2-27-1992

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Barbara Khol

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Update: Eighth U.N. Conference On Trade & Development (unctad)

by Barbara Khol
Category/Department: General
Published: Thursday, February 27, 1992

[See Chronicle 02/18/92 for previous coverage of UNCTAD deliberations in Cartagena, Colombia.]

Feb. 17: Colombian Foreign Minister Noemi Sanin called on UNCTAD member-nations to support a new quota arrangement under the International Coffee Organization (ICO). The ICO's quota system collapsed in July 1989. The absence of a coffee supply regulatory mechanism, said Sanin, has led to near collapse of the industry. Over the past three years, coffee prices have plummeted by 50%. Sanin also called for new approaches in anti-drug trafficking programs. She pointed out that the market for illegal drugs in advanced industrialized nations drives narcotics production in Third World nations such as Colombia. According to Sanin, the drug trade has "altered institutional life, domestic stability and behavior patterns" in developing nations. Next, Sanin emphasized the urgency of designing a new international order in which all nations benefit from scientific and technological advances. An essential component of a new order, she said, would be mechanisms to ensure price stability in global raw materials markets. In Sanin's words, the "enormous inequalities" in Third World nations are linked to production and consumption patterns world-wide. She added that unless trade regulations are "universal and just... there will be no development." Feb. 18: Alejandro Bernal, leader of the Latin American Workers Confederation (Confederacion Latinoamericana de Trabajadores-CLAT), said economic problems in Third World nations caused by foreign debt burdens are used as justification for imposing "inhuman" neoliberal reforms. Among other things, said Bernal, the monetarist focus of the neoliberal model has had a devastating impact on organized labor's accomplishments in developing nations. Non-governmental organization (NGO) representatives told participants at the conference that there is little real interest by governments of the North to tackle the drug problem or other issues related to global economic development. According to Fabienne Warrington of the British organization Oxfam, drug crop substitution will only succeed if farmers receive good prices for the substitutes. She cited the case of attempts to persuade farmers in the Peruvian jungle to grow rice instead of coca. The effort failed because imported rice in Lima was available at lower prices than the home-grown product. Warrington and other NGO spokespersons emphasized that the aggregate weighted price index for raw materials produced by Third World nations declined 11% per annum between 1982 and 1989. Structural adjustment policies promoted by the World Bank and the International Monetary Fund have led to overproduction of basic goods for export, and thus, contributed to declining prices. Warrington said basic goods prices are so low that peasants in the Andean regions of Latin America have no alternative but to cultivate coca and poppies. Oxfam representative Belinda Coote said much of the poverty in developing countries can be attributed to the current international economic model, based on free trade. She said small farmers receive very low prices for their products, whereas large transnational companies can make profits of up to 400% on the same items. In a study titled "The commercial trap," Coote cites the case of small tea producers in Bangladesh whose income is insufficient to feed their families. The company which processes and markets the tea, however, realizes sizeable profits. According to the NGOs, UNCTAD has little hope of resolving vital Third World problems given the indifference of the industrialized north. Feb. 19: Pablo R.
Suarez, Philippines undersecretary of foreign affairs, said UNCTAD must be reformed to become more effective, although its original mandate remains valid. According to Suarez, UNCTAD must be perceived by member-nations as a forum for consultation and cooperation, not confrontation, and consensus decisions by UNCTAD must be binding on all members and duly implemented. Feb. 20: Miriam Vander Stiche of the NGO International Coalition for Development Actions said UNCTAD’s traditional role as forum for North-South negotiations seems to be in decline. According to Vander Stiche, "If the UNCTAD is the forum for discussions of global issues, how could they pass up the opportunity to reach a consensus prior to final GATT negotiations in April and the UN Conference on Environment and Development this June?" Many delegates said that because developing countries lack unity, the US, Europe and Japan were left to dominate discussions and constrict the conference agenda. NGO and developing nation representatives pointed out that Third World nations' debt service led to a reversal in the flow of financial resources. In 1981, developing countries had a positive balance of almost US$28 billion, compared to a negative US$16 billion in 1989. Since the early 1980s, requests by developing countries for more foreign aid have been countered by the North's demands for more efficient management of financial resources. Representatives of Third World nations say they cannot give in to donor demands unless the North's trade barriers are lifted and the debt crisis is resolved. They have also asked governments of industrialized countries to fulfill long-standing promises of international aid and technology transfer. Colombia's ambassador to UNCTAD, Samuel Alberto Yohai, said three concrete proposals for UNCTAD reform were approved. Working groups within the Conference are to be established on developing future markets, foreign debt reduction, and organizing blocs of nations to negotiate economic aid and trade agreements. Nestor Osorio, a member of the Colombian delegation to the conference, said the international community has responded favorably to a proposal by Bogota to organize a global meeting on raw materials in early 1993. Objectives of world-wide mechanisms to organize basic goods markets would be preventing overproduction and price volatility. The Colombian proposal would have UNCTAD organize the meeting to include ministerial-level government representatives, as well as delegates from producer and consumer groups, marketing companies, the academic community and non-governmental organizations. Feb. 21: UNCTAD spokespersons said that the structure and future role of the organization remains uncertain after two weeks of negotiations. The need for institutional transformation, in the face of a changing world economy, has been a key issue during the conference. A working committee headed by Swedish ambassador Bo Henrickson is to examine UNCTAD’s future role in priority areas such as raw materials, investment, trade, and exchange of experiences in economic adjustment processes. Other issues seen as priorities include the eradication of poverty, LDCs, the public sector, cooperation among developing countries, and the international implications of macroeconomic policies. UNCTAD was created in 1962 as a world forum to promote development and equitable international economic relations, and to analyze, from the perspective of promoting economic development, the relationship between trade, finance and technology. Feb. 24: Local and foreign news services reported that the final document adopted by the UNCTAD policy committee contains the following points: (1) Developing countries should pursue policies to create conditions for expanding respective services sectors, to be financed in part by concessional loans from advanced industrialized nation governments and multilateral financial institutions. (2) Third World nations must redouble efforts toward achieving sound fiscal and monetary management aimed at increased savings ratios. Higher savings will in turn support investment growth and social welfare spending. (3) Developing nations' structural adjustment efforts should be supported by an end to protectionist policies and increased resource flows from the North. Larger expenditures on foreign aid and concessional loan programs
by industrialized nations could be made possible in part through reductions in military spending. (4) While privatization of state-run enterprises in developing nations is an effective mechanism to raise savings, governments are advised to simultaneously adopt measures to "avoid generating private monopolies." Feb. 25: At the final session of the conference, Colombian Trade Minister Juan Manuel Santos said the most important areas of agreement established since Feb. 8 were in the areas of raw materials, external financial resource flows matching investments for economic reform by Third World governments, and bringing foreign debt service in line with payment potential. Colombian news sources reported that the final UNCTAD document calls for acceleration of GATT Uruguay Round negotiations with special attention given to the special needs of Third World nations, elimination of protectionist barriers throughout the world, and expanding coverage of the North's Generalized System of Preferences to other products important to developing nations. Next, UNCTAD resolutions assert that since advanced industrialized nations are the principal polluters and primary users of natural resources, the North must also be responsible for adopting measures aimed at mobilizing financial and technological resources toward reducing environmental pollution on a global basis, and modifying production and consumption patterns. [Basic data from Spanish news service EFE, 02/18/92, 02/20/92; Inter Press Service, 02/18/92, 02/20/92; El Tiempo (Colombia), 02/24/92; Agence France-Presse, 02/17/92, 02/19/92, 02/20/92, 02/24/92, 02/25/92; Chinese news service Xinhua, 02/19/92 02/20/92, 02/24/92]