



Institute for Agriculture and Trade Policy

2105 First Avenue South
Minneapolis, Minnesota 55404
USA
iatp.org
agobservatory.org

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UNCTAD XII: Hit or Miss?

By Anne Laure Constantin

In 2008, the United Nations (UN) has chosen to hold its major trade and development conference in Africa. Ministers from all around the world will meet in Accra, the capital of Ghana, starting April 20. In addition to ministers, a crowd of 4,000 international civil servants, civil society activists, business representatives, and journalists are expected to descend on the usually discrete West African capital.



Anne Laure Constantin

The World Trade Organization (WTO), its Doha “Development” Round and its highly publicized ministerial conferences have received most of the attention over the past ten years. But the UN has its own important forum on trade and development: UNCTAD (the UN Conference on Trade and Development). What’s the point? And what are the stakes of this year’s UNCTAD meeting?

A cross-cutting mandate on trade and development

UNCTAD was created in 1964 out of concern that existing international institutions (the GATT and the Bretton Woods Institutions) were not adapted to the particular challenges faced by developing countries in a post colonial era. It was agreed, as developing countries demanded, that the UN needed a permanent forum to address trade and development issues in an integrated manner.

This cross-cutting mandate on trade and development is at the heart of UNCTAD’s value. It enables UNCTAD to critically assess the impacts of trade on various development objectives. Take, for example, the liberalization of trade in services: how does it impact people’s access to essential services (water, education, health...)? This is one of the many sensitive questions that UNCTAD addressed in 2007.¹ At a time when the stalemate at the WTO represents countries’ discontent with the Doha Round of negotiations’ inability to accommodate their development concerns—such as the need to retain space to regulate their services sector, or to meet their food security, rural development and rural livelihoods priorities—UNCTAD’s ability to make these linkages is particularly critical.

Also, as a UN body, UNCTAD can leverage other resources in the UN system, and draw on specialized agencies’ expertise. It takes into account the wide range of UN norms that countries have to respect, instead of looking at trade rules in isolation.

In between conferences, UNCTAD works to support developing countries in making well-informed decisions as they define their trade policies. It does so by providing them with remarkable research and analysis, by facilitating intergovernmental debates on outstanding issues and subsequently through technical assistance.

A compelling context for UN Member States...

From April 20-25 this year, Ghana will host the 12th session of UNCTAD. It will take place at crunch-time for the multilateral system: the world is facing major global challenges that call for collaborative action.

The crisis spreading throughout global financial markets in the wake of the sub-prime mortgage fiasco seems endless. Every week carries a new list of affected companies. For now, mostly those directly active in financial markets seem to be weakened. But as more banks lose confidence there is more and more concern that the crisis might spread to the “real” economy, first in the U.S. and then, as a result, to the rest of the world.

In addition, the risks entailed by climate change are becoming more concrete. According to the UN Office for the Coordination of Humanitarian Affairs, the unprecedented number of climate related disasters in 2007 is proof that “climate change is upon us.”ⁱⁱ There is no question that this is going to be a new constraint affecting countries’ development in the future. Questions around climate’s impact on food production are hitting the headlines as prices have experienced sharp increases in the past few months. Debates around the impact of international trade on climate change are heating up, as the Trade Ministers meeting in Bali last December showed.

And yet, the ability of the multilateral system to come up with collaborative solutions to new and other enduring challenges (such as the Millennium Development Goals) has been, up till now, a disappointment. International financial institutions (the World Bank and the IMF) have lost their credibility: developing countries are making every effort not to surrender to their conditionalities. Discussions on the linkages between trade and climate change are only just starting—despite the importance of the challenge, they sound like business as usual. Last but not least, negotiations at the WTO have been stalled for almost two years now. The world desperately needs fair multilateral trade rules, but does not seem to be able to find a way to craft them.

... But will they be up for the challenge?

The main theme of UNCTAD XII is: “Addressing the opportunities and challenges of globalization for development.” In their preparatory negotiations, Member States are grappling with all of the above mentioned issues. In his report to the Conference, the Secretary General presented some bold proposals in particular in the area of financial markets regulation.ⁱⁱⁱ

Developing countries are striving for an ambitious outcome for the conference. Negotiating as a group called “G77,” they are putting bold proposals on the table for UNCTAD to take up and facilitate the design of development-friendly solutions at the international level.

Developed countries, however, are not showing the same enthusiasm. Arguably, their efforts in these negotiations are directed at reducing the role of UNCTAD and muting its critical voices.^{iv} Ideally, they would like UNCTAD to stick to its technical cooperation projects and stop intervening in policy debates.

This is not a new situation. UNCTAD, under strong leadership, experienced two decades of high political standing in the 1960s and 1970s. It has been significantly weakened, though, in the past three decades, by developed countries’ shift towards new economic theories that support a more prominent role for markets and limited roles for governments. As a result, efforts have focused on neo-liberal institutions like the IFIs and the GATT/WTO, at the expense of UNCTAD.

But the failure of the current model of globalization and of the institutions that are associated with it is clear. Furthermore, developing countries have gained a voice in international debates that they did not have ten years ago. Will the UNCTAD XII negotiations be hampered by developed countries’ reluctance to acknowledge this new reality? If negotiations continue on the same track, yes. Can the month left in the run-up to the conference open the way for renewed multilateral efforts on trade and development? Here are a couple of benchmarks that will help us find out.

Some benchmarks for UNCTAD XII

UNCTAD Conferences serve two related objectives: first and most importantly, their outcome is a reflection of the consensus, at the international level, on trade and development issues. The ambition of this outcome—or on the contrary its emptiness—reveals whether countries have been able to agree on most issues or whether opinions remain far apart. Second, UNCTAD Conferences define the organization's mandate for the following four years. Here the fight is on the margins, where the secretariat is asked to address issues identified as key by member States. Much of this also depends on funding, that comes at a later stage, making it difficult to assess at the end of the conference whether the mandate will actually be implemented.

At the time of writing this article, virtually all the issues on the negotiating table are controversial. Compromises will likely be identified in the last weeks of negotiations and at the Conference itself. We chose to highlight three particularly sensitive subjects, the treatment of which will be a test-case for the relevance of UNCTAD XII.

- Globalization and countries' policy space. UNCTAD XI had initiated a debate around the impact of globalization, and trade liberalization in particular, on countries' ability to regulate and implement domestic policy measures. In light of wide spread popular discontent over the impacts of trade liberalization on livelihoods, this debate is of utmost importance. Developing countries are calling on UNCTAD to further the debate on this issue, including through a proposed Commission on Globalization, but developed countries would rather ignore the subject.
- Ever since its creation, UNCTAD has been the pre-eminent forum for debate, analysis and policy-formulation with regard to commodity issues in the context of development. UNCTAD XII happens at a time when the world is experiencing historically high commodity prices, which bring both opportunities and challenges to developing countries. And yet, the treatment of this issue in the negotiations falls short. Developed countries would like to focus on national governments' responsibility to deal with their commodity sectors. The food security and environment challenges associated with high prices are absent from the text.
- UNCTAD produces remarkable research and analysis on trade and development through numerous reports like the Trade and Development report, the LDCs report, the Economic Development in Africa report, etc. They help countries assess the best options for their development strategies, and provide interested stakeholders with critical analysis and proposals for how to make globalization work for development. These publications, however, do not always please all members. Developed countries want to require the ability of member States to comment on draft reports prior to publication. This would be a blow to the organization's independence and credibility.

There is no question that the stakes are high and that UNCTAD XII is timely. Its mandate is very relevant to the current crises, and it has an unquestionable expertise on some of today's key challenges. However, unless Member States decide to engage in a genuinely collaborative way instead of fighting an old-fashioned North-South battle, UNCTAD XII will fall short.

Anne Laure Constantin is the Project Officer at the Trade Information Project in Geneva for the Institute for Agriculture and Trade Policy.

ⁱ An introductory note prepared by the UNCTAD secretariat on this issue is on http://www.unctad.org/en/docs/c1em30d2_en.pdf

ⁱⁱ *The Guardian*, "Climate change disaster is upon us, warns UN," October 5, 2007.

ⁱⁱⁱ UNCTAD. *Globalization for Development: Opportunities and Challenges*. July 4, 2007. http://www.unctad.org/en/docs/td413_en.pdf

^{iv} For details about the contentious issues in the negotiations, see the amended negotiations text: <http://www.tradeobservatory.org/library.cfm?refID=101375>