



Institute for Security Studies
Institut d'Etudes de Sécurité

Knowledge empowers Africa • Le savoir émancipe l'Afrique

SOUTH AFRICA AND UNCTAD IX: NEW BEGINNINGS?

*by Xavier Carim, Deputy Director, Foreign Trade Relations,
Department of Trade and Industry (DTI)¹*

Occasional Paper No 7 - August 1996

INTRODUCTION

Hosting the Ninth United Nations Conference on Trade and Development (UNCTAD IX) was another key landmark in the process of normalising South Africa's multilateral economic and diplomatic relations after years of international isolation. However, in the prelude to the Conference and during the proceedings, many observers saw South Africa's undertaking as a risky one.

Indeed, there was apprehension that UNCTAD's role in international economic relations was steadily being eclipsed by the Bretton Woods institutions - the World Trade Organisation (WTO), the International Monetary Fund (IMF), and the World Bank - and that South Africa would be hosting a forum that was in terminal decline. There were also fears that the pressures on the United Nations (UN) system to downsize its operations as a whole, could well be focused at UNCTAD IX through a concerted effort by some members - the developed countries, led by the United States, in particular - to narrow the organisation's mandate, scope and functions.

In this context, how could South Africa justify hosting a conference that carried a hefty price tag when the country confronts other urgent developmental needs? At the same time, questions were raised about whether or not South Africa possessed adequate experience of multilateral economic diplomacy, or the human and institutional capacity to participate in and host a successful conference.

In the event, these concerns were largely laid to rest. The conference proceedings and conclusions reflected a consensus among countries on the continued importance of UNCTAD, on the need to breathe new life into the organisation and, in the current global environment, on the need to make it more responsive and relevant to its members. In the statements made by countries at the close of the Conference, moreover, foreign delegates were unanimous in praising South Africa's role both as host and participant.

Be that as it may, the importance of this conference goes far beyond South Africa's re engagement with intergovernment institutions or, for that matter, the future of UNCTAD. The substantive discussions and proceedings of the Conference need to be seen in the wider context of new and emerging conceptions of what - in today's world - constitutes development and security. In the emerging discourse on security and development, both concepts are understood as processes that are inseparable and mutually reinforcing. Conversely, progress towards one is seen to be unsustainable in the absence of the other.

In the new discourse, moreover, it is recognised that, while both concepts exhibit, among others, social, economic, political and environmental dimensions, these can be manifested at sub-national, national, regional and global levels. In short, new conceptions of development and security are holistic, integrated, and highlight interlinked and overlapping concerns. Nonetheless, while it is critical to recognise such interlinkages, it is also clear that emphases in both concepts - and how to achieve them - will vary. Ultimately, both aim at human

emancipation in its broadest sense.

It is also important to see UNCTAD IX in the context of a sequence of recent UN conferences that are beginning to establish and entrench international and universal benchmarks - or norms - against which progress towards enhanced human security and development can be measured. The Conferences referred to are the Rio Conference on the Environment, the Copenhagen Summit on Social Development, the Vienna Conference on Human Rights, the Cairo Conference on Population and Development, and the Women's Conference in Beijing. Each of these, in different ways, emphasising different concerns, attempted to define a common understanding of the most pressing challenges confronting the international community. The ultimate objective in the search for conceptual and programmatic convergence is to promote human development and security effectively. In other words, these conferences sought to find ways to enhance human emancipation.

This paper takes a more narrow focus. It attempts to reveal some of the key substantive and procedural issues that emerged in the Conference and it provides an insight into the role South Africa played. To do so, the paper proceeds as follows. Section two focuses on the historical and institutional context within which UNCTAD IX took place. This sets the scene for a deeper understanding of the broad trajectory of, and the processes underlying the conference debates. Section three briefly sketches the divergent approaches member countries adopted at the start of the Conference, as well as the areas of consensus that emerged at its conclusion. Section four examines the content of South Africa's substantive participation and role in the Conference, while the final section concludes with some brief and preliminary reflections on the future implications of the Conference for South Africa.

THE HISTORICAL AND INSTITUTIONAL CONTEXT

To understand the issues raised during the Conference, it is useful to analyse the institutional and historical contexts in which the conference unfolded. UNCTAD was mandated by the United Nations General Assembly in 1964 to address, in an integrated manner, the related issues of trade, investment, finance, technology, services and the environment, from a development perspective.

Operationally, the organisation performs four functions: policy formulation; negotiation; implementation; and technical assistance. Policy formulation around issues deemed important by member countries, involves the creation of general and specific principles related to trade and development. This is informed by the analytical work of the UNCTAD Secretariat and supported by collaborating experts. Negotiations involve inter-government deliberations aimed at consensus-building to arrive at concrete agreements on how to promote trade and development among developing countries. The implementation function includes monitoring and follow-up procedures, while UNCTAD's technical co-operation assists member countries in facilitating trade growth and economic development in tangible ways.

From its inception, industrial countries were disparaging towards UNCTAD. Its mission - to create a more equitable international economic order by redistributing the wealth created by trade in favour of developing countries - was treated with suspicion, if not outright hostility, by industrialised countries. Although UNCTAD achieved some success, notably the formulation of the Generalised System of Preferences (GSP), debates in the organisation were increasingly confrontational in the 1970s and 1980s as the resurgence of a global neo-liberal agenda under Reagan and Thatcher gained momentum.

During the 1980s, moreover, the locus of power in terms of global economic governance was shifting dramatically to the Bretton Woods institutions in which industrial countries possess disproportionate influence. The debt crisis in the South provided the leverage for both the IMF and the World Bank to dictate, through their 'conditionalities', neo-liberal policies to countries desperate for financial assistance. The Uruguay Round of the General Agreement on Trade and Tariffs (GATT), moreover, witnessed more and more developing countries turning to this forum to negotiate both their trade agreements and a strengthened multilateral rules-based trading regime.

Questions about the relevance of UNCTAD in the emerging global economy, particularly after

the establishment of the WTO, again came to the fore. The efficacy of its role as a deliberative forum seeking broad consensus on policy issues was contested and seen as superfluous, since it was in the WTO that contractual trade agreements were being concluded. Moreover, the accelerating pace of the globalisation of production and the liberalisation of economic policies was creating the conditions for a global consensus on the central role of the market in economic development. This appeared to undermine the assumed ideological predisposition of UNCTAD, which sought greater regulation of the global economy in order to promote development.

Nevertheless, it is abundantly clear to all observers that developing countries, particularly the least developed (LDCs) among them, continue to confront serious obstacles - at global and national levels - to their development. At the same time, the increasingly complex processes of globalisation, liberalisation, as well as deepening interdependence among countries, were steadily reducing the economic sovereignty and functional capacity of governments to promote national development on their own terms.

It was in this emerging context that many began to recognise that UNCTAD needed to embark on a new course if it was to survive and make itself relevant to developing countries in the rapidly changing global economy. The end of the Cold War, the attenuation of ideological confrontation, the retreat of socialism as an alternate model for development, all cleared the way for UNCTAD to break from its past. For UNCTAD, the new global environment provided new challenges and opportunities, and it was in addressing these that its relevance was to be rediscovered.

The Eighth UNCTAD Conference in Cartagena, Columbia in 1992 marked a turning point for the organisation. Key features of the Conference included an effort to shift away from the sterile debates of the past, and a recognition of the central roles of private enterprise and the market in development. The central element of the new thinking was contained in the notions of 'shared responsibility and partnership for development' - the so-called 'Spirit of Cartagena'. UNCTAD's mandate continued to reflect a commitment to address the needs of developing countries, but in new ways that acknowledged a dramatically changed - and changing - global environment.

DIVERGENT APPROACHES AND AREA OF CONSENSUS AT UNCTAD IX.

While Cartagena signalled a new approach to development within UNCTAD, there was nevertheless concern that the commitments made there had not been translated into reality in the four years that followed. As a result, the importance of UNCTAD IX in South Africa was accentuated, particularly in the context of growing pressures to reform the UN system as a whole. Developing countries were insistent that UNCTAD retain its original and overall mandate which aimed at addressing their multifarious needs, while industrial countries were asking pointed questions about the organisation's relevance and efficiency, as well as its commitment and capacity to make the changes that the new global environment appeared to demand.

Much of the debate in South Africa turned on these apparently divergent approaches to the future work of UNCTAD. There were, however, other important and related issues considered under the three broad agenda items: i) promoting growth and sustainable development in a globalising and liberalising world economy; ii) the contribution of UNCTAD to sustainable development; and iii) the future work of UNCTAD - institutional implications.

It was expected that the trade-related issues in the pre-conference text would prove difficult to negotiate particularly regarding the possibility that UNCTAD's work would duplicate that of the WTO. In these areas, the developed countries' main opposition was to those provisions in the negotiating text that would imply taking clear positions on matters to be taken up in the WTO.

This would include opposition to any reference to: i) the implementation of specific WTO agreements, especially if developing countries suggested that their developed counterparts were not honouring their obligations; ii) WTO accession negotiations (China, being a case in point); and iii) granting UNCTAD a specific mandate in any of these areas, particularly the

notion that UNCTAD should take up and examine issues before they are taken up in the WTO.

Several other, more specific difficulties emerged in the Conference. Developed countries opposed references in the text to the WTO agreement on intellectual property rights which they saw as an attempt by developing countries to reopen its already concluded provisions. Some developed countries were reluctant both to allow UNCTAD to examine their macroeconomic policies and its impact on the global economy, and to continue its work on behalf of developing countries with regard to debt management.

There was opposition also from both developed countries and Cairns Group² developing countries to new commitments in favour of net-food importing countries which, according to many studies, were expected to suffer from increased food prices in the wake of the reduced agricultural subsidies demanded by the WTO agreements.

Most developed countries opposed any provision that might imply new financial commitments, including new proposals to create financing mechanisms and trust funds for developing countries. Finally, references that opposed unilateral and extraterritorial measures (that is, economic sanctions) was particular vexing, since it was directly aimed at the United States' Iraq and Cuban policy.

To facilitate the negotiations of the pre-conference text, three drafting groups were established. The first considered the text's analysis of globalisation and development, as well as international trade in goods and services, and commodity issues. The second focused its negotiations on the text covering investment, enterprise development and technology, while drafting group three examined the future work of UNCTAD, including its technical assistance programmes.

By the conclusion of the Conference, the drafting groups were able to achieve consensus on a range of critical issues and much of this success can be attributed to drafting more appropriate, conciliatory and generic language. It was agreed that globalisation and liberalisation offered new opportunities for developing countries, but that not all were in a position to capture the benefits. Moreover, these processes can also pose dangers in terms of increased instability, particularly with regard to the volatility of global financial and commodity markets. It was also recognised that, without direct and co-ordinated international support, LDCs, the majority of which are in Africa, face the dangerous prospect of further marginalisation, with dire consequences for the entire international community.

It has also been agreed that development is an integrated and holistic project that involves more than economic growth and capital accumulation. All accepted that development also would require a multi-dimensional, people-centred approach that included, among others, social and gender issues, environmental sustainability, human rights and good governance. At the same time, it was recognised that development required appropriate action at national and global levels in both developing and developed countries. These were significant advances over previously articulated positions which tended to express one-sided - or at least incomplete - conceptions of development.

On the trade issues, a key advance was made in defining the relationship between WTO and UNCTAD more clearly. Duplication emerged as a non-issue, as members agreed that UNCTAD should continue to work towards assisting developing countries in identifying their interests in trade negotiations and in enhancing their capacity not only to fulfil WTO obligations, but also to negotiate more effectively in the future. Thus, the need to develop complementarities and create the basis for a dynamic engagement between the two trade institutions was stressed.

Potentially, the most difficult area to find consensus was in defining the content of UNCTAD's institutional reform. In the event, members agreed to reduce both the number of inter-government meetings by half, to once a year and the number of subsidiary bodies of the Trade and Development Board (the body responsible for ensuring consistency of UNCTAD's activities with agreed priorities) from seven to three. As agreed, the three bodies are the

Commission on Trade in Goods and Services, and Commodities; the Commission on Investment, Technology and Related Financial Issues; and the Commission on Enterprise, Business Facilitation and Development.

This restructuring followed the announcement by UNCTAD's Secretary-General, Rubens Ricupero, of his intention to reduce the number of divisions in the Secretariat from nine to four, with the aim of producing a more compact institution with a leaner organisational structure.

The Conference agreed that UNCTAD would continue work on LDCs, poverty alleviation, economic co-operation between developing countries, sustainable development, and the empowerment of women. These, however, would be cross cutting issues that would be appropriately taken up and integrated into the work of all three Commissions. Moreover, UNCTAD will retain its mandate to assist developing countries in addressing their debt problems which, for many, is the single most serious obstacle to development.

Most importantly, UNCTAD as an institution retained its overall and original mandate to promote the interests of developing countries. It has taken important steps to revitalise itself and become more relevant to its members in the new global context. If the decisions taken at Midrand are implemented, UNCTAD will be able to deliver concrete benefits to developing countries in a more efficient and productive manner. In this way, too, it will be in a better position to ensure the emergence of a more equitable global trading order.

SOUTH AFRICA'S ROLE

The political statement that emerged from the Conference - the Midrand Declaration - was also of great significance. It was formulated and drafted by the President of the Conference, South Africa's Minister of Trade and Industry, Alec Erwin, with the assistance of his South African Presidential team, and in consultation with delegations at the Conference. Several important aspects of the Declaration need to be highlighted.

Firstly, the plight of LDCs and the need to address their concerns was given prominence in the Declaration and this reflected a constant refrain in the conference proceedings. Moreover, special attention was given to Africa and its specific developmental challenges.

Secondly, the notion of partnership for development was spelled out in greater detail. It was pointed out that it had to be based on a clear definition of roles, clear and common objectives and joint action. Practically, it involves: i) strengthening intergovernment co operation between developing and developed countries; ii) co-operation between developing countries, with special attention to LDCs; iii) more effective co-ordination and complementarity of multilateral institutions; iv) the mobilisation of human and material resources towards development through dialogue and common action between governments and civil society; and v) partnerships between public and private sectors to achieve higher growth rates and greater development.

In this regard, two initiatives were announced in the Declaration. On the one hand, the Secretary-General will convene a meeting and seek advice on how best to enhance the participation of civil society and development NGOs in UNCTAD operations. On the other, South Africa, as President of UNCTAD, will host a workshop on partnership between public and private sectors in mobilising resources for development, with a focus on how more advanced developing countries can assist LDCs.

Finally, the Declaration reflected the Conference President's preferred style: a break from familiar UN language, while highlighting the key developmental issues confronting the international community in a clear, concise and direct manner. It pulled together the key ideas that emerged from the Head of States and Multilateral Agencies Roundtable debate, from various country statements in the plenary sessions, and from the negotiations in the three drafting groups.

The South African national delegation negotiated on a common platform with the Africa Group and, more loosely, as part of the wider G77 (developing countries). Nevertheless, it sought to

build bridges amongst all member countries in an attempt to achieve overall consensus. The cumulative result was that every member state felt that its views were reflected in the Conference's final text and the Midrand Declaration. It is in this light that the Conference may be seen as a success: the fear of a zero-sum gain outcome was replaced with the benefits of a win-win outcome.

IMPLICATIONS AND CONCLUSION

For South Africa, the benefits of successfully hosting UNCTAD IX are many. Aside from raising the country's international profile, it has given greater expression to South Africa's commitment to SADC (as seen in the regular consultations), and Africa in general, within the multilateral context. It also provided an occasion to strengthen informal relations with many other delegations, particularly those from the South.

It is generally accepted that UNCTAD has a vital role to play in international economic governance, especially since it articulates and promotes the development dimension in multilateral rule-making. For this reason alone, it would be important for South Africa to participate more closely in UNCTAD activities and work towards ensuring that the progress made at Midrand is not undermined by apathy or recalcitrant members. Given the fact that South Africa, as host of UNCTAD IX, will assume the Presidency of the institution for the next four years, there are great expectations that it will play a more active role in setting the future direction of UNCTAD, at least until the turn of the Century.

In order to fulfil these expectations, as well as benefit from the analytical and technical support UNCTAD routinely provides to its members, South African policy makers will have to deepen their understanding of the range of complex and controversial issues that the organisation addresses. In order to do this effectively, two mutually reinforcing processes will have to be set in motion. Firstly, South Africa will have to formulate a coherent and comprehensive multilateral economic strategy that conceptualises and creates a framework to prioritise our interests in all such multilateral agencies. Secondly, it will become increasingly important to develop strategies that enhance the human resource capacity of the South African Government in multilateral economic diplomacy.

In sum, UNCTAD IX may be seen as a positive turning point both for the institution itself and for South Africa. While it may mark the beginning of a revitalised, more efficient and relevant UNCTAD, it also heralds South Africa's active return to multilateral fora, in general.

ENDNOTES

1. Member of South Africa's Substantive Preparatory Committee for UNCTAD IX. The views expressed in this article are solely the author's, and do not necessarily reflect those of the DTI.
2. The Cairns Group is an association of agricultural producing countries seeking to improve the market access for their products. South Africa currently has observer status in this forum.

REFERENCES

Group of 77, Preparatory Committee for UNCTAD IX: Interim Report, Geneva, 10 November 1995.

The Ninth Conference of the United Nations Conference on Trade and Development: South Africa, Preparing for the Agenda, proceedings of a workshop convened by the Foundation for Global Dialogue and Department of Trade and Industry, FDG occasional Paper, 5, Johannesburg, 7 March 1996.

Trade and Development Board (UNCTAD), Review of the Functioning of the Intergovernmental Machinery of UNCTAD, Geneva, 11 December 1996.

UNCTAD, Promoting Growth and Sustainable Development in a Globalising and Liberalising World Economy, substantive preparations for the ninth session of the United Nations Conference on Trade and Development: Pre-conference text, Geneva, 15 March 1996.

UNCTAD, The Midrand Declaration, text submitted by the President of the ninth session of the United Nations Conference on Trade and Development, Midrand, 10 May 1996.

UNCTAD, A Partnership for Growth and Development, draft final document of the ninth session of the United Nations Conference on Trade and Development, Midrand, 10 May 1996.