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SDG talks reveal North-South differences

An intergovernmental working group tasked with drawing up proposals for a set of international Sustainable Development Goals (SDGs) met for the first time at UN headquarters on 14-15 March. The views expressed during the session reflected differences between developing and developed countries over the vision and priorities that will inform the SDGs.

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131 Jalan Macalister
10400 Penang, Malaysia
Tel: (60-4) 2266728/2266159
Fax: (60-4) 2264505
Email: twnet@po.jaring.my
Website: www.twn.my

Contents

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Publisher: S.M. Mohamed Idris; **Editor:** Chakravarthi Raghavan; **Editorial Assistants:** Lean Ka-Min, T. Rajamoorthy; **Contributing Editors:** Roberto Bissio, Charles Abugre; **Staff:** Linda Ooi (Administration), Susila Vangar (Design), Evelyne Hong & Lim Jee Yuan (Advisors).

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Varying visions and priorities at SDG working group

A UN working group formed to craft proposals for a set of Sustainable Development Goals for the international community held its first meeting in March. The discussions at the meeting reflected differences in developing and developed countries' positions on the nature and thrust of the SDGs.

by Bhumika Muchhala

NEW YORK: The first official presentation of views revealed differences between developing and developed countries over the vision and priorities for Sustainable Development Goals (SDGs).

At the inaugural meeting of the Open Working Group on Sustainable Development Goals (OWG) at the United Nations headquarters in New York from 14 to 15 March, most developing countries emphasized that these goals should be grounded in the 1992 Rio Principles, particularly the principle of "common but differentiated responsibilities". Developing countries also stressed that adequate and additional means of implementation must be the basis of the SDGs plan of action. However, developed countries emphasized poverty eradication as a collective responsibility (as opposed to an equitable approach) of SDGs, and prioritization of ecological improvements as an overarching objective of the SDGs.

Both developed and developing countries stated that the SDGs should be universal, integrate the three dimensions (economic, social and environmental) of sustainable development, and address currently unsustainable and unjust patterns of consumption and production.

One of the main outcomes of the United Nations Conference on Sustainable Development (Rio+20), held in Rio de Janeiro in June 2012, was the agreement by member states to launch an intergovernmental process to develop a set of SDGs.

During the negotiations at the Rio+20 conference, some developed-country governments had wanted to propose predominantly environmental goals as SDGs. However, the G77 and China group of developing countries called for a legitimate intergovernmental process to discuss and negotiate the SDGs in the UN. The compromise was to create an Open Working Group of 30 members through which the SDGs will be formulated.

The OWG was established on 22 January by the UN General Assembly. The member states have decided to use an innovative, constituency-based system of representation that is new to limited-membership bodies of the General Assembly. Most of the seats in the OWG are shared by several countries, resulting in an aggregate of 70 countries divided into 30 membership seats.

Reports on the progress of work of the OWG will be made regularly to the General Assembly, and according to the Rio+20 outcome document, the working group will submit a proposal on SDGs to the 68th session of the General Assembly that will convene from 17 September. The report will contain a proposal on SDGs for consideration and appropriate action.

"New form of global engagement"

At the opening of the first meeting of the OWG, the President of the 67th session of the General Assembly (PGA), Vuk Jeremic from Serbia, acknowledged the appointment of the two co-facilitators of the working group, Ambassador Csaba Korosi from Hungary and Ambassador Macharia Camau from Kenya.

The PGA stated that the SDG working group "should establish a new form of global engagement, whose scope may very well be difficult to grasp. Yet, in less than two years, that is exactly what needs to happen."

The topics chosen by the PGA for the thematic debates during the 67th General Assembly session are the following: "UN and global economic governance", on 15 April; "Sustainable development and climate change", on 16 May (organized in collaboration with the United Arab Emirates and spearheaded by Professor Jeffrey Sachs at Columbia University); "Culture for sustainable development", on 12 June (in collaboration with UNESCO); "Entrepreneurship for development", on 26 June (in partnership with

Israel, the sponsor country of the resolution that mandated its occurrence); and "Social inequality", on 8 July (in partnership with the Organization of American States).

Additionally, the PGA highlighted that he will organize a series of one-day workshops on the development, transfer and dissemination of clean and environmentally sound technologies and their links to sustainable development.

The PGA announced that for the High-Level Political Forum, which will follow up on the implementation of sustainable development, he has appointed Brazilian Ambassador Maria Luiza Ribeiro Viotti and Italian Ambassador Cesare Rapaglini as co-chairs. The Forum is also a decision from the Rio+20 conference. Further, for the intergovernmental process to propose options for an effective sustainable development financing strategy, the PGA has appointed Kazakhstan's Ambassador Byrganym Aitimova and Norway's Ambassador Geir Pedersen as co-chairs.

On 25 September, a special event on achieving the Millennium Development Goals (MDGs) will be held in New York during the high-level segment of the general debate of the 68th General Assembly session. To prepare for this special event, the PGA has appointed Irish Ambassador Anne Anderson and South African Ambassador Kingsley Mamabolo as co-chairs of the process. The September special event will, according to the PGA, be the "final occasion for world leaders to decide on actions that need to be taken to complete the MDG process."

The PGA emphasized that the activities of each of the numerous processes – including the special event on the MDGs, the UN Secretary-General's High-Level Panel (comprising the UK prime minister and Indonesian and Liberian presidents), the SDG Open Working Group, the sustainable development financing committee, the High-Level Political Forum and the UN Economic and Social Council (ECOSOC) in general – need to be mutually reinforcing and complementary, ultimately converging into a single, fully cohesive whole.

For the opening of the OWG meeting on 14 March, all UN member states were invited to attend. This was welcomed by the member states that are not part of the 30 or 70 members of the working group and that have been requesting that they also be allowed to be present at the meetings of the OWG. Rules of participation by various categories of countries that are members or non-members are expected to be clarified later.

Genuine global partnership

The Chairman of the Group of 77 and China (G77), Ambassador Peter Thomson from Fiji, made a statement at the morning session.

He stressed that the SDGs should be based on a genuine global partnership that requires a new thinking on international cooperation. This should move away from the traditional "donor-recipient" paradigm to one that gives responsibility and sufficient policy space to developing countries, taking into account their different national circumstances, priorities and capabilities.

Thomson said that there should be a focus on eradicating the problem of inequality between and within countries. In practice, this means that the development and implementation of SDGs must be based on the principle of common but differentiated responsibilities. It means that SDGs should not place additional restrictions or burdens on developing countries. Importantly, it requires the donor community to honour its international commitments especially those related to financial resources, technology transfer and capacity-building.

He stressed on technology transfer and technological cooperation, saying, "Elaborating on these commitments, they must be matched by the effective transfer of financial and technical resources, which improve conditions in the developing countries and assist in eradicating poverty. Transfer of technology must encompass technological cooperation and the necessary technical and commercial information to understand, use and develop cutting-edge technology with a view to promoting endogenous capacity to use and further develop such technologies. Moreover, the dissemination of related technological knowledge as well as technical and commercial cooperation is also important. Only through this effective transfer and sharing will it be possible to promote the use and subsequent development of technology by developing countries themselves."

"Promoting mechanisms that strengthen capacity-building, the allocation of adequate, predictable and additional financial resources and the transfer of cutting-edge technologies on concessionary terms from the developed to the developing countries must be a top priority," he added.

The G77 Chairman also reiterated that for SDGs to be successful, it is important that these goals be based on the outcomes of Agenda 21 (1992) and the Johannesburg Plan of Implementation (2002), as well as outcomes of all UN major summits in the economic, social and environmental fields, including the Istanbul Programme of Action [for least developed countries (LDCs)], the Barbados Programme of Action and Mauritius Strategy [for small island developing states (SIDS)].

He further alluded to unsustainable patterns of consumption and production, saying, "Any vision of sustainable development ideal for the 21st century must recognize that eradicating poverty, removing inequalities and achieving social justice is inextricably linked to ensuring ecological stability and renewal so as not to jeopardize the needs of future generations. We must therefore increase our efforts towards changing unsustainable patterns of consumption and production, with developed countries taking the lead."

The G77 Chairman called for augmenting developing-country voice in global economic and financial decision-making, stressing, "There is a need for an ample international dialogue with a view to building a new financial architecture that guarantees the democratization and transparency of financial management and institutions and in this sense, it is indispensable to guarantee the full participation of developing countries in the reform of the international economic and financial architecture, favourable to sustainable development. We must advance towards a far-reaching democratization of the international financial institutions, significantly increasing the voice, representation and voting power of developing countries."

The Group emphasized that a genuine global partnership must be founded on strong political will and shared responsibility. "It requires strengthened commitment from our developed partners to provide international cooperation and sufficient policy space to developing countries, taking into account their different national circumstances, priorities and capabilities. In this regard, particular attention must be given to developing countries with a focus on eradicating the problem of inequality between and within countries."

Thomson said that the Group is

happy to see the OWG commencing its work. "The Group has held the view that it is imperative for the success of this multilateral endeavour that the wishes of all members are accommodated. The convening of today's meeting exhibits this achievement."

The G77 Chairman then alluded to the importance of allowing all UN member states as well as other stakeholders to take part in the OWG, in order to ensure that the process is inclusive and open.

He said: "The Group of 77 expresses its congratulation to the 30 members of the OWG on their nomination. The Group reassures them of its support and trust that in the conduct of their affairs, they will consider and provide ample opportunities for all other members of the United Nations, relevant stakeholders from civil societies, the scientific community and the United Nations systems to contribute to their deliberation in line with the mandate of the Rio+20 Outcome Document. It is vital for the success of this OWG that it is inclusive, open and transparent."

"The Group notes that the main task of the OWG is to submit a report containing a proposal for sustainable development goals to the Assembly at its sixty-eighth session in September 2013 for consideration and appropriate action. In view of the time constraint, the Group is ready to engage constructively in substantive discussions in the identification and formulation of these goals."

The Chairman said that Paragraph 246 of the Rio+20 outcome document states that the SDGs should be a driver for implementation and mainstreaming of sustainable development in the United Nations system as a whole.

"While the development of the SDGs must not divert focus or effort from the achievement of the MDGs, the Group stresses the need for serious concerted effort in this OWG towards developing a concise set of aspirational, concise, action-oriented, universally applicable sustainable development goals," said the G77 Chairman.

He emphasized that the SDGs should be guided by a set of key principles with an overarching objective of achieving poverty eradication.

"These SDGs should be balanced, coherent with and integrated into the United Nations' post-2015 development agenda in a way that incorporates the social, economic and environmental dimensions of sustainable development and their interlinkages," the G77 Chairman said, adding that "the human rights underpinning the MDGs have highlighted how poverty is multidimensional and that development must be achieved in a holistic sense, emphasizing our desire to be freed from misery and suffering, hunger, illiteracy, disease, poor housing, insecurity and so on."

The relationship between the SDGs and MDGs was clarified by the G77 Chairman: "The Group underscores the fundamental importance for the SDGs to build upon and complement the MDGs. As we focus our attention on the SDGs, it is imperative that we learn from the lessons of the MDGs. One of the key shortcomings of the MDGs is the lack of accountability in the global partnership under MDG8. For example, MDG8 explicitly recognized the special needs of vulnerable countries and called for strengthening of commitments to increase [official] development assistance (ODA) to LDCs, LLDCs [landlocked developing countries] and SIDS. However, the targets and indicators were not backed up by any quantitative nor time-bound targets."

He added, "In addition, developing countries need a favourable international economic climate if their national development policies and programmes are to succeed. In this connection, the Monterrey Consensus provides the United Nations with a framework for promoting an economic climate favourable to development financing in its national, international and systemic aspects. We should continue working on these issues."

And finally, reference to the key outcomes of past conferences was made by the Chairman: "The Group further reiterates that the means of implementation identified in Agenda 21, the Johannesburg Plan of Implementation, the Monterrey Consensus and the Doha Declaration on Financing for Development are indispensable for translating the SDGs into tangible sustainable development outcomes. The Group of 77 is of the view that each SDG must be linked to an effective means of implementation."

LDC priorities

On behalf of the LDC group, Benin said that LDCs are underrepresented in the OWG, comprising only seven seats out of the 30 official members. Meanwhile, more than 25% of the total membership of the UN is represented by 49 LDCs.

Benin stressed that it is important to the LDC group that the working group fully integrates the priorities of the LDCs in the goals and targets of the SDGs. Paragraph 181 in the Rio+20 outcome document states that the Istanbul Programme of Action is to be effectively implemented, and Paragraph 34 reaffirms that the international community commits to assist LDCs in achieving the Istanbul Programme of Action in line with a development pathway of sustainability.

Benin called upon the working group to devote a full session to discussing the special vulnerabilities and challenges that LDCs face in sustainable development. This discussion should be balanced on the issues of poverty and its consequent challenges, particularly for the ability and capacity of LDC countries to realistically achieve the SDGs that will be formulated.

In particular, ODA commitments by donor countries need to be reviewed and financial support to LDCs that was committed to in the Istanbul Programme of Action needs to be followed through. The implementation of duty-free quota-free market access for LDC products, in the spirit of the WTO Doha development agenda, also needs to be followed through. Furthermore, Benin called on the international community to support the transfer of technologies to LDCs, including through technology bonds as suggested in the Istanbul Programme of Action.

Benin also said that some goals or sections in the SDGs should address LDCs specially, and during the course of the OWG, the LDC group will make specific proposals in this regard. The working group is a new process in the UN, and as such it provides an opportune moment for the UN to prove its centrality, legitimacy and efficacy that does not come often, maybe once in a decade. Benin emphasized that this working group will be the litmus test for the international community to prove that it is truly committed to addressing sustainable development, especially the kind that would have a transformative impact on LDCs.

Speaking on behalf of the SIDS, Papua New Guinea said that the SDGs should consolidate the implementation of the MDGs, since all developing countries have invested heavily in this development process. The setting of targets and indicators should be quantifiable, strategic and universal. In particular, Papua New Guinea said that oceans, which remain the lifeblood of the SIDS, need to become an integral part of the post-2015 development framework.

The SIDS include the islands of Nauru, Tonga, Tuvalu, Vanuatu and Papua New Guinea.

On behalf of the African Group, Chad said that the group aligns itself with the statement of the G77 and China. Chad said that the African Group underscores the importance of transparency, inclusivity and openness in the work of the SDG working group. In particular, openness means that the OWG should also take into account contributions from member states which do not have seats in the working group. Chad reiterated the importance of the MDGs and the commitment of the international community to their achievement.

Existing declarations and outcome documents are vital to the design of the SDGs, including Agenda 21 and the Johannesburg Plan of Implementation. Also vital to the SDGs are its means of implementation, in particular financial resources and technology transfer.

The African Group further stressed that the process of formulating SDGs must take into account varying capacities and levels of development. The Rio Principle of common but differentiated responsibilities should guide the process of the working group, as the principle is indispensable to ensure equitable development policies.

Sustainable development and poverty eradication

Speaking for the country grouping of Brazil and Nicaragua, Brazil said they associate themselves with the statement of the G77 and China, and that Rio+20 reaffirmed the international community's commitment to sustainable development, while recognizing that eradicating poverty is the greatest global challenge.

Brazil said the SDGs must be centred on addressing unsustainable patterns of production and consumption, especially in the context of growing access to and demand for material goods. The SDGs, Brazil stressed, must be universal goals based on the principle of common but differentiated responsibilities. With this principle, the SDGs have the potential to redirect global development efforts towards a path of equity and sustainability.

The SDGs should include the principles of equality, sustainability, complementarity and solidarity and be based on Agenda 21, the Johannesburg Plan of Implementation, "The Future We Want" (the Rio+20 outcome document) as well as the outcomes of all UN major conferences in the economic, social and environmental fields.

Brazil stressed that the implementation of the post-2015 development agenda, and the SDGs in particular, should be done by the High-Level Political Forum. While ending poverty requires focusing on the 928 million people in developing countries, sustainable development actions require differentiated efforts from all countries. Thus, the means of implementation also differ significantly. Eradicating poverty will rely more on increased levels of ODA and loans on concessional terms, and less so on private investments. Sustainable development, on the other hand, allows for more diverse financing schemes, including the role of the private sector.

In particular, Brazil stressed that the already limited funds currently being channelled to the MDGs cannot be spread thin by diluting poverty eradication among a series of sustainable development goals. Implementation of the SDGs will require a new financial arrangement. This is why the work of the intergovernmental committee of experts on a financing strategy for sustainable development must complement that of the SDG working group.

Bearing this in mind, the outcome of the working group's discussions cannot be prejudged by calling prematurely for a single set of development goals that would subsume renewed MDGs and SDGs. An open mind must be maintained toward all possible approaches that allow for a twofold objective of eradicating poverty and achieving sustainable development.

Speaking for the country grouping of China, Indonesia and Kazakhstan, China said that members of the SDG working group should pool their wisdom and make a concerted effort to submit a satisfactory report to the 68th General Assembly.

China said the SDGs should embody three priorities. First, the SDGs should be guided by the Rio principles, in particular, the principle of common but differentiated responsibilities. The goals should be universal, but at the same time respect the differences of countries in national conditions and development stage so as to ensure the right to development and policy space of all countries.

Second, the SDGs should be based on the MDGs and refer to the priority areas defined by Agenda 21, the Johannesburg Plan of Implementation and the Rio+20 outcome document.

Third, the OWG should be an inclusive and transparent intergovernmental process based on the working principle of consensus among members. The final report of the working group should reflect the views of all its members in a comprehensive and balanced manner, and after being submitted to the 68th General Assembly, the report should only serve as a reference for the formulation of the SDGs. The final set of SDGs should be adopted by member states through the intergovernmental consultation process at the General Assembly.

Common but differentiated responsibilities

Speaking for the country grouping of India, Pakistan and Sri Lanka, India said they associate themselves with the statement of the G77 and China. India, like most other developing countries, also called for the principle of common but differentiated responsibilities to underpin the SDGs, which "can only be meaningful if differentiation is appropriately embedded in them."

Furthermore, India said that "it is unreasonable to craft SDGs without paying due regard to the responsibility of those who rushed towards development without much regard for the needs of the global environment." India agreed with Brazil that addressing unsustainable consumption and production patterns in the lifestyle of people in developed countries is critical. In alignment with all developing countries, India stressed that the means of implementation are at the epicentre of the SDGs, for the goals cannot be targets that countries would have to meet through their own resources.

Mobilization of international resources, including ODA, technology transfer and capacity-building, is also critical. However, ODA alone will not be sufficient to meet the SDGs. A restructuring of the global financial infrastructure is needed so that it is conducive to development and provides policy space for developing countries to combine the benefits of economic growth, social equity and environmental opportunity.

For example, food security cannot be solved only by addressing the fragilities in agricultural practices. Macroeconomic issues of agricultural subsidies, rules of multilateral trade and capacities of countries to absorb shocks must also be addressed. Thus, ensuring financial stability, market access for developing countries, agreement on a debt settlement mechanism and greater say for developing countries in global governance structures remain fundamental and critical. Importantly, South-South cooperation must contribute to a global partnership for SDGs, but it cannot be a substitute for North-South cooperation.

India proposed that the working group first develop a set of standalone economic, social and environmental goals as part of the SDG menu, before delving into their interlinkages.

On behalf of the Caribbean Community (CARICOM), comprised of 14 member states of the Caribbean islands, Guyana said that the SDGs must be coherent and coordinated with other processes. In other words, there should be adequate means of implementation, based on the principle of additionality and which include traditional forms of financing, especially for highly vulnerable countries and their efforts to secure economic resilience. The SDGs must also be universally applicable, people-centred, directly relevant to national priorities, respectful of country ownership, and flexible to differentiated approaches and measures.

Guyana said the CARICOM region is in the process of refining some key areas that could be considered in the elaboration of SDGs, which include linkages between energy, food and water. In particular, health can be treated in a more holistic manner addressing both communicable and non-communicable diseases; education can be enhanced in terms of access and quality; and measures can be strengthened to address disaster risk reduction and climate change adaptation.

The SDGs also need to be well coordinated in the context of the post-2015 development agenda. For CARICOM, Guyana said, this means redoubling efforts to attain the MDGs by 2015 and determining how to treat those MDGs which will not be achieved by 2015. The successful implementation of any SDG will depend to a large degree on the extent to which the elaboration of MDGs and SDGs can be comprehensively reconciled within the context of the broader post-2015 development agenda.

The European Union (EU) said that SDGs should be global in nature, limited in number, action-oriented, and linked to concrete targets and indicators. The EU reaffirmed that SDGs need to integrate the three dimensions of economic, social and environmental issues in a balanced and coherent way, taking into consideration different capacities and level of development.

They welcomed an inclusive and transparent conduct of the working group, with input and support from the UN system as well as from the office of the UN Secretary-General. The working group needs to be informed by research-based evidence and input from the broadest possible range of actors.

The EU said it will be important to integrate progress made on the various other fronts, including the work of the Secretary-General's High-Level Panel, national and regional consultations, as well as the thematic consultations led by UN agencies.

The EU affirmed that the working group should contribute to the special event on the MDGs and post-2015 development framework in September.

Needs of the poor

Speaking for the country grouping of Denmark, Ireland and Norway, Ireland said that the needs of the millions of poor are the current priority. It said that the collective responsibility in realizing a set of collective goals requires a unified global approach to the eradication of poverty and the achievement of equitable development. One fundamental point, Ireland stressed, is that all contributions to the SDG process should be based on the firm view that the objective of poverty eradication, in all its manifestations, is the key goal and will permeate through all goals and targets.

Ireland asserted that three key requirements for sustainability are that of reforms to the political economy, changing unjust patterns of consumption and production, and protecting and managing natural resources. An area for consideration by the working group is that of open and universal goals. There is a firm recognition that civil society and other partners, including the scientific community and the private sector, have immense knowledge to contribute. Outreach to relevant international processes and integration of lessons of scientific evidence and the lessons and weaknesses of the current MDG framework are also important.

Speaking for the country grouping of the UK, Australia and the Netherlands, the Netherlands said a lot of unfinished business from Rio+20 still exists, particularly on gender, sexual and reproductive rights, and sustainability. While the global economy has achieved economic and social progress, ecological issues have not been adequately addressed.

The report of the UN Environment Programme (UNEP) Global Environment Outlook, in which 600 scientists look at multilateral agreements, concluded that apart from just four criteria, the world has hardly made any progress on the global ecology front. The ways and means for the SDGs will require informal dialogue based on solid scientific evidence.

The UN has made a "quantum leap" today by electing co-chairs, adopting an agenda and adopting the modalities of work for the SDG working group. "Considering the UN, this is moving ahead at the speed of lightning," said the Netherlands.

Speaking for the country grouping of Italy, Spain and Turkey, Spain said that the SDGs have not had an easy start. However, the work of the OWG will feed into the myriad other processes underway in the UN system.

Spain said that peace, security and the rule of law will be important to address, as will consideration of different national capacities and policy agendas. The needs of LDCs are of key importance for a sustainable future, and the role of middle-income countries is vital to go forward beyond the traditional donor-recipient relationship.

Some key elements for the post-2015 agenda are food security, water, sanitation and the need to protect the environment and natural resources. Changing unsustainable patterns of production and consumption is a key element, and includes managing the input and output of production as a life-cycle approach.

Today, said Spain, addressing sustainable development in its three dimensions is a first step toward the post-2015 framework.

The co-chairs of the OWG decided on 18-19 April as the dates for the next meeting. However, several countries, including Egypt, Colombia, Pakistan, Bolivia, Ecuador and Turkey (in order of intervention), called for a postponement of the next meeting in order to allow for more time to prepare substantive proposals and to bring experts from capitals. Furthermore, many countries called for a longer duration for the meetings than two days, in order to allow for a more substantive, thorough and nuanced discussion. *(SUNS7547/7548)* ❐

General Council Chair sets out detailed plan on WTO DG selection

The next WTO head will be chosen by the end of May after a process of consultations with country delegations to be conducted by the Chairperson of the WTO General Council.

by Kanaga Raja

GENEVA: The Chair of the General Council of the World Trade Organization (WTO), at an informal meeting on 19 March, set out the organization of work for the coming weeks in relation to the final phase in the process of selecting the next Director-General of the organization.

At an informal meeting of the General Council at the level of heads of delegation on 13 March, the Chair, Ambassador Shahid Bashir of Pakistan, had announced that this final phase, involving consultations with members, would commence on 2 April and conclude not later than 31 May.

The next Director-General, once appointed, will be replacing current incumbent Pascal Lamy, who will be concluding his second four-year term on 31 August. There are currently an unprecedented nine candidates vying for the post of WTO head: Alan John Kwadwo Kyerematen (Ghana), Anabel González (Costa Rica), Mari Elka Pangestu (Indonesia), Tim Groser (New Zealand), Amina C Mohamed (Kenya), Ahmad Thougan Hindawi (Jordan), Herminio Blanco (Mexico), Taeho Bark (Republic of Korea) and Roberto Carvalho de Azevedo (Brazil).

The appointment process is being conducted by the General Council Chair, who is assisted in this process by the Chair of the Dispute Settlement Body, Ambassador Jonathan Fried of Canada, and the Chair of the Trade Policy Review Body, Ambassador Joakim Reiter of Sweden, both acting as facilitators. Together, all three form the so-called "troika".

The organization of work set out envisages the consultation process on a "confessional basis" to ascertain the preferences of members and the breadth of support for each candidate, with a first round starting on 2 April and concluding on 9 April. Each member will be asked to put forward four preferences. No negative preferences would be accepted at any stage in the consultation process.

At the conclusion of that round, the results will be conveyed at an open-ended heads-of-delegation (HOD) meeting. Of the nine candidates, four would be expected to withdraw at the end of that round.

In the second round, members would be asked to put forward two preferences, and at the end, when the results are conveyed to the HOD, three candidates would be expected to withdraw, leaving two candidates for the third round. The General Council Chair and facilitators hope to complete the process in the third round, failing which a fourth round may ensue.

Adherence to 2002 Procedures

At the 19 March informal HOD meeting, the General Council Chair said that under the 2002 Procedures for the appointment of Directors-General, the General Council is directed in this phase to proceed, through a process of consultations, to narrow the field of candidates and ultimately to arrive at its choice for appointment.

"In line with the Procedures, the ultimate aim of the consultation process shall be to identify the candidate around whom consensus can be built. In order to do this, the Procedures specify that it may be necessary to conduct successive consultations to identify the candidate or candidates least likely to attract such a consensus. The process is to conclude with a General Council meeting convened not later than 31 May 2013, at which a decision to appoint a new Director-General must be taken."

Ambassador Bashir noted that "the Procedures specifically require us to consult with all Members, including non-residents. We are fully committed to meeting this requirement and we count on all delegations to assist us by coming forward to consult with us. We will establish contact with non-resident Members, and will also urge them to use the opportunity of the Geneva Week, later in April, to meet with us."

The Chair recalled that at the informal HOD meeting on 13 March, virtually all delegations who spoke stressed that the process should be guided only by the existing Procedures, while also offering suggestions for clarity on paragraphs 17 and 18.

"The facilitators and I remain firmly committed to continuing strict adherence to the Procedures and time-frames, and today we would like to inform you on how we intend to conduct the further process."

(Paragraph 17 of the 2002 Procedures states: "The Chair, with the assistance of the facilitators, shall consult all Members, including non-resident Members, in order to assess their preferences and the breadth of support for each candidate. The ultimate aim of the consultation process shall be to identify the candidate around whom consensus can be built. In order to do this, it may be necessary to conduct successive consultations to identify the candidate or candidates least likely to attract such a consensus.")

(Paragraph 18 of the Procedures states: "The outcome of the consultations shall be reported to the membership at each stage. It is understood that the candidate or candidates least likely to attract consensus shall withdraw. The number of candidates expected to withdraw at each stage shall be determined according to the initial number of candidates, and made known in advance. This process shall be repeated in successive stages on the basis of a revised slate of candidates each time, with the aim of establishing consensus around one candidate.")

In his statement, the General Council Chair said that in setting out the elements of the organization of work for the weeks ahead, both he and the facilitators were guided by members' views expressed at the 13 March meeting, including:

- Members stressed the importance of strict adherence to the 2002 Procedures in this exercise, and of moving rapidly towards narrowing the field of candidates.
- A large number of members preferred having three or at most four rounds of consultations, recognizing that, as a practical reality, given the time available, four rounds of consultations is the absolute maximum.
- Another element that emerged clearly was members' preference for having only two candidates in the final round, in order to facilitate the building of consensus. In this regard, and again considering the limited time available as well as the number of candidates, a number of members mentioned the need to reduce the slate of candidates efficiently, and provided suggestions on how many candidates may be expected to withdraw at the end of each round. This means that by the time the final stage is reached,

seven candidates would be expected to withdraw.

● Many members, with a view to the need to reduce the slate of candidates efficiently, highlighted the importance of showing restraint in the number of preferences to be expressed.

Organization of work

The Chair then went on to inform members of the different elements of the organization of work.

First, he said that on the matter of the number of rounds of consultations, "we will aim at having three rounds of consultations. It is our hope and intention that a fourth round will not be necessary, but we cannot, of course, at this stage *a priori* preclude that a fourth round may be required by unexpected circumstances, depending on the preferences you, the Members, express."

"Second, in light of the clear preference for having only two candidates in the final round and bearing in mind our aim of having three rounds, four candidates would be expected to withdraw in the first round and, on this basis, three would be expected to withdraw in the second round."

Third, said Ambassador Bashir, with regard to the question to which members will be expected to respond in the consultations, as was done in 2005, the question will be "What are your preferences?" – this means more than one, that is multiple, preferences without ranking.

"In view of what we heard from Members at the 13 March HODs [meeting], we urge all delegations to come forward with four preferences in the first round of consultations and, on this basis, Members are expected to express two preferences in the second round. On this point, let me also reassure Members here that we will not accept any negative preferences," he added.

Fourth, in line with past practice, "we will consult all heads of delegation in their capacity as representatives of individual Members. The consultations will be on a 'confessional' basis, in accordance with time-honoured practice since the WTO's creation – this process is understood and practised by all."

"I and both facilitators – and only we – will be present during all consultations. The positions and views expressed by Members will be treated in the strictest confidence by us, as has always been the case in the WTO. No information or other forms of indications of individual Members' specific preferences will be made available by us to other Members, to the candidates or to the public at large."

Fifth, "in assessing the information we receive and reporting to Members, we shall be guided by the elements set out in paragraph 17 of the 2002 Procedures, which states: 'The Chair, with the assistance of the facilitators, shall consult all Members, including non-resident Members, in order to assess their preferences and the breadth of support for each candidate'".

In 2005, Ambassador Bashir noted, the then General Council Chair explained that: "As regards the breadth of support, we considered the distribution of preferences across geographic regions and among the categories of Members generally recognized in WTO provisions: that is, LDCs [least developed countries], developing countries and developed countries."

He added that the then Chair also said that other criteria were considered and rejected by members in the formulation of the Procedures in 2002. As reflected in past decisions and in experience, and based on common sense, "breadth of support" means the larger membership.

Sixth, Ambassador Bashir underlined that paragraph 18 of the agreed Procedures also requires that "The outcome of the consultations shall be reported to the membership at each stage."

Accordingly, he added, the outcome of the first round of consultations will be reported to all members at an open-ended HOD meeting to be held as soon as possible following the conclusion of the round. In respecting the dignity of the candidates and the members nominating them, members who nominated candidates will be informed of the outcome immediately after each round and before the rest of the membership.

"This process will be repeated after each round of consultations, so as to ensure transparency, inclusiveness and full participation in every step of the process."

Finally, Ambassador Bashir said that regarding the organization of the work, taking into account the Easter break, the first round of consultations will start on 2 April. "We will aim at finishing the first round in six working days, i.e., on 9 April."

"Once the first round of consultations has been finalized, we will convene an open-ended meeting of heads of delegations to present the outcome of the consultations, the new slate of candidates, and the timetable for the second round of consultations which will begin promptly thereafter," the Chair said, stressing once again to the membership that "this is your process: the decision to appoint the new Director-General is yours to make".

According to trade officials, no delegation took the floor following the General Council Chair's statement. *(SUNS7550)* ❐

Progress on trade facilitation "too slow" for a deal in Bali – Chair

Disagreements among member states are holding up efforts at the WTO to get an accord on trade facilitation ready for the organization's Ministerial Conference to be held in Bali in December.

by Kanaga Raja

GENEVA: Progress in the negotiations on trade facilitation is "too slow" to meet members' expectations of being in a position to present an agreement on trade facilitation in time for the ninth WTO Ministerial Conference taking place in Bali this December, the Chair of the WTO Negotiating Group on Trade Facilitation has warned.

Providing this assessment on the last day of a week-long session of the negotiating group (11-15 March), the Chair, Ambassador Eduardo Ernesto Sperisen-Yurt of Guatemala, said: "Based on our existing process, we will not make it by December."

While some progress had been made during the week that had helped to clean up the draft text (TN/TF/W/165/Rev.14 of 17 December 2012) based on the facilitator-led process at expert level (involving facilitators from some 17 countries), the Chair said: "There are still many points of disagreement in the draft text, covering virtually all components."

Broader negotiating approach

The Chair went on to say that if members shared his assessment of the situation, "then we have to ask ourselves what we can do to accelerate progress". He noted that at the last meeting of the negotiating group, many members had suggested the introduction of a broader, more horizontal approach that will allow work to be taken up more holistically and to address key choices that will have to be made across the board in the draft text.

The Chair said that members have been applying that approach to Part 2 of the draft agreement (on provisions on special and differential treatment for developing and least developed countries) since January, under the leadership of Michael Stone (of Hong Kong-China) – it has involved moving away from trying to deal with the draft text in a piecemeal way, section by section, and instead taking a look at the provisions in their broader context.

As a supplement to the current negotiating method, the Chair proposed extending this approach to Part 1 of the draft agreement (relating to commitments on issues such as publication and availability of information, advance rulings and appeal procedures, disciplines on fees and charges, release and clearance of goods, consularization, formalities with respect to importation and exportation and transit, and customs cooperation).

This would involve the appointment of three additional "Friends of the Chair" to complement the work that Stone is already tasked with doing. The three will be Ambassador Yonov Frederick Agah of Nigeria, Ambassador Mario Matus of Chile and Ambassador Remigi Winzap of Switzerland.

Ambassador Sperisen-Yurt elaborated on his proposed negotiating process, saying that firstly, the process would apply, in the first instance at least, to the negotiations between now and the next negotiating group meeting, which he proposed will take place from 21 to 24 May. At the May meeting, members shall review how this process is working and, as necessary, make further adjustments.

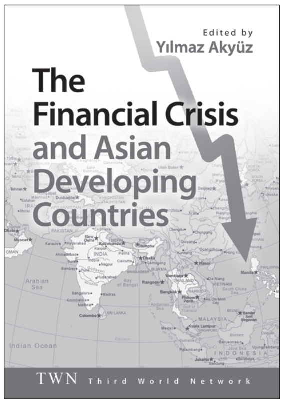
Secondly, the "Friends of the Chair" will be tasked to carry out consultations – under the Chair's overall guidance – on "key sticking points" in the draft text that are preventing the facilitators from making progress on cleaning out the square brackets (currently some 650, according to trade officials) which indicate lack of agreement.

According to the Chair, the aim is to explore whether further progress can be made towards agreement on the draft provisions by taking them up in a broader context than has been the case until now. The Friends could, for example, seek to narrow differences in the underlying principles that may be blocking progress, or consider whether an

(continued on page 16)

The Financial Crisis and Asian Developing Countries

Edited by *Yilmaz Akyüz*



ISBN: 978-967-5412-52-3 352pp
16.5 cm x 24 cm Year: 2011

The world was plunged into the most severe economic and financial crisis of post-war times in 2008-09, and even the most dynamic growth region, Asia, was not spared from its effects. This book examines how the developing economies of Asia were hit by the turmoil, the measures they took in response and the policy lessons to be drawn from this experience.

From its epicentre in the major advanced economies, the shockwaves of the crisis were transmitted to Asia via trade and finance. To deal with these damaging effects, most of the regional economies adopted expansionary fiscal and monetary policies, which have largely proved effective in stabilizing conditions and promoting recovery.

Whether this recovery will be sustainable, however, will depend on how the developing countries of Asia address the structural fragilities the crisis has exposed in their economies. As this book makes clear, the region's economies should seek to rebalance domestic and external sources of growth, as well as pursue strategic rather than full-blown integration with global financial markets.

Written for the second phase, commencing 2009, of a Third World Network research project on financial policies in Asia, the papers collected in this book look at the crisis and its implications for the region from a broad standpoint and also in relation to selected individual countries from east, Southeast, South and West Asia.

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The rise of BRICS in global investment

A new UN agency report charts the growing importance of the BRICS countries as both sources and recipients of investment flows.

by Kanaga Raja

GENEVA: The BRICS countries – Brazil, Russia, India, China and South Africa – have played an important role in the current pattern of global investment, and are emerging as major recipients of foreign direct investment (FDI) as well as increasingly important outward investors, according to the United Nations Conference on Trade and Development (UNCTAD).

In a special edition of its *Global Investment Trends Monitor* focusing on BRICS, released on 25 March, UNCTAD said that over the past decade, FDI inflows to BRICS more than tripled to an estimated $263 billion in 2012. As a result, it added, their share in world FDI flows kept rising even during the crisis, reaching 20% in 2012, up from 6% in 2000.

The BRICS countries have also become important investors – their outward FDI has risen from $7 billion in 2000 to $126 billion in 2012, or 9% of world flows. Ten years before, that share was only 1%.

According to UNCTAD, BRICS countries are becoming significant investors in Africa, including in manufacturing and services. Although Africa accounts for only 4% of BRICS FDI outflows, BRICS countries have joined the ranks of top investing countries in Africa; in 2010, the share of BRICS in FDI inward stock to Africa reached 14% and their share in inflows reached 25%.

Inflow and outflow trends

Analyzing inward FDI patterns in BRICS, the UNCTAD report underlined that the big jump in FDI inflows to BRICS took place from 2003 to 2008, growing from $77 billion to $281 billion, with China and Russia accounting for the lion's share of growth.

"FDI flows to BRICS remained relatively resilient to the crisis compared to other countries, with a decline in inflows by 30% in 2009 (compared to 40% for developed countries), and a much more rapid recovery to peak levels."

As a consequence, the share of FDI flows to BRICS in the world total kept rising during the crisis and reached a record of 20% in 2012, over three times more than the 6% share registered in 2000.

Almost half (46%) of FDI flows to BRICS go to China, followed by Brazil (25%), Russia (17%) and India (10%).

With the rapid rise in inflows, the FDI stock in BRICS countries is increasing as well, standing at 11% of global FDI stock and catching up with developed economies.

As for outward FDI trends in BRICS, the report found that the rise in FDI outflows started slightly later than that of inflows, jumping from $31 billion in 2005 to $93 billion in 2006.

BRICS investors also remained resilient to the crisis, with outflows dropping by only 26% in 2009, compared to 41% for the world as a whole.

As a result, said UNCTAD, the role of BRICS as investors increased significantly, accounting for 9% of world outflows in 2012 – 10 years before, that share was only 1%.

"China and the Russian Federation account for the lion's share of flows from the grouping, with 54% and 40% respectively."

The report also examined the destinations for outward FDI from the BRICS countries, disregarding investment flows to offshore financial centres, which it said are significant.

From this, it observed that a significant share of BRICS outward stock is in developed economies (42%), with the bulk going to the European Union (34%).

"These investments are in large part driven by market-seeking motives, and cross-border M&As [mergers and acquisitions] are a key mode of entry with M&A purchases in developed countries amounting to $105 billion in the 2010-2012 period."

It said that intra-regional FDI is very important for BRICS countries, with neighbouring economies accounting for 70% of outward stock in the case of China and 40% in the case of Brazil in 2011. These investments often take place in the context of regionally integrated production networks (or regional value chains).

Intra-BRICS investment

It however found that FDI between BRICS is relatively limited. FDI stock to other BRICS accounts for only 3.2% of Indian outward stock, 2.2% of Chinese stock, and 0.3% of Russian and Brazilian outward stocks.

And the share of FDI outward stock holdings by BRICS countries in other BRICS countries is only around 2.5%, compared to the 10% that BRICS represent in world inward stock.

While bilateral FDI stock among BRICS countries is limited, it has grown fast over the past decade, from $260 million in 2003 to $29 billion in 2011. BRICS outward stock in other BRICS countries increased from 0.1% in 2003 to 2.5% in 2011.

In terms of individual BRICS countries, the report found that Brazilian direct investment in other BRICS countries is modest ($0.5 billion). Bilateral economic relations are the strongest with China, but they are mainly driven by trade, amidst a boom in Brazilian exports of primary goods to China in recent years.

The presence of Brazilian companies in China is limited, and their main business activity is the provision of services (such as finance, business consulting and trading), sales and distribution of their products, and procurement.

China is the largest investor among the BRICS countries, with a total of nearly $425 billion in FDI stock worldwide. However, its outward FDI stock to other BRICS countries accounts for only 2.2% of the total.

South Africa and Russia have been important targets of outward FDI from China. With FDI stocks of $4.1 and $3.8 billion respectively by the end of 2011, the two countries were the eighth and ninth largest recipients of Chinese FDI. The services sector accounts for a major share of Chinese FDI stock in these two countries.

According to the report, at the stock level, the amounts of Chinese FDI in Brazil and India were comparably small, at $1.1 billion and $657 million respectively, but their recent flows have been high, in particular in the Brazilian M&A market, only behind acquirers from the United States.

Total outward FDI stock of India in other BRICS countries amounted to $2 billion by the end of 2011, of which Russia accounted for three-fourths. The amounts of Indian FDI stock in Brazil, China and South Africa were $74 million, $229 million and $194 million respectively.

Indian transnational corporations (TNCs) in the IT services industry, such as Infosys and Wipro, have expanded their business activities into Brazil and China through greenfield investment. Indian companies have also been active in extractive industries in Russia and manufacturing in South Africa. For example, India's state-owned ONGC Videsh participated in various oil and gas exploration projects in Russia, and Tata Group has invested in automotive and ferrochrome plants in South Africa.

One-fifth of the outward FDI stock of South Africa was located in the "BRIC" in 2011, mainly in China. Russia is the second largest, followed by India and Brazil which have attracted marginal volumes of investment from South Africa.

With the 20% BRIC share in 2011, this share was only slightly less than the country's outward stock in other African countries, which stood at 23%.

"In terms of sectoral distribution, South African outward FDI in BRIC is concentrated in mining, infrastructure and construction, and finance and business services."

Recently, said UNCTAD, Russian TNCs have found their way to the BRICS countries, increasing their stock to $1.1 billion.

"In contrast to TNCs from other BRICS countries, the main aim of Russian TNCs is not simply to secure the supply of raw materials to their home country, but also to expand their control over the value chains of their own natural resources, to build sustainable competitive advantages vis-a-vis other firms, and to strengthen their market positions in key developing countries."

For example, Rosneft formed a joint-venture with CNPC (China) to develop oil extraction projects in Russia and downstream operations in China.

Investments in Africa

The UNCTAD report emphasized that BRICS countries are significant investors in Africa. Their share in the continent's FDI stock and flows reached 14% and 25% respectively in 2010.

"This trend is likely to be reinforced in the future. The rapid economic growth and industrial upgrading currently taking place in BRICS countries provide ample opportunities for their firms to seek opportunities to invest in Africa, including in manufacturing and services sectors."

Indeed, said UNCTAD, the rise of FDI in manufacturing, which has positive consequences for job creation and industrial growth, is becoming an important facet of South-South economic cooperation.

Data on greenfield investment – the main mode of investment in Africa – confirm the significance of BRICS countries to investment projects in Africa. The share of this group of countries in Africa's total value of greenfield projects rose from 19% in 2003 to more than a quarter in 2012.

Four of the BRICS countries – South Africa, China, India and Russia – have grown to rank among the top investing countries in Africa on FDI stock and flows.

When measured in value, one-fourth of the investments in the region from BRICS are in the primary sector, and often involve state-owned enterprises such as CNOOC (China) and ONGC (India).

The largest numbers of investment projects undertaken by Chinese and Indian investors, however, are in the services and manufacturing sectors; 80% of Indian investments in eight East African countries, for example, are in these sectors.

UNCTAD said: "While labour costs in Africa may not differ significantly from those in the firms' home economies, the duty-free, quota-free access of African countries through initiatives such as the United States' African Growth and Opportunity Act (AGOA), the European Union's Everything But Arms (EBA) and China's zero-tariff measures for African LDCs (least developed countries) or selected African countries have generated some manufacturing or efficiency-seeking investment."

Highlighting patterns for individual BRICS countries, UNCTAD said that although relatively limited, Brazilian FDI to Africa has been on the rise in recent years, with public financial institutions playing an important role in bringing the country closer to Africa.

"Among these, the Brazilian Development Bank (BNDES) deserves special mention as its incentives and disbursements to Sub-Saharan Africa have strongly increased over the past decade. It has played a key role in the expansion of Brazilian businesses in the new African ethanol industry, in countries like Angola, Ghana and Mozambique, which became important players in the expansion of worldwide biofuel supply."

Chinese FDI stock in Africa stood at $16 billion by the end of 2011. South Africa is the leading recipient of Chinese FDI in the continent, followed by Sudan, Nigeria, Zambia and Algeria.

"China has joined the ranks of top investing countries in some LDCs, such as Sudan and Zambia. Apart from resources-seeking FDI, rapid industrial upgrading currently taking place in China provides opportunities for these countries to attract FDI in manufacturing."

With $18 billion, South Africa was the fifth largest holder of FDI stocks in Africa in 2011 and the second-largest developing country after Malaysia.

The majority of this outward stock could be attributed to reinvested earnings in the private non-banking sector.

Most of the outward FDI stock in Africa is held in Mauritius. A significant amount of FDI stock is also present in Nigeria and in two of South Africa's neighbours, Mozambique and Zimbabwe.

According to UNCTAD, mining is the sector in Africa that has attracted the largest volumes of FDI in terms of value, but the sectoral distribution of the outward investment has been more diversified from the perspective of number of projects.

Indian FDI in Africa has traditionally been concentrated in Mauritius, taking advantage of the latter country's offshore financial facilities and favourable tax conditions; as a result, the final destinations of these investments have often been elsewhere.

Indian investors have, however, been investing in other countries in the region too, such as Cote d'Ivoire, Senegal and Sudan.

India's total FDI stock in Africa stood at about $14 billion, making the country the seventh-largest investor in the continent.

The expansion of Russian TNCs in Africa is fairly recent but rapid, reaching $1 billion in 2011.

"The arrival of Russian TNCs has been motivated by a desire to enhance raw-material supplies and to expand to new segments of strategic commodities, as well as a desire to access local markets," said UNCTAD, noting, for example, that RusAl, the world's largest aluminium producer, has operations in Angola, Guinea, Nigeria and South Africa.

Russian banks are also moving into Africa. Vneshtorgbank, for instance, opened the first foreign majority-owned bank in Angola, and then moved into Namibia and Cote d'Ivoire, while Renaissance Capital owns 25% of the shares in Ecobank, one of the largest Nigerian banks.

According to UNCTAD, another perspective on BRICS FDI to Africa is provided by examining the relative importance of FDI in the continent in the total outward FDI of the BRICS.

"While in the early 2000s, FDI from the BRICS countries to Africa only accounted for a negligible share of the group's total outward FDI flows, by 2009-2011, it rose to 4%, which is higher than the share of Africa in the outward investment of TNCs from the United States and EU," it said. *(SUNS7554)* ❒

World Bank criticized for omitting inequality in draft strategy

A draft World Bank blueprint on combating poverty has come in for criticism from development advocates for failing to directly address the problem of inequality.

by Carey L Biron

WASHINGTON: A leaked copy of a major World Bank strategy paper, outlining a new institutional approach to tackling poverty through 2030, has worried some humanitarian groups and anti-poverty advocates who say the Bank has failed to suggest mechanisms that would allow it to adequately track or deal with growing levels of income inequality around the world.

Critics are claiming that the Washington-based World Bank, the world's largest international development lender, appears to be including an inordinate focus on economic growth for all segments of society, without addressing any redistribution of upper-level incomes.

Global income inequalities are currently said to be at 20-year highs, figures that have worried policymakers and economists at all levels. A November report by Save the Children, an aid agency, found that the gap between the richest and poorest children had grown by 35% since the 1990s – the timeframe used to monitor progress towards the Millennium Development Goals (MDGs), which are supposed to be achieved by 2015.

"The global consultations on post-2015 delivered a strong consensus around the importance of inequality," Alex Cobham, a research fellow with the Europe office of the Center for Global Development (CGD), a Washington think-tank, told Inter Press Service (IPS).

"That process also highlighted that this was not about simply identifying those at the bottom to target them better, but about recognizing the damage that inequality does to societies, including people at the top as well as the bottom; and that, as such, the response must be to tackle inequalities directly, not to pursue targeting alone."

Promoting "shared prosperity"

The contents of the World Bank documents were slated to be discussed by the institution's executive directors on 21 March. The strategy lays out two broad new goals.

First, in line with the Bank's broad aim of ending poverty, the approach paper proposes bringing those living under "extreme poverty" (defined as subsisting on less than $1.25 per day) down to 3% globally by 2030. This ambitious goal, the Bank notes, would require a roughly 1% reduction in poverty each year.

Second, the Bank proposes a new focus on "shared prosperity ... to promote the income growth of the bottom 40% of the population in every country". It is this broad aim that is generating particular concern.

David Woodward, a former advisor at the International Monetary Fund (IMF) now at the New Economics Foundation, a London think-tank, told IPS in an e-mailed analysis that the current global context, particularly in dealing with the threat of climate change, calls for a "major shift in development strategy". But, he notes, the new strategy offers essentially a "business-as-usual" approach.

"The focus on the incomes of the poorest 40% in each country would be welcome if it were given primacy over overall economic growth as an objective; but the reverse seems to be the case," Woodward says. "If the Bank were serious in wanting to promote 'shared prosperity' (particularly within global carbon constraints), this logic would be reversed."

In that case, he says, the objective should be to maximize income growth – alongside public services – for the bottom 40%, while the remainder of the population would be a "secondary consideration".

Although the World Bank generally does not comment on leaked documents, a Bank spokesperson told IPS: "This paper is an early draft, which we expect will be further revised before being finalized. It tracks with the vision the World Bank president outlined in a speech in Tokyo in the fall of 2012, where he looked to end poverty and build shared prosperity. We expect President [Jim] Kim to expand on this ambitious vision in the coming weeks."

The new draft strategy documents do discuss the issue of inequality, and indeed make some strong fundamental statements on the issue.

In introducing its goal of a reduction in extreme poverty to 3% internationally by 2030, the Bank warns that such an aim "implies a future faster, more sustained decline in poverty in many developing countries, at a pace not observed in the past, and in the context of increasing inequality in many countries."

Later, it states specifically, "Sustained progress in achieving shared prosperity is incompatible with a steady increase in inequality ... Growth of the bottom 40% that is consistently lower than the average income growth of a country should be a cause for concern, as rising inequality may eventually abate the growth process itself by causing political instability, distorting incentives, and reducing the dynamism and mobility in society."

No country with high levels of inequality, the paper notes, has ever progressed beyond "middle income" status.

Beyond such strong rhetoric, however, critics are suggesting that the lack of solid focus on directly addressing inequality is ominous.

"The World Bank has recognized that inequality is the enemy of shared prosperity, a very welcome move, and we applaud Jim Kim's vision for reforming the Bank to ensure it does a better job of fighting poverty and inequality," Didier Jacobs, acting head of the Washington office of Oxfam International, an aid group, told IPS.

"But the Bank's shared prosperity agenda should be clearer, more categorical, and go further. Fostering income growth of the bottom 40% of the population in every country is an activity, not a goal. The World Bank must commit to growing the bottom 40% faster than the average, and reducing disparities between the top and bottom of society."

As the international development conversation has placed increasing focus on the centrality of inequality, some have suggested a major shake-up needs to take place with how this indicator is generally measured. The current method, known as the Gini index, has been in use for the past century, but some say it doesn't offer important details for policymakers attempting to ease issues of inequality.

CGD's Cobham has recently co-published a paper that suggests looking instead at the ratio of incomes of the top 10% of a country's earners to the bottom 40%. Doing so, the paper notes, could be useful for policymakers and citizens alike, in that it clearly and directly ties inequality to both top and bottom earners.

"I was disappointed to see the World Bank use the language of inequality but then shy away from tackling it, preferring instead to broaden the idea of targeting to cover the bottom 40%," Cobham told IPS. "It would be great to see the World Bank give this new approach serious consideration." *(IPS)* ❐

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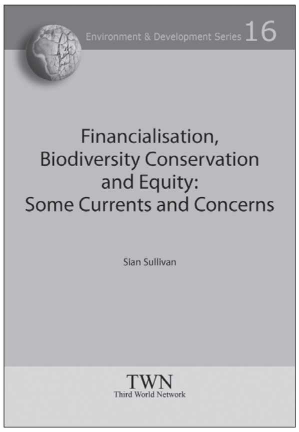
Financialisation, Biodiversity Conservation and Equity: Some Currents and Concerns

By ***Sian Sullivan***



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Present high rates of biodiversity loss have directed attention towards market-based mechanisms that seek to create tradable financial assets out of species and ecosystems. This 'financialisation' is said to encourage biodiversity conservation by incorporating monetised ecological values into economic decision-making.

This paper explores how financialisation of conservation is made possible through the monetisation of nature and the establishment of environmental markets. It surveys the latest developments in this field, which encompass esoteric financial instruments such as forest bonds, species credits and biodiversity offsets.

The paper cautions that these innovations should not blind conservation advocates to the dangers of financialisation, which include perverse incentives for ecological harm. More fundamentally, the value of biodiversity, and the complexity of nature, cannot be conserved simply by conveying and incorporating these in monetary terms, although this indeed may facilitate their inequitable capture as 'natural capital'. Instead, as the author suggests, both ecology and ethics call for recognition and restitution of 'the diverse other ways of knowing and living with "biodiversity" embodied by peoples who value things differently'.

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The G8 and land grabs in Africa

A food security scheme launched by the G8 major industrial countries threatens to displace peasants and pastoralists in favour of corporate control over Africa's farmlands and agriculture.

Adrienne Gnandé sells rice in the bustling Gouro market in Abidjan, Cote d'Ivoire's commercial centre. The rice she's selling comes from the west of the country, where she herself is a farmer. "This is 'made in Cote d'Ivoire', cheaper and better-tasting," she tells people walking past her stall.

Competition with cheap imports means that the margins are thin for Ivorian rice farmers and small traders like Gnandé. Cote d'Ivoire was self-sufficient in rice in the mid-1970s, but under pressure from international donors, the national rice company was privatized, public support for production was dismantled and the market was opened up to imports. Within two decades, two-thirds of the rice consumed in the country came from Asia.

These imports generated immense profits for the handful of international grain traders and powerful local businessmen who dominate the market. Yet they've been deadly for local production. Only the hard work and ingenuity of the country's farmers and small traders have kept local rice production alive.

Today the situation is changing. International prices for rice spiked in 2008, and have not come down to previous levels. Local rice now costs 15% less than imports, and demand is growing along with production and sales. Women rice traders have recently formed several cooperatives and have even created brands for local rice.

This has not escaped the attention of the big rice traders. The same grouping of government, donors and corporations that demolished Cote d'Ivoire's domestic rice sector is now conspiring to take control of it – from farm to market.

New Alliance for Food Security and Corporate Control

Details of this plan are found in a 2012 agreement between the government of Cote d'Ivoire, the G8 countries represented by the EU, and a grouping of multinational and national companies involved in the rice trade. Known as a Cooperation Framework, the agreement is part of the New Alliance for Food Security and Nutrition – a partnership between the G8, a number of African governments, transnational corporations and some domestic companies.

Under its Cooperation Framework, Cote d'Ivoire promises to reform its land laws and make other policy changes to facilitate private investment in agriculture. In exchange, it gets hundreds of millions of dollars in donor assistance and promises from eight foreign companies and their local partners to invest nearly $800 million in the development of massive rice farms.

One of these companies, Groupe Mimran of France, wants an initial 60,000 ha, and plans to eventually expand its holdings to 182,000 ha. Another, the Algerian company Cevital, is reported to be seeking 300,000 ha. On 31 January, the CEO of the French grain trader Louis Dreyfus, the biggest importer of rice in Cote d'Ivoire, signed an agreement with the country's ministry of agriculture giving it access to between 100,000-200,000 ha for rice production. These three projects alone will displace tens of thousands of peasant rice farmers and destroy the livelihoods of thousands of small traders – the very people that the G8 claims will be the "primary beneficiaries" of its New Alliance.

Smells like structural adjustment

The New Alliance is phase two of the G8's coordinated response to the global food crisis. The first was the L'Aquila Food Security Initiative, launched by G8 leaders in 2009. They committed to mobilizing $22 billion in donor funding to support national agricultural plans in developing countries.

Both initiatives have been spearheaded by the US government.

"The L'Aquila initiative was more than just about money," says US Deputy National Security Advisor for International Economic Affairs Mike Froman. "In that initiative leaders agreed to put their money behind country plans that had been developed and that were owned by the developing countries themselves."

For Africa, the G8 funds were to be aligned with the country agriculture plans developed through the African Union's Comprehensive Africa Agriculture Development Programme (CAADP).

The New Alliance, which carries forward the funding commitments of the L'Aquila Initiative, is supposed to do the same: align donor funds with the CAADP national plans. But this is not what is happening.

The G8 has signed Cooperation Frameworks with six countries since the New Alliance was launched in May 2012: Burkina Faso, Cote d'Ivoire, Ethiopia, Ghana, Mozambique and Tanzania. The Frameworks involve a set of 15 or so different policy measures that each African government commits to implement within clearly defined deadlines.

But few of these policy commitments are found in the CAADP plans that these countries developed through national consultations. And, while the national plans are extensive documents covering a wide range of issues, the frameworks zero in on only a small number of measures, almost exclusively aimed at increasing corporate investment in agricultural lands and input markets.

So where do these specific policy commitments come from? "The policy commitments in the Cooperation Frameworks were identified through a consultative process between the respective African governments and the private sector," says the US Agency for International Development (USAID) in a written response to GRAIN.

Such behind-the-scenes consultations between African officials and corporate executives are being facilitated by the World Economic Forum's Grow Africa Partnership. The partnership's mandate is to bring business executives from companies like Monsanto and Yara together with African governments to convert the CAADP national plans "into increased flows of private sector investment."

The G8 tasked Grow Africa to identify the private sector investments that are included in the Cooperation Frameworks. Many of these investments and the government policy commitments in the frameworks target the specific geographic areas for farmland investment that Grow Africa is focusing on, such as the Southern Agricultural Growth Corridor in Tanzania and Burkina Faso's Bagré Growth Pole for private investment.

The involvement of the G8 gives a boost to the wishlists drawn up by Grow Africa's members with African governments behind closed doors, because it ties their implementation to donor funding. The "performance" of African governments in implementing the policy measures they have committed to under the Cooperation Frameworks will be regularly reviewed by a joint Leadership Council of the G8 and Grow Africa, which USAID describes as a "high-level accountability mechanism to drive implementation."

On the eve of the G8 leaders summit in 2012, Mamadou Cissokho, Honorary President of the Network of Farmers' and Agricultural Producers' Organizations of West Africa (ROPPA), sent a letter to the President of the African Union on behalf of African civil society networks and farmers' organizations expressing his concerns over how the G8 was dictating agricultural policy in Africa:

"At the moment when the President of the United States, acting in good faith I am sure, has decided to organize a Symposium on Food Security in Washington on 18-19 May 2012, on the eve of the G8 meeting at Camp David, I address myself to you, the President of the African Union – and through you to all African Heads of State – to ask what leads you to believe that Africa's food security and food sovereignty could be achieved by international cooperation and outside the policy frameworks formulated in inclusive fashion with the peasants and producers of the continent…

"The G8 and G20 can in no way be considered appropriate places for such decisions."

Straight through the heart

One of the main corporate partners of the G8's New Alliance is US-based Cargill, the world's largest grain trader. In a rare interview, the vice chairman of this secretive, family-owned company, Paul Conway, told Al Jazeera that the key to resolving the current global food crisis is "to make better use of the land in Africa, and at the very heart of that is better property rights."

Land is a top priority for Cargill and the other agribusiness corporations targeting Africa. This is why it figures so prominently in the Cooperation Frameworks of the G8's New Alliance.

Each Cooperation Framework contains a set of policy commitments by African governments that are designed to make it easier for companies to identify, negotiate for and acquire lands in key agricultural areas of the continent. Ghana will create a database of suitable land for investors, simplify procedures for them to acquire lands, and establish pilot model 5,000 ha lease agreements by 2015. Tanzania will map the fertile and densely populated lands of Kilombero District to make it easier for outside investors to find and acquire the lands they want. Burkina Faso promises to fast-forward a resettlement policy, and Mozambique commits to develop and approve highly controversial "regulations and procedures that authorize communities to engage in partnerships through leases or sub-leases (*cessao de exploração*)" by June 2013.

Ethiopia, for its part, will extend protections for commercial farms and establish a one-window service for investors to cut through the red tape involved in acquiring land. The Ethiopian government has already allocated more than three million hectares of land to corporate investors under an agricultural development plan linked to gross human rights violations. It has only three policy indicators to live up to in its Cooperation Framework with the G8: "improved score on Doing Business Index", "increased dollar value of new private-sector investment in the agricultural sector", and "percentage increase in private investment in commercial production and sale of seeds."

There are no policy commitments in the framework for Ethiopia – or any of the other countries involved – to protect peasants and pastoralists from the growing number of land grabs taking place.

The New Alliance instead promotes a voluntary approach to regulate the corporate investment in land that it encourages. Within each framework, the New Alliance partners confirm their "intentions" to "take account" of both the Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests and the Principles for Responsible Agricultural Investment (PRAI).

The PRAI, which were initiated by the World Bank in 2009, have been fiercely rejected by civil society organizations for legitimizing land grabs. And while the principles have been endorsed by both the G8 and the G20, the UN Food and Agriculture Organization (FAO)-hosted Committee on World Food Security (CFS) refused to do so.

The Voluntary Guidelines, on the other hand, were adopted by the CFS in May 2012 after a three-year process of bottom-up consultation and are acclaimed for putting emphasis on the rights and needs of women, indigenous peoples and the poor. The effectiveness of these guidelines will depend entirely on how they are implemented, and this is being fiercely contested. Social movements and NGOs in the CFS want the Voluntary Guidelines translated into binding national laws; corporations want them to remain voluntary.

The New Alliance is posing as a programme for the implementation of both the Voluntary Guidelines and the PRAI. Both will be implemented through "pilot implementation programmes" that the New Alliance partners – i.e., the very actors doing the land-grabbing (governments and companies) – commit to develop together under each Cooperation Framework.

Louis Dreyfus will thus "take account" of the Voluntary Guidelines and the PRAI as it takes over 100,000-200,000 ha of farmlands in Cote d'Ivoire to produce rice. So will the Japanese trading house Itochu as it works with the Japanese government and Brazilian farming companies to establish large-scale soybean and maize farms in Northern Mozambique. These will serve as models for how to responsibly handle the transfer of African farmlands to corporations.

At the next G8 meeting, in the UK in June, the British government will propose an initiative to encourage companies and developing countries to disclose basic information on large-scale land acquisitions. The proposed Global Land Transparency Initiative is intended to demonstrate concrete and effective implementation of the Voluntary Guidelines. But it will remain voluntary and would provide only rudimentary information about land deals.

The UK's Department for International Development is organizing an invitation-only session to discuss the initiative on the sidelines of the World Bank's Annual Conference on Land and Poverty in April.

Holding the G8 to account

In the five years since the global food crisis began and investors started to turn their attention to African farmland, there have been hundreds of conflicts – some of them violent – between marginalized peasant communities and powerful foreign companies over access to Africa's lands and water for agriculture.

By using their influence as donors to push African governments to enact policies that make it easier for transnational companies to acquire farmlands in Africa, the G8 governments are taking sides. They are contributing directly to the displacement of peasants and pastoralists to make way for foreign agribusiness. ❒

The above was first published by GRAIN in March 2013 as part of its "Against the Grain" series of opinion pieces. The complete version with footnotes, a table and an annex is available on the GRAIN website www.grain.org.

GRAIN is a small international non-profit organization that works to support small farmers and social movements in their struggles for community-controlled and biodiversity-based food systems.

(continued from page 9)

emerging consensus on what is being sought to be achieved in a provision or a paragraph is in fact well reflected in the current draft.

(The Chair did not spell out the key sticking points in the negotiations. According to trade officials, members have differed, amongst others, over the period of implementation, possible exemptions and the issue of special and differential treatment.)

The Chair's proposal is that the current facilitator-led process at expert level be suspended but that it will remain on call to be reactivated whenever a Friend of the Chair asks for help from the expert level to work their findings into the draft consolidated text.

The Chair also proposed holding a short one-day informal meeting of the negotiating group sometime in mid-April that would allow the Friends of the Chair to report back on the progress they are making so that all the members are kept fully in the picture.

The Chair stressed that the "Friends of the Chair" are not being tasked with producing some kind of a Chair's – or Friends of the Chair's – text.

According to trade officials, members agreed with the Chair's assessment at the end of the week-long session.

Trade officials said that during the week, delegations adopted several revised texts emerging from the facilitator-led process.

The improved language in areas such as publication, separation of release, penalties, appeals, perishable goods and e-payment will be incorporated into the soon-to-be-released 15th revision of the draft consolidated negotiating text, they added. *(SUNS7550)* ❒

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