

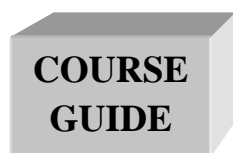


NATIONAL OPEN UNIVERSITY OF NIGERIA

SCHOOL OF ART AND SOCIAL SCIENCE

COURSE CODE: INR 231

COURSE TITLE: SOUTH-SOUTH COOPERATION



INR 231
SOUTH-SOUTH COOPERATION

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INTRODUCTION

Welcome to *INR 231: South-South Cooperation*. It is a two-credit unit course available for undergraduate students in French and International Studies programmes. The course provides an opportunity for you to acquire a detailed knowledge and understanding of the framework among Third World countries known as the South-South Cooperation.

This is a term historically used by policy makers and academics to describe the exchange of resources, technology, and knowledge between developing countries, also known as the Global South. While aid has traditionally flowed from countries of the Global North to the South, South-South Cooperation is viewed as an alternative to North-South, which has been criticised for failing to meet its own commitments and for its implications for economic hegemony.

In 1979, the United Nations established the unit for South-South Cooperation to promote South-South trade and collaboration within its agencies. South-South Cooperation has been successful in both decreasing dependence and pressure on the aid programmes of developed countries and in creating a shift in the international balance of power.

A major concern of this course, therefore, is to introduce you to South-South Cooperation as a competitive framework to North-South relationships. The course notes that South-South Cooperation is a development agenda based on the premises, conditions and objectives that are specific to the historic and political context of developing countries. Another concern of this course is to introduce you to diverse frameworks of cooperation among countries referred to as the Global South. Interest would specifically focus on issues of mutual interests to countries of Africa, Asia, Latin America and the Caribbean. The course will also highlight how such countries are able to forge a common interest in negotiations with the North such as in the World Trade Organisations and the United States General Assembly (UNGA). Other issues, inter alia, include the promotion of common interest in trade, in the military, in strategic and environmental issues.

The course will also focus on issues of cooperation among the Global South, through integration and regionalism as a response to globalisation. It will therefore, examine economic cooperation efforts and development frameworks such as the Lagos Plan of Action, Alternative Framework to the Structural Adjustment Programmes, COMESA, Economic Community of West African States (ECOWAS), and the New Partnership for Africa's Development (NEPAD). It will also address the role of key players in South-South Cooperation,

including China, India, Egypt, Japan, Brazil, and South Africa. Finally, the course will help you understand key challenges facing Third World countries, notably trade imbalances, technology transfer and regional security.

This course guide provides you with the necessary information about the contents of the course and the materials you will need to be familiar with for a proper understanding of the subject matter. It is designed to help you to get the best of the course by enabling you to think productively about the principles underlying the issues you study and the projects you execute in the course of your study and thereafter. It also provides some guidance on the way to approach your tutor-marked assignments (TMA). You will of course receive on-the-spot guidance from your tutorial classes, which you are advised to approach with all seriousness.

Overall, *INR 231: South-South Cooperation* will fill an important niche in the study of International Studies, especially as it is interested in showing that countries in the south generally share certain commonalities such as similar developmental experience and are also faced with common challenges such as high population pressure, poverty, hunger, disease, environmental deterioration, etc. In view of this, South-South Cooperation is clearly becoming more relevant.

You will acquire an understanding of and the skills to evaluate and discuss political inquiries literature. They will also be able to apply contemporary political approaches to real world events, both at the domestic and international level.

COURSE AIMS

The aims of this course are to:

- (i) explicate the concept of South-South Cooperation
- (ii) present an overview of frameworks for South-South Cooperation
- (iii) highlight the achievements of South-South Cooperation
- (iv) identify the challenges of South-South Cooperation
- (v) discuss what necessitates the formation of the South-South Cooperation.

COURSE OBJECTIVES

At the end of this course, you should be able to:

- (i) define South-South Cooperation
- (ii) differentiate between North-South Cooperation and South-South Cooperation

- (iii) identify key players involved in South-South Cooperation
- (iv) highlight the basic premise of the South-South Cooperation
- (v) identify the challenges facing the South-South Cooperation
- (vi) discuss regional frameworks among countries in the Global South
- (vii) identify the main achievements of the South-South Cooperation
- (viii) describe the common issues facing countries in the Global South.

WORKING THROUGH THE COURSE

You are advised to carefully study each unit, beginning with this study guide, especially since this course provides an opportunity for you to understand the role of the South-South Cooperation in forging a common interest in addressing common issues of trade, environment, technology transfer, conflicts, etc. Also make a habit of jotting down any question you have for tutorials. In addition, please try your hand at formulating or identifying theories relevant to, and applicable to South-South Cooperation.

COURSE MATERIALS

1. Course guide
2. Study units
3. Textbooks
4. Assignment file
5. Presentation schedule

STUDY UNITS

INR 231 is a two-credit unit course for undergraduate students in French and International Studies. There are four modules in this course.

The first two modules are made up of four units each; the third module is made up of five units, while the last module is made up of two units.

Thus, you will find 15 units in the whole text. Some units may be longer and/or more in depth than others, depending on the scope of the topic that is in focus. The four modules in the course are as follows:

Module 1 An Historical Overview of the South-South Cooperation

- Unit 1 What is South-South Cooperation?
- Unit 2 Milestones in South-South Cooperation
- Unit 3 The Non-Aligned Movement
- Unit 4 The Group of Seventy Seven Countries

Module 2 The Global South in International Perspective

Unit 1	Globalisation
Unit 2	The Global South and the United Nations
Unit 3	The Uruguay Round Agreement and the Doha Talks
Unit 4	July 2004 Framework and the Hong Kong Meeting

Module 3 Regional Development Initiatives in Africa

Unit 1	Regionalism in Africa
Unit 2	The Lagos Plan of Action
Unit 3	AAF-SAPS
Unit 4	COMESA Regional Integration
Unit 5	NEPAD

Module 4 Key Issues in South-South Cooperation

Unit 1	Technology Transfer
Unit 2	Regional Security

Each module is preceded with a listing of the units contained in it, and a table of contents, an introduction, a list of objectives and the main content in turn precedes each unit, including self-assessment Exercises. At the end of each unit, you will find one or more tutor-marked assignment which you are expected to work on and submit for marking.

TEXTBOOKS AND REFERENCES

At the end of each unit, you will find a list of relevant reference materials which you may wish to consult as the need arises, even though I have made efforts to provide you with the most important information you need to pass this course. However, I would encourage you, to cultivate the habit of consulting as many relevant materials as you are able to within the time available to you. In particular, be sure to consult whatever material you are advised to consult before attempting any exercise.

ASSESSMENT

Two types of assessment are involved in the course: the self-assessment exercises, and the tutor-marked assignment questions. Your answers to the SAEs are not meant to be submitted, but they are also important since they give you an opportunity to assess your own understanding of course content.

Tutor-marked assignments on the other hand are to be carefully answered and kept in your assignment file for submission and marking.

This will count for 30% of your total score in the course.

TUTOR- MARKED ASSIGNMENT

At the end of every unit, you will find a tutor-marked assignment which you should answer as instructed and put in your assignment for submission. However, this course guide does not contain any tutor-marked assignment question. The tutor-marked assignment questions are provided from unit 1 of module 1 to unit 2 of module 4.

FINAL EXAMINATION AND GRADING

The final examination for INR 231 will take two hours and carries 70% of the total course grade. The examination questions will reflect the SAEs and TMAs that you have already worked on. You should spend the time between your completion of the last unit and the examination revising the entire course. You will certainly find it helpful to also review both your SAEs and TMAs before the examination.

COURSE MARKING SCHEME

The following table sets out how the actual course marking is broken down.

Assessment	Marks
Four assignments (the best four of all the assignments submitted for marking).	Four assignments, each marked out of 10 percent, but highest scoring three selected, thus totaling 30
Final examination	70 percent of overall course score.
Total	100 percent of course score.

COURSE OVERVIEW/PRESENTATION SCHEME

Units	Title of Work	Week Activity	Assignment (End-of-Unit)
Course Guide			
Module 1	An Historical Overview of the South-South Cooperation		
Unit 1	What is South-South Cooperation?	Week 1	Assignment 1

Unit 2	Milestones in South-South Cooperation	Week 2	Assignment 1
Unit 3	The Non-Aligned Movement	Week 3	Assignment 1
Unit 4	The Group of Seventy Seven Countries	Week 4	Assignment 1
Module 2	The Global South in International Perspective		
Unit 1	Globalisation	Week 5	Assignment 1
Unit 2	The Global South and the United Nations	Week 6	Assignment 1
Unit 3	The Uruguay Round Agreement and the Doha Talks	Week 7	Assignment 1
Unit 4	July 2004 Framework and the Hong Kong Meeting	Week 8	Assignment 1
Module 3	Regional Development Initiatives in Africa		
Unit 1	Regionalism in Africa	Week 9	Assignment 1
Unit 2	The Lagos Plan of Action	Week 10	Assignment 1
Unit 3	AAF-SAPS	Week 11	Assignment 1
Unit 4	COMESA Regional Integration	Week 12	Assignment 1
Unit 5	NEPAD	Week 13	Assignment 1
Module 4	Key Issues in South-South Cooperation		
Unit 1	Technology Transfer	Week 14	Assignment 1
Unit 2	Regional Security	Week 15	Assignment 1
	Revision	Week 16	
	Examination	Week 17	
	Total	17	

WHAT YOU WILL LEARN IN THIS COURSE

South-South Cooperation provides you with the opportunity to gain mastery and an in-depth understanding of the conceptual framework underlying South-South Cooperation approaches in International Studies. The first module provides you with an in-depth understanding of the evolution of South-South Cooperation. The second module will provide you with an understanding of the South in international perspective. Our attention would specifically be drawn to the role of the Global South in the United Nations. Similarly, we hope to understand here, how this body counters negative-perceived measures of the developed countries in trade negotiations.

The remaining two modules will also introduce you to regional development initiatives in Africa and the issues of technology transfer and regional security. They say that charity begins at home; therefore, the example of the ECOWAS is used to demonstrate how regional integration can enhance regional security. Overall, the course argues that there are still a number of challenges facing the developing countries as they try to forge common alliances in trade, technology, human capacity development, capital transfer, security and development.

Nevertheless, it shows that frameworks such as the Nonaligned Movement, the G77 and others represent important steps in the quest for the developing countries to assert themselves and have their voices heard.

WHAT YOU WILL NEED FOR THE COURSE

It will be of immense help to you if you review what you studied at 100 Level in the course, *INR 111: Introduction to International Studies*, to refresh your mind about what has informed the formation of the South-South Cooperation. Second, you may need to purchase one or two texts recommended as important for your mastery of the course content. You need quality time in a study-friendly environment every week. If you are computer literate (which ideally you should be), you should be prepared to visit recommended websites. You should also cultivate the habit of visiting reputable physical libraries accessible to you.

TUTORS AND TUTORIALS

There 15 hours of tutorials provided in support of the course. You will be notified of the dates and location of these tutorials, together with the name and phone number of your tutor as soon as you are allocated a tutorial group. Your tutor will mark and comment on your assignments, and keep a close watch on your progress. Be sure to send in your tutor-marked assignments promptly, and feel free to contact your tutor in case of any difficulty with your self-assessment exercise, tutor-marked assignment or the grading of an assignment. In any case, you should attend the tutorials regularly and punctually. Always take a list of such prepared questions to the tutorials and participate actively in the discussions.

CONCLUSION

This is a theory course, but you will get the best out of it if you cultivate the habit of relating it to international relations issues in domestic and international arenas.

SUMMARY

This course guide has been designed to furnish the information you need for a fruitful experience in the course. In the final analysis, how much you get from the course depends on how much you put into it in terms of time, effort and planning.

I wish you success in INR 231 and in the whole programme!

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UNIT 1 WHAT IS SOUTH-SOUTH COOPERATION?

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- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 What is South-South Cooperation?
 - 3.2 Historical Overview of the South-South Cooperation
 - 3.3 Key Initiatives of the South-South Cooperation
 - 3.4 South-North Tensions
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

South-South Cooperation represents a framework for interaction among countries of the global South (referred to as the Third World) to enhance their economic growth. While encouraging the self-reliance of the developing countries, South-South Cooperation creates new challenges for the North.

Developing southern nations have increasingly turned to each other for economic development assistance. South-South Cooperation is seen as an alternative to North-South aid with its overtones of economic and cultural hegemony. Highly successful, it has contributed to substantial economic growth in developing countries.

The main thrust of this first unit of the course is to introduce you to South-South Cooperation as a competing framework for self-reliance in the global economy vis-à-vis the North. While reducing pressure on northern countries' aid programmes, South-South Cooperation is altering the global balance of power. Rich industrialised nations can no longer count on access to raw materials and consumer markets in southern countries where strategic rivals, particularly China, are gaining greater influence. Moreover, environmental, human rights, and intellectual property rights issues have created North-South tension.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define what is meant as South-South Cooperation
- highlight the tensions between the North and South-South Cooperation
- identify the key players in South-South Cooperation
- highlight the South-North tensions facing the Cooperation.

3.0 MAIN CONTENT

3.1 What is South-South Cooperation?

South-South Cooperation refers to cooperative activities between newly industrialised southern countries and other, lesser-developed, nations of the Southern Hemisphere. Such activities include developing mutually beneficial technologies, services, and trading relationships.

South-South Cooperation aims to promote self-sufficiency among southern nations and to strengthen economic ties among states whose market power is more equally matched than in symmetric North-South relationships. South-South Cooperation is important to these nations for two reasons. First, it contributes to economic advances in southern nations, especially in Africa, southern Asia and South America. Second, South-South Cooperation lacks the overtones of cultural, political, and economic hegemony sometimes associated with traditional North-South aid from the United States, Russia, and Western Europe.

SELF-ASSESSMENT EXERCISE

What is South-South Cooperation?

3.2 Historical Overview of South-South Cooperation

The concept of South-South Cooperation has been used by academics for decades. The UN created a Special Unit for South-South Cooperation (SU/SSC) in the late 1970s, which supported academic research and voluntary cooperative efforts between southern countries to promote South-South trade and investment. The Non-Aligned Movement, an international organisation of over 100 independent states not formally aligned with any major power bloc, established the Group for South-South Consultation and Coordination (G-15) in 1989. The G-15 promotes bilateral South-South Cooperation by providing unified input to influence the policies of other international organisations such as the World Trade Organisation and the Group of Seven rich industrialised nations.

Reductions in foreign aid in the 1980s and 1990s from northern countries, particularly Great Britain, increased southern countries' awareness of the need for mutual cooperation rather than dependence on northern states. Stirrings of such mutual aid were already visible. China and Brazil, for example, signed an agreement in 1993 resulting in greater bilateral trade and the joint launching of environmental monitoring satellites in 1999 and 2003. The satellites, based on Chinese ZY-1 technology, provide high-resolution environmental monitoring data to both countries. Two additional satellites are planned for future launch.

India had long been active in technology assistance to southern developing countries since it established its technical and economic cooperation programme (ITEC) in 1964. ITEC funds training for scientists and technicians of developing countries in various areas of technology. To date, over 30,000 students have participated in ITEC programmes.

The Group of 77, an alliance of developing countries in the UN, held the First South Summit in Havana in April 2000. This summit set the groundwork for the 2003 Marrakech Declaration and the accompanying Marrakech Framework, which established long-term goals and strategies for participating countries.

The Marrakech documents prioritised technology transfer and skill development, literacy, eliminating trade barriers, and direct investment, particularly in infrastructure and information systems. They also highlighted the need for assistance programmes to help eradicate hunger and HIV/AIDS and to promote debt relief, environmental-tourism and sustainability. A second summit was held in 2005 in Doha, Qatar and additional follow-up meetings are planned to monitor the work programme extending from this effort.

In December 2003, the United Nations General Assembly adopted Resolution 58/220, declaring December 19th the annual United Nations Day for South-South Cooperation. This declaration serves to focus attention on SSC and to promote more extensive participation in SSC efforts. The General Assembly also urged all UN agencies and other multilateral organisations to maintain South-South Cooperation in their programme operations and to increase resource allocations to support South-South Cooperation activities.

These declarations led to commitments by the United Nations Development Programme (UNDP) and participating nations to set up the South-South Cooperation Fund. This fund supplements unilateral

efforts by individual nations such as China, India, Brazil, Egypt, and Japan to assist lesser-developed southern nations. The South-South Cooperation Fund, for instance, contributed 3.5 million dollars in tsunami disaster relief in 2005. Other South-South Cooperation funds have been set up for humanitarian assistance, livelihood rehabilitation and infrastructure restoration in tsunami-affected areas.

SELF-ASSESSMENT EXERCISE

Trace the historical development of the South-South Cooperation.

3.3 Key Initiatives of the South-South Cooperation

Let us now move to the next issue, which is to understand the key initiatives of the South-South Cooperation.

By far, the principal South-South Cooperation activities are economic in nature, and either bilateral or triangular (i.e. in partnership with a third country or multilateral organisation). In particular, China, India, Brazil, and Egypt have invested in areas rich in extractable natural resources. China has cancelled over 10 billion dollars in debt to African states and invested heavily there in oil exploration and timber development. China has also partnered to develop and co-own production facilities and infrastructure across Africa, such as electrical facilities and a railway line in Zimbabwe. China has taken a similar approach to Latin America where it is investing in infrastructure projects related to natural resource extraction.

Other players have followed suit. For example:

- i. India has invested in farming initiatives in Mozambique and biofuels development in West Africa.
- ii. Egypt is helping Tanzania with irrigation projects.
- iii. South Africa has aggressively pursued partnerships across Africa, including the Inga Dam in the Congo which provides electricity.

- iv. Japan has invested in African initiatives such as the agricultural investment programme, New Rice for Africa (NERICA), and micro enterprise development. Other Japanese initiatives include technical assistance for food production in Cambodia, environmental management in Malaysia, and water management projects in North Africa and the Middle East.
- v. Brazil has invested in and assisted with biodiversity projects in Mozambique, biofuels technology in various developing countries to promote renewable crops such as sugar and wood, and HIV/AIDS relief in Latin America.

3.4 South-North Tensions

With its considerable economic clout and an aggressive strategy of forging partnerships in new markets, particularly in Africa and Asia, China has emerged as the *de facto* leader of South-South Cooperation.

This poses some interesting challenges for nations of the North, particularly the United States who views China as a strategic rival.

Unlike democracies in the north, China has no problem cooperating and doing business with non-democratic states. For example, China invests in Sudan, Zimbabwe and Mauritania; these are nations criticised for human rights abuses. China's indifference to other states' domestic policies foils developed countries' efforts to pressure such 'rogue' states through economic sanctions. This difference in approach inevitably leads to diplomatic tensions between northern democracies and China.

A second area of difficulty for the North is China's focus on resource extraction at the expense, some argue, of environmental concerns, namely deforestation and resource depletion. China's rapidly growing economy requires continuous expansion of energy resources and timber supplies. Its interests are served by creating supply industries in developing nations whose concern for growth outstrips their concern for environmental impact. Complaints from resource-hungry developed nations fall on deaf ears in the South. Southern countries point to decades of harmful and wasteful practices in the North as evidence that the real issue is fear of competition rather than global environmental impact.

Fortunately, some southern states have begun to express concern about the long-term stability of such industries and are now working toward sustainable practices. Resource depletion is a concern for economic and environmental reasons. More enlightened

programmes have focused on economic diversity and technological development, particularly those sponsored by multilateral organisations such as the UN, the Association of Southeast Asian Nations (ASEAN), and Technonet, a non-profit organisation providing assistance to small and medium private enterprises in Asia.

Two other areas, trade barriers and intellectual property rights, have emerged as thorny issues. For southern countries, respect for intellectual property rights and free trade are imperative for maintaining favourable relationships with northern nations.

Foreign investment and access to northern markets remain essential for southern nations' development. SSC participants will need to tread carefully in these sensitive areas if they hope to draw further investment and cooperation from northern countries.

SELF-ASSESSMENT EXERCISE

Briefly highlight the areas of conflict between South-South Cooperation and the North.

4.0 CONCLUSION

South-South Cooperation is a vital force in world economic development today. India and China, long considered net recipients of aid, are now emerging as net donors, focusing their aid efforts on southern nations. South-South trade is growing at an estimated ten percent annually. The former U.N. Secretary-General, Kofi Annan, for instance noted that over 40 percent of developing country exports are headed to other developing countries. Some economists predict that economic growth rates in southern countries in a few years will move from five to eight percent a year, compared with two to three percent in the north.

This newfound economic power could alter the balance of political power as well. As they grow less dependent upon northern markets for their economic well-being, southern states are emerging with new power and a stronger voice at the bargaining tables of multinational organisations. Future agreement on important international and multilateral issues in areas of trade, environmental protection, and human rights will require broader outreach to achieve true international consensus. Northern nations, accustomed to leading on the international stage, may see their priorities counterbalanced by those of the South.

5.0 SUMMARY

In this unit, we have discussed the evolution of South-South Cooperation as an international platform for countries in the southern hemisphere. South-South Cooperation has been more visible in the past years, thanks to the intensification of technical, cultural, economic and political exchanges between southern countries. This trend has been reinforced by profound expressions of solidarity from individuals and governments during the numerous natural disasters that occurred in various southern regions.

6.0 TUTOR-MARKED ASSIGNMENT

What are the inherent tensions in the North-South relations?

7.0 REFERENCES/FURTHER READING

Brown, M. M. (2001) *Fostering South-South Cooperation*. UNDP.

Bentsi-Enchill, N. K (1998) "Push for More South-South Cooperation." *Africa Recovery*, 12(2). (November 1998).

UNIT 2 MILESTONES IN SOUTH-SOUTH COOPERATION

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- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Pre- 1939 Period
 - 3.2 Post 1940 to 1970s Period
 - 3.3 The Period between 1980 to 1999
 - 3.4 The Decade of 2000
- 4.0 Conclusion
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- 6.0 Tutor-Marked Assignment
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1.0 INTRODUCTION

The second unit of this course will trace the historical development of the South-South Cooperation. As will soon be evident, the Cooperation has gone through various stages of incubation since 1910 with the establishment of the Customs Union Agreement, the oldest customs union in the world including the former Union of South Africa and the High Commission Territories of Bechuanaland, Basutoland and Swaziland. In December 1969 with independence of the territories, the agreement was re-launched as South African Customs Union (SACU). The SACU Secretariat is located in Windhoek, Namibia. This unit will identify the historical milestones in the development of the South-South Cooperation. This cooperation timeline provides an exhaustive list of Southern cooperation and assistance at the intergovernmental level. The South-South Cooperation milestones highlight some of the landmark events while the decadal listing offers a more detailed listing of Southern cooperation. This unit is intended to aid your understanding of this course and the programme at large.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- trace the development of the South-South Cooperation
- account for the meteoric rise in South-South Cooperation activities
- highlight regional impulses in South-South Cooperation.

3.0 MAIN CONTENT

3.1 Pre-1939 Period

The first effort at South-South Cooperation started in 1939 with the establishment of the Customs Union Agreement, the oldest customs union in the world including the former Union of South Africa and the High Commission Territories of Bechuanaland, Basutoland and Swaziland. In December 1969 with the independence of the territories, the agreement was re-launched as South African Customs Union (SACU). The SACU Secretariat is located in Windhoek, Namibia.

3.2 Post-1940 to 1970s Period

1945 - In March 1945, the Arab League was established with founding members from Egypt, Iraq, Lebanon, Saudi Arabia, Syria and Yemen. There are currently about 22 member countries. The establishment of the Arab League became the most progressive development of Arab politics in the post World War II. The Egyptian government first proposed the Arab League in 1943. The original charter of the Arab League created a regional organisation of sovereign Arab states. The Arab League was founded in Cairo in 1945. It represents the ideal of Arab unity, *el watani el arabia*, the quest for the united Arab nation. The Arab League, however, is not a geographical organisation but rather a national, cultural, linguistic and historical identity.

1955 - In 1955, the Asian-African Conference was held in Bandung, Indonesia. The “Bandung Conference” marked the launching point for large-scale Afro-Asian relations in terms of economic and social cooperation. A total of 29 countries representing over half the world’s population sent delegates. A consensus was reached in which “colonialism in all of its manifestations” was condemned, implicitly censuring the Soviet Union, as well as Western influences.

1960 February - The Latin America Free Trade Area (LAFTA) was established by the Treaty of Montevideo (1960-1980), substituted by ALADI in 1980.

September - The Organisation of Petroleum Exporting Countries (OPEC) was set up between 13 of the world’s largest oil producing countries in order to stabilise and regulate oil production levels, processes, and investments, as well as pricing in international markets.

1961- In 1961, the Non-Aligned Movement (NAM) was set up at the Belgrade Summit, in Yugoslavia.

1963 - Organisation of African Unity (OAU) was established. In 2002, it changed to African Union (AU).

1964 February - First United Nations Conference for Trade and Development (UNCTAD) was held. At the end of the conference, a group of 77 developing countries signed the “Joint Declaration of the Seventy-Seven Countries” creating the G77, the largest coalition of developing countries/Least Developed Countries at the UN system. The G77 currently has 131 member countries.

1967 - Association of Southeast Asian Nations (ASEAN) was established. Founding members included Indonesia, Malaysia, Philippines, Singapore and Thailand.

October - First Ministerial Meeting of G-77 adopted the Charter of Algiers with the basic principles of the group as the - New International Economic Order (NIEO) package.

1969 September - The Organisation of Islamic Countries (OIC) - was set up in the Summit of Islamic countries held in Rabat, Morocco. The OIC has 57 member countries.

The Andean Community was created by Treaty of Cartagena with members from Bolivia, Chile, Colombia, Ecuador and Peru. However, Chile and Venezuela withdrew their membership in 1976 and 2006, respectively.

1973 July - The Caribbean Community (CARICOM) was established under the Treaty of Chaguaramas, with founding members from Barbados, Jamaica, Guyana, and Trinidad and Tobago.

1974 - United Nations General Assembly (UNGA) adopted the Declaration for the establishment of a New International Economic Order (NIEO) request of Group of Seventy-Seven countries and the Non Aligned Movement Summit of Algiers in 1973.

1975 - Economic Community of West African States (ECOWAS) was set up. Members are: Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, and Togo.

SELF-ASSESSMENT EXERCISE

Trace the historical development of the South-South Cooperation from pre-1939 to 1970s.

3.3 The Period between 1980 and 1999

1980 February - The Latin American Integration Association (ALADI) replaced ALALC. Cuba joined this group in 1999.

April -The Southern African Development Coordination Conference (SADCC) came up with the Lusaka Declaration. The founding members included: Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe.

1981 May - The Gulf Cooperation Council (GCC) was set up with membership from Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

A High-Level Conference of the G-77 was held in Caracas, Venezuela in 1981. The Conference adopted the Caracas Programme of Action on Economic Cooperation among Developing Countries

1983 November- Third World Academy of Science (TWAS), an autonomous international organisation was created in Trieste, Italy in 1983 by a distinguished group of scientists from the South under the leadership of the late Nobel laureate Abdus Salam of Pakistan. The then Secretary General of the United Nations, Javier Perez de Cuellar, officially launched the TWAS in 1985.

December - Perez Guerrero Trust Fund for Economic and Technical Cooperation among Developing Countries (PGTF) was established in accordance with the UN General Assembly Resolution 38/21.

1985 - South Asian Association for Regional Cooperation (SAARC) was set up with the following founding members: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka

1987 -The South Commission - an intergovernmental body of developing countries was established. The inaugural ceremony was addressed by its chairman Julius Nyerere, former Tanzanian president.

1989 April - 1989 Ministerial Meetings of the Group of 77- Agreement on the Global System of Trade Preferences among Developing Countries (GSTP) entered into force. Forty-one countries ratified the agreement.

September - G-15 was created at a Summit Level Group of Developing Countries following the conclusion of the 9th Non-Aligned Movement Summit in Belgrade.

1991 March - The Treaty of Asuncion was signed, which created the Common Market of South Cone (Mercosur). Membership to this treaty included Brazil, Argentina, Paraguay and Uruguay. (Venezuela became a full member in July 2006 - pending ratification of Brazil and Paraguay Parliaments).

The Organisation of African Unity Heads of State and Government signed the Abuja Treaty establishing the African Economic Community (AEC) at the 27th Ordinary Session of the Assembly.

1994 January - Treaty of Establishment of the West African Economic and Monetary Union (UEMOA) includes Benin, Burkina Faso, Côte d'Ivoire, Mali, Niger, Senegal, and Togo and Guinea-Bissau.

December - Establishment of the Common Market for Eastern and Southern Africa (COMESA), including 20 African countries.

1995 July -South Centre - an intergovernmental body of developing countries was established in Geneva with 49 members. The South Centre has its origin in the South Commission of 1987.

1997 June - Developing 8, founded through the Istanbul declaration to further development cooperation amongst Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey.

1998 - Non-Aligned Movement (NAM) created the Centre for South-South Technical Cooperation (CSSTC) located in Jakarta.

3.3 The Decade of 2000-Date

2000 April - First South Summit in Havana was held in Cuba - of 132 member countries of the G-77. Havana Plan Action adopted among other issues calling members to improve South-South Cooperation.

September - UN General Assembly Millennium Summit set the Millennium Development Goals (MDG) to alleviate poverty and promote sustainable development in the developing world.

October I Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) held in Beijing. The FOCAC meets every three

years and focuses on collective consultation and dialogue and a cooperation mechanism between the developing countries.

2001 June - Shanghai Cooperation Organisation (SCO), a permanent intergovernmental international organisation was set up replacing the former Shanghai Five created in 1996. The SCO members are Kazakhstan, Kyrgyzstan, China, Russia, Uzbekistan and Tajikistan. Observer members included India, Pakistan, Iran and Mongolia

2002 July - The 37th Summit of the OAU 2001 formally adopted the NEPAD - New Partnership for Africa's Development strategic framework document.

July - African Union (AU) was established, replacing former Organisation of African Unity (OAU).

June - India, Brazil and South Africa signed the Brasilia Declaration setting up the IBSA Forum. In 2004 the forum created the IBAS Fund for alleviation of Poverty and Hunger in the South.

August - Establishment of the G-20 group of developing countries at the WTO Ministerial Conference realised in Cancun, Mexico.

September - The G90 was established at WTO Conference in Cancun. This is the largest grouping of members in the World Trade Organisation including poorest countries from African Union, LDCs and African Caribbean and Pacific group.

December - With Resolution 58/220 of 23 December 2003, the UN General Assembly decided to declare 19th December, as the United Nations Day for South-South Cooperation.

2004 The African Parliament held its inaugural session in Addis Ababa.

2005 June - The Second South Summit was realised in Doha, Qatar.

September - The 50th anniversary of Bandung Conference adoption of Declaration on the New Asian-African Strategic Partnership was held.

December - The Hong Kong Ministerial Meeting of the WTO Joint Declaration of the G-20, the G-33, the ACP, the LDCs, the African Group and the Small Economies came into effect in order to develop a common approach to issues of common interest in the negotiations of the Doha Round.

2006 September - 14th Summit of the Non Aligned Movement (NAM) was held in Havana, Cuba. Leaders agreed to set up institutions of the South such as Bank of the South, World TV Network, Working Group in Energy Security, and University system of the South.

November - III Ministerial Conference of the Forum on China-Africa Cooperation was held in Beijing. At this conference, China announced its policy to double financial aid to African nations by 2009.

2007 December - The Bank of the South was established at a meeting of seven South American Leaders in Buenos Aires.

2008 January - The Common Market Gulf Cooperation Countries entered into force.

April - I Africa-India Summit was held in New Delhi, India.

September - Approved at the 2005 Second South Summit in Qatar, the South-South Fund for Development and Humanitarian Assistance will be formally launched at a signing ceremony during the annual high-level ministerial meeting of the Group of 77 in September. The government of Qatar had made an initial pledge of 20 million dollars, with an additional 2 million dollars each from India and China. The Fund, to be hosted by Qatar, aims to assist the countries of the South in economic, social, health and educational development. It will also address the problems of hunger and poverty, as well as the impact of natural disasters on developing countries.

SELF-ASSESSMENT EXERCISE

Account for the meteoric rise in the activities of the South-South Cooperation.

4.0 CONCLUSION

South-South Cooperation is a growing and dynamic phenomenon. From promoting technical cooperation among developing countries, a few decades ago, the idea of South-South Cooperation has come a long way. It is an important process that is vital to confront the challenges faced by the developing countries, and is also making an increasingly important contribution to their development. The milestones listed above attest to the historical development of the solidarity of developing countries to wrestle themselves from the economic manacles and political subjugation of the developed countries that seem to dictate the terms of participation in the world economy and global politics.

From a modest start in 1910 with the establishment of the Customs Union Agreement, regarded as the oldest custom union in the world, South-South Cooperation is now regarded as the biggest platform for the developing countries to actively participate in the United Nations General Assembly. This cooperation, despite its inherent weaknesses, has enhanced solidarity among countries of the global South.

5.0 SUMMARY

In this unit, attempt has been made to trace the historical development of the South-South Cooperation. Starting from pre-1939 with the creation of the Customs Union Agreement, which was in 1969 re-launched as South African Customs Union, the South-South Cooperation has witnessed a meteoric rise in its number of activities.

Most profound achievement of this cooperation has been the creation of regional organisations in Africa, Asia, Latin America and the Caribbean. Considering the increase in scope and intensity of South-South Cooperation, therefore, one is tempted to argue that this framework represents the most advanced cooperation among the developing countries for economic independence and self-reliance of the South.

6.0 TUTOR-MARKED ASSIGNMENT

Submit a two-page essay (A4, 1½ spacing) in which you account for the growth in the activities of the South-South Cooperation.

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UNIT 3 NON-ALIGNED MOVEMENT

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 What is Non-Aligned Movement?
 - 3.2 Historical Development of the Non-Aligned Movement
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1.0 INTRODUCTION

Non-aligned Movement refers to an organised movement of nations that attempted to form a third world force through a policy of non attachment with the United States and Soviet Union. Yugoslavia, India, and Indonesia were instrumental in founding in 1961 the movement, which grew out of the Bandung Conference meeting of representatives of 29 African and Asian nations, held at Bandung, Indonesia, in 1955. The aim of the movement was to promote economic and cultural cooperation and to oppose colonialism, to be achieved more or less in an atmosphere of cordiality.

Its members, mainly developing nations from Asia, Africa, and Latin America that embrace more than half the world's people, include true neutrals and many nations that were in fact aligned with one of the superpowers during the Cold War, a term used to describe the shifting struggle for power and prestige between the Western powers and the Communist bloc from the end of World War II until 1989.

In light of the Cold War's end, the movement reassessed its role and has redefined itself as a forum for its member nations to develop policies and positions that they can seek to implement at the United Nations and other international forum. The 118 member nations meet regularly to discuss their common interests (The Columbia Electronic Encyclopedia, 2007).

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define the Non-aligned Movement
- explain the reasons for the establishment of the Nonaligned Movement
- describe the aims and objectives of the movement
- discuss the challenges facing the movement
- state the achievements of the movement.

3.0 MAIN CONTENT

3.1 What is Nonaligned Movement?

In international politics, Nonaligned Movement refers to the group of states sharing the peacetime policy of avoiding political or economic affiliations with major power blocs. At its beginning, the nonaligned movement consisted primarily of Asian and African states that were once colonies of the Western powers and were wary of being drawn into a new form of dependence by the West or by the communist bloc.

Founded by Jawaharlal Nehru, Gamal Abdel Nasser, and others, the movement held its first official meeting in 1961 in Bandung, Indonesia, where 25 countries attended. Meetings have since been held on a three-year schedule. While the Soviet Union existed, the movement tended to seek development assistance from both the U.S. and the Soviet Union but to refrain from forming political or military alliances with either country. Since the dissolution of the Soviet Union in 1991, the nonaligned movement has been chiefly concerned with debt forgiveness and with development of fairer trade relationships with the West. By the early 21st century the movement had more than 110 members.

3.2 Historical Development of the Non-Aligned Movement

The Non-Aligned Movement (NAM) was created and founded during the collapse of the colonial system and the independence struggles of the peoples of Africa, Asia, Latin America and other regions of the world and at the height of the Cold War. During the early days of the Movement, its actions were a key factor in the decolonisation process, which led later to the attainment of freedom and independence by many countries and peoples and to the founding of tens of new sovereign States. Throughout its history, the Movement of Non-

Aligned Countries has played a fundamental role in the preservation of world peace and security. While some meetings with a third-world perspective were held before 1955, historians consider that the Bandung Asian-African Conference is the most immediate antecedent to the creation of the Non-Aligned Movement. This Conference was held in Bandung on April 18-24, 1955 and gathered 29 Heads of States belonging to the first post-colonial generation of leaders from the two continents with the aim of identifying and assessing world issues at the time and pursuing joint policies in international relations.

The principles that would govern relations among large and small nations, known as the **Ten Principles of Bandung**, were proclaimed at that Conference. Such principles were adopted later as the main goals and objectives of the policy of nonalignment. The fulfillment of these principles became the essential criterion for Non-Aligned Movement membership; it is what was known as the “quintessence of the Movement” until the early 1990s.

In 1960, in light of the results achieved in Bandung, the creation of the Movement of Non-Aligned Countries was given a decisive boost during the 15th Ordinary Session of the United Nations General Assembly, during which 17 new African and Asian countries were admitted. A key role was played in this process by the then Heads of State and Government such as Gamal Abdel Nasser of Egypt, Kwame Nkrumah of Ghana, Shri Jawaharlal Nehru of India, Ahmed Sukarno of Indonesia and Josip Broz Tito of Yugoslavia, who later became the founding fathers of the movement and its emblematic leaders.

Six years after Bandung, the Movement of Non-Aligned Countries was founded on a wider geographical basis at the First Summit Conference of Belgrade, which was held on September 1-6, 1961. The Conference was attended by 25 countries: Afghanistan, Algeria, Yemen, Myanmar, Cambodia, Sri Lanka, Congo, Cuba, Cyprus, Egypt, Ethiopia, Ghana, Guinea, India, Indonesia, Iraq, Lebanon, Mali, Morocco, Nepal, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, and Yugoslavia. The founders of NAM have preferred to declare it as a movement instead of an organisation in order to avoid bureaucratic implications of the latter.

The membership criteria formulated during the preparatory conference to the Belgrade Summit (Cairo, 1961) show that the Movement was not conceived to play a passive role in international politics but to formulate its own positions in an independent manner so as to reflect the interests of its members. Thus, the primary

objectives of the non-aligned countries focused on the support of self-determination, national independence and the sovereignty and territorial integrity of States; opposition to apartheid; non-adherence to multilateral military pacts and the independence of non-aligned countries from great power or block influences and rivalries; the struggle against imperialism in all its forms and manifestations; the struggle against colonialism, neocolonialism, racism, foreign occupation and domination; disarmament; non-interference into the internal affairs of States and peaceful coexistence among all nations; rejection of the use or threat of use of force in international relations; the strengthening of the United Nations; the democratisation of international relations; socioeconomic development and the restructuring of the international economic system; as well as international cooperation on an equal footing.

Since its inception, the Movement of Non-Aligned Countries has waged a ceaseless battle to ensure that peoples being oppressed by foreign occupation and domination can exercise their inalienable right to self-determination and independence. During the 1970s and 1980s, the Movement of Non-Aligned Countries played a key role in the struggle for the establishment of a new international economic order that allowed all the peoples of the world to make use of their wealth and natural resources and provided a wide platform for a fundamental change in international economic relations and the economic emancipation of the countries of the South. During its nearly 50 years of existence, the Movement of Non-Aligned Countries has gathered a growing number of States and liberation movements which, in spite of their ideological, political, economic, social and cultural diversity, have accepted its founding principles and primary objectives and shown their readiness to realise them. Historically, the non-aligned countries have shown their ability to overcome their differences and found a common ground for action that leads to mutual cooperation and the upholding of their shared values.

SELF-ASSESSMENT EXERCISE

Trace the historical development of the Non-Aligned Movement.

3.3 Non--Aligned Movement and the International System

The creation and strengthening of the socialist block after the defeat of fascism in World War II, the collapse of colonial empires, the emergence of a bipolar world and the formation of two military blocks (North Atlantic Treaty Organisation [NATO] and the Warsaw Pact) brought about a new international context that led to the necessity of multilateral coordination fora between the countries of the South. In

this context, the underdeveloped countries, most of them in Asia and Africa, felt the need to join efforts for the common defense of their interests, the strengthening of their independence and sovereignty and the cultural and economic revival or salvation of their peoples, and also to express a strong commitment with peace by declaring themselves as “nonaligned” from either of the two nascent military blocks.

In order to fulfill the aims of debating on and advancing a strategy designed to achieve such objectives, the Bandung Asian-African Conference was held in Indonesia in April 1955. It was attended by 29 Heads of State and Government of the first postcolonial generation of leaders and its expressed goal was to identify and assess world issues at the time and coordinate policies to deal with them.

Although the Asian and African leaders who gathered in Bandung might have had differing political and ideological views or different approaches toward the societies they aspired to build or rebuild, there was a common project that united them and gave sense to a closer coordination of positions. Their shared programme included the political decolonisation of Asia and Africa. Moreover, they all agreed that the recently attained political independence was just a means to attain the goal of economic, social and cultural independence.

The Bandung meeting has been considered as the most immediate antecedent of the founding of the Movement of Non-Aligned Countries, which finally came into being six years later on a wider geographical basis when the First Summit Conference was held in Belgrade on September 1-6, 1961. This gathering was attended by the Heads of State and Government of 25 countries and observers from another three nations. This First Summit of the Movement of Non-Aligned Countries was convened by the leaders of India, Indonesia, Egypt, Syria and Yugoslavia. On April 26, 1961, the Presidents of the Arab Republic of Egypt (Nasser) and Yugoslavia (Tito) addressed the Heads of State and Government of 21 “Non-Aligned” countries and suggested that, taking recent world events and the rise of international tensions into account, a conference should be held to promote an improvement in international relations, a resistance to policies of force and a constructive settlement of conflicts and other issues of concern in the world.

The Movement played an important role in the support of nations which were struggling then for their independence in the Third World and showed great solidarity with the most just aspirations of humanity.

It contributed indisputably to the triumph of the struggle for national independence and decolonisation, thus gaining considerable diplomatic prestige.

As one summit after another was held in the 1960s and 1970s, "non alignment", turned already into the "Movement of Non-Aligned Countries" that included nearly all Asian and African countries, was becoming a forum of coordination to struggle for the respect of the economic and political rights of the developing world. After the attainment of independence, the conferences expressed a growing concern over economic and social issues as well as over strictly political matters. Something that attested to that was the launching at the Algiers Conference in 1973 of the concept of a "new international economic order" (NIEO).

By the end of the 1980s, the Movement was facing the great challenge brought about by the collapse of the socialist bloc. The end of the clash between the two antagonistic blocs that was the reason for its existence, name and essence was seen by some as the beginning of the end for the Movement of Non-Aligned Countries. The Movement of Non-Aligned Countries could not spare itself difficulties to act effectively in an adverse international political situation marked by hegemonic positions and unipolarity as well as by internal difficulties and conflicts, given the heterogeneity of its membership and, thus, its diverse interests.

Nevertheless, and in spite of such setbacks, the principles and objectives of non-alignment retain their full validity and force at the present international juncture. The primary condition that led to the emergence of the Movement of Non-Aligned Countries, that is, non-alignment from antagonistic blocs, has not lost its validity with the end of the Cold War. The demise of one of the blocks has not done away with the pressing problems of the world. On the contrary, renewed strategic interests bent on domination grow stronger and, even acquire new and more dangerous dimensions for underdeveloped countries.

During the 14th Summit of the Non-Aligned Movement in Havana, Cuba in September 2006, the Heads of States and Governments of the member countries reaffirmed their commitment to the ideals, principles and purposes upon which the movement was founded and with the principles and purposes enshrined in the United Nations Charter. The Heads of States and Governments stated reaffirmed their belief that the absence of two conflicting blocs in no way reduces the need to strengthen the movement as a mechanism for the political coordination of

developing countries. In this regard they acknowledged that it remains imperative to strengthen and revitalise the movement. To do so, they agreed to strengthen concrete action, unity and solidarity between all its members, based on respect for diversity, factors which are essential for the reaffirmation of the identity and capacity of the movement to influence international relations.

They also stressed the need to promote actively a leading role for the movement in the coordination of efforts among member states in tackling global threats. Inspired by the principles and purposes which were brought to the Non-Aligned Movement by the Bandung principles and during the First NAM Summit in Belgrade in 1961, the Heads of States and Governments of the member countries of the Non-Aligned Movement adopted in their 14th Summit in Havana the following purposes and principles of the movement in the present international juncture:

- a. To promote and reinforce multilateralism and, in this regard, strengthen the central role that the United Nations must play.
- b. To serve as a forum of political coordination of the developing countries to promote and defend their common interests in the system of international relations
- c. To promote unity, solidarity and cooperation between developing countries based on shared values and priorities agreed upon by consensus.
- d. To defend international peace and security and settle all international disputes by peaceful means in accordance with the principles and the purposes of the UN Charter and International Law.
- e. To encourage relations of friendship and cooperation between all nations based on the principles of international law, particularly those enshrined in the charter of the United Nations.
- f. To promote and encourage sustainable development through international cooperation and, to that end, jointly coordinate the implementation of political strategies which strengthen and ensure the full participation of all countries, rich and poor, in international economic relations, under equal conditions and opportunities but with differentiated responsibilities.

- g. To encourage the respect, enjoyment and protection of all human rights and fundamental freedoms for all, on the basis of the principles of universality, objectivity, impartiality and non-selectivity, avoiding politicisation of human rights issues, thus ensuring that all human rights of individuals and peoples, including the right to development, are promoted and protected in a balanced manner.
- h. To promote peaceful coexistence between nations, regardless of their political, social or economic systems.
- i. To condemn all manifestations of unilateralism and attempts to exercise hegemonic domination in international relations.
- j. To coordinate actions and strategies in order to confront jointly the threats to international peace and security, including the threats of use of force and acts of aggression, colonialism and foreign occupation, and other breaches of peace caused by any country or group of countries.
- k. To promote the strengthening and democratisation of the UN, giving the General Assembly the role granted to it in accordance with the functions and powers outlined in the Charter and to promote the comprehensive reform of the United Nations Security Council so that it may fulfill the role granted to it by the Charter, in a transparent and equitable manner, as the body primarily responsible for maintaining international peace and security.
- l. To continue pursuing universal and non-discriminatory nuclear disarmament, as well as a general and complete disarmament under strict and effective international control and in this context, to work towards the objective of arriving at an agreement on a phased programme for the complete elimination of nuclear weapons within a specified framework of time to eliminate nuclear weapons, to prohibit their development, production, acquisition, testing, stockpiling, transfer, use or threat of use and to provide for their destruction.
- m. To oppose and condemn the categorisation of countries as good or evil based on unilateral and unjustified criteria, and the adoption of a doctrine of pre-emptive attack, including attack by nuclear weapons, which is inconsistent with international law, in particular, the international legally-binding instruments concerning nuclear disarmament and to further condemn and oppose unilateral military actions, or use of force or threat of use of force against the sovereignty, territorial integrity and independence of non-aligned countries.

- n. To encourage states to conclude agreements freely arrived at, among the states of the regions concerned, to establish new Nuclear Weapons-Free Zones in regions where these do not exist, in accordance with the provisions of the Final Document of the First Special Session of the General Assembly devoted to disarmament (SSOD.1) and the principles adopted by the 1999 UN Disarmament Commission, including the establishment of a Nuclear Weapons Free Zone in the Middle East. The establishment of Nuclear Weapons-Free Zones is a positive step and an important measure towards strengthening global nuclear disarmament and non-proliferation.
- o. To promote international cooperation in the peaceful uses of nuclear energy and to facilitate access to nuclear technology, equipment and material for peaceful purposes required by developing countries.
- p. To promote concrete initiatives of South-South cooperation and strengthen the role of NAM, in coordination with G77, in the re-launching of North-South Cooperation, ensuring the fulfillment of the right to development of our peoples, through the enhancement of international solidarity.
- q. To respond to the challenges and to take advantage of the opportunities arising from globalisation and interdependence with creativity and a sense of identity in order to ensure its benefits to all countries, particularly those most affected by underdevelopment and poverty, with a view to gradually reducing the abysmal gap between the developed and developing countries.
- r. To enhance the role that civil society, including NGOs, can play at the regional and international levels in order to promote the purposes, principles and objectives of the movement.

3.4 Key Issues Canvassed by the Non-Aligned Movement

Since the end of the Cold War and the formal end of colonialism, the Non-aligned movement has been forced to redefine itself and reinvent its purpose in the current world system. A major question has been whether many of its foundational ideologies, principally national independence, territorial integrity, and the struggle against colonialism and imperialism, can be applied to contemporary issues.

The movement has emphasised its principles of multilateralism, equality, and mutual non-aggression in attempting to become a

stronger voice for the global South, and an instrument that can be utilised to promote the needs of member nations at the international level and strengthen their political leverage when negotiating with developed nations. In its efforts to advance Southern interests, the movement has stressed the importance of cooperation and unity amongst member states, but as in the past, cohesion remains a problem since the size of the organisation and the divergence of agendas and allegiances present the ongoing potential for fragmentation. While agreement on basic principles has been smooth, taking definitive action vis-à-vis particular international issues has been rare, with the movement preferring to assert its criticism or support rather than pass hard-line resolutions. The movement continues to see a role for itself, as in its view, the world's poorest nations remain exploited and marginalised, no longer by opposing superpowers, but rather in a unipolar world, and it is Western hegemony and neo-colonialism that that the movement has really re-aligned itself against. It opposes foreign occupation, interference in internal affairs, and aggressive unilateral measures, but it has also shifted to focus on the socio-economic challenges facing member states, especially the inequalities manifested by globalisation and the implications of neo-liberal policies. The non-aligned movement has identified economic underdevelopment, poverty, and social injustices as growing threats to peace and security.

At the same time, the movement has been occupied with some of the following activities, in order to project the interest of the developing world.

Reforms of the UN

The Non-Aligned Movement has been quite outspoken in its criticism of current UN structures and power dynamics, mostly in how the organisation has been utilised by powerful states in ways that violate the movement's principles. It has made a number of recommendations that would strengthen the representation and power of 'non-aligned' states. The proposed reforms are also aimed at improving the transparency and democracy of UN decision-making process. The UN Security Council is the element considered the most distorted, undemocratic, and in need of reshaping.

South-South Cooperation

Lately, the Non-Aligned Movement has collaborated with other organisations of the developing world, primarily the Group of 77, forming a number of joint committees and releasing statements and documents representing the shared interests of both groups. This

dialogue and cooperation can be taken as an effort to increase the global awareness about the organisation and bolster its political clout.

Cultural diversity and human rights

The movement accepts the universality of human rights and social justice, but fiercely resists cultural homogenisation. In line with its views on sovereignty, the organisation appeals for the protection of cultural diversity, and the tolerance of the religious, socio-cultural, and historical particularities that define human rights in a specific region.

Sustainable development

The movement is publicly committed to the tenets of sustainable development and the attainment of the Millennium Development Goals, but it believes that the international community has not created conditions conducive to development and has infringed upon the right to sovereign development by each member state. Issues such as globalisation, the debt burden, unfair trade practices, decline in foreign aid, donor conditionalities, and the lack of democracy in international financial decision-making are cited as factors inhibiting development.

4.0 CONCLUSION

The NAM has succeeded in creating a strong front on the international level, representing countries of the third world in the international organisations top of which is the United Nations. Current challenges facing the NAM include the necessity of protecting the principles of international law, eliminating weapons of mass destruction, combating terrorism, defending human rights, working toward making the United Nations more effective in meeting the needs of all its member states in order to preserve international peace, security and stability, as well as realising justice in the international economic system.

On the other hand, the long-standing goals of the movement remain to be realised. Peace, development, economic cooperation and the democratisation of international relations, to mention just a few, are old goals of the non-aligned countries. In conclusion, the Non-Aligned Movement faced with the goals yet to be reached and the many new challenges that are arising, is called upon to maintain a prominent and leading role in the current international relations in defense of the interests and priorities of its member states and for achievement of peace and security for mankind.

5.0 SUMMARY

The Non-Aligned Movement is a non-hierarchical movement of 118 members representing the interests and priorities of developing countries. A product of the Cold War, NAM member states consider themselves not formally aligned with or against any major power bloc. The movement's main objectives include the defence of multilateralism, the standards that govern international law and international relations and the maintenance of international peace and security. In total, the states of NAM represent two-thirds of all UN members and 55 percent of the world's population. In line with its tenth principle concerning the respect of justice and international obligations, the Non-Aligned Movement has continued to engage positively with the International Criminal Court to try individuals for genocide, crimes against humanity and war crimes. NAM has assumed a particularly active role with regard to the definition of the crime of aggression. Even though the Cold War is over, the movement is still concerned with issues of reforms in the United Nations, sustainable development, cultural diversity and human rights, South-South cooperation among others.

6.0 TUTOR- MARKED ASSIGNMENT

How relevant is the Non-Aligned Movement in contemporary time? Briefly discuss the *raison d'être* for the formation of the Non-Aligned Movement.

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UNIT 4 THE GROUP OF SEVENTY-SEVEN COUNTRIES

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1.0 INTRODUCTION

A remarkable feature of the global South, whether in Africa, Asia or Latin America and Caribbean, is its perceived vulnerability and marginalisation in the world economy and global politics. It is based on this that the group of seventy-seven countries emerged on the global scene to reposition the developing countries vis-à-vis their developed counterparts in the global context.

The whole existence of the G77 countries is hinged upon the structural imbalances of the existing International Economic Order (IEO) between countries of the South and those of the North, and introducing a New International Economic Order (NIEO) based on the principles of equality, fairness and equilibrium. It is an economic alliance at the global level however held under the auspices of the United Nations dealing with international cooperation and development.

The central concern of this unit is to introduce you to the historical evolution and structure of the G77 countries. You must note that this forum provides a fundamental window of interaction for South-South Cooperation. The unit will also briefly explicate Nigeria's chairmanship of the G77 and its implication for the country's foreign policy.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe the G77
- trace the historical development of the G77
- highlight the NIEO and the challenges of the South
- explicate Nigeria's chairmanship of the G77
- highlight the implications of this chairmanship on Nigeria's foreign policy.

3.0 MAIN CONTENT

3.1 Current Issues in Third World Politics

The first issue in Third World politics today must be the appropriateness or otherwise of the term "Third World" itself. The term, first used in the early post-war period, quickly came to combine a number of related ideas. In the first place, it assumed the existence of a bipolar global system, shaped by antagonism between the "First World" of developed capitalist states and the "Second World" of developing socialist states led by the Soviet Union. In this context, the idea of a "Third World" expressed the existence of a large group of states around the world, growing as decolonisation gathered pace, outside either of these two groupings, with a shared history of colonisation or informal imperial control, and characterised by varying degrees of poverty and underdevelopment. In addition, the term recognised, in the context of the promotion of the Cold War on a global scale, that these states were under the pressure to declare themselves ideologically for one or the other of the leading power blocs, and accordingly adopt appropriate economic strategies and political reforms. In this connection, the idea of the "Third World" contained within itself the parallel alliance with either bloc, or the adoption of borrowed models of economic and political development. This thinking was particularly strong in the 1950s, as reflected in the Bandung Conference, and the Non-Aligned Movement to which it gave rise. In ideological terms, its two leading components were nationalism and development.

For obvious reasons, the term "Third World" now seems less appropriate than it might once have been. The collapse of the 'socialist states' set up in Eastern Europe on the periphery of the Soviet Union in the wake of World War II, and the subsequent collapse of communist regime in the Soviet Union and the break-up of the Union itself, have largely done away with the "Second World" as a separate entity; and they have entirely removed the Cold War as a defining

feature of global politics. As a result, it is harder to attach any precise meaning to the idea of a 'Third World', or the option of an independent 'third way' of development.

Additionally, the varying trajectories of different countries and regions within the "Third World" over the last 50 years, and notably the vast accumulation of wealth in a limited number of oil states and the achievement of rapid economic development in East and more recently Southeast Asia, have called into question the usefulness of the blanket term "Third World" to cover developing nations, if they are assumed to be uniformly poor and underdeveloped.

The configurative nature of power at the international level was bipolar, a world composed of the North and the South, with power skewed in favour of the North. While the North was referred to as the region of the developed countries, the South refers to the developing countries.

More than three and half billion people, which translates into three quarters of all humanity live in developing countries. Together, the developing countries account for two-thirds of the earth's land surface area - they are often called "Third World". The South is largely bypassed by the benefits of modernity and globalisation. While the economies of the North are generally strong and resilient, those of the South are mostly weak and defenceless; while the countries of the North are by and large, in control of their destinies, those of the South are vulnerable to external factors and lacking in functional solemnity.

The widening disparities between the countries of the North and those of the South are attributed not merely to differences in economic progress, but also to an enlargement of the North's domineering power over the rest of the world. Advanced countries readily use their economic and political prowess in pursuit of their objectives, which therefore aligns the fate of the countries of the South towards an increased integration of their policies to the governments of the developed countries.

According to Nabudere (1977), "the Bretton Woods which gave birth to IMF and other financial agencies together with the activities of giant banks and multinational companies is nothing but multilateral imperialism." Power enjoyed by the Bretton Woods twins over the economies of the global South give them considerable influence in also determining the political possibilities which represent a direct threat to political economy in many of these countries (Ebo, 1988). The World Bank as one of the aid agencies can therefore be seen as an economic institution as well as a political institution with

a significant role in post-War American diplomacy. To this fact, Oliver (1985) argues:

The Bank not only establishes useful procedures for ensuring that debtors use loans for intended purposes but uses the “Pandora’s box” of lending by US to achieve political purposes which has continued to remain a feature of American post-War diplomacy.

Though the countries of the South vary greatly in size, natural resource endowment, economic structure, culture, technological development, political systems and ideologies, they are linked by basic unit: what the countries of the South have in common transcends their differences and gives them a shared identity and reason to work together for common objectives. This primary bond, that links these countries and people of the South in their desire to escape from poverty, underdevelopment and imperial domination while securing better livelihood for their citizenry, has in recent times transcended beyond mere expression of feeling to the realisation of greater unity and purpose. This shared aspiration is the foundation of their solidarity expressed through such organisations as the Group of Seventy-Seven Countries, of which all countries of the South, with the exception of China are members.

SELF-ASSESSMENT EXERCISE

“Third World” is more of a mythical construct than an analytic term. Briefly discuss.

3.2 Historical Evolution and the Structure of the G77 Countries

The Group of Seventy-Seven Countries was established on 15th June 1964 by seventy-seven developing countries who were signatories of the Joint Declaration of the Seventy-Seven Countries issued at the end of the United Nations Conference on Trade and Development (UNCTAD) in Geneva. Beginning with the first ministerial meeting of the Group of Seventy-Seven Countries in Algiers in 1967, which adopted the Charter of Algiers, a permanent institutional structure generally developed, which led to the creation of the Chapters of the G77 countries under the auspices of the UN Conference in Rome (Food and Agricultural Organisation [FAO]), Vienna (United Nations Educational, Scientific and Cultural Organisation [UNICEF]), and Nairobi (United Nations Environmental Protection [UNEP]). Although, the membership of the G77 countries has increased today to 133 countries, its original name (G77) is still retained because of its historical significance.

The organisation and modalities of work of the G77 countries in various chapters have certain minimal features in common such as similarity of membership, decision making and certain *modus operandi*. The Group's work in each Chapter is coordinated by a chairman who acts as the spokesman. The chairmanship rotates on regional basis (Africa, Asia, Latin America and Caribbean) and it is held for one year in all nations.

The ministerial meeting is the supreme decision making body of the Group of Seventy-Seven Countries. They are convened annually at the beginning of the regular session of the General Assembly of the United Nations in New York and periodically in preparation for UNCTAD sessions and the General Conferences of UNIDO and UNESCO.

In April 2000, the G77 countries met for the first time at the level of Heads of State and Government which therefore elevated decision making within the Group of Seventy-Seven Countries to the highest political level. Nigeria, at this meeting, won the chairmanship slot for the year 2000.

The Group of Seventy-Seven Countries, whose activities are financed through contributions by member states and other developed countries, produces joint declarations, action programmes on specific topics such as the Algiers Charter 1967; Lima Declaration 1971; Manila Declaration 1976; Arusha Programme for Self Relevance and Framework for Negotiation 1979; Caracas Programme of Action on ECDE 1986; Havana Declaration 1987; Agreement on Global System of Trade Preferences among Developing Countries (GSTP) 1988; Tehran Declaration 1991; Ministerial Agenda on "An Agenda for Development" 1994; San Jose Declaration and Plan of Action on South Trade, Investment and Finance 1997; The Bali Declaration and Plan of Action on Regional and Sub-regional Economic Cooperation of the Developing Countries 1998.

As the largest alliance of the UNGA, the G77 countries make statements and negotiate resolutions and decisions at the global conferences and other meetings held under the aegis of the UN dealing with international cooperation and development.

SELF ASSESSMENT EXERCISE

Describe the structure and *modus operandi* of the G77.

3.3 The International Economic Order and the Challenges of the Global South

The decision making process that governs the international flow of trade, capital and technology are controlled by the North, whose ability to dominate the rest of the world is facilitated through economic cooperation and expressed through such institutions as the Group of Eight Countries and the Bretton Woods institutions. It is against the backdrop of the alliance to counter stringent economic measures of the North posed by the General Agreements on Trade and Tariffs (GATT), and World Trade Organisation (WTO), that the global south decided to come together to form the South-South Cooperation, starting with the first Afro-Asian Conference at Bandung in 1955 which saw the indication of the self awareness of the South in the world arena. The G77 was therefore formed, sequel to the Bandung Convention in 1964, composed of all developing countries, excluding China.

Despite the lost opportunity for development among developing countries, the G77 countries adopted the Caracas Programme of Action on Economic Cooperation in 1981 (as a response to the general economic recession worldwide during the period 1980-1983).

In the same year, the G77 countries made the United Nations to adopt the resolution of the New International Economic Order (NIEO), and the Charter of the Economic Rights and Duties of States so as to balance the relationship between the South and the North, from “exploitation to shared benefit”, from “subordination to partnerships”.

At the 6th special session of the UNGA in 1994, the G77 countries led by member states of OPEC, adopted a resolution of action programme on the establishment of the NIEO, which was meant to enhance, inter alia:

- i. A measure that would increase Third World control over their own economies, especially their natural resources.
- ii. An arrangement to maintain and increase the purchasing power and to improve the terms of raw materials export.
- iii. An enacted code of conduct increasing the control over multinational corporations within their own borders.
- iv. Reduction in the cost of western technology and increase in its availability.
- v. Increase in the flow and liberalisation of foreign aid.
- vi. Alleviation of the Less Developed Countries (LDCs) debt problems.
- vii. Preferential investment and greater access for LDCs manufactured goods in developed countries.

- viii. Greater power in decision making in the IMF, World Bank, UNO and other international organisations; thus making these institutions more responsive to LDCs needs.

From the foregoing, it is obvious that the main thrust of the Group of Seventy-Seven Countries is the proposal for a NIEO which is a precondition for the development of developing countries. This proposal aims at gradually overcoming the patterns of domination bequeathed as legacy of colonialism. The NIEO Plan advances a masterpiece for shaping an economic system which inhibits the development of post-colonial countries. It is based on the fact that economic relations are so structured that they bring wealth for those who have economic power and impoverish the other.

Unfortunately, however, the proposal for a NIEO as different from the former International Economic Order (IEO) has received stiff opposition, if not outright rejection of the clauses contained therein by capitalists and socialists industrialised countries. Furthermore, the elites of the South, who are by and large accomplices of Northern elites, have clearly manifested their strong will to dissociate themselves from this proposal, that is, they oppose the people whom they are supposed to represent.

SELF-ASSESSMENT EXERCISE

Briefly itemise the UNGA 1994 resolution for the establishment of the NIEO.

3.4 Nigeria's Chairmanship of the G77

In April 2000, President Olusegun Obasanjo was elected Chairman of the Group of Seventy-Seven Countries at the G77 Summit held in Havana, Cuba for the 2000 year. During the Summit, the former President of Nigeria, Obasanjo, alongside leaders of the global South unanimously resolved to forge a new and meaningful partnership with the industrialised nations and demanded for equal partnership in decision making as it affects the majority of humanity. This message was read at the Group of Eight Countries Summit at Okinawa, Japan, shortly after the Group of Seventy-Seven Countries summit.

Nigeria's election as head of the 133 developing countries went a long way in proving that the good image of her yesteryears is being restored at the international arena. Beyond the states, it also proved that the former president was held in high esteem by the generality of the world, a development that has the propensity of repositioning

Nigeria, economically, politically and diplomatically with the rest of the world or at least with some 133 developing countries.

During Nigeria's year as chairman of the G77 countries, Nigeria had a unique position to explore challenges of the countries of the global South and to find lasting solutions to economic depression.

Through the G77 countries, Nigeria was able to influence other member countries of OPEC in accordance with the action programme on redirection presented at the 6th Special Session of the UNGA in 1974 which was spearheaded by G77 member states of OPEC.

It is also imperative to note that Nigeria's chairmanship of the Group of Seventy-Seven Countries provided an avenue and a better forum for negotiating for debt scheduling, and consequently debt cancellation. Remember that during this period, Nigeria required about US\$18 billion to service her foreign debts, an amount that had a grave and negative consequence on the economy of Nigeria.

In a similar manner, Nigeria's year as the leader of the Group of Seventy-Seven Countries enabled the country to redeem her previously tarnished image during military rule and align Nigeria towards a positive view of her 'acquired' democracy. In addition, this position afforded her an opportunity to fight for the liberation of the whole black race (a role she has been playing perfectly well and which is a focal point of her foreign policy) and thus regaining her previously dominant position as a leader of the black nation, which before now was diminishing.

SELF-ASSESSMENT EXERCISE

Explain Nigeria's achievements as chairman of the Group of Seventy Seven Countries.

4.0 CONCLUSION

The Group of Seventy-Seven Countries represents the largest alliance of the UNGA and the biggest collection of countries in the global South bound together to break away from the unjust international system that restrict them to be suppliers of basic raw materials and consumers of finished industrial products. As Frank (1969) notes, "economic development and political autonomy will be impossible for the Third World countries because of the nature of the capitalist system that exploits and subjugates them to the benefit of the rich countries. Amin (1974) also notes that the tendency for the Third World countries to depend on the rich countries with 'their'

multilateral financial institutions is seen as being especially damaging to their national bargaining power.

The Group of Seventy-Seven Countries, therefore, is concerned with the correction of the structural imbalances existing between countries of the North and the South and the creation of a New International Economic Order based on principles of equality, fairness and equity.

5.0 SUMMARY

In this unit, you have been introduced to the Group of Seventy-Seven Countries, established on 15th June, 1964 by seventy-seven countries, signatories to the Joint Declaration of the Seventy-Seven Countries issued at the end of the first session of the UNCTAD. We have mentioned that countries of the South are dependent upon countries of the North, and this dependence creates an unfavourable medium of exchange. Countries of the South, in realisation of their position in the IEO, have come together under a common bond to express, in one voice, their opposition to the old system. We have seen how Nigeria was elected in 2000 to serve as the chairman of the group, thereby projecting Nigeria politically, economically and diplomatically in global politics. We concluded by reiterating that the Group of Seventy-Seven countries is an economic cooperation set up basically to provide a forum for negotiating the many discriminatory barriers against countries of the South; and that the Group of Seventy-Seven serves as a baseline for initiating changes to the global economic system in order to make it more responsive to the needs of the countries of the South.

6.0 TUTOR-MARKED ASSIGNMENT

Has the Group of Seventy-Seven Countries been able to achieve their proposal for a New International Economic Order?

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MODULE 2 THE GLOBAL SOUTH IN INTERNATIONAL PERSPECTIVE

Unit 1	Globalization
Unit 2	The Global South and the United Nations
Unit 3	The Uruguay Round Agreement and the Doha Talks
Unit 4	July 2004 Framework and the Hong Kong Meeting

UNIT 1 GLOBALISATION

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1.0	Introduction
2.0	Objectives
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1.0 INTRODUCTION

In this unit, you will be introduced to the impact of globalisation on the countries of the South. Globalisation, which gathered momentum during the last quarter of the 20th century, has created unparalleled opportunities and posed unprecedented challenges for development.

Yet, the virtual ideology of our times has transformed globalisation from a descriptive word into a prescriptive word. But the reality that has unfolded so far belies the expectations of the ideologues. The exclusion of countries and of people from globalisation, which is partly attributable to the logic of markets, is a fact of life. Even so, there is a strong belief and an influential view that globalisation is the road to development during the first quarter of the 21st century. For students of international relations interested in understanding the implications of globalisation on the global South, and who seek to think ahead about the future of development economics, development through globalisation is an appropriate theme. It is even more appropriate, perhaps, with a question mark at the end.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define globalisation
- highlight the theoretical challenges in defining the concept of globalisation
- explain the weaknesses of globalisation for countries of the South
- highlight the need for the Global South to cautiously embrace globalisation.

3.0 MAIN CONTENT

3.1 The Globalisation Debate

Over the last three decades, the sheer scale and scope of global interconnectedness has become increasingly evident in every sphere, from the economic to the cultural. Skeptics do not regard this as evidence of globalisation if that term means something more than simply international interdependence, i.e. linkages between countries. The key issue becomes what we understand by the term ‘globalisation’.

- i. Globalisation is evident in the growing extensity, intensity, velocity and deepening impact of worldwide interconnectedness.
- ii. Globalisation denotes a shift in the scale of social organisation, the emergence of the world as a shared social space, the relative de-territorialisation of social, economic and political activity, and the relative de-nationalisation of power.
- iii. Globalisation can be conceptualised as fundamental shift or transformation in the spatial scale of human social organisation that links distant communities and expands the reach of power relations across regions and continents.
- iv. Globalisation is to be distinguished from internationalisation and regionalisation.
- v. The contemporary phase of globalisation has proved more robust in the aftermath of September 11th than the skeptics recognise.
- vi. Contemporary globalisation is a multi-dimensional, uneven, and asymmetrical process.
- vii. Contemporary globalisation is best described as thick form of globalisation or globalism.

- viii. Globalisation is transforming but not burying the Westphalian ideal of sovereign statehood.
- ix. Globalisation requires a conceptual shift in our thinking about world politics from a primarily geopolitical perspective to the perspective of globalised or global politics - the politics of worldwide social relations.
- x. Global politics is more accurately described as distorted global politics because it is afflicted by significant power asymmetries.
- xi. Globalisation creates a double democratic deficit in that it places limits on democracy within states and new mechanisms of global governance which lack democratic credentials.
- xii. Global politics has engendered its own global political theory which draws upon cosmopolitan thinking.

Giddens' (1990) definition of globalisation as involving 'the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa' suggests mutual flows".

This is however at variance with perspectives from the South which argue that globalisation flows are not mutual, but are more of one-way traffic from the global centres (North, around whose interests the world system was created in the first place), to the periphery (South) which was integrated as an appendage. It is this element of unequal exchange and dependence, which has bred resistance and contestations in the developing countries that has historically characterised globalisation (Rodney, 1974; Wallerstein, 1974).

According to I•iksal (2006:144), the globalisation process could be explained in three ways:

- i. Globalisation as a process that integrated the world economy. In other words globalisation as an economic phenomenon and an expansion of the world economy cannot be controlled by states.
- ii. Globalisation as an historical epoch that hastened up after the Cold War. In other words, globalisation is seen as an evolutionary political process associated with the spread of democracy and human rights.
- iii. Globalisation as a technological and social revolution that has enhanced easier, faster, and deeper communication among nations and cultures.

The liberal scholar, Fukuyama, conceives globalisation as the 'end of the history'-emphasising the superiority of the Western forms of 'liberal' governments, political economy and political community- as the ultimate destination, which the entire human race desires to

reach. His statement includes at least three assumptions:

- a) Political and economic development always terminates at liberal-capitalist democracy. In other words, non-Western world is destined to follow Western route of modernisation.
- b) The West is the custodian of the moral truths that are in 'progress' which could be possible regardless of national and cultural distinction.
- c) 'Progress' in human history could be measured by the elimination of global conflict and international adaptation of 'legitimacy'. This principle is further maintained by Doyle's principle that 'democratic states do not go to war with each other'.

Apart from political implications, globalisation processes also have some negative economic implications. For instance, as stressed by Keohane and Nye (2000), globalisation is accompanied by increasing gaps in many respects between the rich and the poor. Therefore, it implies neither homogenisation nor equity. Thus, it is important to remember that unequal and uneven development at the world scale remains a function of globalism. Globalisation is embedded in, and integral to, the global modernity whose operational procedure is universalisation and totality. In other words, through globalisation, particular will add into the universal, differences into sameness in which there would be a re-production of an organic constituting totality.

To epitomise, there is a risk that 'globalisation' could turn to the superiority of Western institutions, conceptions and rationality through historically unified single and hegemonic cultural system. In other words, in the name of 'totality' and 'universality' the groups that defined 'other' could be destructed, excluded, denied and marginalised by defining as irrational, underdeveloped or belonging to the past.

Recent years have witnessed the formulation of an intellectual rationale for globalisation that is almost prescriptive (Sachs and Warner, 1995; Wolf, 2004). This prescriptive view of globalisation is also set out, at some length, by Bhagwati (2004). It is perceived as a means of ensuring not only efficiency and equity but also growth and development in the world economy. The analytical foundations of this world view are provided by the neo-liberal model. Orthodox neoclassical economics suggests that intervention in markets is inefficient. Neo-liberal political economy argues that governments are incapable of intervening efficiently. The essence of the neo-liberal model, then, can be stated as follows. First, the

government should be rolled back wherever possible so that it approximates to the ideal of a minimalist state. Second, the market is not only a substitute for the state but also the preferred alternative because it performs better. Third, resource allocation and resource utilisation must be based on market prices which should conform as closely as possible to international prices. Fourth, national political objectives, domestic economic concerns or even national boundaries should not act as constraints. In this world, domestic economic concerns mesh with, or are subsumed in the maximisation of international economic welfare and national political objectives melt away in the bargain.

The ideologues believe that globalisation led to rapid industrialisation and economic convergence in the world economy during the late 19th century. In their view, the promise of the emerging global capitalist system was wasted for more than half a century, to begin with by three decades of conflict and autarchy that followed World War I and subsequently, for another three decades, by the socialist path and a statist worldview. The conclusion drawn is that globalisation, now as much as then, promises economic prosperity for countries that join the system and economic deprivation for countries that do not (Sachs and Warner, 1995; Nayyar, 2006).

It needs to be stressed that this prescriptive view of globalisation is contested and controversial. Samuelson (2004), for instance, questions the analytical basis and the theoretical foundations of this prescriptive view. Yet, for those who have this strong belief, globalisation is the road to development in the first quarter of the 21st century (Sachs and Warner, 1995; Wolf, 2004; Kaplinsky, 2005).

Interestingly enough, the development experience of the world economy in the last quarter of the 20th century is invoked as supporting evidence, not only by advocates but also by critics of this prescription. In caricature form, these conflicting perceptions are almost polar opposites of each other. The pro-globalisation advocates argue that it led to faster growth, that it reduced poverty, and that it brought about a decrease in inequality. The anti-globalisation critics argue that it led to slower but more volatile growth, that it increased poverty in most parts of the world and that there was an increase in inequality. Of course, such a broad-brush picture of conflicting perceptions abstracts from the nuances and the qualifications. But it highlights the impasse in a debate that borders on a dialogue of the deaf.

Yet, there is a little dispute about some important dimensions of reality. In conventional terms, the world has made enormous

economic progress during the second half of the 20th century. Over the past 50 years, world GDP multiplied almost twelve-fold while per capita income more than trebled. The growth has been impressive even in the developing world, particularly when compared with underdevelopment and stagnation in the colonial era during the first half of the 20th century. But such aggregates conceal more than they reveal. In fact, development has been uneven within and between countries. The pattern of development has been such that it has led to an increase in the economic distance between the industrialised world and much of the developing world. It has also led to an increase in the economic distance between the newly industrialising countries at one end and the least developed countries at the other.

At the same time, economic disparities between regions and between people within countries have registered a significant increase. Uneven development is not without consequences for people. Poverty, inequality and deprivation persist. And there is poverty everywhere.

One-eighth of the people in industrial societies are affected by, or live in, poverty. Almost one-third of the people in the developing world live in poverty and experience absolute deprivation in so far as they cannot meet their basic human needs. As many as 830 million people suffer from malnutrition, while 1.2 billion people do not have access to clean water, and 2.7 billion people do not have adequate sanitation facilities. More than 250 million children who should be in school are not. Nearly 300 million women are not expected to survive to the age of 40. And 850 million adults remain illiterate. Most of them are in developing countries. But, in a functional sense, the number of illiterate people in industrial societies at 100 million is also large (MWSDG, 2004).

In other words, many parts of the world and a significant proportion of its people are largely excluded from development. This may be attributable to the logic of markets which give to those who have and take away from those who have not, as the process of cumulative causation leads to market-driven virtuous or vicious circles. This may be the outcome of patterns of development where economic growth is uneven between regions and the distribution of its benefits is unequal between people, so that the outcome is growing affluence for some, combined with persistent poverty for many.

This may be the consequence of strategies of development as a similar economic performance in the aggregate could lead to egalitarian development in one situation and growth which bypasses the majority of the people in another situation.

SELF-ASSESSMENT EXERCISE

Does globalisation endear development or not?

3.2 Consequences, Constraints and Choices of Globalisation

It is apparent that globalisation has been associated with simultaneous, yet asymmetrical, consequences for countries and for people. There is an inclusion for some and an exclusion, or marginalisation, for many. There is affluence for some and poverty for many. There are some winners and many losers. Joan Robinson once said, 'There is only one thing that is worse than being exploited by capitalists. And that is not being exploited by capitalists.' Much the same can be said about markets and globalisation which may not ensure prosperity for everyone but may, in fact, exclude a significant proportion of people.

It would seem that globalisation has created two worlds that co-exist in space even if they are far apart in wellbeing. For some, in a world more interconnected than ever before, globalisation has opened doors to many benefits. Open economies and open societies are conducive to innovation, entrepreneurship and wealth creation. Better communications, it is said, have enhanced awareness of rights and identities, just as they have enabled social movements to mobilise opinion. For many, the fundamental problems of poverty, unemployment and inequality persist. Of course, these problems existed even earlier. But globalisation may have accentuated exclusion and deprivation, for it has dislocated traditional livelihoods and local communities. It also threatens environmental sustainability and cultural diversity. Better communications, it is said, have enhanced awareness of widening disparities. Everybody sees the world through the optic of their lives. Therefore, perceptions about globalisation depend on who you are, what you do, and where you live. Some focus on the benefits and the opportunities. Others focus on the costs and the dangers. Both are right in terms of what they see.

But both are wrong in terms of what they do not see. On balance, it is clear that there is exclusion of countries and of people (Nayyar, 2003; 2006).

Too many people in poor countries, particularly in rural areas or in the informal sector, are marginalised if not excluded. Too few share in the benefits. Too many have no voice in its design or influence on its course. There is a growing polarisation between the winners and the losers. The gap between rich and poor countries, between rich and poor in the world's population and between rich and poor people within

countries, has widened. These mounting imbalances in the world are ethically unacceptable and politically unsustainable (WCSDG, 2004).

But that is not all. Globalisation has diminished the policy space so essential for countries that are latecomers to development. Indeed, the space for, and autonomy to formulate policies in the pursuit of national development objectives is significantly reduced. This is so for two reasons: unfair rules of the game in the world economy and consequences of integration into international financial markets. In a world of unequal partners, it is not surprising that the rules of the game are asymmetrical in terms of construct and inequitable in terms of outcome. The strong have the power to make the rules and the authority to implement the rules. In contrast, the weak can neither set nor invoke the rules. The problem, however, takes different forms.

First, there are different rules in different spheres. Second, there are rules for some but not for others. Third, the agenda for new rules is bias but the unsaid is just as important as the said.

In sum, the existing global rules encroach upon essential policy space. And the problem is compounded by the rapid, sometimes premature, integration into international financial markets. Therefore, latecomers to industrialisation would find it difficult to emulate the East Asian success stories. Indeed, the industrialised countries had much more freedom and space in policy formulation at comparable stages of their industrialisation (Bairoch, 1993). There is an obvious question that arises. What are the options or choices in this situation for countries that are latecomers to development? First, it is essential to use the available policy space for national development, given the international context. Second, it is important to create more policy space by reshaping the rules of the game in the world economy. In the national context, therefore, it is necessary to redesign strategies by introducing correctives and to rethink development by incorporating different perspectives that would make for egalitarian economic development and a more broad-based social development. In the international context, even if difficult, it is necessary to reshape the rules of the game and contemplate some governance of globalisation.

SELF-ASSESSMENT EXERCISE

What are the consequences of globalisation on countries of the South?

3.3 Challenges of Globalisation

The various transformations of the world in the last few decades have not changed the basic concerns of developing countries. Equitable

participation in the world economy and building greater capacity to deal effectively with a range of severe internal problems remain their twin objectives. The lack of evolution in the basic positions of developing countries reflects the fact that the nature of the problems they face — rooted in the gross inequalities between the world's rich and poor — has not changed. The richest five percent of the world's people have 114 times the income of the poorest five per cent. The richest one percent has as much income as the poorest 57 percent. While per capita income in most of the world has increased steadily over the last four decades, in Africa it has declined.

The dynamics of cooperation among developing countries have, however, been profoundly affected by the dramatic changes in the world's ideological and technological map. The end of the Cold War made globalisation politically feasible and added urgent new imperatives to South-South Cooperation. The new information and communications technologies have opened up opportunities for such cooperation that are unprecedented in scope and potential. The induction of business, civil society and nongovernmental organisations into the South-South process has energised it and broadened the predominantly economic and technological focus of TCDC to include issues of governance, corporate responsibility and human rights.

The following sections highlight some of the multiple challenges facing developing countries. In every case, remedies to existing problems would be facilitated by technical and economic cooperation among countries of the South.

Trade

International trade has entered a new era in which the traditional capacity of governments to set rules and regulations at every national border is being replaced by a rule-based regime under the auspices of the World Trade Organisation in Geneva. However, most developing countries need to enhance their capacity to participate effectively in the WTO rule-making process and to promote their interests better within the existing regulatory framework. South-South cooperation would go a long way to remedy the existing deficits in their capacity to negotiate.

Technology

In the early years of development cooperation, it was assumed that technology transfer involved mainly training people and setting up institutions. Experience has underlined the need to deal with more complex linkages. Development — and retention — of human

resources must now cover also such issues as health, morbidity, social security, human rights, gender, generational equity, and at the high end, even the intellectual atmosphere of a society (which is relevant in attempts to stop the “brain drain” from developing countries). The need to stop the brain drain and develop the capacity to innovate technologies in developing countries to deal with local problems is urgent. The current globally skewed distribution of capacity for research and development (R&D) has meant that communicable diseases afflicting millions of poor people are being virtually ignored. Only five to ten percent of health research and development goes to diseases that occur entirely or mostly in developing countries. Only one percent of new products between 1975 and 1997 were developed specifically for tropical diseases.

Investments

Several developing countries have been receiving substantial investment inflows over the past decade, but most developing countries are starved of capital. Year after year, the lion’s share of world investments has gone to just five developing countries; the top ten receive over 80 percent. The reason for such concentration is that investment decisions are made by transnational corporations, and they are largely guided not by concern for the economic and social development of countries but by the profit motive. In a bid to attract foreign investment, many developing countries have been changing their laws and regulations, removing restrictions and providing incentives.

According to UNCTAD (World Investment Report, 2002) developing countries made 208 changes in their laws relating to FDI in 2001 (the highest since it began reporting the statistic in 1991); 93 percent were aimed at creating a more favourable investment climate. Unless developing countries cooperate in this process of liberalisation they could set off a self-defeating “race to the bottom” in terms of social and environmental impact.

New information technologies

The use of new information and communications technologies holds the promise of accelerated development, allowing developing countries to leapfrog over problems that in the past would have been prohibitively expensive to resolve. Satellite television broadcasting and mobile phone systems, for instance, have brought rural communities into the information age at a fraction of the cost that would have been necessary with ground-based broadcasting stations and land-linked telephones. The use of these technologies also creates a new

imperative for cooperation among developing countries. Satellite “footprints” often cross national borders, and the most cost-effective use of available bandwidth requires cooperation among neighbouring countries. At the policy level, the new information technologies allow a level and quality of interaction impossible in an earlier era. For instance, the Web of Information for Development (WIDE) network of UNDP’s Special Unit on TCDC provides a unique support system for those engaged in South-South cooperation.

A new paradigm

As we move into the 21st century, it is clear that a new paradigm for development cooperation has emerged with cooperation among developing countries as its central element. It is based on a new sense of the dynamics of how knowledge is generated, human resources are used, and a recognition of the rich reservoir of knowledge that exists in developing countries. New information and communications technologies allow this knowledge to be widely shared at minimal cost. The aim of TCDC in the years to come will be to ensure that the South rises on its own rich heritage in a world of equals.

SELF-ASSESSMENT EXERCISE

What challenges does globalisation present to countries in the South?

4.0 CONCLUSION

Globalisation with its consequences of integration into international capital markets reduces the degrees of freedom available to the developing countries. Countries that are integrated into the international financial system are constrained in using an autonomous management of demand to maintain levels of output and employment. The existing global rules encroach upon essential policy space. And the problem is compounded by the rapid, sometimes premature, integration into international financial markets.

5.0 SUMMARY

The globalisation debate remains the fiercest contest in international relations. On the one hand are the proponents of this debate who imagine globalisation as unqualifiedly positive for and beneficial to developing countries especially. On the other are those who argue that globalisation flows are not mutual, but are more of one-way traffic from the global centres (North, around whose interests the world system was created in the first place), to the periphery (South) which was integrated as an appendage. No matter where you stand in this

debate, there is an emerging consensus that the global rules, especially those dealing with international financial institutions are not in favour of Less Developed Countries. Therefore, it would be out of place if these countries wholesomely embrace globalisation.

6.0 TUTOR-MARKED ASSIGNMENT

At the centre of the globalisation debate is its supposed benefits to all countries. Is this applicable to developing countries?

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UNIT 2 THE GLOBAL SOUTH AND THE UNITED NATIONS

CONTENTS

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1.0 INTRODUCTION

In this unit, attempt is made to introduce you to the workings of the South-South Cooperation in the United Nations. The use of the term “South” to refer to developing countries collectively has been part of the shorthand of international relations since the 1970s. It rests on the fact that the entire world’s industrially developed countries (with the exception of Australia and New Zealand) lie to the north of its developing countries. The term does not imply that all developing countries are similar and can be lumped together in one category. What it does highlight is that although developing countries range across the spectrum in every economic, social and political attribute, they all share a set of vulnerabilities and challenges.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- identify the groupings that constitute the global South
- explain the workings of the UN Special Unit for South-South Cooperation
- describe the Buenos Aires Plan of action
- describe the UN Framework for South-South Cooperation.

3.0 MAIN CONTENT

3.1 UN Special Unit for South-South Cooperation

In 2003 the UN General Assembly changed the name of UNDP's Special Unit for Technical Cooperation among Developing Countries (TCDC), to reflect a new reality in international affairs. The new name- Special Unit for South-South Cooperation-covers a far broader range of activities the Unit undertakes than was possible when it was created nearly three decades ago to coordinate preparations for the 1978 Conference on TCDC in Buenos Aires. It is fitting that the United Nations acknowledges this change, for it has provided the framework for strategic planning and coordination of South-South cooperation from the very beginning. Countries facing similar challenges of economic and social development have shared experiences and learned from one another in UN forums and through UN sponsored projects and programmes. They have pooled their resources, addressed common weaknesses, and sought to build a better world.

The importance of such cooperation cannot be overemphasised in a period of rapid globalisation. The affluence of the North is built on strong and interactive webs of cooperation, and it is imperative that the "global South" follow suit if the gross imbalance between developed and developing countries is to be remedied. The Millennium Development Goals set out by the General Assembly in 2000 will be much easier to attain if South-South cooperation is a fundamental element of governmental policy and practice. It is heartening to see how much progress has been made since the Buenos Aires Conference; at the same time, it is sobering to see how much more has to be done. This booklet was first issued for the 25th anniversary since the Buenos Aires Plan of Action on TCDC was endorsed by the General Assembly. It is now reissued in updated form for the first observation of the International Day for South-South Cooperation, as, not only, a marker of progress but, an introduction to the challenges that still face us all.

When the General Assembly (in its resolution 200 of 4 December 1948) called for international teams of experts to advise "underdeveloped" countries on remedying their technological "backwardness", the assumption was that visiting experts from industrially developed countries could transfer the skills necessary for development to countries in Africa, Asia and Latin America. After a number of years, when it became evident that progress could not be effectively spread in that manner, developing countries - their numbers in the UN swelling rapidly because of decolonisation - pressed for change. They wanted two things. One was to increase the

institutional capacity of the UN system to respond to their economic and social needs, which happened relatively quickly and the other was to change the international economic system that had been shaped during the colonial period, which proved far more difficult.

The Buenos Aires Conference was convened four years after the UN General Assembly in New York called for a “New International Economic Order” (NIEO). Most of the delegates who participated in it had been through several years of inconclusive negotiations on how to bring about a new economic order. They came to the Conference convinced that cooperation among developing countries and their collective self-reliance were essential supplements to their cooperation with developed countries.

SELF-ASSESSMENT EXERCISE

What events led to the UNGA to change the UNDP’s Special Unit for Technical Cooperation among Developing Countries (TCDC) to UN Special Unit for South-South Cooperation?

3.2 Buenos Aires Plan of Action

The Plan of Action adopted by the Buenos Aires Conference was put together by an extensive process of expert and political consultations around the world. By the time the conference met, the detailed findings of the preparatory period had been distilled into a set of broadly indicative recommendations. Though 38 in number and oriented to national, regional and global constituencies, the recommendations can be summed up generically as follows:

- i. Developing countries should take stock of their available capabilities, skills and experience and share information about them.
- ii. They should establish and strengthen the expertise, institutions, arrangements, information flows, and transport and communications links necessary to pool their resources for the common good.
- iii. They should identify and make effective use of existing opportunities for cooperation, paying special attention to the needs of the least developed, the landlocked and island developing countries.

Without “implying an indication of priority”, the Conference noted a number of areas in which its recommendations should be implemented. These were: “employment and development of human resources, fisheries, food and agriculture, health, industrialisation,

information, integration of women in development, monetary and financial cooperation, raw materials, science and technology, technical cooperation and consultancy services, telecommunications, tourism, trade, and transport and communications". According to the Conference participants, the recommendations "should also facilitate the formulation of programmes of cooperation in other sectors". While acknowledging that developing countries should be primarily responsible for financing TCDC, the conference urged broad support from developed countries, asking them to increase development aid "on a predictable, assured and continuous basis". The "entire United Nations development system must be permeated by the spirit of TCDC, and all its organisations should play a prominent role as promoters and catalysts of TCDC". Particular responsibility for ongoing support of TCDC was given to the UN Development Programme, which had established a special unit to deal with the matter in 1974 and which played a leading role in preparing for the Conference.

To monitor implementation of the Plan of Action, the UN General Assembly created a High Level Committee (HLC) of all States participating in the UN Development Programme. After its first two meetings in 1980 and 1981, the HLC has convened every two years to consider reports submitted by the UNDP Special Unit for TCDC. The reports reflect input from TCDC focal points at the national level and in all agencies of the UN development system. Although the reporting by focal points is far from comprehensive, the information collected over the years points to the following conclusions:

- a) South-South cooperation has become a mainstream modality in all regions and most sectors. Attitudinal problems left over from the colonial period, which had been seen as an obstacle to TCDC at the Buenos Aires Conference, have largely disappeared. Every UN agency uses experts and institutions from developing countries to work on projects in other developing countries. In many cases, such use is preferred, not for reasons of policy but because of cost-effectiveness. The rapid economic growth of a number of developing countries and increased technical ability in many more have contributed to this success. In this sense, the implementation of the Buenos Aires Plan of Action (BAPA) is on the right track.
- b) Developed countries have provided substantial and increasing support for South-South cooperation, but there is a wide perception among developing countries that more needs to be done. Japan appears to have given high priority to TCDC in terms of policy and project activity.
- c) Lack of resources and information about developing countries

is widely perceived to be an obstacle to South-South cooperation. Effective mechanisms and institutions to coordinate and manage South-South cooperation have not been sufficiently developed. More governments need to create national databases of experts and capabilities in the South.

- d) Much has changed in the past years since the Buenos Aires Conference, and so also the policies governing TCDC activities.

3.3 The Evolution of the South-South Cooperation Policy

In looking at the evolution of South-South policy, we need to consider three dimensions: what actually happened in the decades after the Buenos Aires Conference; the response of the developing countries; and the framework of UN development policy.

3.3.1 The History

The two decades that followed the Buenos Aires Conference were very difficult for most developing countries. Rampant inflation combined with a major recession in the biggest developed countries closed off expectations that the 1970s boom in energy prices could be spread to other commodity exports of developing countries. On the contrary, the prices of commodities on which Southern countries were heavily dependent for export income went into a steep decline.

Caught in a squeeze between the crashing prices of their exports and high inflation in the prices of their imports, many developing countries found it impossible to repay the substantial debts they had assumed.

The 1990s brought little relief. Although the Cold War ended, the expected “peace dividend” did not materialise. Instead, development assistance went into a steep, decade-long decline. By 2000, the debt service payments of developing countries accounted for 6.3 percent of their GDP. Net foreign direct investment then was 2.5 percent and aid amounted to 0.5 percent (HDR, 2002). Developing countries as a group had become net exporters of capital. Many African countries during this period were additionally plagued by the AIDS pandemic and by a proliferation of armed conflicts. Instead of focusing entirely on development, technical cooperation and financial aid were diverted to humanitarian relief and post-conflict recovery. The only region where developing countries bucked this overall trend was in East Asia. The Republic of Korea, Taiwan province of China and the Association of Southeast Asian Nations (ASEAN) emerged during the 1980s as success stories. The common factors in their success were political as well as economic.

3.3.2 Developing Country’ Perspective

The agenda for cooperation among developing countries is rooted in their demands for political, economic and social equity and progress after World War II. Giving voice to that agenda ever since its creation in 1964 has been the Group of 77 (all developing countries in the United Nations). G-77 ministerial meetings have initiated changes to the South-South agenda over the last 25 years. Even though many of its bold recommendations have not been meaningfully implemented, the history of G-77 recommendations is worth noting:

Caracas (1981): A high-level conference on economic cooperation among developing countries urged negotiations on a Global System of Trade Preferences (GSTP) among developing countries, joint initiatives in marketing and technology transfers, an expert study of the proposal for a “solidarity fund” and a bank for developing countries.

Cairo (1986): The ministerial meeting of the G-77 introduced three new elements to the agenda of the South. It called for a “sector by sector scale of priorities”; encouraged the “participation of non-government entities” in South-South cooperation; and “underlined the interrelationship between peace, security, development and economic cooperation among developing countries”. It stressed the importance of settling all disputes among developing countries by peaceful means.

San Jose (1997): Meeting 17 years after the adoption of the Caracas Programme of Action, G-77 ministers took stock of a world that had been transformed by the end of the Cold War, the swift onset of the digital age, and the rapidly accelerating processes of globalisation.

The meeting said it “would be desirable to develop and strengthen a partnership” among the public and private sectors, entrepreneurs, non-governmental organisations, community based organisations and civil society.

To help the landlocked and small island developing countries, the meeting called for bilateral and regional agreements on transport operations, joint ventures on transit transport, and the strengthening of institutions and human resources relating to transport. The San Jose meeting urged the creation of institutional mechanisms to provide financing, market information, technology, education and training to enable women workers, producers and their micro-enterprises to benefit from networking and adjust to the processes of globalisation.

Bali (1999): G-77 ministers issued a declaration and plan of action on

“regional and sub-regional economic cooperation of the developing countries”. They urged the publication of an annual statistical yearbook on the developing country groupings and the creation of consultative mechanisms to promote the timely study of the impact of economic “mega blocs” and economic crises on those groupings.

Other recommendations were: workshops for government officials on multilateral negotiating skills; greater regional interaction by businessmen and women; and the creation of interregional networks of chambers of commerce and industry, trade and professional associations, parliamentarians, scientists, academics, young entrepreneurs and scholars.

South Summit (2000): The first summit meeting of the G-77 noted that the progress of developing countries over the years had not been “commensurate with the comprehensive nature” of the commitments they had made. To overcome “whatever factors have limited this cooperation”, it proposed a set of institutional measures unprecedented in specificity and scope. The summit recommended that the G-77 chairman’s office in New York be upgraded to a “compact executive secretariat” and that all G-77 members contribute \$5,000 (or more) annually to support it. An additional \$10million fund was proposed to help implement the other decisions of the summit, which included a review of all existing South-South cooperation programmes with a view to identifying complementarities; coordination of the networking of research institutions in the South to improve the analytical ability available to the group; and the publication of an annual report on South-South Cooperation in collaboration with the UNDP Special Unit for TCDC.

Other recommendations were to convene groups of experts (acting in their individual capacities) to review the agendas of major multilateral conferences and guide developing countries regarding their desirable outcome; to develop a “vulnerability index” focusing attention on the risks of globalisation for mainly agrarian developing countries; and to create a mechanism for “monitoring, analysis, identification, management and follow-up” to ensure the effectiveness of South-South cooperation. Finally, the summit recommended that G-77 Heads of State and Government meet again in 2005.

Tehran (2001): The tenth session of the intergovernmental follow-up and coordination committee on economic cooperation among developing countries called for a consolidation of the “south platform” to bridge the gap between agreed aims and performance. It urged that the G-77 secretariat in New York be strengthened

and that a “South Report” be launched on cooperation among developing countries.

Dubai (2002): A conference on science and technology (attended by some 150 scientists as well as officials from over 70 countries) reaffirmed the need to establish a network of research institutions of the South and called for a study of the funding and institutional support that would be necessary. The scientists called on G-77 governments to increase funding for science and technology by 2.5 percent of the gross national product (GNP) by the year 2010.

SELF-ASSESSMENT EXERCISE

What are the contributions of the G-77 to South-South cooperation?

3.3.3 The United Nations Framework

In more than two decades, the conceptualisation of development at the United Nations has changed dramatically. Where once it was seen as a simple process of training people in science and technology and building the industrial productive capacity necessary to raise the GNP, it is now envisaged as an enriching economic and social transformation centred on human well-being. The unsustainable use of the natural environment has been replaced by a core concern for the environmental sustainability of human activity.

Questions of social equity, gender discrimination and quality of governance that were never thought relevant are now issues inseparable from development. In addition to philosophical change, there have been the political transformations brought on by the end of the Cold War and the reconfiguration of space and time by new information and communications technologies. The impact of all this on South-South cooperation has been framed by the imperative process of rapid globalisation.

Taking stock of the changes described above, the General Assembly in 1995 adopted a resolution calling for “new directions” in TCDC. It urged “a more strategic orientation” for TCDC focused “on priority issues which are likely to have a major development impact on a large number of developing countries”. The priorities noted were trade and investment, debt, the environment, poverty alleviation, production and employment, macroeconomic policy coordination, education, health, the transfer of technology and rural development. To increase resources for TCDC, the General Assembly endorsed “triangular cooperation” (finance from developed countries supportive of TCDC) and private-sector funding.

All specialised agencies, funds and programmes of the UN System

were asked to provide analytical and empirical material to the Special Unit for the preparation of biennial progress reports to the HLC on South-South cooperation.

4.0 CONCLUSION

In November 1997, the UNDP Special Unit for TCDC convened a meeting of 23 countries that had become hubs of South-South cooperation. They were: **Africa:** Ghana, Mauritius, Nigeria, Senegal and South Africa. **Asia:** China, India, Indonesia, Malaysia, Pakistan, Republic of Korea, Singapore and Thailand. **Middle East:** Egypt and Tunisia; in Central and Eastern Europe, Malta and Turkey. **Latin America and the Caribbean:** Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, Mexico, Peru and Trinidad and Tobago.

These “pivotal countries” account for the bulk of the world’s population, includes its fastest-growing economies, and have huge potential for trade and other forms of interaction among themselves.

Since the adoption of the “new directions” resolution, there has been energised cooperation among the pivotal countries in every region, and major world conferences have noted the importance of South-South cooperation. The 2001 Brussels Conference on Least Developed Countries said that South-South cooperation had an important role in LDC development and set out priority areas. The 2002 Monterrey Consensus on Financing for Development emphasised South-South and triangular-cooperation approaches to capacity building in developing countries. It called for enhanced South-South cooperation in building financial infrastructure and improving human resources as well as financial regulation and supervision, public administration, formulation of gender-sensitive budget policies attuned to social needs, debt management, early warning and crisis prevention.

A quarter century after the Buenos Aires Conference, cooperation among developing countries has a proven track record and acknowledged value. But the plan of action has not been fully implemented, and collective self-reliance and increased capacity to integrate into the world economy remain distant goals for most developing countries.

5.0 SUMMARY

This interesting unit has introduced you to the relationship between South-South Cooperation and the Global South. You were taught that the term South-South Cooperation does not refer to monolithic countries, rather highlight a set of attributes shared among these

countries. These attributes relate to a set of vulnerabilities and challenges. We also learned that the change of the name Special Unit for Technical Cooperation among Developing Countries to Special Unit for South-South Cooperation reflected a new reality in international affairs, since the latter covers a far broader range of activities the Unit undertakes than was possible when it was created three decades ago to coordinate preparations for the 1978 Conference on TCDC in Buenos Aires. It is fitting that the United Nations acknowledges this change, for it has provided the framework for strategic planning and coordination of South-South cooperation from the very beginning. The unit concludes that in looking at the evolution of South-South policy, we need to consider three dimensions: what actually happened in the decades after the Buenos Aires Conference; the response of the developing countries; and the framework of UN development policy.

6.0 TUTOR-MARKED ASSIGNMENT

What were the recommendations of the Buenos Aires Plan Action?

7.0 REFERENCES/FURTHER READING

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UNIT 3 THE URUGUAY ROUND AGREEMENT AND THE DOHA TALKS

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1.0 INTRODUCTION

This unit is concerned with the role of South-South Cooperation in the World Trade Organisations (WTO), especially with regards to the 1994 Uruguay Round Agreement on Agriculture at the WTO. This negotiation featured agricultural trade liberalisation as one of its key aims. But developing countries were frustrated with both the process and the content of the agricultural agreement negotiations early on in the Round. This prompted these countries, through a number of developing country groupings such as the G-20 and others, to call for changes in the talks to ensure that developing country voices and concerns were heard. Though developing countries were in many ways successful in registering their concerns in the latter half of the negotiations and have maintained a fairly high degree of cohesion across the Global South, scholars in this field argue that it is still unclear whether the cohesion of South-South Cooperation will last as the uneven impacts of agricultural trade liberalisation become apparent.

The Doha Round of trade talks was christened as a ‘development’ round. It was supposed to give special consideration to the needs and concerns of developing countries, who had felt that the Uruguay Round, and indeed all rounds that preceded it, reflected the agenda of the industrialised countries. It was widely assumed that the agriculture negotiations in the Doha Round would be where developing countries would make some of the most gains. Since the completion of the Uruguay Round, which was the first to squarely address agricultural trade, it has become apparent that the inequities in the agricultural trade system were not adequately addressed by the agreement. In light of the developing countries’ disappointment with the Uruguay Round, the World Trade Organisation (WTO) membership endorsed

the idea of a ‘development round’ at Doha. In the area of agriculture, the Doha Declaration indicated that the WTO membership was committed to “substantial improvements in market access, reduction of, with a view to phasing out, all forms of export subsidies, and substantial reductions in trade-distorting domestic support” (WTO *Doha Declaration*, 2001). The declaration further went on to stress that special and differential treatment for developing countries would be integral to the agricultural negotiations.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- highlight the features of the 1994 Uruguay Round Agreement on Agriculture
- describe the failure of the 1994 Uruguay Round Agreement on Agriculture
- discuss the achievements of the Doha Round of trade talks.

3.0 MAIN CONTENT

3.1 The 1994 Uruguay Round Agreement on Agriculture

Prior to the Uruguay Round (1986-1994), agricultural trade, though in theory covered by the original 1947 General Agreement on Tariffs and Trade (GATT) agreement, was exempted from the GATT in practice (Braga, 2004). This was the result of pressure by the US, which had demanded this exemption in the 1950s in order to maintain its complex system of agricultural protection (Jawara & Kwa, 2003). The exemption was applied to all countries in practice, with the end result being that agriculture was not covered under the GATT.

By the 1980s, however, the US and the EU found that the cost of protecting their agricultural sectors—primarily in the form of domestic farm supports in the case of the US and export subsidies in the case of the EU, as well as high tariffs on certain products in both cases - was getting out of hand, as one tried to out-compete the other.

Other countries, such as Japan, also practiced agricultural protectionism. By the mid-1980s, OECD agricultural subsidies totaled some US\$300 billion per year. The growing costs to maintain the system of supports led the US to push the idea of including agriculture formally in the GATT. The high level of agricultural protectionism in the OECD countries had especially harmful effects in the Global

South. Years of excessive subsidies and other forms of protection drove down commodity prices for basic staples like rice, maize, and wheat, out-competing local production in developing countries, threatening local livelihoods and harming export income.

Many developing countries, including most of Africa, became net food importers by the 1980s. The 1994 Uruguay Round Agreement on Agriculture (AoA) was the result of intense negotiations (Balaam, 2004). The main provisions of the agreement cover the key aspects that were seen to be in need of liberalisation: market access, domestic support, and export subsidies. The AoA called for the conversion of quantitative restrictions on agricultural products to tariffs as well as their reduction. It also called for cuts to both domestic support subsidies and export subsidies. Developing countries had a more relaxed schedule of reductions, and the Least Developed Countries (LDCs) were exempted from these cuts.

Though the intention was to make radical steps toward liberalising agricultural trade, the end agreement only took baby steps in that direction, and some say that it even went backwards. This is due in large part to some important exceptions to the rules which have profoundly influenced their impact. These were largely negotiated between the US and the EU as part of what is now referred to as the 'Blair House Accord', a bilateral agreement between the US and EU in 1992 which was seen to have broken the impasse between these major players and allowed for the completion of the AoA (Jawara and Kwa, 2003).

The first exception has to do with the requirements to reduce domestic support. These subsidies were categorised into different 'boxes' according to their potential to distort trade. Those in the 'Amber Box' were seen to be highly trade distorting because their level varied with production (such as price supports). These Amber Box subsidies were subject to reduction under the agreement, but countries were allowed to exempt *de minimis* amounts of them, up to 5per cent of total agricultural production value and up to 5per cent of the value of each supported product for industrialised countries (10per cent below each for developing countries). The 'Green Box' was another category of domestic subsidies which were deemed to have no or minimal distortions to trade (such as research and extension expenditures and income supports), and were exempted from the required cuts entirely, with no limits placed on them.

A 'Blue Box' was also negotiated, which included those subsidies that normally would be in the Amber Box, but which also require farmers to limit production, making them somewhat less trade-

distorting. These subsidies were exempted from cuts and there was no limit placed on them. In addition, the US and EU insisted on a 'Peace Clause', which prohibited any challenges to subsidies levels until January 1, 2004, to give the members time to adjust their policies. There were other important qualifications to the agreement too.

Although there were minimum cuts to the levels of tariffs which were to be reduced, the reductions were averaged, and in practice they were very different for each product. This meant that tariffs on some key products were reduced by very little in practice, especially where there were high tariff peaks to begin with. In addition, food aid was exempted from the export subsidy reductions. And finally, the base period for the reduction of export and domestic support subsidies was set at 1986-1990 and 1986-1988 respectively, periods of historically high levels of subsidies. This meant that the cuts would only bring subsidy levels down minimally and in fact to levels that were higher than they were in the 1960s and 1970s. These various caveats to the deal created some significant loopholes in the agreement, which allowed the US and the EU to continue with many of the protectionist practices to which they had become accustomed.

The AoA has been criticised as reinforcing already unequal agricultural trade rules. Though subsidies were to have been dramatically reduced, they have in fact increased in the OECD countries since the mid-1980s, as around 60 percent of OECD subsidies were, because of the exceptions, exempt from cuts. The total of all agricultural support in OECD countries went from US\$271.2 billion in 1986-1988 to US\$330.6 billion in 1998-2000. The rise was due largely to the US and EU shifting their subsidies into the Green and Blue Boxes to save them from being cut. For example, Green Box subsidies more than doubled between 1986-1988 and 1995-1998. In 2003, US agricultural exports sold for anywhere between 10 and 50 percent below the cost of production. The EU similarly exports key commodities for less than the cost of production. In 2001, prices received by OECD farmers were some 30 percent over world prices.

Developing countries were supposed to see a rising share of global agricultural exports as a result of the market access provisions. But their share of agricultural trade has remained steady at around 36 percent since the agreement was implemented, and their share of agricultural exports to industrialised countries has remained at 22.4 percent between 1990-1991 and 2000-2001. Because the tariff reductions were averaged, industrialised countries were able to continue to discriminate against products exported by developing countries. Industrial countries have peaks in tariffs on certain

products produced by developing countries. For example, tariffs on groundnuts, sugar, and meats, are in some cases up to 500 percent. Tariff escalation, the practice of applying higher tariff rates as the level of processing increases, is also common with products exported by developing countries. At the same time that their share in agricultural exports did not increase as expected, many developing countries experienced import surges, flooding their domestic markets with cheap, subsidised imported products from industrialised countries. Although both the North and the South were required to liberalise agricultural trade, many developing countries, especially the poorest ones, had already substantially liberalised their agricultural sectors under programmes of structural adjustment in the 1980s (FAO, 2003). The liberalisation required under Structural Adjustment Programmes (SAPs) went much further than what is required by the industrial countries under the AoA. This has meant that even though the rich countries were required to make steeper tariff cuts than the developing countries, they started from a much higher level and it was not enough to eliminate the inequality.

Under the AoA the depth of the tariff cuts made by developing countries were on average greater than the cuts made in industrialised countries. The result is that developing countries were left much more vulnerable. Rather than level the playing field, the AoA made it more steeply stacked against developing countries. The effects on small peasant farmers, whose very livelihoods have been threatened by competition from cheap subsidised imports, have been particularly serious.

SELF-ASSESSMENT EXERCISE

What were the demands made during the Uruguay Round of Agreement?

3.2 The Doha Talks and the Global South

The problems with inequities in the 1994 AoA were recognised at the time that it was negotiated, and the agreement included a commitment to pursue further negotiations to begin in 2000. The need for revisions to the agreement was further reinforced at the Doha Ministerial, which highlighted the agriculture talks as a central feature. Revisions to the AoA were to include further liberalisation in each of the three pillars: export subsidies, market access, and domestic support. The negotiations on the modalities, or broad parameters for the types of commitments to be made, were to be completed by March 2003 and adopted at the fifth ministerial meeting, to be held in September 2003. Neither of these deadlines was met, and the talks were plagued by

disagreements over both content and process, with much discontent from the developing countries.

The first phase of the negotiations, prior to the Cancun ministerial in 2003, saw rising frustration from developing countries. The US and the EU, meanwhile, continued to pursue the negotiations in the way that they were accustomed to - by assuming that any agreement would have to be the product of a deal amongst themselves first, usually as part of negotiations within the so-called 'Quad', of which Japan and Canada were also included, as was the case in the Uruguay Round. The Chair of the agriculture talks also worked in a top-down fashion as opposed to letting proposals emerge from the members. Both practices frustrated developing countries, which had made presentations on the issues of concern to them, but did not see their views reflected in the texts. Dissatisfaction with their exclusion prompted developing countries to finally take concrete action to form negotiating groups on agricultural issues to express their views.

The collapse of the talks at Cancun in large part was a product of the developing country unwillingness to accept the 'business as usual' approach. The timeline for the agriculture talks as outlined at Doha was highly ambitious. The developing countries were anxious about the negotiations and were vigilant about monitoring not just the content of the negotiations, but also the process by which they were conducted. Little headway was made in the first year of the negotiations due to the wide divergence in views amongst the members. Developing countries were focused on the need to incorporate special measures to enable them to protect rural livelihoods and food security. These were at first articulated as some sort of 'Development Box' or 'Food Security Box' (Murphy and Suppan, 2003). These concepts were later dropped in favour of a designation of Special Products which could be exempted from tariff cuts and a Special Safeguard Mechanism (SSM) to help protect against import surges. Developing countries also wanted to see a reduction in both domestic and export subsidies in the industrialised countries. The US was focused on tariff reduction in order to improve market access for its exports as well as a reduction of export subsidies practiced by the EU. The EU's main aim was to see reductions in levels of domestic support which forms the bulk of US subsidies, as well as a widening of the pillar of 'export subsidies' to 'export competition', to incorporate what it considered to be hidden export subsidies in the form of export credits and food aid practiced by the US.

With a lack of convergence on these issues, the Chair of the agriculture committee, Stuart Harbinson, tabled a draft modalities text in

February 2003 that contained a formula for tariff reductions and schedules for subsidy reductions. His aim was to arrive at a compromise text which could be approved in time for the March 31 deadline. The text was submitted in his personal capacity, as he had stressed that the gulf between the members was too wide and he had received very little guidance. The Harbinson paper was criticised from all sides. The US felt that it did not go far enough with respect to tariff cuts and export subsidies, while the EU and Japan felt that the proposals did not do enough to put disciplines on export credits and food aid. The developing countries felt that the text was heavily biased toward the concerns of the rich countries. That the South's concerns were not incorporated into the draft text was also echoed by several studies of the original draft text which estimated that the vast bulk of the gains from the proposal would accrue to the rich countries. It is not surprising that the deadline was missed. Harbinson vowed to continue to work toward an agreement in the run up to Cancun in September 2003. But after the missed March deadline, the talks were in jeopardy. Because of the inability to agree on concrete modalities, members decided to work toward a 'framework' for the modalities (for instance general goals without specific numbers) as a first step.

In May 2003, when the overall talks were stalled, four West African Countries— Benin, Burkina Faso, Chad and Mali— submitted a paper to the WTO on the impact of cotton subsidies on their farmers and economies. The paper called for recognition of cotton as a Special Product for developing countries, a complete phase out of all cotton subsidies, as well as financial compensation for the LDCs during the transition phase. Their aim was to raise attention to the issue, with the hope of having this addressed at Cancun. There was no precedent for a serious paper of this sort emanating from a group of the LDCs. The paper was extremely important in that it seemed to epitomise the problems faced by the poorest countries in the previous negotiations. While the WTO members were forced to take note of this paper, little concrete action was taken. In August 2003, a number of draft texts were put forward on agriculture in an effort to revive negotiations in time for the Cancun Ministerial. The US and the EU met privately and put forward a joint text. Two important features of this joint proposal were provisions for continued subsidies in the form of an amended Blue Box (rather than its elimination), as well as for a 'blended formula' for tariff reductions.

This formula would combine different approaches to tariff cuts in different bands, some being linear cuts and some being cut under a more drastic 'Swiss formula', though which tariffs fell into which bands was to be self-selected. The document also called for a

reduction, rather than elimination, of *de minimis* spending for the Amber Box. And it called for an extension of the Peace Clause. The document said little about special and differential treatment for developing countries, and noted that sectoral issues (such as cotton) were ‘of interest but not agreed’. The countries of the Global South were very disappointed with US-EU joint text, which paid little attention to their concerns. In response, a group of developing countries, led by Brazil, India and China, formed a new coalition, the G-20 Group on Agriculture, which aimed to be a developing country counter-force to the US and the EU in the negotiations. The G-20 coalition was an important development, as it brought together developing countries with different sets of interests with respect to agriculture, making it a wider ranging coalition than, for example, the Cairns Group (which largely represents agricultural exporters, and which was an important counter force to the US and the EU in the Uruguay Round negotiations). The G-20 included some developing country members of the Cairns group, such as Brazil, Argentina, and Thailand, which have interests in improving market access for their own agricultural exports. But it also included other developing countries, such as India, Mexico, Bolivia, and Ecuador, which are mainly concerned with defending their own domestic markets from import surges (Narlikar and Wilkinson, 2004). The G-20 put forward its own proposal in an attempt to avoid another ‘Blair House Accord’ from emerging between the US and the EU. This proposal squarely reinserted provisions about special and differential treatment, and called for further subsidy cuts for industrialised countries. It also substantially modified the ‘blended formula’ for tariff reductions to better take into account different tariff structures in the North and the South and included special and differential treatment for the South. It further called for the identification of Special Products to be exempt from tariff cuts and a Special Safeguard Mechanism. In addition, it called for an elimination of the Blue Box, rather than its amendment, as well as spending caps on the Green Box. Such a substantial proposal from a new group representing over two thirds of the world’s population and led by three key emerging economies—Brazil, India, and China— brought it a degree of legitimacy that developing country coalitions in the past hadn’t been able to muster. It had become clear that the G-20 was an important negotiating group that the US and the EU would have to contend with (Narlikar and Tussie, 2004).

Other proposals from developing countries also emerged around this time which echoed and amplified the G-20 proposal. A joint text from the Dominican Republic, Kenya, Honduras, Nicaragua, Panama and Sri Lanka also focused on Special Products and a SSM for developing countries and called for further measures for special and differential

treatment for developing countries to be an integral part of the agreement.

This group came to be known as the ‘SP and SSM Alliance’ and at times the ‘Friends of the Special Safeguard Mechanism’ and later the Group of 33, because it had a membership of 33 (which has since grown to 44). A proposal from the African Union/LDC/ACP grouping (also sometimes referred to as the Group of 90) put forward a proposal that called for yet further special and differential treatment for developing countries, particularly the LDCs. It highlighted the need to address the problem of tariff peaks and tariff escalation and also called for protection of existing trade preferences for these countries under other agreements (for example, the Cotonou Agreement) or at the very least some sort of compensatory mechanism if these preferences are eroded by the tariff reductions. Their main concern here was that if market access provisions required drastic cuts to tariffs, the special trade preferences they currently receive would be eroded.

The draft Ministerial Declaration for Cancun attempted to incorporate these various positions. But the draft was highly controversial. It was widely perceived that the draft did not represent all members’ interests fairly, and in particular was inadequate with respect to developing country concerns. It was especially upsetting to those who supported the cotton initiative, as it only asked for further study on the impact of cotton subsidies, and made no steps toward the demands of the African countries.

The Cancun Ministerial ended abruptly, ahead of schedule, due to deep divisions expressed by members. Formally, it was disagreement over the inclusion of the Singapore issues that brought the meeting down, but it was widely agreed that agriculture was just as contentious even though the agriculture texts were not formally discussed. The emergence of the developing country groupings had energised many in the Global South. As Brazil’s foreign minister Celso Amorim stated in his speech at Cancun, the G-20’s aim was to “bring it [the world trading system] closer to the needs and aspirations of those who have been at its margins — indeed the vast majority — those who have not had the chance to reap the fruit of their toils. It is high time to change this reality” (Bello and Kwa, 2004).

And that reality did begin to change. One of the first signs of that change, and perhaps one of the more important outcomes of the failed Cancun talks with respect to agriculture, was the expiry of the Peace Clause on December 31, 2003. A good deal of finger-pointing followed the failure at Cancun, with the US claiming that the G-20

countries had been spoilers. Following pressure from the US to leave the group or forfeit the opportunity to engage in bilateral trade talks with the US, five of the G-20 members— Columbia, Peru, Guatemala, El Salvador, and Costa Rica—dropped out of the group in the fall of 2003. The G-20, however, expressed its willingness to continue the negotiations despite losing some of its members (it has since gained more members), though it wanted to ensure that the US and EU made genuine efforts to make compromises themselves before returning to the table. This early haste of the talks then was characterised by the frustration of the developing countries, and their organisation into key groupings to voice developing country concerns.

Their main impact in this period, culminating in the Cancun meeting, was to stand firm on their position in the talks as a way of raising awareness of their issues. Solidarity amongst the various groups—the G-20, the G-33 and the AU/ACP/LDC group was high at Cancun, but this cohesion was fragile, as became apparent in the next phase of the talks.

SELF-ASSESSMENT EXERCISE

Account for the collapse of the talks at Cancun.

4.0 CONCLUSION

The developing countries of the Global South have made an important imprint on the Doha agricultural negotiations. After being systematically ignored in the early years of the Doha Round of agricultural trade talks, developing countries took steps to influence both the process and the substance of the negotiations. The emergence of key groupings of developing countries just prior to the Cancun ministerial, including the G-20, the G-33 and the AU/ACP/LDC, were products of their frustrations over the talks. These groups were able to voice their concerns through formal proposals and put pressure on the other key players, primarily the US and the EU, to incorporate their views or face the consequences. They had forced a change of dynamic. This new dynamic was very apparent at Cancun, when the talks collapsed, in part because of the lack of incorporation of the South's concerns on agriculture in the official text. The turn taken at Cancun was not transitory, as the developing country groupings, the G-20 in particular, have become key participants. Because it has a unique mix of countries with diverse interests and has attempted to reach out to other developing country groupings, the G-20 had gained the support and respect of most of the countries of the Global South. The G-20 has worked hard to show solidarity with other developing country groups, but the cohesion of the Global South on

the agriculture talks is fragile. While India and Brazil's membership in the FIPs is significant for the Global South coalition in that it demonstrates the importance of incorporating the voice of developing countries, it did draw criticism from other developing countries.

The G-20 is aware of this tension with other developing country groups, and took efforts at Hong Kong to reinvigorate the cohesion of all the developing country groups by focusing on their points of agreement on broad issues. But because there are still so many details of the modalities that have yet to be decided upon, it is not clear that this cohesion will last. Indeed, it is likely that whatever deal emerges will result in meagre gains and an uneven impact across the Global South. Moreover, the new estimates indicate that about half of the gains for developing countries resulting from the Round will go to just a handful of countries, including most importantly Brazil, India, China, and Mexico. In this context, it is ironic that the shifts in the negotiation process to include more developing country representatives may weaken solidarity in the Global South coalition on agricultural trade issues.

5.0 SUMMARY

In this unit, you have been introduced to the 1994 Uruguay Round Agreement on Agriculture and the Doha Talks and the Global South. We have seen that these negotiations featured agricultural trade liberalisation as one of its key aims. But developing countries were frustrated with the 1994 Uruguay Round Agreement. This made countries to call for changes in the talks to ensure that developing country voices and concerns were heard.

6.0 TUTOR-MARKED ASSIGNMENT

What major achievements did the developing countries make at the Doha Talks?

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UNIT 4 JULY 2004 FRAMEWORK AND THE HONG KONG MEETING

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
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1.0 INTRODUCTION

In the previous unit, you were introduced to the Uruguay Round of Agreement on Agriculture and the Doha Round on Trade Negotiations. We learnt that the 1994 Uruguay Round Agreement on Agriculture was the result of intense negotiations, which covered key aspects that were seen to be in need of liberalisation, such as access to the market, domestic support, and export subsidies. We also saw that Doha Round on Trade Negotiations though intended to make radical steps toward liberalising agricultural trade, at the end only took baby steps in that direction, if not backward in large part to the influence of the United States and the European Union.

In this unit, focus will be on the 2004 Framework and the Hong Kong Meeting. Our attention will specifically be drawn to both the limitations and the strengths of 2004 Framework and the achievements of the Hong Kong Meeting.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- highlight the negotiations of the 2004 July Framework
- discuss the achievements of the 2004 July Framework
- highlight the achievements of the Hong Kong Meeting
- discuss the challenges of the Hong Kong Meeting.

3.0 MAIN CONTENT

3.1 July 2004 Framework

The July 2004 Framework represents a pronounced development in the advancement of the common interest of the developing countries vis-à-vis the developed countries. The second phase of the agriculture talks saw a consolidation of developing country positions, and a growing acceptance by the WTO members that the dynamics of the negotiations had to change. This prompted a change not just in content, but also in process. But while the change showed the importance of the developing countries as a force to be reckoned with, it also highlighted the fragility of the Global South as a single coalition. This was because only two countries, India and Brazil - leaders of the G-20 - were chosen to represent them in the more exclusive meetings, and this contributed to discontent among other developing countries who were not always assured that their concerns would be given priority in the smaller group meetings.

By early 2004, the US was anxious to re-launch the trade talks.

The US Trade Representative at the time, Robert Zoellick, travelled to the key developing countries in an attempt to win their support. In March, the first formal talks since Cancun were held, with Tim Groser, WTO Ambassador from New Zealand, as the new chair of the agriculture negotiations. At these meetings, a deadline of the end of July 2004 was set for an agreement on a framework to re-launch the negotiations which would then produce concrete modalities. At this time, however, the various groups of countries were still far apart on the three pillars, particularly on market access.

In addition to setting a deadline for the framework, the March 2004 meetings were significant for another reason. To avoid the North-South confrontation that had emerged at Cancun, the process for the agricultural talks shifted from one of presenting texts to the Chair from various groups and expecting the Chair to come up with a text that members would have to decide whether to agree with, to having the various members and coalitions meet together in pairs as well as in larger groups (Yen, 2004). From the perspective of the developing countries, this new approach was an improvement in terms of increasing transparency, at least initially. Groser, as chair of the talks, vowed that he would not try to table a compromise draft on his own authority. It was out of this process that a new negotiating group emerged - which has come to be known as the Five Interested Parties (the FIPs). This included the US and the EU, as key players, along with Brazil and India, representing the G-20, and

Australia, representing the Cairns Group. This new grouping was seen to be vital in reinvigorating the talks. The framework negotiations were tense throughout the month of July as the deadline loomed. A consensus on the Framework was eventually reached in the early hours of August 1, 2004.

The adoption of the Framework followed heavy pressure to reach a deal, despite the fact that countries had very little time to consider the document before the deadline because of delays in releasing it, due to last minute wrangling by the FIPs. The main debates on export competition in these talks were not so much over whether to phase out export subsidies, a goal which was widely agreed. But the EU, which has the highest export subsidies and thus would have to reduce them the most, wanted to ensure that the US also reduced the subsidy element of its export credits and food aid. It also stressed that it wanted to see food aid given only in grant form, and preferably in the form of cash.

The US made some concessions on food aid, though it was quick to stress that only the subsidy element of such programmes would be reduced, and it would not commit to removing in-kind food aid.

Developing countries expressed their view that all forms of export subsidies should be ended, including the subsidy element of export credit programmes. Such practices are largely seen to be dumping of cheap food by the industrialised countries, which hurts the economies of most developing countries. They added, though, that they wish to see the special conditions and needs of the net food importing developing countries (NFIDCs) and LDCs taken into account when disciplining export credits and food aid. It was agreed that export subsidies would be eliminated on a 'credible' schedule, with parallel elimination of export credit and export guarantee and insurance programmes that have a repayment period of over 180 days. It was also agreed that food aid would be disciplined, with the aim of preventing commercial displacement. Consideration is to be given to reforming food aid to be on a grant basis only. New disciplines are also to be placed on the export subsidy elements of state trading enterprises. Developing countries are to be given a longer period to phase out export subsidies, and special attention is to be paid to the impact of the reforms on the LDCs and NFIDCs.

On domestic support, the US and the EU wrangled over specific rules on an amended Blue Box and reductions to *de minimis* spending in the Amber Box, while the G-20 wanted to see both the Blue Box and *de minimis* spending in industrialised countries eliminated entirely. The G-20 eventually gave in to the amendments to the Blue Box,

provided there were disciplines placed on its use. There was immediate criticism of this move, even from within some of the G-20 countries, including Brazil. The framework document calls for an overall reduction of support via a tiered approach, which would lead to steeper cuts for those countries that subsidise the most, with specific caps and cuts in each area. Major subsidisers are to make an immediate cut in domestic support as a 'down-payment'. The Blue Box will be redefined to include 'direct payments that do not require production', though other new criteria will be added to prevent box shifting. Blue Box spending will also be capped at 5 percent of total agricultural production. *De minimis* spending under the Amber box is also to be reduced for industrialised countries, and developing countries who spend allocate their *de minimis* spending to programmes for subsistence farmers are exempted from this provision. There is also to be a review of the Green Box to ensure that it remains non-trade-distorting.

The discussions on market access were perhaps the most contentious in the framework negotiations. There was much disagreement over the type of formula to adopt which would result in meaningful tariff reductions. The US and the EU had endorsed the idea of a 'blended' formula for reducing tariffs. But the G-20 would not accept this approach because it did not take into account the different tariff structures in developed and developing countries. In practice, it would allow the US and the EU to maintain high tariffs on certain products, because they already have excessively high tariff peaks and would simply choose to apply a small linear cut rather than the steeper cut to those products.

At the same time, because developing countries have a more homogenous tariff structure, their cuts would be deeper on average than in the industrialised countries. The G-20 favoured a tiered approach with steeper cuts for higher tariff levels, with developing countries having lesser cuts. The G-33 and the G-20 also wanted to ensure that Special Products of developing countries were recognised, and exempted from tariff cuts. They also pressed for a SSM to help prevent import surges. The EU would only accept this if they too could identify 'sensitive products' and make use of the SSM. In the end, a tiered, progressive approach was adopted, based largely on the G-20 proposal, and the developing countries are to have some sort of special treatment, most likely as a percentage cut of the industrialised countries, with the LDCs exempted from these cuts. A specific formula on how to achieve the tariff cuts, however, was not articulated in the framework. All countries can identify an appropriate number of sensitive products, though the number and how they will be chosen was not specified. Developing

countries, however, are to be given more flexibility in terms of identifying Special Products based on livelihood and food security considerations as well as rural development needs, and they will be allowed to use a SSM.

The July Framework was just that, a framework, and the detailed specifics of the commitments and how they are to be achieved were to be hammered out in subsequent negotiations, with a view to adopting full modalities on each of the three pillars at the Hong Kong Ministerial in 2005. Though the developing countries did make some major concessions in the July Framework process, such as giving in to the revised Blue Box, they also were able to secure a Special Safeguard Mechanism and Special Products for the developing countries, a tiered formula for tariff reductions, lower cuts and a longer time frame to cut their own tariffs, and the ability to keep *de minimis* spending for developing countries that was earmarked to support subsistence farmers. Given the pressures at the time it may have seemed to have been the best they could do. But the bargain may come back to haunt the developing countries. Some critics have complained that India and Brazil were co-opted by the US and the EU, being brought into the FIPs only to be neutralised. The acceptance of the Framework deal on the part of these countries then could serve to drive a wedge between the G-20 and other developing country groups.

SELF-ASSESSMENT EXERCISE

Highlight the main issues discussed in the 2004 Framework.

3.2 The Hong Kong Meeting

As mentioned in the previous section, the detailed specifics of the commitments for how the 2004 July Framework were to be worked out in subsequent negotiations, with a view to adopting full modalities on each of the three pillars at the Hong Kong Ministerial in 2005.

Little progress however, were made on defining the modalities until just a few months before the Hong Kong meeting, and even then it was largely seen to be too little, too late for the agriculture modalities to be adopted at the Ministerial. The lack of progress was linked in part to two important rulings which were handed down from WTO dispute panels in 2004 with respect to complaints about agricultural subsidies, both of which have relevance for the agriculture negotiations. Both cases involve a complaint about subsidies brought by Brazil. In one case, Brazil launched a dispute against the US with respect to its subsidies to cotton producers, claiming that what the

US counted as Green Box subsidies to cotton producers had the effect of depressing global prices, and as such they were trade-distorting. The WTO ruled in favour of Brazil, accepting the argument that the Peace Clause had expired and thus Brazil was free to raise the case. The US appealed but was turned down and is currently attempting to work out a way to comply with the ruling. In the other case, Brazil, Thailand, and Australia complained that EU dumped sugar is subsidised beyond what is allowed under WTO rules.

Again, the WTO ruled in favour of the complainants. The EU appealed and lost. Before the WTO was established following the completion of the Uruguay Round, binding decisions on international trade disputes were not possible, and weaker trading partners had little recourse. With the new WTO dispute resolution process, the decisions have real impacts on the members involved in them. Both the US and the EU are likely nervous about future litigations of this type. While these rulings were being deliberated and released, the agriculture talks got off to a very slow start. The G-20 restated its preferences, but waited for specific proposals from the US and the EU, as it felt that it was up to these players to make the first move. But the US and the EU were still far apart from each other, particularly on market access. In addition, a new Chair of the agriculture talks, Crawford Falconer, was brought in at this time. As a result, little headway was made in the summer months and the target for the first approximations of the modalities was not met.

In an attempt to restart the talks, the EU put forward a proposal in late September 2005 to guide the negotiations at the Hong Kong Ministerial. It called for cuts to domestic support in four tiers, according to a country's level of subsidisation, with cuts ranging from 30-65 percent. On market access, it offered tariff cuts between 20-50 percent in four bands, with a cap on tariffs of 100 percent for developed countries. Under this formula developing countries would have two thirds of the developed country cuts, and a cap on tariffs of 150 percent. It also asked for 10 percent of its tariff lines to be designated as sensitive products to be exempted from the tariff cuts.

The EU committed to the elimination of export subsidies, but did not specify a date. The EU could not go further than this offer, as France refused to make any further concessions, and in fact argued that the EU commissioner had already overstepped his bounds in making the offer that he did. The US was disappointed with the EU proposal. Its own proposal called for the elimination of export subsidies by 2010, as well as elimination of trade-distorting domestic support by 2023. The proposal also called for cuts to domestic support in three tiers, ranging from 37-83 percent. It proposed a cap on the Blue Box of 2.5

percent (lower than what was agreed in the July Framework), and a 50 percent reduction of the *de minimis* cap to 2.5 percent. In an interesting move, it called for a new Peace Clause. These measures were made conditional on substantive progress on market access. On this front the US proposal was aggressive, calling for tariff cuts between 55- 90 percent in four bands, with sensitive products being only 1 percent of tariff lines. The developing countries were not impressed with either proposal. The G-20 was disappointed with the EU, and very skeptical of the US. It claimed that the US proposal with respect to domestic support was merely box-shifting, and that spending under its proposal could actually increase. The G-20 was also not happy with the suggestion of a new Peace Clause, which it saw as a bid to avoid future litigation of the kind Brazil was able to bring forward at the WTO. With respect to the EU proposal, it thought the designation of 10 percent of tariff lines as sensitive was far too high, and that tariff cuts were too low. In its own proposals, the G-20 called for additional disciplines on the Blue Box (beyond spending the cap of 2.5 percent), such as product specific caps, and limits to the use of counter-cyclical payments. Their proposal on tariffs calls for cuts of between 45 and 75 percent across four bands, with a maximum tariff of 100 percent. Developing countries would face tariff cuts of between 25 and 45 percent and lower thresholds on the tiers, and a maximum tariff of 150 percent. It also proposed that developed countries could only designate 1 percent of their tariff lines as sensitive products, while for developing countries it would be 1.5 percent.

Further, it wants to see further overall cuts in domestic support than offered by either the US or the EU. Other developing country groupings, including the G-33 and the ACP group, also put forward statements. The G-33 stressed again the importance of the Special Safeguard Mechanism and Special Product designation for developing countries. The ACP submission reinforced the SSM and SP issues, as well as the need for more attention to special and differential treatment in all the pillars of the agreement. It further states that the group cannot join a consensus on modalities unless the issue of preference erosion is taken into account. In this respect, it was not critical of the EU's lack of commitment to steeper tariff cuts. Taking this position put the ACP in direct conflict with the G-20 position on market access.

The ACP submission also stressed the importance of incorporating specific modalities with respect to the elimination of cotton subsidies.⁵³ Neither the US nor the EU proposal mentioned the cotton issue, and this could be a sticking point in Hong Kong, as the West African countries warned that without specific measures to address it, they could not join any consensus on an agreement on the agriculture modalities. Though all of these proposals and statements were issued

in a very short period of time, it was widely seen that the EU's position was the biggest stumbling block that would prevent any meaningful deal from being reached in Hong Kong. With threats in late October that the Hong Kong Ministerial might be cancelled if the EU did not come up with a better offer on agriculture, the EU put forward a revised proposal. But this 'revised' proposal hardly made any movement on market access. On export competition, it called for a gradual move to remove the tied and cash only food aid. It also called for slightly more of a cut to domestic support than it had earlier, there was a significant catch. The EU tied its new proposal to significant movement on other areas in the trade talks, specifically non-agricultural market access (NAMA) and goods and services. The US, the G-20 and most developing countries expressed dismay at the EU offer. The US said it did not go far enough on market access, and developing countries resented having the offer, which did not even go as far as the G-20 proposal, tied to the non-agricultural talks. Further, the cuts to tariffs that the EU demanded developing countries make on NAMA were much deeper than the EU was willing to take on agriculture. It was widely seen that the EU made this move in order not to be blamed if the agriculture talks fail to reach an agreement.

Expectations for Hong Kong were lowered following the EU's revised proposal on agriculture. Several high-level meetings of ministers, including India, Brazil, the US, and the EU (dubbed by some as the 'new Quad'), were held in November, but little progress was made.

The negotiating positions on agriculture did not change much at all going into Hong Kong, nor during the conference. The main objective of the WTO seemed to be to adopt a Ministerial Declaration that contained at least some further agreement on agriculture beyond the July Framework. It became clear that the only area where agreement on agriculture might be possible was on an end-date for agricultural export subsidies. But throughout the week, little progress was made even on this issue. The EU indicated that it would prefer 2015, while the US and the G-20 pressed for an end-date of 2010.

But the EU held out on the later date, with little support from any other members. This stubborn position, on the part of the EU, angered many developing country delegates. The lack of real progress on development issues, especially in agriculture, prompted the various developing country groups to hold a joint press conference, with India and Brazil taking key roles. The meeting was dubbed as 'historic' by many, being the first joint meeting of the ministers from the G-20, G-33, the ACP Group and the African Group (the G-90), and the Small Economies (collectively dubbed as the G-110). The group stressed its solidarity on key issues, including the 2010 end-date for export

subsidies, helping to ease the adjustment of those countries affected by preference erosion, support for duty-free and quota-free market access for the LDCs, as well as the need to address the cotton issue.

Though these groups had some differences amongst them in terms of which issues they saw as most important in the agriculture talks, they were able to reach agreement on supporting each other's goals at this stage. After long negotiating sessions in which the EU refused to move up their offer of a 2015 end-date for export subsidies, the EU finally offered an end date of 2013 in the last hours of the final day of the conference, which other members finally accepted. The main reason the EU could bring the end-date up to 2013 is that the 2003 reform of the Common Agricultural Policy would see the end to most export subsidies by that date, anyway.

The Ministerial Declaration that was adopted the following day, however, expressed calls for efforts to ensure that the bulk of the reductions be completed within the first few years of its implementation. The Declaration also set April 30, 2006 as a deadline for completing the modalities on the other aspects of the agriculture agreement. It reiterated many of the points in the July Framework, such as working toward disciplines on in-kind food aid, though it also added provisions for the creation of a 'safe box' to ensure that there were no constraints on genuine food aid in emergency situations. With respect to domestic support, in order to cut down on the opportunities for box-shifting, the Declaration calls for cuts in this area to be at least as large as the total sum of reductions in all the boxes and *de minimis* levels. But the Declaration did not place any specific constraints put on the Blue Box.

Though the WTO and the media portrayed the decision on the end-date to export subsidies as major progress made at Hong Kong, in reality it was a small step, with a long list of other modalities on agriculture which have yet to be decided. The details in many areas were left very vague, and the impact will only be fully understood when final details are hammered out and agreed upon. Analysis of some groups on the proposals on the table already shows that they will not make much impact in practice. On domestic support, it looks as if the redefinition of the Blue Box will enable the US to immediately shift some \$US10 billion into it, subsidies that are currently in their Amber Box. Meanwhile, the EU is also shifting major portions of its Blue and Amber box payments into the Green Box. According to Oxfam (2005), the EU and the US will be able to increase their trade-distorting domestic support by US\$35 billion and US\$7.9 billion respectively, by the end of the implementation period, and there is also scope for both to increase their export subsidies before they are

eventually eliminated. Moreover, the sensitive products designation for the industrialised countries could make the tariff reduction formula ineffective.

SELF-ASSESSMENT EXERCISE

What do you consider the main achievements of the Hong Kong Ministerial Meeting?

4.0 CONCLUSION

The G-20 is aware of the tension among developing countries, and it took steps at the Hong Kong Meeting to reinvigorate the cohesion of all the developing country groups by focusing on their points of agreement on broad issues. But, because there are still so many details of the modalities that have yet to be decided upon, it is not clear that this cohesion will last. Indeed, it is likely that whatever deal emerges will result in meagre gains and an uneven impact across the Global South. Recent estimates indicate a significant drop in the expected economic gains for developing countries from the Doha Round.

Whereas early in the Round some were predicting approximately US\$500 billion in gains to the Global South, new estimates indicate that figure to be more like US\$16 billion. Moreover, the new estimates indicate that about half of the gains for developing countries resulting from the Round will go to just a handful of countries, including most importantly Brazil, India, China, and Mexico. In this context, it is ironic that the shifts in the negotiation process to include more developing country representatives may weaken solidarity in the Global South coalition on agricultural trade issues.

5.0 SUMMARY

In this unit, you have been introduced to the July 2004 framework of trade negotiations which represents a pronounced development in the advancement of the common interest of the developing countries vis-à-vis the developed countries. We saw that while this framework highlighted the importance of the developing countries as a force to reckon with, it also highlighted the fragility of the Global South as a single coalition. Moreover, as mentioned, only a few countries in the Global South stand to benefit from these series of trade negotiations.

6.0 TUTOR-MARKED ASSIGNMENT

Compare and contrast the achievements and weaknesses of the 2004 July Framework and Hong Kong Ministerial Meeting.

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MODULE 3 REGIONAL AND DEVELOPMENT INITIATIVES IN AFRICA

Unit 1	Regionalism in Africa
Unit 2	The Lagos Plan of Action
Unit 3	AAF-SAPS
Unit 4	COMESA Regional Integration
Unit 5	NEPAD

UNIT 1 REGIONALISM IN AFRICA

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1.0 INTRODUCTION

The idea of regional solutions has been a conspicuous feature in the political process throughout the 20th century. Already in the 1930s ideas of regional distribution policies were shaped, culminating in the 1960s and early 1970s. The idea of regionalism was in this period related to the development of the welfare state through decentralisation; the first wave of regionalism was initiated from the centre towards the periphery, with the ambition of receiving regional coherence. With the oil crisis in the 1970s, the growth of new liberalism, and globalisation, ideas of regional coherence and co-operation transformed towards regional fragmentation and competition. From the middle of the 80s and especially after the end of the Cold War, the idea of regionalism matured into a second phase where regionalisation became a weapon and solution against the risk of being peripherised. In this second wave of regionalism, known as the New Regionalism (Hettne and Soderbaum, 1998), the initiatives

also come from below, i.e. there is an increased element of bottom-up initiative to regionalisation.

This unit, as a prelude to the understanding of various regional arrangement frameworks, will consider African regionalism. The main goal of the unit, therefore, is to consider the experience of regional integration schemes in sub-Saharan Africa. Regionalism in Africa has always had a strong political motive. As McCarthy (1995) documents, “Pan-Africanism, as an expression of continental identity and coherence, distinguishes regional integration in Africa from other regions in the developing world.” But the economic arguments for regional co-operation are also particularly strong given the small size of many SSA countries in economic terms. Furthermore, most African countries remain highly dependent on agriculture and suffer from high levels of food insecurity. In these circumstances, one would expect African regional integration schemes to be most focused on exploiting whatever synergies may exist to promote food security. Despite the force of these arguments, virtually all regional integration efforts in SSA to date have failed.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- trace the development of regional organisations in Africa
- account for the strengths of regional organisations
- describe the bottlenecks facing regional groupings in Africa
- describe the future of regional groupings in Africa.

3.0 MAIN CONTENT

3.1 Regional Cooperation in Africa

The Economic Commission for Africa (ECA) became the champion of regional integration, already in the mid-1960s proposing the division of Africa into regions for the purposes of economic development. Current African integration arrangements can be divided into two broad groups: those that fit into the Lagos Plan of Action (LPA) adopted in April 1980, and those that were either in existence or came about outside the LPA (see table 1).

The Lagos Plan was promoted by the ECA and launched in a special initiative by the OAU. It envisaged three regional arrangements aimed at the creation of separate but convergent and over-arching integration arrangements in three sub-Saharan sub-regions. West

Africa would be served by the Economic Community of West African States (ECOWAS) which pre-dated the Lagos Plan. A Preferential Trade Area (PTA) was established in 1981 to cover the countries of East and Southern Africa, which was eventually replaced in 1993 by the Common Market for Eastern and Southern Africa (COMESA). For Central Africa, the treaty of the Economic Community of Central African States (ECCAS) was approved in 1983, but remains to be fully ratified. Together with the Arab Maghreb Union (AMU) in North Africa, these arrangements were expected to lead to an all-African common market by the year 2025. The Lagos Plan was followed up in 1991 by the Abuja Treaty, re-affirming the commitment of the OAU's Heads of State to an integrated African economy (McCarthy, 1995). In April 2001, African Heads of State launched the African Union at Sirte to replace the OAU.

A second group of integration arrangements has grown up outside the LPA. Two important RTAs are associated with the former CFA zone. There is the West African Economic and Monetary Union (WAEMU) within the ambit of ECOWAS and the Economic and Monetary Union of Central Africa (CEMAC) within the proposed ECCAS region. Within the geographic area of COMESA, there are the Southern African Customs Union (SACU) with its associated monetary union (the Common Monetary Area, CMA), the Southern African Development Community (SADC) and the East African Community (EAC). Some countries in this region are also joined with countries in the Horn of Africa in the Intergovernmental Authority on Development (IGAD).

3.2 Reasons for the Failure of African Regional Groupings

Despite the multiplicity of groupings, SSA regional groupings have not been very effective. Among the reasons for this are the following:

- i. Intra-regional trade in Africa as a share of total foreign trade has traditionally been low compared to other regions. Figures in the early 1990s suggest that the proportion was only 8.4 per cent in 1993 compared with Western Europe (69.9 per cent), Asia (49.7 per cent), North America (33 per cent) and Latin America (19.4 per cent) (WTO source, quoted in McCarthy, 1995).

However, recorded trade underestimates the volume of actual trade and, if proper account was taken of the size of informal trade, the African numbers would not look so out of line.

Furthermore, there is evidence that the importance of intra-regional trade has been steadily increasing in recent years.

- ii. Most African states have suffered from severe macroeconomic disequilibria, foreign debt service burdens, over-valued currencies, lack of trade finance, and a narrow tax base, with customs duties a substantial source of revenue. The protective import substitution strategies adopted by most countries since independence resulted in a host of regulations restricting trade such as licensing, administrative foreign exchange allocation, special taxes for acquiring foreign exchange, advance import deposits etc. Thus, the economic context has been unfavourable to the development of regional commitments.
- iii. The design of African integration schemes around inward-looking industrialisation meant that the economic costs of participation for member states are often immediate and concrete (in the form of lower tariff revenues and greater import competition), while the economic benefits are long-term and uncertain and are often unevenly distributed among member states.

Table 1: Structure of African Regional Groupings

West Africa	1960s	1980s	1990s
Lagos Plan		ECOWAS 1975 Economic Community of West African States	1993 revised ECOWAS Treaty
	UDEAO 1966 Customs Union of West African States	CEAO 1973 Economic Community of West Africa UMOA West African Monetary Union	WAEMU 1994 West African Economic and Monetary Union
Central Africa			
Lagos Plan		ECCAS (CEEAC) 1983 Economic Community of Central African States	

	UDEAC 1964 Economic and Customs Union of Central Africa BEAC 1961 Bank of the Central African States		CEMAC 1994 Economic and Monetary Union of Central Africa
Southern and Eastern Africa			
Lagos Plan		PTA 1981 Preferential Trade Area	COMESA 1993 Common Market for Eastern and Southern Africa CBI 1993 Cross Border Initiative
	SACU (originally 1889, 1969) Southern African Customs Union CMA Common Monetary Area		

The dominance of a few countries and the huge disparities in size among members of regional groupings led to concerns about the distribution of benefits. Regions have found it difficult to address the equitable distribution of gains and losses from integration. Mechanisms to provide compensation to the less developed members of groupings have been either absent or ineffective.

- iv. The dependence of many African countries on their former colonial powers tended to work against viable regional groupings. The importance of North-South linkages (Franco-African and Commonwealth links and various Lomé Conventions) may have distracted commitment from intra-African groupings.
- v. Regionalism has been driven from above by public sector organisations and has lacked the support and involvement of the private sector and the general public. Cooperation has been seen as involving bloated and expensive bureaucracies, rather than opportunities for growth and development.
- vi. Institutional weaknesses, including the existence of too many regional organisations, a tendency towards top-heavy structures with too many political appointments, failures by governments to meet their financial obligations to regional

organisations, poor preparation before meetings, and lack of follow up by sectoral ministries on decisions taken at regional meetings by Heads of State.

- vii. Integration is hampered by the existence of weak states and political opposition to sharing sovereignty. Integration arrangements are not characterised by strong supranational bodies and virtually all integration institutions are intergovernmental.

SELF-ASSESSMENT EXERCISE

Account for the failure of regional frameworks in Africa.

3.3 Cross Border Initiatives

Despite these problems, there is a new optimism that the new approach to regionalism may have greater success in Africa. An example of the new approach in action is the Regional Integration Facilitation Forum (RIFF) which originated as the Cross-Border Initiative (CBI) in 1992 as a framework of harmonised policies to facilitate a market-driven concept of integration in Eastern and Southern Africa and the Indian Ocean countries. In the CBI/RIFF, 14 countries participated which was co-sponsored by the African Development Bank, the European Union, the International Monetary Fund and the World Bank. Given the ongoing economic reform programmes in these countries, the underlying premise is that regional integration can accelerate the pace of economic growth by fostering efficient cross-border investment and trade flows. In contrast to previous regional initiatives, the CBI/RIFF is characterised by:

- i. Outward-orientation and openness to the rest of the world to ensure that regionalism is accompanied by greater integration of the sub-region into the world economy.
- ii. Avoidance of the creation of new institutions.
- iii. Direct involvement of the private sector in the formulation and implementation of a favourable policy environment.
- iv. Peer pressure from fast reformers setting the pace of integration. Assessments by the co-sponsors suggested that good progress has been achieved by the Initiative and that the model represents an effective example of regional partnership (Fajgenbaum *et al.*, 1999). While the CBI/RIFF is criticised as being incompatible with the ECA-driven regional framework for Africa and for proposing a market-driven rather than development-oriented regionalism model (Asante, 1997), its particular emphasis on private sector participation in formulating strategy and programmes would be useful to encourage in other SSA regional groups.

3.4 The Future of Regional Cooperation in Africa

We have seen that a new momentum is building up behind regionalism in Africa, and that there are competing visions for the objectives and design of regional integration arrangements. On the one hand, there are those who argue that, because of the poor record of regional economic integration, African countries should “forget theoretical schemes of the pan-African type (a ‘United States of Africa’) or the neo-colonial type (a customs union), replacing them with simpler, cheaper, more productive, and more cost-effective models of integration through projects - choosing priority sectors for development (agriculture, industry, power, transportation, and training) and identifying specific, concrete projects in each sector to be implemented on a community basis, with possible financial support from outside (Diouf, quoted in McCarthy, 1995). On the other hand, there are the erstwhile skeptics among the donors who have been converted to supporting regionalism of a certain type, one which is outward-looking, which is focused on trade facilitation, which has strong private sector involvement and which has light institutional structures. Finally, there is the traditional model of top-down African regionalism, espoused by the OAU and endorsed by African Heads of State, which has a strong rhetorical basis and a largely political significance.

The EU’s desire to encourage regional economic groupings as potential trade partners in negotiating EPAs under the Cotonou Agreement implies that trade integration as well as functional co-operation will necessarily be an important policy instrument of African regionalism during the next decade.

If the new regional groupings in Africa are to have a role in peace, security and sustainable development, they need to be placed on a firmer footing. The new regionalism must address the following issues which have been partly responsible for the poor record of the past:

- i. Overlapping memberships of competing groups should be resolved to allow a clear political commitment to particular country groupings.
- ii. For a common market to function its members at least need to be at peace. The wars and conflicts in a number of African regions which have devastated transport networks, communications and other basic infrastructure need to be peacefully resolved.
- iii. Ways must be found to involve the private sector in the integration process. It should not be expected that all private

- sector groups will favour regional integration. In some countries, farmers may fear low-cost competition from elsewhere in the region and may take quite a protectionist stance. The participation of consumer groups and other NGOs should be encouraged as these groups can also gain from exploiting the opportunities for greater intra-regional trade.
- iv. Given the disparities in economic weight that exist between members of some groupings, new policy instruments to deal with the fears of economic polarisation must be found, for example, multispeed arrangements (allowing weaker members more time to liberalise), compensation schemes, regional investment banks, or structural solidarity.
 - v. Dispute settlement mechanisms need to be strengthened and ways to ensure policy credibility must be put in place. Investors need to have confidence that integration measures will not be reversed and that barriers to regional markets will not be re-instituted overnight. Binding liberalisation commitments in the WTO should be encouraged where possible, while the opportunity of the REPA negotiations with the EU should also be used to bind and enforce policy commitments.

4.0 CONCLUSION

You have now learnt about the renewed interests about regional cooperation in Africa. The past experience of developing countries with regional integration schemes is not a happy one. The reasons for this can be illuminated with the aid of the simple theory of customs unions. Preferential trade arrangements give rise both to trade creation and trade diversion effects, as well as to transfers between the member countries. The design of RTAs among developing countries in the past tended to maximise the costs of trade diversion (because of high external tariffs) and also encouraged regressive transfers from poorer to better-off members of such arrangements.

The recent more favourable assessment of regional integration arrangements involving developing countries is based on the following considerations. Regionalism will lead to net trade creation as long as it is coupled with a significant degree of trade liberalisation and where emphasis is put on reducing cost-creating trade barriers which simply waste resources. Regional economic integration may be a precondition for, rather than an obstacle to, integrating developing countries into the world economy by minimising the costs of market fragmentation.

North-South RTAs have been seen as more likely to result in gains to developing countries as compared to South-South RTAs, on the

grounds that they minimise trade diversion costs and maximise the gains from policy credibility. Closer examination of these arguments, however, suggests that the assumptions on which they are based may not always stand up. Positive economic outcomes will depend on the deliberate design of these agreements, and cannot simply be assumed.

The growing propensity of RTAs to include aspects of policy integration also poses a challenge for developing countries. Although these aspects are most common in RTAs involving high-income countries, a growing number of North-South agreements now have broad integration objectives.

5.0 SUMMARY

The central concern of this unit is to consider the experience of regional integration schemes in sub-Saharan Africa. You have seen that despite the proliferation of regional groupings in Africa, they have by and large not been effective. Among the reasons the unit has adduced include the fact that intra-regional trade in Africa as a share of total foreign trade has traditionally been low compared to other regions; problems of severe macroeconomic disequilibria, foreign debt service burdens, over-valued currencies, lack of trade finance, and a narrow tax base, with customs duties as a substantial source of revenue; the challenges of inward-looking industrialisation; institutional weaknesses, established links with former colonial powers; regionalism being driven from the public sector; and the disparities amount African countries. We concluded that all these bottlenecks need to be removed if African countries are to reap the benefits of regional organisations.

6.0 TUTOR-MARKED ASSIGNMENT

Highlight the reasons for the failure of regional organisations in Africa. How can these obstacles be overcome?

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UNIT 2 THE LAGOS PLAN OF ACTION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Historical Overview of the Lagos Plan of Action
 - 3.2 Diagnosis of the Lagos Plan of Action
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- 6.0 Tutor-Marked Assignment
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1.0 INTRODUCTION

This unit sets out to discuss the Lagos Plan of Action as a regional development programme before the emergence of the New Partnership for Africa's Development (NEPAD). This is an important attempt in many ways, least of it is the prevailing amnesia on Africa's efforts at regional development programmes; something that contrast with memory of Africa's more political project: the OAU. The unit focuses on the Lagos Plan of Action (LPA, 1980) a regional development framework which shows that before the creation of NEPAD, African states were already committed to the creation of regional development agenda to reposition Africa.

The unit will examine and discuss the LPA as Africa's initial attempt at promoting a veritable path for sustainable development. At the heart of the LPA is a distinct understanding of the global economy and the mechanism for endogenising Africa's development effort: what was referred to as collective "self-reliant, self-sustaining development".

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- give a historical overview of the Lagos Plan of Action
- identify Africa's development problems as seen by the LPA
- highlight the prognosis of the LPA
- attempt a critique of the LPA.

3.0 MAIN CONTENT

3.1 Historical Overview of the Lagos Plan of Action

According to Adedeji (2002:35), the Lagos Plan of Action “was the culmination of a four-year long effort.” The UN Economic Commission for Africa (UNECA) had done an evaluation of Africa’s macro-economic performance over the period 1960 to 1975, and had been alarmed at its findings: aggregate performance was below the UN target for the UN Second Development Decade. Only import exceeded the set target. As UNECA’s Executive Secretary, Adedeji, raised the concern at the February 1977 ECA Conference of Ministers meeting in Kinshasa - these were African ministers responsible for Finance, Economic Planning and Development - UNECA and the OAU began the process of producing a regional development framework to chart a new course for the region. In 1979, the Monrovia Strategy was adopted by the OAU Heads of State. The LPA and the Final Act of Lagos (1980) was the culmination of the multi-stage process.

The LPA was in several ways a reflection of its time and the perceived feasibility of transcending the dependent capitalist trajectory, which may lead to quantitative growth in macroeconomic indicators but not transformation of the political economy. In Africa’s case it was the crisis of colonial production system, social relations and mode of insertion into the global capitalist system. The path that many of the African countries followed had been the prescribed orthodoxy of the time. By the late 1960s and early 1970s, there was considerable disillusionment with the “trickle down” model of development, as the modernisation perspective was tragically misguided as a policy framework in Africa. The policy derivative of the Kuznet Curve (that income inequality will rise with the development time-scale before declining) left the redress of inequality to market forces. The growing disquiet manifested itself in several ways.

In 1969, the International Labour Organisation launched the World Employment Programme (with “basic needs” at its core). In 1970, Robert McNamara, the World Bank President, signaled the need to develop new perspectives and action plans. This led in 1974 to the redistribution with growth report produced by a team led by Hollis Chenery. In 1977 McNamara inaugurated the North-South Commission chaired by Willy Brandt. The Brandt Report (February 1980), sought to fashion a new model of coordinating the interests of the industrial and developing countries around the framework of shared responsibility for the development of the latter.

While there had been increasing doubt, among many scholars and African leaders, concerning the viability of the development model suggested to African countries and others in the 1960s, it took the balance of payment crisis of the late mid to late-1970s to get the attention of the African Heads of State. Increased cost of oil imports for importing countries), and decline in earnings from primary commodity export - itself a reflection of the economic decline in Europe and North America- set off severe budgetary and current account crises. Even for the oil exporting countries, severe volatility in earnings from oil export also played havoc with planning.

On the other hand, the late 1970s was a period of considerable optimism for the continent. The former Portuguese colonies had gained independence, and Zimbabwe would soon join them. While apartheid end-game was only just beginning (and the 1980s was to be a severe decade) the prospect for the total liberation of the continent was feasible. Optimism about the realisation of the pan-African objective was palpable enough to contemplate the idea of regional development goals based on the exploitation of internal market and resources. The defeat of the United States in Vietnam and the crisis of stagflation in the West increase the doubt about the libertarian model of development and space for political and economic liberation in the “Third World.” It made the consolidation of the nationalist development model seem feasible. “The same determination that has virtually rid our continent of political domination is required for our economic liberation,” the LPA declared. It was hoped “that Africa, which has survived the brutalities of imperialism, racism and apartheid, has the resilience to pull itself out of the economic malaise in which it finds itself.”

SELF-ASSESSMENT EXERCISE

Was the LPA a response to the crises of capitalism in the countries of the South?

3.2 Diagnosis of the Lagos Plan of Action

The LPA is divided into 13 chapters, covering issues that range from food and agriculture to industry, development of human resources, science and technology, transport, trade and finance, technical cooperation for strengthening economic development, environment and development, energy. It also addressed the issue of “women and development,” planning coordination, and mechanism for implementation. Each chapter started with a review of the crises in the sector and the policy instruments required to overcome them. Its core principles were around the need to indigenise Africa’s development, in

the framework of “collective self-reliant and self-sustaining development” through “the integration of the various economic sectors” (OAU, 1980:98) across regional economic communities and the continent. In its diagnoses the LPA focused overwhelmingly on the exogenous factors that created and sustained dependent capitalism. In this, its discourse was considerably informed by the Dependency School. The document argued that “the effect of unfulfilled promises of global development strategies has been more sharply felt in Africa than in other continents of the world.” Rather than produce development, the strategies had made Africa “more susceptible than other regions to the economic and social crises suffered by the industrialised countries.” The central causes of the crisis were defined as:

- i. Structural weaknesses of the economies. In agriculture, this is mainly a function of rudimentary production techniques, low output, and significant post-harvest loss. In the area of trade, it manifests itself in over-dependence on the export of primary products (agricultural and minerals), which exacerbates openness to external shocks (OAU, 1980). The excessive outward orientation, in the context of inherited colonial structures of production and fragmentation of the continent, has produced considerable dislocation in the economies. The consequence was lack of inter-sectoral linkages in the economy.
- ii. Weaknesses in internal human resource, technical capacity for research and development, and entrepreneurial skills. Deficiencies of the educational system manifest in over-dependence on “foreign transnational corporations for the development of a narrow range of African natural resources selected by these corporations to supply new materials needs of the developed countries (LPA para, 7, 16 & 17).”
- iii. Hostile responses by developed countries to the “legitimate demand for a just and equitable new international economic order” and the aspiration for “accelerated industrialisation in the region.”

SELF-ASSESSMENT EXERCISE

Account for the crisis of development in Africa according to the LPA.

3.2 Prognosis of the Lagos Plan of Action

Having identified the crisis as fundamentally structural and the external environment as hostile—at least in relation to the developed countries and the “foreign transnational corporations,” the strategy for shifting Africa to a sustainable development path involved an inversion of the experience since the 1960s. This involved ‘collective self-reliance and self-sustained development’ at four distinct levels:

- national
- sub-regional
- regional (Africa-wide)
- international.

The sub-regional and regional dimensions involve a phased integration of the economies, while the international dimension involves enhanced cooperation with other developing regions of the world. National level policies would be required to be oriented towards sub-regional and regional integration, and pooling of resources to build institutions that would simply not be viable within national contexts (Adesina, nd). Capacity sharing (in human resources, scientific and research capacity, trade negotiations) is central to the LPA project. It is in this context that the phased integration of the resources and markets was proposed to lead to the formation of the African Economic Community by 2000 (LPA, 1980:99).

The core objective of self-sufficiency in food production required “a strong political will to channel a greatly increased volume of resources to agriculture, to carry through essential reorientations of social systems.” The focus was developing policies that “will induce small farmers and members of agricultural cooperatives to achieve higher levels of productivity.” Taking a “structuralist” approach, LPA emphasised improvements in the “living conditions on the farms” and “increase farm real incomes” to make farming “more attractive and remunerative.” Infrastructural support (roads, storage and processing facilities), resource inputs, technical support, training, and education were areas of emphasis. While technical support, research and development would benefit from regional pooling of resources, expertise and scientific institutions, policies would be the responsibility of national governments. The LPA put research at the heart of the transformation of agricultural production. Agriculture was not to be considered in isolation but a wider social and economic framework.

Within the LPA, industrialisation was to play a central role considering “its impact on meeting the basic needs of the population, ensuring the integration of the economy, and the modernisation of society.” The industrialisation strategy emphasised endogenous growth and transformation: a “sub-regional and regional internally located industrial development” strategy. It lies at the heart of “freeing Africa from underdevelopment and economic dependence.” In addition, the framework emphasised job creation, endogenous technology and development, and the multiplier effect on other sectors of the economy.

The strategy of endogenously driven “collective industrialisation” was directed to achieve inter-sectoral linkages, regional inter-dependency, and oriented towards internal (regional) markets.

Engagement with the global market was to come from regional economy of scale, satisfaction of domestic needs, and exploitation of local resource endowment. A shift to production of intermediate and capital goods was a set policy objective. The programme aimed for Africa achieving two per cent of the world industrial production by 2000.

National policies would emphasise development of technical, supervisory, and managerial capacity - through a wider human resource development framework, and financial institutions that will focus on accelerated industrial development. Small and medium scale enterprises were to be the concerns of national policymakers. Regional cooperation was intended to be on such areas as industrial complexes whose financing is beyond the capacity of individual countries. The LPA assumed a mix of private sector, semi-public, and public sector ownership structure. In creating cross-border investment LPA emphasised joint-venture option. The area of comparative advantage for such cross-border projects is in the heavy industrial sector, especially in producing capital goods. In both the industrial and agricultural strategies, the LPA emphasised ecologically sensible and sustainable, employing technologies appropriate to local conditions, with significant emphasis on conservation. In agricultural, industrial policies and trade negotiations; the LPA emphasised pooling capacity and strategy. Linked to (industrial) production is energy. Again, LPA emphasised regional approach: in the exploitation of energy resources, research into renewable energy, facilitating intra-Africa supply-chain and payment system that would minimise the demand on limited foreign exchange.

The option of paying for petroleum in local currency or barter trading was suggested, although the major oil exporting countries entered a

reservation on the near-term implementation of such arrangement - despite the call for the demonstration of African solidarity. The LPA emphasised the coordination of energy policy and industrial policies at sub-regional and regional levels. Rural access to energy for electrification and production was also emphasised. A number of regional research centres on different energy sources were suggested, with the establishment of an African Energy Commission, as the regional policy organ.

In its policy framework on human resource development, and science and technology, the LPA called for "large-scale curriculum revision... to render all levels of education and training more relevant to the development needs of the local African environment." Both as an "object of development and mentor of socio-economic development," the emphasis of LPA was on endogeneity and relevance. While it welcomes international support, the LPA was insistent that this should be "supplementary to the African self-reliant effort." Regional cooperation in creating multinational training institutions and research facilities was another point of LPA's regional integration approach.

Transport and communication are not only important symbols of development, but in facilitating the growth in other sectors - industry, agriculture, forestry and mining - and achieving the main economic objectives of food self-sufficiency, industrialisation and exploitation of natural and mineral resources. The peculiar geography of the continent, with a multiplicity of small, landlocked countries, and the colonial pattern of transport and communication underscore the fragmentation of the continent. Within the LPA programme, therefore, the agenda of regional economic and social integration requires a reconfiguration of the transport and communication infrastructure, to boost regional trade, open up landlocked countries, and minimise barriers to the movement within the region (goods and persons). This was not only to construct the infrastructures, but to stimulate production process: "stimulating the use of local, human and material resources, the standardisation of networks and of equipment, research and dissemination of techniques adapted to the African context in the building of transport and communication infrastructures." This was expected to dovetail into the industrial strategy. This section of the LPA was a carry-over from the framework adopted in March 1977 by the Conference of Ministers, and later as part of the Monrovia Strategy (July 1979). It was, therefore, one in which there had been a commitment to external sourcing of financing and specific identification of projects costing US\$8.85 billion.

The road and rail transport component of this (56.5 per cent) was about US\$6 billion. Nigeria and a number of international financial

institutions pledged or made firm commitments of about US\$6.45 billion. Nigeria's pledge was to finance its segment of road and rail integration within the West African regional economic community (ECOWAS). Where possible, the immediate-term response was for adjoining countries to connect their road or rail networks.

The consolidation and expansion of intra-regional trade was defined as the "mainstay" of LPA, and this was at several levels and driven towards multiple objectives. In the mid-term, this was to lead to the creation of an African common market and eventually the African economic community. Sub-regional preferential trade agreements will give way to reduction and eventual elimination of all trade barriers - first within sub-regional communities and later the region, especially in regards to food and other essential goods, while ensuring that "no undue advantage is taken of the liberalisation process." The relative sizes of the economies of the countries that gathered in Lagos for the OAU Heads of State Assembly was not dramatically divergent as to make this an immediate concern in 1980. Standards organisations were expected to be enhanced at the national levels and created at the sub-regional, and deepened at the regional level to ensure quality promotion in production and trades. It was in its trade component that the LPA demonstrates that empowering the engine of development is not an agenda for autarky. Various institutions and mechanism for trade promotion were identified, and active intra-regional trade was complemented by active international trade agenda. The only proviso was about the diversification of commodities in which it trades and those with whom it trades. Emphasis was placed on trade relations with other developing regions.

In setting out the finance component of the strategy, the LPA envisaged strengthening links between national and sub-regional central banks and coordinating with other ACP countries to establish the "ACP Bank for Foreign Trade and Investments". At the national level, the LPA called for a "complete restructuring and reorientation" of inherited colonial monetary policies and financial institutions to make them compliant with the objective of collective self-reliant and self-sustaining development. Development financing institutions were to be established to finance investment and trade activities: from small scale to regional industrial projects. The strategy implored member states to eliminate "the waste of financial resources". In securing complementary development finances to regionally mobilised resources, the LPA emphasised other developing country sources, such as the OPEC Fund. The attainment of "collective self-sufficiency in financing development" (as with food production, industrial activities, etc.) was an overall objective.

Since coordination of the development process is always crucial for planning and sustainability of the process., the LPA emphasised the need for implementation plans for national development objectives and the sub-regional coordination of such development programmes. These should involve short term to long-term integrated development plans. Supporting these efforts are national statistical and planning institutions and capacity.

The LPA expressed dissatisfaction with actions taken during the first half of the Women's Decade" as inadequate, and commits itself to improve on these. It defined these actions as integral parts of the overall development framework: education and training, labour market access, access to top administrative and policy positions, lessening of "the domestic burden of rural women" and support for urban women in employment. It proposed establishing institutional mechanism to meet the needs of women, especially rural women, and units in various line ministries to feed data on women into the planning process. This was for monitoring changes in the status and contribution of women to development. Future strategies proposed include legislations on equal treatment for women, and bodies and mechanisms for enforcing the laws, as well as monitoring compliance.

Member states would have to standardise their legal instruments and institutions on family law (marriage, inheritance) and inter-personal relations. To support these efforts, "free legal aid centres, staffed by lawyers who are committed to the principle of equality between the sexes, should be established in low income urban and rural areas" and should "include free consultations and discussions and also inform women of their rights". "Re-orientation of law enforcement agents to strictly enforce equal treatment provisions" was highlighted. It canvases complementing law enforcement with public education that addresses the rights and duties of both men and women in society, and the disadvantages of institutions such as polygamy and payment of bride-price. The LPA understanding of gender issues was something of a midway house between the WID and GAD perspectives on development. In the early part of the chapter, the LPA argued that the problems of African women should not be marginal and separate from the question of overall development. Yet much of the initial discussion did not quite grasp these problems as structural to prevailing patterns of gender relations — the domestic burden of women, polygamy, bride-price, the violence, etc. Without addressing these as outcomes of gendered relations, rather than problems of African women, it would advance the status of women but not address the fundamental aspects of the problem, as problem of society.

SELF-ASSESSMENT EXERCISE

What were the main objectives of the LPA?

4.0 CONCLUSION

In this unit, we have explored the LPA as the first radical development framework for Africa. Yet, an enduring weakness of the LPA was to ignore the endogenous agency aspects of the crisis of dependent capitalism in post-colonial Africa. It offered little reflection on the extent to which several of the leaders sitting around the conference hall where it was adopted in Lagos in 1980 were fundamentally liable for adumbrating the crisis of colonial political economy. The inversion of that position in the Berg Report and the NPE that underscored it, in ignoring the exogenous and inherently structural root of Africa's development crisis, produced even a more atrocious consequence. As Arrighi (2002: 32-33) notes:

The striking fact about this dual explanation is how much closer it is to the diagnosis of the African crisis that underlay the Lagos Plan of Action than to that offered by the Berg Report and the NPE (New Political Economy). For the explanation is an unmistakable, if implicit, recognition of the lack of factual justification for the World Bank and NPE's claim that the 'bad' policies and 'poor' governance of African elites were the primary causes of the African crisis. Rather it suggests that the crisis has been due primarily to structural and conjectural processes of the global economy, as the signatories of the Lagos Plan of Action would have wholeheartedly agreed.

5.0 SUMMARY

In this unit, you have been introduced to the Lagos Plan of Action as the first indigenous development framework. You have seen that the LPA identified Africa's development problems as fundamentally and overwhelmingly rested on the exogenous factors that created and sustained dependent capitalism. You saw these problems to include: structural weaknesses of the economies; weaknesses in internal human resource; technical capacity for research and development; entrepreneurial skills; and hostile responses by developed countries to the legitimate demand for a just and equitable new international economic order and the aspiration for accelerated industrialisation in the region. We concluded that an enduring weakness of the LPA was to ignore the endogenous agency aspects of the crisis of dependent

capitalism in post-colonial Africa. It offered little reflection on the extent to which several of the leaders were responsible for the crisis of development.

6.0 TUTOR-MARKED ASSIGNMENT

Identify the main criticism leveled against the LPA.

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UNIT 3 AAF-SAPS

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
 - 3.1 Historical Overview of the AAF-SAP
 - 3.2 The Diagnosis and Prognosis of AFF-SAP
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Reading

1.0 INTRODUCTION

In the previous unit, you learnt about the Lagos Plan of Action which represents the first attempt towards a pan-continental development pathway for Africa. In this unit, we hope to look at the Africa's Alternative Framework to Structural Adjustment Programme (AAF-SAP), as a second attempt in experimenting with a development model. As would be seen, the Lagos Plan of Action and the Africa's Alternative Framework to Structural Adjustment Programme, differ fundamentally in defining the pathway for the development of the African continent. While AAF-SAP was developed in response to the horrendous impact of structural adjustment programmes on Africa's economic and social landscape, LPA was driven by the crisis of the inherited structures of colonial political economy.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- trace the historical overview of AAF-SAP
- highlight the essential assumptions of the AAF-SAP
- compare and contrast the LPA and the AAF-SAP.

3.0 MAIN CONTENT

3.1 Historical Overview of the AAF-SAP

Adesina (nd: 8) has noted that “if the Lagos Plan of Action was an attempt to address the crisis of dependent capitalism, within the framework of nationalist development model, in a period when it seemed that space could be created, what happened subsequently changed the landscape profoundly.” In many cases, 1980 marked the

peak of a number of macroeconomic indicators in the region, but the balance of payment difficulties of a few years would subsequently turn into compelling debt crisis. The pursuit of aggressive monetarism in the United States, with the use of monetary instruments to control inflation, made the debt situation unsustainable. The massive increase in oil prices imposed tremendous external shock on the oil-importing countries. For countries in the Sahel, the drought of 1983/84 exacerbated the situation.

If LPA complained about the hostile attitude of the developed countries in the earlier two decades, things were to get very tough in the following years. Reagan and Thatcher regimes in US and the UK became the vanguard of an aggressive orthodox neo-liberalism and a counterforce to all manners of “Third Worldism”, especially an attempt to chart an independent path that would be at variance with the emergent orthodoxy. The World Bank and the IMF were to become the arrow heads for enforcing compliance with the new orthodoxy. Within the World Bank itself, a fairly bloody change of guard had taken place, removing Hollis Chenery and his team, and Willy Brandt’s appeal for shared responsibility for the world on a North-South compact had been thrown out.

It was within this context that the African-Alternative Framework to Structural Adjustment Programme (AAF-SAP) emerged within UNECA; a decade into the pervasive deployment of orthodox stabilisation and liberalisation programme under the supervision of the World Bank and the IMF. In 1981, the World Bank’s Berg Report had been published. In line with the neoliberal discourse, coming out of UK and the US, it had pushed the responsibility for the “development failure” of the postcolonial period entirely on endogenous forces: wrong policy choice, pervasive rent-seeking activities, and others. In response to this, it had insisted on a regime of sharp reduction in public spending to reduce budgetary deficit, and liberalisation policy instruments to address trade and current account deficits. On the basis of a model that assumes perfectly competitive markets, it imposed a policy framework that put market at the heart of resource allocation: from trade to social policy.

The African State itself was held to be at the heart of the crisis: it had over reached itself, crowded out private initiatives and investment, and was the arena of “patrimonialism”. Dirigisme was all pervasive. No acknowledgment of the structural crisis or exogenous factors that the LPA highlighted was admitted to in the new orthodoxy. Access to a wide range of international funds was made conditional on reaching an agreement with the IMF

and the World Bank to implement the package of policies referred to as Structural Adjustment Programme. Cross-conditionalities became increasingly the norm. The result, at least it is now admitted, was deleterious. Not only was there no structural improvement to the economies where adjustment was vigorously implemented; the debt crisis (which the adoption of SAP was supposed to address) worsened significantly (see Table 1).

Table 1: Summary Debt Profile of Sub-Saharan Africa 1970-2000 (US\$ billion)

	1970	1980	1990	1999	2000
Total Debt Stock	--	60.6	176.9	216.4	206.1
Long-term debt	6.1	46.4	149.4	165.0	165.4
Short-term debt	--	11.2	20.9	44.3	34.0
Principal repayment	0.5	3.2	5.6	9.5	9.7
Net transfer on debt	--	6.6	1.7	-3.4	-6.4
Total Debt/XGS*(%)	--	65.2	209.4	210.8	180.2
Total Debt/GNP (%)	11.6	23.4	63.0	70.5	66.1
Total Debt Service/XGS (%)	--a	7.2	12.9	13.9	12.8

Source: World Bank (2001) Export of Goods and Services

Significant reversals in the already weak social development base of African countries (relative to the rest of the world) became widespread. A development crisis became a development tragedy. It is widely acknowledged today that Africa was a laboratory for an experimental deployment of doctrinaire ideas (Mkandawire and Soludo, 1999).

In the period, the African Heads of State at three different times sought to renegotiate their tutelage (Onimode, 1992: 34-35):

- i. Adoption of the Africa's Priority Programme for Economic Recovery 1986-1990 (APPER) by the OAU Heads of State in July 1985. The following year, the United Nations adopted the document, at the initiative of the OAU. It was known as the UN Programme of Action for African Economic Recovery and Development, 1986-90 (UN-PAAERD). This variant was more oriented towards the Berg Report-type analysis and more neoliberal in thrust than APPER.

- ii. Abuja Statement of June 1987 from a joint UNECA, OAU and ADB (African Development Bank) conference organised as a follow-up to UN-PAAERD but driven by lack of movement at the UN. The African countries proposed a debt repayment limit of 30% of annual budget. Not much came out of it.
- iii. The Addis Ababa meeting of November/December 1987 produced the African Common Position on the Debt Crisis calling for an international conference to find solution to Africa's debt, with proposals ranging from debt conversion (into grants) to cancellation.

SELF-ASSESSMENT EXERCISE

What efforts did the African Heads of State make to renegotiate their engagement with the industrial nations?

3.2 The Diagnosis and Prognosis of AAF-SAP

AAF-SAP was both a reaction to the persistent frustration of Africa's efforts to bring about fundamental socio-economic structural changes since the Lagos Plan of Action, and an attempt to move beyond the development tragedy engulfing the continent. Rising poverty level, rapid deterioration in social services and welfare, and the disintegration of the productive and infrastructural facilities were identified as some of the consequences of orthodox adjustment policies. Adedeji (1989:37) mentioned that adjustment was undermining Africa's prospect for long-term development. In the absence of any significant movement to address the crisis, from a structural perspective, it was felt that African countries should produce a comprehensive framework to address the crisis. AAF-SAP, like LPA, was the product of multi-level consultation and pooling of a range of African development expertise.

The starting point for AAF-SAP was the Lagos Plan of Action. It was not just a conscious affirmation of LPA as its origin, but what was considered as adding the current concerns to the policy instruments of the LPA: the debt crisis. In contrast to the World Bank's ideas of adjustment with growth or grafting equity to adjustment, AAF-SAP was concerned with adjustment with transformation. The AAF-SAP argued that much of what has been characterised as the macroeconomic markers of the crisis in the 1980s—inflation, balance of payment problems, escalating debt burden, etc are the direct results of the lack of structural transformation, the rather unfavourable physical and socio-political environment of the African economies and their excessive outward orientation and dependence (AAF-SAP , :1).

Like LPA, AAF-SAP argued that these structural weaknesses have manifested in the predominance of subsistence and commercial activities; the narrow, disarticulated production base with ill-adapted technology; the fragmentation of the African economy; the openness and excessive dependency of the economies including dependence on external factor inputs; and weak institutional capabilities. To these it added the neglect of the informal sector, “urban bias of public policies generally and development policies in particular and environment degradation. It is in greater identification of endogenous factors that facilitated and deepened the structural weaknesses that AAF-SAP is perhaps more forthright than LPA. Indeed the paradox of the LPA’s almost total silence in the endogenous agency factor in Africa’s development crisis is that the process leading to its ratification started at a meeting of Africa Conference of Ministers held in Kinshasa, where Mobutu Sese Seko was for three decades head of Africa’s most profligate regime.

In addition to the usual suspect in development studies (persistence of social values, attitudes and practices that are not always conducive to development), AAF-SAP highlighted lack of basic rights, individual freedom and democratic participation by the majority of the population, overconcentration of power in the hands of a narrow elite, poor accountability and policy discontinuity which implicate the African leaders themselves. However, AAF-SAP highlighted the profoundly negative impact of the adjustment modality on the policy terrain on the continent (AAF-SAP).

In recent years, public administration structures have been increasingly burdened and dominated on the one hand, by the ever-growing concern and preoccupation with short-term crisis management almost to the exclusion of long-term economic planning and, on the other, by the increasing role of foreign experts and managers in national economic decision-making in Africa. Policy-making in most of Africa today is essentially on a short leash.

The persistence of this aspect of erosion of internal policy-making capacity should be an object lesson for those who seek to develop regional framework in Africa today, in partnership with the very agencies of this erosion. To overcome the development tragedy of the 1980s, AAF-SAP returned to the core policy objectives and instruments outlined in the LPA. It involved human-centred development, focused on eradication of mass poverty, establishing a self-sustaining process of economic growth and development, and integrating the African economies [through] national and regional collective self-reliance. It was under the objective of human-centred development that AAF-SAP elaborated on the imperative of

democratic governance, human rights and political freedom, in addition to a development project that is oriented towards equity and nation-building objectives. The provisioning of potable water, shelter, primary health-care and sanitation, education and cheap [public] transport are public goods that should be met urgently. The rationale for, and process leading to the establishment of, the African Economic Community is as in the case of the LPA, over-coming the structural weaknesses in Africa's political economy. Indeed, AAF-SAP tightened the rationale further by focusing on the disconnection between consumption and production: most African countries produce tradable commodities that they do not consume and consume those they do not produce.

As a prologue to enunciating its policy instrument, AAF-SAP highlighted a few fundamental problems with orthodox adjustment of the IMF and the World Bank: sub-Saharan African countries implementing structural adjustment programmes experienced after adoption of SAPs; GDP growth decline from 2.7 per cent to 1.8 per cent; a decline in the investment/GDP ratio from 20.6 per cent to 17.1 per cent; a rise in budget deficit from -6.5 per cent to -7.5 per cent of GDP; and a rise in debt service/export earning ratio from 17.5 per cent to 23.4 per cent. [Also] there has been only a minor improvement in the current account/GDP ratio from -9.4 per cent to -6.5 per cent (AAF-SAP, :23). As a group, the so-called "strong adjusting" countries did much worse than the "weak adjusting" countries or those that did not implement adjustment at all. AAF-SAP argued that while improvements can be recorded in the performance criteria established for monitoring adjustment, the region may not get any closer to the realisation of the [its] critical development objectives. There may be improvement in export growth, external balance position, while inequality and abject poverty flourish, external dependence deepens, and other structural weaknesses and deficiencies of the African economies have intensified.

In setting out its alternative policy framework, AAF-SAP was keen to move away from proposing a single set of policies for every country—beyond the overall objective of collective self-sufficient, self-sustaining, and regional development. In a manner much more formal than with LPA, it stipulated a framework that is based on three sets of macro-entities; namely: the operative forces, the available resources and the needs to be catered for".

- i. Operative Forces cover a range of initial conditions: political, economic, scientific and technological, environmental, cultural and sociological. The nature of a polity, market structure, ethnic relations, the value system, nature of the civil society,

transnational corporations operating in the country, external commodity markets and finance. Together they act on the development path: facilitate or constrain it.

- ii. Available resources include human resource endowment (skill mix and quality), natural resources, domestic savings, and external financial resources.
- iii. Needs to be catered for include not only social consumption needs but production inputs. However, all such goods and services that fall unto the category of luxuries and semi-luxuries should be seen as falling outside the parameters of the framework.

The macro-entities combine within the framework in three modules and the entire system (formulated as an input-output system) is to be seen as dynamically interactive. Over time, the variables making up each macro-entity will change, impacting on the other variables. At country level, AAF-SAP emphasises selectivity as the mix and relative importance of the different variables will vary from country to country.

At the regional level, AAF-SAP outlined similar development policy objectives and instruments as in LPA.

While rejecting “doctrinaire privatisation”, AAF-SAP emphasises a pragmatic balance between the public and private sectors. It argues that “where the State has over-extended itself, particularly in non-social service and non-strategic sectors, selective privatisation should be considered.” AAF-SAP, however, rejects the assumption of perfectly competitive market underlining different variants of adjustment. In calling for improved efficiency in resource allocation and government intervention, AAF-SAP contended that government intervention “became discredited not because there is an effective alternative in the form of efficient market mechanism but because of inefficient management, poor results and misallocation of resources” In fashioning out a modified version of the nationalist development model AAF-SAP highlighted policy instruments that include reduction in defence spending, expenditure-switching to ensure that an average of 30 per cent of total government expenditure goes to the social sector; selective use of subsidy to ensure availability of essential commodities, selective use of trade and fiscal policies including high taxes on conspicuous consumption; and guaranteed minimum price for food crops managed through strategic food reserve. For the productive sectors, policies include:

- i. Land reforms for better access and entitlement to land for productive use; enhancement of the role of women as agents of change and the modernisation of the food production sector.

- ii. Allocation of an increasing share of foreign exchange for imports of vital inputs.
- iii. Sectoral allocation of credit using credit guidelines that would favour the food subsector and the manufacture of essential goods.
- iv. Use of selective nominal interest rates in such a way that interest on loans for speculative activities would be greater than the rates on loans for productive activities.
- v. Rehabilitation and rationalisation of installed productive and infrastructural capacities.
- vi. Removal of subvention to parastatals other than those in the social sector and nationally strategic basic industries.
- vii. Use of limited, realistic and decreasing deficit financing for productive and infrastructural investments that have little import content.

SELF-ASSESSMENT EXERCISE

What are the differences and similarities between the AAF-SAP and the LPA?

4.0 CONCLUSION

Regional strategies, especially those relating to industrialisation and creating sub-regional and regional markets resonated less in AAF-SAP compared with the LPA, although it could be argued that these are the background assumptions. AAF-SAP emphasised regional coordination of policies (industrial, monetary and financial policies (including payments and clearing arrangements). The dimensions of ensuring popular participation in development while sketched in AAF-SAP, was developed into a distinct document the following year (1990) in the African Charter for Popular Participation in Development and Transformation, which emerged from a conference jointly hosted by the OAU and UNECA.

5.0 SUMMARY

In this unit, you have been introduced to the AAF-SAP. You have seen that like the LPA, the AAF-SAP has identified African development problems as structural weaknesses which have manifested in the predominance of subsistence and commercial activities; the narrow, disarticulated production base with ill-adapted technology; the fragmentation of the African economy; the openness and excessive dependency of the economies including dependence on external factor inputs; and weak institutional capabilities. The AAF-SAP highlighted lack of basic rights, individual freedom and democratic participation by the majority of the population,

overconcentration of power in the hands of a narrow elite, poor accountability and policy discontinuity which implicate the African leaders themselves. However, as mentioned, AAF-SAP highlighted the profoundly negative impact of the adjustment modality on the policy terrain on the continent.

6.0 TUTOR-MARKED ASSIGNMENT

What are the main issues raised by the AAF-SAP framework?

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UNIT 4 COMESA REGIONAL INTEGRATION

CONTENTS

- 1.0 Introduction
- 2.0 Objectives
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1.0 INTRODUCTION

Regional trade arrangements (RTAs) are an increasingly important element of the global trade environment. Indeed, it is estimated that between 50 and 60 per cent of global trade now benefits from regional preferences (WTO, 2000b). Developing countries are active participants in the formation of RTAs and an increasing number of these are being formed on a North-South basis.

RTAs include both free trade areas and customs unions. They have become more complex and comprehensive over time, both in terms of their sectoral and instrument coverage. Often limited to trade in manufactures in the past, RTAs increasingly include coverage of agricultural trade as well as services. They also provide for deeper integration than simply the removal of tariff barriers on intra-area trade or, in the case of custom unions, the harmonisation of external tariffs. RTAs increasingly address issues of regulatory coordination, investment, intellectual property, competition policy, government procurement, and labour and environmental standards.

There are differing viewpoints on the desirability and on the efficient design of regional integration, especially involving developing countries. Furthermore, the past record of such arrangements, again especially among developing countries, has been disappointing.

The growing interest in regionalism at a time when tariff barriers are becoming less and less important in world trade (despite well-known peaks in agriculture and textiles) is a paradox. Why do countries take the trouble of constructing elaborate institutional arrangements to remove tariff barriers between

themselves when empirical analyses suggest that the static welfare gains from regional integration are relatively modest? There are multiple answers to this question. One is that the motives for regional integration may not be primarily economic but largely political and security. Another is that the growth of domestic regulation has raised the importance of non-tariff and “behind the border” barriers in segmenting markets. Regional integration allows countries frustrated at the slow progress of multilateral negotiations on these issues to move ahead faster with a group of like-minded partners. A third argument relies on the dynamic of regional integration arrangements: that as more countries enter into such arrangements, the costs of remaining outside (in terms of the trade diversion effects) increase. Also, the fact that regional integration is taking place in a low-tariff environment contributes to the sustainability of RTAs because it lowers the potential for trade diversion costs and adverse re-distributional transfers arising from regional integration.

The past experience of developing countries with regional integration schemes is not a happy one. The reasons for this can be illuminated with the aid of the simple theory of customs unions. Preferential trade arrangements give rise both to trade creation and trade diversion effects, as well as to transfers between the member countries. The design of RTAs among developing countries in the past tended to maximise the costs of trade diversion (because of high external tariffs) and also encouraged regressive transfers from poorer to better-off members of such arrangements.

The recent more favourable assessment of regional integration arrangements involving developing countries is based on the following considerations. Regionalism will lead to net trade creation as long as it is coupled with a significant degree of trade liberalisation and where emphasis is put on reducing cost-creating trade barriers which simply waste resources. Regional economic integration may be a precondition for, rather than an obstacle to, integrating developing countries into the world economy by minimising the costs of market fragmentation.

North-South RTAs have been seen as more likely to result in gains to developing countries as compared to South-South RTAs, on the grounds that they minimise trade diversion costs and maximise the gains from policy credibility. Closer examinations of these arguments, however, suggest that the assumptions on which they are based may not always stand up. Positive economic outcomes will depend on the deliberate design of these agreements, and cannot simply be assumed.

In this unit, our attention will focus on the Common Market for Eastern and Southern Africa (COMESA) as an example of regional trade arrangement.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- describe COMESA
- trace the historical development of COMESA
- explain the weaknesses and strengths of COMESA as a RTA.

3.0 MAIN CONTENT

3.1 Historical Overview of COMESA

The Common Market for Eastern and Southern Africa (COMESA) is a regional integration grouping of 19 African states which have agreed to promote regional integration through trade development and to develop their natural and human resources for the mutual benefit of all. The member states of COMESA are Angola, Burundi, Comoros, DR Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe (Pearson, 2005: 145).

COMESA was established in 1994 as a successor to the Preferential Trade Area for Eastern and Southern Africa (PTA), which had been in existence since 1981 within the framework of the Organisation of African Unity’s Lagos Plan of Action Lagos.



Fig.1: COMESA Member States
Source: Pearson, S (2005)

The COMESA treaty, which sets the agenda for COMESA, covers a large number of sectors and activities. However, the fulfillment of the complete COMESA mandate is regarded as a long-term objective and, for COMESA to become more effective as an institution, it has defined its priorities within its mandate, over the medium term, as the promotion of regional integration through trade and investment. The role of the COMESA Secretariat is to take the lead in assisting its member states to make the necessary adjustments for them to become part of the global economy within the framework of WTO and other international agreements. This is to be done by promoting “outward-orientated” regional integration. The aims and objectives of COMESA as defined in the treaty and its protocols is, therefore, to facilitate the removal of the structural and institutional weaknesses of member states to enable them to attain collective and sustained development.

SELF-ASSESSMENT EXERCISE

Briefly trace the evolution of the COMESA.

3.2 COMESA Intra-Regional Trade

Eleven COMESA member States (Burundi, Djibouti, Egypt, Kenya, Madagascar, Malawi, Mauritius, Rwanda, Sudan, Zambia and Zimbabwe) deepened their trade relations when they began to trade on duty-free and quota-free terms as from 31st October 2000 (except for Burundi and Rwanda, which joined the FTA in January 2004). They have, however, maintained their national external tariffs for goods originating from outside COMESA. Trade between the FTA and non-FTA COMESA countries is being conducted on preferential terms determined by the level of tariff reduction given by the non-FTA country.

With the advent of the COMESA Free Trade Area, there has been a significant increase in intra-COMESA trade and it is calculated that this is growing at an annual rate of about 20 per cent. The COMESA FTA has highlighted the need for a number of instruments, or factors, to be in place to ensure that free trade becomes a useful stepping stone to deeper regional integration and promotes economic growth, such as:

- simple but development-orientated “rules of origin”
- a rules-based trading system
- a level playing field, including the region moving towards a common external tariff and a customs union

- an effective and efficient regional regulatory environment, which includes fair competition, harmonised standards, NTB observatory
- open investment policies and national treatment
- the existence of a high level of advocacy and “champions”.

The COMESA programme of activities addresses a number of these issues. The COMESA rules of origin are relatively simple and seek to promote and enhance industrial development, employment and general economic activity in COMESA, while recognising that the region is not able to manufacture all its needs and that it requires production inputs that are not readily available within the region.

With its Court of Justice, COMESA can be said to be a rules-based institution and is moving towards a level playing field through the gradual movement towards a customs union, supported by programmes on the free movement of persons, labour, services, right of establishment and residence; regional competition policy; a regional programme on public procurement; the implementation of various instruments to facilitate regional trade (including an NTB observatory, transport facilitation, programme on telecommunications, etc); and the introduction of a COMESA Common Investment Area.

SELF-ASSESSMENT EXERCISE

How true is it that COMESA is a rules-based institution?

3.3 Market Access, Entry Barriers, WTO and Regionalism

African Union Trade Ministers held a meeting in Kigali, Rwanda, on 26-27 May 2004, to discuss, among other things, their respective positions on the WTO trade talks. They came up with the “Kigali Consensus” and the “Kigali Declaration” which outlines, in essence, that African Ministers would like to see WTO achieve a fairer global trading system. They are not, *per se*, fighting against the implementation of a multilateral trading system, and they are not afraid to take part in the process of negotiation. The collapse of the Doha Development Agenda talks has ensured that the *status quo* in the WTO remains intact and this has not benefited African countries.

The problem for Africa is not the multilateral trading system proposed in WTO; rather that this multilateral trading system is not implemented, and the worst culprits, in terms of non-implementation, are the richest countries in the world. What African Ministers decided in Kigali was, unsurprisingly, not very different to what they asked

for in Doha and what they asked for in Cancun. The African Ministers' main demands could be seen to be in agriculture, as agriculture is the mainstay of the economy of Africa. In agriculture, broadly speaking, African Ministers want to see the removal of all forms of agricultural subsidies and the granting, or maintenance, of preferential access into the markets of the rich countries, with a concomitant removal of barriers to entry into these markets, whether these be tariff or non-tariff barriers.

Subsidies on agriculture make African producers uncompetitive in two ways. Export subsidies are where governments subsidise agricultural exports, meaning that these subsidised commodities can be sold to the rest of the world at a cheaper price than un-subsidised goods from the rest of the world can be produced. This means that African producers become uncompetitive, despite possibly having more efficient production systems, and so cannot export their agricultural produce to the rest of the world and cannot supply to domestic or regional markets because of unfair competition from subsidised cheap exports from the developed world. African governments cannot themselves subsidise production because they cannot afford to do so. In addition, if African governments pay subsidies they are in contravention of IMF and World Bank supported structural adjustment programmes, the conditions of which are far more stringent than those agreed under the WTO.

The other form of subsidy is that of domestic support, whereby a government pays through various methods, more to its domestic producers of a particular crop than the world market price. Currently, the most iniquitous example of this, as far as Africa is concerned, is domestic support on cotton. The US government subsidises US cotton producers, which has resulted in the US increasing its cotton production (the only country to do so over the last few years), despite falling world prices, thereby increasing supply and further reducing the world market price of cotton which puts the more efficient African producers out of business. Therefore, although African farmers may be efficient producers of agricultural commodities, they are not able to produce, owing to a combination of externally and internally generated price distortions. Africa has great potential, but potential does not automatically equate to market access and removal of entry barriers.

It may, therefore, seem that if the richest countries implemented what has been agreed in the WTO, this would solve the problems of the poorest nations and the world would be a more equitable place. But, the paradox is that, if the developed world were to stop paying agricultural subsidies immediately, many African countries would find

themselves worse off than they are at the moment. This is because the system of subsidised agriculture has been in existence for so long that a number of African countries are now heavily dependent on the system. These countries have either now not got the infrastructure to produce the food they require for themselves, and rely on cheap subsidised imported food, or have production systems which rely on subsidies, paid mainly by the EU. The EU, under a series of Conventions, have paid, on a quota basis, subsidies on commodities such as beef and veal, sugar, bananas and rum, to producers in her ex-colonies (the African-Caribbean-Pacific group of countries). Although these subsidies have assisted some economies, mainly those of the small island states, to develop, the immediate removal of these subsidies would result in economic collapse of some economies.

To summarise the Kigali Consensus, as it relates to agriculture, African Ministers are effectively asking for a removal of subsidies, but a phased removal, and the introduction of measures which will allow African countries to make the necessary economic adjustments to production systems. However, if one were to assume that, in July, at the next General Council meeting, the rest of the world agreed to all the demands contained in the Kigali Consensus, this would still not solve the problems of the poorest countries in Africa.

In the process of elevating the WTO to an organisation that goes beyond the boundaries of just trade issues, mainly because it has an enforcement mechanism that other international bodies do not have, the expectations of what the WTO can achieve have been built up to levels which are very difficult, if not impossible, to achieve. There also seems to be a belief that a fairer multilateral trading system is an end in itself rather than being just one part of the process of attaining a higher quality of life for all world citizens. The WTO addresses what can be termed demand-side constraints in the world economy, and aims at creating conducive environment for production to take place, meaning that a system with a transparent and rules-based regulatory environment, an equitable taxation system, a good supply of productive labour, among other things, is put in place.

However, by concentrating on WTO and the demand side of the equation, the importance of the supply side in African economies seems lost. The supply side involves ensuring that there is an infrastructure to support competitive production in place. It is not enough to create a world where there is a freer movement of goods, labour, capital and people if there are large parts of the world where production is not taking place. An economist may argue that once the demand side is taken care of, and economic distortions are removed, each country will have a competitive advantage in

something and will be able to supply this to the rest of the world. The killer assumption here is the “all things being equal” assumption. In the real world all things are never equal. Let us take, for example, the production of sugar cane.

Many African countries are amongst the world’s most efficient producers of sugar. One could assume that when a trading system with fewer market distortions is finally in place, Africa would be able to compete favourably in the production of sugar for the world market. But, this may not be so. Brazil is also a major, highly efficient, grower of sugar cane and uses its cane to produce both sugar and ethanol. Brazil has the capacity to supply the whole world with sugar and can, if it so desires, adjust supply by shifting how much of its cane is used to produce sugar and how much goes to the production of ethanol. Brazil could, in theory, shift entirely out of ethanol production and saturate the entire world market with sugar, drive other major world producers out of business, and thus create a monopolistic, or at least a significantly dominant position, in sugar, which she could then manipulate to her advantage.

Another example may be in coffee. Germany grows no coffee but, partly as a result of various tariff and non-tariff barriers, which would be removed in a fairer multilateral trading system; it is the world’s largest exporter of instant coffee. So, one may assume that once the EU removes tariff and non-tariff barriers on coffee, production of instant coffee may shift closer to the source of the raw material. But this is unlikely to happen unless attention is paid to the supply side in the countries that actually grow the coffee.

The supply side is where Africa’s dilemma lies. The capacity building, or infrastructural, component of the New Economic Partnership for Africa’s Development (NEPAD) programme is the latest attempt to address the problems of Africa’s supply-side constraints but, for various reasons, the infrastructure component of NEPAD will have difficulty in living up to its expectations and will, in the minds of many, further confirm Africa’s “lost cause” status.

NEPAD is, in many ways, a conventional investment programme and seeks funding for projects or programmes with a positive economic rate of return, which will attract private investment, and, with this public-private partnership approach, aims to remove supply side constraints. However, there are a number of countries in Africa that, owing to a combination of their physical sizes, relatively small populations and low Gross National Product, could be regarded as not being currently economically viable as economic entities. If these countries are to be part of the multilateral trading system they must

have an infrastructure, which allows imports and exports by road and/or rail. However, in these countries it is often the case that, neither the national budget nor the income that can be generated from the use of the infrastructure itself, is enough to ensure even its maintenance, let alone its capital replacement.

So, by any economic measurement, this infrastructure is economically unviable and, in the immediate future, the rate of return is probably negative. But, at the same time, this infrastructure is essential if a country is to provide an environment conducive to investors and essential if trade is to take place. If Africa is to be brought into the world trading system as much attention must be given to the supply side as has been given to the demand side. However, if this is to be done, there needs to be a major paradigm shift in approach. It is not enough to address only infrastructural investments with a positive economic rate of return in the short term. What is required for Africa is a targeted injection of capital combined with a public-private partnership. A way forward could be for a country to work with a major international company to identify an area of competitive advantage and for the government to work with the targeted international company to agree on what would be required, in terms of infrastructural development and changes in the regulatory environment, for the company to make a major investment in the country which would have an effect on GDP and on employment levels. Once this is done, the role of government would be to address the regulatory environment. The role of the international community would be to finance the infrastructural investment necessary to attract the targeted investment. This could be, for example, an upgrade in a rail or road link to the sea, or an upgrade a port to make it more efficient and so lower costs on a regional basis.

These infrastructural upgrades would need to be done whether or not they have a positive economic rate of return over the immediate future.

If this targeted approach to addressing supply-side constraints was taken on a regional basis, a number of multipliers would come into effect and other investors would be attracted. In this way Africa could be brought into a viable and sustainable multilateral trading environment, which would be for the benefit of all. This, in turn would strengthen the multilateral trading system and address the market access and entry barriers currently faced by African countries.

4.0 CONCLUSION

An area requiring more attention, in the COMESA context, is a more comprehensive advocacy programme, and the profiling of the benefits

free trade is bringing, and has brought, to the region. In this regard, there needs to be greater publicity given to the significant increase which has taken place in intra-COMESA trade in manufactured products, including cooking oil; chocolate and chocolate powder; wheat flour and flour products; tyres; milk and fruit juice cartons; buses and pick-up trucks; refined copper; and steel and steel products. There has also been a significant increase in the level of small-scale cross-border trade, which is often either under-recorded or not recorded. The region's business community is also fast developing alliances and close business ties.

5.0 SUMMARY

In this unit, your attention has been drawn to the COMESA regional organisation.

You have seen that these 11 COMESA member States have deepened their trade relations when they began to trade on duty-free and quota-free terms. They have, however, maintained their national external tariffs for goods originating from outside COMESA. Trade between the FTA and non-FTA COMESA countries is being conducted on preferential terms determined by the level of tariff reduction given by the non-FTA country. With the advent of the COMESA Free Trade Area, there has been a significant increase in intra-COMESA trade. The COMESA programme contains the COMESA Rules of Origin and a Court of Justice. Consequently, we regard COMESA as a rules-based institution.

6.0 TUTOR-MARKED ASSIGNMENT

Has the COMESA Free Trade Area boosted inter-COMESA trade?

7.0 REFERENCES AND FURTHER READING

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UNIT 5 NEPAD

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- 2.0 Objectives
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 - 3.2 The Aims and Objectives of NEPAD
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1.0 INTRODUCTION

The New Partnership for Africa's Development (NEPAD) began in July 2001 as a programme of the Organisation of African Unity (OAU), and is now sponsored by the African Union (AU). A lot of scholars and commentators on regionalism in Africa are in agreement that what makes NEPAD different from previous failed African development programmes is the ownership and commitment of African leaders to its success. A key component of NEPAD is the African Peer Review Mechanism (APRM), whereby African governments voluntarily undergo peer review to demonstrate improvements in democracy and policy governance and management, corporate governance and socio-economic development (Snoddy, 2005).

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- trace the evolution of NEPAD
- identify the main objectives of NEPAD
- describe the APRM
- highlight the strengths of NEPAD
- enumerate the deficiencies of NEPAD.

3.0 MAIN CONTENT

3.1 Evolution of the NEPAD

NEPAD emerged as an amalgam of three separate development programmes formulated between 2000 and 2001 in South Africa, Senegal and in the Ethiopia-based Economic Commission for Africa - ECA (Ngwane, 2002). In South Africa, President Thabo Mbeki developed the Millennium Partnership for African Recovery (MAP), which aimed at addressing Africa's debt and general recovery. MAP enjoyed the support of Presidents Abdelaziz Bouteflika of Algeria and Olusegun Obasanjo of Nigeria. Around the same time, the Senegalese President, Abdoulaye Wade, had formulated the OMEGA Plan, which enjoyed the support of French African countries, and was concerned with building regional infrastructure and educational projects. The third was the Global Compact for Africa Recovery (GCAR), initiated by the Economic Commission for Africa (ECA), based in Addis Ababa, Ethiopia, through a mandate from African Ministers of Finance in 2000. The GCAR incorporated the idea of peer review.

Sharing fairly common visions on development, the three initiatives were merged in July 2001 at the AU Summit in Lusaka, Zambia, into the New African Initiative (NAI). At the Lusaka summit, a 15-member Heads of State and Government Implementation Committee (HSGIC), representing all the regions of Africa and chaired by Nigeria, was appointed to oversee the implementation of the programme. Three months later, on 23 October 2001, NAI was renamed NEPAD at a meeting of Heads of States in Abuja.

3.2 The Aims and Objectives of NEPAD

It is the declared aim of NEPAD that the new continental development initiative be premised on "people-centred sustainable development" and "democratic values". On this platform, and recognising Africa's abundance of both human and natural resources, NEPAD has as its primary objectives the eradication of poverty and an end to the marginalisation of the African continent. The peoples of Africa themselves are to assume responsibility for their own development. It is envisaged that the objectives of the programme will be achieved by African leaders assuming joint responsibility for:

- i. Strengthening mechanisms for conflict prevention, management and resolution at the regional and continental levels, and ensuring that these mechanisms are used to restore and maintain peace.

- ii. Promoting and protecting democracy and human rights in their respective countries and regions, by developing clear standards of accountability and participatory governance at the national and sub-national levels.
- iii. Restoring and maintaining macroeconomic stability, especially by developing appropriate standards and targets for fiscal and monetary policies, and introducing appropriate institutional frameworks to achieve these standards.
- iv. Instituting transparent legal and regulatory frameworks for financial markets and auditing of private companies and the public sector.
- v. Revitalising and extending the provision of education, technical training and health services, with high priority given to tackling HIV/AIDS, malaria and other communicable diseases.
- vi. Promoting the role of women in social and economic development by reinforcing their capacity in the domains of education and training; by the development of revenue-generating activities through facilitating access to credit and by assuring their participation in the political and economic life of African countries.
- vii. Building the capacity of states in Africa to set and enforce the legal framework, as well as maintaining law and order.
- viii. Promoting the development of infrastructure, agriculture and its diversification into agro-industries and manufacturing to serve both domestic and export markets.

Very broadly, the projects proposed for the facilitation of these objectives are three-pronged. The first group of projects seeks to provide the necessary preconditions for sustainable development. Of relevance in this regard are the peace, security, democracy and political governance initiatives and the economic and corporate governance initiatives; as well as regional and sub-regional developmental efforts. The second group is of an infrastructural nature, encompassing the human resource development initiative, the agricultural initiative, the environmental initiative, the cultural initiative and the science and technology platforms. The final group of projects is concerned with resource mobilisation, involving the capital flow initiative and the market access initiative.

SELF-ASSESSMENT EXERCISE

What are the main objectives of the NEPAD programme?

3.3 The African Peer Review Mechanism (APRM)

The most innovative component of NEPAD and what makes it most different from previous programmes like the United Nations Programme of Action for African Economic Recovery and Development (UN-PAARED), 1986-1990, and the United Nations New Agenda for the Development of Africa (UN-NADAF) in the 1990s is the African Peer Review Mechanism (APRM). While UN-PAARED focused on shared responsibility between Africa and the international community for African development, and UN-NADAF required African commitment to economic reform in exchange for aid and debt relief, NEPAD's APRM represents the commitment of African governments to undergo peer review to demonstrate improvements in democracy and policy governance, economic governance and management, corporate governance and socio-economic development (Oxford Analytica, 2004).

The APRM is administered through a framework separate from those of NEPAD and the AU, which includes the following:

- APR Forum made up of participating heads of state, providing overall responsibility for the process
- APR Panel of Eminent Persons, responsible for overseeing the conduct of the process and making recommendations to the Forum
- APR Secretariat to provide administrative support
- Country Review Teams appointed by the Panel
- APR partner institutions like the African Development Bank (ADB)
- United Nations Economic Commission for Africa (UNECA) to provide technical expertise and financial support not available within the AU and NEPAD
- APR Focal Points appointed by participating countries.

The APR process itself includes five stages:

- i. The participating country completes a questionnaire to develop its self-assessment and action plan for improvement, which is used by the Secretariat, along with its own research on the country, to develop an issues paper which will be the baseline for review.
- ii. The Country Team conducts the review visit using the issues paper, which includes meetings with relevant stakeholders.
- iii. The Country Team develops a draft report which evaluates the strengths and weaknesses of the country's action plan, used to finalise the action plan after review with the country's government.
- iv. The APR Panel reviews the report and action plan,

and makes recommendations to the Forum. The Forum works with countries who demonstrate willingness to correct shortcomings, and works with other participating countries or donor agencies to find the resources. For reluctant countries, “the Forum will seek ‘constructive dialogue’ with the government, while reserving the right to take further appropriate steps.”

The first four stages last six to nine months. After six months, the report and any related actions are made public. A Country Support Mission was added to the process to prepare countries for their upcoming reviews. Participating countries are expected to meet in-country costs of the review process, with assistance from ADB, the UN Development Programme and other countries as necessary.

As of November 2004, Kenya, Mauritius, Ghana and Rwanda were assessed by the APRM. At the NEPAD Summit held in Algiers in November 2004, President Abdelaziz Bouteflika of Algeria stressed the importance of the mechanism and recognised the efforts of the evaluators of the first four countries. “Bouteflika observed that Africa was about to enter a new era and must therefore adhere to globalisation as an active partner. He said the peer review mechanism sends a strong signal from Africa to the rest of the world, especially by the rejection of marginalisation and the willingness to embrace good governance and create democratic societies. Former Nigerian president Olusegun Obasanjo, AU chairman and chair of the NEPAD high steering committee, said “the continent’s priority is to clean the African house before seeking any support from the international community.” Regarding the APRM, Obasanjo said “this unique experience in the world needs time, adding that the mechanism indicated the willingness of African countries to move to another stage.”

3.4 Why NEPAD May Succeed

Optimists, composed essentially, but not exclusively, of the proponents of NEPAD, see it as opening a new chapter in African development. This view presents NEPAD as the hope for turning back the clock of decay in Africa (Posthumus, 2003). Optimism about NEPAD is predicated on a number of implicit and interrelated assumptions. First, NEPAD represents a tacit recognition by Africa of the existence of a developmental crisis and the need to tackle it. By extension, Africa admits that the origins of its crisis are internal and are linked to insecurity, conflicts and bad governance. This thinking stands in sharp contrast to earlier positions depicting Africa’s challenges as externally generated.

Consequently, Africa seeks in NEPAD measures that directly address the internal constraints to development. Proponents of NEPAD argue that the acknowledgement of the severity of a problem and the preparedness to tackle it is itself a step towards an ultimate solution.

Furthermore, optimists hold that as a partnership with developed countries, NEPAD has the ability to attract much needed external aid to Africa. Hopes in NEPAD are thus premised on its promise to increase overseas investments and aid to Africa over current levels.

Optimism on NEPAD is, moreover, predicated on the expectation of instigating good governance, whose elusiveness has left damaging implications for Africa. For example, the absence of good governance practices has been identified as one of the fundamental causes of Africa's stagnation (Landsberg, 2005).

NEPAD's key instrument for inspiring good governance is the much heralded African Peer Review Mechanism (APRM). The APRM is a process to which African states submit to periodic review to determine their adherence to principles of good governance set out by the AU during its 2002 July summit in Durban. The review is done by a seven-member Independent Panel of Eminent Persons (IPEP), which conducts countries through the various stages of the review process. The review process, however, is not an end in itself; rather it is an exercise to judge countries but also to assist them to identify policy lapses and create the necessary mechanisms to rectify them.

The ultimate goal is to assist governments to improve upon public policies relating to governance. Submission to the review process is voluntary, but failure to sign up leaves negative dents on the governance credentials of countries. Conversely, submitting to the review process serves as a diplomatic baptism into international credit worthiness.

Although the effectiveness of NEPAD in general and the APRM in particular to inspire good governance is questioned (Bond, 2003; Akokpari, 2004), it is claimed to at least bring some moral pressure to bear on countries signing up to it. A favourable governance review report theoretically increases a country's chances of benefiting from the G-8 "enhanced partnership". This includes gaining access to financial aid and western markets as well as receiving debt remission. By contrast, a damning report jeopardises a country's chances of accessing such crucial development aid.

Above all, the AU and NEPAD seek to promote regional integration whose importance to Africa's development cannot be overstressed. Previous approaches, including import substitution and structural adjustment have brought unmitigated disappointments to Africa. Moreover, as Africa stands at the threshold of further marginalisation in a post-Cold War multi-polar world dominated by trading blocks, regional integration is widely seen as the answer to its underdevelopment and active participation in the global economy.

NEPAD's approach is to strengthen regional formations and subsequently create an African common market as envisaged under the 1991 Abuja Treaty. NEPAD thus provides an avenue for Africa to engage and negotiate with the West for a new place in the international political economy, as well as creates opportunities for the region to take ownership of its development process. Together, these factors underscore the efficacy of NEPAD and why the programme raises optimism on Africa's long-term development.

3.5 Why NEPAD May Fail

While NEPAD theoretically promises to set Africa on a development course, it also imparts contradictions and ambiguities, which together raise fundamental questions about its ability to meet its stated objectives. These questions have also become the basis for criticism and pessimism. Let us briefly look at these weaknesses.

Although presented as a programme of partnership, the relationship between the West and Africa is criticised for lacking reciprocity, complementarity or symbiosis that characterise genuine partnerships. On the contrary, it is a fundamentally skewed partnership reminiscent of the relationship "between a rider and a horse" (Ngwane, 2003: 3), or a benevolent and a beggar (Orakwue, 2002). Accordingly, the NEPAD acronym is either often derided as meaning a "new partnership for Africa's domination or destruction", or pronounced humorously as "KNEE-PAD" to depict Africa's preparedness to stay longer on its knees while pleading for aid (Orakwue 2002). In fact, Asante (2003: 14), describes the partnership more succinctly as a "partnership of unequal partners". These aberrations underscore the lack of true partnership between Africa and the G8.

Admittedly, much of these negative comparisons and analogies about NEPAD derive from the unending suspicions about the programme's origins. In contrast to its portrayal as a home-grown project, NEPAD is frequently seen as a construction of the West (Adesina, 2003; Bond, 2003:12). This critical view argues that

a genuinely formulated African programme will eschew the neo-liberal prescriptions embodied in NEPAD, which more or less are the very policies constraining the region's development (Govender, 2003). Beset with poverty and adversity, moreover, a truly formulated African development programme would evolve people-centred and poverty-targeted policies, which are visibly missing in NEPAD. NEPAD presents a neo-liberal framework, patterned along textbook economics and expected to work from a classical point of view. But worldwide experience shows that textbook economics are not written for economies in decline such as those in Africa, which defy basic neoclassical logic. A neo-liberal programme centred on the market, informed by the logic of trickle-down economics and with a plethora of conditionalities, such as NEPAD, can at best exacerbate rather than ameliorate poverty.

If the origins and nature of NEPAD, along with the partnership it evokes with the West are dubious, the commitment of Africa's partners to meet aid obligation is an even bigger source of pessimism. Africa's unmitigated past disappointments with western aid deals substantiate this. In 1986, for example, the UN developed a four-year recovery programme, the United Nations Programme of Action for African Economic Recovery and Development (UN-PARRED) 1986-1990. This programme embodied pledges by the international creditor community to provide assistance to Africa. However, the tepid response from the international community condemned UN-PARRED to a premature demise. Again, in 1991, the United Nations New Agenda for the Development of Africa in the 1990s (UN-NADAF) was adopted under which the international creditor community was to commit 0.7 per cent of its GNP as ODA to Africa. On their part, African countries committed themselves to economic and democratic reforms.

However, in return for Africa's wholesale adoption of SAPs and submission to multiparty elections by the close of the decade, only the Netherlands, and the Scandinavian countries of Denmark, Norway and Sweden provided 0.7 per cent or higher of their GNP as ODA to Africa. In fact, aggregate ODA to Africa actually plummeted from \$28.6 billion in 1990 to \$16.4 billion in 2000 (Bentsi-Enchill 1997; Asante, 2003:16). Here, too, donor pledges went unfulfilled.

As noted earlier, NEPAD's acclaimed potential to promote good governance, through the innovative APRM, is another source of optimism. However, this optimism is misplaced. Submission to the APRM is voluntary. Countries which initially signed up can opt out if the process proves intrusive. Moreover, the AU lacks the muscle to compel countries to either sign up to the review process or comply

with standards of good governance. This is a major limitation that has left the AU and APRM as a lame leviathan. Four countries - Ghana, Kenya, Mauritius and Rwanda - were reviewed in 2004. However, consistent with the APRM's lack of compulsion, the review process focused not on whether the stated standards of governance were adhered to, but whether the countries "[were] moving towards these goals" (Africa Research Bulletin, 2004: 15629-30). The incapacity of NEPAD and the AU to generate good governance is also evident in continuous allegations of corruption and nepotism involving top government officials in Africa; grotesque human right restrictions and abuses in Zimbabwe and Swaziland nearly four years after the adoption of NEPAD and the APRM. Nor, have NEPAD and the AU been able to completely stem conflicts and wars in Africa. On the contrary, in spite of successes in ending conflicts in Angola and Mozambique, others have continued to rage. Durfur, Somalia and the Democratic Republic of the Congo (DRC) continue to present challenges to the AU, while peace in the Ivory Coast, Liberia and Sudan remain fragile at best. Other disturbing internal tensions such as in Zimbabwe continue to test the ability of the AU to restore sound governance practices in the region.

The overwhelming neo-liberal orientation of NEPAD is a further source of concern. But this posture is informed not only by the global dominance of neo-liberalism as ideology, but importantly by the assumption tracing Africa's crisis to mainly internal factors. This belief constitutes the core beliefs of the International Financial Institution (IFI) on Africa and explains the persistence of the former in prescribing irresistibly neo-liberal and market-based solutions. Yet, the generally pauperising effects of SAPs, but also the preponderance of economic crisis deflates optimism about NEPAD. In West Africa, for example, where economic decline and impoverishment have been massive, NEPAD is either unknown, considered an exclusively South African agenda or Mbeki personal project. Similarly, Osei-Hwedie (2003) has noted that having just emerged from war, Angola has become more preoccupied with internal reconstruction and development than with NEPAD. The trajectory of debt and economic decline has rendered countries introverted and largely concerned with finding solutions to internal economic problems. Countries are extroverted only towards potential sources of assistance such as the West. Agyeman-Duah and Daddieh's (1994) contention that Africa's foreign policies, particularly towards western countries, are aimed principally at soliciting external assistance, is valid today under NEPAD as it was over a decade ago under structural adjustment. Thus failing to generate tangible relief in a region facing massive socio-economic diversities NEPAD is hardly a credible programme for long-term development.

SELF-ASSESSMENT EXERCISE

Do you believe that NEPAD will stand or fail? Give reasons.

4.0 CONCLUSION

NEPAD has been hailed by its proponents for giving Africa a lifeline in development.

This view is advanced against a background of the failure of past approaches to salvage the continent. Optimism for development is also premised on a set of logical assumptions about NEPAD, including its potential to attract aid and investments; to instigate good governance; to address Africa's perennial conflicts through new security architecture; and its drive to promote regional integration. However, students of international relations should note the limits of these assumptions. It is noted among other things that NEPAD has failed to address poverty, one of Africa's most daunting challenges. Also, its heavy reliance on external agencies truncates its ability to generate development given the West's appalling record of meeting aid obligations to Africa. In addition, there is no certainty about NEPAD ability to instigate good governance through the APRM. The APRM is a voluntary process devoid of any real mechanisms to compel compliance with good governance practices. These and other inherent limitations of NEPAD rob it of a genuine claim to be a framework for Africa's long term development.

5.0 SUMMARY

In this unit, we have drawn attention to the evolution of NEPAD and its prospects for success and failure. We have learnt that this programme represents a radical shift in Africa's development programmes in that it is owned by Africans. However, its reliance on the developed countries for financing, its inability to enhance good governance, and its Peer Review Mechanism which is regarded as a toothless bulldog may rob the programme in its attempt to enhance sustainable development for Africa.

6.0 TUTOR-MARKED ASSIGNMENT

Briefly highlight the strengths and the weaknesses of the New Partnership for Africa's Development.

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MODULE 4 KEY ISSUES IN SOUTH-SOUTH COOPERATION

Unit 1	Technology Transfer
Unit 2	Regional Security

UNIT 1 TECHNOLOGY TRANSFER

CONTENTS

1.0	Introduction
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1.0 INTRODUCTION

The concern of this unit is to examine one of the major challenges facing the global South. This challenge relates to technology transfer.

At the onset, you must know as stressed by Agbu (1998) that, the terms, ‘technology transfer’ acquisition’ and ‘development’ have proven to be quite contentious over the years. He also notes that ‘Scholars and practitioners have questioned the use of these terms.’

Yet, for a clear understanding of the technological need of the developing world, he notes that technological acquisition embodies the movement and procurement of equipment and the appropriate knowledge and skills required for the production of societal needs.

The issue of technology transfer, as with other issues in the global South, highlights the skewed relationship between the developed countries and the developing countries. In an analysis of the crises of international economic relations, Adebayo Adedeji, two decades ago suggested that two trends were visibly notable:

- i. A high degree of economic, financial and technical dependence of developing countries on developed countries
- ii. The intransigent, uncooperative and unsympathetic attitude of developed countries (Adedeji, 1973).

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- identify the challenges of technology transfer
- highlight the need for technology transfer
- highlight the relationships between technology and international relations
- identify the need to integrate technology and ICT sector.

3.0 MAIN CONTENT

3.1 Technology Transfer

For quite some time now, arguments have been going on as to whether the inability of countries of Africa, Asia, and Latin America to achieve successful technology acquisition and development is predominantly the result of poor leadership and faulty technology policies or the outcome of constraints inherent in the global capitalist production process (Agbu, 1998).

Yet, the growing gulf in technological and scientific capacity between developed and developing countries have been a major source of concern for decades. This 'technology divide' undermines the capacity of developing countries to meet their basic needs, participate in the global economy and manage the environment. The usual response to this challenge has been to call for technology transfers from industrialised to developing countries on concessionary terms and to relax intellectual property laws, particularly in the context of multilateral institutions (Juma, *et al.*, 2005).

These diplomatic efforts have achieved little. Attention is now shifting to new patterns of international cooperation, including many activities that involve the use of information and communications technologies (ICTs) in development. This new digital diplomacy is part of a larger effort by developing countries to play a greater role in a global economy characterised by enhanced communication, intensified connectivity and greater interdependence among countries and regions.

3.2 The Challenges of Technology Transfer

Developing countries have historically sought to address their technological needs through demands for international equity in international forums. For example, the 1979 Vienna Conference on Science and Technology for Development pledged to establish a fund

for science and technology projects in developing nations. Subsequent international agreements on environment and development incorporated a wide range of provisions on technology transfer. The most notable of these are the UN Convention on Biological Diversity, the UN Framework Convention on Climate Change, and the UN Convention to Combat Desertification. As recently as 2005, the UN Commission on Science and Technology for Development issued statements indicating the responsibility of industrialised countries to transfer technology to the South to promote and advance development (UN ECOSOC, 2005). But decades of promises, international wrangling and conferences among diplomats have produced few results.

Tired of waiting for technology to trickle down from the developed nations, developing countries have begun to realise that they are better off cooperating with each other, and have started to work together to meet their technology needs through South-South Cooperation. This realisation is not founded on wishful thinking. It is driven by the emergence of countries such as Brazil, China, India and South Africa as serious regional actors seeking to assert their developing status.

The idea of South-South cooperation allows for the possibility that poor nations may find appropriate, low-cost, sustainable solutions to their problems in the experiences of other developing nations, rather than solely in the rich North. In fact, this approach rests on instances when the appropriate technology to deal with development challenges of the South has been found within the South. A clear example of this is African farmers who need access to water and find the solution in India's pool of expertise in sinking boreholes. In other words, for every problem in the developing world, there is a potential solution in other developing countries.

In recognition of this potential, the developing countries' Group of 77 in 2002 formulated the Dubai Declaration for the Promotion of Science and Technology in the South. The Declaration called for establishing South-South networks, trust funds and consortiums for the explicit purpose of creating and spreading scientific knowledge and innovation throughout the South. In 2000, the Seoul Accord on South-South Cooperation in Science and Technology also recommended the establishment of networks and mechanisms among southern countries. Its aim was to link research and development institutions and centres of excellence in order to create a critical mass of science and technology knowledge that would further opportunities for development. These new arrangements mark a fundamental shift. They are directed at galvanising South-South initiatives for solving problems that attract little interest in the developed North.

SELF-ASSESSMENT EXERCISE

What are the efforts currently made by countries of the South to enhance technological independence?

3.3 The Need for Technology Transfer

Traditionally science and technology have been considered as the products of development rather than as actual contributors. However, the recent UN Millennium Project Task Force on Science, Technology and Innovation sought to challenge that notion. When examining the rise of emerging economies in the Asia-Pacific region, each case told the same story of how science and technology were critical elements in their success. It is thus the position of the task force that “these countries and economies could and should help other developing countries meet the [Millennium Development] Goals by sharing their best practices and experiences in the spirit of South-South cooperation” (Millennium Project, 2005).

This notion continues to gain potency, notably as more regions of the South rise above the poverty line and flex their own muscles in the world economy.

If one may ask, what has brought about this flurry of initiatives? Many of them are fuelled by rich countries’ diminishing interest in finding solutions to the problems of the tropics. A classic example is the declining financial support for the flagship Consultative Group on International Agricultural Research, which promotes sustainable agricultural development and food security across the developing world. Another factor is the continuing shift of research activities in the rich countries from the public to the private sector. This has put a damper on the prospects for international cooperation in research, because while developing countries continue to rely on public-sector institutions, private corporations in developed countries are reluctant to share technology with them, desiring instead to preserve their technological advantage. The great strides and hope offered within this brief overview of science and technological cooperation within the South, however, are not meant to suggest that the solution to the deeply entrenched problems of development will quickly be solved through this method.

Rather, the point must be emphasised that, despite its utility and necessity, South-South cooperation has been a second-best solution because the developed world is less than forthcoming with technology transfers. A second problem that Sachs has aptly advanced is the ecological-specificity of technology (Sachs, 2002). Technological

advances made in temperate zones may have little bearing on the problems of the tropics. So, even in situations where technologies are transferred or partnerships are developed, the needs of the tropics are not necessarily going to be addressed. This is especially the case if the market is the determining factor. In the market-based system, the traditional mode of production is demand-driven. The demand for science and technology solutions certainly exists in the tropics, but the market incentives necessary to actively respond to such technological demands are missing. Unlike the developed world, which offers both greater financial rewards for innovation and an effective response mechanism to spur innovation, most countries in the developing world are missing these triggers.

Another point to consider is that innovation systems have become increasingly complex. From the 1960s onward the traditional thought has been that science and technology involves three inter-related actors — the infrastructure, production structure and government policies for science and technology. A current model of innovations systems, however, must also include at least seven other types of actors — the financial system, technology brokers, industry and professional associations, the legal base, non-governmental organisations, press, public opinion and international cooperation structures (Plonski, 2000). Without adequate development of these actors and institutions in domestic and regional settings, the innovation structure remains underdeveloped and anaemic. This specifically speaks to the issue of internal capacity for science and technology not just to be developed, but even to be utilised for the welfare of society.

SELF-ASSESSMENT EXERCISE

What factors account for the recent attempts by South-South Cooperation to promote indigenous technological development?

3.4 Technology and International Relations

If industrialised countries continue to ignore the importance of science and technology for development, they will start to see developing countries' allegiances drift away from them in favour of South-South alliances. Today's patterns of international cooperation were shaped largely by our early agricultural knowledge. With the rise of the knowledge economy, they are likely to shift dramatically. Take infectious diseases as an example. Most global biomedical research has focused on the problems of industrialised countries. In fact, only one percent of the medicines developed over the past 25 years address tuberculosis and tropical diseases, which in fact account for 11 percent of the global disease burden, according to the World Health Organisation (WHO).

Now developing countries are aiming to change that by creating alliances that focus on diseases prevalent in developing countries. Three examples will illustrate these alliances:

- i. Science ministers from Brazil, India and South Africa have been working together to identify areas for cooperation to prevent and treat HIV infections and AIDS. They held their first meeting in October 2004, as part of the India/Brazil/South Africa (IBSA) Trilateral Commission.
- ii. Cuba has also been an active contributor in the fight against HIV/AIDS, providing medical personnel to Latin American and African countries to fight the disease.
- iii. In order to address the tropical Chagas disease, Costa Rica, in partnership with Brazil, Chile, Uruguay, Argentina and Mexico, brokered a deal with the US National Aeronautics and Space Administration. The arrangement was to fly proteins from the parasite that causes Chagas disease on the space shuttle to study their structure, with promising results thus far (Freeman, 2002).

Even in the area of trade, we see an increasing interconnectedness on this issue of disease. As reported in *Science Magazine* on 15 July 2005, studies have found that 67 percent of India's drug exports, 74 percent of Brazil's and 92 percent of Argentina's go to other developing countries, often benefiting the least developed countries. What is more, a 2004 study by the UK Department for International Development found that 60 percent of the vaccine requirements for an expanded UNICEF immunisation programme are produced in the South by India, Indonesia, Brazil and Cuba. Funding from World Health Organisation's Tropical Diseases Research Programme supported North-South and South-South research collaboration by creating a task force in 1998 for collaborative malarial research in Africa, and all of its principal researchers were Africans (Nchinda, 1998).

Science and technology are playing an increasing role in international diplomacy. China, for example, is placing science and technology at the centre of its diplomatic relations. It has signed nearly 100 such agreements, two thirds of them with other developing countries. This approach illustrates a growing interest among developing countries to cooperate on technology through voluntary arrangements rather than through binding international treaties. Many of those signing such agreements see China as a role model in the use of science and technology for rapid economic transformation. China, in turn, sees such cooperation as an opportunity to extend its diplomatic reach.

Apart from diplomatic cooperation, investments in information and communications technologies have also taken on a cooperative element across the South. As ICT spreads independent of borders or geographical concerns and, more important, provides the tools to overcome barriers imposed by geography, developing countries have been able to harness these technologies and become world leaders in this arena.

Witness the growth of world-class IT hubs in Bangalore, India; Kuala Lumpur, Malaysia; Campinas, Brazil; Gauteng, South Africa; and El Ghazala, Tunisia, as identified in the 2001 United Nations Development Programme (UNDP) Human Development Report.

Malaysia has gone even further by creating SMART partnerships through its Malaysian Industry-Government Group for High Technology (MIGHT). With other developing countries, its goal was to foster networks that “yield international joint ventures through public-private partnerships [while helping] to initiate, identify and promote business and investment opportunities at national, regional and international levels.”

In October 2005 at the annual meeting of the International Council for Science, there was a proposal to create an open-access database, International Scientific Data and Information Forum (SciDIF) that would provide scientific data either freely or at minimum cost to researchers in developed and developing countries. This project will still take a few years to be fully realised and to find answers to the problems that plague developing world researchers, when it comes to Internet access, steady power supplies and the like. However, it is representative of a collaborative effort that aims to spread the wealth of scientific information and technological innovations across borders.

Research, particularly in the area of science and technology, has also been a focus for cooperation within the South. Consider the reaction of the Arab Science and Technology Foundation in 2002. Originally set up to provide research support on regionally relevant issues such as water management and solar energy, it also serves to provide inspiration for other regional cooperative efforts. These sorts of partnerships, particularly in the area of industrial biotechnology, have been strongly endorsed in the recent report of the UN Millennium Project Task Force on Science, Technology and Innovation. These relationships are vital to the development of technological capacity within developing countries.

SELF-ASSESSMENT EXERCISE

What are the potential benefits of science and technology cooperation among the developing countries?

4.0 CONCLUSION

In the final analysis, South-South cooperation on issues related to technology cannot be isolated from the wider trends of globalisation. Such cooperation should be designed as a strategic approach to leverage technical knowledge from wherever it is located, but not as an exclusive political device that could further isolate developing countries. In other words, South-South cooperation should start with basic units such as regional integration and then be extended to other developing countries as well as the global community. It should also be stressed that many regions of the developing world have the same economic attributes as much of the developed world. For example, concerns about the 'digital divide' are just as serious in parts of the United States or Europe as they are in Africa, Asia or Latin America. These regions constitute another opportunity to extend international partnerships beyond national borders and allow for the establishment of genuine global technological communities. In the final analysis, it is this ability to leverage global resources that gives strategic meaning to South-South cooperation. Everything else is purely rhetorical.

5.0 SUMMARY

In this unit, we have attempted to look at a key challenge facing developing countries, i.e. their inability to achieve successful technology acquisition and development. We saw that this challenge undermines the capacity of developing countries to meet their basic needs, participate in the global economy and manage the environment. Yet, several calls for technology transfers from industrialised to developing countries on concessionary terms and to relax intellectual property laws, particularly in the context of multilateral institutions have met with disappointing results. A welcome development at the moment is the shift in new patterns of international cooperation, including many activities that involve the use of information and communications technologies (ICTs) in development. This new digital diplomacy is part of a larger effort by developing countries to play a greater role in a global economy characterised by enhanced communication, intensified connectivity and greater interdependence among countries and regions.

6.0 TUTOR-MARKED ASSIGNMENT

Technology transfer is the main challenge facing developing countries. Discuss with reference to Nigeria.

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UNIT 2 REGIONAL SECURITY

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1.0 INTRODUCTION

This unit discusses regional security as a challenge facing developing countries, and their responses to the plethora of regional issues. The process of decolonisation created dozens of new states which established fertile ground for regional security complexes to begin to operate. These newly emergent states were often characterised by weak cohesion between the civil society and the government.

Simultaneously, the US and the USSR began to realise that these newly independent, post-modern states would be the optimal place to carry out their military and technological rivalry. Once the Cold War ended, there were fewer incentives for powers such as the US to concentrate their resources on such countries. Arguably, the world became a weak uni-polar system and this strengthened the notion that autonomy had been diffused from the system level to the regional level. The US had emerged as the sole superpower of the world and the implosion of the Soviet Union allowed for a substantial redistribution of the power. A new multi-polar world emerged in which organising ideologies played a much less significant role.

During the Cold War, the US and the USSR aggressively penetrated into the domestic affairs of states that were emerging from the decolonisation movement. Proxy wars were fought between the US and the USSR via countries in Africa, Asia, and Latin America. However, the end of the Cold War initiated a process of demobilisation from these territories. With the huge decrease in

securitised issues that both countries were facing, the powers became introverted and the propensity to intervene in the domestic affairs of states dramatically decreased. States came to be recognised by their regional orientation rather than by their ideological alignment to either the US or the USSR. The perception that regions should be left to their own devices and be the providers of their own security led to increased scrutiny of regional systems and their implications for international security.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- define regional security
- define key concepts in understanding regional security
- highlight the complexity of defining the concept of regional security
- discuss the role of ECOWAS in regional security in Africa.

3.0 MAIN CONTENT

3.1 What is Security?

Despite the fact that security is a contested concept, there seems to be agreement amongst scholars that at the basic level security implies the absence of threat to the fundamental values at the individual and collective levels.

Security studies also must differentiate between individual, national and international security and there is widespread debate as to the level of analysis that should receive the most focus. The term has recently been expanded to encompass the military, environmental, societal, economic and political sectors and it examines how these sectors contribute to security or towards instability. Barry Buzan (2003) makes reference to the idea that states must overcome 'excessively self referenced security policies' and to consider the security interests of neighboring states before taking action.

The definition of security is elastic but it is a common misconception that the term implies peace and stability. Following the conclusion of the Cold War, many scholars realised that the term was confined to the analysis of national security and that security studies over emphasised the military dimension. The fall of the Soviet Union called for a re-examination of the ethnocentric term to yield a definition that would be more pertinent to the analysis of a world that became characterised as multi-polar. In the case of security, the discussion is

about the pursuit of freedom from threat. When this discussion is in the context of the international system, security is about the ability of states and societies to maintain their independent identity and functional integrity (Baylis, 2001).

During the Cold War, security studies were preoccupied with the threats posed primarily by the military dimension and how those perceived military threats affected the domestic security of states. The scope of the definition was expanded in the 1980s in recognition of the fact that there are other destabilising factors at work within the fabric of the state. It was acknowledged that low political issues as well as high political issues were more often than not linked to one another and this development necessitated the re-examination of the concept.

SELF-ASSESSMENT EXERCISE

How would you, in your own words, define security?

3.2 Realist and Idealist Approaches

There is a divergence between two worldviews on how to approach the development of a universally accepted definition of security. The realist school puts forth the argument that the end of the Cold War did not dramatically alter the organisation of the international system and that self-help, anarchy, and interdependence continues to be the guiding principles for states. In this anarchic environment, the independent action of one state can foster insecurity in another state. Realists argue that because there is a fundamental absence of communication and trust among states it encourages states to provide for their own security i.e. self-help. The lack of a world government establishes the environment whereby states face continual security dilemmas which encourage the use of pre-emptive force. The realist school takes the position that the attainment and consolidation of power awards the state with a sense of security in the short term.

According to this approach, a state whose capabilities outweighs those of other states can effectively exercise and project its authority on the international level without encountering significant threats. The realist school advocates the idea that security comes as a result of the consolidation of power. However, due to the nature of the anarchic system, maintaining cooperative relationships is not always easy.

The idealist definition of the term security stands in stark contrast with the realist interpretation. For idealists, the focus was on the correlation between war, peace, and security and in contrast to the realist school there was a limited examination of the correlation

between power and security. Therefore, for the idealist school, the elimination of war was seen as the precursor to security. The idealist approach constructed a definition for security that was premised on the idea that states were predisposed to cooperate with one another if they could be assured that through cooperation, they could achieve security. The idealist school argued that peace must be the antecedent of security and that peace could ultimately be reinforced through the utilisation of institutions. The notion of sovereignty has been diluted since its conception and therefore, the rise of non-governmental organisations and international institutions has challenged the idea that the state is the sole security actor. The pre-requisites to security as outlined by the idealists proved to be more coherent than the realist approach as concepts such as collective security and non-offensive defense began to gain popularity.

For many political scientists, the two aforementioned analysis of the term security left much to be desired. There was agreement that security studies were underdeveloped as a consequence of overemphasis on the political-military dimension of security.

Consequently, security studies having synthesised certain aspects from each school of thought have arrived at the conclusion that somewhere between the struggle for peace and power lies the essence of security.

It is nonetheless an ambiguous term that involves a number of levels of analysis that can range from individual security to state security. Issues are considered threats with reference to the national security of the state and these threats can emanate from all, (or any) of the military, environmental, political, societal, or economic sectors within a state. However, it is important to have a clear idea of what exactly national security means because the preservation and protection of a state's national security is the backbone of all domestic and international policies of a state.

SELF-ASSESSMENT EXERCISE

Differentiate between the realist and the idealist perspectives of security.

3.3 National Security

The absence of threat to the core values of a state is the most ambiguous yet generally accepted definition of national security. While the definition of core values may be subjective, there is widespread support for the notion that the principal values the definition refers to include issues such as sovereignty and territorial integrity. Scholars

have faced significant challenges when they have attempted to delineate the line between the security of the nation and the security of the individual. Prominent scholars have been at the frontiers expanding the scope of security studies to embrace a wide range of possible reference objects, ranging from the state to collective identities to the survival of a type of species or a particular habitat (Ostrauskaite, 2001). It should not be underestimated that individual well-being is at the heart of most security considerations and that issues that are perceived as threatening the national security are arguably, simply the projections of the perceived insecurities of the individual on the national level. The politicisation of an issue is merely the identification and presentation of an issue to a captive audience in a manner that suggests that the nature of the issue is threatening enough to warrant its exploration and moral consideration.

3.4 Securitisation

Traditionally, the security considerations of a state were focused on the military's capacity to respond to external threats. In other words, it was assumed that the national security of the state was reinforced by weapons acquisition and advancements in military technology. However, the security considerations of states today have become much more complex and Buzan developed the idea of securitisation as a response pattern of states that feel there are existential threats to their security. The concept of securitisation highlighted how easy it was for states to subjectively interpret the context and conditions that would constitute a threat to their national security. Essentially securitisation occurs when a state interprets the action taken by another state as something that poses an immediate threat to the integrity of the state and one that if not answered could jeopardise the national security of that state. This development further complicated the definition of security today because, "a question becomes a security issue, not necessarily because a real threat exists but because the issue is presented as a threat.

Because different social groups within different states have the power of designating an issue as a security one, security becomes a social construct with different meanings in different societies and states" (Stivachtis, 2001).

3.5 Domestic Security

Today, the internal threats to the fabric of the state seriously outweigh the number of external threats that must be considered. Moreover, the domestic instability of a state with weak institutions poses greater threats to the external environment than ever before and that is why it

is important to consider the domestic dimensions of security. Scholars agree that security is a multidimensional concept that includes internal and external elements. It is also implicit that security is not always a term that is synonymous with peace. In addition to a number of possible external threats, states can face domestic insecurity. If the military, political, economic, societal, and environmental sectors are weak, issues arise that will inevitably invite domestic instability and threaten national security.

In Nigeria today, the Niger Delta conflict between the militants and the government, as well as the reoccurring Jos crises are examples of internal threats that threaten the national security of a country.

3.6 Regional Security

Before we can explain what regional security is, we must have a clear idea of what a region is with reference to the concept of security. For Buzan, a region is “a distinct and significant sub-system of security relations that exists among a set of states whose fate is that they have been locked into close geographic proximity with one another” (Buzan, 2001). Buzan identifies four major characteristics of a security region. He contends that a security region must be comprised of two or more states. Furthermore, the states must be in relative geographic proximity to one another. Thirdly, the security interdependence within the regional level is more pronounced than at the global level (states are more vulnerable to neighbouring instability than global system instability).

Finally according to Buzan’s definition, a security region is defined by the patterns found within the security practices. The latter two components of the definition are premised on the fact that the world is composed of weak and strong states. Regions that possess a plethora of weak states become the ideal forum in which sub-state actors can vie for their respective security which consequently can result in the destabilisation of other respective regional actors. This is the case with the large number of secessionist movements within the Caspian Region particularly in South Caucasus.

The region is the intermediary between the international system and the state. Issues that are securitised by a region and that affect that regional stability are projected onto both the state and international level and that is why regional analysis is a practical way to understand world events. Regions are frequently defined by a common ad hoc problem which establishes the conditions for an interdependent security environment. Buzan identified that the

uniqueness of the ad hoc problem and its specificity to the region is something known as a regional security complex. 'Since security complexes are durable features of overall anarchy, seeing them as sub-systems with their own structures and patterns of interaction provides a useful benchmark against which to identify and assess the changes in regional security' (Stivachtis, 2001). These processes create the conditions in which threats to the security of the state are more likely to be regional rather than global in scope.

Regional security is basically hinged upon the elimination of threats to states bound by legal, common or contiguous geographic space, usually through collective efforts or trans-border cooperation. As Cyril Obi notes:

It revolves around a collective security system of states through which they ensure peace within their region, manage and resolve conflict and build peace so that the entire region is not destabilised. Within such a collective system, there is an awareness that if conflict with one member or actor is not resolved, or a threat within national borders is not attended to, the conflict or threat could spill across borders in a relatively short time and engulf the entire sub-region with very dire consequences (Obi, 2003).

Regional security also checkmates external threats, which are capable of undermining law and order within the sub-region. These could be in the form of military invasions, terrorist attacks, or acts of hostility emanating from another region. Just as the case of intra-regional threats, the states of the sub-region collectively take actions that would protect them and their core values from external forces.

We must however bear in mind that the concept of regional security has undergone rapid transformation (Obi, 2003) since the end of the Cold War. This shift has involved transcending the state-centric notions of sovereignty and security and facing the reality of global economic and ecological inter-dependence (Obi, 2000). The concept of regional security has also been expanded to include non-military threats as well as the dimension of human well-being. Thus, issues such as poverty, environmental degradation, HIV/AIDS, population movement and shared resources, all have implications for the new notion of human security.

In addition, globalisation has added a new challenge and reformulation of the concept of security. The shrinking of global spaces and time has accelerated the possibilities for the transfer of threats across national

borders as well as the capacity to cause destruction using unconventional weapons of mass destructions. In a same manner, the proliferation of small arms and the free transfer of resources with little regard for national borders have also opened up new areas of security concern. Apart from the increasing marginalisation of developing countries from the centres of global political and economic power as well as of international trade, the global South, but especially the African continent, is confronted by worsening poverty, small wars largely over resources, and the net loss of skilled human resources to the developed world. Within the sub-region itself, most of the threats are intra-state, emerging largely from the weaknesses of states, economic crisis, the existence of cleavages especially ethnic and sectarian crisis, as well as the proliferation of small arms.

3.7 ECOWAS and Sub-Regional Security

The Economic Community of West African States, which is the closest regional arrangement for Nigeria, clearly shows the linkage between regional integration and security. Thus, the founding fathers of ECOWAS were in agreement that the gains of economic integration and cooperation can be guaranteed, among others, through mechanisms of regional security. Although Obi (2003) is right in arguing that although this was not expressly stated in the original ECOWAS treaty signed in 1975, the founding fathers (of ECOWAS) did foresee the role of conflict prevention and management of ECOWAS (Sesay, 2002).

ECOWAS adopted a Protocol on Non-Aggression in 1978 and another on Mutual Assistance on Defence in 1981 (Nwokedi, 1992; Vogst, 1996). Thus, when civil war broke out in Liberia in 1989, the lot fell on ECOWAS to respond to the conflict in one of its member states.

In 1990, the Standing Mediation Committee met, and, out of its efforts, the ECOWAS Ceasefire Monitoring Group (ECOMOG) was set up as an institution for keeping the peace in Liberia. It was aided by a provision in the 1981 Protocol on the Mutual Assistance of Defence for an institution of the defence of peace.

The well-known success of the ECOMOG is visible for anyone to see. It contributed immensely to the return of peace in Liberia, Sierra Leone and Guinea-Bissau. Through its intervention force, it was transformed from a ceasefire monitoring assignment to peace enforcement mission.

Without any doubt, ECOMOG, particularly Nigeria paid dearly for its contribution for the return of peace in these troubled spots. Not only

did the ECOMOG stop the carnage in Liberia, it successfully oversaw elections in the country in 1997. It replicated this success in Sierra Leone after the 1997 coup in which the military led by Johnny Koroma overthrew the elected government of Tejjan Kabbah and invited the Revolutionary United Front (RUF) to join the government (Berman and Sams, 2000). ECOMOG dislodged the RUF from the capital and eventually facilitated both the return of Kabbah at the end of the war. Apart from the activities of ECOMOG, dogged, as they were, by accusations, largely by Francophone states, of Nigerian domination, and intra-regional Anglophone-Francophone rivalries, ECOWAS was determined to carry on with the building up of institutions for regional security. Most people agree that ECOWAS has the most advanced conflict prevention and management mechanism devised by any sub-regional grouping anywhere in the world (Sessay, 2000). Again, Berman and Sams (2000) agree with this claim and notes that “this best is exemplified by the 1999 ECOWAS Protocol on Mechanism for Conflict Prevention, Management, Resolution, Peace-keeping and Security”, which provided for ways of resolving conflict and ensuring security in West Africa. In December, 2001, ECOWAS adopted yet another Protocol.

The ECOWAS 2001 Protocol on Democracy and Good Governance is both the outcome of the experiences of ECOMOG and the realisation that, in the post-Cold War world, the sub-region would be built and would rely upon its own initiatives and institutions to manage conflict and ensure security in West Africa. In the words of Amadu Sesay, the Protocol “is certainly the latest and most far-reaching attempt by ECOWAS to consolidate peace, security, and stability in a sub-region that has witnessed two violent and even notorious civil wars within a decade (Sessay, 2000).

4.0 CONCLUSION

Let us conclude this unit by emphasising some salient issues. The first is that developing countries are confronted with security problems. The second is that these states, especially in Africa, are weak, particularly vulnerable to separatism and secession, because of their low degree of socio-political cohesion. The lack of intense levels of cooperation between the government and the institutions of weak states leads to the inefficient mobilisation of resources. Without sufficient control over their access to the population, political and economic programmes of the governments of weak states oftentimes do not have the levels of impact that the reformers had hoped for. Consequently, poverty, physical insecurity, corruption and inequality all come to dominate the individual. As a result, the internal political climate of weak states usually involves violence

because there are no entrenched, established channels through which the population can express their dissent. Among weak states, dissent that is expressed through violent behaviour is not typically confined to its place of origin. Violent movements within one state can spill over into neighbouring states.

Opportunistic neighbours and states may be invited by such instability to compete for the advantages that can be obtained as a result of intervention (to get their piece in the division of the spoils). In a weak state, the government's inability to mobilise resources and address the needs of its constituents makes it very difficult for a state to consolidate power and to strengthen and legitimise the institutions while making strides towards development. Regional security arrangements, such as the ECOWAS, in the case of the West African Sub-region, the ASEAN, in East Asia and other numerous regional integration schemes in Third World Countries have the potential to enhance regional peace and security.

5.0 SUMMARY

In the last unit of this course, your attention has been drawn to regional security as a challenge facing the developing countries. You have noted the theoretical challenges of defining security, and the two approaches that purport to advance a universally accepted definition of security, i.e. realist and idealist conceptions. For analytical purposes only, we have defined certain concepts that are necessary for understanding security challenges in developing countries. Such concepts included (1) national security (2) securitisation (3) domestic security and (4) regional security. The unit has used the case of ECOWAS as a regional security framework to argue how regionalism can play a key role in enhancing regional security in the developing countries. The study concluded with a note that developing countries have unique security challenges as a result of their vulnerability in the international system. However, regional security organisations such as the ECOWAS and ASEAN could enhance the security of these regions. The example of ECOMOG was especially mentioned to substantiate this potential.

6.0 TUTOR-MARKED ASSIGNMENT

To what extent has the ECOWAS sub-regional framework enhanced peace and security in Africa?

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