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by LADB Staff
Category/Department: Latin America
Published: 2004-07-02

Security forces militarized Brazil's largest city, Sao Paulo, to make the Sao Paulo state capital safe for trade promotion talks on June 13-17. The 11th meeting of the UN Conference on Trade and Development (UNCTAD XI) gathered heads of state, trade ministers, and development officials from 120 countries in Brazil's hub of finance and industry for talks aimed at easing misery through trade liberalization.

Developing countries met to discuss reducing barriers among themselves to boost their share of global commerce, with a focus on building trade among nations of the South. At least 2,000 police were deployed, and soldiers carrying semi-automatic weapons were posted at key intersections and highway overpasses, while military helicopters buzzed above Sao Paulo. UNCTAD, a 40-year-old institution that holds the event every four years, last gathered in Bangkok, Thailand, in 2000.

That conference took place just months after the attempt by the World Trade Organization (WTO) to launch a new round of trade negotiations in Seattle collapsed amid police violence in response to anti-globalization street protests. Though UNCTAD does not have the power of the WTO to negotiate and enforce treaties, the two groups cover many of the same issues. Participants hoped the meeting would help shift the global agenda from fighting terrorism to moving international-trade talks forward and combating Third World poverty.

Countries of south liberalizing faster than north After years of neoliberal economic reform, the reluctant South is more liberalized than the North that advocates the freeing up of trade, say UNCTAD officials. "Countries in the South have liberalized trade faster than the industrialized nations of the North, resulting in increased import bills," says UNCTAD.

"Many [countries in the South] have liberalized their trade regimes in anticipation of those gains, and the speed of that liberalization has often outpaced that of developed countries. After two decades of opening up, however, the developing world is still waiting for the results," the UN agency added.

The US has signaled readiness to scrap its own much smaller export subsidies and trade-distorting export credits. But both Washington and Brussels have stressed that the concessions are conditional on poorer countries agreeing to open their own markets. Free-trade agreements covering the Americas and the European Union (EU) have stalled on the issue of agricultural subsidies within industrialized nations (see NotiSur 2003-12-05, SourceMex 2004-06-16).

A report by Oxfam International, which closely follows the trade battles of developing countries, says that the free-trade model promoted by the industrialized world has frequently resulted in harm to developing nations. As an example, the study says that Mexico lowered its corn-import tariffs to enter the North American Free Trade Agreement (NAFTA), but at the same time the US maintained...
US$10 billion in subsidies to its producers. "The result was a drop of more than 70% in Mexican corn prices and a drastic deterioration in living conditions for small producers," says the study.

Forum promotes South-South trade Poor countries are seeking better market access to the economies of their richer counterparts, but nations like Brazil and India also face huge obstacles that stymie trade with each other. The Group of 77 developing nations (G-77), which actually has 132 member nations, faced calls at its June 12 meeting in advance of the UNCTAD forum that they must find ways to slash tariffs and other trade impediments.

UN Secretary-General Kofi Annan addressed the delegates, saying their countries had made "significant progress in raising life expectancy and lowering child mortality, and in some cases achieving spectacular economic growth. Our challenge today is to consolidate those gains, while at the same time addressing the needs of those countries that have yet to advance or have even regressed."

Brazil hosted a closed-door meeting for developing nations that are pushing to reach a deal by July to relaunch the stalled Doha round of WTO trade talks aimed at slashing subsidies, tariffs, and other barriers to global commerce (see NotiSur, 2003-10-10).

Alseny Sylla, industrial development secretary for Guinea's Commerce Ministry, said earlier that the reduction of trade barriers among developing countries would help them penetrate the markets of the powerful Group of Eight (G8) top industrialized nations. "We need to create a climate for the reduction of trade barriers within the G-77," he said. "The ultimate objective is to use these blocs as a strategy to confront the G8." Trade and wealth are growing steadily, but so is inequality.

Developing countries now have the chance to reverse the trend by increasing South-South trade and exploring new competitive edges. South-South trade is growing fastest, although it represents just 10% of global exchange.

That trend is likely to continue, given the long-term economic-growth forecast of 6% annually in the 41 developing countries of Asia, according to UNCTAD secretary-general Rubens Ricupero.

Technology gap seen as barrier to easing misery The technology gap between poor and rich countries remains a major barrier to easing world poverty, officials at the UN forum said. Poor countries said they cannot afford better technology when they are already struggling to fix crumbling roads, feed the hungry, and vaccinate children.

"Even the academic literature on information technology suggests that it is only applicable to industrially developed countries," said President-elect Leonel Fernandez of the Dominican Republic. "We have to change that." Ricupero said technology advances are one of the biggest challenges for the developing world, with funding a huge problem. "I believe the acquisition of technical knowledge is more important to development than raw economic growth," he said.

Delegates said governments and aid groups should work together to channel more money to projects aimed at boosting technology in poor countries. Without technology advances in developing countries, rich countries where almost everyone has a computer and Internet access will
continue their domination of global trade. "The name of the game is access, access, access," Juan Carlos Solines, director of Ecuador's digital-government project, told delegates Thursday. "No one must be left behind. Every community must be included, even the most remote Amazon village."

However, some aid groups say many countries, particularly in Africa, are so far behind that providing them with computers does not make sense. Those countries need the basics: electrical power, steady sources of water, and rudimentary technology to improve their farming production. Even if Internet access is provided to remote African areas, illiteracy is a huge problem. Ricupero cited his native Brazil as a developing country making good use of technology, noting the recent introduction of electronic voting machines in national elections.

In Sao Paulo, people who do not have a computer at home and only 10% of Brazilians do can attend free computer centers where they learn to send email, write resumes, and cruise the Web. Many forum events focused on how poor countries can get better access to the markets of their richer counterparts, but Ricupero said the elimination of a digital divide is even more important than reducing global trade barriers. "Among all the factors that can contribute to the competitiveness of developing countries, I can think of none more important than information technologies," he said.

Were developing countries to suddenly reduce all barriers to imports, it could increase poverty in the world's poorest countries. While India and Brazil are seeking to liberalize trade, humanitarian groups warned it would be difficult for Indian farmers to compete with Brazil's robust agricultural sector, where farmers use much more advanced technology.

"Millions of Indian farmers would be wiped out," Oxfam International spokeswoman Celine Charveriat said.

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