

The Langkawi International Dialogue (LID 2000)

Langkawi, Kedah 19 November 2000

When we last met here in Langkawi, we spoke of pro- activity and representation, of empowerment and international regulations that are fair and just. The year that has passed has not diminished in any way, our fervour for doing what is right. Because when we don't do right for ourselves, we cannot fault others when things go horribly wrong.

2. Pro-activity is necessary because the stakes get increasingly higher, because one wrong move could result in the loss of lives and livelihood, of sovereignty of nations, of the right to call our country our own. Pro-activity calls for a careful assessment of what is real and what is hype. It requires us to seek the truth and not take it for granted that others are telling us the truth.

3. It has often been said that the only permanence is change, and at present this phenomenon called 'globalisation' promises to change economic, political and social landscapes the world over. Likewise, we are made to believe that globalisation is in fact driven by irrefutable economic laws and irrepressible market forces. All nations big and small must accept or accommodate it, that it is impossible to resist or even modify. In fact the Director General of the World Trade Organisation (WTO) likened the stopping of globalisation 'as trying to stop the rotation of the earth'.

4. Why are they trying so hard to pass this as 'the truth'? Because its repetition and reinforcement 'intimidates' us into thinking that they know better, and this intimidation prevents critical analysis.

5. The truth is there is indeed very little 'free market' element in this brand of globalisation. It has been deliberately shaped to fulfill the requirements of the principal players, a process greatly aided by political powers bent on creating international conditions conducive to their needs.

6. It is indeed baffling that in the face of the onslaught of such diverse economic and political strategies for economic domination, any effort on the part of developing nations to slow the advancement of trade liberalisation is automatically labeled as 'barriers to business' or 'market distortions'.

7. All around us double standards abound. During the seven-year long Uruguay Round of GATT, a number of developed nations (i.e. the US, Europe and Japan) secured special terms for

their textile and agricultural sectors. As global trade increasingly endangers their supremacy in these areas, they have resorted to a range of tariffs and non-tariff barriers, including quotas and so-called voluntary export restrictions. They have also introduced their own Rules of Origin, to identify where a textile or clothing product comes from, thus changing the conditions of competition and adding to the restrictions against the low-cost textile exports of other countries. South Africa's 'free trade' agreement with EU excluded 46 per cent of South Africa's agricultural products. Why? Because they directly compete with European producers. And is this not market distortion?

8. A full two-thirds of international movements in goods and services actually take place as intra-firm and inter-firm transactions through mechanisms not even remotely resembling that of an open global competition. Is this not unfair practice?

9. The Trade Related Intellectual Property Rights Agreement (TRIPS) protects the rights of corporations but allows for patenting of the shared knowledge of indigenous communities. The implication for developing countries is the loss of billions in rent transfers to rich countries, as trans-national corporations (TNCs) will continue to control virtually all the patents of developing countries.

10. In the interest of this so-called 'level playing field', the WTO wants all countries to stop subsidising farmers, and through the 1996 Farm Bill, the US reduced direct subsidy payments. However, through its 'Green Box' policies, exemptions are provided for direct income subsidies to U.S. agro-exporters because they do not constitute production subsidies and are therefore, 'non-trade distorting'. I fail to see the logic of this equation, purportedly made in the name of fair trade, but perhaps more disturbing is the prospect of a policy statement that perhaps mathematically tallies, but send small farms and farmers all over the world to an early grave.

11. And what about the movement of people? A full neo-liberal economics should not restrict productive factors to just financial investment and capital equipment. What about geographical labour mobility? The inconsistency in the treatment of labour, for most parts originating from less developed countries, as against financial and technical factors, largely the domain of industrialised nations, is glaring. As very aptly put by Martin Khor of the Third World Network, "liberalisation if it benefits me, protectionism if it benefits me".

12. So why bother with the rhetoric of 'a better quality of life for all humanity' and 'an equal footing' when it is really all about money and market domination? As was very clearly stated by the Office of the United States Trade Representative and Related Entities, regarding its trade policies in the Asia Pacific:

We must, therefore, continue to identify those markets that present growth opportunities, ensure access to those markets, and do so in such a way as to create enduring relationships that foster not only short-term economic prosperity, but also our long-term economic security. A failure by the United States to participate in and shape these efforts could significantly diminish the opportunities for U.S. firms and workers as we enter what some are calling the "Pacific century." Thus, the United States has been pursuing an activist trade policy in the Asia Pacific region aimed at further opening these fast growing markets, and expanding opportunities for American companies and workers...

13. The developing economies of the world must wake up to the reality of what this means to us. We have to equip ourselves and build our strength because the failure to do so is tantamount to laying down our weapons and surrendering our collective destinies. We must strive for greater technological know-how, stronger representation in world fora, and for appropriate institutional, legal, supervisory international framework. While the developed nations continuously harp on 'human rights violations', the G77 accurately identifies poverty as the single most pervasive violation of human rights. And this is not perpetrated by us.

14. Extreme poverty continues to afflict over one-fifth of the world's population. The marginalisation of Africa for example, must be corrected. With almost 10 per cent of the global population, it now has less than one per cent of global trade, 0.3 per cent of global manufacturing and 2.4 per cent of global GDP, of which 40 per cent was accounted for by just South Africa and Nigeria. The fifty poorest countries, while accounting for 20 per cent of the world's population live only on two per cent of the world's income. In the 1960s, the richest 20 per cent of the world's population had incomes 30 times greater than the poorest 20 per cent. By 1996 they were 61 times better off. Some 3.9 billion of the world's population live on less than the equivalent of two US Dollars per day, while the richest 20 per cent absorb 83 per cent of the world's income, and consume 73 per cent of the world's fossil fuels.

15. To break the vicious cycle of incapacity for wealth generation and sustainable development, developing nations

must ensure that all available resources are tapped. It is too easy to forget that technological application is part 'knowledge' but equally important, is part 'exchange'.

16. Smart Partnership practices are instrumental in ensuring the social accessibility of knowledge. It is in this spirit that the Group of 77 at the South Summit in Havana, Cuba, called for greater South-South cooperation in the area of information technology. The growth of e-commerce while projected to hit seven trillion US Dollars by 2004, is a distant shadow to a vast majority of the world's population. Despite a growth rate of 15,000 new internet users a day, and 220 million devices accessing the world wide web with 200,000 added each day, it remains that only five per cent of the world's population, mostly concentrated in the developed world stand to gain from this boom. For starters, the top 20 per cent of the world's population account for 74 per cent of phone lines, against the bottom 20 per cent having access to only 1.5 per cent. To say that this ratio must be rectified is a gross understatement.

17. While effective international cooperation is vital in bridging the widening digital divide, more importantly it allows for representation of the views of the developing world in formulating international policies on the use and expansion of information technology. The Internet Assigned Numbers Authority (IANA), for example, has no representation from the developing world.

18. The larger issue of representation of developing economies in international fora is one of urgency that must immediately be addressed. Here again the implication of a weak economy manifests itself in a number of ways. While making up three-fourths of WTO membership, the economic dependence of developing nations on the larger economies in terms of imports, exports, aid and security means that their numbers can never be used to their advantage. This obviously results in their inability to make their vote count, in a manner that serves to influence the agenda and trade negotiations in their favour.

19. Economic limitation means fewer human and technical resources. It translates into an inability to cope with the 40-50 meetings held in Geneva each week. It means less preparation when entering into negotiations with counterparts from developed nations. It means settling for what is less than optimum outcomes in dispute settlements because of a level of legal expertise that is not up to par.

20. In the face of such shortcomings, developing countries must strengthen international cooperation to ensure an

effective system of global governance, where different countries independently of their size or economic strength, have their say. The network itself may serve as a surveillance system against the ills that may infiltrate our economies.

21. The difficulties involved in putting together a new multilateral structure cannot be underestimated but it is evident that such efforts do work even though the process is long and hard. But pulling of wool over the eyes is no longer feasible. It used to be that parties are willing to reach any kind of agreement, at the last hour - no matter how unsatisfactory - just so that 'an agreement is reached'. Now countries are no longer content with doing that. The Seattle debacle is proof that developing countries are no longer willing to take the back seat. Hard lessons have been learnt from the Uruguay rounds. The merits and intentions of these so called 'mediating mechanisms' of international multilateral agencies are seriously suspect. While the proponents of globalisation may argue that it is not a zero-sum game, the stakes are indeed higher in all facets of economic activities, be it trade, finances or economic negotiations.

22. For the next two days we are going to engage in discussions that will shape the future of our nations and the destinies of our children. Let this be the most opportune time for us to carefully ponder if we can achieve together what we are unable to accomplish on our own. The spirit of Smart Partnership, far from being an abstraction, is a workable entity that promises real, tangible results.

23. I welcome all of you to the second leg of the Global 2000 - Langkawi International Dialogue and hereby declare it open.