

STATEMENT BY THE SOUTH CENTRE

23 APRIL 2008

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

TWELFTH SESSION

**ACCRA, GHANA
20-25 APRIL 2008**

STATEMENT BY
DR. YASHPAL TANDON
EXECUTIVE DIRECTOR, SOUTH CENTRE
TO
THE TWELFTH SESSION OF THE UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT
Accra, Ghana
23 April 2008

Mr. Chairman
Excellencies
Distinguished Delegates
Ladies and Gentlemen

Let me begin by apologizing on behalf of HE President Benjamin W. Mkapa, Chairman of the South Centre, who could not be here today. He has asked me, as Executive Director of the South Centre, to make this statement on behalf of the South Centre.

Let me congratulate you, Mr. Chairman, on your election to guide the deliberations of this crucial Twelfth Session of the Conference. We are confident that under your leadership the Conference will conclude its work successfully. I would like to also express our appreciation for the excellent preparations made by the Secretary-General of UNCTAD, Mr. Supachai Panitchpakdi, and his staff. Last but not least we express our gratitude to the President and people of Ghana for the warm welcome and generous hospitality and facilities accorded to all participants that truly reflects the vibrancy of the African spirit.

Mr. Chairman,

The South Centre was founded 13 years ago (in 1995) as an institutional expression of the South to build South-South solidarity and on this basis to engage in a meaningful dialogue with the North. The divide between the North and the South, I might add, is both a historical and a conjunctural phenomenon. However, it is not a permanent divide, nor should it be. This divide will disappear as soon as a part of the world – the South – frees itself from its present dependence on the North for aid and technology, and above all finds its own policy and ideological direction.

It is for this reason that the guiding principle of the South Centre is to strive towards *national and collective self reliance* of the South. This is the legacy left behind by the person who more than anybody inspired the foundation of the South Centre, namely, *Mwalimu Julius Nyerere*. It is also the legacy left behind, in a broader context, by *Osagyefo Kwame Nkrumah*, the founding father of the nation of Ghana where now we have the meeting of UNCTAD XII.

Mr. Chairman,

We have a lot to celebrate in the growth and development of the South in recent years. The independence shown by some countries in Latin America from dependence in the North is an example of this positive development. The growth of the economies of certain countries in Asia whose increasing so-called “sovereign wealth” is now the source of bailing out distressed banks in the North is a sign of changing times. Africa looks more mired than the rest of the South in the quagmire of the past, but there are signs of growth in Africa too.

However, whilst we have a lot to celebrate, we still confront major challenges. The following is an illustrative list.

- The Millennium Development Goals (MDGs) are not being met, especially in sub-Saharan Africa. For example, at the current rate, universal access to a minimum set of social services will only be achieved in Sub-Saharan Africa in 2108, almost a hundred years later than the target date of 2015 set by the MDGs.
- Africa is still heavily dependent on aid from the North. But more than the material aspect of it, there is the psychological mind-set that without aid from the North, Africa cannot develop. This makes Africa hostage to policy priorities decided by the donor community and the dominant institutions of global economic and financial governance.
- Africa, together with other countries in the Caribbean and Pacific region – the ACP – countries are placed in a situation where their governments feel they have little choice but to sign on an Economic Partnership Agreement with the European Union which will, for sure,

- set backwards the pace of development and self-reliance for these countries.
- Hunger continues to stalk the South, and especially in Africa which has transformed it from a food self-reliant continent to a food-importing dependent continent.
 - In many part of the South, and not just in Africa, the prospect of industrialisation has receded. What we have witnessed in the last twenty years is de-industrialisation and now even de-agriculturalisation of many parts of the South.
 - At the systemic level, we witness that despite strenuous efforts by the countries of the South to reform the United Nations system towards a direction that is focused on equitable development, it is subverted by powerful vested interests that will not allow even modest alignment of, for example, the Security Council to reflect the present-day geopolitical reality.
 - The increasing out-datedness and irrelevance of the Bretton Woods institutions (the IMF and the World Bank) to today's development challenges is clear, but the reforms undertaken in recent weeks to the system (the voting formula in the IMF, for example) do not address the fundamental problems of the precariousness of the global financial architecture.
 - The Doha Development Agenda of the WTO is not living up to its name as a new resurgence of neo-mercantilism and protectionism from the North subvert fair trade principles and decrease trade policy space for the South.
 - The World Intellectual Property Organization (WIPO) has finally made some progress, after long struggle by the countries of the South, to get a developmental dimension on the agenda. Yet the implementation of that agenda is now facing powerful road blocks, and the whole system of production and dissemination of knowledge that is the basis of innovation and technology remains mired by monopolistic practices of global corporations.

- Finally, we cannot forget the overarching challenges to sustainable development that climate change poses especially for developing countries, including to food security and sovereignty, livelihoods, and in many cases outright survival. Developing countries and their peoples will be adversely affected the most by climate change, yet the South's needs for support from the North for adaptation, financing and technology sharing under the UN Climate Change Convention and the North's responsibility to effectively mitigate the emissions that contribute to climate change continue to be unfulfilled.

Mr. Chairman,

As I said, there are areas of development that give reasons to celebrate. But at the systemic level there are still many serious and formidable obstacles to change towards a more equitable and just world that needs urgent collective action by the global community.

And it is in this direction, Mr. Chairman, that the UNCTAD should direct its energies and future efforts. I will summarise some of the major readjustments that need to be made:

1. Recognise that the three pillars set by the UN reform process -- security, development and human rights -- are interdependent; none can be sacrificed for the others.
2. Recognise that MDGs are not simply a statistical game of numbers, or simply one of finding money. There are difficult and complex political issues underlying them. Statistization and monetization of MDGs mask/mystify systemic and structural malaise behind these issues, and divert attention from them. Recognise that what led to Millennium Summit in 2000 and MDGs was the development failure in 1990s. That still remains the case.
3. Recognise that the Washington Consensus is dead, and therefore there is need for fresh thinking on development, financial architecture, and climate change.
4. Recognise that development is self-defined; the North cannot define it for the South.

5 Recognise that aid and charity are the wrong way towards addressing systemic and developmental issues, especially of Africa. UNCTAD must lead the way towards finding ways and means of *exiting from aid dependence* for the countries of the South.

6 Recognise that the UN, imperfect as it is, is nonetheless the only truly global intergovernmental system we have, and the need therefore to work through it. But understand that power and access to knowledge are the key to hard-nosed negotiations.

Mr. Chairman,

The risks of not taking action are grim. Among these let me count the following:

1 We may witness increasing misallocation of global resources, arising out of an intensified tendency on the part of global corporations to put profit before development and the environment.

2 We may witness an increasing financialisation of the economy and increased risk of systemic collapse. The subprime mortgage crisis is deeper than what appears on the surface; the crisis is still continuing, and there is a huge dislocation between real values of assets and their collateralised prices.

3 We may witness an increasing alienation of the South -- "decoupling" by those countries in the South that can do it, is an insurance against the increased fragility of the global financial and economic system.

4 We may witness an increasing trend towards Africa getting recolonized by welfare and aid agencies, what can veritably be described as "*welfare colonialism*".

5 We may witness increasing out migration from the South to the North, and within the South from the poor to the rich countries, as a response to economic distress arising from marginalization and climate change

6 We may witness increasing individual violence, including terrorism, countered by increasing state violence at national level and global levels.

Mr. Chairman,

Allow me conclude by making only two specific recommendations to UNCTAD:

1. UNCTAD should help strengthen research and knowledge capacity of the South. Knowledge, Mr. Chairman, is power.
2. UNCTAD should help build the ability of the smaller and weaker countries of the South to negotiate in for example the United Nations system, the WTO, WIPO and in other institutions of global governance. Activism by civil society for a fair and just world, in the parallel processes to this UNCTAD Conference, is good. But at the end of the day it is negotiations that determine the outcome, and here is where power dynamics and access to knowledge are critical factors. And here is where UNCTAD has a special niche to carve for itself.

In this effort, Mr. Chairman, UNCTAD will find in the South Centre a willing ally. The South Centre makes up for its woefully limited resources with hard work and independent conceptual thinking, and enjoys the confidence of the countries of the South.

I thank you.