

**Key Economic and Political Challenges Arising
from the WTO Ministerial Conference
in Hong Kong, December 2005**

Dot Keet

**Alternative Information and Development Center, Cape Town
(April 2006)**

CONTENTS

- 1. The overall significance of 'Hong Kong'**
- 2. Counter-forces in the build-up to Hong Kong**
- 3. The adverse processes within the WTO**
- 4. The terms and implications of 'The Hong Kong text'**
- 5. Joint, and differing, positions of African governments**
- 6. The "development package" in Hong Kong**
- 7. Challenges within Africa and for African civil society**
- 8. Tactical alliances between developing countries in the WTO**
- 9. Broader strategic perspectives and challenges**
- 10. Some concluding observations**

APPENDIX A - The Group of Thirty Three (G-33)

APPENDIX B - The Group of Twenty (G-20)

1. THE OVERALL SIGNIFICANCE OF 'HONG KONG'

Amongst the many other challenges facing them, peoples organisations in Africa are concerned to know what happened in the Sixth Ministerial Conference of the World Trade Organisation (WTO) that took place in Hong Kong in December 2005. As popular organisations are becoming increasingly aware of the power of the WTO and its effects upon their work, their constituencies and their countries, they need to understand the substance and the implications of the terms for further negotiations that emerged from that meeting. Usually referred to as 'The Hong Kong Text', these terms have deep and long-term implications on the development prospects and possibilities for African countries and the rights and aspirations of the people of Africa. Thus it is essential to unpack and analyse the detailed terms of this and other related WTO texts upon which governments are now continuing their negotiations at the WTO headquarters in Geneva, and elsewhere, 'since Hong Kong'.

But it is equally important, and in fundamental ways more important to understand **the processes through which such 'texts' are produced, and the bases of the power relations upon which the 'negotiations' are now going forward.** It is on these bases that such texts are being interpreted. It is on these bases that information will be gathered and arguments will be marshalled. It is on these bases that official representatives of countries in the South - that is Africa, Asia and the Pacific, Latin America and the Caribbean - will be able to intervene, assert their views and defend their peoples interests or not. It is on these bases that the vital battles will be won or lost. And it must be stressed that these 'trade negotiations' are, indeed, life-and-death battles. These are not mere theoretical 'policy' debates and diplomatic discussions producing fair trade agreements with supposedly 'win-win outcomes for all, overall', as claimed by the promoters of the system.

2. COUNTER-FORCES IN THE BUILD-UP TO HONG KONG

The Hong Kong ministerial was one further step within the drawn-out Doha Round of negotiations that was launched during the Fourth WTO Ministerial in Doha, Qatar, in November 2001. In the years that followed, the Doha Round negotiations were characterised by

- critical engagement by various groupings of developing country governments against the offensive and defensive interventions by the major powers, the US and the EU¹, and against their self-serving (re)interpretations of even the limited "developmental" objectives and terms for negotiation that had apparently been agreed in Doha²;
- opposition by various groupings of developing country governments - above all in Africa and the Caribbean, together with other Least Developed Countries (LDCs) - against the radical expansion of the Doha Round to include many controversial 'new issues' to be incorporated into

¹ Together with others of the more developed countries. The most active amongst the 30+ more developed countries included Canada, Switzerland and Norway, Australia and New Zealand, Japan, Korea and Singapore, and others on different issues.

² See the assessment of the Doha Ministerial and agreement in Dot Keet, pages 34-44 in "South Africa's Official Position and Role in Promoting the WTO", AIDC, Cape Town, May 2002.

the WTO³ ; and instead trying to focus the negotiations on the proposed "development" aims of the Doha Agenda;

➤ growing resistance by ever-expanding alliances of civil society and labour organisations throughout the world

- against the full content, and the real nature and challenges of the Doha Round,
- against the underlying anti -development aims and manoeuvres of the major powers,
- and against the anti-democratic and anti-development WTO itself.

And, instead - through active engagements amongst themselves and with key developing country governments - non-governmental geographical/regional⁴ and specific issue-based coalitions were working to inform and empower, encourage or push developing country governments and inter-governmental coalitions towards more effective defences of their countries' and peoples' interests.

The combination of all these forms of engagement within and around the negotiations were, in turn, empowered and pushed further by determined popular resistance, dramatic demonstrations and highly effective actions within and around the WTO, and around WTO-linked meetings wherever they took place. Together, all these forces achieved the blockage of the agenda of the major powers in the Fifth WTO Ministerial Conference in Cancun Mexico, in September 2003.

But, as could be expected, the 'majors', the EU and the US, did not thereby surrender their aims or compromise on their driving interests. Instead, more than ever before, they use:

- every form of political influence and pressure that they can exert against weaker governments, especially undemocratic and politically compliant governments in Africa, Asia and Central America etc ;
- economic offers (such as more aid), or barely disguised financial threats (withholding debt 'relief') against economically dependent countries, such as many in Africa and the Caribbean, and elsewhere ;
- flattering political persuasions and economic promises (such as preferential or 'free' trade opportunities, and more foreign investment) with respect to relatively stronger governments that are not quite so easily brow-beaten, such as South Africa and Brazil.

All such tactics by the majors have to be exposed and countered. But it is the last stratagem from the North and governmental responses in the South which pose particularly important challenges to popular forces within South Africa and within other similar 'middle power' developing countries in the South. This is essential because the majors have, more recently, widened their arsenal of divide-and-rule weapons. They are increasingly drawing the stronger 'emerging' countries of the South, particularly India and Brazil, into special separate 'major player' conclaves apart from - but purportedly also 'on behalf' of - the rest of the South. It is this clever cooptive strategy, over and above all their other more obvious methods, that appears to have played a particularly significant role in the lead up to and in Hong Kong. And this needs to be examined very closely by South African organisations, and in cooperation with their social

³ See AIDC "What is the significance of Cancun?", WTO Briefing #4, 'Phantsi WTO' Campaign, Cape Town, 2003.

⁴ In Africa, most notably, the continent-wide Africa Trade Network (ATN), embracing NGOs, trade unions, womens networks and many other social organisations; and the Southern and East African Trade Negotiations Institute (SEATINI); amongst others.

and labour movement counterparts, and progressive NGOs, in India and Brazil, as well as other similarly placed African, Asian and Latin American countries.

However, in addition to the above varied devices deployed against the governments of the South, the governments of the North also target the non-governmental forces engaged around and against the WTO. Amongst their many other tactics, the more sophisticated European governments in particular

- employ persuasive 'openness' to 'listen to the voices of civil society', but this is also designed to disarm, divide and undermine the cooperation and unity between the growing social movements in the South and the North;
- use, where possible, the latter to influence the former, because their chosen Northern NGOs can dispense enticing 'assistance' to their 'partners' in the South, knowing that many non-governmental organisations in the South are not as independent as they should be, nor always sufficiently committed to their peoples' concerns.

From the point of view of the South, and Africa in particular, the more specific problem is that, even where progressive NGOs and popular organisations are very committed to the rights and interests of their peoples and countries, they are often not sufficiently informed on global processes and institutions, as they need to be, in order to

- engage effectively with the more progressive and responsive Northern NGOs; in order to
- resist, together, the Northern governments and their corporations.... and, above all, in order to
- take on board their more important obligations to deal with their own governments.

3. THE ADVERSE PROCESSES WITHIN THE WTO

In addition to having to face the above political tactics and economic/financial devices, there are many other disadvantages that developing country governments face that are built into the very processes and procedures of the WTO.

➤ Selective and exclusionary

The functioning of the WTO is based on highly selective and exclusionary modes of negotiation and deal-making, in which only the powerful countries and selected 'pivotal' developing country governments - such as India, Brazil, and to a lesser extent SA - are invited to attend. Instead of taking place in the General Council or the formally constituted sectoral negotiating committees of the WTO, where all members can in principle participate, crucial aspects of the WTO negotiations take place between small groups of countries in closed upper-level 'Green Room' meetings, or increasingly in Mini-Ministerials and other meetings away from Geneva altogether and for invited governments only. This excludes the great majority of the developing and least developed country members of the WTO from direct, equal and meaningful participation. And this exclusion is bad both for themselves and for their influence on the stronger developing country governments projected as speaking in the interests of the South.

➤ **Untransparent**

Such meetings of the WTO are also highly untransparent in that no records are kept or made public; whereas the proceedings of the General Council - as with genuine democratic bodies anywhere - are minuted and the records are publicly available. On occasion, selected individual developing countries are invited by the WTO Director General, or by one or another of the committee chairs to bilateral 'informal consultations'. However, because these are informal meetings, no official records are kept. Thus, the positions of such governments can be interpreted by the chairs, as they see fit. In some cases, country views can even be misrepresented to other governments as part of the divide and rule tactics which characterise much of the processes within the WTO.

➤ **Tendentious or biased**

The functioning of the WTO is also made thoroughly tendentious or biased through the growing roles of the highly influential but un-elected committee chairs. These are not chosen through open and participatory processes according to agreed criteria - as should happen in democratic bodies anywhere. Nominations are made according to hidden calculations by the WTO Secretariat as to who can be 'relied upon' in such key roles⁵. Such carefully selected chairs in key committees are increasingly taking it upon themselves to produce, on "their own authority", draft negotiating texts that do not reflect the balance and diversity of positions amongst the members. Their simplified "clean" texts do not include - [as bracketed sections] - the dissensions amongst the members. This is the normal procedure in UN summits. In the WTO, however, even the official joint positions of large groups of members, such as the African Caribbean and Pacific (ACP) alliance, are routinely ignored or very weakly reflected in official WTO texts . It is extremely difficult for countries to argue for their positions in the WTO ministerials on the basis of such official sanitised - or censored - texts.

➤ **False consensus**

The WTO is formally based on an OMOV (one member one vote) system and is thus argued to be a "more democratic" institution in that decision-making is not officially based on wealth and power, as with the IMF and WB. However, in practice, the WTO is thoroughly undemocratic. No formal voting ever takes place because the developing countries are the majority of the 149 members⁶, and they could win on such a basis. Instead, decision-making in the WTO is through the creation of supposed 'consensus' agreements between all the members. On the face of it, this may appear to be a reasonably democratic approach. In practice, however, when the major developed countries agree among themselves, an emerging consensus is said to exist, and others are urged to "join the consensus." On the other hand, when a majority of countries agree, but one or a few of the major developed countries do not, then there is said to be no consensus.

⁵ This includes the appointment of South Africa as the Chair of the Trade and Development Committee. But see also the Role of South Africa in section 9. Below.

⁶ That is the membership at present. But there are many other countries, including Russia, for example, that are still struggling to gain admission. This is not an automatic right because applicants have to be accepted by other members, and the US in particular imposes many policy demands on such countries before agreeing to their admission to the WTO.

Conversely, those developing countries that do not agree are often cast in an unfavourable light, and pressure is exerted upon them to conform to the position of the core 'consensus' countries.

➤ **Highly pressurising**

The WTO is clearly a power-based and not a democratic rules-based system in a number of other ways as well. The WTO is a highly pressurising institution in its very functioning. The agenda of the WTO is overloaded and constantly expanded with the demands of the developed countries. The extremely intensive pace of negotiations is particularly difficult for developing countries. Those with small delegations at the WTO in Geneva, are unable to cope with the multitude of simultaneous meetings, also often called at very short notice. Such countries cannot participate effectively or at all; and yet they are counted as part of any 'consensus', even if they are not physically present to table their views. This pressure-cooker process is particularly serious in the marathon all-night meetings during the main ministerials through which the final agreements in the WTO are usually hammered out. Representatives of countries with smaller delegations are subject to insupportable mental and physical pressures. They experience grave disadvantages compared to the major countries which come with huge delegations, numbering in the hundreds⁷, and which can rotate and relieve their (worn-out) negotiators as necessary. This - in part - explains what happened in Hong Kong on the last day and through the last night, and that produced the highly questionable final Hong Kong 'text'.

However, in addition to all the above, there were many other substantive aims and issues, and tactical and strategic alliances that together constituted the political factors and forces that produced the eventual outcome in Hong Kong and continue to drive the processes in Geneva since.

4. THE TERMS AND IMPLICATIONS OF 'THE HONG KONG TEXT'

Many changing negotiating 'texts' were circulated in very confusing ways throughout the Hong Kong conference. The 'final text' cobbled together in the last hours is incomplete on many details that are 'still to be negotiated'; is unclear on many points, particularly to do with process and time frames; and, above all, it is expressed in language that is open to differing interpretations, as with all WTO agreements. Nonetheless, it is possible to draw out some clear indications as to what the text promises or threatens, what it obscures or confuses, and what it does not cover at all.

⁷ Whereas many small countries can only afford to send delegations of half a dozen or less. And even South Africa, with a delegation numbering some forty people, found the process very difficult to cope with.

4.1 AGRICULTURE

The agricultural negotiations are presented as the centrepiece of the Doha Round. These are interpreted by the WTO secretariat and widely reported by the business press, and even by some governmental spokespersons, as having provided significant steps forward in and from Hong Kong. What actually transpired, however, was very different.

➤ **Export Subsidies**

The highly criticised export subsidies that the major powers give to their agricultural exporters will reportedly be reduced and - eventually - eliminated. However, the much-praised 'offer' by the EU that this will be completed by 2013 is not a major negotiation concession, at all, since the EU has already decided through internal agreements that this has to be done anyway. In fact, this lets them off the hook of actually having to make new offers in the WTO.... and yet they are demanding extensive *quid pro quos* (compensatory offers) from developing countries in return. Furthermore, during the intervening years, to 2013 agricultural producers in the South will still suffer a continuing degree of subsidised and unfair agricultural export 'dumping' from the EU and other developed countries. Over six successive years, many small(er) producers in the South can be completely overwhelmed and permanently wiped out. This is why governments of the South must aim for and non-governmental forces must demand the immediate and unconditional removal of all such distorting export subsidies.

➤ **Domestic subsidies**

The removal of the equally unfair and vastly greater domestic (internal) subsidies for agricultural producers in the North has been skilfully evaded by redefining and (re)locating subsidies in permitted legal 'boxes' (categories). These different subsidies for national structural, environmental, social, cultural and 'life-style' purposes are argued by the US and the EU not to be directly 'trade distorting'. But, the maintenance of any such government supports to their agricultural producers provides them with a highly effective solid platform from which to produce in greater volume and quality, and more price-competitively than their counterparts in the South. This amounts to a more disguised but a more generalised base for continued production support/subsidisation. Thus, on these terms, powerful agricultural competition from the heavily industrial economies of the North against the mainly agricultural countries of the South seem set to continue indefinitely. In this situation the broader North-South economic imbalances will be entrenched even in agriculture, the sector where the South supposedly has 'comparative advantage' over the North.

➤ **Food aid**

The other form of domestic support that the US, in particular, gives to its farmers is through buying up their excess production and getting rid of it as overseas food aid. The added advantage is that such government expenditure at home doubles as a useful political/diplomatic tool for the US abroad. This may(?) help to alleviate famines in African and other countries but

it also has the effect of dumping - and infiltrating GMO crops - into local markets, and against local producers. There are some insertions in the Hong Kong text that such food aid should be subject to some degree of control within another WTO 'box'. In fact, genuine 'food aid' would be designed to help local farmers to be more productive and enable such countries to create their own food security, but the US is doing the exact opposite. It is simultaneously trying to use the WTO to get rid of the type of public 'state-trading entities' (STEs)⁸ that farmers and rural development organisations in developing country want their governments to be able to use to support their farmers⁹.

➤ **Special Products and Special Safeguard Measures**

The one possible advance for the developing countries in Hong Kong, after prolonged efforts, was the formal acceptance of their right to identify their special products that they are allowed to protect; and that special safeguard measures (SSMs) can be activated either in the case of import surges (sudden large increases in imports) or in the case of global price fluctuations that threaten domestic producers. The details of these apparent concessions still have to be negotiated. If these are confirmed, they will help developing countries protect the large sectors of their populations engaged in small-scale agriculture. However, although they are very important, such protective measures will not help such economies move away from being so vulnerable in their special crops and so heavily dependent on agriculture. Many development organisations in the countries of the South argue that the dominant role of agriculture is a significant current economic, social/cultural reality in these countries and therefore must be prioritised. In general terms these assessments are correct, but the heavy predominance of agriculture in their economies is also a reflection of these countries' lower levels of economic diversification and development. And it is this more fundamental underlying problem that also has to be proactively dealt with.

➤ **Sensitive products**

A particular tactically offensive response by the major industrialised countries has been to exploit to their own advantage the demands by developing countries on their rights to protect their special products. Thus, the major governments are now demanding their similar right to protect their "sensitive products". They may indeed have some products that are important within their societies but this is not comparable to the parallel proposals from the developing countries. In the latter case, their national economies are often heavily dependent upon a few special agricultural products - either for export or for local food security - and this is not the case in the rich diversified economies of the North. Furthermore, the latter do not have large sectors of their populations dependent on these crops and on agriculture for their very survival.

⁸ The irony is that in the 'market-based' US economy such state interventions play an enormous role, but they assume more indirect and disguised financial and policy forms rather than institutional or organisational forms such as STEs.

⁹ Although many such governmental supports, for example agricultural marketing boards and co-op promotion agencies have already been dismantled in Africa under IMF/WB structural adjustment programs. These programs are designed to reduce the role of governments and instead promote 'market forces'..... and, not coincidentally, ensure their continued dependence on international food supplies ! See also section 5. below.

In fact, the experience of the developing countries is that protections in the North are used to keep out competitive exports from the South, and they suspect that these are the products that the EU and US will define as their own "sensitive" sectors.

➤ **Agricultural Tariff reductions**

Despite the few defensive special provisions for developing countries inserted into the Hong Kong text, the possibilities for more advanced agricultural development and diversification are simultaneously being threatened by counter-demands by the more developed countries for broader 'agricultural market access'. This will be through further agricultural tariff reductions on a much wider range of agricultural products in developing countries. These products may not, at this stage, be defined by their governments as "special products". However, generalised agricultural market liberalisation will mean that, under the pressure of highly competitive agricultural imports, such countries will face enormous disadvantages. Their current and their possible future agricultural producers will be outflanked and they may never be able to develop and/or diversify into new agricultural sectors beyond basic staple food crops and their current range of agricultural exports. Thus, such offensive agricultural 'market access' demands from the North have to be resisted more proactively in the South than only through temporary ring-fencing of special products under specific circumstances.

In addition to all the above, the upgrading of agricultural production in the countries of the South and their broader economic diversification and development possibilities are also being actively threatened by the **parallel 'market access' demands by the highly industrialised countries through the WTO into all other spheres. These are, in fact, the main driving interests of the highly industrialised countries in the Doha Round, many of which which they lump together under the heading of Non-Agricultural Market Access (NAMA)¹⁰.**

4.2 INDUSTRIAL MARKET ACCESS

Manufacturing industries are the key target of NAMA. But there is also a much broader coverage in the implications of NAMA because this compendium agreement also applies to mining, forestry, fisheries and other natural resources. The main outcomes in this regard in Hong Kong were as follows:

➤ **Tariff reductions**

The negotiation of extensive tariff reductions is proposed to go ahead at - more, or less - differentiated rates for all countries. There are three broad bands of reduction rates under consideration for countries at different levels of development. The group of developing country

¹⁰ See D.Keet "Further Industrial Tariff Liberalisation through the WTO", AIDC, Cape Town, July 2005.

governments known as the "NAMA-11"¹¹ argue that such reductions should be "consistent with the principle of special and differential treatment", should be "balanced" and undertaken in a "proportionate manner". This sounds like a skilful qualification/modification of the demands by the majors, and could possibly alleviate some of the immediate pressures on weaker economies/sectors. But the fundamental danger with this compromise approach is that the fact of further tariff reductions has been accepted, even if this is to be carried out at slightly different rates. Experience all over the world has shown that, even under existing levels of relatively uneven national tariff reductions, such liberalisation invariably benefits the stronger economies and companies disproportionately, and has even had major de-industrialisation and unemployment impacts in weaker economies, and in relation to 'less competitive' companies. These are the fundamental arguments to be stressed in actively resisting any further multilaterally 'negotiated' and externally-imposed tariff cuts whatsoever.

➤ **Bound and Applied tariff reductions**

The further danger lies in the differing interpretations as to whether these tariff reduction formulas are to be negotiated

- from WTO members' current official **bound rates**, that they have already set at fixed levels in earlier negotiations in the WTO, or
- from their usually much lower **applied rates**; that is the rates that they actually use, and that can be changed up or down, although they may not go higher than the bound rates.

If the starting point for tariff reductions is to be the applied rates, this means that the resultant tariff levels will be commensurately lower. Equally importantly, this means that the differences that currently exist between the (fixed) bound and the (changeable) applied rates will be eliminated. This will remove the 'space' between these different rates within which governments can raise specific applied tariffs for specific purposes as these arise, although without going above the bound rates. This is what the South African government was urged to do by the textile and clothing trade unions and manufacturers in the context of the crisis in this sector under the pressure of high imports within South Africa's radically reduced tariff rates.

➤ **Line by Line Tariff reductions**

Similarly, the possibility that all tariff rates will henceforth be bound 'line by line' on every product will also remove the flexibility that governments currently have in changing tariffs on specific products while remaining within their overall national average tariff commitment in the WTO. This allows government some flexibility to change tariffs between weaker and stronger sectors or products, as the need arises. Clearly, these options will go if every tariff is fixed on every product. Some developing countries seem to be contesting the developed country interpretations of this comprehensive coverage, as well as the specific lower levels of tariff reduction they are demanding. But the outcome will, in large measure, depend upon the active counter-pressures brought to bear by trade unions and other labour and social movements in defence of these crucial policy instruments. All governments need to be able to use as these as

¹¹ That is: Argentina, Brazil, Egypt, India, Indonesia, Namibia, Philippines, South Africa, Tunisia and Venezuela

they and their peoples judge necessary, in order to promote industrial development and job creation/protection in their countries.

➤ **Tariff peaks and escalations**

A prime issue that was not carried further in the Hong Kong text was the developing country demand that the developed countries deal with their own market barriers in the form of their tariff peaks and escalations. These are national tariffs that are set at extremely high levels - sometimes well over 100% - on specific products that certain developed countries are determined to protect. This practice is even more questionable where their tariff rates on imports from developing countries are deliberately designed to rise (escalate) directly in step with the degree of processing within a product. One example is the very low tariffs on raw logs exported from the South, the higher tariffs on sawn or treated timber, higher yet on processed wood, cardboard, carton and paper products, and the very much higher tariffs on higher value-added products, such as furniture. The same is evident in many other spheres, such as the vast differences between the very low tariffs on raw cotton, at one end, the higher tariffs on processed cotton fibre, and manufactured thread and fabrics, and the extremely high tariffs imposed on clothing, at the other extreme.

➤ **Towards global tariff 'harmonisation'**

These very uneven and distorted tariff structures are also highly contradictory in the context of the demands of more developed countries that developing countries with higher overall tariff rates must introduce greater tariff reductions towards creating global tariff "harmonisation". The uneven process of tariff reduction being pushed onto the developing countries by the more developed countries is called a 'non-linear' approach. This will mean much greater tariff reductions and 'adjustments' - in other words economic destabilisation and social disruptions - for developing countries. These have generally, and justifiably, until now kept relatively higher overall national tariff structures than the much stronger developed countries, which have over the years confidently lowered most of their tariffs because they are so competitive. Despite their much lesser levels of development and competitiveness, all developing countries are now being pressured to make much greater tariff reductions towards the same generally lower tariff levels that the highly industrialised countries have gradually reached over the years.

➤ **Non-tariff barriers**

Another developing country concern that was not included in the Hong Kong agreement was the question of the non-tariff barriers (NTBs) that many developed countries use selectively and tactically to block certain developing country exports into their markets¹². Yet, although these NTBs impose further disadvantages and higher production and transport costs upon weaker producers/exporters, the developed countries are reluctant to deal with these

¹² Some such trade regulations may be justified on health and environmental ground. However, these and other NTBs - such as product standards and hygienic process methods - are also periodically activated and manipulated by the governments and producers in the richest countries to block imports from the South when this serves their own business interests.

integrally within the current NAMA 'trade promotion' negotiations. The exclusion of these barriers from the negotiations contradicts the 'market access' character that the developed country governments are trying to impose on the entire Doha Round where and in-so-far-as it suits them. Some NTBs are justifiable, including by developing countries themselves, such as on social concerns (eg labour rights), environmental issues (eg endangered species, or genetically modified organisms), health concerns (eg toxic chemicals), and other matters considered to be important in individual countries, or for particular constituencies, or at specific periods. But these are basically non-trade concerns and therefore should not be treated as mere 'tariff' issues, and development and social movements must be alert and active on these important non-tariff issues, such as their own labour, social and health concerns which are often sidelined by the preoccupation with tariff reduction struggles.

Despite their own various evasions and limitations in the industrial as in the agricultural spheres, the highly **industrialised country governments are demanding that any "concessions" that they may make in agriculture, and the consequent "costs" that their farmers and countries incur, have to be "compensated for" by the developing countries in the industrial sphere, as above¹³. Similarly, both the EU and the US, and other more developed countries are demanding that all developing countries must give expanded "market access" for the more developed countries and their corporations into all services sectors.**

4.3 SERVICES 'MARKET ACCESS'

The services 'market access' demands being made by the more developed country governments reflect the dominant share of services in their GDPs [Gross Domestic Product or total national economies]. Services now play a highly significant role in the functioning of their economies, in employment creation, and in balancing their international trade accounts which are often in deficit due to the growing volumes of highly competitive merchandise exports from the South. Thus, the essential international expansion of the operations of the large and small, corporate and professional/individual "service providers" from the North through the opening up of the services sectors in all other economies is being pursued through the General Agreement on Trade in Services (GATS)¹⁴. The further proposals for negotiation in this regard inserted into the Hong Kong text relate to the following:

¹³ These were the precise words used by the EU Trade Commissioner, Peter Mandelson, in defensive response to critical questions on the EC's positions in the WTO, during a meeting at the SA Institute of International Affairs, at Wits University in Johannesburg, 10/02/2006.

¹⁴ Which was an entirely new "trade" issue pushed into the multilateral trade system during the Uruguay Round in the 1980s and then enshrined in the WTO in 1994.

➤ **Plurilateral negotiations**

The inclusion of obligatory plurilateral negotiations¹⁵ was intended to compel targeted countries - including South Africa - to negotiate on key service sectors identified by the *demandeurs* for market access. A small group of governments known as the "Annex C" group¹⁶ spearheaded the resistance against such a radical change in the existing GATS mode of negotiations entailed in this 'annexed' or more recent additional proposal on the GATS negotiating modalities. The eventual outcome in Hong Kong was that the proposed requirement that any individual countries approached by groups of other countries "shall engage" in such plurilateral negotiations..... was altered to read that they "shall consider" them. In keeping with the highly contentious nature of the 'plurilateral' ploy, and the generally contentious nature of the services negotiations as a whole, the ongoing plurilateral negotiations¹⁷ will probably revolve around this wording. However, beyond debates on words, there are much more fundamental national and human development arguments that can and must be marshalled against such services liberalisation and enforced deregulation altogether¹⁸.

➤ **Numerical targets**

The numerical targets - that is, setting how many service sectors each country must commit to open up to negotiations - was sufficiently resisted by enough governments and therefore not incorporated into the final Hong Kong text. However, the more fundamental problem is that, as with industrial tariff liberalisation [4.2 above], the developing countries did not manage - and in large measure did not try - to challenge the aims and interests, the very logic and the much broader and inevitable problematic effects of services liberalisation *per se* whatever the bilateral, plurilateral or multilateral negotiation modalities may be. It is the content and implications not only the methods and processes that are most crucial. The modalities must not be allowed to deflect attention from the substantive issues, namely the problematic immediate and long-term effects of services liberalisation. These are the essential arguments of the growing and very broad North-South international alliance and actions to "Stop the GATS Attack !"

➤ **Domestic regulation**

The inclusion in the Hong Kong text of wording on the need to tighten up the domestic regulation of services also carries some very dangerous potentials. This is because the terms of GATS put constraints on government regulations considered to be "unnecessary" barriers to "trade in services" and impeding the "rights" of international "service providers" wherever they

¹⁵ 'Plurilateral' refers to a negotiation/agreement involving only a limited number of countries rather than the whole WTO membership; whereas the participation of all is the formal aim and nature (although not the real content) of 'multilateralism'

¹⁶ In Hong Kong these included South Africa, Indonesia, Philippines, Venezuela, Cuba and Kenya

¹⁷ In the months since Hong Kong South Africa is already being targeted by groups of *demandeurs* for plurilateral negotiations on energy, environmental services (which include water, sanitation, irrigation etc) construction, telecommunications, and computer-related services; with much more still to come.

¹⁸ See Dot Keet " GATS - From Forcing Liberalisation to Reinforcing Privatisation", AIDC, Cape Town August 2003.

operate. Whereas, the tightening up of domestic terms and conditions on such global service operators should be in the direction of increasing and improving - not further constraining - government policy rights in these spheres. The implications of any restrictions on the role and responsibilities of governments in developing and utilising their services for social delivery and the guarantee of basic human rights, as well as in the service of broader national development strategies, did not receive the necessary projection in Hong Kong. Much will depend on how governments - pushed by their social movements at home - act in defence of these development imperatives in the ongoing negotiations, in defence of their own policy-making rights, and the democratic rights of their peoples above the 'trade rights' of foreign service companies.

In fact, more generally - and highly significantly, in what is supposedly a Development Round - issues of development were marginalised or skilfully displaced into a so-called "Development Package" supposedly on offer within the overall agreement. This package is based, to some extent, on proposals made by the African governments themselves. The role that these issues played in Hong Kong, and the nature of the debates on these in the ongoing processes since Hong Kong, will pose significant challenges to African governments and to African civil society organisations. Thus, although this "package" was part of the Hong Kong process and outcome, as above, it is necessary to assess it in relation to a brief overview of the collective positions and engagement of the African governments in the WTO in general and in Hong Kong.

5. JOINT, AND DIFFERING, POSITIONS OF AFRICAN GOVERNMENTS

There has, over the years, been some strengthening on some issues in the joint positions of the forty one African member states of the WTO¹⁹. These include positions on all the issues on the Doha agenda, such as Trade Facilitation (demanded by the developed countries), the entrenchment of public health rights under TRIPs (as demanded by developing countries), and the NAMA and GATS negotiations (as indicated in 4. above). In all of these, the main approach by the African governments is that the particular problems and sensitivities of their countries must be accommodated through the application of the WTO's officially recognised Special and Differential Treatment (SDT) principles²⁰. Individual African governments have also joined in various sub-groupings [see 8. below] on their common concerns with other developing country governments on the main negotiations. There were, however, more specific proposals and priorities, and more particular focuses of attention within the joint African positions.

¹⁹ See Dot Keet, footnote 10 above, page 15-21.

²⁰ Such differentiated terms for developing countries were created before the full-blown neo-liberal onslaught of the 1980s. On the insistence of developing countries, supported by UNCTAD, these special terms were brought over into the WTO from previous decades of negotiation under the General Agreement on Tariffs and Trade (GATT), especially during the development decades of the 1960s and 1970s.

5.1 Agricultural issues

As could be expected in a continent in which the majority of the people are rural-based and dependent on agriculture for their livelihoods and lives, agricultural issues have a prime place in the joint positions of African governments. Many of these positions agree with the main developing country demands - such as the reduction and removal of developed countries' agricultural export credits and domestic supports, and the importance of SPs and SSMS [as outlined in 4.1 above]. But other demands are more specific to Africa and to Least Developed Countries (LDCs), most of which (34 out of the almost 50 countries so defined) are also in Africa.

➤ Erosion of preferences

The problem of the erosion of preferences that African countries currently enjoy, particularly in access to the EU market ²¹ receives specific attention in the African proposals. The LDC grouping, overlapping with the African group overall, propose "special provisions to maintain preferences until such a time as all domestic and export subsidies are removed" in the developed countries. The Africa group also suggests that these considerations be "paramount" when the developed countries define their own "sensitive products" for particular protection and other measures ²². The Hong Kong text only touches on the erosion of preferences, with vague language for this problem to be investigated further. The more immediate political problem is that not all African governments want to defend such historical (colonial-linked) and manipulated preferential relations with the EU. Not all African countries are still, or equally, dependent on such preferences. Thus, although giving official joint support to this concern, there was an underlying difference of commitment to it within the Africa Group in the WTO. These differences pose similar challenges to governmental and non-governmental organisations in other negotiations outside of the WTO that are also facing all the African (and Caribbean and Pacific) countries ²³.

➤ Volatility of commodity prices

The problems posed by the volatility of commodity prices that destabilise and undermine commodity-dependent African economies also receive attention in the African proposal. This includes specific reference to the particular problems of African banana producers, as well as

²¹ This refers to the special tariff, quota, price supports and other preferential treatment, or "preferences", that African Caribbean and Pacific (ACP) countries, as former European colonies, have received hitherto from the EU through the Lome Convention. But such "preferences" are now being "eroded" by the broader liberalisation taking place globally, by the opening up of the EU markets to other non-ACP developing countries, and by the 'reciprocal' trade liberalisation demands that the EU is pressing on the ACP under the post-Lome Cotonou Agreement.

²² Communication dated 08/11/2005 to the Director General of the WTO from Egypt as the nominated Coordinator of the Africa Group in the WTO.

²³ This is mainly in the ACP negotiations going on concurrently with the EU over the proposed reciprocal trade liberalisation agreements that the EU is pushing and pitching as Economic Partnership Agreements (EPAs); see also footnote 21 above..

cotton producers²⁴. On the one hand, as with preferences, commodity dependence and vulnerabilities received scant attention in the discussions, and even within the so-called Development Package [see 6. below] in the final outcome of Hong Kong. On the other hand, mature political understanding and far-sighted strategies were required of the African governments, once again, to support each others' differing and particular commodity vulnerabilities in the interest of broader African unity on their common concerns. This is part of the crucial discussions on the balance of power and tactical and strategic differences within Africa, and between African and other developing countries, and between them all and the more developed countries [as in 9 below].

➤ **Pressures on cotton prices**

The same challenges arise with respect to the question of the cotton production problems of the C4, the four main cotton producing countries in West Africa, due to the downward pressures on cotton prices throughout the world caused, in large measure, by the vast US government subsidies to its cotton producers. In Hong Kong, after much pressure by powerful northern NGOs in support of the C4, an end to such subsidies by the end of 2006 was, apparently, agreed by the US government. However, this is in fact the United States' legal obligation, according to a ruling made by the WTO's Dispute Settlement Body in 2005²⁵. It is not a voluntary and generous US 'concession' in the negotiations. Furthermore, even this US 'offer' was made on the condition that it is treated as part of the agricultural negotiations overall, and that it will only be implemented after "the completion date" of the Doha Round as a whole.... which may be many years away [see also 9. below]. Thus US cotton subsidies look set to continue. Other aspects of the cotton issue were dealt with - and evaded - as part of "the Development Package" in Hong Kong. In the immediate situation in Hong Kong, however, although there was official African support, there were also some tensions in relation to the specific tactics and separate demands of the C4 which are not the only African cotton producers facing such problems.

5.2 Development issues

Under a specific 'Development' heading in the official African document, other development issues beyond the development implications of each of the main components of the Doha Agenda are raised directly in the joint African government positions. But they are not equally or sufficiently well-defined and projected. For example

➤ **Subsidies for the development of agriculture**

Some positions are clear and proactive, such as the demand for the right of African governments to provide subsidies for the development of agriculture (and thus be exempted from the *de minimis* restrictions on subsidies as being demanded by the developed countries).

²⁴ But in South Africa this also affects and destabilises large-scale commercial maize producers and exporters

²⁵ In an historically important case in the WTO dispute system brought by Brazil against the US because, as a very big cotton producer, even the very large Brazilian cotton producers are also prejudiced by US domestic cotton subsidies.

This is an important potential development instrument to be defended in principle, even if many African governments are being denied access to the necessary financial resources and, under IMF/WB prescriptions, are being prevented from using such 'interventionist' policies. Similarly, given the important developmental role of government agencies in agricultural development, the official African position in the WTO was that STEs should therefore be exempted from the application of the "disciplines" on these that are being demanded, above all by the US [see 4.1 above]. These are some of the important and specific development instruments that African governments could themselves utilise. But they are not central to the African positions in the WTO. They are simply stated and not energetically promoted, and it is clearly up to farmers and rural development organisations in Africa to energetically raise these into real live issues at home and compel their governments to challenge actual or potential/future restrictions in the WTO²⁶.

➤ **Adequate policy 'space' and 'flexibilities'**

Also under the general heading of Development, African governments "stress that development means adequate policy space and flexibilities to achieve their legitimate goals and increase their share of trade [and] in this respect... would like development to be addressed in a broader perspective"²⁷. This sounds positive. However, while 'policy space' is certainly something to be fought for, there was a lack of strong policies and clear demands to be placed in that space. This reflects often weak and differing understandings as to the meaning of and requirements for development. Most often, the "developmental" proposals that are made by African governments amount to little more than temporary exemptions and special exceptions, especially for LDCs. The distinction repeatedly drawn between LDCs and the other so-called developing countries in Africa is, in itself, a potentially divisive approach. There is no hard and fast line separating the problems and needs of so-called developing and least developed countries in Africa, only questions of degree. However, the emphasis on the "poorest of the poor"²⁸, together with the inadequacies in the few development proposals made by Africa, enabled tactically skilled developed countries, above all the EU, to put their own interpretation and content into the "development dimension" of Doha [as in 6 below]. That is why these issues, and their "poverty reduction" focus demand energetic engagements by social movements in relation to these governments on the ground in Africa to rather pursue qualitative development transformations. And this therefore demands their parallel engagements in relation to African governments' positions and roles in the WTO.

➤ **Special and differential treatment**

The furthest the African and LDC governments have gone thus far within the WTO is to demand that the Special and Differential (SDT) principles of the WTO be dealt with as a distinct subject in and of themselves in the Doha Agenda. If the SDT's were to really be strengthened and "operationalised" in each and every agreement in the WTO, as the African

²⁶ Or by the IMF and World Bank

²⁷ See footnote 22 above

²⁸ This narrower 'charitable' and "poverty reduction" approach by many Northern NGOs and the governments they engage with, is unfortunately adopted by many African governments and even by some development NGOs in the South under the influence of their mentors and funders in the North.

governments repeatedly state, this could go some way towards modifying the universalistic rules being imposed through the WTO. This, in turn, could undermine the one-size-fits-all prescriptions of the neo-liberal global paradigm. However, despite the potential challenge that could possibly reside in the skilful tactical use of this principle, the African governments mainly rely on a somewhat rote - and merely defensive - repetition of their 'flexibility' rights under SDTs. This rather weak position, in turn, is utilised by some developed country governments²⁹ and the WTO Secretariat to make their own formalistic ritual gestures towards SDTs. But they interpret these to mean only temporary concessions and only to LDCs; allowing them slightly more time to implement the main WTO terms and then to conform fully to the main paradigm. In Hong Kong the issue of SDTs was, as always, not only reinterpreted but down-graded or ignored. They were also, even more dangerously, marginalised from the 'real' negotiations by being confined to very specific proposals and accommodated in a neat separate "Development Package".

6. THE "DEVELOPMENT PACKAGE" IN HONG KONG

Needless to say, the developed countries in the WTO were, from the start, not enthusiastic about the 'developmental' nature of the Doha Round, and they built in many caveats, or conditional 'escape' clauses for themselves within the Doha Agreement of November 2001³⁰. They also immediately tried to backtrack on their apparent Doha undertakings; most notoriously on the public health rights affected by TRIPs and the medicine production provisions for and by developing countries. Nonetheless, in the succeeding years, the purported development objectives of the round were constantly invoked in all the sectoral negotiations by various groupings of developing countries [see 8 below].

As the developed country governments strove to turn the Doha Round into yet another "market access" - that is liberalisation - round for their producers and exporters, many developing country governments, separately and together, put up various forms of resistance. The preparatory negotiations dragged on during 2004 and 2005 with little progress. Then, in the final month(s) before Hong Kong, a group of larger and/or more determined developing country governments made a concerted effort to "reclaim" and reassert the development nature of the round³¹, and in order to 'save' the round. Despite the basically reformist and accommodating nature of this intervention within the Doha framework, it reflected and to some degree reinforced, the contestation between the developed and developing countries on the issue of the 'development aims' of the round. Thus, this probably inadvertently increased the tendencies towards a full impasse on both the general nature and specific aims of the round.

Faced with the prospect of "another Cancun", another stalemate and another high-profile 'failed' WTO Ministerial, the Director General (an experienced former EU negotiator in the WTO) - in

²⁹ But not the US, which rejects the very notion of such "inconsistencies" and departures from "the commercial principles" that should be applied everywhere for all countries.

³⁰ see footnote 2 above

³¹ See, for example, "Reclaiming Development in the WTO Doha Development Round" submitted to the WTO, in November 2005, by Argentina, Brazil, India, Indonesia, Namibia, Pakistan, Philippines, South Africa and Venezuela.

cooperation with the official EU representatives themselves, and others of the similarly tactically skilful developed country governments - implemented a device that they had been preparing in the previous months to avert "a disaster" in Hong Kong. Their strategy was to deflect the demands for developmental terms and substance in the sectoral negotiations by taking up some of the African and LDC proposals within the round, projecting their own terms within these, and repositioning them in a separate "package" of selected "development" issues.

This was immediately attacked by non-governmental organisations present in Hong Kong as a "smoke-screen", as a public relations exercise, and as a "diversionary ploy". However, picked up by other developed countries and the mainstream media - in Hong Kong and since - the "development package" helped to divert attention from the main development issues and the arguments of both governmental and non-governmental agencies in the developing countries. More effectively, by focusing attention on the special situation of the LDCs, this was also building on potential - and some real - differences of approach and focus within the broad developing country membership of the WTO [see also 9 below], as well as some differences of emphasis and aims even within the Africa group [as indicated in 5. above]. However, the "development package" was not only diversionary and divisive but fundamentally deceptive and certainly not developmental.

➤ **The 'cotton' issue – again**

The offer to accommodate the needs of the cotton-producing countries is almost meaningless. In addition to postponing the removal of general export subsidies [as analysed in 4.1 above], the US is avoiding dealing with its very much greater domestic support payments to its cotton farmers. The US even managed to change the wording in the final Hong Kong text on their possible future subsidy reductions from "will" reduce (that is, obligatory) to "should" reduce (that is, conditional). Such subtle shifts in wording carry very different weight in WTO-speak. Furthermore, the promise of "compensatory" payments to the C4 is not a firm commitment. Even the seven million US dollars suggested is derisory compared to the hundreds of millions of dollars these countries lose annually due to US cotton dumping on the global market. In addition, although supposedly responding to pleas from the C4, themselves, such selective compensation and possible 'aid' could be divisive by excluding other African cotton producers. Finally, the suggestion that the US might give duty-free and quota-free access into its markets for African cotton exporters is even more meaningless because they could not, anyway, compete with US cotton producers and their marketing agencies powerfully positioned within their own home markets.

➤ **Duty-free and quota-free market access**

The more general promises of duty-free and quota-free (known as DFQF) access for LDCs into the markets of the developed countries are also highly deceptive. First of all, as with cotton, this 'offer' has not been finalised and is still open to negotiation and evasion. In fact the wording in the Hong Kong text clearly provides for such avoidance by stating that such offers shall only be "considered" by the developed countries. There is no wording that makes such openings fully binding, as LDCs propose. Thus, whatever may or may not come on offer will reside within the prerogatives of the access-givers. These concessions may be offered or

withdrawn, or designed and modified to defend their own producers as they see fit. This is what the EU has already done with its notorious Everything-But-Arms (EBA) offer to LDCs; which is hedged around with other crucial exceptions than only arms imports from these countries (as if that was remotely feasible, anyway!). The US makes its similar intentions very clear by insisting that, even if it were to agree to such DFQF market access, this would only apply to 97% of the products and/or LDC exporters concerned. However, the other 'mere' 3% leaves it up to the US to use this tactical exclusion to target and block precisely those products (such a clothing and textiles) and discriminate against those stronger LDC exporters (such as Bangladesh and Cambodia) that Washington considers will be unacceptable competitors to its own domestic producers. So this 'offer' is divisive amongst LDCs as well as discriminatory between LDCs and other developing countries.

➤ **Aid for Trade**

The same dependence on the decisions and determinations of the developed countries are built into the Aid-for-Trade component of the development package, and the same deceptions are evident. There are deliberate ambiguities in this term; that is, whether it means

- aid in order to be assisted to be more successful in trade; **or**
- aid compensation for trade losses, or lesser shares of the 'trade expansion' predicted out of further trade liberalisation; **or**
- aid to assist such countries to deal with the euphemistically termed "adjustment costs" (that is, disruptions and damages) that inevitably accompany trade liberalisation³²; **but**
- most dangerously of all, this aid-for-trade could mean assistance to "help" such countries understand and implement the new trade agreements (that are expected to be) agreed in the Doha Round.

This last is what the promise and practice of "technical assistance" within the WTO has always amounted to³³. Whereas, what such countries need is full information and independent analyses to understand, question and if necessary pre-empt - not simply accept and implement - such trade terms. To add insult to injury, they may also find that the aid promised is simply a re-packaging of existing funds, or extracted from existing aid, or may even consist of new 'concessional' loans that will sink them further into debt. In the context of such well-known manipulations by the rich 'donor' governments and the institutions they control, African and other developing country governments have to be led or driven by their social movements away from their perpetual fixation on financial 'aid' and 'technical assistance' from the North.

In sum, this development package is clearly divisive, deceptive and diversionary. It suggests some minor - and illusory - quantitative palliatives in order to displace and deflect the major qualitative changes in the WTO agreements that the developing countries have been calling for during the past decade. These reside in the compilation of hundreds of '**implementation issues**' that developing country governments argue need to be

³² As expressed in the position of South Africa and the 'reclaim' group; see footnote 31 above.

³³ It was the promise of technical assistance and other special considerations that the majors employed during the Uruguay Round of negotiations in order to overcome the considerable reservations from developing country governments. Through this device they managed to clinch the final 'deal' at the end of 1994, but developing countries are still waiting for the full implementation of the promises made by the majors, then and since.

revised and reformed - or removed³⁴ - to make the WTO terms less imbalanced and inequitable. Even though the implementation issues are essential, but essentially only reform proposals within the terms and functioning of the WTO, they have, as with the SDTs in general, been systematically whittled down to a few dozen now under any sort of active consideration. These were further reduced to a mere handful for inclusion in the Hong Kong negotiations, and then even the few SDTs that remained were postponed to be "reviewed" by the end of 2006.

7. CHALLENGES WITHIN AFRICA AND FOR AFRICAN CIVIL SOCIETY

The manoeuvres and manipulations by the majors, while significant, are not sufficient to explain what happened in Hong Kong. African governments, themselves, carry a major responsibility for the Hong Kong outcome and the current situation. As with the developing countries more generally, they have allowed the SDTs and implementation issues to become something of a formulaic refrain. They have lost the potential proactive edge in the WTO that could have been created even through the reformist 'implementation issues' initiative. They have, instead, been pushed into largely defensive responses to the aggressive initiatives of the developed countries. Above all, they have not built sufficiently on their common interests, nor utilised to full strategic effect the defensive and offensive potential of their emerging alliances [as in 8 below].

To the contrary, for many of African governments and especially the LDCs, their defensive positions reside mainly in arguments for exceptions and exemptions, proposals for special provisions, as noted above, such as DFQF, and perennial pleas for more technical and financial assistance from the developed countries. In the context of the WTO, more specifically, this technical assistance will be designed to bind them into the WTO rules. Any 'exceptions' are conditional upon their lowly status as LDCs and are only temporary. If these governments aim to move their countries beyond LDC status - as they must surely intend - they will inevitably have to face up to WTO terms and conditions that they will not have helped to shape because in general they do not now engage energetically on these central current struggles in the WTO, such as on NAMA and GATS. The onus (responsibility) rests on their popular organisations - and even other developing country governments - to mobilise the LDCs to be more active participants, and partners, in all these struggles.

It is precisely such weaknesses and susceptibilities that the leading developed countries exploit to the full. The EC and the EU governments in particular are fully aware of the deep economic, political - and psychological - dependencies of African governments, which are reflected in and constantly reinforced by their established trade, aid and investment relations. These enable the governments of Europe, but also the US and others, to keep Africa dependent and subordinate, divided and less effective. This undermines even the slightly more proactive demands and some alternative strategies that some rather more determined African governments try to promote [see 8 below]. African civil society organisations have been working on these alternatives for years in order to get African governments to put up an active and effective resistance in the

³⁴ As some non-governmental organisations argue.

WTO and more generally in relation to the highly prejudicial global economic system and regime.

The picture, however, is more complex than a simple scenario of generalised subordination and surrender. Despite the weaknesses and even betrayals by many African governments, and thus the underlying fragility of the joint African government positions, many did not accept the "Development Package" as an adequate response to their problems or an appropriate answer to their proposals and expectations when they went to Hong Kong. In fact, the majority left Hong Kong with a frustrated, and for some an outraged sense of having been outflanked and marginalised. The major question is what they will do now in the continuing struggles in Geneva and elsewhere during the coming year(s). And the challenge for independent African non-governmental organisations is to identify and 'work on' - and possibly even work with - those governments that have not simply given up. However, this approach, in turn, carries further challenges and dangers.

The African non-governmental organisations that were in Hong Kong were, of course, much more highly critical of the exclusionary and manipulative processes that they witnessed there, as well as the highly questionable eventual outcome³⁵. This outcome as a whole needs to be subject to close analysis - as above - as part of the counter-struggle to expose the aims and maneuvers of the powerful countries. The resistance may entail non-governmental actors entering into the complexities of the ongoing negotiations in Geneva and elsewhere in order to strengthen the resistance by African governments. In fact, African, and other international NGOs³⁶ have certainly played a considerable and important role in this regard, hitherto.

There are, however, real risks arising from the very success of African civil society organisations over the years in informing and building the capacities of their government representatives in the WTO. Many such African CSOs are becoming recognised as important sources of information and analysis, and national resources on the WTO in their countries, and more and more are being incorporated into their government delegations to attend WTO meetings. The effect of this in dispersing the efforts of African NGOs was evident in Hong Kong. Many such African NGOs added onto government delegations acted and behaved (literally) as if they were governmental actors³⁷. Whatever might be their 'influence' on the positions and interventions of their governments in the processes within the WTO, this has to be weighed up within the very nature of the highly restricted spaces and the restrictive processes within the WTO. And the limited degree of influence of such NGOs 'from within' has to be evaluated in relation to the much greater countervailing pressures that have to be built around their governments at home and around the WTO.

Above all, it is essential that African non-governmental agencies do not lose their independent and particular role. African NGOs and trade unions that are engaged with and even within their government delegations at the WTO have to interrogate themselves and make some thorough assessments as to whether this is the most effective application of their knowledge and

³⁵ Africa Trade Network "Outcome for Africa - Everything but Development", Hong Kong, 18th December 2005

³⁶ See footnote 4 above. The Third World Network headquartered in Malaysia, together with the TWN-Africa branch, based in Accra Ghana, are undoubtedly the most active and effective Southern-based network in this role.

³⁷ To the critical and amused observation of their erstwhile civil society colleagues.

skills; whether this is the most important role that they can and should play. The knowledge and effectiveness of African NGOs could result in them becoming heavily sucked into merely providing their research skills and policy analysis to governments. This could have some positive effects, but they could also find themselves weakening and even losing their specific social role. Instead, they could gradually slide into mainly substituting for governments' own necessary efforts, and merely complementing (and even complimenting) 'persuadable' government officials.

These latter do need to be armed with effective data to answer the provocative challenges from their adversaries within the WTO negotiation processes. But, much more importantly, what government officials should obtain from independent NGOs, trade unions and social movements is the much broader and more powerful evidence of the effects of such policies that are already being implemented; whether these are

- through 'unilaterally' chosen positions and policies - as in the case of South Africa; or
- through 'bilateral' agreements with donor governments or financial institutions - as is the case of most African governments with the IMF and World Bank; or
- 'multilaterally' under the existing WTO agreements.

What government negotiators need, together with the 'hard data', are arguments located within the political-economy context of their countries, and motivated and argued on the bases of the effects of liberalisation and deregulation already experienced; as well as the clearly predictable impacts of the extended WTO terms now being proposed. These experiences and these analyses provide the most effective ammunition in the battles for survival underway. Above all, the independent role of civil society organisations must be sustained because they can 'say things as they are'; unconstrained by the 'diplomatic niceties' and 'protocols' of inter-governmental negotiations. African governments, if they were wise, would welcome and encourage this independent and active civil society role. But, regardless of what their governments may say or want, African popular organisations must independently assert their independent role, anyway.

Ultimately, in responding to Hong Kong and dealing definitively with the WTO, there is a real danger that critical civil society analysts can become too focused on the detail, on each and every word, the 'spaces' within and the negotiating possibilities in each and every clause. Like the government negotiators, they are in danger of concentrating so hard on 'the trees' - and even every leaf on every tree - that they lose sight of 'the forest'; that is, the broader strategic whole.

8. TACTICAL ALLIANCES BETWEEN DEVELOPING COUNTRIES IN THE WTO

There are a number of significant tactical alliances that have been developing over the years between groupings of developing countries. Some are geographically/regionally-based. Others are issue-based. The nature and functioning of the groupings of developing country governments are important towards identifying the location of critical interventions and even resistance within the WTO; their strengths and weaknesses, the main interests driving them, their potentials and limitations. These are some of the more recent and innovative modes of alliance-building and action in which developing country governments are now engaged, and labour and social movements and progressive NGOs need to be aware of them and apply close

critical assessments to them to discern their problems but also their potentials that can and must be strengthened and pushed further.

8.1 The Group of Ninety (G-90)

The innovation of prime significance and potential in Africa, was the unprecedented - and probably unintended - role of African members of the WTO in blocking the expansionary agenda of the major developed countries in the WTO. In so-doing, the African governments effectively blocked the entirety of the Cancun ministerial in 2003. They acted both under the umbrella of the Africa Group in the WTO and as part of a much broader alliance of countries of the South. In non-institutionalised but very effective ways, the African, Caribbean and Pacific (ACP) country governments, soon known as the Group of Ninety, or G90³⁸, had come together in mutual support for each other's formal positions and demands within the WTO.

This practical alliance derives largely from the fact that they are all participants in their own specific and formally constituted groups, each of which has its independent existence and *raison d'être* [fundamental purpose] outside of the WTO as such. These are the continental African Union and the African Regional Economic Communities within the AU (such as SADC), the similar multi-member regional Caribbean Community (CARICOM), and the fifty-country LDC grouping spread across the South, defined by and largely oriented towards the United Nations system. But there is also considerable overlap between these official groups, and with most of these countries also belonging to the formally constituted ACP grouping.

On the basis of these overlapping memberships and the dense network of interactions and cooperation within and between these formally constituted groups - and in many other international processes and venues³⁹ - these countries have long been involved and their governments have evolved a practical experience and modalities of joint discussions and the development of common positions. These shared positions, however, were not the outcome only of particular organisational traditions and mutual consultations. They were also based on real commonalities of experience. They are a reflection of their similar histories under colonialism and neo-colonialism, the structurally similar nature of their subordinate insertion into the global economy, and the systemic effects upon their economies of the renewed and reinforced expansion of globalised capitalism, especially through the rules and rule of the WTO⁴⁰.

Building on their well-established practices and broader experiences, these countries created effective modalities for the coordination of their interventions within the WTO processes. Amongst other things, this involved designating their own official representatives to monitor and - wherever possible, or where 'invited' - attend the multiplicity of meetings and dealings within the WTO. This seems to have been carried out on the basis of a well-developed system

³⁸ But actually numbering 64 countries in the WTO because of duplicate memberships in the various groups.

³⁹ Such as the very much larger G77-China grouping within the UN, the Non-Aligned Movement (NAM) and others.

⁴⁰ Although, for most African countries, this rule is carried out more directly and deeply through the IMF/WB.

of monitoring, mandating, and report-backs to the larger group(s)⁴¹. In this way, these groupings managed, separately and together, to defend their positions in Cancun, maintain their unity in practice and prevent themselves being divided, outmanoeuvred and sidelined. Yet, such a marginalisation of these countries, their interests and their demands is what seems to have happened in Hong Kong. This needs to be unpacked and clarified.

On the one hand, the outcome in Hong Kong was clearly due in large measure to the counter-offensive of the major powers. These had been alerted by the 'dangerous' developments within the WTO evident in Cancun, and they had learned the lesson of their initial under-estimation of the G-90 based on their characteristic disregard of the demands of the governments of the South. Thus, since Cancun, the majors have been determined to use divide-and-rule stratagems in order to prevent a repeat of that impasse. On the other hand, however, the outcome of Hong Kong also reflected weaknesses within the G-90 constituent groupings, as such [as indicated in 5. above], which enabled them to be out-manoeuvred. But the outcome in Hong Kong was due also to the relationship of the G-90 to other significant groupings of developing countries, and the positions and roles of these, above all the G-33 and the G-20.

8.2 The Group of Thirty Three (G-33)

Another important developing country grouping that came to prominence in Cancun was the G-33 consisting mainly of Asian, Caribbean and Latin American countries. This alliance of predominantly agricultural economies has now expanded to number some forty two countries including a sizeable number of African countries. Formally led by Indonesia, and to some extent by the Philippines, this is also known as the SP-SSM group, as their prime aim was to secure the Special Products and the Special Safeguard Mechanism that they regard as essential to defend the large agricultural sectors in their economies and their vulnerable small and medium farmers [see 4.1 above]. The success of the G-33 in getting SPs and SSMs incorporated into the final Hong Kong text is some measure of the effectiveness of this group, although this will be tested out in the ongoing negotiations where they are already facing serious counter-offensives from the US in particular, but also possible opposition from some other developed and developing countries of the South.

Many of the individual G-33 member countries are vocal in rejecting the developed countries' offensive - and hypocritical - proposal for cutting the levels of subsidies (*de minimus* provisions) that developing countries should be allowed to use for their agricultural sectors. Many G-33 countries are also concerned about the more general industrial tariff-reduction formula [as in 4.2 above] that will allow more developed countries' exports more easily into their markets. But as the G-33 *per se* their prime focus is on agriculture.

The G-33 are a more informal and *ad hoc* grouping than the G-90, in that they are an alliance of single countries rather than of formally constituted groups of countries. But, like the G-90, they also conduct periodic meetings and regular consultations amongst themselves. However, because there are differences of emphasis or approach where their demands entail openly

⁴¹ See the comprehensive and authoritative analysis of "South-South Cooperation in the Multilateral Trading System: Cancun and Beyond", Working Paper #21, May 2004, by the inter-governmental policy research and strategy institution The South Centre in Geneva.

confronting the EU and US on their agricultural policies, the joint platform of the G-33 is narrowly focused only on their own most important common defensive interests.

Thus, the G-33 is a more simply and clearly issue-based coalition. Their narrow agenda focuses only on a few agricultural concerns in contrast to the very wide and comprehensive coverage of the combined G-90 agenda(s). The G-33 also seem to have a more concentrated centre of leadership, in contrast to the multiple representative/leadership players in the more complex multi-group G-90 alliance. The G-33 overlaps to some degree with the G-90 group(s) in that more than a dozen Caribbean and some fourteen African countries also participate in the G-33. [see APPENDIX A]

Significantly, at least ten supporters of the G-33 are also members of the G-20. These are China, Cuba, India, Indonesia, Nigeria, Pakistan, Philippines, Tanzania, Venezuela and Zimbabwe. Such cross-cutting memberships carry considerable strategic significance and potential. However, the 'offensive' focus of the G-20 on agricultural trade and market openings into the rich markets of the North contrasts with the G-33's defensive focus on their domestic agricultural production and the protection of their own markets and farmers in the South.

Nonetheless, there were in the years before Hong Kong some notable consultations and convergences, or at least growing cooperation between the G-20 and the G-33; with the former significantly taking on board the SP and SSM demands of the latter. Similarly, both the G-33 and the G-20 have, verbally at least [see 9. below], also adopted the SDTs, the cotton issues, erosion of preferences and other concerns of the Africa group and the LDCs [as in 4 above]. The cross-cutting memberships were thus also reflected in commonly supported issues in many spheres, and even within the processes in Hong Kong [see 9 below].

On the other hand, the G-20, while focused only on agriculture, like the G-33, do so from a different approach and reflecting different interests. Thus, without clearly defined immediate tactical and longer-term strategic aims, and agreed accommodations amongst themselves, the different approaches and focus of the G-33 and the G-20 respectively could be turned into conflicting and rival positions and serve the divisive aims of the majors in the WTO negotiations. The positions and role of the G-20, and particularly its leading member Brazil, is highly significant in this perspective.

8.3 The Group of Twenty (G-20)

This specifically agricultural grouping started out as the G22 shortly before Cancun, and consisted mainly of Latin American and a few Asian and African countries. This tactical alliance has since undergone various changes in membership. Some of the more compliant Central and South America participants withdrew immediately after Cancun under US pressure. Other countries in Latin America and Asia have since joined the now renamed G20, many of them also participants in the G33 (as above). There are now altogether five African countries in the G20, including South Africa and Egypt two of the original G-22 members [see APPENDIX B].

With its membership including major developing countries, such as Brazil, India and China - and the economically lesser but politically significant South Africa - the G-20 have received

much greater public attention than the other developing country groupings. They have even - wrongly - been blamed for causing the 'failure' of Cancun. In fact, their role in the blocking of Cancun was largely indirect and certainly unintentional. Through their criticisms and opposition against the majors, the G-20 created a new challenging climate in the WTO meeting in Cancun. Their strong interventions helped to create a highly charged atmosphere and, by engaging the attention of the majors, the G-20 opened up a certain breathing space that encouraged and enabled the otherwise vulnerable G-90 countries and the generally cautious G-33 to stand their ground.

But like the others, the G-20 has both weaknesses and limitations as well as strengths. Led by Brazil, their highly effective technical analysis of the substance and effects of the developed countries' agricultural policies have achieved some success in focusing world-wide attention on the iniquities of northern export and production subsidies and the "international trade distortions" these create. However, despite their wide-ranging diplomatic activities, and skilled negotiating tactics, the G-20 have clearly not (yet) pushed the EU and the US to really change their policies on their various subsidies.

On the other hand, the G-20 have, on their side, made significant accommodations to the majors on the issue of their own agricultural market opening, by proposing a multi-band system of tariff reductions for countries at different levels of development. This will not only affect the larger stronger G-20 countries but also the other smaller/weaker developing countries, even if under different levels of cuts. Any such tariff reduction formulas will open them all to competitive exports from the highly industrialised countries built-up over decades of government supports, and enjoying continuing direct and indirect supports [as outlined in 4.1 above]. Thus, a major question on the outcome of Hong Kong is whether the G-20 are now resigned to only a very gradual phasing out of the export subsidies of the developed countries, and whether they will focus on trying to merely contain and 'cap', rather than frontally challenge the vast domestic supports in the North altogether.

This last could be an important substantive gain *per se* for the developing countries within the current global economy. But this counter-offensive against the majors could also have been used strategically to achieve some fundamental changes in the WTO rules and even shift the balance of power within the WTO and globally. However, the G-20 is a very diverse group of countries, many of them very cautious in their positions on and within the WTO and the broader global economy. In their concern to hold this grouping together for their immediate tactical purposes, the more active countries, such as Brazil and South Africa (the latter more behind the scenes), were determined to keep the G-20 narrowly focused on very technical issues and arguments. They were determined to avoid any expansion of the issues within their chosen focus and positions, or any more advanced expectations being attached to their interventions and overall role in the WTO, especially as hoped for by international non-governmental organisations.

But beyond the 'tactical limitations' imposed by the diverse composition of the G-20, the accommodating positions within this grouping and their compromising 'trade-off' approach seem to have been motivated also by more specific interests and narrowly defined aims. The driving concern of Brazil, as the leading country of the G-20 - but together with others such as Argentina, Chile and South Africa - was to open up the markets of the developed countries in the interest of their large-scale commercial agricultural producers/exporters. They were, and

are, not opposed to the role of the WTO *per se*, and even less-so the dominant 'global trade' paradigm, but were and remain determined rather to negotiate better terms for their producers/exporters within the global system.

9. BROADER STRATEGIC PERSPECTIVES AND CHALLENGES

The broader question posed by non-governmental forces was, and is, whether the demands and the combined strength of the G-20 grouping of larger and stronger developing countries could have constituted part of a broader offensive strategy from the South within the WTO and vis-à-vis the global economy and regime. This expectation was despite the repeated (and very public) arguments of the G-20 that they were only concerned to correct specific inconsistencies within the WTO and imbalances within the global trading system.

On the other hand, within this limited framework, leading countries of the G-20 also constantly utilised the language of South-South solidarity in the face of Northern intransigence and global imbalances and injustices. The governments of the South had been building up such mutual support in many meetings between the various groupings over the years since Cancun. This was most notable in the G-20 meeting in New Delhi in March 2004, where representatives of the other developing country groupings were also present. The Grand Alliance launched in the Delhi Declaration of March 2004 stepped into the brighter limelight in Hong Kong, and was soon dubbed the G-110 on the basis of the number of countries involved.

In a combined press conference unprecedented in the WTO, representatives of all the developing country groupings - the G-20 and the G-33, the AU, the LDCs and the ACP, and including also the Small, Island and Vulnerable States grouping (SILVs) - all referred in various ways to the significance of their coming together in solidarity and support for each others positions and needs. The Indian Minister even attested to the significance of the "bonding" between the large number of countries represented, despite their very different sizes and the diversity of their levels of development. The Brazilian spokesperson for the G-20 stressed their common commitment to "authentic and sustainable development", and their "unity around one basic platform". He declared this to be an "historic moment" because "for the first time, we are not facing a North-South confrontation on a rhetorical basis. We are looking for common positions that recognise and respect all positions and are trying to reconcile them".

At that highly impressive public event, these words and those of other spokespersons were taken to refer to the need to find common bases and mutual accommodations between the countries and groupings of the South represented on the platform. Great expectations were immediately aroused - amongst the NGOs present, at least - about the possibility for this grand coalition of the majority of the members of the WTO to constitute an alliance powerful enough to determine the outcome of Hong Kong or even, intentionally or otherwise, block the Doha Round altogether. However, another common thread in all the interventions from the various groupings was that their cooperation was aimed to secure "a breakthrough" and a "positive conclusion" to the Hong Kong Ministerial. Thus, in the light of the eventual outcome of Hong Kong, the question is whether the "reconciliation" referred to in the Grand Alliance press conference was, in fact, between the countries of the South or was referring to "reconciliation",

based on anticipated mutual accommodations, between the countries of the South and the powers of the North.

For their part, the majors might have perceived the potential danger in this grand South alliance, or alternatively were convinced that this was merely part of the tactical positioning and even posturing on the part of the leading countries in this alliance as part of their pressures to move the negotiations forward. In either case, the majors, supported by the WTO Director General, in the end contrived a process and outcome in Hong Kong that was very far from the advanced aspirations expressed by the grand South alliance. It is very difficult to know exactly what transpired in the final intensive all-night negotiations that clinched 'The Hong Kong Text', because the entire process was so complex and convoluted and so untransparent, especially to those member states not able/allowed to be present⁴².

However, whatever the means and modalities by which the final outcome of Hong Kong was contrived, from the point of view of the governments and progressive and popular organisations of the South, the fundamental questions that remain are

- ◆ whether the declared solidarity between all the country groupings of the South was merely a pragmatic stand and tactical positioning within the WTO in the immediate context and on the limited issues of the Hong Kong negotiations, and little more; **OR**
- ◆ whether this coming together represented a further development of the alliance-building processes that had been intensifying particularly since Cancun, that reflect some broader and fundamental shared interests amongst the countries of the South, and that could become something deeper, more strategic and longer-lasting.

Similarly, other fundamental questions facing peoples organisations in the countries of the South are

- ◆ whether the eventual outcome of the Hong Kong ministerial reflected the fact that the major governments of the South, had been worn down and out-maneuvered by the majors powers, and hence their failure to adequately represent the interests of the rest of the South; **OR**
- ◆ whether, to the contrary, they had, all along, simply been using the 'grand alliance' as part of their pursuit of their own 'national' interests and strategic aims, and had been prepared, all along, to make compromises with the major powers in order to keep the Doha Round 'on track'.

➤ **The 'Middle Powers' of the South**

Both the latter conclusions, but particularly the last, present progressive NGOs and the labour and social movements in the major countries of the South, particularly India and Brazil but also South Africa and others, with some crucial responsibilities to interrogate and challenge their governments

- on their positions and roles in Hong Kong,
- within the ongoing negotiations and struggles in the WTO, and
- in the current global trade regime and global economic system more generally.

⁴² But Cuba and Venezuela did manage to 'storm the stage' in the highly controlled final closing session to once again register their protest at the exclusionary and undemocratic processes within the WTO.

The even more fundamental questions facing the governments and peoples of these 'emerging' economies of the South - the so-called 'middle powers' that are playing an increasing role in the global inter-state system - is whether these governments are, within and through the WTO, and more broadly, actively promoting themselves in these global roles and/or are being deliberately coopted into the global economic and political power system by the major powers.

With regard to alternative tactical and strategic possibilities amongst the countries of the South, the role of the 'powers' of the South and their promises in relation to the rest of the South will, in the immediate future, be demonstrated in the interventions and relations between these governments in the unfolding WTO processes in Geneva and elsewhere in the coming months and years. The challenge and test will be whether or how they build on the ambitious declarations of tactical cooperation and strategic solidarity that were expressed in Hong Kong, or possibly even go beyond those. These latter possibilities and positive potentials - and the opposite - present all labour and social movements and other progressive forces in the countries of the South with broader and longer-term struggles about the role of their governments, separately and together, and the nature of the insertion of their countries into the global economic system.

➤ **The role of South Africa**

For labour and popular social movements and progressive NGOs in South Africa, in particular, similar questions must be posed about South Africa's role as the 'middle power' of and within Africa [see below]. But with regard to struggles internal to this country around government policies at home and abroad, it can be noted that South Africa did play an unusually active role in Hong Kong together with other developing countries. This certainly stands in contrast to its highly questionable earlier projection of its (self-defined) role as a "bridge between the developed and the developing countries"⁴³.

The latest changes in the stance of the South African government in the WTO are to be welcomed. However, despite changes in its modes of operation and participation, there remain some significant questions to be posed about the substantive content of the South African government's positions in the WTO.

- South Africa is an active, although largely backstage, member of the G-20, and thus needs to be interrogated about the general trade liberalisation orientation of that grouping, and the domestic commercial agricultural interests being served; as well as the specific compromises that were made in Hong Kong [see 4.1], and the further compromises that may be made in the ongoing agricultural negotiations in Geneva. An important question is why the South African government has been prioritising agriculture in the WTO despite the fact that this sector constitutes only about 3% of this country's GDP, although about 10% of national employment. Or is this a tactical negotiating stand on issues where the developed countries are particularly vulnerable? The further question that has to be posed is why South Africa is not an active member of the G-33 if it is, indeed, proposing to develop small and medium 'emergent' farmers in this country that will undoubtedly require government support and protections against dumped agricultural imports .

⁴³ see footnote 2 above

- South Africa was also an active participant in the 'Annex C' grouping on GATS [see 4.3 above] and in the 'NAMA-11' grouping [4.2 above]. In the case of GATS, however, the position taken up was essentially procedural; that is, questioning the way in which this annex had been produced. This group was arguing instead in support of the established GATS modalities and 'flexibilities'. However, these 'flexibilities' are, themselves, anything but adequate to the needs of developing countries. Furthermore, South Africa did not, and does not, challenge the fundamental developed country and corporate aims driving, and the neo-liberal assumptions justifying their demands for access into all the services sectors of the developing countries. Nor does the South African government base its stand on GATS firmly on the problematic implications of this new offensive thrust from the North against service delivery and the necessary national development policy instruments in South Africa and other developing countries.
- In the case of NAMA, the South African government's position on differential rates of tariff reduction in recognition of the different levels of development of member states seem positive and proactive. However, these "commensurate and proportionate" tariff reduction compromises are also directly linked by South Africa to other "market openings" to be undertaken by developing countries in return. This prejudices the entire issue as to whether there should be such other 'trade-off' openings. Above all, this compromise position, as with South Africa's GATS position, does not challenge the motivations of the highly industrialised countries or the implications and effects of their further access and penetration into developing country economies. Nor does this accommodating position challenge the very notion and the implications of such externally imposed policy constraints whatsoever.
- The South African government's central role in the "Reclaiming Development" statement⁴⁴ and its promotion of the very dubious Aid-for-Trade component of the so-called Development Package [see 6.3 above] is based on the highly questionable notion that the negative impact of trade liberalisation within such countries merely entail transitional "adjustment costs". This concept is simply a neo-liberal euphemism (diplomatic cover) for economic destabilisation, industrial destruction and social damages, and is based on the premise that these "transitional costs" can be countered and "compensated" for with mere technical and financial 'aid', and through some flexibilities in the application of WTO rules .

➤ **The rest of Africa**

From the perspective of the rest of Africa, their marginalisation in Hong Kong was the product of many factors. There were the tensions and differences within their ranks, the insufficiencies and weaknesses in many of their proposals, and the success of the majors in diverting many of their key demands into the "Development Package" *cul de sac* [as pointed out in 5. and 6. above].

However, there were also other significant shortcomings in the *modus operandi* of the Africa group in Hong Kong and these stand in contrast to their reported inter and intra-group modalities in Cancun. The first was that they seem to have surrendered the direction of their engagements to the representative of Egypt, whose country had been designated by the AU as the official coordinator of the Africa Group in the WTO. This 'coordinator' took full advantage

⁴⁴ see footnote 31 above

of that responsibility to frequently act independently of the rest of the group, and often without appropriate mandate and accountability. In fact, it is reported that the Egyptian coordinator repeatedly blocked the submission of African positions and proposals by simply claiming procedural difficulties in tabling them within the main negotiation processes. The Zambian minister speaking on behalf of the LDCs seems to have adopted a similarly individualistic and undemocratic mode of operation. Taken together, the methods of operation of these African spokespersons seem to have obstructed the kind of intensive collective monitoring, mandating and accountability that had made the Africa Group more effective in Cancun. These undemocratic and self-defeating tendencies within the Africa group in the WTO need to be thoroughly investigated and, if confirmed, corrected and prevented from re-emerging.

It is also significant that, since Cancun, the Kenyan government team, which had played a significant leadership role in Africa and in the South, were targeted by the majors - on the one hand, using various political and financial pressure devices and, on the other hand, the simultaneous cooptation of Kenya officials into formal roles within the WTO. These devices have largely prevented Kenya from playing their earlier proactive role. South Africa, although not as active, and 'dangerous' as Kenya, had similarly been drawn into playing the role of Chair of the WTO Committee on Development and, amongst other things, contributed to the creation of the Aid-for-Trade device employed by the majors. On the other hand, despite its moderate and accommodating positions on GATS and NAMA, South Africa did at least make constant reference to the vulnerabilities of weaker economies, and the necessity for them to be allowed flexibilities in the various WTO agreements in recognition of this. However, this stand by South Africa reflected and reinforced the weak accommodating positions of the LDCs and other countries in Africa.

But the major undoing of the Africa Group and the rest of the G-90 in Hong Kong may have been that they were lulled into a false sense of security and confidence by the grandiose "solidarity" and "bonding" language within the Grand Alliance. This seems to have encouraged within the Africa Group and the LDCs the illusion that their interests would be effectively protected and promoted by their allies, especially through the inclusion of the major 'Powers of the South', India and Brazil, within the inner conclaves of the WTO processes. Whether the weaker developing and least developed countries were merely being used and then abandoned by these leading 'partners' in the South adds another dimension to the questions posed above about the role of India and Brazil, and other such stronger developing countries in Hong Kong and in the WTO 'post Hong Kong'. The further question and fullest challenge to the 'lesser' developing countries of the South is how they view and how they are going to engage with 'their' major powers, and how they are henceforth going to organise themselves and act to protect and promote their interests and needs in relation to the major powers of the North, on the one hand, and in different ways to the emerging powers of the South.

10. SOME CONCLUDING OBSERVATIONS

Although the above detailed content and situational analysis is necessary, it is in the final analysis essential to stand back from the 'processes' and the 'outcomes' of Hong Kong *per se* in order to be able to see and understand the balance(s) of power underlying and driving the

negotiations before, during and after Hong Kong, within the WTO more broadly, and in the global economic system and regime.... and into the future. In sum, for progressive and popular organisations in Africa, and elsewhere in the South, this means analysing and understanding, and developing effective positions and interventions in relation to

- ◆ the various national and sectoral **interests** being pursued through the negotiations, including by the major developing country representatives themselves within the WTO;
- ◆ the complex **tactical positions** and engagements of key developing countries and groupings of developing countries in the WTO, and in relation to broader potential **strategic aims**;
- ◆ the **leading players** and the **balance of forces** within - and between - the various geographical/regional and issue-based groupings of developing countries in the WTO;
- ◆ the **overall balance of power** between the developing countries, on the one hand, and the major developed countries, on the other hand, separately and together, in the WTO;
- ◆ and, more broadly, how these processes and the balance(s) of forces within the WTO reflect and affect much **broader geo-economic and geo-political processes** going on outside of the WTO as such.

APPENDIX A - The Group of Thirty Three (G-33)

AFRICA - Benin, Botswana, Congo, Cote d'Ivoire, Kenya, Madagascar, Mauritius, Mozambique, Nigeria, Senegal, Tanzania, Uganda, Zambia, Zimbabwe. (14)

ASIA - China, India, Indonesia, Korea, Mongolia, Pakistan, Philippines, Sri Lanka, Turkey (9)

CARIBBEAN - Antigua and Barbuda, Barbados, Cuba, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago. (13)

LATIN AMERICA - Belize, Honduras, Nicaragua, Panama, Peru, Venezuela (6)

APPENDIX B - The Group of Twenty (G-20)

LATIN AMERICA - Argentina, Bolivia, Brazil, Chile, Cuba, Mexico, Paraguay, Venezuela (8)

ASIA - China, India, Indonesia, Pakistan, Philippines, Thailand (6)

AFRICA - Egypt, Nigeria, South Africa, Tanzania, Zimbabwe. (5)