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The Fight Over the Global Development Agenda: How the West Tries to Marginalise UNCTAD

The UN Conference on Trade and Development (UNCTAD) has a long history of intellectual independence. This article details how Western countries tried to marginalise the organisation and its work – which is often critical of Western powers – during the 2012 UNCTAD conference. While developing countries were able to mobilise and partially beat back these attempts for now, the organisation's ability to contribute to global macroeconomics remains under threat.

The UN Conference on Trade and Development (UNCTAD), established in 1964, has been a kind of "think tank for developing countries". Through its annual Trade and Development Reports and other publications, it produced sustained empirical analyses of global macroeconomic issues through the 2000s and often offered "second opinions" to those of the IMF, the World Bank and leading Western states. Well before and more forcefully than the IMF, UNCTAD warned of the dangers of rising financial fragility due to the interaction between high private debt-to-GDP ratios and high current account deficit-to-GDP ratios in several major Western economies. It has not hesitated to identify financial deregulation, the growth of giant banks and shadow banks, and free capital mobility combined with floating exchange rates as root causes of rising financial fragility. While pulling its punches via diplomatic language, it has not hesitated to criticise governments and economists who championed these policies.

For most of its history, Western states and Western-dominated international organisations either ignored UNCTAD or treated it with the annoyance one might direct towards a fly. Western states have less leverage over it than over most international organisations, because its budget comes mostly from the overall UN budget. This means that Western states are less able to use conditional financial contributions to make UNCTAD say and do what they want, as they do with the UN Development Programme and the Bretton Woods organisations, among many others.

However, UNCTAD's governance requires that ministers from its member countries approve a quadrennial mandate and work programme for the following four years. In the run-up to the thirteenth ministerial quadrennial conference held in April 2012 in Doha, Western states made a concerted effort to obstruct UNCTAD from further work on global macroeconomic and financial issues. As a senior US delegate declared in one of the last negotiating sessions in Doha, "We don't want UNCTAD providing intellectual competition with the IMF and the World Bank." Another Western delegate said that while UNCTAD had been ahead of the curve on important issues in the past, the IMF had now "caught up" with UNCTAD, so further UNCTAD work in global macroeconomics and the financial crisis was no longer needed.

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The Western states were together known as Group B, in turn divided into two groups: the European Union (EU) group and the JZ group, where JZ refers to the non-EU OECD countries, including Japan, the USA, Canada, Australia, Norway, New Zealand, Switzerland and a few others. For the UNCTAD negotiations, the JZ group led the Western states, and within the JZ group, the US delegation led from behind while the Swiss delegation officially fronted the group (the Swiss being the official group coordinators). The US and Swiss teams coordinated with an EU negotiation team which agreed with the JZ group on most issues.

The developing countries were grouped into what is called the G77 + China (G77/C). As the negotiations over the mandate continued in Geneva from January 2012 onwards, the G77/C, led by their top negotiator (Thailand), played an accommodative and moderate game so as not to appear to be the difficult party. The Thai delegation was supported by other "moderates", including Indonesia, Ethiopia, Tunisia and Morocco. Their critics described them, disparagingly, as "the G77 Friends of JZ". But few developing countries devoted time to the negotiations in the run-up to Doha. As the negotiations went on and the Western states dug in their heels, a hard-core group of G77 countries emerged which resisted most of the concessions being made by the Thai coordinator. They were described by some of the moderates as "the hard-liners" and included Egypt, Algeria, Iran (Asian Group Coordinator), Zimbabwe (African Group Coordinator), Bolivia and Peru. They helped to block the accommodating Thai negotiator from making many more concessions to JZ and the EU.

China was quietly influential behind the scenes; it leaned towards the "hard-liners" more than towards the "moderates" but was more concerned than others with maintaining consensus within the G77. People paid careful attention to what its delegation said, even though they often had to read between the lines. Brazil and South Africa had little involvement until the BRICS (Brazil, Russia, India, China, South Africa) summit in March 2012, when senior officials and politicians finally resolved to pay attention to the way UNCTAD was being marginalised in Geneva.

The marginalisation process began in earnest when the President of the Negotiating Committee (the ambassador from Lesotho) tabled a negotiating text based on the different groups' position papers and on formulations provided by the UNCTAD secretariat. Delegates from the two Western groups treated it much in the manner of gleeful children poking sticks into the spokes of a moving bicycle. No phrase, word or comma escaped their attention. As they submitted deletions and revisions and the G77 made counter-submissions, the draft ballooned by the day. Eventually, it was jettisoned only three weeks before the Doha conference and replaced with a President's "distilled text". This text, as amended over the subsequent days, formed the basis of the document discussed in Doha.

The enhanced status of the G20 is an important reason why the G77/C showed itself to be so unsure of what it wanted. Since the G20 was upgraded to heads of government level in late 2008, the big developing countries in the G20 tend to give priority to their G20 membership and are less inclined to engage in forging a common G77 position. As a result, only a few of the major developing countries sent their trade ministers to the UNCTAD meeting – for the ostensible reason that the G20 had at the last minute called a meeting of trade ministers in Mexico for a date which clashed with the long-scheduled UNCTAD ministerial in Doha.

However, a few weeks before the Doha ministerial, an open letter by a group of 65 former staff members of the UNCTAD secretariat plus some civil society organisations brought the issue out of the closed negotiation chamber and into the public domain – alerting countries in the G77/C to what was happening and in the process strengthening the hand of the so-called "hard-liners" worried about the increasingly absurd tone of negotiations. By the time of the ministerial conference in Doha, some major developing countries were prepared to fight back under the G77 banner.

The negotiations in Doha fractured repeatedly on North-South lines, and until the last moment it looked as though, for the first time since UNCTAD VII in 1987, there would be no agreement by consensus on an UNCTAD XIII mandate. Just a few days before the start of the Doha negotiations, the Summit of the Americas ended for the first time ever without a consensus declaration because of unbridgeable North-South differences. Doha looked set to repeat that outcome.

One of the key issues was a paragraph in the draft text giving UNCTAD a role to "contribute to the work of the United Nations in addressing the root causes and the impacts of the global economic and financial crisis". The West objected to UNCTAD working on "root causes" (which might point to the West); it wanted UNCTAD limited to "impacts on developing countries". The final agreed text came up with the compromise that UNCTAD should "continue … research and analysis on the prospects of, and impact on, developing countries in matters of trade and development, in light of the global economic and financial crisis". The Western groups hoped that by stipulating "developing countries" they would be able to keep UNCTAD silent about their role in the crisis.

Another North-South fracture came over the phrases "enabling state" and "effective state". UNCTAD's mandate from the ministerial conference of four years before in Accra had ratified the idea of the "enabling state", as in the prescription for UNCTAD to help

> developing countries … pursue development strategies that are compatible with their specific conditions within the framework of an enabling state, which is a state that deploys its administrative and political resources for the task of economic development, efficiently focusing human and financial resources. [Author's note: these words are coded scepticism about the universal validity of the Washington Consensus.] Such a state should also provide for the positive interaction between the public and private sectors.[1]

The West tried to replace this in the new mandate with the sentence that UNCTAD should promote "an effective state, working with private, non-profit and other stakeholders" to "help forge a coherent development strategy and provide the right enabling environment for productive economic activity". The final text was a compromise. It mentions neither "effective state" nor "enabling state". It talks only of an "enabling environment", and the Western groups considered this another victory.

The Western states also objected to any mention in the Doha Mandate of several issues that UNCTAD had sanction to work on in the Accra Mandate of 2008: issues such as "policy space", "macroeconomic and development policy", "systemic coherence", and "regional financial and monetary coherence". In effect, the West said, "We do not want UNCTAD to discuss

1 United Nations Conference on Trade and Development, Twelfth session, Accra 2008, http://unctad.org/en/docs/tdxii_accra_accord_en.pdf (Accessed on 27 September 2012).

any of these issues, because they are not within UNCTAD's competence. They are for the G20 and IMF to deal with."

One of the sticking points in Doha became the extent to which the existing work-programme (Accra Mandate) would be continued, if not intensified, through the new Doha Mandate. The Western groups said that the Doha Mandate should "build on" the Accra Mandate. The G77/C said that "build on" could be taken to imply that the Accra Mandate itself could be superseded – and the controversial subjects dropped. Instead, the G77/C wanted the text to say "reaffirm and build on" Accra.

In the final hours of the negotiations, China, Brazil and South Africa climbed into the driving seat on the G77 side and made the last deals with the JZ and EU groups. At 5am on the last morning – faced with the looming deadline of a press conference at 10 am – a mandate and work programme for the next four years were finally agreed by consensus, with the words "reaffirm and build on" Accra in the text. The outcome represents a draw between North and South. But at least it gives the secretariat enough wiggle room to continue to work on global macro issues and to present "second opinions" to those of the IMF and World Bank.

However, for all the sound and fury surrounding the negotiations, the wording of the mandate and work programme is actually a secondary issue. The main issue is personnel. Who will be appointed as director of the key Division of Globalization and Development Strategies, under whose protection the Trade and Development Report is prepared, when the present incumbent retires at the end of 2012? Who will be appointed as Secretary-General when the present incumbent (from Asia) finishes his term in 2013 and ditto for the Deputy Secretary-General (from an EU member state)? By the traditional rule of regional rotation, the search is already on for a new Secretary-General from Africa.

If the now mobilised Western states succeed in getting the "right" people into these key positions, not even the Doha compromise mandate will give the organisation much protection from being railroaded into safe issues sanctioned by the West – such as an "FDI-friendly investment climate", "strong intellectual property protection", good governance, and youth and gender issues – and away from articulating arguments on global macroeconomics and national development strategies not to the liking of the dominant Western states.

In the months following the Doha conference (through late 2012, the time of writing), UNCTAD has lost momentum as the G77 has become lethargised again, the EU and JZ groupings have given it the cold shoulder, and the Secretary-General, his termination in sight, has grown disengaged. This is a victory of sorts for the Western states.