated globalisation and growth patterns, economic growth in the last few years in rich countries has been higher than in poor countries thus widening, rather than narrowing, the gap between the two groups. However, globalisation in its various manifestations is still in its initial stages and the contours of the consequent effects on development are yet to emerge with clarity.

Some of the simplistic approaches to globalisation miss many of the subtleties and nuances such as population and environmental questions, emergence of a new role for women, new forms of violence and conflict, and the deeper shortcomings of a narrowly conceived market based approach to fiscal and monetary problems. Some recent work has focused on demographic dividends, while others have raised environmental questions. However, the possibilities of increasing violence and conflict in a globalised world and mechanisms of dealing with it have been seriously underestimated. Globalisation may offer women better opportunities, but at the same time may widen the divide between educated and skilled women versus the uneducated and unskilled.

The difficulties of harnessing the potentials of liberalisation and globalisation for the benefit of all have been seriously underestimated

The difficulties of harnessing the potentials of liberalisation and globalisation for the benefit of all have been seriously underestimated. It was assumed that the unfettered operation of markets and the unleashing of finance and industry on a global scale would create conditions in which all countries and all social groups within them would benefit. This overlooked the simple fact that the twin processes of liberalisation and globalisation have sharply accentuated the extent to which economic success depends on the rapid acquisition of skills and on the creation and effective utilisation of technology and information through markets.

One important aspect of this form of globalisation has been the generation of 'jobless growth' in almost all countries that benefited from it. However, others have faced special difficulties in responding to the challenges. One aspect of severe poverty in developing countries has been an acute shortage of skills. In such an environment, these processes have actually widened the gap between the feasible options available to skill rich educated elites to expand their incomes and welfare and the options available to the rest of the population.

From a macroeconomic point of view, globalisation offers a very attractive performance indicator with sustained economic growth and a very large market. However, these successes are not necessarily translated into a higher level of integration in global flows of trade and investment for developing countries. Therefore, there is a risk that developing countries may be frozen out of a competitive 'economic catch up' process.

Major problems that developing countries face in selling their products abroad are with respect to their image and perception abroad, operating costs and infrastructure availability, market knowledge and access to other countries markets. While tariff barriers are declining, non-tariff barriers as well as increasing nationalist backlash prevent competitive and efficient countries from accessing developed country markets.

The degrees of freedom in formulating and implementing domestic policies would in most cases be restricted by the forces of globalisation. At the same time, national efforts can be supplemented and supported by an enabling global economy with strong rates of growth, and coherent international efforts to enhance the capacity of international monetary, financial and trading systems to support development. However, the pace of integration into the global economy should be tailored to the level of economic development of each country. The capacity of its institutions and enterprises has a critical role to play in determining successful globalisation strategies. Well designed measures to support the diversification of the productive capacities of economies, as well as to retain the flexibility to move into new and dynamic sectors of the world economy are other important traits of successful globalisation.

Recognising the need to strike a balance between equity and efficiency, the role of public private partnership cannot be overemphasised. Experience has shown that higher and faster growth of the private sector requires a conducive policy environment. The role of the state is vital for designing and implementing development strategies, reducing poverty and attaining equitable income distribution, addressing market failures where they occur, as well as providing an enabling macroeconomic and sound regulatory framework.

There is a dire need for diversity in the formulation of national development strategies in a globalised environment. Factors such as the size of the economy, economic structure, location and even culture matter in a globalised era. Models of successful globalisation as well as failures should inform the toolkits of policy makers. UNCTAD XI would be an important pointer to these options. ■

(Dr Jha is Coordinator of UNCTAD, New Delhi)

PERSPECTIVES FROM SUB-SAHARAN AFRICA

Productive capacities and competitiveness

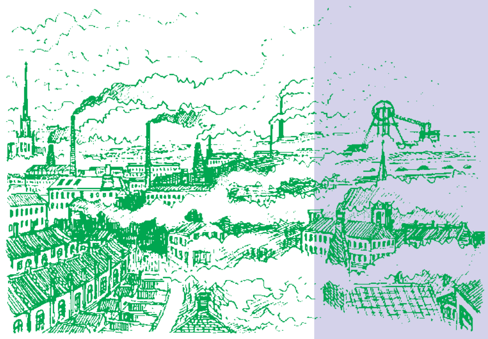
The assumptions that trade liberalisation brings competition, efficiency and new markets did not work in the case of many LDCs, asserts Mr Sajeev Nair

The LDCs have been given preferential market access to assist them to increase their share in the global trade. It has, however, been realised that market access for the LDCs is commercially meaningless if they cannot increase their competitiveness in the sectors in which they get preferential treatment. In the LDCs, lack of efficient production facilities, inadequate infrastructure, weak management capacities, low level of technology, dearth of technological capacity and inefficient transportation and communication limit their potential to specialise in crucial productive sectors and reap the benefits from preferential trading facilities.

On 15 October 2003, during the first session of the Trade and Development Board Preparatory Committee for UNCTAD XI in Geneva, Rubens Ricupero, UNCTAD Secretary General, highlighted the importance of supply side issues. "It is my conviction, as I have said many times recently, that at the root of the reluctance of many developing countries to engage in trade negotiations is the realisation that they are really not competitive, and that many of them are totally dependent on one, two or three commodities. We have to focus on this weak side of the international approach to trade matters. Much attention has been given to trade negotiations, perhaps even too much, and not enough to the other side – the supply-side response – as if this response were automatic or linear, when this is not in fact the case, as it depends on many factors."

The assumptions that trade liberalisation brings competition, efficiency and new markets that help to expand trade and economic growth did not work in the case of many LDCs in sub-Saharan Africa. The decade long trade and economic liberalisation during the 1990s proved the other way around. During the 1990s, most countries in sub-Saharan Africa carried out 'autonomous liberalisation' through 'conditionalities' imposed by the IMF and the World Bank and opened up their doors to external competition. One of the unfortunate outcomes of the opening up was that most of the then existing productive capacities of LDCs, especially in the small and medium enterprises (SMEs) sector, perished. The state protected infant industries suffered similar fate. This underscores the need to increase supply capacity.

Trade related technical assistance is considered a major tool for the LDCs to enhance supply and productive capacities to benefit from international trade. The technical assistance should target both human and institutional requirements. These include supply side issues such as product diversification, productivity improvement, utilisation of transition periods for building domestic capacity and meeting the developed country standards requirements. Needless to say, the capacity building efforts require a coherent approach if they want to address the real problems. The Africa Group has highlighted that assistance to developing and least developed countries should be coherent with their broad developmental objectives.



The WTO capacity building activities mainly take the form of workshops, seminars and technical missions. Other programmes include the Integrated Framework and the Joint Integrated Technical Assistance Programme. These are country-based programmes and target specific problems of a country. However, these programmes have faced resource constraints and conceptual clarity since many countries could not spell out their requirements. To be effective, the nature and type of capacity building requirements should be identified in consultation with the stakeholders in the recipient country.

Sub-Saharan LDCs will also not benefit from regional and bilateral trade and cooperation arrangements like the Cotonou Agreement, the Africa Growth and Opportunity Act, the Common Market for Eastern and Southern Africa and the Southern African Development Community unless they enhance their supply capacity. This is evident from the fact that regional and sub-regional groupings have not helped accelerate trade among countries of sub-Saharan Africa. This suggests that a positive agenda for multilateral/intra-regional preferential/free trade needs to be complemented by measures to enhance productive capacity. Capacity building can also be enhanced through the institution of learning mechanisms, which include South–South exchange of experience.

'South-South Cooperation' can give a new impetus to capacity building in sub-Saharan Africa. According to UNCTAD, 43 percent of South trade is with developing countries, which accounts for about 11 percent of global trade. And this number is growing at a rate of around 10 percent per year, which is double the growth rate of global trade. South-South trade, in particular, and technological and economic cooperation, in general, can play an important role in enhancing the supply side capacities of sub-Saharan LDCs. ■

(Mr Nair is associated with CUTS-Africa Resource Centre, Lusaka)

South-South trade and technological and economic cooperation can play an important role in enhancing the supply side capacities of sub-Saharan LDCs

Assuring development gains from trade

Assuring development gains from international trade hinges on the 'behind the border' barriers to trade integration as well, writes Pranav Kumar

Openness and integration with the world economy promote growth and reduce poverty. There is no dearth of evidence showing that economy-wide trade liberalisation increases the growth rate of income and output. The volume of total merchandise trade has increased 18-fold since the founding of the GATT in 1947, with much of the credit going to trade liberalisation. Not just the developed countries, even some developing countries made significant contribution.

There are, however, important performance variations among developing countries. A large number of developing countries, particularly LDCs and commodity-dependent countries, continue to remain marginalised. According to the recently released LDC Report 2004 by UNCTAD, about 50 percent of the population in LDCs live on less than US$ 1 a day. This rate has remained the same since the early 1990s. If this trend continues, it is most unlikely to achieve the goal of halving extreme poverty by 2015. In fact, the new report estimates that the number will increase from 334 million people in 2000 to 471 million in 2015.

Trade remedy measures like anti-dumping, safeguards and countervailing measures have distorted trade more rather than providing remedial measures

After the inception of the WTO in 1995, the international community thought that it would be possible to establish a free and fair trade regime. Contrary to expectations, the WTO treaty proved to be another unequal treaty. Developed countries managed to impose too many obligations on developing countries under the new WTO agreements. Besides, developed countries did not deliver on their promises given to the poor countries at the time of signing of Marrakesh Agreement in 1994 that would have probably rectified the inequity significantly.

Further, a major part of the Uruguay Round agreements is still unimplemented. The special & differential treatment (S&DT) provisions have not been successfully operationalised. Trade remedy measures like anti-dumping, safeguards and countervailing measures have distorted trade more rather than providing remedial measures. Rules on standards like sanitary and phytosanitary measures and technical barriers to trade have created new kinds of barriers to developing country exports to developed countries.

As a result, the potential economic welfare gain from trade liberalisation undertaken by many developing countries could not be realised. According to the World Bank's Global Economic Prospects 2002, faster integration through lowering of barriers to merchandise trade would increase growth and provide some US$ 1.5 trillion additional cumulative income to developing countries over the period 2005-15. Liberalisation of services in developing countries could provide even greater gains – perhaps as much as four times larger than this amount.

At the beginning of the new millennium, the international community made fresh attempts to address the issue of global poverty. The United Nations in its September 2000 Summit by identifying eight Millennium Development Goals (MDGs) exhibited an expanded vision of development. In March 2002, the International Conference on Financing for Development, widely regarded a turning point in the approach to development cooperation by the international community, was held at Monterrey in Mexico. Next, World Summit on Sustainable Development (WSSD) was organised the same year at Johannesburg in South Africa. The WSSD represented the culmination of a cycle of major intergovernmental meetings aimed at helping meet the MDGs.

Earlier in November 2001, a new round of trade negotiations was launched much against the wishes of overwhelming majority of developing countries. Unlike all previous GATT/WTO rounds, the outcome of the Doha was termed as the 'Doha Development Agenda' (DDA), giving a positive message to developing countries that imbalances of the Uruguay Round would be redressed through this agenda. But what has happened to the DDA is known to the entire world. The promises made at Doha by developed countries proved yet another rhetoric.

The moot question is what is to be done in future to assure development gains from the international trading system? The experience of the last two decades makes it clear that mere establishment of a free multilateral trading regime is not enough. Assuring development gains from international trade hinges on the 'behind the border' barriers to trade integration as well.

UNCTAD has very rightly identified the issue of assuring development gains as one of the four sub-themes of the conference. However, it remains a challenge for UNCTAD as well, which in its nearly 40 years of relentless service, might have helped developing world on many fronts but the end result is that a majority of developing countries, especially LDCs, are still struggling to integrate themselves into the multilateral trading system. ■

(Mr Kumar is a Policy Analyst at CUTS Centre for International Trade, Economics & Environment, Jaipur)

Catalysing partnership for development

Global partnership for development must be based on principles of necessity and non-reciprocity, argues Mr John Nordbo

Marginalisation of developing countries, especially the LDCs, has been long felt. Reducing marginalisation and bringing the marginalised countries into the mainstream of development process are only possible when developed and developing countries move hand in hand. Realising that partnership is necessary to boost the development process, UNCTAD XI has underpinned 'partnership for development' as one of the four sub-themes.

Ensuring coherence and catalysing national development efforts call for the participation of not just the governments and international organisation, but also of civil society and the private sector. This is one of the basic necessities for the realisation of Millennium Development Goals (MDGs). Developed countries have a significant obligation to ensure the achievement of the MDGs. They took on this responsibility at the UN Millennium Assembly in 2000, and have reiterated it at numerous conferences afterwards.

The question now, however, is if the developed countries are really willing to put their money where mouth is. And if they are truly committed to create a global partnership for development, are they even willing to back track from their protectionist stance and allow greater market access to products of developing and least developed countries? These two issues are important since assistance and market access both are vital for the growth of any developing economy.

Statistics on Official Development Assistance (ODA) flow does not portray an optimistic scenario. Certainly, during the last two years, the amount of ODA from the rich countries in OECD has increased, both in nominal and real terms. In 2003, they provided 0.25 percent of their combined gross national income (GNI) in ODA, up from 0.23 percent in 2002 and 0.22 percent in 2001. However, a large part of ODA increase in 2003 can be attributed to the reconstruction aid to Iraq. One can even fear that ODA that should have been given to poorer countries would be diverted to Iraq in coming years.

The global ODA level has fallen lately. Back in 1992, developed countries provided 0.33 percent of their GNI on an average. Encouragingly, there seems a tendency in Europe to increase the ODA level, albeit slowly. For some years, five countries have met the UN ODA target of 0.7 percent of GNI. A promising sign is that three other countries have committed to reach the 0.7 percent target – Ireland by 2007, Belgium by 2010, and France by 2012.

The European Commission reports that the EU (including the new 10 member states which have little tradition of contributing to ODA) is well on track to meet its commitment made during the Monterrey Conference on Financing for Development. The EU is to provide 0.39 percent of its GNI in ODA by 2006. The EU has, however, not been able to develop a common road map for meeting the 0.7 target. NGOs should demand that such a plan is developed before next year's global conference on progress towards the MDGs. Similarly, pressure should also be put on the US. The superpower contributed only 0.14 percent of its GNI to ODA in 2003.

However, fact remains that while ODA is desirable, market access and better trade conditions are necessary. Rich countries have time and again committed themselves to develop an open, fair and non-discriminatory trading system. Developed countries have gone to the extent of saying that they would place the needs and interests of the developing countries 'at the heart' of the negotiations in the new WTO round. Such a pledge was explicitly made at the Doha Ministerial of the WTO.

Euphoria amongst the developing and least developed countries had heightened following the Doha Ministerial. It appeared that the developed countries, especially the EU, would reform their trading regime for agricultural products. However, failure to move ahead on agricultural front proved costly, causing the Cancun Ministerial to collapse. Recently though, the EU Commission sent a letter to WTO members urging to further trade talks. The EU offered to negotiate on the date for phasing out all export subsidies on agricultural products. But in return, it asked other countries to give in to EU demands on domestic support and market access. That, in essence, is not fair for the developing countries.

Development through partnership is only possible when all concerned are cognisant of the ground realities. Developed countries must realise that developing and least developed countries need more support than is currently available. They should also realise that most of the developing countries are finding hard to market their produce, which is essential if development is to take place. Global partnership for development must be based on principles of necessity and non-reciprocity.

UNCTAD XI provides an opportunity for the developed countries and their developing counterparts to analyse their past mistakes and move forward as partners for development. The failed talks at Cancun and the ambitious MDGs must work as a catalyst to forge new levels of understanding. ■

(Mr Nordbo is Coordinator of the Danish 92 Group – Danish Forum for Sustainable Development, Copenhagen)

Ensuring coherence and catalysing national development efforts call for the participation of not just the governments and international organisation, but also of civil society and the private sector

Reconciling the differences

The Cancun fiasco has already done much damage to the global community; UNCTAD XI cannot afford to fail

Globalisation and the WTO have radically transformed the international economic environment. Developing countries, despite efforts made for decades, are still grappling with a host of internal and external problems. The solution to these problems lies in innovative approaches. It is hoped that UNCTAD XI offers an opportunity to address these problems. The conference provides member states with an opportunity to define the type of national and multilateral measures that will be needed to ensure that integration into the world economy yields real development gains.

However, it first becomes imperative to understand that many issues in the draft 'UNCTAD XI negotiated text' still remain to be agreed upon. Most of the issues that remain unresolved are those that are of prime importance to and interest of developing and least developed countries. A large portion of the text originally proposed by the Preparatory Committee remains as it is, but many paragraphs that were in favour of developing countries have been contested, and other paragraphs that were later added at the behest of either developed or developing countries are yet to be agreed upon.

Most of the issues that remain unresolved are those that are of prime importance to and interest of developing and least developed countries

There should be no argument that developing countries need the policy space to formulate their domestic trade, investment and industrial development policies in the context of international rules. Paragraph 8 of the UNCTAD XI text calls upon the international community to consider the developing countries' issue of appropriate balance between national policies and international disciplines and commitments. However, this paragraph is yet to be agreed upon. The developed countries were evidently not happy with such language and were not ready to make such a commitment.

Likewise, paragraph 33 of the text views that UNCTAD should work to address the special problems of LDCs, landlocked and transit developing economies. This recognises that the problems of weak economies need to be identified and actions taken to mitigate them. Agreeing to such a proposal should not have been a problem for either developing countries or developed counterparts. Unfortunately, this paragraph has not been agreed. A similar issue taken up under paragraph 66 too has not been agreed upon.

Corporate actors are important agents of development throughout the world. They play an important role in supporting technology transfer, supplier linkages and the provision of access to export markets for developing countries. However, their credential on corporate responsibility has been put into question. Corporate responsibility was even recognised at the World Summit on Sustainable Development (WSSD). However, developed countries, apparently thinking that transnational corporations would be pressured to work under certain norms not profitable in nature, do not want either 'corporate actors' or 'corporate responsibility' to be included in the UNCTAD XI text. As such, paragraphs 45, 58 and 90 dealing with corporate responsibility are yet to be agreed upon.

Market access, especially for agricultural products of developing countries, has been the most contentious issue under the WTO framework lately. Paragraph 22 (newly added text) lays emphasis on the elimination of the continuing use of coercive economic and trade measures against developing countries. However, it has yet to be agreed upon. Likewise, paragraph 69 of the text lays emphasis on the need to move towards a truly non-discriminatory and open trading system, which again can be done only by eliminating the use of coercive measures. This too has not been agreed, and so is paragraph 81 on the elimination of unilateral trade sanctions against developing countries.

The Doha Development Agenda (DDA) had been looked upon by developing countries with much hope and anticipation. However, WTO members failed to agree on a wide range of issues and deadlines for completing the negotiation modalities were missed one after the other. Whilst laying emphasis on the DDA, paragraph 85 of the draft 'UNCTAD XI negotiated text' stresses on facilitating the integration of small and vulnerable economies consistent with the DDA. No agreement has been reached on this issue either. Logically speaking, the international community should assist the developing countries, especially the least developed ones, in their efforts to effective, informed and beneficial participation in international trade. The assistance should especially be in the areas of poverty reduction programmes and strategies. However, no agreement has so far been reached on extending technical and financial assistance for legal and judicial purposes, as well as poverty reduction strategies and programmes.

UNCTAD XI is a chance for both developing and developed countries to prove that they are willing to move ahead hand in hand. The failure of the Cancun Ministerial has already done much damage to the global trading system; UNCTAD XI cannot afford to fail. However, its success will depend on how the grave concerns of the developing and least developed countries are addressed. ■

What's up with commodities?

Governments should renew the commitments they made when they launched the Integrated Programme for Commodities, writes Ms Sophia Murphy

Since the first session of the conference in 1964, UNCTAD member states have grappled with developing countries' dependence on commodities and with the economic challenges this dependence creates. They now get an important opportunity at UNCTAD XI to tackle the problems that plague commodity markets. It is time to end the debate and take action. One of UNCTAD's proposals is the establishment of a high level panel on commodities to bring together governments, academics, the private sector and civil society organisations to brainstorm, analyse and promote workable solutions to commodity problems. There is a lot such a panel could do.

Agricultural commodities underpin many developing countries' economies – they determine whether those economies produce enough jobs, food and growth to keep people out of poverty. The balance of historical evidence shows that agricultural development is an essential component for sustained poverty alleviation. A strong farm sector provides the basis for a strong rural sector. It ensures livelihoods to many who are engaged even in services that merely support agricultural production. For tens of millions of people in developing countries, a healthy agricultural sector is essential to their survival. Agriculture is also a powerful engine for industrial development.

The world economy has changed enormously since UNCTAD's first session. Despite the changes, however, some things are painfully familiar. Too many developing countries remain at a significant disadvantage compared to their developed counterparts. Dependence on commodity trade is one of the familiar elements of developing countries' relative poverty. Some countries in Asia have successfully moved from primary commodity dependence to more diversified economies, but they are few in number. Though sub-Saharan Africa in particular remains heavily dependent on commodities, it has seen its contribution to world trade, manufactured exports and primary commodity exports all decline in the last 20 years. Seventeen of the 20 most important non-fuel exports from Africa are either primary commodities or partially processed commodities.

Governments are working hard in Geneva to conclude negotiations launched at the 2001 WTO Ministerial in Doha, Qatar. Agriculture is widely said to be the most important – and difficult – issue on the negotiating table. Several African countries have attempted to raise commodity issues in the agricultural negotiations – both as a general problem and in the context of cotton subsidies in developed countries and their impact on cotton farmers in West Africa. The West African states involved are among the poorest in the world. Yet the WTO, despite its founding commitment to development, equity and employment, does not really have the capacity to address the multiple roles that commodities play in national economies. UN member states, on the other hand, created UNCTAD with precisely this need in mind.

Economists and policymakers are revisiting the problems and dilemmas of global commodity markets, conscious that the world community has failed developing countries by failing to tackle the problems that plague the commodity sector. If managing agricultural commodity production by government intervention was difficult, then looking to the market to solve the problems has been at least as disappointing. As UNCTAD's recent report on commodity issues in Africa says – "…there is a need for a clear recognition of the fact that markets have not provided, and are unlikely to provide, the necessary solutions to instability and secular decline in commodity prices."

Agricultural commodities underpin many developing countries' economies – they determine whether those economies produce enough jobs, food and growth to keep people out of poverty

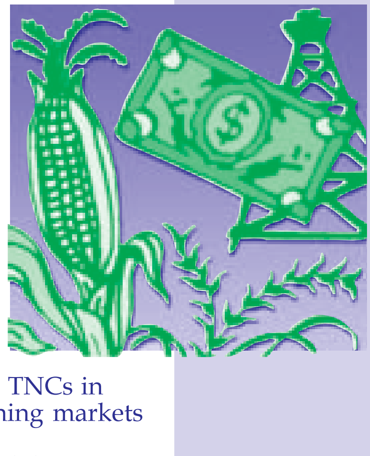
It is time for governments to revisit the reasons for market failure in agricultural trade. All producers, whether in the US, Uruguay, Uzbekistan or Uganda, are hurt by oversupply and depressed prices. We have urgent problems to address and UNCTAD has the mandate to address them.

Governments should renew the commitments they made when they launched the Integrated Programme for Commodities to:

- stabilise commodity export earnings at adequate levels;
- create conditions for effective planning of production and investment in producer countries; and
- enhance the capacity of producer countries to diversify their economies and to move towards creating processed – i.e. higher value commodities.

UNCTAD should be funded to:

- review the impact of dismantling state trading enterprises, to consider how best to replace the vital services these organisations provided to developing country producers;
- renew its mandate to monitor the market presence of TNCs in commodity markets as functioning markets require transparency; and
- create a widely accepted methodology to measure dumping in world commodity markets and consider what measures are needed to end this distortion. ■



(Ms Murphy is Trade Programme Director at Institute for Agriculture and Trade Policy, Minnesota)

NETWORK News

CUTS organises panel discussions

Consumer Unity & Trust Society (CUTS), a network institution of SAWTEE, organised two panel discussions on *South-South Cooperation* and *Multilateral Competition Framework* during the public symposium hosted by the WTO through 25-27 May in Geneva, Switzerland.

At present, 43 percent of South trade is with developing countries, which accounts for about 11 percent of the global trade

The two panel discussions explored the way ahead for developing countries on the subject matters on the basis of reviewing the current context and pertaining problems.

The first panel discussion introduced South–South cooperation as a new silent revolution. At present, 43 percent of South trade is with developing countries, which accounts for about 11 percent of the global trade. This number is growing at the rate of around 10 percent per year, which is double the growth rate of global trade.

During the second panel discussion, participants stressed that there is a case, and a need, for a multilateral competition framework, which should be hosted by a joint forum of the WTO and UNCTAD.

Such a framework would be required if developing countries' interests are to be protected against cross-border anti-competitive practices increasingly prevalent in this globalisation era, the participants concluded. ■

Panel discussion at Sao Paulo

The TRIPS Agreement, though one of the most controversial agreements under the WTO framework, does not impose any restriction on its members to restrict farmers' rights in order to appease the breeders. The Agreement requires members to protect new plant varieties either through: a) patent, b) effective *sui generis* system, or c) any combinations thereof.

In this regard, the developing countries have chosen the *sui generis* as the best option. However, the developed countries, through bilateral pressure tactics, are trying to impose their own model, known as UPOV on the developing countries.

They have even gone on record claiming UPOV as the only effective *sui generis* model, thus facilitating the process of backdoor entry of UPOV into the WTO system. This has threatened the rights of the developing country farmers.

Against this backdrop and as a sequel to the events being organised on farmers' rights, SAWTEE is organising a panel discussion on *Protecting Farmers' Rights to Livelihood* in the sideline of UNCTAD XI.

The event is being organised in association with its partners, namely Bangladesh Environmental Lawyers Association (BELA), Dhaka; Consumer Unity & Trust Society (CUTS), Calcutta; Forum for Protection of Public Interest (Pro Public), Kathmandu; Sustainable Development Policy Institute (SDPI), Islamabad; and Law & Society Trust (LST), Colombo.

The major objectives of the discussion are to learn from farmers' rights experts on how the Doha Mandate on establishing the coherence between TRIPS and Convention on Biological Diversity could be pushed forward, share the experience of South Asian organisations with a larger audience and strengthen the spirit of partnership and cooperation between the CSOs in the North and the South. ■

SAWTEE NETWORK

BANGLADESH
1. Associates for Development Initiatives (ADI), Dhaka
2. Bangladesh Environmental Lawyers Association (BELA), Dhaka

INDIA
1. Citizen Consumer & Civil Action Group (CAG), Chennai
2. Consumer Unity & Trust Society (CUTS), Jaipur
3. Development Research & Action Group (DRAG), New Delhi
4. Federation of Consumer Organisation of Tamilnadu & Pondichery (FEDCOT), Thanjavur

NEPAL
1. Society for Legal & Environmental Analysis & Development Research (LEADERS), Kathmandu
2. Forum for Protection of Public Interest (Pro Public), Kathmandu

PAKISTAN
1. Journalists for Democracy & Human Rights (JDHR), Islamabad
2. Sustainable Development Policy Institute (SDPI), Islamabad

SRI LANKA
1. Law & Society Trust (LST), Colombo

SAWTEE

Launched in December 1994 at Nagarkot, Nepal by a consortium of South Asian NGOs, SAWTEE is a recognised, registered, non-profit, non-governmental organisation. The organisation operated as a loose network until 1999 and was formally registered with District Administration Office, Kathmandu in the same year. It operates as a regional network through its secretariat in Kathmandu and 11 member institutions from five South Asian countries, namely Bangladesh, India, Nepal, Pakistan and Sri Lanka. Its goal is to enable South Asian communities to benefit from and minimise the harms of changing regional and global economic paradigms.

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