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BRIEFS

Actors in the DRC

A two-year transitional government was installed in the Democratic Republic of Congo (DRC) on 17 July 2003. Four vice-presidents were sworn in and President Joseph Kabila was inaugurated as the interim head of state. The vice presidents are: **Abdoulaye Yerodia Ndombasi**, representative of the incumbent Kinshasa government; **Jean-Pierre Bemba**, the leader of the Congolese Liberation Movement (MLC) rebel group; **Azarias Ruberwa**, the Congolese Rally for Democracy (RCD) president; and **Arthur Zahidi Ngoma** from the unarmed political opposition.

The make-up of the new government and the interplay between the actors will have far-reaching implications for the internal stability and international support of the DRC.

- **Ndombasi** served as foreign minister under Joseph Kabila and represents the Kabila bloc. A Belgian court sought him for his role in inciting ethnic attacks at the start of the Congo war in 1998. The pro-Kabila bloc will hold the ministries of the interior, decentralisation and security, finance, energy and industry.

- **Bemba**, MLC leader, is a convicted people-trafficker whose rebel group has been accused of war crimes, human rights violations and cannibalism. He was educated in Belgium and eventually graduated with a business degree. The MLC enjoys popular support in the northwestern Equateur province. The MLC will preside over foreign affairs and international co-operation, planning and budget.

- **Ruberwa**, a Congolese Tutsi, is the RCD president. He is a lawyer by training, a workaholic and has been accused by his compatriots as being a stooge of the West. He was initially an ally of Laurent Kabila, before rising up against him as a member of RCD-Goma. One of his self-declared priorities for the DRC is to root out corruption. The RCD will administer

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The World after Cancun

Can the developing world influence global trade talks constructively or is the Doha Agenda doomed?

The collapse of the 5th World Trade Organisation (WTO) ministerial conference in Cancun, Mexico on 10-14 September 2003, has thrown the ailing multilateral trading system into intensive care mimicking its disastrous fate in Seattle. How do the outcomes at Cancun reflect on the prospect for success of the Doha Development Agenda (DDA)?

It is an open secret that the major sticking point at Cancun was the reluctance by developed countries like the EU, US and Japan to dismantle highly trade-distorting agricultural subsidies and tariffs. Unsurprisingly, developing countries rallied around the issue.

However, the successful conclusion of the meeting was also obstructed by the insistence of countries like the EU, Korea and Japan, to negotiate the 'Singapore issues' (investment, competition policy, government procurement and trade facilitation), which the Africa Caribbean and Pacific countries firmly rejected.

Now that the dust has settled and the recriminatory statements have toned down, it is clear that the 'real cause of the breakdown was that both the EU and the US lacked the political mandate to advance agricultural negotiations', according to the SA minister of trade and industry, Alec Erwin. The EU's hands were largely tied by the sluggish domestic reform of its Common Agricultural Policy, which is less ambitious and totally out of sync with the DDA. The EU's budget from which the subsidies are financed, is fixed until 2013 and the next review is only due in 2007, although this does not mean that it cannot be changed.

As for the US, much of its attention is now focused on next year's presidential elections. The US is clearly not prepared to offend protectionist agricultural lobbies at home by subscribing to a pro-trade liberalisation agenda. Although the US has in the past supported the Cairns Group's call for reform, its practice has been out of line with its rhetoric. For instance, its support for farmers has steadily increased since 1996 and the US Farm Bill that was signed by President Bush on 13 May 2002 will increase subsidies to the agricultural sector by 80% to the tune of \$82bn over the next ten years. Besides, the US is probably less perturbed by failure at the multilateral level as it could get a better deal in bilateral and regional trade agreements. It is in fact pursuing bilateral agreements with SACU, Morocco, Australia, the Central American Common Market and ECOWAS, among others.

The failure of the meeting was no doubt preferable to both developed and developing countries for different reasons. For developing countries, a 'no deal was better than a bad deal', whereas developed countries preferred to have 'their way' or 'no way'.

It is too early to describe Cancun as a tragedy or triumph. According to Paul Kalenga, SADC Trade Policy Adviser, what happens next will determine the significance of Cancun. SA and SADC will continue to work for a strong WTO that ensures that weaker economies are protected in the global arena.

Indeed, for all its disappointments, Cancun saw some significant progress on a number of issues including agriculture. The EU finally

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UN Reform Revisited

In September 2003 at the annual meeting of the UN General Assembly both Kofi Annan and President Thabo Mbeki called for a re-examination of the UN system.

The chances for fundamental UN reform are slim as is consensus about what a reformed UN should look like. Moreover, SA receives little support in Africa for a more prominent role.

The composition of the UN Security Council reflects the reality of the world in 1945. The victors of World War II were accorded permanent seats with the right to veto any resolution before the Council.

Although the world and its power relationships have changed, the US, Russia, China, Britain and France retain their right to occupy their permanent seats. Countries like Japan and Germany, the losers in World War II, enjoy no such privilege in spite of their economic might.

Of more interest to SA and the countries of the developing world is one that did not occur to the delegates at San Francisco in 1945. That is the absence of a permanent place at the Council table for the countries of the South.

Security Council reform in 1963-65, during the era of decolonisation, provided for an expansion of Council membership and allocation of seats by regional groupings. However in a diplomatic system that in theory regards all sovereign states as equal, all attempts to deal with the imbalance between the five permanent members and the rest of the world have foundered.

It is not difficult to see why. It suits the P5, who are also the world's acknowledged nuclear weapons states, to maintain the status quo. Any reform could affect their veto power, or accord the veto to new permanent members whom they do not trust, or in the case of France and Britain, as mid-level powers in the present world, put in jeopardy their very permanent membership.

But the problem does not end there. On the assumption that new permanent seats were to be created, would they be accorded the veto power? How would the seats be allocated and to which countries? Various proposals have been put forward and each has its group of adherents and supporters. The idea of an intermediate form of 'permanence' has been mooted — a rotating permanent seat. This idea has the blessing of the AU.

The most obvious proposal would be to allocate one or possibly two new seats to each of the three regions, namely Latin America and the Caribbean, Africa and Asia.

Each of the countries of these regions has its rivalries, fears and suspicions. Yet the nomination of the permanent or quasi-permanent member/s for the region would have to be agreed by each region. Not an easy task when in Latin America Brazil, Argentina and Mexico could each lay claim to the seat. Would a seat for Japan, an OECD member, be considered as representative of Asia, or should a developing country member be elected, possibly in addition to Japan? Would India be acceptable to all Asian countries? In Africa the obvious candidates might be SA, Nigeria, Algeria and Egypt. But would Africa be prepared to support one or possibly two of those countries, depending on the number of seats created? It is significant, for instance, to note that South Africa has never been elected to the Security Council, not even in the ten years of democracy since 1994 when it rejoined the world community and was welcomed into the African Group at the UN.

To deal with the problem of UN reform an Open-Ended Working Group (OEWG) on the reform of the Security Council was established as long ago as 1994 by a resolution of the UN General Assembly. The issue of Council reform is therefore being addressed by the collective membership of the UN. Yet nearly 10 years after its formation, the OEWG has reached a deadlock on the question of enlargement and the veto.

Because the debate on Security Council reform was going nowhere and members were not prepared to make concessions in their fixed positions, the issue has tended to be pushed to the bottom of the agenda by more dramatic and urgent issues.

But the pre-emptive attack on Iraq by the US-led coalition without the authorisation of the Security Council has changed all that. Multilateralism and the credibility of the UN were put under threat. One of the most important developments during the recent General Debate was the

announcement by the Secretary-General Kofi Annan on 23 September 2003, that he intends establishing a High-Level Panel of Eminent Persons whom he would ask to examine current challenges to peace and security; consider the contribution which collective action can make in addressing them; review the functioning of the major UN organs and the relationship between them; and recommend ways of strengthening the UN through reform.

In his speech he pointed out that there were two options for global security — a rules-based system in which the UN has the focal role, or anarchy. He repeated his Millennium Report statement that if the UN, which he noted is the sum total of its members 'want[s] the Council's decisions to command greater respect, particularly in the developing world, [they] need to address the issue of its composition with greater urgency'.

Speaking shortly after Annan, President Thabo Mbeki alluded forcefully to the same issues — namely problems for the UN arising from the invasion of Iraq and, using domestic phraseology, the need for transformation of the UN. He gave unequivocal support to the Secretary-General's actions.

He took the issue further on his state visit to India late in October when he agreed with the Indian prime minister that the two countries should work actively for the reform of the Security Council. Just days later the Brazilian foreign minister, Celso Amorim, also on a visit to India, spoke of the promotion of Security Council reform in the context of the IBSA Forum. (The IBSA Forum is a grouping of India, Brazil and SA, as leading states of the South on their respective continents, created by the three foreign ministers in Brasilia in June 2003.)

In recent statements SA leaders, including Deputy President Zuma speaking in Ankara, have re-emphasised SA's commitment to strengthened multilateral institutions which are more democratic and better represent the interests of the South.

In spite of the words of support for the Secretary-General's initiative

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Africa and Nippon Moving from aid to trade?

Japan recently hosted the Third Tokyo International Conference on African Development (TICAD III) on 29 September - 1 October 2003. The TICAD process seeks to highlight the positive aspects of a partnership between the North (Japan in this instance) and African states, the main component of this partnership being in the form of Japanese official development assistance (ODA) to the continent.

Japan is the world's largest aid donor although its aid remains heavily concentrated on Asia. According to data of the Organisation for Economic Co-operation and Development, Asia received 56.6% of total Japanese aid in 2001. Africa followed with 14.6% and although Africa makes up only a small proportion of Japan's total aid budget, ODA to the continent since 1993, when TICAD I was launched, has totalled \$12bn. Human-centred development assistance from Japan has created educational opportunities for approximately 2.6m children, provided health and medical care for 240m people, improved access to safe water and sanitation facilities for 4.6m people and expanded agricultural areas under irrigation to 57,000 hectares. Over the next five years, under TICAD III, an additional \$1bn will be provided in grants in these areas as well as in food assistance.

However, although ODA has a role to play in the economic development of the African continent, it could be argued that trade can make a better contribution to broad-based economic growth, as trade directly generates income, employment and investment resources for poor households.

The TICAD process does emphasise the important role that trade and investment can play in generating economic wealth on the continent. The Asia-Africa Trade and Investment Promotion Initiative, established through TICAD, has resulted in \$300m in assistance through investment loans and the disbursement of \$1.06bn in infrastructure-related areas such as transportation, communication, energy and water. Japanese investment in Africa, in 2001, represented 0.6% (\$2.22bn) of total Japanese investment in the world.

Clearly this is not enough. Over the past two decades, the African continent has suffered a dramatic decline in its share of world exports. It currently accounts for only 1.3% of global exports of goods and services. A breakdown of Japan's trade with Africa reflects the importance of SA rather than Africa as an economic partner for Japan.

In 2002, Japan's exports to Africa amounted to 1.2% of its total global exports. SA received 31.6% of this figure. Japanese imports from Africa amounted to 1.7% of its total global imports. Again, SA features as the main African exporter to Japan representing 50.9% of the total figure. Resource diplomacy has been a significant aspect of trade relations between SA and Japan. Trade relations between the two countries have strengthened over the past few years with SA emerging as Japan's leading trade partner in Africa and Tokyo as SA's third largest trading partner in the world.

Prior to 1994, Japanese investment in SA was minimal. However, during the past six years, Japanese investment in excess of \$500m has been mainly in the metals, minerals and automotive sectors. Japanese investment in SA has focused on job creation and technological transfer and has contributed towards the government's development and industrial strategies.

From the figures, it is clear that SA is the definitive economic partner of Japan in Africa. The rest of Africa has to play catch-up. However, the question remains what hope Africa has in a globalised world without trade and investment as the defining factor in its relationship with the North. Perhaps TICAD IV should focus more on how to support Japanese trade with Africa rather than pursuing the traditional aid route.

Natasha Skidmore

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the departments of defence, demobilisation and war veterans, parastatals, economy and telecommunications.

- **Ngoma** is a well-known human rights defender. After studying law in France, he began working for the UN Educational, Scientific and Cultural Organisation (UNESCO) in 1978. He worked for UNESCO in the human rights division for 20 years. He was arrested and sentenced to death in 1997 when Laurent Kabila came to power, but was released following strong international pressure. He also helped set up the political wing of the RCD, before leaving the Rwanda-backed group which he accused of being depraved and manipulated.

- **Kabila** accompanied his father as he led the Alliance of Democratic Forces for the Liberation of Congo-Zaire (AFDL) rebel army towards Kinshasa in 1997. But two years later he had gone from fighting with the rebels to fighting against them, as the Rwandan-backed guerrillas sought to oust his father from power. He was born to a Tutsi woman in Rwanda while his father was in exile.

Does Kabila enjoy broad-based support from the interim government? A few days before they were sworn in, two of the vice-presidents were still trying to oust him by force. Creating trust amongst the interim leaders is difficult. However, he recently stated that he is feeling more optimistic and the transitional government is 'becoming stronger as confidence and trust among former rebels and his aides grows'.

The international community has demonstrated greater support and confidence in Kabila. There has been a huge influx of financial assistance and debt relief, especially from the West. The DRC has qualified for the IMF Highly Indebted Poor Country (HIPC) initiative for debt relief. It will reduce the DRC's external debt of \$12bn by almost 80%. Potentially another \$2.5bn would go towards restructuring the state. Less than a fortnight after the interim government was inaugurated, the IMF announced a disbursement of \$37m for the new government as a result of the clear progress made in consolidating the peace process in a 'complex and difficult environment'.

However, the jury is still out on whether the members of the new government will manage to put their dark past behind them and work together in achieving a sustainable peace in the DRC.

Nuria Giralt

South African Trade with Japan (R billion)

SA Exports to Japan			SA Imports from Japan		
2000	2001	2002	2000	2001	2002
16.8	19.4	24.7	14.8	14.6	19.1

Source: Department of Trade and Industry

agreed to the unbundling of the Singapore issues. Although it was too late to salvage Cancun, it became clear that dealing with the four issues as a single package is not the best strategy. This lesson should guide future negotiations in Geneva. It would be wise to introduce 'plurilateral' agreements (that are binding only on the states that negotiate them and not the entire WTO membership) to regulate investment and competition policy, as they seem to be the most controversial Singapore issues.

For SA, the single most important result of Cancun was the emergence of the G20+ (consisting of India, Brazil, China and South Africa among other developing economies) as a force to reckon with in the WTO. For the first time in the history of the multilateral trading system, developing countries participated effectively and constructively in negotiations by putting positive proposals and counterproposals on the table. Owing to the rise of the G20+, there were effective trilateral negotiations between this group, the US and the EU on agriculture. Interestingly, a much more ambitious negotiating text emerged than the EU-US framework agreement. This text should form the basis for future negotiations.

However, in the absence of agreement beyond the pre-Cancun TRIPS and the public health truce, the status quo remains. Developing countries will, in the interim, continue to be subject to rules that are blatantly inimical to their interests, particularly in agriculture. Developed countries will continue to subsidise their farmers to the detriment of millions worldwide. Moreover, the failure of Cancun supports the pursuit of ubiquitous and potentially iniquitous regional and bilateral trade agreements.

As far as the timely conclusion of the DDA is concerned, the omens are not promising. Much will depend on the stance taken by key players such as the EU and the US, and on the ability of

developing countries to remain united in seeking reform.

It is unlikely that the US will move on agriculture before 2005. Besides the election worries, there are growing protectionist sentiments in the US partly as a result of its trade deficit, which hit a record high of \$103bn just with China last year and is expected to rise further.

The EU does not provide hope either. Several predominantly poor east European countries will join in 2004. They are likely to strengthen the anti-CAP reform crusade led by France. The EU will also be occupied by constitutional reform and other housekeeping matters. As for Japan, it has demonstrated no willingness to move on its high rice tariffs and lavish domestic support for agriculture.

On the developing country side, the defection of five Latin American countries and potentially Thailand from the G20+ (now Gx) casts doubt on the ability of this group to remain intact. Brazil, as the *de facto* leader of the group is experiencing increased isolation and pressure from the US in the context of the negotiations on the Free Trade Area of the Americas (FTAA). It remains to be seen whether the core members of the group will stay united.

However, there is still a glimmer of hope. Part of the Gx's arsenal is the expiry of the peace clause at the end of 2003. This clause prevents countries from lodging cases against countries with agricultural subsidies before the WTO dispute settlement procedure. It is expected that the ensuing flood of cases against the US and the EU would eventually force them back to the negotiating table.

As a way forward all countries should cooperate to revive the talks. The next year should be devoted to serious technical work

to prepare the way for negotiations in 2005. It may not be possible to solve every contentious issue on time, so extension of the round is inevitable.

Moreover, the large membership of the WTO makes reaching an agreement, a daunting task. There is need for the WTO to be more efficient in decision-making. However, this work should not be allowed to overshadow the critical issue of liberalising agricultural trade.

Furthermore, it is imperative for all WTO members to realise that the WTO's rules-based system is indispensable in governing international economic relations. Infatuation with regional and bilateral FTAs is a recipe for disaster. Besides creating a 'spaghetti' bowl of conflicting obligations, FTAs without the underpinning of a strong multilateral system, will promote the law of the jungle where the weak are at the mercy of the strong. Thus FTAs must complement rather than compete with the WTO.

Finally, the opportunity that Doha provides to ensure that trade contributes to development must not be squandered. SA as a believer in multilateralism and fairness, should together with other countries, continue to push for negotiations to go ahead. It must, by positive action, debunk the myth that the Gx is an unholy alliance of rebels who give nothing but expect everything on a silver platter. In this regard, the Gx should guard against drifting into highly intoxicating and counter-productive North-South wrangling. For their part, developed countries should provide leadership by co-operating and using their power responsibly.

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from a variety of quarters, including SA, the bottom line remains that unless the P5 agree on a formula for reforming Council membership, and two-thirds of the total UN membership approves the proposals, nothing will change.

It remains to be seen whether the greater good prevails over national, and sectional interests. Don't hold your breath.

Tom Wheeler