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Still much ado about nothing concerning trade liberalisation

DEVELOPED countries appear reluctant to change the status quo on trade liberalisation and are unwilling to "amend" the financial architecture even as they preach to developing countries the "benefits of liberalisation" and demand concessions.

While condemning developing countries for not liberalising their markets, the developed countries themselves are not prepared to make concessions even for the Least Developed Countries (LDCs).

The disagreements between the developed and developing countries remain and while many had hoped that some effort or progress would have been made to improve the environment after the lessons from Seattle, the "gulf remains".

Michael Bailey, a senior policy adviser of Oxfam, an independent organisation, said: "The rhetoric has certainly improved".

The United States (US) and the European Union (EU) continue to balk at the United Nations Conference on Trade and Development (Unctad) over allowing the world's poorest - "unconditional" market access.

In addition efforts for reforms of the financial architecture are being hampered by major countries and players with vested interests.

The "Plan of Action" that is to be issued at the end of the eight-day meeting in Bangkok will be a watered down version which many nevertheless will trumpet as a "step forward".

Instead of seeking a change of the "financial architecture" which has failed on numerous occasions, developed countries are only prepared to seek reforms "of the financial institutions".

Even the numerous forums, groups and organisations set up following the Asian financial crisis in 1997 have made no progress on the proposed new architecture.

In addition many crisis hit countries such as Malaysia are not represented in the organisations including the Group of 20.

Prime Minister Datuk Seri Dr Mahathir Mohamad in his keynote address to Unctad X had called for the effective participation of developing countries in the decision making process in all international institutions.

"The decision making process must be transparent and must reflect not just the views of big business and big Governments but those of the threatened small business and small Governments as well," Dr Mahathir had stressed.

Then again developing countries are not included or represented in the decision making bodies of the existing international financial institutions. How are they to seek change and reforms in these institutions, some asked.

A section in Unctad's Plan of Action, which was to be released yesterday for Unctad "to coordinate with other international organisations, for reforms of monitoring and regulatory systems and enhanced early warning capabilities for dealing with the emergence and spread of financial crises" is still resisted by developed countries.

Unctad with a membership of more than 190 countries, including the developed and developing and some of the world's poorest, aims to provide the analytical capabilities which would be greatly useful for the poor who do not have the resources nor the capabilities to do so.

Some developed countries want to maintain the status quo with the over-

powering influence that they have in the Bretton Woods institutions - the World Bank and the International Monetary Fund (IMF).

This is despite the fact and evidence that these institutions have not been able to deal with the crises and had in fact made the crisis and the economic situation in the affected countries worse than it should have been.

Some delegates from developing countries point out that with Unctad providing assistance to the poor and coordinating with other "international organisations" it would mean greater competition for the Bretton Woods institutions.

And this does not go down well with some of the developed countries. "There is a lot of hypocrisy and double talk," they point out.

Unctad will through its analytical work "assist developing countries in advancing their development objectives in ongoing reforms of the international financial institutions".

This according to some developing country delegates is a clear indication that the developed countries are not willing to change and "put their money where their mouth is".

They want the existing architecture to continue as it is, even though it has proven to be "ineffective". But it serves the interests of the developed countries, they add.

Among other issues that still continue to be a "problem" are market access for developing countries and especially access for "agricultural and industrial products of export interest to LDCs".

It has been pointed out that the agricultural subsidies by developed countries distort trade.

However the developed countries, led by the US, are reluctant to remove subsidies, distorting tariffs and non tariff barriers.

The work of Unctad on institutional reforms and capacity building however, continues to be evident.

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