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## For a Stronger UNCTAD

*German NGO Forum*

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The ninth UN Conference on Trade and Development (UNCTAD) will convene in South Africa in late April. Influential OECD nations would like this to be the last UNCTAD conference. Under the pretense of debureaucratization, UNCTAD is to be reduced to insignificance or even entirely disbanded, particularly since the newly established World Trade Organization (WTO) allegedly makes UNCTAD superfluous.

### **UNCTAD: Corrective Force and Counterweight to WTO**

As a result of the power structures in the world trading system and the hierarchies within world trade structures, many developing countries -- primarily the world's poorest developing countries -- stand to be the losers on the global market unless there is a corrective development-oriented force and counterbalance to WTO -- that is to say, unless greater consideration is given to developing countries' special needs and structural problems.

With regard to poorer developing countries in particular, UNCTAD is absolutely essential:

- As a forum where the interests of disadvantaged countries can be articulated and alternatives developed;
- As an organization that insists upon a development-oriented framework for trade as opposed to unrestrained free trade;
- For providing advisory services and technical support which developing countries need to ensure their successful integration into world markets, and for drawing up and conducting development-related reports and studies which the WTO must take into account in its decisions;

- For disseminating knowledge and information that will increase developing countries' effectiveness in representing their interests within the WTO system. This necessitates rather than precludes reforms to increase the level of efficiency in UNCTAD's work just as it necessitates rather than precludes a general orientation toward the principle of sustainable development. UNCTAD's role as a counterweight to the WTO -- which industrialized nations use as a tool to liberalize world trade -- must be strengthened.

Economic negotiating strength often determines the outcome of decisions within the WTO. Industrialized nations use their economic influence within the WTO system to push through informal agreements. In the case of conflicts, it is primarily the industrialized nations and a few developing nations that have the trade policy clout necessary to implement effective trade sanctions.

In contrast to the WTO, the discussion process within UNCTAD is fundamentally egalitarian. This in turn makes it possible to take the special interests of economically weaker countries into consideration. The WTO largely excludes non-government organizations (NGOs) from participating. UNCTAD on the other hand allows civilian society to participate. Even so, the NGOs' rights should be extended and regulated in a binding fashion.

### **UNCTAD IX -- Time to go on the offensive!**

Many will benefit as the commitments made in the Uruguay Round are implemented. However, millions of others are in danger of being marginalized. Estimates issued by the UNCTAD secretariat show that the aggregate balance of trade for the world's least developed countries (LLDCs) will worsen by US\$ 300 million to US\$ 600 million annually in coming years.

- We call for granting LLDCs compensation for possible trade disadvantages. UNCTAD must also work toward ensuring implementation of GATT Round commitments which are development-relevant. We also call for opening the markets of the North completely to the world's poorest countries.
- Transnational corporations (TNCs) are attempting -- with support from the European Union -- to establish free access for investment and equal treatment of foreign and domestic investors. Such a step will sharply curtail the developing nations' scope for action. Beyond this however, the current discussion overlooks yet another development problem -- cut-throat competition between poor nations which induces them to offer financial and infrastructural incentives to attract direct investment from abroad.

- We call upon UNCTAD to develop and enforce an international code of conduct for TNCs which incorporates minimum standards in the human rights, social and environmental fields and which takes account of the developing countries' interests in establishing their own autonomous economic structure. Further, national incentive systems must be restricted in order to put an end to the cut-throat competition over direct foreign investment.
- A number of OECD countries are trying to put the issue of incorporating social and environmental clauses into multilateral trade agreements on the WTO agenda. Given the WTO's decision-making structures, there is the danger that rich industrialized nations could misuse these (essentially desirable) standards as instruments for protectionism.
- We call for a discussion on introducing social and environmental standards into UNCTAD and other UN organizations (such as the ILO).
- The threat of marginalization is greatest for those countries which are dependent upon the export of a few primary commodities. The most critical problems in this regard include the growing price instability on primary commodities markets resulting from the collapse of international regulatory mechanisms and the destruction of environmentally meaningful national stabilization measures through structural adjustment measures.
- We call for bolstering UNCTAD's efforts to conclude price-stabilizing producer-consumer agreements. Further, the world's poorest countries must receive technical and financial support in their efforts to diversify their export structure.