

Double Issue

THIRD WORLD *Economics*

TRENDS & ANALYSIS

Published by the Third World Network KDN: PP6946/07/2013(032707) ISSN: 0128-4134 Issue No 572/573 1 – 31 July 2014

Summit marks G77's 50th anniversary

The Group of 77, the umbrella grouping of developing countries in the UN system, convened a summit in Santa Cruz, Bolivia, on 14-15 June to commemorate the 50th anniversary of its founding. At the summit, leaders of the G77 member states reflected on past achievements and present challenges facing the South, and adopted a declaration which sets out the Group's position on key development issues of the day.

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THIRD WORLD ECONOMICS

is published fortnightly by the Third World Network, a grouping of organisations and individuals involved in Third World and development issues.

Publisher: S.M. Mohamed Idris; **Editors:** Chakravarthi Raghavan; **Editorial Assistants:** Lean Ka-Min, T. Rajamoorthy; **Contributing Editors:** Roberto Bissio, Charles Abugre; **Staff:** Linda Ooi (Administration), Susila Vangar (Design), Evelyn Hong & Lim Jee Yuan (Advisors).

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G77 summit celebrates Group's 50th anniversary

The Group of 77 was formed on 15 June 1964 during the first session of the UN Conference on Trade and Development (UNCTAD). Last 14-15 June, the Group celebrated its 50th anniversary at an Extraordinary Summit held in Santa Cruz, Bolivia, and hosted by Bolivian President Evo Morales, whose country is currently the Chair of the G77 and China. Below is an overview of the summit by *Martin Khor*.

SANTA CRUZ: The Extraordinary Summit of the G77 and China to commemorate the 50th anniversary of the Group concluded on the night of 15 June after two days of high-spirited speeches by leaders of the South and discussions on past achievements and present challenges facing developing countries.

The theme of the summit, "For a New World Order for Living Well", was elaborated in detail by Bolivian President Evo Morales Ayma in his opening speech, and the term "living well" was referred to often by several leaders during the course of the meeting.

Morales impressed the participants not only with his quiet but eloquent statements and his immediate responses to the speeches of many leaders, but also by the fact that he personally chaired most of the plenary session on the second day that lasted 13 hours non-stop.

Present at the summit were presidents or prime ministers from Equatorial Guinea, Fiji, Argentina, Cuba, Venezuela, Peru, Ecuador, Zimbabwe, Uruguay, Sri Lanka, Bangladesh, El Salvador, Gabon, Namibia, Swaziland and Santa Lucia, and vice presidents from Iran (who also represented the Non-Aligned Movement) Algeria, Zambia, Tanzania and Costa Rica. China was represented by the Vice Chair of the National People's Congress.

Also present were ministers of foreign affairs or other departments from many countries including Uganda, Brazil, Malaysia, Nepal, Sudan, Botswana, East Timor, Qatar, Tunisia, Chile, Paraguay, Nicaragua, Laos, Dominican Republic, Philippines, Trinidad and Tobago, United Arab Emirates, Saudi Arabia, Mozambique, Kenya, Dominica and Morocco, as well as vice ministers and ambassadors of many other countries.

Also in attendance were UN Secretary-General Ban Ki-moon, who

spoke at the opening ceremony and stayed for almost the whole day at the plenary of the following day, and UN General Assembly President John Ashe, who also spoke at the opening and stayed for the plenary. The heads of several UN agencies, including the Department of Economic and Social Affairs (DESA), UNESCO and the Economic Commission for Latin America and the Caribbean (ECLAC), were at the summit as well.

The summit adopted a 39-page declaration with 242 paragraphs, structured into five main parts with the following themes: overall context; development in the national context; South-South cooperation; global challenges; and particular needs of developing countries in special situations.

"Living well"

The highlight of the opening ceremony, held on 14 June night, was a well-structured and rousing address by Morales who traced the political history of the G77 and China and the developing countries, gave details of the current crises facing the world and the developing countries, and presented the positive experience of Bolivian development in recent years.

He then enumerated "several tasks" that needed to be done to "build another world and establish the living-well society". These included:

- Living well in harmony with Mother Earth;
- Sovereignty over natural resources and other areas;
- Well-being for everyone and provision of basic needs as a human right;
- Emancipation from the existing international financial system and construction of a new financial architecture;
- Build a major economic, scientific, technological and cultural partnership among members of the G77 and

China;

- Eradicate hunger around the world;

- Strengthen the sovereignty of states against foreign interference, intervention and espionage;

- Democratic renewal of the states in developing countries; and

- A new world rising from the South for the whole of humankind.

"The time has come for the nations of the South," Morales stated in concluding his speech. "In the past we were colonized and enslaved. Today with every step we take for our liberation, the empires grow decadent and begin to crumble. However our liberation is not just the emancipation of the peoples of the South, it is also for the whole humanity.

"Only we can save the source of life and society, Mother Earth. Our planet is under a death threat ... Today another world is not only possible but indispensable. Today another world is indispensable because otherwise no world will be possible.

"And that world of equality, complementarity and organic coexistence with Mother Earth can only emerge from the thousands of languages, colours and cultures existing in brotherhood among the peoples of the South."

Morales also proposed establishing a Decolonization and South-South Cooperation Institute, "charged with the provision of technical assistance to the Southern countries, as well as the further implementation of the proposals made by the G77 and China".

The institute, which Morales proposed to be headquartered in Bolivia, will also supply technical and capacity-building assistance for development and self-determination, and help conduct research projects.

UN Secretary-General Ban in his opening speech said the G77 and China had given the South a global voice, and that the Group provides an immense contribution to the UN. He told Morales that he appreciated the latter's vision of Living Well, as development based on living well is humanity living in harmony with Nature and with each other.

The Secretary-General said the sustainable development goals (SDGs) that are now being negotiated at the UN require global partnership and the G77 has a key role to ensure its effectiveness. The Group should press for a fair trade regime, technology transfer and so on. The G77 and China plays

a key role in the UN to formulate a post-2015 development agenda.

UN General Assembly President Ashe expressed his appreciation of the role of the G77 and China, of which he had himself been the Chair some years ago. Stressing the importance of the Group in the UN, he wished it success in the years ahead.

Exchange of views

In the plenary session on 15 June, Morales chaired a discussion by heads of state and government, which often became an interactive exchange of views that combined remembrances of the formation and development of the Group, discussion of the present problems and crises faced by the developing countries in their national striving for development and in the turbulent global economy, and voicing of the need for better strategy and implementation of actions collectively by the Group.

One major theme, which was first

introduced by Morales, was the need for developing countries to take back control over their mineral and natural resources, and to make use of the increased revenues for the country's social and economic programmes.

Morales recalled the experience of Bolivia in the nationalization of natural gas and hydrocarbon resources and how this had led to much increased state revenues that could drive social progress.

One head of government, in response, said that Bolivia's story had been very inspiring and that he would explore implementing a similar policy on his return to his country.

The plenary and the summit concluded at 10 pm on 15 June after hearing statements of almost a hundred countries, and the adoption of the declaration. □

Martin Khor is Executive Director of the South Centre, an intergovernmental policy think-tank of developing countries, and former Director of the Third World Network.

Summit declaration a worthy marking of 50th anniversary

The Santa Cruz summit declaration sets forth the G77's position on a broad range of issues that have a bearing on the Group's quest for economic and social development. In this and the following three articles, *Martin Khor* steers a course through the main contents of the declaration. This first article looks at the provisions on the overall development context and aspects of the national development effort.

SANTA CRUZ: The declaration adopted on 15 June in Santa Cruz by the G77 summit is a valuable and quite remarkable document which encompasses the political state of thinking of leaders of the South as they commemorated the 50th anniversary of the founding of this umbrella grouping of developing countries. It is a document worthy of marking the 50th anniversary of the founding of the G77.

The declaration summarizes the position of the Group on key issues of current international affairs, as can be expected since the Group's main activity is to negotiate as the largest bloc of countries in multilateral and North-South settings in the United Nations.

This section on the international issues sets out the developing countries' latest views on current negotiating themes such as the sustainable development goals (SDGs) and the post-2015 development agenda, as well as the glo-

bal economic crisis, official development assistance, debt, trade, reforming the international financial system, the UN's role, and increasing the South's voice in global governance.

But the declaration also breaks new ground with a lengthy section on "development in the national context", in which the political leaders pledge to improve the performance of their governments in economic and social affairs at the national level.

The declaration indicates that the leaders and other senior officials of developing countries have internalized the sustainable development framework, as it incorporates economic issues (economic growth, industrialization, infrastructure, agriculture) with social and environmental dimensions; it has a strong social inclusion or social protection element (particularly stressing the importance of the state ensuring basic services for all citizens); and it

stresses also the environmental aspects especially the need to respect Mother Earth, as well as the need for the state to claim control and ensure the sovereignty of natural resources so that benefits can properly accrue to the national economy and society. It also has a section on improving the practice of democracy.

The declaration, which is mainly the product of 90 hours of negotiations by the missions of the G77 and China countries in New York, was presented to the summit plenary session on 15 June, first by Bolivia's Ambassador to the UN, Sacha Llorenti, and then by Bolivian President Evo Morales. (Bolivia holds the current chairmanship of the Group.) Both gave a summary and explanation of the declaration, before its adoption.

Fifty years of solidarity

In the declaration's Part I on "overall context", the political leaders said they commemorate the formation of the Group on 15 June 1964 and recall the ideals and principles contained in the historic Joint Declaration. The first ever G77 statement pledged to promote equality in the international economic and social order and promote the interests of the developing world, declared their unity under a common interest and defined the Group as "an instrument for enlarging the area of cooperative endeavour in the international field and for securing mutually beneficent relationships with the rest of the world".

They also recalled the first Ministerial Meeting of the Group of 77 in Algiers in October 1964 which adopted the Charter of Algiers, which established the principles of unity, complementarity, cooperation and solidarity of the developing countries and their determination to strive for economic and social development, individually or collectively. The Group has since provided the means for the countries of the South to articulate and promote their collective social and economic interests and enhanced their joint negotiating capacity within the United Nations system.

They also recalled the first and second G77 South Summits in Havana in 2000 and Doha in 2005, at which the status of the Group of 77 and China was elevated to the level of heads of

state and government and whose declarations have guided the Group and constituted the fundamental basis for the construction of a new world order and an agenda owned by the countries of the South. They pledged to continue the tradition of their countries on building national development and uniting at the international level, towards the establishment of a just international order in the world economy that supports developing countries in achieving their objectives of sustained economic growth, full employment, social equity, provision of basic goods and services to the people, protection of the environment and living in harmony with nature.

The leaders said they are proud of the legacy and great achievements of the Group of 77 and China in defending and promoting the interest of the developing countries over the past 50 years, and pledged to build on this foundation and continue making progress towards a world order that is just, equitable, stable and peaceful. They referred to the UN General Assembly Declaration on the Establishment of a New International Economic Order in 1974 and the Declaration on the Right to Development in 1986 as among major landmarks that address the needs and interests of developing countries.

Ongoing and emerging challenges

Despite five decades of achievements, there are still serious shortfalls in fulfilling the Group's objectives, and developing countries now face ongoing and emerging challenges, including the slowdown of the global economy and its effects on them and the lack of adequate systemic action and accountability to address the causes and effects of the global financial and economic crises, thus creating the risk of continuing with the pattern of crisis cycles, said the declaration. It also noted the gaps in many developing countries in meeting the needs of employment, food, water, healthcare, education, housing, physical infrastructure and energy of their people, as well as the looming environmental crisis, including the negative impacts of climate change in developing countries, the increasing shortage of drinking water and the loss of biodiversity.

The leaders stressed that imbalances in the global economy and the

inequitable structures and outcomes in the trading, financial, monetary and technological systems led to the establishment of the Group. Nevertheless, these imbalances still prevail today in some ways with even more adverse effects on developing countries. "Therefore, we pledge to continue and intensify our efforts to strive for a fair, just and equitable international order oriented towards the fulfilment of the development needs of developing countries," said the declaration.

"We emphasize that the rationale for the establishment of our Group 50 years ago remains actual and valid, and indeed more valid, than at that time. We therefore rededicate ourselves and our countries to strengthening and expanding the unwavering efforts of the Group of 77 and China in all fields towards greater achievement and for the betterment of the lives of our people. We affirm that the twenty-first century is the time for the countries and the peoples from the South to develop their economies and societies in order to fulfil human needs sustainably, in harmony with nature and respect for Mother Earth and its ecosystems. We agree to build on our traditional values and practices of solidarity and collaboration for mutual benefit and on the strength of our people, to achieve progress in our countries and in South-South cooperation. We emphasize that our major priorities are promoting sustained, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion, and promoting the integrated and sustainable management of natural resources and ecosystems that supports, inter alia, economic, social and human development while facilitating ecosystem conservation, regeneration and restoration and resilience in the face of new and emerging challenges," said the declaration.

The leaders also reaffirmed that the main strength of the Group of 77 has been and will be its unity and solidarity, its vision of fair, just and equitable multilateral relations, the commitment of its member states to the well-being and prosperity of the peoples of the South as well as their commitment to mutually beneficial cooperation.

The declaration then touched on the issue of "policy space", a theme that

permeates most of the later sections. The leaders emphasized that each country has the sovereign right to decide its own development priorities and strategies and consider that there is no "one size fits all" approach.

"We stress the need for international rules to allow policy space and policy flexibility for developing countries, as they are directly related to the development strategies of national Governments. We further emphasize the need for policy space to enable our countries to formulate development strategies expressing national interests and differing needs which are not always taken into account by international economic policymaking in the process of integration with the global economy."

Global economic governance

The leaders made a strong statement on the state of the global economy and the need to reform the undemocratic state of global governance.

"We are concerned about the current state of the global economy and the state of global economic governance and the need for strong recovery. We believe that the world is confronted with the worst financial and economic crisis since the Great Depression, and we are alarmed by the adverse effects this crisis is having especially on developing countries. We believe the crisis has highlighted long-standing systemic fragilities and imbalances in the global economy, and further exposed the inadequacy and undemocratic nature of global economic governance. New attempts must now be made to establish proper global economic governance, with the full voice, representation and participation of developing countries in discussions and decision-making."

The declaration then focused on social issues, especially the leaders' commitment to social protection, and called for action against the "intolerable" inequalities at global and national levels. It said: "We recognize the high importance of sustaining social protection and fostering job creation even in times of economic crisis, and take note with satisfaction of the encouraging examples of policies that allow countries to reduce poverty, increase social inclusion and create new and better jobs in recent years. We view with concern the increased concentration and the asymmetric distribution of wealth and in-

come in the world, which have created wide inequality between developed and developing countries. This level of inequality is unjustifiable and cannot be tolerated in a world where poverty is still prevalent, resources are being depleted and environmental degradation is increasing. We call for global actions to reduce inequalities at all levels. We also pledge to address inequality in our own countries."

The leaders also expressed concern over the power of large corporations, especially transnational corporations, and asked for competition policies to curb their influence as well as actions on their environmental and social effects.

"We note with concern the influence of large corporations, mainly from developed countries, on the global economy, and its negative effects on the social, economic and environmental development of some developing countries, particularly regarding the barriers this may pose for the entry of new enterprises in the global market. We call for concrete measures from the international community to address these negative effects and to promote international competition and increased market access for developing countries, including policies that foster the growth of small and medium-sized enterprises in developing countries, the removal of trade barriers that inhibit value addition in origin countries, such as tariff peaks and tariff escalation, as well as capacity-building on competition law, tax policy regulations and social corporate responsibility. We emphasize that transnational corporations have a responsibility to respect all human rights and should refrain from causing environmental disasters and affecting the well-being of peoples."

On the sustainable development agenda, the declaration recognized the progress achieved and reaffirmed the importance of supporting developing countries "to eradicate poverty by empowering the poor and people in vulnerable situations, promoting developing sustainable agriculture as well as full and productive employment and decent work for all, complemented by effective social policies, including social protection floors."

The leaders said they fully respect the UN Charter and international law, particularly as they relate to equality among states, respect for the indepen-

dence of states, national sovereignty, territorial integrity and non-interference in the internal affairs of states.

The declaration stressed the continuing dependence of the South and pledged to strive for economic independence. It said: "We are deeply aware that decades after political independence, some developing countries are still in the grip of economic dependence on the structures and vagaries of the global economy and on the developed countries and their economic entities. Such dependence ... limits the extent of our real political independence as well. Therefore, we pledge to unite our efforts to continue striving for economic independence and to gather under the umbrella of the G77 and China as well as other organizations of the South to make progress on this."

The leaders recalled the decisions taken at the second South Summit in Doha (2005) to work to ensure that programmes and policies designed in the context of globalization fully respect the principles and purposes of the UN Charter and international law, particularly as they relate to equality among states and national sovereignty, and stressed that those principles and purposes inspire their full commitment to multilateralism and the search for a more just and equitable international economic system. They recalled the decision taken at the G77 and China Summit in Doha (2005) to work towards the realization of the right to self-determination of peoples living under colonial or other forms of alien domination or foreign occupation and to call on the international community to take all necessary measures to bring an end to the continuation of foreign occupation.

They reaffirmed that indigenous peoples have the right to maintain and strengthen their distinct political, legal, economic, social and cultural institutions, while retaining their right to participate fully, if they so choose, in the political, economic, social and cultural life of the state. In this regard, "we emphasize the need to respect and safeguard indigenous cultural identities, knowledge and traditions in our countries".

National approaches to sustainable development

In Part II on "development in the national context", the declaration first

commented on approaches for sustainable development. It stressed the need to further mainstream sustainable development at all levels, integrating economic, social and environmental aspects and recognizing their interlinkages, so as to achieve sustainable development in all its dimensions. It reaffirmed that there are different approaches, visions, models and tools available to each country to achieve sustainable development and in some countries there is an approach of "living well" as holistic development aimed at achieving the material, cultural and spiritual needs of societies in a context of harmony with nature.

It acknowledged that the Earth and its ecosystems are our home and it is necessary to promote harmony with nature and the Earth. It also recognized that "Mother Earth" is a common expression for planet Earth, which reflects the interdependence that exists among human beings, other living species and the planet we all inhabit.

It reaffirmed the Declaration on the Right to Development, which is a major landmark document that establishes the right of developing countries to act to achieve development and the right of people to participate in and benefit from development, and that proclaims "the right to development is an inalienable human right by virtue of which every person and all peoples are entitled to participate in, contribute to and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized".

On improving the practice of democracy, the declaration considered that democracy is a universal value based on the freely expressed will of the people to determine their own political, economic, social and cultural systems and their full participation in all aspects of their lives.

The leaders reaffirmed that while all democracies share common features, there is no single model of democracy and democracy does not belong to any country or region, and further reaffirmed the necessity of due respect for sovereignty, unity and territorial integrity and the right to self-determination, and the rejection of any attempt to break down constitutional and democratic order legitimately established by the peoples.

"We call for an end to the use of

media in any way that might disseminate distorted information against States members of the Group of 77 in complete disregard of the principle of international law," added the declaration.

The leaders expressed deep indignation and rejection with regard to the withdrawal of overflight and landing permits for the presidential aircraft on which Bolivia's President Evo Morales Ayma and his party were travelling on 2 July 2013. These facts constitute unfriendly and unjustifiable acts that have also put at serious risk the safety of President Morales. "We make public our greater solidarity and demand clarification of facts," said the declaration.

On national sovereignty and benefits over natural resources, the declaration reaffirmed that states have the sovereign right to exploit their own resources and the responsibility to ensure that activities do not cause damage to the environment of other states. They reaffirmed that "the right of peoples and nations to permanent sovereignty over the natural wealth and resources must be exercised in the interest of their national development and of the well-being of the people of the State concerned".

While emphasizing this sovereignty over natural wealth, the leaders said they are also "aware of our duty to conserve and sustainably manage and use these resources and ensure the conditions for nature and ecosystems to have the capacity to regenerate, for the benefit of present and future generations. We also recognize that the sustainable use of natural resources is an effective way to achieve economic growth while reducing poverty and environmental degradation."

The leaders "respected the decisions of some countries that decided to nationalize or to reclaim control of their natural resources in order to obtain greater benefits for their people, especially the poor, and to invest in the economic diversification, industrialization and social programmes".

Fighting poverty

On the eradication of poverty, the declaration recognized that poverty is an affront to human dignity and stressed that poverty eradication is the greatest global challenge facing the world today. The leaders attached the

highest priority to poverty eradication in the United Nations post-2015 development agenda to be supported by effective and adequate means of implementation and strengthened global partnership for development, and which entails, among other objectives, the promotion of employment and decent work for all, the improvement of access to social services, the eradication of illiteracy and diseases as well as integrated, coordinated and coherent national and regional strategies.

They expressed deep concern for the constraints on the fight against poverty arising from the crises, in particular the world financial and economic crisis, the continuing food insecurity, the volatility of capital flows and the extreme volatility of commodity prices, energy accessibility and the challenges posed by climate change to developing countries. They stressed that to enable poverty eradication, developing countries must ensure national ownership of their own development agenda, which entails preserving their own policy space backed by a strong political commitment to reduce poverty in line with their national priorities and circumstances.

Developing countries must formulate their own development strategies to assist the poor through policies and actions, including strong, sustained and inclusive economic growth, the generation of employment as a priority, the improvement of the provision of universal and affordable access to basic services, the provision of a well-designed social protection system, the empowerment of individuals to seize economic opportunities, and measures to ensure the protection of the environment.

The declaration also recognized that fighting corruption is a priority and that corruption is a serious barrier to effective resource mobilization and allocation and diverts resources away from poverty eradication and sustainable development.

On reducing inequality, the declaration emphasized that the problem of inequality is even more acute today than ever because of the prevalence of extreme wealth while poverty and hunger continue to exist, and this is aggravated, *inter alia*, by unsustainable patterns of consumption and production mainly in developed countries.

"We affirm that any benefit from

economic growth has to be equitably shared and must benefit the people in vulnerable situations in our communities, and we therefore call once again for concerted actions to reduce inequalities at all levels. We are gravely concerned at the inadequacy of measures to narrow the widening gap between the developed and the developing countries, and within countries, which has contributed to, *inter alia*, deepening poverty and has adversely affected the full enjoyment of all human rights, in particular in developing countries."

"We also note with concern that high levels of inequality within and among countries continue to have a negative impact on all aspects of human development and are especially harmful to people in vulnerable situations who are affected by intersecting inequalities. We therefore urge countries, including through the support of international cooperation, to scale up efforts to provide equal access to opportunities and outcomes to all levels of society in accordance with national policies. We understand that sustainable development involves a change in the order of priorities from the generation of material wealth to the satisfaction of human needs in harmony with nature. The excessive orientation towards profit neither respects Mother Earth nor takes into account human needs. The continuation of this unequal system will lead to further inequality."

On sustained and inclusive economic growth, the declaration affirmed that sustained, inclusive and equitable economic growth is necessary to eradicate poverty, provide jobs and raise the living standards of the people and generate public revenues to finance social policies.

"We note that historical evidence has shown that no country has ever achieved constant improvements in living standards and human development without sustaining a steady pace of economic growth. We therefore urge the international community and the United Nations to assist developing countries in attaining high and adequate economic growth over a sustained period," said the declaration. "We also realize that high economic growth, although necessary, is not sufficient in itself. It must generate jobs and lift the incomes of peoples especially the poor and the most in need. Economic growth should also be environmentally and socially

sound and, to achieve this, developing countries require financial and technological support from developed countries."

On the creation of employment, the declaration said the capacity to generate full employment and decent work is fundamentally linked to reviving and enhancing productive development strategies, through adequate finance, investment and trade policies. It reaffirmed the need for significant mobilization of resources from a variety of sources and the effective use of financing, in order to give strong support to developing countries in their efforts to promote sustainable development. It stressed the need for coherence between macroeconomic and job creation policies in order to ensure economic growth.

The declaration stressed deep concern about the continuing high levels of unemployment and underemployment, particularly among young people, and affirmed commitment to reducing unemployment through employment-intensive macroeconomic and development policies. "We affirm the need to launch a UN intergovernmental process to include the issue of youth employment and youth concerns in the post-2015 development agenda and the importance of ensuring decent livelihoods for farmers in our countries."

On providing basic services for the people, the leaders said the increasing gap between the world's rich and poor is due not only to unequal income distribution but also to unequal access to basic resources and services. "We recognize that the State has an essential role to play to ensure that basic services are accessible to all and to address the unequal and discriminatory distribution of and access to them. We reaffirm our resolve to act to implement the right of our people to access basic services."

The leaders reaffirmed their commitments regarding the human right to safe drinking water and sanitation and called on donor countries and international organizations to provide resources to scale up efforts to provide safe, clean, accessible and affordable drinking water and sanitation for all.

Public health

On access to public health and medicines, the leaders recognized that universal health coverage means that

everyone has access to basic medical services of promotion, prevention, cure and rehabilitation as well as to essential quality, safe, affordable and effective medicines. It recognized that many developing countries do not have the financial or human resources or the infrastructure to implement the right of everyone to the enjoyment of the highest attainable standard of physical and mental health and called on developed countries to provide the adequate financial resources and technology to complement developing countries' efforts to have policies and measures that provide universal health coverage and basic health services for all.

The leaders noted with great concern that non-communicable diseases have become an epidemic of significant proportions, and acknowledged the effectiveness of tobacco control measures for the improvement of health. They reaffirmed the right of member states to protect public health and, in particular, to ensure universal access to medicines and medical diagnostic technologies, if necessary, including through the full use of the flexibilities in the Doha Declaration on the TRIPS Agreement and Public Health.

They recalled paragraph 142 of the outcome document of the UN Conference on Sustainable Development, in which heads of state and government reaffirmed the right to use, to the fullest extent, the provisions contained in the TRIPS Agreement, the Doha Declaration on the TRIPS Agreement and Public Health, the decision of the General Council of the WTO of 30 August 2003 and the amendment to Article 31 of the TRIPS Agreement, which provide flexibilities for the protection of public health, and in particular to promote access to medicines for all and encourage the provision of assistance to developing countries in this regard.

"We affirm the importance of taking advantage of the use of TRIPS flexibilities in order to promote the people's health and access to medicines. We call upon developed countries to fully respect the right of developing countries to make full use of TRIPS flexibilities and to refrain from taking actions, including trade measures, to prevent or dissuade developing countries from exercising this right."

The leaders also said they are "concerned about the increasing problem of

antimicrobial resistance to existing drugs, including those against tuberculosis and malaria. As a result, increasing numbers of patients, especially in developing countries, face the prospect of dying from preventable and/or treatable diseases. We urge the

international health authorities and organizations, especially the World Health Organization (WHO), to take urgent action and to work together upon request with developing countries that do not have adequate resources to address this problem." (SUNS7826) □

Summit declaration on national development, South-South cooperation

The G77 declaration also addresses questions of agriculture and industrialization, and reaffirms the importance of strengthening South-South cooperation.

by Martin Khor

SANTA CRUZ: The declaration adopted by the G77 Extraordinary Summit in Santa Cruz has five parts. Its second part on "development in the national context" deals, among others, with poverty eradication, inequality, provision of basic services, and access to health (as described in the preceding article).

This article deals with other aspects of Part II (agriculture and food security, industrialization and infrastructure, women in development and indigenous people) as well as Part III on "South-South cooperation".

The declaration contains a lengthy section on agricultural development and food security. The leaders recalled that food security and nutrition are essential elements for achieving sustainable development and expressed concern that developing countries are vulnerable to, among others, the adverse impacts of climate change, further threatening food security.

They reaffirmed that hunger is a violation of human dignity and called for urgent measures to be taken to eliminate it. They also reaffirmed the right of everyone to have access to safe and nutritious food in accordance with their right to adequate food and the fundamental right to be free from hunger, in order to develop and maintain their full physical and mental capacities.

"We denounce that subsidies and other market distortions driven by developed countries have seriously affected the agricultural sector of developing countries, limiting the ability of this key sector to significantly contribute to the eradication of poverty and to sustained, inclusive economic growth

and equitable, sustainable development, food security and rural development," said the declaration.

"We call for the immediate elimination of all forms of agricultural subsidies and other market-distorting measures taken by developed countries that are not in compliance with WTO rules. We urge developed countries to show flexibility and political will to adequately address these fundamental concerns of developing countries in the Doha Round of trade negotiations."

The G77 leaders reiterated their commitment to conclude multilateral disciplines on fisheries subsidies including through the prohibition of certain forms of fisheries subsidies that contribute to overcapacity and overfishing, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the WTO fisheries subsidies negotiations.

Stressing that food security and agriculture development is an integral part of the international development agenda, they demanded sustained funding and increased targeted investment to enhance world food production and called for new and additional financial resources for sustainable agriculture development and food security.

Strengthening the agricultural sector should be part of the post-2015 development agenda with its means of implementation, to achieve food security. They also stressed the importance of including the knowledge, practices and technologies of indigenous peoples, rural communities and small- and medium-scale farmers in national,

regional and international strategies aimed at achieving food security.

They reaffirmed that quinoa's biodiversity and nutritional value make it central to providing food security and nutrition and to eradicating poverty, as well as to promoting the traditional knowledge of the Andean indigenous peoples. They called for the creation of conditions for the development of economic opportunities for the benefit of small-scale and family farmers, peasant and indigenous peoples and communities, and the creation of options for connecting them with consumers, as part of the national strategies for the realization of the right to food.

They recognized the positive role of small-scale and family farmers, including women, cooperatives, indigenous peoples and local communities in developing countries, and their knowledge and practices, in the conservation and sustainable use of seeds, agro-biodiversity and biodiversity associated with food production of present and future generations. They stressed the need to address the root causes of excessive food price volatility, including its structural causes, at all levels, and the need to manage the risks linked to excessively volatile prices in agricultural commodities.

"We call for the prioritization of development in the WTO Doha Round of negotiations in accordance with the Doha Development Agenda, including food security. We call for the promotion of the livelihoods of small-scale farmers and rural development in developing countries. In this context, we urge WTO members to adopt a permanent solution to the issue of public stockholding and food security for developing countries, as agreed by the WTO Ministerial Decision adopted in Bali, Indonesia, in 2013, as soon as possible."

On sustainable family farming, the leaders declared that family farms and small farms are an important basis for sustainable food production aimed at achieving food security and that support should be given to the economic activities of sustainable family farming, in particular promoting their access to financial services, productive resources and agricultural inputs such as land, seeds, appropriate technology, transport and information.

"We will promote comprehensive and complementary national and regional actions for production, access

and consumption based on integral, multi-sectoral and participatory planning, reassessing and strengthening sustainable family farming, small-scale farmers, indigenous peoples and Afro-descendants," said the declaration.

Industrial development

In a section on industrialization and infrastructure, the declaration affirmed that industrial development and value addition, together with science, technology and innovation, are essential elements for developing countries to attain higher development levels in a sustained way, as the industrialization process can generate higher productivity, more jobs and skills and positive spillover effects on the economy. Therefore, they urged developed countries to assist developing countries in boosting industrialization in their development strategies and policies and in promoting inclusive sustainable industrial development.

They noted that many developing countries are still overly dependent on commodities and that they should explore industrial diversification strategies by enhancing value-adding productive capacities. They called on international organizations and requested international cooperation mechanisms to assist developing countries, including through technology transfer, to develop their capacities to design and implement industrialization strategies and policies.

On the issue of policy space and trade rules, the declaration stated: "We call for the international trading system to respect and reinforce the policy space of developing countries for the promotion and growth of our industrial development and for the design and implementation of our industrial strategies. In this regard, we call for the revision of all rules within the world trading system that affect the policy space of developing countries."

On infrastructure, the declaration affirmed that the development of reliable and affordable infrastructure and regional connectivity, including transport, roads, energy and telecommunications, is essential. It urged developed countries to provide technical assistance, technology transfer and financial resources to enable developing countries to industrialize and develop their infrastructure in ways that are environ-

mentally sustainable, including adopting cleaner, resource-based and energy-efficient sustainable consumption and production patterns, including cleaner fossil fuel technologies.

Women and indigenous peoples

On the inclusion of women in development, the declaration reaffirmed the vital role of women and the need for full and equal opportunities for their participation and leadership in all areas of sustainable development. They decided to accelerate the implementation of their commitments in various relevant conventions and declarations pertaining to women. They recognized that the potential of women in sustainable development has not been fully realized, supported prioritizing measures to promote gender equality and the empowerment of women and girls in all spheres, and resolved to unlock the potential of women as drivers of sustainable development through many measures and through creating an enabling environment.

"We are committed to ensure equal rights and opportunities for women in political and economic decision-making and resource allocation, to give women equal rights with men to economic resources, and to ensure access to education, finance, information and communications technologies, markets, legal assistance and other basic services, including health-care services, including safe, effective, affordable and acceptable modern methods of family planning," said the declaration.

The G77 leaders recognized that violence against women seriously violates all human rights of women, and agreed to take action to eliminate all forms of violence, including femicide and discrimination against women and girls, through a more systematic, comprehensive approach, mechanisms and national action plans. They also reaffirmed the commitment to work towards a post-2015 development agenda with a gender perspective and supported the gender issue as a standalone sustainable development goal.

On indigenous peoples, the declaration urged efforts towards the implementation of the rights of indigenous peoples to their lands, natural resources, identity and culture, in accordance with national legislation. The leaders reaffirmed their commitments

to implement their legal obligations, including, as appropriate, Convention No. 169 of the International Labour Organization, as well as to promote the implementation of the UN Declaration on the Rights of Indigenous Peoples.

They reaffirmed the value and the diversity of the cultures and the forms of social organization of indigenous peoples and their holistic traditional scientific knowledge, innovations and practices, which play a significant role in strengthening the livelihoods of the local populations, ensuring food security and addressing climate change.

They stressed the importance of indigenous peoples in sustainable development and their critical role in the social, economic and political processes of their countries, while strengthening the local views and values referred to as the holistic views of Mother Earth. They reaffirmed the importance of the role of collective action and the efforts of indigenous and local communities in conserving biodiversity, considering their critical role in the stewardship and sustainable management of natural renewable resources.

They considered that mitigation of and adaptation to climate change are contingent upon different socio-cultural contexts, taking particular account of indigenous peoples and local communities and their traditional knowledge systems and practices, including their holistic view of community and environment, as a major means of adapting to climate change.

They called for strengthening the inter-scientific dialogue between traditional and indigenous knowledge systems with modern sciences in the context of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services and of the conceptual framework of "Living well in balance and harmony with Mother Earth", approved by the Platform.

They welcomed the convening of the World Conference on Indigenous Peoples, to be held in New York on 22 and 23 September 2014, and said that the outcome document should contribute to the realization of the rights of indigenous peoples and the pursuit of the objectives of the UN Declaration on the Rights of Indigenous Peoples.

They also took note of the Special Declaration on the Coca Leaf of the Heads of State and Government of the Latin American and Caribbean States

in Havana on 29 January 2014, which acknowledged the importance of preserving the cultural and traditional practices of indigenous peoples and recognized coca leaf chewing as an ancestral cultural manifestation of the people of the Andean region that must be respected by the international community.

South-South cooperation

In Part III on "South-South cooperation", the declaration reaffirmed the view of South-South cooperation as a manifestation of solidarity among peoples and countries of the South that contributes to their national well-being and their national and collective self-reliance. It said that South-South cooperation and its agenda have to be set by countries of the South and should continue to be guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit.

The leaders reaffirmed the importance of strengthening South-South cooperation, especially in the current international economic environment, and reiterated that it is a strategy to sustain the development efforts of developing countries and a means of enhancing their participation in the global economy.

The declaration stated: "We reiterate the position of the Group that South-South cooperation is a complement to, rather than a substitute for, North-South cooperation and reaffirm that South-South cooperation is a collective endeavour of developing countries based on the principle of solidarity and premises, conditions and objectives that are specific to the historic and political context of developing countries and to their needs and expectations, and that as such, South-South cooperation deserves its own separate and independent promotion, as reaffirmed in the Nairobi outcome document [of the High-level United Nations Conference on South-South Cooperation]. In this context, we stress that South-South cooperation and its agenda must be driven by the countries of the South. As such, South-South cooperation, which is critical for developing countries, requires long-term vision and a global institutional arrangement, as envisioned by the Second South Summit".

The G77 leaders welcomed the convening of the High-level Panel of Eminent Personalities of the South in Fiji in May 2013, and its conclusions on the future landscape of South-South cooperation. They reiterated the framework and principles of South-South cooperation first endorsed by the G77 Foreign Ministers in New York on 26 September 2008.

They welcomed the conclusion of the third round of the Global System of Trade Preferences, and called upon more developing countries to participate in it.

They welcomed the increase in South-South regional cooperation initiatives in various areas, such as finance, banking, trade, healthcare and food production, and called for further initiatives as well as concrete ways in which developing countries can share experiences and good practices so as to spread these South-South initiatives. They also encouraged their countries to exchange experiences and best practices with regard to equal access by all to basic services.

They stressed that the High-level Committee on South-South Cooperation of the General Assembly is the central multilateral policymaking body in the United Nations system to review and assess global and system-wide progress

and support for South-South development cooperation.

They supported the system-wide provision of additional resources to the United Nations Office for South-South Cooperation, and recognized that the Office constitutes a separate entity with a distinct legal nature, entrusted with the coordination on a global and United Nations system-wide basis for promoting and facilitating initiatives related to South-South cooperation for development. They requested a more formalized and strengthened inter-agency mechanism for the Office.

They called upon the UN development system to promote transfer of technologies from developed countries for the benefit of developing countries and encouraged technology cooperation among the countries of the South.

"We acknowledge the role played by the South Centre in supporting the Group of 77. We call upon the members of the Group to further support the Centre and call upon the Centre to expand its activities for the benefit of developing countries," said the declaration. "We encourage organizations of developing countries, including the South Centre, to come up with ideas and suggest action plans to further operationalize South-South cooperation." (SUNS7827) □

G77 declaration addresses "global challenges"

Major economic, social and environmental issues of concern on the international front are dealt with in the G77 summit declaration as well.

by Martin Khor

SANTA CRUZ: The declaration adopted by the Extraordinary Summit to mark the 50th anniversary of the G77 has a major Part IV on "global challenges" which deals with the main issues that are the subject of international discussion.

The declaration sets out the G77 and China political leaders' current positions on these issues, many of which are presently the subject of multilateral negotiations in the UN in New York, in the WTO, in UNCTAD, the IMF, WIPO and other fora.

The "global challenges" dealt with include the global partnership for development, official development assistance, debt, trade, technology transfer,

migration, the international financial system, the credit rating system, the need to democratize global economic governance, and the role of the UN.

The declaration also deals with environmental issues including climate change, biodiversity, forests, desertification and land degradation, and oceans.

Significantly, the declaration also has a section on the emerging issue of Internet governance and the invasion of privacy. The G77 leaders condemned the misuse of communications technology (by some countries) to conduct surveillance on developing countries' leaders and citizens, and called for an end to such activities and ensuring that

cyberspace is used for peaceful ends.

The declaration is an important reference for the views of the developing countries, at the highest political level, on current international issues.

Development partnership

In a section on "global partnership for development", the declaration stressed the need for a new and stronger commitment by developed countries to international cooperation to support the fulfilment of the development aspirations of developing countries. As part of the Millennium Development Goals (MDGs), a commitment was made to a global partnership for development.

"However, we note with concern the significant shortfall in the partnership under the Goals, which contributed to the lack of achievement of many goals and targets. We therefore call for the urgent implementation of all commitments under the global partnership for development so as to overcome the gaps identified," said the leaders.

"We also call upon leaders of the developed countries to agree and commit to a new phase of international cooperation through a strengthened and scaled-up global partnership for development, which should be the centrepiece and anchor for both the sustainable development goals and the post-2015 development agenda.

"Such an enhanced global partnership should include the issues of providing financial resources to developing countries, official development assistance, debt relief and debt restructuring, trade, technology transfer and greater participation of developing countries in global economic governance."

On official development assistance (ODA), the leaders reaffirmed that ODA remains the main source of international financing for many developing countries and that it is essential as a catalyst for development, including for fulfilling the MDGs, sustainable development goals (SDGs) and the post-2015 development agenda.

"We stress that developed countries must meet and scale up their existing official development assistance commitments and targets made," said the declaration. "An enhanced predictable and sustainable flow of ODA is essential to meet the regular development challenges as well as the new and emerging challenges in developing countries."

The declaration recalled the unfulfilled commitment made by developed countries at Gleneagles. It urged the developed countries to fulfil their commitment to provide 0.7% of gross national income (GNI) for ODA and the target of 0.15% to 0.20% of GNI to the least developed countries (LDCs), and to increase the target to 1% of GNI by 2030. It expressed deep concern that ODA commitments remain unfulfilled.

The leaders stressed that the global financial and economic crisis cannot be an excuse to avoid fulfilling existing aid commitments by developed countries. They therefore called upon developed countries collectively to fulfil their ODA commitments and to raise overall levels further, keeping in mind that the developing countries will require new, additional and sustainable financial resources to a significant extent and amount in order to implement a wide range of development activities.

They stressed the need for ensuring new and additional financial support to developing countries as a key means of implementation for achieving the MDGs and the forthcoming SDGs. ODA should be used in accordance with national developmental priorities without conditionalities. The leaders expressed "deep concern about the attempt made by donor countries, outside UN forums, to redefine ODA by including other sources of financing that are not linked or related to the development of developing countries, with the objective of disguising the drop in ODA flows not based on their agreed commitments".

On external debt, the leaders were concerned that, with the global economic crisis, some countries are becoming more vulnerable to new external debt problems or even crises. Addressing the external debt problems of developing countries is thus an important part of international cooperation and the enhanced global partnership for development.

"We recognize the importance of debt relief, including debt cancellation, debt restructuring, debt moratorium and debt audit procedures. Debt restructuring processes should have as their core element a determination of real payment capacity so that they may not adversely affect economic growth and the fulfilment of the unfinished business of the MDGs, the SDGs and the post-2015 development agenda.

"In this regard, we reiterate the urgent need for the international commu-

nity to examine options for an effective, equitable, durable, independent and development-oriented international debt resolution mechanism, and call upon all countries to promote and contribute to the discussions within the United Nations and other appropriate forums with that objective."

The declaration pointed to a new concern on vulture funds. Recent examples of the actions of vulture funds in international courts have revealed their highly speculative nature. "Such funds pose a risk to all future debt-restructuring processes, both for developing and developed countries," it added. "We therefore stress the importance of not allowing vulture funds to paralyze the debt-restructuring efforts of developing countries, and that these funds should not supersede a State's right to protect its people under international law."

"We stress the need to ensure that the economic and monetary policies implemented by developed countries do not affect global aggregate demand and liquidity, owing to the objective of finding surplus in their balance of payments, with negative results in the reduction of global revenues in developing countries."

Financial reform

On reforming the global financial architecture, the leaders affirmed the need for reform of the international financial architecture so that there is a financial and monetary system that reflects the realities of the 21st century, including a properly regulated international financial sector that reduces and discourages speculative investment, in order for capital markets to be mobilized to achieve sustainable development and play a constructive role in the global development agenda.

They added: "We also note the continuation of fundamental problems in the global financial and monetary system, including lack of regulation to ensure financial stability, the problems of the reserve currencies, the volatility in currency exchange rates, the speculative and large cross-border flows of capital and the insufficiency or unavailability of liquidity for developing countries in need of financial resources that face foreign exchange shortfalls or require resources to generate sustainable growth and development. We call for a programme of reforms, with full voice, representation and participation of de-

veloping countries, to address these problems."

"We note with concern that financial deregulation and financial liberalization have given rise to the massive expansion of speculative financial flows and derivatives trading. The financial and economic crisis of 2008 has illustrated that international finance has created an economy of its own, which has become increasingly disconnected from the real economy of production, direct investment, job creation and wage growth. The adverse effects of financialization include volatile capital flows, excessive commodity and food price fluctuations, rapid shifts in exchange rates and boom-bust cycles of financial crisis and economic recession.

"We urge that the reform process of the governance structure of the Bretton Woods institutions be finalized as soon as possible and be much more ambitious, and that an accelerated plan be established for further reforms in representation, participation and parity of voting power for developing countries in the decision-making process within the Bretton Woods institutions and in all discussions on international monetary reform and in the operation of the new arrangements for special drawing rights in the IMF [International Monetary Fund], on the basis of criteria that truly reflect its mandate in the field of development and with the participation of all stakeholders in an equitable, transparent, consultative and inclusive process. In this regard, we call on the General Assembly to launch a process to reform the international financial and monetary system.

"We support exploration of the establishment of a United Nations inter-governmental mechanism under the General Assembly, as an entity responsible for monitoring the performance of the global economic and financial system in a comprehensive and sustainable manner. It is important that this mechanism monitor the impact of certain international financial flows and policies that are systemically important to prevent the spread of economic and financial crisis among countries."

On reforming the credit rating system, the declaration called for regulating credit rating agencies. Governments should limit their regulatory reliance on credit rating agencies and reform legal regimes to hold them liable for negligent behaviour in order to suppress conflicts of interest and ensure integ-

rity, accountability and transparency.

It stressed the need for a more transparent international credit rating system that takes fully into account the needs, concerns and peculiarities of developing countries. It expressed concern about the methodology used by the major credit rating agencies and called for greater transparency and competition among rating agencies to avoid oligopolistic tendencies and their negative effects. It also called for discussions at the UN and other venues on policies to reduce dependency on them by enhancing their supervision and increasing transparency and competition through the establishment of independent assessment mechanisms.

On global economic governance, the leaders affirmed that the world financial and economic crisis and its consequences for development have exposed the gaps and failures in global economic governance, including within the international financial institutions, and the urgent need for a global, universal and integrated response by the international community.

"We note with deep concern that seven years after the outbreak of the global crisis, there has been little progress made to strengthen the systemic, regulatory and structural aspects of the global financial system. Moreover, the lack of participation by developing countries in general in global economic issues and governance persists; this is a matter of grave concern because the workings of the global system affect all countries, and this democratic deficit has even more serious consequences for developing countries when the global economy is slowing down or in recession.

"We strongly call on the international community to redress the democratic deficit in global economic governance and provide developing countries their rightful place and participation in the governance and decision-making of all the institutions and forums where discussions and decisions are taken on global economic and financial issues."

They affirmed that efforts to reform the international financial architecture should be seriously strengthened, leading to the full participation of developing countries in international financial and economic decision-making and norm-setting.

"We call for comprehensive reform of the Bretton Woods institutions, including enhancement of the voting

powers of developing countries in a time-bound manner, in order to enable greater equity between developed and developing countries and to eliminate all types of conditionalities tied to aid. We call for the urgent completion of the 2010 IMF quota formula reform in order to ensure that the quotas and governance of IMF better reflect the relative weight of emerging and developing countries in the global economy."

Noting that the redistribution of voting rights alone is not enough, the leaders said the reform should encompass liquidity creation, including improvement in the special drawing rights for developing countries, and the IMF must provide more comprehensive and flexible financial responses to the needs of developing countries, without imposing pro-cyclical conditionalities and respecting their need for adequate policy space.

Furthermore, leading personnel of the Bretton Woods institutions must be designated on the basis of their individual merits, through an open and fair process of selection. As long as the IMF does not reflect the new realities in the global economy and its Managing Director keeps being designated through a process that lacks any transparency, its legitimacy will remain questionable.

They also stressed the need to hold a follow-up international conference on financing for development in 2015 to contribute to the post-2015 development agenda process. They recognized the important role of the UN and the central position of the General Assembly.

Central role of the UN

On strengthening and reorienting the United Nations, the declaration stressed the importance of the central role of the UN in global economic governance, which aims at enhancing the global partnership for development. The General Assembly and a strengthened Economic and Social Council (ECOSOC) could both act to mitigate the impact of the international financial and economic crisis and to ensure the right of developing countries to policy space for sustainable development.

The UN needs to improve its capabilities and capacities to fully implement its mandates and to ensure the effective delivery of its programmes in the social and economic development fields. The leaders urged the UN Secretary-General to further strengthen the development pillar of the whole Orga-

nization, including its Development Account, and urged developed countries to show real political will to enable the UN to improve its capabilities in the social, environmental and economic development fields.

They expressed concern over the growing imbalance between assessed and voluntary contributions in the proposed programme budgets of the Organization, and said that any UN reform efforts, including on the budget process, must not seek to change the intergovernmental, multilateral and international nature of the Organization, but must strengthen the ability of member states to perform their oversight and monitoring role.

They also expressed concern over budget cuts that have a negative impact on the implementation of mandates approved by the intergovernmental bodies of the United Nations, particularly in the development pillar.

They underscored the central role of the UN in global economic governance, as a truly universal and inclusive multilateral forum. They emphasized the important role the General Assembly should play in the appointment of the UN Secretary-General and that the process of selection of the Secretary-General should be inclusive of all member states, as well as more transparent.

On technology transfer, science and innovation for development, the leaders expressed concern that science, technology and innovation can be abused as instruments to limit and undermine countries' sovereignty, sustainable development and poverty eradication. They called for an end to the use of information and communication technologies, including social networks, in contravention of international law and in detriment to any state, in particular members of the Group of 77 or their citizens.

They reaffirmed that technology transfer, technology integration and the development and promotion of endogenous technologies are important for developing countries and called on developed countries to implement their commitments to transfer technology to developing countries and provide access to technology on favourable terms, including concessional and preferential terms, to enable the developing countries to shift to a more sustainable development path.

They added that it is imperative that developed countries recommit them-

selves to the objective of technology transfer as one of the major components of provision of the means of implementation for developing countries, and take actions to bridge the technological gap.

The declaration stated: "We call for the early establishment by the United Nations system of a technology facilitation mechanism that promotes the development, transfer and dissemination of clean and environmentally sound technologies, including cleaner fossil fuel technologies.

"We call for regulations and policies on intellectual property to be placed within a development framework, whereby intellectual property rights are oriented towards the promotion of balanced social, economic and environmental development. In this regard, we support the measures taken by developing countries to promote the implementation of the WIPO [World Intellectual Property Organization] Development Agenda recommendations of 2007."

The G77 leaders reiterated their call at the second South Summit for WIPO to continue to include in its future plans and activities, including legal advice, a development dimension that includes promoting development and access to knowledge for all, pro-development norm-setting, harmonization with the Convention on Biological Diversity rules, establishing development-friendly principles, and the transfer and dissemination of technology.

"We also reiterate that the TRIPS [Trade-Related Aspects of Intellectual Property Rights] Agreement of WTO contains flexibilities, and that it is the right of developing States members of WTO to make use of such flexibilities, as confirmed in the 2001 Declaration on the TRIPS Agreement and Public Health of WTO, and we support the use of these flexibilities in our countries, with the aim of promoting health, education and economic and social development. We note with great interest and appreciation that some developing countries have successfully made use of some TRIPS flexibilities to promote the use of generic medicines, which are lower in cost and thus greatly increase access to medicines at affordable prices.

"We reject attempts by any developed country or business interest to pressure developing countries not to exercise their right to make use of TRIPS Agreement flexibilities for social and

development purposes and express our solidarity with those developing countries that have come under such pressure.

"We stress the need to protect the knowledge of developing countries, indigenous peoples and local communities with regard to genetic resources, biodiversity and traditional knowledge, and especially from continuing attempts by persons or companies to patent such resources and knowledge without the approval of the countries, indigenous peoples and communities concerned.

"We call for intensified efforts by our negotiators and policymakers to establish legal mechanisms, internationally or nationally, to prevent biopiracy by requiring disclosure of the country of origin and proof of benefit-sharing arrangements by applicants for such patents. We also call for strong provisions and effective mechanisms for technology transfer, including appropriate treatment of intellectual property, in the international climate change regime in the United Nations Framework Convention on Climate Change [UNFCCC]."

Trade and development

On trade, the leaders believed that trade in the context of appropriate policies and rules can be an important tool for economic development. "It is essential to establish and uphold a universal, fair, rules-based, open, pro-development, non-discriminatory, inclusive and equitable multilateral trading system that contributes to growth, sustainable development and employment, particularly for developing countries.

"We call for a timely and successful conclusion to the Doha Round of multilateral trade negotiations, which must fully respect its development mandate and place the needs and priorities of developing countries at its centre. Following the WTO Ministerial Conference in Bali in 2013, we call for an inclusive and transparent negotiating process and the prioritizing of the interests and issues of developing countries in the post-Bali programme.

"We view with concern that some developed countries members of WTO are more interested in gaining market access to developing countries, while they are themselves not willing to take adequate measures to eliminate or reduce protectionism in their agriculture sector or to provide more market access

to developing countries.”

The leaders said they believe that “trade rules, in WTO or in bilateral and regional trade agreements, should enable developing countries to have sufficient policy space so that they can make use of policy instruments and measures that are required for their economic and social development”.

“We reiterate our call for the effective strengthening of the special and differential treatment and less than full reciprocity principles and provisions in WTO so as to broaden the policy space of developing countries and enable them to benefit more from the multilateral trading system. We also call for bilateral trade and investment agreements involving developed and developing countries to have sufficient special and differential treatment for developing countries to enable them to retain adequate policy space for social and economic development.”

On migration, the leaders recognized the need to address this issue through international, regional or bilateral cooperation and dialogue and through a comprehensive, balanced, coordinated and coherent approach, recognizing the role and responsibilities of countries of origin, transit and destination in promoting and protecting effectively the human rights and fundamental freedoms of all migrants and their families, especially those of women and children, regardless of their migration status.

“We note that migration remains inadequately reflected in development frameworks at both the national and global levels. Therefore, we are exploring the possibility of a legally binding convention on migration and development to improve the governance of international migration and to protect and promote the human rights of migrants and their contribution to development, regardless of their migratory status.”

They acknowledged the need to enhance the protection of all human rights and fundamental freedoms of migrant workers and their families and to consider the recognition of the qualifications and competencies of migrants and their access to low-cost financial services for remittances.

Climate change

On climate change, the leaders affirmed that the UNFCCC is the primary international, intergovernmental forum

for negotiating the global response to climate change and that the international response to climate change must fully respect the principles, provisions and ultimate objectives of the Convention, in particular the principles of equity and of common but differentiated responsibilities and respective capabilities.

They reaffirmed “the importance of continuing the negotiations on climate change under the Convention in accordance with its principles and provisions and of adopting, in 2015, a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all parties”.

They underscored that developing countries continue to suffer the most from the adverse impacts of climate change, even though they are the least responsible for climate change. “Accordingly, we call for developed countries to take the lead in responding to climate change.”

They added: “We recognize that low-lying and other small island countries, developing countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change.”

They reaffirmed the importance of implementing the Warsaw international mechanism for loss and damage associated with climate change impacts adopted at the nineteenth session of the UNFCCC Conference of the Parties in November 2013 and the urgency of taking concrete steps during this year for the immediate operationalization of the mechanism.

The leaders also stated: “We stress that the developed countries, given their historical responsibility, need to take the lead in addressing this challenge in accordance with the principles and provisions of the United Nations Framework Convention on Climate Change, particularly the principles of common but differentiated responsibilities and respective capabilities and equity, and provide financial and technological support to developing countries in a transparent, adequate and predictable manner under a modality of monitoring, reporting and verification.

“We reiterate that the extent to which developing countries will effectively implement their commitments under the United Nations Framework

Convention on Climate Change will depend on the effective implementation by developed countries of their commitments under the Convention related to financial resources and transfer of technology and will take fully into account that economic and social development and poverty eradication are the first and overriding priorities of developing countries.

“We stress the need to urgently close the ambition gap, and express concern about the lack of fulfilment of commitments by developed countries. In addressing this gap, the focus must not be limited to mitigation only but also address gaps relating to finance, technology and support for capacity-building, balanced with a focus on adaptation to climate change. We emphasize that developed countries must take robust and ambitious mitigation commitments, with ambitious quantitative targets for limiting and reducing emissions, as required by science and mandated by the United Nations Framework Convention on Climate Change.

“We reiterate the urgency of expediting the process of operationalizing the Green Climate Fund and for its early capitalization, and call upon developed countries to meet the goal of mobilizing \$100 billion each year by 2020 to address the needs of developing countries.”

On biological diversity, the declaration recognized the severity of global biodiversity loss and degradation of ecosystems, and the importance of the role of the collective actions of the indigenous people and local communities for the protection, use and conservation of biodiversity.

The leaders welcomed the outcomes of the eleventh meeting of the Conference of the Parties to the Convention on Biological Diversity in Hyderabad in 2012, especially the commitment to doubling biodiversity-related international financial flows to developing countries by 2015 and at least maintaining this level until 2020 to contribute to the achievement of the Convention’s three objectives, and called for a review of progress on this at the twelfth meeting towards adopting a final target for resource mobilization.

On forests, the declaration noted the outcome of the tenth session of the United Nations Forum on Forests in 2013, and underscored the importance of the four global objectives on forests and especially the fourth objective since

it identifies the need to reverse the reduction in ODA and to mobilize new and additional financial resources for the implementation of sustainable forest management.

It called for the establishment of a new global forest fund in line with the principles of sustainable development, and in order to channel the funds needed by developing countries to sustainably manage their forests.

On desertification, land degradation and drought, the declaration reaffirmed these are serious concerns for developing countries and that international action is urgently required. There is the need for cooperation through the sharing of climate and weather information and forecasting and early warning systems related to desertification, land degradation and drought, as well as to dust storms and sandstorms, at the global, regional and sub-regional levels.

On oceans and seas, the leaders stressed the importance of the conservation and sustainable use of the oceans and seas and of their resources for sustainable development, and committed themselves to protecting and restoring the health, productivity and resilience of oceans and marine ecosystems, and to maintaining their biodiversity, enabling their conservation and sustainable use.

Internet governance

On Internet governance, including the right to privacy, the leaders stated: "We view with dismay that some countries have recently been undertaking extensive, arbitrary and unlawful surveillance and/or interception of communications, including extraterritorial surveillance and/or interception of communications as well as the collection of personal data, including on a mass scale, on people and institutions in other countries, including on political leaders, senior officials and various government departments and agencies, as well as citizens.

"We call for the ending of such activities, which violate the human right to privacy of individuals and have a negative impact on the relations between countries. In this regard, we all call for intergovernmental entities to discuss and review the use of information and communications technologies to ensure that they fully comply with international law, including human rights law, in accordance with the pur-

pose and principles of the Charter of the United Nations."

They emphasized the important opportunities provided by information and communications technologies, including social media and related infrastructure, but also recognized that the illegal use of these technologies has a negative impact on nations and their citizens.

"In this regard, we express our strong rejection of the use of information and communications technologies in violation of international law, including the right to privacy, and of any action of this nature directed against any Member State, in particular a State member of the Group of 77.

"We further underscore the importance of ensuring that the use of such technologies should be fully compatible with the purposes and principles of the Charter of the United Nations and international law, in particular the principles of sovereignty, the non-interference in internal matters and the internationally recognized rules of civil co-

existence among States.

"In this regard, we take note with concern of the information published in international media about the objectives of the so-called 'ZunZuneo' network, which would constitute an illicit use of new information and communications technologies.

"We therefore reiterate our commitment to intensifying international efforts directed at safeguarding cyberspace and promoting its exclusive use for the achievement of peaceful purposes and as a vehicle to contribute to both economic and social development, and highlight that international cooperation, in full respect of human rights, is the only viable option for fostering the positive effects of information and communications technologies, preventing their potential negative effects, promoting their peaceful and legitimate use and guaranteeing that both scientific and technological progress is directed at preserving peace and promoting the welfare and development of our societies." (SUNS7828) □

Summit addresses MDGs, SDGs and post-2015 development agenda

In their declaration, the G77 leaders put forward their stance on the sustainable development goals and the post-2015 development agenda which are being discussed at the UN.

by Martin Khor

SANTA CRUZ: Within its Part IV on "global challenges", the declaration of the G77 summit has sections on three prominent issues that are presently the subject of negotiations at the United Nations – the Millennium Development Goals (MDGs), the sustainable development goals (SDGs) and the UN's post-2015 development agenda.

The declaration should thus have significant influence on the UN negotiations since it reflects the positions of the G77 and China at the highest political level, and these positions can be expected to be maintained by the Group during the negotiations on these three issues.

The negotiations on the SDGs are now taking place in New York and have reached their critical phase, with the report of the UN Open Working Group on SDGs scheduled to be presented to the General Assembly this September.

The intergovernmental negotia-

tions on the post-2015 development agenda are expected to begin soon after September when a working group is established for this issue. The negotiations will culminate in a Development Summit that is expected to be held in September 2015 or later.

Some of the key points made in the G77 declaration are as follows:

- There is unevenness and gaps in achieving the MDGs, many developing countries are not on track to achieving them by 2015, Goal 8 on global partnership for development is key and without international support and systemic changes, several of the Goals will not be achieved in many developing countries by 2015.

- Poverty eradication is the greatest global challenge facing the world today and an indispensable requirement for sustainable development.

- The SDGs should focus on integration of the three dimensions of sustainable development (economic, social

and environmental), and the outcome document of the UN Conference on Sustainable Development is the basis for the work of the Open Working Group on SDGs.

- Progress in realizing the MDGs, SDGs and the post-2015 development agenda will depend on a pro-development, international, enabling environment and delivering the means of implementation, particularly in the areas of finance, trade, technology and capacity-building, to developing countries.

- The process and outcome of the Open Working Group on SDGs should fully respect all the Rio Principles, in particular the principle of common but differentiated responsibilities.

- There is a need to define adequate means of implementation for each and every sustainable development goal, as well as the need for a dedicated sustainable development goal on the strengthened global partnership for sustainable development containing broader commitments on the means of implementation and international co-operation for sustainable development.

- The central importance of a just, transparent and inclusive intergovernmental negotiation process in the establishment of the post-2015 development agenda is reaffirmed; this process will need to focus on its modalities and substantive aspects to arrive at a negotiated and agreed outcome document.

- Poverty eradication must remain the central and overarching objective of the post-2015 development agenda, which should aim to eradicate poverty by 2030.

- The post-2015 development agenda must fully adhere to the Rio Principles, in particular the principle of common but differentiated responsibilities.

- It is important in the post-2015 development agenda to strengthen the global partnership for development, to be based on quantified and time-bound targets, consistent with MDG Goal No. 8 and in accordance with the principle of common but differentiated responsibilities.

- North-South cooperation remains the core of this partnership and strengthened commitment from developed countries is therefore required to enhance international cooperation and scale up support for developing countries.

- The post-2015 development

agenda must address issues of reform of the institutions of global economic governance, to strengthen the voice and participation of developing countries in decision-making in these institutions.

- The global economic, financial and trading systems remain imbalanced, to the disadvantage of developing countries; it is important to identify, in the post-2015 development agenda, the weaknesses and imbalances of these global systems and propose actions for improvements.

- There is a need for a sound implementation mechanism for the post-2015 development agenda to ensure development resources for the attainment of goals.

- There is a need for a responsible accountability approach to be adopted on partnerships involving the UN, particularly as regards participation of the private sector, civil society and philanthropic entities, and for procedures to consider and approve any such initiatives by member states in the General Assembly, in order to preserve the intergovernmental nature of the UN.

- It is important for the post-2015 development agenda to fully respect the development policy space of developing countries to make use of policy tools and measures that are required to implement their policies.

- The post-2015 development agenda should promote rapid, sustained and inclusive economic growth in developing countries as a key requirement for eradicating poverty and hunger and reducing inequalities within and among countries.

MDGs and SDGs

In the declaration's section on the MDGs, the political leaders expressed their commitment to strengthen efforts to achieve the MDGs by 2015 and to take a leading role in shaping the international development agenda during the post-2015 period. They called upon the international community to redouble all efforts for the accelerated achievement of the Goals by 2015 through concrete measures.

They noted the progress achieved so far on the MDGs but were concerned about the unevenness and gaps in achievement and about the vast challenges that remain in developing countries, many of which are not on track to achieving them by 2015.

They underscored the central role

of the global partnership for development and the importance of MDG Goal No. 8 in achieving all the Goals and that without substantial international support and systemic changes, several of the Goals will not be achieved in many developing countries by 2015.

They called on the international community to "intensify its efforts to provide enhanced means of implementation to developing countries through a renewed global partnership based on the collective quest to eradicate poverty and deprivation".

On sustainable development and sustainable development goals, the declaration reaffirmed the statement by world leaders in the outcome document of the United Nations Conference on Sustainable Development, "The future we want", that poverty eradication is the greatest global challenge facing the world today and an indispensable requirement for sustainable development.

"We reiterate that eradicating poverty, changing unsustainable patterns of consumption and production, promoting sustainable patterns of consumption and production, and protecting and managing the natural resource base for economic and social development are the overarching objectives of and essential requirements for sustainable development," said the declaration.

"We also reaffirm the need to achieve sustainable development by promoting sustained, inclusive and equitable economic growth, creating greater opportunities for all, reducing inequalities, raising basic standards of living, fostering equitable social development and inclusion, and promoting integrated and sustainable management of natural resources and ecosystems that supports, inter alia, economic, social and human development while facilitating ecosystem conservation, regeneration and restoration and resilience in the face of new and emerging challenges."

The G77 leaders stressed that sustainable development goals should address and be focused on the integration of the three dimensions of sustainable development (economic, social and environmental) and be guided by the outcome document of the UN Conference on Sustainable Development, respecting all the Rio Principles and taking into account different national circumstances, capacities and priorities.

They also reaffirmed that the out-

come document of that UN Conference is the basis for the work of the Open Working Group on SDGs.

They also stressed that progress in realizing the MDGs, SDGs and the post-2015 development agenda "will depend on progress in creating a pro-development, international, enabling environment and delivering the relevant means of implementation, particularly in the areas of finance, trade, technology and capacity-building, to developing countries".

They reaffirmed that the guiding principles of the SDGs must be based on all principles set out at the major UN summits and conferences in the social, environmental and economic fields and be consistent with international law. The process and outcome of the Open Working Group on SDGs should fully respect all the Rio Principles, in particular the principle of common but differentiated responsibilities. The SDGs should contribute to the full implementation of the outcomes of all the major summits in the economic, social and environmental fields.

They reaffirmed that "planet Earth and its ecosystems are our home and that 'Mother Earth' is a common expression in a number of countries and regions, and note that some countries recognize the rights of nature in the context of the promotion of sustainable development".

They were convinced that to achieve a just balance among the economic, social and environment needs of present and future generations, it is necessary to promote harmony with nature. They called for a holistic, integrated approach to sustainable development, which may include, among others, the recognition by some countries of the principles mentioned above, to guide humanity to live in harmony with nature and lead to efforts to restore the health and integrity of the Earth's ecosystems.

They welcomed the UN General Assembly dialogue on Harmony with Nature in April 2013, to commemorate International Mother Earth Day.

They stressed that the report of the Open Working Group on SDGs must be the result of an inclusive intergovernmental process.

They underscored the need to define adequate means of implementation for each and every sustainable development goal, as well as the need for a dedicated sustainable development goal on the strengthened global partnership for sustainable development containing broader commitments on the

means of implementation and international cooperation for sustainable development.

Post-2015 development agenda

On the post-2015 development agenda, the leaders reaffirmed the centrality of a just, transparent and inclusive intergovernmental negotiation process in the establishment of the agenda, as decided at the special event towards achieving the MDGs in 2013.

They stressed that this intergovernmental process will need to focus on its modalities and substantive aspects to arrive at a negotiated and agreed outcome document, taking fully into account the outcomes of the various follow-up processes mandated at the UN Conference on Sustainable Development as well as of the major summits and conferences related to the social, economic and environmental fields.

Recalling the statement made at the UN Conference on Sustainable Development that poverty eradication is the greatest global challenge and an indispensable requirement for sustainable development, the leaders emphasized that "poverty eradication must remain the central and overarching objective of the post-2015 development agenda. We strongly support the view that the post-2015 development agenda should reinforce the commitment of the international community to eradicate poverty by 2030."

The declaration underlined the need for a coherent approach to the post-2015 development agenda, which should reinforce the commitment of the international community to poverty eradication and the integration of the three dimensions of sustainable development in a balanced manner, with the contributions of the Open Working Group on SDGs, the financing for development process, the Intergovernmental Committee on Experts for Sustainable Development Financing, the process to develop options for a UN technology facilitation mechanism and other relevant processes.

The leaders reaffirmed that the post-2015 development agenda must fully adhere to the Rio Principles, in particular the principle of common but differentiated responsibilities. They underscored the importance of strengthening the global partnership for development, to be based on quantified and time-bound targets, consistent with MDG Goal No. 8 and in accordance with the principle of common but differentiated responsibilities in the post-

2015 development agenda.

North-South cooperation remains the core of this partnership and South-South and triangular cooperation are a useful complement to North-South cooperation.

"Strengthened commitment from developed countries is therefore required to enhance international cooperation and scale up support for developing countries," stated the declaration.

The G77 leaders emphasized the need for developed countries to urgently fulfil the ODA commitments they have made, individually and collectively, including the target of allocating 0.7% of their gross national product to ODA by 2015 and the target of allocating between 0.15% and 0.20% of their GNP for LDCs.

"We emphasize that the post-2015 development agenda must meaningfully address issues of reform of the institutions of global economic governance in order to strengthen the voice and participation of developing countries in decision-making in these institutions.

"We also note that the global economic, financial and trading systems remain imbalanced, to the disadvantage of developing countries, and in this regard we stress the importance of identifying, in the post-2015 development agenda, the weaknesses and imbalances of these global systems and of proposing actions for improvements with the aim of supporting the development agenda and the programmes of developing countries.

"We affirm the need for a sound implementation mechanism for the post-2015 agenda to ensure development resources for the attainment of goals. In this regard, we call for the intensification of development financing, for the establishment and improvement of mechanisms of technology transfer and for the enhancement of efforts to build the capacities of developing countries.

"We call for a responsible accountability approach to be adopted on the question of partnerships involving the UN, particularly as regards participation of the private sector, civil society and philanthropic entities. In this regard, we reaffirm the need to enhance transparency, coherence and sustainability, as well as accountability to Member States, in UN partnerships, and stress the need to ensure that procedures exist for the consideration and approval of any such initiatives by Member States in the General Assembly, in order to preserve the intergov-

environmental nature of the UN.

"We emphasize that the post-2015 development agenda should be an agenda for development, and in this context it is important to advance economic, social and environmental development in a comprehensive, balanced and coordinated manner. This agenda should be broader than that of the Millennium Development Goals and aim to include areas, issues and groups of populations that are key to achieving sustainable development.

"We also stress the importance of the post-2015 development agenda, if it is to be global in nature and universally applicable to all, to fully respect the development policy space of developing countries to make use of policy tools and measures that are required to implement their policies for poverty eradication and other developmental plans and programmes.

"We also stress that the post-2015 development agenda should promote rapid, sustained and inclusive economic growth in developing countries as a key requirement for eradicating poverty and hunger and reducing inequalities within and among countries."

Special situations

The declaration also has a Part V on "particular needs of developing countries in special situations".

This part contains summary descriptions of the needs and challenges faced by various categories of developing countries, and proposals for actions for each of them. The categories of countries covered in Part V include Africa, the least developed countries, the small island developing states, the landlocked developing countries, and middle-income countries.

The declaration also dealt with and called for action in relation to the Occupied Palestinian Territory and the Palestinian people; the issue of Argentina and the United Kingdom on the question of the Malvinas Islands; the sovereignty issues facing developing countries, including the dispute over the Chagos archipelago, including Diego Garcia; the rejection of imposition of laws and regulations with extraterritorial impact and all other forms of coercive economic measures including unilateral sanctions against developing countries; the embargo of the US against Cuba; and the economic sanctions imposed on the Sudan. (SUNS7829) ☐

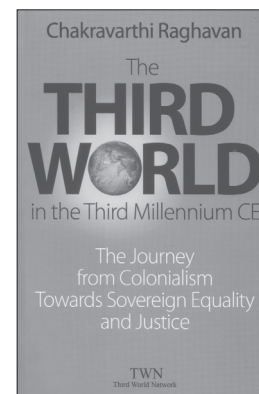
The Third World in the Third Millennium CE

The Journey from Colonialism Towards Sovereign Equality and Justice

By Chakravarthi Raghavan

The development path traversed by the countries of the Third World since emerging from the colonial era has been anything but smooth. Their efforts to attain effective economic sovereignty alongside political independence, even till the present day, face myriad obstacles thrown up on the global economic scene. This drive to improve the conditions of the developing world's population has seen the countries of the South seek to forge cooperative links among themselves and engage with the North to restructure international relations on a more equitable basis – not always with success.

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ISBN: 978-967-5412-83-7 368pp
14 cm x 21.5 cm Year: 2014

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TDB celebrates UNCTAD's 50th anniversary

As it was during the inaugural session of the UN Conference on Trade and Development that the G77 came into being, June also marked the 50th anniversary of UNCTAD. The UN body's Trade and Development Board commemorated the occasion with a special session where speakers reflected on how UNCTAD had "strived to build a world economy that serves the interests of all", and looked at the development challenges confronting it 50 years on.

by Kanaga Raja

GENEVA: The Trade and Development Board (TDB) of the UN Conference on Trade and Development (UNCTAD) on 17 June held its 28th special session to celebrate the 50th anniversary of the organization's establishment.

Among the keynote speakers at the session were UN Secretary-General Ban Ki-moon, UNCTAD Secretary-General Mukhisa Kituyi, Simonetta Sommaruga, Vice-President of the Swiss Confederation, and Hamad bin Abdulaziz Al-Kawari, Minister of Culture, Arts and Heritage of Qatar, who was President of the UNCTAD XIII ministerial conference held in Doha in 2012.

The special session was also addressed (via a video message) by Eda Rivas, the Foreign Minister of Peru, which will host the UNCTAD XIV conference in 2016.

Statements were also made by Eugene Adoboli, former Prime Minister of Togo and a former UNCTAD staff member; Julio Lacarte Muro, former Minister of Industry and Commerce of Uruguay; and Jack Stone, former Head of UNCTAD's Research Division. All three of them were at the first UNCTAD conference held in Geneva in 1964.

Aspiration

Declaring open the 28th special session, Ambassador Triyono Wibowo of Indonesia, the President of the TDB, said that 50 years ago, nations gathered in Geneva to fulfil a dream; it was a dream – an aspiration – to create within the United Nations a very special entity to bring about a just and equitable world that would promote the full realization of human potential.

He quoted from the Final Act of UNCTAD I: "The States participating in the Conference are determined to

achieve the high purposes embodied in the United Nations Charter 'to promote social progress and better standards of life in larger freedom'; to seek a better and more effective system of international economic cooperation, whereby the division of the world into areas of poverty and plenty may be banished and prosperity achieved by all; and to find ways by which the human and material resources of the world may be harnessed for the abolition of poverty everywhere. In an age when scientific progress has put unprecedented abundance within man's reach, it is essential that the flows of world trade should help to eliminate the wide economic disparities among nations. The international community must combine its efforts to ensure that all countries – regardless of size, of wealth, of economic and social system – enjoy the benefits of international trade for their economic development and social progress."

"These words are as fresh and as relevant today as they were 50 years ago," said the President of the TDB. "These words are as powerful and inspiring today as they were 50 years ago. And these words represent the unfinished business of 50 years ago. These words, these objectives, these principles, underscore the reality that UNCTAD is as relevant as ever. The world of today may be different in many ways from the world of 1964, but the magnitude of the changes is overshadowed by the magnitude of the work that remains to be done."

Turning point

In his statement at the special session, UN Secretary-General Ban Ki-moon said that he had just come from Bolivia where he had joined heads of state in marking the 50th anniversary

of the G77 and China which itself was established at the first meeting of UNCTAD.

"Over the past half century, the entire United Nations family has strengthened its commitment to fair and inclusive socioeconomic development. We have worked to reduce poverty and spread prosperity, in recent years by adopting the landmark Millennium Development Declaration and implementing the Millennium Development Goals," he said.

"Fifty years later, our world is very different. The divisions between North and South – East and West – have blurred," he added, noting that some developing countries have emerged to become economic powerhouses and global players.

"This birthday comes when we in the international community are facing a turning point in the drive for sustainable development. We have little over 500 days left until the deadline for achieving the [Millennium Development Goals]. We need to speed up our efforts and build on the achievements. At the same time, our Member States are on the cusp of shaping a far-reaching development agenda for the period after 2015."

This development agenda must be bold and ambitious, he said, adding: "We need to chart a path for economic development that is inclusive and environmentally sustainable. We must look for transformative solutions that expand the boundaries of opportunity for people while respecting the boundaries of our planet."

"There is a growing understanding that climate change is not just a threat but also an opportunity to re-orient our economies for the better," he said, pointing out that this is one of the reasons why he will convene a Climate Summit in September to bring together global leaders and catalyze action.

"We must intensify our fight against poverty. We must tackle social deprivation and expand access to crucial services. We must empower women and girls and offer a better future to young people. We need to pursue this transformative agenda in an increasingly interconnected world."

As it has for 50 years, said Ban, UNCTAD will continue to play an important role. "You have faced challenges linked to the big changes in international trade and economic rela-

tions over the past five decades. Your focus has widened from the trade issues that were of main concern to developing countries in 1964 to embrace a bigger, and more complex, set of questions. Your work has evolved from North-South relations and problems to today's greater emphasis on interdependence between countries and between economic sectors."

In the process, the contribution of UNCTAD to the United Nations' development work has been – and continues to be – crucial, the UN chief stressed, adding that in preparation for post-2015, "we in the United Nations system are working on making ourselves 'fit for purpose'".

As an anchor in the UN's development pillar, "UNCTAD has a vital role to play in helping to deliver the post-2015 agenda. As we celebrate today, let us resolve to deepen our work together for sustainable development and a life of dignity for all. For that we will need a strong UN and a strong UNCTAD," he concluded.

Common concern

In his statement, UNCTAD Secretary-General Mukhisa Kituyi said that the occasion carried a very personal significance for him, in that as a Kenyan born at the sunset of the Mau Mau liberation struggle and the dawn of African independence, he had lived through the challenges that led to the creation and remain at the heart of UNCTAD.

Newly independent Kenya was among the poor nations which saw in the Geneva conference 50 years ago an opportunity to create an organization that embodied their aspirations and raised hopes that the great divide between the nations of the world could be narrowed and the benefits of prosperity spread across the regions.

Back in 1964, said Kituyi, trade and economic relations reflected the sharp distinction between North and South. Trade perpetuated a skewed and biased international division of labour. Developing countries relied mainly on exports of primary products to, and imported high-value-added manufactured goods from, the former colonial powers. This relationship raised doubts as to whether political independence alone could provide the economic emancipation the nations of the South

aspired to.

In creating UNCTAD, all countries – both rich and poor – recognized that it was necessary to redress this imbalance, he said, quoting what member states agreed at UNCTAD I: "Economic development and social progress should be the common concern of the whole international community, and should ... help strengthen peaceful relations and cooperation among nations."

"Since then, working with our member states, we at UNCTAD have strived to build a world economy that serves the interests of all. We have carried out analytical research and provided innovative thinking and policy proposals. We have served as a forum to foster consensus on achieving inclusive development. Through our technical cooperation, we have supported the efforts of developing countries and countries with economies in transition to benefit from globalization," he said, noting that in the process, UNCTAD has helped to inform and shape the global development agenda, as well as build national capacities where needed.

He added: "Fifty years on, we have moved from a world dominated by North-South and East-West divisions to one of more complex relationships and new interconnectedness. Yet some of the same development concerns that animated discussions in 1964 remain. The need for inclusive growth is just as, if not more, compelling today."

The same is true for the continued need to fight poverty. Despite progress in reducing the number of people living in extreme poverty, in 2010, 2.4 billion people still had to survive on less than \$2 a day, only slightly fewer than was the case in 1981.

Referring to the post-2015 development agenda, Kituyi said: "The agenda we define should aim to create conditions that will allow more countries to achieve the kind of 'virtuous circles' of productive investment, rising incomes, poverty reduction and expanding markets that bring about lasting economic and social transformation."

Encouraged by the ongoing discussions in New York on the Sustainable Development Goals (SDGs), he said that he is also pleased that UNCTAD is playing a lead role in modelling appropriate means of implementation for the

SDGs.

"UNCTAD at 50 has grown the capacity to take a lead role in the structural transformation needed in developing countries. I can say with confidence that despite new complexities reflected in new dynamics of trade, notwithstanding the reversals originating from uncertainties in the environment, financial crises and security breaches, UNCTAD remains fit for purpose."

"In early 2016, less than two years from now, UNCTAD XIV will take place in Lima, Peru. Before then, in addition to the deliberations to establish the SDGs, there will be a number of important meetings held under the UN's auspices. These are set to include conferences of Small-Island Developing States and Landlocked Developing Countries, as well as on climate change and financing for development. We will have a unique opportunity to work as One UN and make the linkages that will allow us to help shape a brighter future," said Kituyi.

Fair and just trade

In her statement, the Vice-President of the Swiss Confederation, Simonetta Sommaruga, said that 50 years ago, the first Secretary-General of UNCTAD (Raul Prebisch) deplored the fact that developing countries did not benefit enough from international trade, and that the profits generated by trade were almost exclusively to the benefit of the industrialized countries.

His solution to these imbalances in trade was summed up in the words "trade not aid". The purpose was to free the developing countries of their dependence on aid from industrialized countries. Already that time it was clear that this was an achievable objective, since many developing countries had much better assets than many industrialized countries in terms of raw materials and biodiversity, she said.

Later, the slogan "trade not aid" was replaced by the Aid for Trade initiative. The idea was to change the focus but not to undermine the fundamental principle. The objectives were still the same. First, developing countries needed to play an important role in a newly organized global market. Second, developing countries needed to have access to international markets and make full use of that access. And

third, the developing countries needed to improve their competitiveness while respecting fair conditions and they needed to strengthen their private sector.

In some countries, poverty has declined considerably. "This is a success which we must welcome", and a success to which UNCTAD made essential contributions, Sommaruga said.

UNCTAD has become a vital actor in the areas of trade and development. "While we need of course to recognize the progress that has been made and welcome such progress, we must also state clearly that we're still very far from achieving our objectives," she said, noting that the divide between industrialized countries and the least developed countries is still far too wide.

International trade even 50 years after UNCTAD's creation still needs a strong, active UNCTAD, said the Swiss Vice-President. "It still needs a committed UNCTAD unflinchingly working for fair, just trade, trade which benefits as many people as possible, trade which is [to] the benefit of all of humanity."

"Prosperity for all"

Minister Al-Kawari, the President of UNCTAD XIII, said that the question "Who are we?" was "a pertinent question which we should ask ourselves – who are we as an international group of nations? Have we learnt the lessons of the past? Have we been able to go past a history riven with confrontation and wars? Have we become more compassionate? Have we become better nations?"

He personally believed that "we have been able to achieve all these objectives to a certain degree. When the United Nations rose from the ashes of wars there was a main objective – to protect humanity from extinction, and when mankind rose from the flames of war, mankind also was capable of bringing destruction upon itself." That's why the United Nations was created, to ensure the survival of mankind. With all these problems, the United Nations flourished because it was able to achieve important goals. The United Nations has become an instrument to create a better world. "Our ambitions were noble and they continue to be."

He noted that the United Nations was already 20 years old when

UNCTAD came into being and in the 20 years that preceded the creation of UNCTAD, several nations were able to get rid of the yoke of colonialism and achieve independence. With the expansion of the United Nations, a new group was formed known as the developing countries, and with the creation of this group, a new call was made to improve the international economic system to serve mankind as a whole. This call, he said, was reflected in the motto of UNCTAD, "Prosperity for all".

In her video message to the session, Eda Rivas, the Foreign Minister of Peru, the host of UNCTAD XIV in 2016, said that ever since its inception in 1964, UNCTAD has played a key role as a multilateral forum for analysis, discussion and consensus-building.

As president of UNCTAD XIV, she said that Peru will seek to ensure that the declarations adopted will bolster the prime role played by UNCTAD in the face of the challenges to sustainable development in the post-2015 world, "so that we can meet the particular needs of all developing countries".

"And we can tackle the issues of greatest worldwide significance taking into account the challenges facing us as a result of the current economic situation. Thus, we hope that UNCTAD can continue to live up to current and emerging challenges and give us approaches for grappling with structural problems of development, creating the necessary consensus for all of this and fostering international cooperation in a transparent and inclusive manner as has always been the case," she added.

Great event

Eugene Adoboli, the former Prime Minister of Togo who was present at UNCTAD I, said that he was the youngest member of the Prebisch team at the first conference in 1964, which was held in Geneva from 23 March to 16 June.

According to Adoboli, this conference was the greatest international event after the Second World War. In fact when the United Nations itself was established, most developing countries had not yet become independent. The world was in a worrying state – people lived in different, separate worlds at that time. The Cold War was at its height. It was a time of struggle for na-

tional liberation and a time for the struggle to totally eradicate apartheid.

These problems were the concerns of the international community at that time, much more than the problems of international trade and economic development in developing countries, he said, adding that economic thinking of the day and the necessary action to improve the socioeconomic situation of the peoples of the world were very limited.

The political situation in almost all of the countries of the Third World was also very worrying then. There were dictatorships everywhere, and democracy and fundamental freedoms were not considered issues of immediate importance in the concerns of the international community. Further, the Third World faced an ever-worrisome political situation. What mattered at that time for the North was "Are you for us or against us? If you're not for us, then you're against us."

Adoboli emphasized that at the time of the first UNCTAD conference, problems relating to climate change and the environment, and the impact of those phenomena, were not on the agenda at all. It was thus in a world full of paradoxes – a complex world – that the conference took place against that backdrop.

He said that very few people thought that this conference was important, and yet it was the greatest event of the world at that time.

According to Adoboli, the UN General Assembly had not intended to create a new organization, but one of the greatest achievements of the conference was the creation of UNCTAD as a body of the General Assembly with its own standing secretariat.

The conference was also the first international event where the countries of Latin America, Africa and Asia came together to speak and to act collectively in North-South relations by adopting a declaration to that end – the Declaration of the Group of 77. The declaration aimed at bringing together developing countries and encouraging them to undertake common positions in negotiations with the developed countries on development. And development required fair and equitable trade – trade with a human face, he said.

"I believe this declaration was the crowning moment of the conference,"

he said, recounting that the origin of the declaration was "rather strange". He recalled that Cuba's Comandante Ernesto "Che" Guevara and Gamani Corea of Ceylon (now Sri Lanka) were sitting side by side, whereby Che Guevara turned his head slightly to Corea and told him: "Gamani, you speak English. You speak English very well and you also write English well. Why don't you draft a declaration to be signed by all developing countries participating in this conference?"

Some 24 hours later, Adoboli recalled, Corea had produced a long draft which was adopted by the Group of 77 with very few amendments.

Despite the shifting international context and the economic and political

changes that have taken place, and the changes in development assistance policy, the Group of 77 has stuck together and has not broken up, said Adoboli.

He also paid tribute to Prebisch, the first UNCTAD Secretary-General, saying that the first conference was guided by the ideas, the thinking and the courage of an intellectual giant.

"Indeed, one might legitimately ask the question today of where the world would be without Prebisch. In any event, without Prebisch, UNCTAD would not have been born. Most likely, we would not be here today without Prebisch", who Adoboli called a great man with an outstanding mind and a visionary. (SUNS7826) □

Experts debate globalization and inequality

A recent discussion session convened by UNCTAD saw development experts consider policy practices to combat poverty and inequality, as well as the need for policy space to implement these strategies at the national level.

by Kanaga Raja

GENEVA: Political will and political power and sustainable policies at national level as well as national policy space and fair international trade, money and finance systems are essential to tackle poverty and inequality, according to experts at an eminent panel discussion at UNCTAD.

The experts on the panel were discussing best policy practices for tackling poverty and inequality on the road to achieving sustainable development.

The discussion took place in a roundtable session on 19 June, during UNCTAD's two-day Public Symposium (18-19 June), which this year coincided with UNCTAD's own 50th anniversary celebrations.

Among the discussants were Rubens Ricupero, a former UNCTAD Secretary-General; Martin Khor, the Executive Director of the South Centre; Deborah James, Director of International Programmes at the Center for Economic and Policy Research (CEPR); Roberto Bissio, Global Coordinator of the Social Watch network; and Zhongxiu Zhao, Vice-President of the University of International Business

and Economics.

Political will

Referring to the issue of inequality and poverty reduction, Ricupero, a Brazilian national, said everybody agrees that Latin America in general and Brazil in particular have been moving in the right direction, and in the opposite direction of many countries including developing countries that have seen inequality worsening and poverty coming back again, sometimes in force.

He underlined the fact that in order to fight poverty and reduce inequality, the first condition is political power and political will. Western societies only got rid of the most extreme forms of poverty when they decided that it was their utmost priority to do so, he said.

"And that is what we have been seeing in inequality in the current debate ... We all know that in the US, for instance, it is politics; it was the political choices made by the group that captured power" that explained this unfortunate evolution. They decided to

make the country safer for the very rich and tougher for the very poor, Ricupero said, noting that this is a political problem that has to be settled at the political level.

In Latin America, and particularly in Brazil, he said, "perhaps we have too much of political power, too much of political will. Is it possible to say that we could have too much of a good thing? Indeed it is. In our case [in Brazil], there was, after the military withdrew, a sort of new social compact to finally address a centuries-old history of slavery, of inequality, of extreme poverty."

And Brazil did it in a very short time, he said; in about 20 years, more than 50 million people were lifted up from the most abject forms of poverty. While inequality is still a problem, Brazil is moving in a determined way to reduce it, Ricupero underlined, noting that Brazil is one of the few countries in the world where inequality is actually falling.

But as always, the problem now is "to ask ourselves whether it will be sustainable in the middle and long term", he remarked, stressing that his main message is that in order to make the fight against poverty and inequality sustainable, "we have to balance political will with a good mix of sound policies".

In Brazil's case, for instance, he said there was "some exaggeration" in terms of cash transfers and direct cash payments to families. In the last 12 years, it is estimated that a staggering 84% of the increase in public cost and expenditure went into cash transfers.

The consequence is that "we have very little money left for infrastructure. There has been an enormous boom in consumption and credit – those are good things, but there has been a clear sacrifice in savings and investment, with the economy coming to a halt." This means that in the long term, it will no longer be sustainable in terms of the progress that has been achieved so far.

According to Ricupero, in the very long term, what Nobel laureate Paul Krugman has said is true: "Productivity may not be the only thing, but it's almost the only thing." At some point, "we have to invest in human capital, on education and on the capacity to make people more productive with less cash transfers by governments".

Ricupero said that one of the useful points of this discussion would be to try to come up with ideas that would make the fight against poverty and inequality a long-term sustainable goal.

From poverty to sustained development

Martin Khor, the Executive Director of the South Centre, pointed out that there is acute poverty due to natural disasters, civil wars and so on; these kinds of causes require humanitarian assistance, but there isn't enough of that.

"Secondly, we have in many countries poverty which in the past was due to low commodity prices. This led some countries into external debt crises," he said.

According to Khor, the solutions offered by the international financial institutions were often the wrong ones, with the wrong conditionalities. And this led these countries into two or three "lost decades" because they continued to be in poverty, especially if one compares them to developing countries that did not suffer a debt crisis and did not go through structural adjustment policies.

When he is asked why East Asia did better than Africa, Khor said, "I tell my African friends it's not due to more corruption in Africa or more tyranny in Africa – we have this all over the world – it's due to the fact that we [East Asia] didn't fall into the wrong policies of the IMF and World Bank and we were able to institute a lot of policies which they [Africa] were not allowed to do."

Accordingly, if countries fall into debt, they need to have debt relief upfront or an international debt resolution mechanism. There is also a need for reforms of the international debt system as well as reforms in the conditionalities of loans. Today, said Khor, the big debate is also on the conditionality of loans to the European countries which have gone to the IMF or the European Central Bank.

On the larger issue of moving from poverty to sustained development, Khor said that at the national level one could have short-term and quite successful policies of cash injection to the poor, as is now being carried out by an increasing number of countries led by Brazil with its Zero Hunger programme. Cit-

ing what Ricupero had said earlier about cash transfers, Khor asserted that this may not be financially sustainable unless one has sustained economic growth which contributes to government revenues that can then sustain a social programme.

Referring to sustainable development strategies and policies, Khor said it is important to look at how to obtain more revenues from existing commodities, including minerals. He posed several other questions: How to have better benefit-sharing with the transnational corporations that extract the natural resources? How to keep the commodity prices up rather than down, because it is low commodity prices which have led many developing countries into poverty and which also led to the formation of UNCTAD itself? How to diversify away from commodities or among commodities and add value to the commodities through processing and manufacturing?

Khor, a Malaysian national, recalled one incident where "the Minister of Commodities in Malaysia [told] me that if we [Malaysia] exported one cubic metre of raw wood versus the same cubic metre converted into furniture, we would get seven times more revenue [from furniture] – more value-added – and that is why we went into furniture export."

The role of the state is very important in the provision of loans and subsidies and in infrastructure, as well as active promotion of commodity diversification and upgrading into manufactures, said Khor.

He also pointed to the need for a stable currency, saying that unstable currencies led to crisis in many developing countries. This requires a reform in the international monetary and financial system which has not come about yet. Capital flows will also need to be stable, he added. There can't be huge inflows and outflows of capital, which make it very difficult for a country to remain stable in terms of its real economy.

There is a need for policy space to be able to carry out all these strategies, Khor said, further underlining the need to have the correct trade rules.

"We have rules in the WTO in relation to subsidies, TRIMs [trade-related investment measures] and so on that make it difficult, or even impossible, for

many developing countries to institute the kind of policies that successful developed countries, or successful developing countries, were able to have in the pre-subsidy agreement and the pre-TRIMs agreement period."

Khor added: "We need developed countries to cooperate by not instituting policies that are detrimental to developing countries, for example, high agricultural subsidies which enable them to export food at very cheap prices to developing countries, which, because of lowered tariffs due to structural adjustment, force these poor developing countries to import food, which is less efficient [and displaces] their more efficient farmers."

There is also a need to re-examine the free trade agreements that ask developing countries to lower their tariffs to zero for almost all products even as agricultural subsidies remain in the developed countries, for this will make it very difficult for them to escape from poverty and into sustained development.

Many countries are also now finding investment rules to be a real burden because these rules constrain their ability to have regulations and could see them brought to court in a very unfair arbitration system.

Khor concluded: "We need to have environmental policies that are sound or rather development policies that are environmentally sound, otherwise the base for future development is gone. And we need to have a development agenda post-2015 that has the right Sustainable Development Goals but also go beyond the goals-and-targets framework."

Zhongxiu Zhao, the Vice-President of the University of International Business and Economics, highlighted China's past experiences in using trade to promote development and to reduce poverty. He pointed out that trade absorbed over 100 million people from the rural areas and that this process is still continuing.

Internal and external policies

Roberto Bissio, the Global Coordinator of Social Watch, talked about best practices relating to poverty and inequality in his country Uruguay.

He said that after the financial crisis of 2002, Uruguay was in a situation

not very different from that of Greece or Spain today. But from 2005 onwards, cash transfer programmes were started by the government to address the issue of poverty. They were conceived as an emergency measure much like humanitarian assistance, and what was done was to institute mandatory collective bargaining, which resulted in the doubling of unions, which in turn resulted in the salaries of workers growing in real terms, thus recovering buying power.

In addition, he said, the minimum wage was doubled and all workers, including domestic and rural workers, were formalized. Maternity and paternity leave, universal health insurance and income tax were also introduced.

On top of that, a non-economic agenda of more rights was undertaken, said Bissio, such as women having the right to decide on the number of children they want to have, people having the right to marry whomever they wish to marry, the right to choose one's gender, etc.

All these policies led to poverty reduction and less inequality, and invest-

ments grew in enormous proportions, contrary to theories on the need to constrain workers' rights in order to attract investment. In fact, there was growth in both national and foreign investment.

However, said Bissio, inequality between countries is a more complicated issue, because it does not depend on a country's internal policies.

In an apparent reference to a recent decision by the US Supreme Court to reject an appeal by Argentina and allow to stand a lower-court decision concerning Argentina's foreign debt, Bissio said: "We are facing a situation in the world today where sovereign country decisions about, for example, your own debt are taken by the Supreme Court of the US."

"And we would like to avoid the Supreme Court of the US judging over Argentina's foreign debt in a way that will lead the country to default, most likely, although they are desperately trying not to," he said, cautioning that this will also pull Uruguay "down the drain".

Pointing out that many other Latin

American economies will also suffer as a result of this decision, he noted that even the IMF is now saying that debt restructuring cannot be done anymore if such a stand is taken.

He recalled that at the UNCTAD XI conference in Sao Paulo in 2004, Ricupero, who was the then UNCTAD Secretary-General, had warned developing countries against joining the path of financial liberalization. According to Bissio, Ricupero had said at that time that "this is like joining the Mafia – you are attracted by a lot of promises and all the benefits that you are going to get in terms of money, power, women, whatever, but after a while you realize that maybe it was not a good decision, [and] you cannot send a resignation letter."

And this is what is happening to many countries now which are bound by bilateral investment treaties (BITs) and the like, Bissio said, adding that UNCTAD and the international system need to start thinking of an international "witness protection programme"

(continued on page 28)

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TF legal texts adopted, but still no consensus on protocol

WTO member states have approved the text of the Trade Facilitation Agreement but remain at odds over the provisions of the legal instrument that would give effect to the treaty.

by Kanaga Raja

GENEVA: The WTO Preparatory Committee on Trade Facilitation on 10 July formally adopted the legal texts of the Trade Facilitation Agreement (TFA), but consensus still eluded members on the Protocol of Amendment, which would bring to legal effect the TFA by inserting it into Annex 1A of the WTO Agreement.

According to trade officials, at a brief meeting, the Preparatory Committee firstly formally adopted the legal texts of the TFA in all three of the WTO's official languages – English, French and Spanish.

The WTO's ninth Ministerial Conference, which was held in Bali in December, had concluded the negotiation of the TFA "subject to legal review for rectifications of a purely formal character that do not affect the substance of the Agreement".

Subsequently, in May, the Preparatory Committee completed the legal review of the English text of the TFA. Following the completion of the translations, these were sent to the capitals of Spanish- and French-speaking countries.

At the 10 July meeting, the Chair of the Preparatory Committee, Ambassador Esteban B. Conejos Jr of the Philippines, said that he was heartened to see that the legal "scrubbing" of the TFA had proceeded so smoothly.

According to trade officials, El Salvador thanked Ambassador Alfredo Suescum of Panama for facilitating the work on the Spanish text.

On the Protocol of Amendment, the Chair reported that members were not yet in a position to adopt it.

The Preparatory Committee was tasked, among others, with drawing up the Protocol of Amendment for the TFA to be inserted into Annex 1A of the WTO Agreement.

According to the Bali Ministerial Decision, the WTO General Council is to meet no later than 31 July 2014 to annex to the TFA notifications of Cat-

egory A commitments (to be implemented when the agreement comes into force), to adopt the Protocol drawn up by the Preparatory Committee, and to open the Protocol for acceptance until 31 July 2015.

The Protocol is to come into force upon acceptance by two-thirds of the members (in accordance with Article X:3 of the WTO Agreement).

Persistent divide

The Preparatory Committee had held a two-day session on 2-3 July that saw continued differences among members over the possible language for the Protocol that would reference paragraph 47 of the 2001 Doha Ministerial Declaration, which outlines the principle of the single undertaking in the Doha Round trade talks.

(Paragraph 47 states: "With the exception of the improvements and clarifications of the Dispute Settlement Understanding, the conduct, conclusion and entry into force of the outcome of the [Doha Round] negotiations shall be treated as parts of a single undertaking. However, agreements reached at an early stage may be implemented on a provisional or definitive basis. Early agreements shall be taken into account in assessing the overall balance of the negotiations.")

In their interventions at that meeting, a number of developing countries reiterated the need for the language in paragraph 47 to be in both the draft Protocol of Amendment and the draft General Council decision that will adopt the Protocol. These countries included India, South Africa, Lesotho, Uganda, Tanzania, Zimbabwe, Bolivia and Cuba.

India told that meeting that until it had an assurance and visible outcomes that convince developing countries that members will engage in negotiations with a commitment to finding a permanent solution on public food stockhold-

ing and other Bali deliverables, especially those for the least developed countries, it would find it difficult to join the consensus on the Protocol of Amendment.

[According to a report in the *Washington Trade Daily*, ahead of the Preparatory Committee meeting on 10 July, the Chair of the General Council, Ambassador Jonathan Fried of Canada, held consultations with the ambassadors of some of the seven countries (India, South Africa, Tanzania, Uganda, Zimbabwe, Bolivia and Cuba) that had refused to join the consensus on the Protocol.

[The *WTD* also reported that WTO Director-General Roberto Azevedo held "confessionals" with Uganda, Tanzania, Zimbabwe, India, Cuba and Bolivia to discuss their concerns, and had conveyed his worries over the work on trade facilitation not being completed by the end of the month. The seven countries, however, are reported to have reiterated their concerns that their core issues on development have yet to be addressed.]

At the Preparatory Committee meeting on 10 July, the Chair reported that consensus (on the Protocol) "still appears elusive as of today" and that he saw no point in engaging in another round of repetitive discussions on outstanding issues unless delegations had positive developments to report.

According to Ambassador Conejos Jr, this conversation "will need to take place at another time, and possibly at another level".

According to trade officials, the Chair said that his door remained open to anyone wishing to see him. He also urged delegations to reach out and talk with each other.

According to trade officials, no delegation took the floor.

Given that the agenda for the General Council meeting of 24-25 July would need to go out to members shortly, the Chair said that, in the absence of an approved Protocol from the Preparatory Committee, the item inscribed on the General Council agenda on this issue would be a report from the Preparatory Committee Chair.

Ambassador Conejos Jr said that the possibility of an agreement remained on the table. He urged members to do their best and get an agreement before 24 July. The Chair told members that there were no additional meetings

of the Preparatory Committee scheduled, but that he would inform members promptly if that situation were to change.

Some trade diplomats suggested that Azevedo, as well as the US and the

EU, were likely to try to bring this matter up before the scheduled meeting of senior officials and trade ministers of the G20, which was being held in Sydney. Australia is hosting this year's G20 summit. (SUNS7843) □

Africa under “unprecedented” pressure from rich countries

The US and the EU have exerted “pressure and bulldozing” on African countries in a bid to expedite the entry into force of the trade facilitation accord at the WTO.

by Ravi Kanth Devarakonda

GENEVA: African countries are coming under strong pressure from the United States and the European Union to reverse the decision adopted by their trade ministers to implement the WTO's trade facilitation agreement on a “provisional” basis.

At the 20-27 June summit of African Union leaders in Malabo, Equatorial Guinea, “there was unprecedented [US and European Union] pressure and bulldozing to change the decision reached by the African trade ministers on 27 April in Addis Ababa, Ethiopia, to implement the trade facilitation (TF) agreement on a provisional basis under paragraph 47 of the Doha Declaration”, Ambassador Nelson Ndirangu, director for economics and external trade in the Kenyan Foreign Ministry, told Inter Press Service (IPS).

“This pressure comes only when the issues and interests of rich countries are involved but not when the concerns of the poorest countries are to be addressed,” Ambassador Ndirangu said.

“Clearly, there are double-standards,” the senior Kenyan trade official added, lamenting the pressure and arm-twisting that was applied on African countries for definitive implementation of the agreement.

The TF agreement was concluded at the WTO's ninth Ministerial Conference in Bali, Indonesia, last year. It was taken out of the Doha Development Agenda as a low-hanging fruit ready for consummation. More importantly, the agreement was a payment to the United States and the European Union to return to the Doha negotiating table.

The ambitious TF agreement is

aimed at harmonizing customs rules and regulations as followed in the industrialized countries. It ensures unimpeded market access for companies such as Apple, General Electric, Caterpillar, Pfizer, Samsung, Sony, Ericsson, Nokia, Hyundai, Toyota and Lenovo in developing and poor countries.

Former WTO Director-General Pascal Lamy has suggested that the TF agreement would have an impact equivalent to a 10% tariff reduction in the poorest countries.

In return for the agreement, developing and least developed countries were promised several best-endavour outcomes in the Bali package on agriculture and development.

They include general services (such as land rehabilitation, soil conservation and resource management, drought management and flood control), public stockholding for food security, an understanding on tariff rate quota administration, export subsidies, and phasing out of trade-distorting cotton subsidies (provided largely by the United States) in agriculture.

The non-binding developmental outcomes include preferential rules of origin for the export of industrial goods by the poorest countries, a special waiver to help services suppliers in the poorest countries, duty-free and quota-free market access for least developed countries (LDCs), and a monitoring mechanism for special and differential treatment flexibilities.

African countries were unhappy with the Bali package because they said it lacked balance and was tilted heavily in favour of the TF agreement forced by the industrialized countries on the poor

nations.

The Bali outcomes, said African Union Trade Commissioner Fatima Acyl, “were not the most optimal decisions in terms of African interests ... We have to reflect and learn from the lessons of Bali on how we can ensure that our interests and priorities are adequately addressed in the post-Bali negotiations.”

The African ministers directed their negotiators to propose language on the Protocol of Amendment – the legal instrument that will bring the TF agreement into force at the WTO – to the effect that the TF agreement will be provisionally implemented and (definitively) on completion of the entire Doha Round of negotiations.

African countries justify their proposal on the basis of paragraph 47 of the Doha Declaration which enables WTO members to implement an agreement on either a provisional or a definitive basis.

Furious response

The African position on the TF agreement was not acceptable to the rich countries. In a furious response, the industrialized countries adopted a belligerent approach involving threats to terminate preferential access to their markets.

The United States, for example, threatened African countries that it would terminate the preferential access provided under the African Growth and Opportunity Act (AGOA) programme if they did not reverse their decision on the TF agreement, said a senior trade official from Southern Africa.

The WTO has also joined the wave of protests launched by the industrialized countries against the African decision to implement the TF agreement on a provisional basis.

“I am aware that there are concerns about actions on the part of some delegations [African countries] which could compromise what was negotiated in Bali last December,” WTO Director-General Roberto Azevedo said at a meeting of the informal Trade Negotiations Committee on 25 June.

The African decision, according to Azevedo, “would not only compromise the Trade Facilitation Agreement – including the technical assistance ele-

ment. All of the Bali decisions – every single one of them – would be compromised.”

The United States agreed with Azevedo's assessment of the potential danger of unravelling the TF agreement, and the European Union's trade envoy to the WTO, Ambassador Angelos Pangratis, said that “the credibility of the negotiating function of this organization is once again at stake” because of the African decision.

Strong-arm tactics

The United States and the European Union stepped up their pressure by sending security officials to Malabo to oversee the debate, said another African official. He called it an “unprecedented power game rarely witnessed at an African heads of nations meeting”.

In the face of the strong-arm tactics, several African countries such as Nigeria and Mauritius refused to join the ministerial consensus to implement the TF agreement on a provisional basis. Several other African countries subsequently retracted their support for the declaration agreed to in April.

In a nutshell, African Union leaders were forced to change their course by adopting a new decision which “reaffirms commitment to the Doha Development Agenda and to its rapid completion in accordance with its development objectives”.

The African Union “also reaffirms its commitment to all the decisions the Ministers took in Bali which are an important stepping stone towards the conclusion of the Doha Round ... To this end, leaders acknowledge that the Trade Facilitation Agreement is an integral part of the process.”

Regarding capacity-building assistance to developing countries to help them implement the binding TF commitments, African Union countries still want to see up-front delivery of assistance.

The new decision states that African Union leaders “reiterate in this regard that assistance and support for capacity-building should be provided as envisaged in the Trade Facilitation Agreement in a predictable manner so as to enable African economies to acquire the necessary capacity for the implementation of the agreement”.

The decision taken by the African leaders is clearly aimed at implementing the TF decision, but there is no clarity yet on how to implement the decision, said Ndirangu. “We never said we will not implement the TF agreement but we don't know how to implement this agreement,” he added.

In an attempt to ensure that the rich countries do not walk away with their prized jewel in the Doha crown by not addressing the remaining developmental issues, several countries – South Africa, India, Uganda, Tanzania, Solomon

Islands and Zimbabwe – demanded on 2 July that there has to be a clear linkage between the implementation of the TF agreement and the rest of the Doha Development Agenda on the basis of the single undertaking, which stipulates that nothing is agreed until everything is agreed.

More than 180 days after the Bali meeting, there is no measurable progress on the issues raised by the poor countries. But the TF agreement is on course for final implementation by the end of 2015. (IPS) □

US Supreme Court “validates” vulture fund activities

A recent US Supreme Court decision on a case involving Argentine sovereign debt threatens to undermine not only Argentina's economic well-being but also, more broadly, prospects for restructuring poor countries' debts.

by Carey L. Biron

WASHINGTON: The US Supreme Court's decision to reject an appeal by the Argentine government will embolden aggressive “holdout” creditors, anti-poverty groups say, and make it far more difficult to arrive at debt-relief agreements for poor countries.

The move, announced on 16 June, is a definitive setback for Argentina, which has been battling two US hedge funds for years to allow a major debt-restructuring agreement to go forward. Yet the court's decision is also being seen as a significant loss for poor countries looking for debt relief.

“I'm still reeling from this news,” Eric LeCompte, executive director of Jubilee USA Network, an umbrella of religious anti-poverty groups, told Inter Press Service (IPS). “Not only is the behaviour of the hedge funds validated, but it has actually been encouraged. Now they have new legal instruments to force countries like Cote d'Ivoire and Zambia into submission pretty quickly.”

As per tradition, the court did not explain why it was declining Argentina's appeal and, instead, letting stand a lower-court decision that requires Argentina to pay some \$1.5 billion to creditors. Following that verdict, in August, the Argentine government stated it would never comply with the

order, though it has since softened its stance.

A second decision, also handed down by the Supreme Court on 16 June, was overwhelmingly in favour of the hedge funds, allowing bondholders to force global banks to assist in tracing Argentine assets.

At issue is a strategy adopted by a small number of hedge funds, based particularly in the United States, to purchase reduced-rate debt from poor countries with little hope of repayment. These firms then file lawsuits against those governments for failure to repay, looking to scoop up government revenues and international aid monies when they eventually start to flow.

Perniciously, these firms maintain the lawsuits even as other investors agree to reduce some debts, accepting lower-than-expected returns that nonetheless allow the indebted government to begin to recover economically.

Even a single such “holdout creditor” or “vulture fund” can gum up the entire debt-restructuring process, as legally the deal can't go forward without approval from all creditors.

The landmark case has been the one involving Argentina, which in 2001 defaulted on billions of dollars' worth of bonds after years of a roiling economy. Twice over the following de-

cade the Argentine government offered to swap its externally held bonds for new ones worth about a quarter of their value.

While some 93% of Argentina's creditors eventually agreed to such a deal, the arrangement has been rejected by two New York-based hedge funds, NML Capital and Aurelius. Those two subsequently sued the Argentine government, and NML was the lead plaintiff in the Supreme Court case.

More holdouts to come?

Close observers of the process worry that the Supreme Court's decision will not only embolden the rest of Argentina's creditors, but could now lead other investors to see such "holdout" strategies as both acceptable and enticing.

"This behaviour was already among the most profitable in the world, and this ruling now deems it both legitimate and even more profitable, given that investors will have to spend less on litigation," Jubilee USA's LeCompte says. "It's hard to say how many investors will now want to jump in, but we can only assume that investors will inevitably be interested in actions that are both legally legitimized and extremely profitable."

The United Nations has noted that the United States is the "preferred jurisdiction" for holdout creditors, though the Supreme Court's decision will initially help fewer than 100 US-based hedge funds.

Still, some have suggested that Aurelius and NML fought so hard around the Argentina case less for the money immediately at stake than for the model that a favourable ruling would solidify for the future.

The potential negative impacts of the 16 June decision could thus be many and varied. Communities living in extreme poverty, for instance, could now have their state and international assistance assets become openly targeted and collected by predatory investors.

Multilateral lenders such as the International Monetary Fund (IMF) or the Paris Club, which has facilitated debt relief for 90 countries worth some \$573 billion, could also see their debt-restructuring attempts become far more difficult.

Legitimate investors will likely increasingly decide against taking part

in such restructuring, after all, given that their investments could now be in jeopardy.

As the current legal battle has played out in recent years, the IMF, the World Bank, the administration of US President Barack Obama and a broad collection of investors have all formally sided with Argentina. In the beginning of June, an IMF spokesperson stated that the Fund "remains deeply concerned about the broad systemic implications that the lower court decision could have for the debt-restructuring process in general".

There are multiple international efforts afoot that could either undercut predatory investors or, more broadly, create a formal international arbitration system to address sovereign debt.

In mid-June, members of the IMF executive board discussed a new staff paper aimed at preventing global economic crises.

According to an analysis from Jubilee USA and New Rules for Global Finance, a Washington watchdog group, proposals are being sought to "limit or eliminate extreme predatory

and holdout behaviour that violate[s] global debt relief policies, debt restructuring and sound operation of the financial system".

Several UN bodies are also currently looking at various ways to outlaw holdout-type behaviour. Groups such as Jubilee are pushing a series of principles on responsible lending and borrowing.

Similar domestic legislation is expected to be introduced in the US Congress later this year, though past such proposals have failed. Still, some suggest that discussion around the Supreme Court case could now motivate increased interest in the issue of holdout creditors.

At both the domestic or international level, however, any such move would offer a solution only in the medium term.

Argentina now likely faces a deadline to arrive at new repayment terms with all of its bondholders, including NML and Aurelius, though the country says paying what could amount to some \$15 billion would risk another default. (IPS) □

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for countries that want to get out of this, as well as for countries that now want to revise their BITs.

Denial of policy flexibility

Deborah James of CEPR said that many of the strategies that the US actually employed in its development when it was looking at a per capita income of \$5,000 have now been made unavailable to developing countries. "We feel that this is one of the roots of the current inequality between countries."

Referring to the issue of services, she said that for poverty reduction, there is a pretty well-established global consensus about achieving universal access to essential public services such as healthcare, education, and access to water and sustainable energy. Unfortunately, the WTO's General Agreement on Trade in Services (GATS) and the proposed Trade in Services Agreement (TISA) would restrict a lot of the policy space, particularly around regulation of public services as well as access to foreign companies coming in to provide those services.

According to James, some of the best practices that were used by the current industrialized countries, such as the strategic deployment of tariffs on certain industries to promote their development, are restricted by the current global trade rules. This needs to be changed if countries are going to have the policy space to act on industrial policy and create jobs. She added that in terms of intellectual property rules, there is an actual overvaluing of certain types of labour such as intellectual labour and an undervaluing of other types of labour, such as people working in manufacturing plants.

She also referred to central bank policy, which she said has been most destructive in the last five years. "We have seen a situation where in the global economic crisis, the mandate of the European Central Bank has been exclusively focused on inflation and prices and [the Bank] has not taken its mandate on jobs and growth seriously. And because of that, we have tens of millions of people in Europe who are out of work and we have the depression of global aggregate demand as a result, that affects everybody around the world." (SUNS7831) □