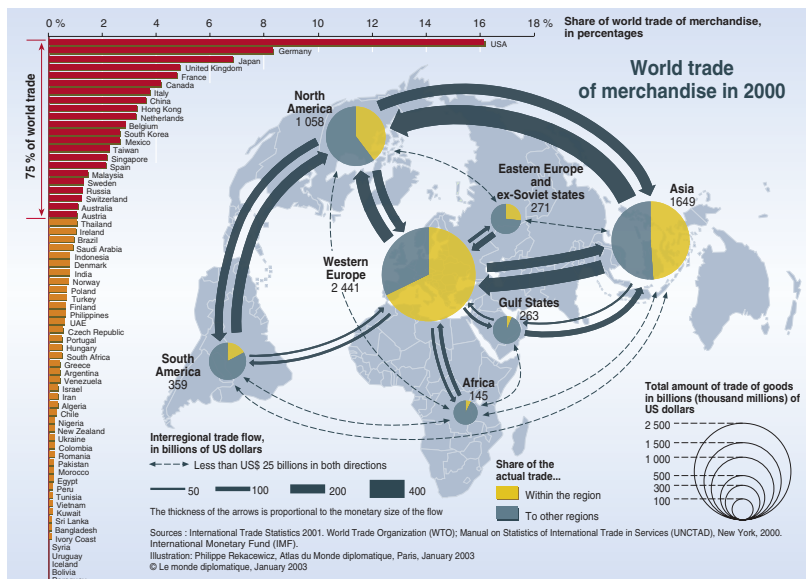


Better protection of natural assets and consequently a bigger chance of achieving the MDGs will require coordinated efforts across all sections of government, businesses and international agencies. And commitments concern everyone, North and South

like. Can trade be a tool for development? And what about aid and debt? In addition, many global environmental problems – climate change, loss of biodiversity, depletion of global fisheries – can be solved only through partnerships between rich and poor

The future of the international trading system



By Alexandra Strickner and Sophia Murphy, Institute for Agriculture and Trade Policy – Geneva Office

The Millennium Development Goals establish a global partnership to improve the lives of the world's poor. This includes an open, rule-based, predictable, non-discriminatory trading and financial system as an essential goal. Can trade be a tool for development? In many cases current trade rules do not contribute to sustainable development. In agriculture, most relevant to developing countries, trade is heavily distorted by artificially cheap world prices. Developing countries have few tools to protect themselves from these distortions. Furthermore the current system of trade rules is far from being a predictable, consistent system. Among the main sources of inconsistency are the many bilateral and regional agreements setting different trade rules

for different countries. The number of these agreements has dramatically increased since the start of the World Trade Organisation. The major trading partners of the developed world – the United States and the European Union among others - negotiate bilateral trade agreements almost every week, while at the same time pretending to negotiate pro-development multilateral trade rules at the WTO as part of the Doha Development Round. Even for the current round of negotiations at the WTO – in particular in agriculture – but also other areas of negotiations such as services and industrial products - the proposed rules are mainly designed to further open markets, despite the damage this approach has wrought over the last 10 years. What is necessary is more detailed analysis and debate on which rules are needed to improve the lives of people in poor countries.

Global trade in agricultural produce is a mess. The mix of national policies and multilateral rules has contributed to plunging commodity prices. Farmers around the world – particularly family farmers - have been forced off their land because they can no longer make a living. Trade policy refugees from rural areas flood cities without enough jobs or housing. Every international institution, from the UN and its agencies to the WTO itself, blames the agricultural trade practices of rich countries for devastating rural communities in developing countries. Yet the same policies have damaged rural communities in developed countries too. Food security – people's ability to feed themselves and their families with adequate and culturally appropriate food – has suffered everywhere.

The WTO is the focus of international efforts to solve this problem. No one thinks it can be the only solution, but efforts to reform agriculture in developed countries are firmly rooted there. The debate at the WTO has centred on three aspects of agricultural policy: domestic support, tariffs and export subsidies. Experts declare all three to be damaging to global agriculture and trade rules place restrictions them. But current WTO talks to tighten the rules are in deadlock. The proposals now on the table reflect the domestic politics of WTO members, especially developed countries, and the export interests of multinational agri-food firms which trade in commodities and processed food. WTO negotiators have ignored the economic and social needs of developing countries and poor people. Even if governments at the WTO were miraculously to eliminate all the trade-distorting elements of agricultural policy, world markets would not magically start to improve the welfare of developing countries. WTO efforts fail to target the biggest factor distorting markets, namely dumping, the export of products at prices below their production cost. Worse, the present WTO agricultural agreement, and proposed changes, fail to incorporate binding commitments to comply with fundamental goals such as upholding the human right to food and establishing a resilient rural sector as a basis for economic development. The WTO

Agreement on Agriculture has failed rural communities around the world. It also has enhanced environmental degradation by promoting a more industrialised model of agriculture characterised by monoculture, intensive use of herbicides and pesticides, large units for breeding livestock, and heavy dependence on oil needed to ship and transport goods. The successor of the current Agreement on Agriculture, now under negotiation, is set to perpetuate this failure.

A serious attempt to achieve the MDGs would require a change in the overall direction of policies on agriculture, food and trade. International trade rules must be based on an understanding of the root causes and problems in agriculture and trade. International trade rules must include a ban on dumping and new criteria for subsidies, curtailing all subsidies supporting excess production for export. Inventory management needs to be introduced for key crops that are deliberately traded with the sole aim of increasing the price of commodities. Rules are also required to regulate market concentration and establish the right of countries to protect their agriculture from dumped imports or import surges that would harm their own agricultural production.

To achieve this the negotiation process must become more democratic, it being almost impossible to reach a good agreement through bad process. WTO negotiations go on allowing only a handful of countries to reach an agreement, leaving the full governing body only a short time to consent to a done deal. The Doha Round is typical of this approach.

For the sake of millions of people we cannot allow another bad agreement. It is high time for an objective assessment of whether WTO rules have benefited people, or merely boosted cross-border trade statistics. It is time to frame policies that discipline all sources of market distortion and to measure success against the imperative of meeting internationally agreed development benchmarks. Only such an agreement will help achieve the MDGs and reduce poverty.

Facts and figures

- Africa loses \$US 2 billion a year due to subsidies and protectionism in rich countries.
- The Africa Region's share in world exports dropped from 4.6% in 1980 to 1.8% in 2000.
- In 22 of the world's poorest countries – almost all of which are in Africa – trade accounts for more than half of national income, a larger share than in rich countries.
- The EU is sub-Saharan Africa's single largest trading partner, receiving about 31% of Africa's exports and supplying 40% of its imports

Source: ActionAid International on trade justice

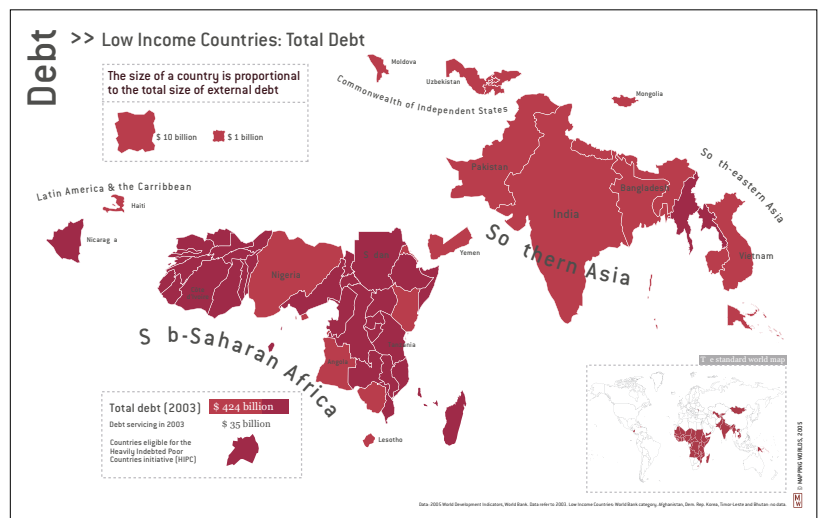


Africa – Up in smoke?

The second report from the Working Group on Climate Change and Development

The world's wealthiest countries have emitted more than their fair share of greenhouse gases. Resultant floods, droughts and other climate change impacts continue to fall disproportionately on the world's poorest people and countries, many of which are in Africa.

This Report finds that concerns about the effects of climate change on rural African societies are more than justified. Climate change is happening, and it is affecting livelihoods that depend on the natural environment, which, in Africa, means nearly everyone. However, even without adequate support, far from being passive victims, people recognise even small changes in climate, and are taking steps to respond to them.



This map displays a quite diverse situation in the world, with countries like Pakistan, Nicaragua and Côte d'Ivoire having substantial debt in comparison to their neighbouring countries. India and Nigeria have a quite large debt, but these are also very populated countries with advancing economies. The map was developed by Mapping Worlds, as part of a series on the Millennium Development Goals. Interactive versions are presented in a Dutch web project. Check the Mapping Worlds website for maps on the other goals and for the new World Population Series: <http://www.mappingworlds.nl>.

Goal 8: Develop a global partnership for development • Develop further an open trading and financial system that is rule-based, predictable and non-discriminatory. Includes a commitment to good governance, development and poverty reduction—nationally and internationally • Address the least developed countries' special needs. This includes tariff- and quota-free access for their exports; enhanced debt relief for heavily indebted poor countries; cancellation of official bilateral debt; and more generous official development assistance for countries committed to poverty reduction • Address the

“The world as a whole spends \$4.7bn on Aids each year – the US spends almost twice this (\$8bn) annually on cosmetics. Europe spends more than twice this (\$11bn) on ice cream.”

People and Planet, 2004

“Primary responsibility for unsustainable patterns of production and consumption, such as the over-harvesting of global fisheries and production of green house gases, must lie with the countries that cause the problems. Those are the high-income and some of the rapidly growing middle-income countries.”

UN Millennium Project

Climate change – why should we care?

By **Churchill Otieno**, journalist of the East-African

Paul Desanker is Professor of Geography at Pennsylvania State University and a lead author of the Intergovernmental Panel of Climate Change (IPCC) Third Assessment Report (African section).

Scientists say the climate is changing and human behaviour is responsible. In particular increased industrial activity is releasing harmful gases into the atmosphere. They say the implications for food, disease and life in general are enormous. Churchill Otieno discussed some of the issues with Professor Paul Desanker, a leading researcher on climate change.

Q: What is climate change and why should the world care?

A: When we talk of climate change we are really talking of changes brought about over the industrial period – the last 60 to 100 years – during which time we have seen increased use of energy sources that emit harmful gases into the atmosphere, which have a warming effect and hence shifting climate patterns.

Most serious, especially for Africa, is the shift in the rain patterns over the year. Traditionally we are used to a certain pattern of life; long rains, short rains, dry season and so on, so all we do like planting is synchronised to the seasons. The fact that climate change has resulted in this shift means we end up with crop failure – rainy seasons no longer coincide with crop planting, areas that never had drought begin to experience it or we suddenly have lots of rain like the El Niño.

Q: But the science community seems divided as to whether climate change is happening at all.

A: By now the majority view is that climate change is happening, it is for real. Only very few would be doubtful. The only thing we are unsure about is by how much and where will the change happen. Some areas of the world will get warmer, others cooler. Phenomena like El Niño will get more severe.

Q: What does this mean for Africa?

A: Africa is trying to develop and most of this development is linked to rain fed agriculture

as opposed to irrigation. Most of the rural communities rely on rainfall patterns for their crops. Whole economies are driven by agriculture. This also has implications for health since most diseases are associated with poor or contaminated water; parasites thrive when it floods resulting in more cholera and malaria. Mosquitoes do not survive below a certain temperature but with the warming effect they are able to survive in some highlands.

Low lying coastal areas, where most cities in the world are, are particularly vulnerable to flooding and other ramifications during major storms. But while these are things no one can do anything about, most developed countries have much better coping mechanisms in terms of early warning systems and the ability to recover after the havoc. Africa has none of this.

Studies have shown, for instance, that the glaciers atop Mount Kilimanjaro and Mount Kenya have greatly reduced. Some even see them melting out as soon as another 20 years. Yet it is well known these glaciers are the source of streams and rivers and are also important for rain.

Q: What ammunition has Africa to respond?

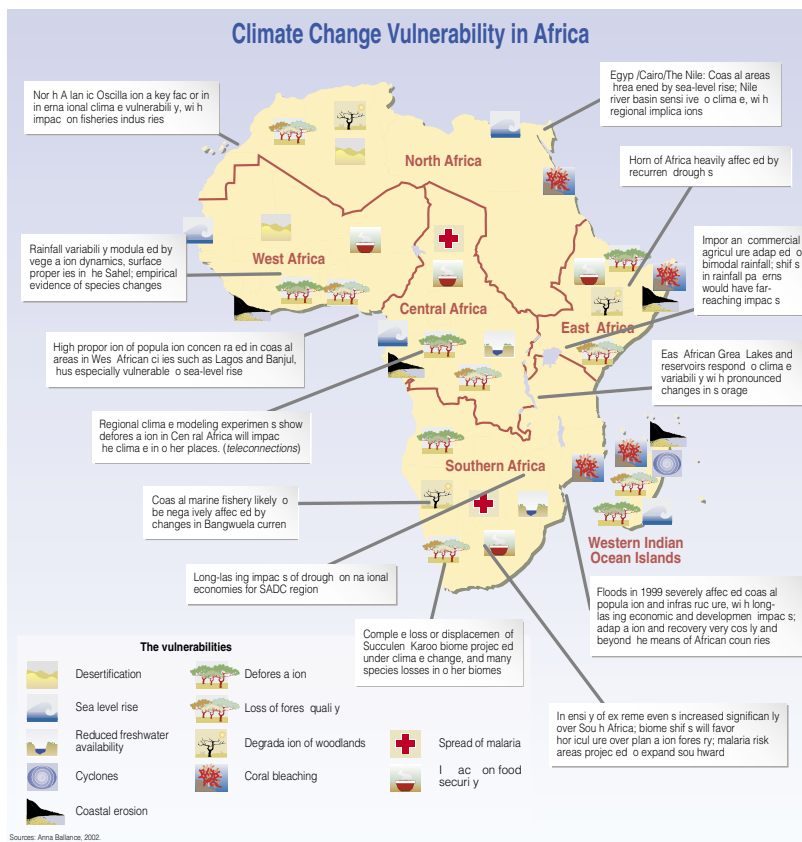
A: There is very little Africa can do to change events.

Q: But do we have to cope with climate change?

A: Not the whole lot. There is some local knowledge, like the rural communities eke a living in very hard conditions, but these conditions are changing, for instance the nomads like the Maasai in days gone by would move away from harsh weather but this is not possible anymore because land use has changed.

What is needed is much greater awareness of what the issues around climate change are. You cannot respond to what you do not know. Also, no one country can go it alone. Technology has also improved to help us cope; fairly accurate seasonal forecasts to help farmers plan better – but its not an exact science.

Africa's contribution to emissions of harmful gases is minimal, less than 10%. Even if we were able to reduce this to zero we would



still be in danger because much of the emissions come from the industrialised world, like the United States. But if Africa were to industrialise we would be in deeper problems because this unfortunately comes with more harm to the environment.

The US is leading in pumping these harmful gases into the atmosphere, yet it has refused to ratify the Kyoto protocol to help stabilise these gases.

Q: Are they holding the world to ransom?

A: They are not holding up the Kyoto Protocol anymore because with Russia having ratified, it came into force in February, this year. Since the US emits the largest amount of harmful gases it makes little sense for everybody to act and not them. The protocol demands that developed countries reduce their emissions by 5%, which is obviously minimal, but all are agreed it would be an important first step.

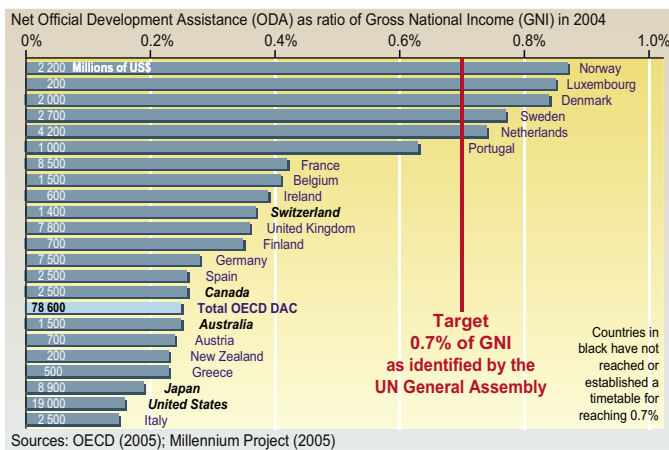
All the same, a lot depends on what the US does. American officials have argued that there are more effective ways of reducing emissions, for instance the use of less fossil fuels. This involves developing technology for cleaner fuels, which is possible given the speed with which technology advances, but also unlikely.

In the final analysis, every country has a right to take whatever position so we really cannot force the US, but the world should encourage them.

“World Bank research has shown that agricultural subsidies in rich countries of about \$300-350 billion a year suppress world prices, undermining developing country exports. This is more than the total economic output for all of Africa. The subsidies are roughly six times total development aid.”



Goal 8



International aid

Increased aid is not the solution to global inequality. Aid alone will not eradicate poverty. Nevertheless significant increases in Official Development Assistance (ODA) are essential to the process of achieving international development targets.

In the 1970s the OECD agreed to a minimum ODA target for donor countries of 0.7% of gross national product. But few actually honoured their commitment. Furthermore, over the last 30 years, aid as a percentage of GDP has decreased for the 22 members of the rich world's "donor club", or Development Assistance Committee, dropping from 0.31% in 1970 to 0.24% in 2002. Only five countries – Denmark, Luxembourg, the Netherlands, Norway, and Sweden – achieved the target in 2002.

With most donor countries falling short of their promises, there have been repeated calls for a renewed effort. The big question since the Monterrey Consensus in 2002 has been whether the rich world will finally meet its long-standing 0.7% target and enable the poorest countries to break out of the poverty trap, thereby achieving the Millennium Development Goals. Until recently, only seven countries had published a timetable for reaching 0.7% of GNP by the year 2015; Belgium, Finland, France, Germany, Ireland, Spain and the United Kingdom. If we add these countries to the five with longstanding success honouring their commitments, their number amounts to 12 – just over half the 22 DAC donor countries. A step in the right direction. If all 22 donors increased their official development assistance to 0.7% of GDP, the value of funds would triple to reach \$165bn (UNDP 2003).

special needs of landlocked and small island developing States • Deal comprehensively with developing countries' debt problems through national and international measures to make debt sustainable in the long term • In cooperation with the developing countries, develop decent and productive work for youth • In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries • In cooperation with the private sector, make available the benefits of new technologies—especially information and communications technologies.