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OPINION

Taking democracy seriously in Iraq

Eric Davis

DEMOCRACY in Iraq, the conventional wisdom holds, cannot work: there is no foundation to build on, no history of a civil society or a politically aware citizenry. The scepticism sounds familiar. After the 1991 gulf war, American leaders, assuming that only authoritarian rule would assure political stability in Iraq, abandoned the nearly successful uprisings against Saddam Hussein's regime. Such arguments, then and now, ignore the traditions of civil society and cultural pluralism that existed before the Baath Party took power in 1968 and remained dormant during the ensuing 35 years of repression. Those traditions can be revived to help Iraq thrive and make a transition to democracy.

Because the Baath Party's chauvinistic pan-Arabism and totalitarianism has for decades defined Iraq's image to the world, many foreigners assume that a western-style civil society never existed there. From the modern state's founding in 1921, when Britain imposed the Hashemite monarchy, Iraq (despite the absence of democracy) built a rich and varied society of ethnic inclusiveness, artistic freedom and civic involvement.

In fact, the roots of this society go back a century. The Baghdad College of Law, Iraq's oldest institute of higher learning, was founded in 1908 and quickly produced a distinguished legal profession. In the ensuing years, teachers, university students and professionals created associations and social clubs, like the Solidarity Club in Baghdad formed in 1926, an intellectual salon that also organised anticolonial and antimonarchy rallies.

Labour movement

During this period, too, artisans and workers formed a nationwide network of labour groups that was independent of state control. This labour movement organised a general strike in 1931 that forced the British to abandon plans to raise taxes and electricity rates. This encouraged further protests, testifying to strong solidarity among workers (many of them illiterate) until the Baathists suppressed all labour groups in the 1960s.

In the middle of the last century, writers formed literary organisations that generated the Free Verse Movement, which influenced the entire Arab world by challenging classical forms of Arabic poetry that had not changed since pre-Islamic times. Artists' salons, like the Pioneers and the Baghdad Group of the 1950s, made strides in the visual arts, producing the acclaimed Freedom Monument in Baghdad's Liberation Square.

Dozens of newspapers in the largest cities presented not just the news but also a broad sampling of intellectual culture (particularly short fiction and poetry) and, despite censorship, political views. The coffee house, already a venerable institution in Ottoman Iraq, became the place where Iraqis of all social classes and ethnicities read the papers, discussed politics and heard poets read their work.

This rich culture rested on a commitment to political and cultural pluralism.

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An Iraqi firefighter battling an oil pipeline explosion stops for noon prayers ... Iraq's rich social and cultural heritage provides a strong foundation for building a democracy. AP Photo/Samir Mezban

Although the Hashemites' pan-Arabism refused to recognise ethnic diversity, their strain of nationalism was never dominant. While the bureaucratic and military elites tended to be Sunni Arab and pan-Arabist, the broad core of Iraqi nationalism insisted on the inclusion of all Iraq's ethnic groups, even as it recognised Iraq's predominantly Arab character.

Gen. Abdel Karim Kassem, who came to power after the monarchy's fall in 1958, avoided ethnic sectarianism. Whereas the Ottomans and Hashemites had favoured the Sunni Arabs, under Kassem being Shiite or Kurd (or any other ethnic group) was no longer an impediment to a state job. Kassem's regime proved that ethnic schisms were not part of some primordial Iraqi national character as many westerners had suggested. Although authoritarian, the Kassem government showed that xenophobia, brutality and nepotism need not be the norm of Iraqi public life. He enacted social reforms like building public housing and redistributing land more equitably. Through state-run museums, films and television programs, Kassem tried to champion Iraqi history as a story of cultural pluralism, which infuriated pan-Arabists.

Although the Baathist regime that overthrew and executed Kassem in 1963 suppressed all nationalists who supported cultural pluralism, traditions of civil society remained alive, if underground. When I was in Iraq for the first time in 1980, I was struck by the bustling Iraqi bookstores, where volumes were literally falling off the shelves. Many texts on approved subjects like ancient Mesopotamia, the Baghdad-based Abbasid Empire, pre-Islamic Arab poetry and Iraqi folklore contained within them a set of 'hidden texts' in which Iraqi intellectuals sustained a rich, if covert, political discourse. An Iraqi intellectual could, for example, criticise Nebuchadnezzar's rule in a scholarly work,

but the intelligentsia could read, between the lines, an attack on Saddam Hussein.

I also noted the dignity and high quality of the writings of colleagues in Baghdad University's department of political science (which, to be sure, avoided openly discussing Iraqi politics). These traits underscored the refusal of Iraqis to desist from the life of the mind, no matter how ruthless their rulers. I soon understood the Arab saying: 'The Egyptians write, the Lebanese publish and the Iraqis read.'

Indeed, Iraqi tenacity in upholding intellectual and cultural traditions made clear why Saddam Hussein had appointed himself to head the audaciously named 'Project for the Rewriting of History', which, while ostensibly reclaiming Iraqi heritage from colonial interpretation, actually sought to expunge any record of the strides made by Iraqi nationalists toward civil society before Baathist rule.

Even Iraqi textbooks withstood complete Baathist rewriting. References to Saddam Hussein's interpretations of history were added, but in a superficial fashion. For example, Saddam Hussein's 'Qadisiya' – his name for the Iran-Iraq war, recalling the Arab victory over the Persians in 637 A.D. – was given only a short paragraph in the standard sixth-grade textbook on Iraqi history.

Indeed, one Education Ministry official who oversaw the secondary school curriculum under Saddam Hussein was Baqir al-Zujaji. His academic study of the Iraqi novel's treatment of rural society is a covert indictment of the Baath Party in the guise of an attack on leftist intellectuals. In arguing that leftist writers treated peasants condescendingly, he actually documented and tacitly criticised the manner in which the Baathists treated rural residents. Today, Iraqi reformers can turn the 'Project for the Rewriting of History' on its head by using school textbooks to document the rich tradition of cultural openness in modern Iraq that the Baathists tried to deny.

Kurdish experience

If civil society persisted covertly under Saddam Hussein, it flourished in his absence. In the Kurdish-controlled areas of the north, democratic government has taken hold over the last decade. Although imperfect, it can boast parliamentary elections, an ideologically diverse press, new schools, advances in health care that lowered the mortality rate, and cultural and political tolerance. And these gains were made despite Saddam Hussein's economic embargo, as well as hostility from neighbouring Turkey and Iran. The Kurdish experience shows that Iraqis can establish democracy when allowed to do so.

The sceptics have it wrong. Iraqis today can look to a past that offered political and cultural space for all its ethnic groups. Historical memory can be an important building block in reconstructing civil society and establishing democracy in Iraq. ■

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South African foreign policy: elite perceptions and preferences

Despite the advent of democracy, South Africa remains elite driven. Reporting on a survey conducted by the Centre for International and Comparative Politics at the University of Stellenbosch, professor **Philip Nel** notes that South African elites are well informed about foreign policy issues, but increasingly concerned about their apparent lack of influence in foreign-policy making

WHETHER we like it or not, the South African polity remains elite-driven. Although the composition of the elite has changed significantly over the past nine years, political participation, the aggregation of interests, and legitimisation processes are concentrated in a thin but influential crust of society. This is partly a reflection of South African political culture, but also the result of the top-down nature of the transition process, and the centralisation that has taken place in recent years in the name of 'better coordination and delivery'. We are still some way from realising the vision of a South Africa where 'the people are their own liberators', as President Mbeki on occasion put it.

Despite the obvious importance of the elite in South Africa, we do not know enough about their understanding of foreign policy issues, and their perceptions and preferences concerning South Africa's international position and role. Through numerous surveys over the past decade the Centre for International and Comparative Politics (CICP) at the University of Stellenbosch has built up an extensive database on the values and beliefs of the South African elite. The Centre's latest elite survey includes a set of questions on foreign policy issues that are similar to questions included in a CICP survey in 1997-98. This gives us some basis for tracing the evolution of elite perceptions and preferences over time. The current survey also dealt with perceptions and beliefs about NEPAD, which will be reported on later as part of a major multi-country study on NEPAD and the AU.

In the study we used a positional definition of the elite, namely 'those persons who hold authoritative positions in powerful public and private organisations and influential movements and who therefore are able to affect strategic decisions regularly'. In late 2002 Markinor interviewed members of the positional elite. There were 566 respondents (240 more than in the 1997-98 multi-wave postal survey), representing all the elite sectors, namely Parliament, civil service, organised labour, business, NGOs, media, organised religion, and researchers. The respondents represent a fair cross section of the positional elite in South Africa in terms of race, gender, and political affiliation (see Table 1).

Noteworthy general features are that respondents are on average well educated: three quarters have a bachelor's degree or higher, a third having earned their higher qualifications outside South Africa. On average they have strong party-political affiliations (although quite a few declined to reveal their party affiliation), but we found that on many issues supporters of different parties reacted similarly (see Figure 3). We also found that

race is not always a good predictor of opinion on foreign policy issues, but Figures 1 and 2 below reveal some divergence in opinion among the races on certain issues.

Our elite rely predominantly on newspapers, secondly on TV, and thirdly on current affairs journals to form their opinions on international affairs. Less than 10 per cent indicated that they rely on the meetings and publications of international affairs think tanks such as the IGD, ISS, and SAILA. As far as their economic-political views are concerned, almost 80 per cent of the respondents classified themselves as being 'centrist' or 'left-of-centre'. The interviewers noted that almost all the respondents displayed a strong to reasonably strong interest in the questions they were asked. We therefore deem this group to be mostly an attentive elite.

Perceptions and preferences concerning the policy process

A recent assessment of experiments in democratic participation is critical of the inability of the ANC and its ruling allies to translate the participatory gains made during the liberation struggle into what can be called 'empowered participatory governance' in South Africa. Patrick Heller attributes this failure to a combi-

Table 1: Composition of respondents (% rounded)

Sector	Business	16
	NGO, civics	15
	Public sector	18
	Professional/Academic/Analysts	13
	Organised labour	9
	Members of parliament	12
	Media	9
	Leaders of religious groups	7
	ANC	53
	DA, DP & NNP	18
Political affiliation	IFP	2
	FF	1
	PAC	1
	Other	12
	None/no answer	13
Race	Asian	5
	Black	41
	Coloured	9
	White	45

nation of factors, including the ANC government's desire to co-opt civil society into its ruling bloc, the 'political affinities between technocratic domination and neo-liberal reform' that have recently come to characterise the post-apartheid government, and the ANC's belief 'that the key to transformation lies in the instrumentalities of the state'. A fuller account of the centralisation of South African policy-making would need to include an assessment of the nature of democracy in South Africa, which can be best described as an evolving mixture of 'competitive elitist democracy' (with heavy emphasis on constitutionalism) and 'clientelistic corporatism'. As is common in corporatist arrangements, the effect of the specific form this has taken in South Africa has been 'a decline in relevance of parliament and party politics for the formulation and development of public policy', as well as an erosion of political influence of rank-and-file members of political and economic organizations.

Our respondents are well aware that the processes of 'de-democratisation' and centralisation have affected foreign policy in particular. For instance, 50 per cent of the respondents believe that Parliament is least influential in shaping foreign policy (40 per cent of ANC supporters concur with this view), while the Cabinet and state departments are seen to be only marginally important. In contrast, 57 per cent deem the President's office to be the most important institution in this regard. On a personal level most of the respondents are either convinced that policy makers are not very responsive to the views of the elite in general (34 per cent), or are unsure about the degree of policy-makers' responsiveness (29 per cent). There is a perception that as far as foreign policy making is concerned, there is an inner policy elite, which is not responsive to inputs from other (outsider) members of the elite, let alone from the general citizenry. Whether this perception of exclusion has deteriorated into alienation from, and even cynicism about, foreign policy is hard to say. However, decision makers should be concerned about undisputed signs that large sections of the elite, and in particular MPs, feel that they have few opportunities to air their views or to influence policymaking.

Across the board respondents would prefer a more responsive policy making environment in South Africa. To a degree it is to be expected that any elite will always demand more of a say in public affairs than it already has. However, it is important to note that almost without exception, respondents would like to see a much greater role for Parliament in foreign policy making (whether they themselves are MPs or not). They also want government to be responsive to opinion polls not only among the elite, but also among the public in general. A substantial number (82 percent) agree that government should also listen more to organised labour when deliberating about foreign policy, while three in four believe that the voice of organised business should also be an important input. Academics and the research community will be glad to hear that more than 80 per cent of the respondents believe that their views are potentially important policy inputs, but it is surprising to see that only 48 per cent either agree or strongly agree that the government should listen more to South African newspapers when making foreign policy. A sizeable majority (65 per cent) also believe that South African decision makers should not be averse to taking advice on foreign policy matters from other governments.

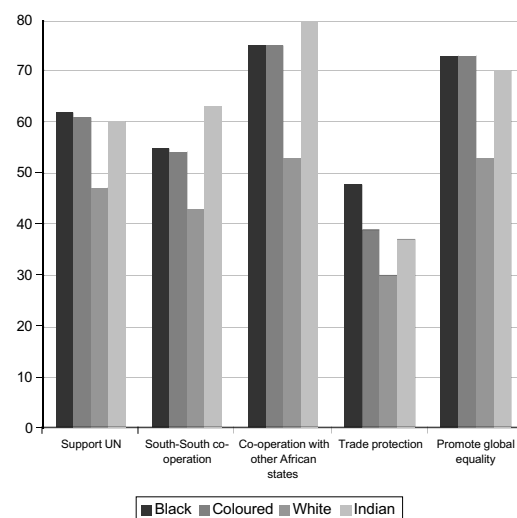
Foreign policy goals and roles

We wanted to trace elite preferences concerning the general roles that they would like the country to take on internationally. K Holsti in a 1988 study of international politics states that a foreign policy role conception is a 'definition of the general kinds of decisions, commitments, rules, and actions suitable to their state and of the functions their state should perform in a variety of geographic and issue settings'. To find out about the role conceptions of the elite we asked them to indicate what reputation they would prefer South Africa to have.

Three out of four respondents prefer a commercially oriented role. They have a strong preference for South Africa being seen and respected as a reliable commercial partner, and as a nation that promotes the values of an open economy. In addition, some 85 per cent see the promotion of trading opportunities as an important foreign policy goal for the country. Nevertheless, there is a residue of support for a more trade protectionist role for the South African government (38 per cent regard it as very important), and this is most pronounced amongst blacks (see Figure 1). However, the responses of our sample make it clear that moderate protectionist convictions are not part of a parochial and xenophobic mindset amongst the majority. When asked specifically whether they would prefer their country to be known as a place that puts its own people first, only one in three felt strongly that it should. In addition, only four per cent feel very strongly that South Africans should work to keep foreigners out, while only another 16 per cent moderately favour such a policy. In contrast, the majority reject xenophobia, as did most of the elite in 1997-98. However, a surprisingly large group (27 per cent) of respondents in the latest survey indicate that they are undecided on whether South Africa should gain a reputation as a country that keeps foreigners out.

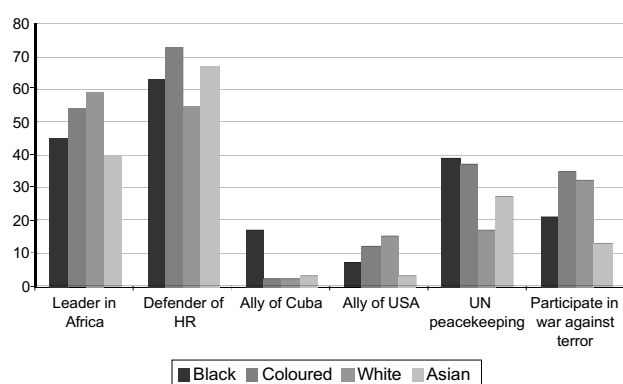
A second tier of global roles that the respondents feel strongly about can be termed 'humanitarian', and includes roles such as being an international defender of human rights and promoting

Figure 1: Elite preferences of foreign policy goals for South Africa, 2002 (percentage of racial group strongly committed to a goal)



a more equal distribution of power and wealth globally. Human rights protection comes in as the second most popular role. In contrast to our findings in 1997-98 when only half of the elite respondents saw this as most important, now almost two in three would strongly prefer South Africa to play the role of defender of human rights in the world. Note, however, that fewer whites are enthusiastic about this role than respondents from other racial groups (see Figure 2), but white respondents are more enthusiastic about this role than they were in 1997-98.

Figure 2: Conceptions of South Africa's international role, 2002 (percentage of racial group that strongly agrees with a role)



Just less than two-thirds of all respondents are strongly committed to the foreign policy goal of promoting global equality, an expressed objective of the ANC-led government. This relates to the belief shared by two out of three respondents that globalisation is problematic, and that something must be done to redress its adverse effects. Note, however, that most respondents (four in five) also believe that the South African government can do more to reduce inequality *within* South Africa. A majority indicated that they are prepared to accept a pay cut and pay higher taxes if this would contribute towards poverty relief and less inequality in South Africa. A majority also believe that there is scope for richer African states to provide aid to poorer states in order to reduce inequalities on the continent. In contrast to the drafters of NEPAD who largely ignore the issue of inequality on the African continent, a significant section of respondents feel relatively strongly about this issue. But, also in line with the general centrist (third way?) political-economic beliefs of the majority of respondents, 90 per cent either feel very strongly or moderately strongly that sustained economic growth is the best way to tackle poverty and inequality.

The respondents are considerably less enthusiastic about international humanitarian roles other than human rights protection and combating global inequality. Although some 60 per cent strongly believe that it is an important foreign policy goal for South Africa to support the UN in general, there is less enthusiasm for UN peacekeeping. Less than 30 per cent of respondents strongly prefer such a peacekeeping role. Note also that when asked specifically to rate their level of confidence in the UN, only eight per cent said they have a great deal of confidence in it. Another 51 per cent indicated that they have 'quite a lot' of confidence, while another 34 per cent indicated that they have 'not very much confidence'. When asked to say how hot or cold

they feel about the UN, six out of ten indicated that they are fairly neutral in their attitude, neither hot nor cold. Whites and DA supporters tend to be more sceptical about the UN than other respondents. Similarly, only one in twenty indicated that they feel very positive about other multilateral institutions, such as the IMF and the World Bank.

In general, most of the elite is moderately to strongly in favour of such multilateral goals as the global elimination of weapons of mass destruction, the fight against the spread of drugs, finding a cure for AIDS, and tackling environmental problems. These commitments, read in conjunction with those mentioned above, do reveal a reasonably strong internationalist mindset amongst the elite, although split attitudes on, and a cooling of attitudes towards, the UN and its agencies offset it. In 1997-98, we also found that the elite had a reasonably strong internationalist mindset, stronger than the mass public at least. Given the major importance of multilateral diplomacy for South Africa's foreign policy, it is heartening to see that the elite is still mostly in favour of participation in multilateral attempts to produce global public goods. However, there are early signs that the UN, the IMF, and the World Bank have lost credibility amongst the elite since 1997.

As far as South Africa's role in Africa is concerned, some 51 per cent of the respondents strongly would like South Africa to play a leading role in Africa. In general, our respondents are reasonably upbeat about the prospects for Africa, NEPAD, the AU, and SADC (although more are positive about the AU than about SADC!), and two out of three want South Africa to cooperate closely with other African states. These preferences cut across party and racial lines, but it is noteworthy that blacks and ANC members are somewhat more hesitant about strongly endorsing a leadership role for South Africa in Africa than whites and DA supporters are. One can only speculate that this has to do with greater sensitivity amongst blacks about how South Africa is perceived by other Africans, and a desire to avoid the stigma of being 'the bully on the block'.

The least popular foreign policy roles are those that would imply that South Africa becomes a close ally of a specific country, including the USA. Less than 10 per cent of the respondents feel strongly that South Africa's international future lies in such bilateral arrangements, no matter which country is the potential partner.

Only six per cent feel strongly that South Africa should gain the reputation of being 'a military power that cannot be ignored'. This is very much the same response rate as in 1997-98, when less than one in ten of the elite placed value on South Africa's military capabilities. Militarism remains something that the South African elite can, thankfully, not be accused of.

With whom do the elite want to associate?

In the 1997 survey, we found that the South African elite (and the broad public) associated very closely with the USA, with up to two-thirds mildly to strongly preferring that South Africa should have a reputation of being a close ally of the USA. By 2002 this figure has dropped to only half of the respondents, with quite a sizeable group (31 per cent) being uncertain of what to make of the USA today. Only 10 per cent would strongly prefer SA to be closely associated with the USA (about the same as the

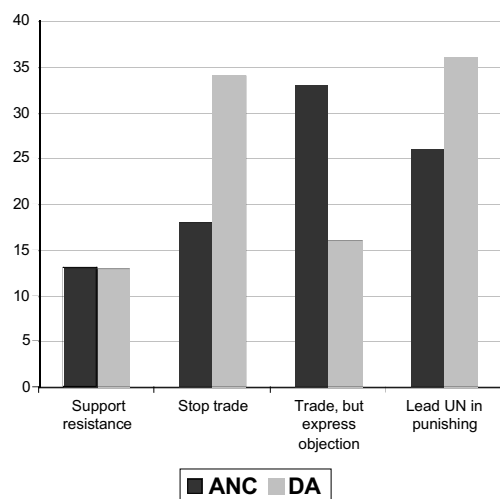
number who said that they felt strongly that SA should be an ally of Cuba). This decline in pro-US sentiment is mostly attributable to the widespread perception in Africa that the Bush administration is less favourably inclined towards the continent in attitude and policy. Negative perceptions of President Bush are also part of the explanation. Note, however, that this survey was undertaken before the war in Iraq, and at a stage when international sentiment towards the USA in the wake of September 11 was still relatively high.

Asked to indicate how 'cold' or 'hot' they feel towards a number of prominent individuals, governments, and institutions, some three quarters of the respondents indicated that they felt moderately to very cold towards President Bush. This is only slightly less than the number of respondents who said that they felt cold to very cold towards Osama bin Laden. In contrast, only 45 per cent indicated that they felt cold to moderately cold towards Fidel Castro.

Despite the obvious negative perceptions of President Bush amongst our elite, and despite the marked reduction in the number of respondents who want close relations with the USA, a third support participation in the 'war on terror' as a preferred international role for South Africa. Nevertheless, a large number (20 per cent) indicated that they are unsure or have no opinion on this 'war on terrorism', which may be attributable to uncertainty about where support for this 'war' ends and where support for current US international policies begins.

Given the troubled history of relations between SA and Taiwan (the Republic of China [ROC]) and the People's Republic of China [PRC]), respondents were asked to rate their feelings towards the governments of these two countries as well. The findings are somewhat surprising: more respondents (40 per cent) indicate a negative feeling towards the PRC than towards the ROC (31 per cent). However, only a few more indicate a positive feeling towards the ROC (25 per cent) than towards the PRC (21 per cent). A third of respondents indicated that they are neutral towards or have no fixed view on the PRC, while almost a half are neutral or have no opinion concerning the ROC. It would appear that, apart from a group that is uncertain or neutral, most of the elite hold divergent opinions on these two governments. Somewhat differently than in 1997, this divergence on relations with China now seems to be less influenced by party affiliation:

Figure 3: Dealing with human rights abuses
(first choice of measure, by party affiliation)



the proportion of DA supporters who feel cold/positive about the PRC is very much the same as that of ANC supporters.

The least popular government in the list presented to respondents for their reaction is the Zimbabwean government: 77 per cent of respondents are cold to moderately cold, and only three per cent indicate that they are positively inclined towards the Mugabe government. The bad publicity received by the Mugabe government in South Africa is the main cause of this negative attitude. Although this bad publicity is well deserved, we were nevertheless surprised about the large-scale rejection of the government by influential South Africans. In addition, the South African elite would condone more concerted action by its government when dealing with human rights transgressions such as those in Zimbabwe, as the next section suggests.

How should South Africa deal with Zimbabwe?

In 1997-98 and again in 2002, the respondents were asked to choose among measures that can be used against a government that blatantly abuses its citizens and is guilty of systematic human rights violations. Although interviewers did not name a specific country many respondents probably associated this set of questions with Zimbabwe given that it continues to pose the most significant foreign policy challenge for South Africa.

Clearly, the elite want South Africa to take action in such circumstances: only seven per cent placed 'wait and see what others do' as their first or second choice of measures, and only a small percentage would prefer 'trade as normal' with the abuser. However, the elite also do not have much stomach for providing active support to resistance movements within the country at stake (13 per cent placed this as their first choice, and another 14 per cent as their second choice).

The most popular choices of action, in order of precedence, are:

- taking the lead in the UN or other multilateral bodies to punish that country;
- carry on trading with that country but publicly expressing objections to its policies; and
- using trade sanctions as a means of punishing the abusing country.

There are some differences among the main political parties on these measures (see Figure 3). In general, DA supporters prefer to use sanctions and multilateral bodies to punish the offender, while ANC supporters tend to be more cautious and less inclined to support punitive steps. These results reflect the current cleavages in Parliament about policy towards Zimbabwe. These findings also mirror those of 1997-98, when the elite in general were also 'cautiously multilateralist' concerning intervention in the domestic affairs of offending states, with DP and NNP supporters somewhat more in favour of punishing the offenders than ANC supporters (see Figure 3).

Conclusions

The South African elite is informed and attentive on foreign policy issues, but they are clearly concerned about the tendency

Continued on page 27

Barney Pityana

As a member of the African Commission on Human and People's Rights, Barney Pityana is intimately involved with emergent African human rights institutions, a key component of the new thrust towards political and social reform on the continent. **Garth le Pere** interviewed him in Pretoria.

Prof Nyameko Barney Pityana is principal and vice-chancellor of the University of South Africa, a position he has occupied since November 2001.

Pityana read BA (Law) at the University of South Africa and later obtained the B Proc degree.

He went into exile in 1978 and proceeded to England where he read theology at King's College London and later in Oxford. He was then ordained as an Anglican priest.

He returned to South Africa in 1992 and was appointed senior research officer and senior lecturer in the department of religious studies at the University of Cape Town. While there he obtained a PhD in religious studies.

Pityana was the first chairperson of the South African Human Rights Commission in 1995. In 1997 he was elected a member of the African Commission on Human and Peoples' Rights.



Prof Barney Pityana ... human rights progress on the continent is a mixed bag

Could you broadly reflect on the state of human rights and human rights practices in Africa based on your experience?

I was the chairperson of the SA Human Rights Commission (SAHRC) from 1995 until 2001, and I became a member of the African Commission on Human and People's Rights in 1997. I am coming to the end of my term in October 2003. At the time I was at the SAHRC I made a point of building relationships and supporting the establishment of national

institutions for the promotion and protection of human rights across the continent, and building relationships with the African human rights institutions and strengthening their capacity. We did that through the office of the High Commissioner at the UN.

The issue of human rights practice across the continent has been one of my critical areas of concern and development. It is fair to say that the picture of human rights in the continent is frustratingly complex and mixed. Frustrating

because one appears in some areas to be making progress, but at the same time negative issues arise elsewhere. In the six years I have been at the African Commission that is exactly how it felt. So I am not able to present a consistent picture about human rights development in Africa at all.

What I can detect is some awareness, some progress, and some development in the awareness of human rights that has been helped by the global and regional developments in Africa with the African Union, Nepad and the peer review mech-

anism. Within the Commission I was responsible for a series of countries in southern Africa, but obviously in the Commission I am aware of developments elsewhere.

Whilst we appear to be making progress in Nigeria with the removal of the military government, we then have to confront problems in Zimbabwe. For a long time we thought that Zimbabwe was a country which respected human rights, and suddenly the human rights situation in Zimbabwe is worse than anything that we have ever known.

We made progress in Ghana with the removal by democratic means of Jerry Rawlings's government, given the enormous abuse of human rights that was taking place there. In the Central African Republic, at the same time there's a military government. As we see a change of government in Senegal, we find that in Mauritania there are serious violations of human rights emerging, and so it goes. It is a frustrating picture where we are not able to map out in a linear fashion the progress of human rights on the continent at all. It is actually a mixed bag.

I take the view though that it is correct for us to applaud those positive developments in the human rights sector in Africa, especially when we do begin to show examples of working human rights systems in other countries. That is why one can only be very positive about developments in Mozambique and Lesotho, which could become a positive example for Swaziland, for instance, where human rights violations – especially the rule of law – are becoming a serious matter.

What is your assessment of the African Charter on Human and People's Rights, especially its effectiveness and relevance as an instrument in shaping human rights discourse across the continent?

The African Charter on Human and People's Rights has been one of the shining stars in the continent during times when things have been very dark and bleak. That African people had an instrument like that in their hands was an enormous breakthrough and something that human rights activists and advocates could use and indeed did use in particularly difficult times.

Where there has been a problem in my judgment is with the Commission itself that is supposed to give effect to the Charter. For a long time the Commission has been beholden to the Assembly of Heads of State and Government, and was made up of various people from the various governments. We had members of the Commission who saw their role as being merely protective of their governments. That situation in a way began to change with my arrival on the Commission, because I came into the Commission in 1997 probably as its first genuinely independent member who was neither a judge nor a diplomat nor a former minister. The tradition was that political rejects from their countries – ministers who had fallen out with their government and who were still hoping to win favour with it – were sent to the Commission.

Independence of members was a heated subject and one member took leave of absence from her government because she was conscious of this problem

With my coming into the Commission for the first time there was somebody who had no claims to government or to influence with government of any kind, except to the extent that I was there as a member of an independent national institution. I came at a time when the issue of the independence of members was a heated subject and the NGOs were challenging members about independence. Amnesty International wrote a very detailed paper about how the independence of members should be dealt with. And the good thing is that at least one member made a voluntary decision to take leave of absence from her government, because she was very conscious of the fact that this was a problem. Another member has taken early retirement from Zimbabwe, because he too is conscious that being the Attorney-General of Zimbabwe and also being on the Commission was a problem.

But at the same time we have had a development, which I shared with President Mbeki when I was about to leave

the SAHRC. We were getting fairly junior civil servants in the justice ministries being appointed by the Heads of State to the Commission, which causes its own difficulties.

On the positive side people like myself and other lawyers have been able to interpret the Charter so that its weaknesses have, by and large, been cleared up by the Commission. And that has meant there is a strong instrument for human rights.

The other thing is that we have found over the years that state parties to the Charter have not really taken the decisions of the Commission very seriously, but that also changed while I was on the Commission. More and more member states now attend meetings of the Commission. They defend complaints against them very vigorously, but increasingly commit themselves to implementing the decisions of the Commission. The problem

that States receive the decisions of the Commission and then ignore them because there is no mechanism for making them binding on the members is beginning to change and countries are now beginning to take the Commission seriously.

More and more countries are also beginning to receive members of the Commission on mission to their countries. When I got there in 1997, very few countries would allow the Commission to send a mission to their country. Those mission reports that existed were never written by members of the Commission themselves because they were compromised. During Sani Abacha's time in Nigeria they were highly compromised with all manner of accusations being made against them. At a particularly difficult time of human rights violations in Sudan, the report never saw the light of day because members of the Commission who went there were just not prepared to publish the report.

Now reports are published regularly, they are available for public scrutiny and the concerned State has an opportunity to respond to the reports as well. More and more countries now are submitting their country reports in terms of Article 62 of the Charter. At the last count about 17 countries had not submitted even one report since 1981, and many of them

have been members of the Commission since 1986/7. The reports of States are very critical because they show how the State is seeking to implement the Charter. The process for examining the Article 62 reports is actually now quite comprehensive, and since I have been there, the Commission now prepares general comments and concluding observations on each report.

Hence, each State that has reported will receive concluding observations and the Commission's comments on the human rights situation in that country. Before, the States made their report, walked away, and nobody ever said anything. The way in which the report was addressed was also very very fawning, and the Commission was not really as sharp, prepared and aggressive as it could be.

We now have three or four States ready to submit their reports at the sessions of the Commission. When I got there, for a long time there were absolutely no reports. There is some movement and more positive things happening than before with the Charter itself and the Commission.

Could you elaborate on how the African Commission works?

The Commission was established in terms of the African Charter in order to promote and protect human and people's rights in Africa. There are 11 members of the Commission, who are elected for a period of six years by their Heads of State and Government on the basis of nominations by member States. Each member State can nominate up to two members from their own country. For the most part the Commission has been operational since November 1987 after the full number of ratifications were received.

The Charter itself was adopted in 1981 and came into effect in 1986. By now all 53 member States of the African Union have ratified the Charter; it is the most universally ratified Charter that you can think of. The Commission has a Secretariat based in Banjul in Gambia. There is a Secretary appointed from the staff of the African Union Secretariat and legal officers who receive and investigate the communications and com-

plaints that are received. There is a publicity, communications and documentation section. There is an educational function that is also part of the work of the Commission, to educate people about the principles of the Charter. The finances of the Commission are provided by the African Union from its own budget.

The Commission meets twice a year only for 15 days, either at the headquarters in Banjul or in any other country that has invited the Commission for a session. There are open sessions where member states, and NGOs that have observer status with the Commission, are free to attend and participate. Of all the regional bodies, the African Commission is reputed to be the one that is closest to NGOs. Without the NGOs, the African Commission would never have been able to accomplish even half of what it has done because it is underfinanced, understaffed, and it functions largely in partnership with NGOs.

At a session, the members of the Commission are supposed to report on their activities, states are supposed to present their reports in terms of Article 62 and the Secretary of the Commission is supposed to present a report on the activities of the Secretariat. There is always a very important session that relates to the state of human rights in Africa. It is generally the session that provides an opportunity for NGOs to raise issues of human

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rights violations across the continent. Were it not for the NGOs, many of the issues and violations would never come to the attention of the Commission. I have observed in the time I have been there that NGOs, which come to the Commission, make some very strong charges against states on human rights violations.

States generally attend these sessions because they expect that they are going to be mentioned, although they would prefer not to be. When they are mentioned, they insist on the right to reply. And so they explain away, obviously

always inadequately, the fact that their country is violating human rights. I have found that that has often led to a situation where states' representatives, very senior people, sometimes ministers, sometimes heads of justice departments, and NGOs find a meeting point. In the capital the NGOs are shunned and are threatened with arrest and, but when they get to the Commission, they get to talk. And that is one value.

Generally there is no obligation that the 11 members of the Commission must be representative of regimes or gender, but they are generally people who have legal qualifications. They may be drawn from anywhere, but there is a move now to try to be as representative as possible, particularly between Anglophone, Arabic and Francophone countries. This has not been terribly successful, but at least there is an indication that this is the right way to go. Each member of the Commission has a responsibility between the sessions: all of us have about 5 countries or so that we are expected to oversee.

As a Commissioner, I had the responsibility for Zimbabwe, Swaziland, Lesotho, Mozambique and Botswana. I observe the situation of human rights in those countries, and I am in contact with the governments of the countries. I visit the countries as much as I can, and am also in contact with the NGOs of those countries and I report to the Commission. When I visit a country I see what's happening in the prisons, with freedom of expression, and to minority groups. I look at questions of race, governance and political rights – all the rights that are in the Charter; and I prepare a report on those things. I have been well received in just about all the countries although I have often have been very critical and have been criticised by the governments. They may not have liked what I said, but they can't say I have not been truthful.

The problem really has been that these reports are not well disseminated and publicised as they should. The other thing is that as a member of the Commission, I am given certain thematic responsibilities. Very often the thematic responsibilities have something to do with the interests of each member of the Commission. At the Commission I drove the issue of indige-

nous peoples in Africa and ended up being the Chair of the Working Group on Indigenous Peoples in Africa, which was very difficult because many of my colleagues on the Commission didn't really believe there was anything like an indigenous person in Africa who was not an African.

However, I felt that they were not really being honest about the marginalisation of indigenous people such as the Masai, the San and the Tuareg in western and northern Africa. In fact there was a genuine problem about indigenous people that the Commission needed to deal with. I also endeavoured to bring the issue of disability into the Commission but never succeeded because there were no finances for it.

Through our efforts the Commission has agreed and adopted a guide on principles of freedom of expression, which was another sensitive thing in Africa. I also insisted on examining, assessing and evaluating the Commission's system of rapporteurs, which was not working very well. There have been three special rapporteurs for prisons, which worked extremely well and have visited prisons and places of detention across the continent to look at conditions. We had a special rapporteur on extrajudicial executions who has done absolutely nothing. There has been a special rapporteur on women which has not functioned as well as it might have.

We were under pressure from human rights defenders for a special rapporteur on human rights. But there was really no point in appointing additional special rapporteurs when their operationality was in question. I submitted a report and proposals on how the system of special rapporteurs should work in the Commission. One of the strong suggestions that I made was that the special rapporteurs should no longer be just members of the Commission. The Commission should be looking to experts anywhere in the continent to become special rapporteurs because members of the Commission are not necessarily the best people for a whole lot of reasons. Interestingly, the Commission did not adopt the report when I presented it at the last session, because the Chairperson of the Commission did not like what I had to say.

Finally, the work of the Commission depends on the calibre of the members

and also on how effective the Secretariat is. This is one of our biggest problems. One of the hopes we have is that the Secretariat, with the AU coming into place, will be revamped. It needs a major overhaul. At the moment it doesn't work, and we really do need to pay attention to it.

How is the establishment of the African Court of Human and Peoples' Rights evolving, what do you see as the main challenges, and when do you anticipate that the Court will actually be established?

At the last count there were about 10 states that had ratified and we need 15 states. It's now over five years since the Protocol was adopted in 1998 and that is a long time ago. Even in the time of major repression the Charter was ratified in five years. When the Protocol comes into effect, I hope before the next session of the Heads of State and Government, the first thing that must happen is that judges must be elected by the Assembly of Heads of State and Government in the same way that the judges of the members of the Commission are elected.

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With the Court, the President of the Court will be a full time position for a period of two years. That is very important because there must be a judge who will oversee how the Court functions. But the Court will have a relationship with the Commission because both will be interpreters of the Charter. The idea is that the Commission will in many cases, especially if requested by the Court, be the place where most of the communications are received and the Commission can then refer matters to the Court. It looks like most of the states will not adopt a declaration that allows individuals in countries to approach the Court directly. That means that the importance of the Commission will be emphasised.

Affiliate members of the Commission, such as NGOs, will take complaints to the Commission and the Commission will refer them to the Court. The seat of the Court is going to be another matter. At the moment the seat of the Commission is in Banjul. Ideally the Commission and the Court should be working together, but not necessarily so. Because there have been so many difficulties with the Commission in Banjul, not many of us are keen for the Court to go to Banjul. Some of us were actively lobbying for the Court to come to Pretoria, but I don't think the South African government is interested in that.

The SA government is lobbying for the Pan-African Parliament to come to SA and as such it should not really be asking to host another AU body. It seems to me that the processes for the creation of the Court will be in place. The African Union Secretariat will invite states to make nominations for the Court by April next year. The Council of Ministers will look at the nominations and make a shortlist, which will be sent to the Assembly of Heads of State and Government in July.

The Court will make binding decisions. Each state that ratifies the Protocol to the Court is making a commitment to abide by its decisions. But obviously the Court is not going to be able to enforce these decisions; so how does it do it? In fact it will happen internationally. The Council of Ministers is supposed to receive the reports of the decisions of the Court every year with an explanation about implementation and it must be the Council of Ministers that actually enforces the decisions of the Court. Of course this is going to depend on political will.

The situation in Europe at the moment is similar. The Court reports to its Council of Ministers, and where there are problems the Council will ensure that the decisions of the Court are abided by. However, in the European system, the Ministers never need to do anything because all the countries automatically take the decisions of the Court to be binding and they implement them. I anticipate there is going to be a problem in Africa for a very long time about implementation, particularly if there is a situation where the Council of Ministers is not committed to the decision that the Court itself has made, and therefore, is not pre-

pared to say to a country that it must actually implement that decision and do so by a certain date. If the Ministers are not prepared to do that it is going to be very, very difficult and I can foresee that as one of the main problem areas.

Does the Court have a role in strengthening national systems and how can it ensure that the African Charter is incorporated at national level?

Traditionally, it certainly is the case in Europe and the Latin Americas. The Court doesn't bind the national system; it binds the state. However, if the Court has made good decisions, these begin to be influential in the court system nationally. One of the enormous improvements in the African Commission from the time it started is that its decisions have now become very authoritative. They are well done and well prepared. The legal minds that have assisted with preparing the decisions of the Commission are quite substantial now. A new breed of members of the Commission realise that its decisions have to be very influential and hence the jurisprudence of the Commission is very good.

The same will happen with the Court. If the decisions of the Court are well done, they will be very influential in the domestic courts as well. But the African Court is no substitute for domestic courts. For example, every matter that goes to the Court must be preceded by exhaustion of domestic remedies. When the Court makes a decision on the implementation of the Charter in the domestic situation, it is not necessarily revising the decision of the domestic court. It is simply saying to the state party to the Charter that its national system is in violation of the Charter and as a consequence of this it must correct its local situation. In other words, it must pass a law, which will make it impossible for its court to come to such a decision in future.

What is the linkage between the human rights and peer review dimensions in Nepad and the African system of human rights?

The thing to understand is that the Charter of the African Commission already has a provision which is similar to the Nepad

one: Article 62 of the African Charter mandates states to report on all the measures, legal and otherwise that they have taken to realise the provisions of the Charter. So each state is required in terms of Article 62 every two years to report to the Commission on measures that it has taken. And there is a process of review by the Commission on the performance of the state in terms of the Charter. The state presents a report and a member of the Commission interrogates that report in public. The Commission submits a general comment and a concluding observation. The Nepad declaration on the African peer review system has recognised this.

The problem is that all 53 Member States of the African Union have ratified the African Charter while Nepad is voluntary and the African peer review system is a voluntary mechanism. By its

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nature, only those states that wish to participate will do so. There are some clear principles about how the peer review mechanism is going to work and it must be beyond reproach in terms of not being overpoliticised. But the interesting thing is that the report of the peer review team will be tabled, among others, at the African Commission. That is very interesting because it basically means that those 17 states which are now part of the peer review process and who might never have reported in terms of Article 62 to the African Commission, may now be required to report via Nepad. Nepad provides a reporting mechanism for economic and financial matters, as well as human rights and good governance matters.

On human rights matters it is quite evident that the African Commission will actually be able to make a comment on the report that has been received. This is a very important development because it links the functioning and the mechanisms of the African Charter and the Commission to the African peer review mechanism and the perceived

benefits for states that are seen to be committed to practising good governance principles and proper financial and economic management of their countries. It will enhance the willingness of states now to submit themselves to the Article 62 procedure and the African peer review mechanism. There is a very real link and we require a greater degree of efficiency and preparedness on the part of the Commission in order to address this.

What does the signing of exemptions for US civilian and military personnel from prosecution in the International Criminal Court (ICC) do to the credibility of human rights regimes in Africa?

That is the most terrible thing that has happened. I believe that the ICC, the African Court and the African Commission cannot recognise any such commitments that states have made because they fly in the face of the solemn treaty obligations that the states have. I doubt if states can do that in terms of the Rome Statute establishing the ICC. They can't exempt themselves from the implications of the Rome Statute by signing such exemptions. I think that both the judges of the ICC and certainly the judges of the African Court would come to this decision. This is an arrangement, and not a treaty obligation. As such, it cannot have the same force as a treaty; neither can it be allowed to undermine the force of the obligations that states have made in terms of their own treaty obligations.

Therefore, I don't think that it's of any consequence; it's a political mechanism to appease the United States. However, I honestly believe it will have no effect on the treaty obligations of the states. For example, if a complaint has been made against certain personnel of any national origin in an African country, then the African Court needs to make a decision on the violation of a right by whomever. If a state has not taken any action it can't go to the African Court on the basis of having signed an agreement with the US and therefore claim not to be responsible. I don't think the legal effect of the exemptions vitiates the treaty obligation of the state concerned. ■

African People's Declaration on Africa and the World Trade Organisation

Statement issued at the end of a joint Africa Trade Network (ATN) Southern African Peoples Solidarity Network (SAPSN) Pre-Cancun Strategy Conference, held in Johannesburg on 14-17 August 2003

Resisting the WTO

From 14-17 August 2003, we activists from across Africa, representing African civil society organisations, labour unions and other social movements, gathered in Johannesburg, South Africa to evaluate the current state of negotiations in the World Trade Organisation (WTO), and to strategise and make known our positions on the 5th WTO Ministerial Conference due to be held in Cancun, Mexico, from 10-14 September 2003.

Our stand on the WTO's role:

We re-affirm our recognition of the WTO as a key instrument of transnational capital in its push for corporate globalisation. We noted the many destructive effects of WTO agreements on the lives of working people and the poor, especially women, in Africa and throughout the world. We renewed our determination to continue resisting corporate globalisation, and the WTO itself until it is replaced by a fully democratic institution.

The context of the Cancun meeting:

We noted that the forthcoming WTO Ministerial meeting is taking place against a background of a crisis of credibility of neo-liberal policies and global capitalism, that have been deepened by the Enron and other corporate scandals exposing the duplicity and venality of the bosses of transnational capital. At the same time, the world is faced with the aggressive militarism of the United States under a political leadership whose illegal attack on Iraq under false pretences has shown that law and morality are no barrier to what it will do to advance the interests of American capital. Across Africa and in other developing countries neo-liberal economic policies are putting basic services, such as health and education, beyond the reach of ordinary people and deepening unemployment, poverty and social inequality. We, however, take heart from the growing strength in the organised expression of all those around the world opposed to militarism and corporate globalisation.

Conclusions on the current state of affairs in WTO:

After our deliberations on the WTO Doha agenda and related issues, we concluded as follows:

a. The WTO has ignored the continued and growing opposition

by popular movements throughout the world to its policies and methods, such as the illegitimate ways by which the Doha Agenda was imposed on developing countries in the 4th Ministerial of the WTO.

- b. The failure of the WTO to meet agreed deadlines in various negotiations - notably Agriculture, TRIPS and Public Health, Special and Differential Treatment and the many Implementation Issues is primarily due to the refusal of the Quad (USA, EU, Japan and Canada) to accept the legitimate demands of developing countries.
- c. These failures are merely an aspect of the double standards the Quad countries apply in international trade issues; marked by one set of rules for themselves and another that they impose on developing countries, exposing the WTO as a thoroughly undemocratic institution.
- d. We particularly condemn both the EU and the US for their role in resisting the fulfilment of the deadlines and undertakings on Agriculture, and their refusal to honour the compromise consensus on TRIPS and Public Health.
- e. On the Singapore or New Issues (that is, Investment, Competition, Government Procurement and Trade Facilitation) we reiterate our total opposition to their inclusion in the WTO, or the initiation of discussions on modalities with a view to the launch of negotiations on these in Cancun. We stand by our demand that these issues should be removed from the WTO's agenda altogether.
- f. It is clear that, as Cancun approaches, the Quad are accelerating the deployment of old and new undemocratic practices and pressures both in and outside the WTO so as to force their will on developing countries. In order to limit such illegitimate and underhand practices by the powerful, we endorse the campaign for internal transparency and participation in the WTO recently launched by many NGOs.
- g. We note the opposition to the launch of negotiations on these issues expressed by African countries, especially the declaration by African Trade Ministers at the end of their meeting in Mauritius in June 2003. We also note a new initiative taken at the WTO on 13 August by a group of African countries to demand that the official WTO text that goes to Cancun includes proposals for improving the decision-making process in the WTO; as well as repeating their opposition to the new issues. We call on these countries to stand by these positions, as a matter of democratic principle, and also urge other African and developing countries to join them.

Call to action:

In the light of the above we have agreed and call on other African civil society organisations, labour unions and other social movements who share our views to join us to:

- a. Mobilise the broadest possible sectors of African civil society to express their opposition to the continuing destructive role of the WTO in the lives of working people and the poor, and upon our countries' development aspirations and prospects;
- b. Mobilise and sustain strong political pressure on our governmental representatives, in ways best suited to the specific conditions in our countries, before and during the Cancun ministerial meeting; actively holding our governments accountable for the positions they take in the Cancun Ministerial meeting, and expose any attempt to betray the best interests of the African peoples;
- c. Pressure institutions of government, and our legislatures, and relevant public officials in our various countries so as to ensure the defence of our peoples' interests in the forthcoming Cancun ministerial meeting. Especially important are
 - i) blocking the launch of negotiations on the Singapore issues and
 - ii) rejecting any attempt by the Quad to manipulate developing countries into accepting negotiations on the Singapore Issues by linking these to issues of concern to developing countries;
- d. Pressure our respective governments to endorse the two proposals tabled at the WTO by 11 African countries on 13 August 2003;
- e. Be alert to, and therefore resist, the inevitable attempts by representatives of Quad countries and other governments who, between now and Cancun, will be visiting our national capitals under various guises, and contacting groups within our own countries to bully African governments to take positions detrimental to the African people on the issues on the Cancun agenda;
- f. Launch an information dissemination campaign in our various countries to publicise what is happening in and around the WTO in the run up to and during the Cancun Ministerial meeting;
- g. Mobilise a strong team of African activists to give voice to African perspectives in the activities of civil society organisations who will gather from around the world in Cancun;
- h. Affirm our links with our partners in organisations of civil society outside Africa, including in the global North, to pressure their governments (especially of the Quad) in the interest of working people and the poor throughout the world, and in the interest of our planet;
- i. Work together across Africa on the WTO, before and during Cancun, under the umbrella of the Africa Trade Network (ATN) to ensure common focus and strength in unity.

We issue this statement, and our call, as part of our commitment to the global movement against neo-liberalism and corporate globalisation, and the struggle for the establishment of alternative systems and institutions for all of humanity and the world.

Another Africa is possible!

Another world is possible! ■



A Korean farmer protests outside the WTO meeting in Cancun, Mexico. Minutes later, he stabbed himself in the chest, and later died of his wound. (AP Photo/Laura Rauch)

The African Union's common trade position:

The Grand Baie ministerial declaration on the fifth ministerial conference of the WTO, 20 June 2003

WE, the Ministers of Trade of the Member States of the African Union (AU) met in Grand Baie, Mauritius, from 19 to 20 June 2003 to consider a number of issues of developmental importance to Africa, including coordinating our position towards the Fifth Session of the WTO Ministerial Conference to be held in Cancun, Mexico, from 10 to 14 September 2003:

1. Take note of the outcomes of recent Ministerial meetings of eastern and southern African countries in Nairobi, SADC in Lusaka and LDCs in Dhaka as well as the work under the NEPAD Initiative.

2. Recognise that trade can serve as a tool for development and make an important contribution to the realisation of the Millennium Development Goals. We recall the collective commitment we undertook at the Fourth Session of the WTO Ministerial Conference, held in Doha, Qatar, in November 2001 to place the needs and interests of developing countries at the heart of the WTO work programme.

3. Express serious concerns at the general lack of progress in the current round of multilateral trade negotiations as evidenced by missed deadlines on key issues and negotiations of importance to African countries. The most critical of these have been the lack of progress on the negotiations in agriculture, TRIPS and public health, special and differential treatment and implementation-related issues and concerns. We call on WTO Ministers to inject momentum in these negotiations in order to ensure that the Cancun WTO Ministerial Conference yields positive results for African countries and makes the Doha Work Programme a truly "Development Agenda".

4. Are deeply concerned at the failure to meet the deadline for the establishment of the modalities for further commitments in agriculture, which is a major set-back for the reform programme. Agri-

culture is of critical importance to Africa's development and holds the potential to lift millions of our people out of poverty. Progress in the agricultural negotiations is essential for the successful conclusion of the Doha Work Programme. We strongly urge WTO Members to fulfil the commitments undertaken in Doha as contained in the mandate for the agricultural negotiations. Recognising the vital importance of long standing preferences for African countries, we welcome the proposals on preferences as contained in the Harbinson Text and we also call upon WTO Members to address the issue of the erosion of preferences. We further call upon WTO Members to exempt LDCs from any reduction commitments.

We are deeply concerned at the failure to meet the deadline for further commitments in agriculture

5. Express our full solidarity with African countries that are affected by subsidies on cotton provided by developed countries and strongly support actions initiated by some African countries in the WTO to urgently remedy the negative consequences of these subsidies that affect millions of African farmers.

6. Note that the Services Council has not satisfactorily met the requirement of carrying out the assessment of trade in services as stipulated in the GATS. We reiterate the need to respect the countries in international trade in services, and liberalisation by developed countries in sectors and modes of export interest to them. We further reiterate that due respect must be given for Members' right to regulate trade in services and liberalise according to their national policy objectives. We call for the full implementation of the Guidelines and Procedures adopted in March 2001, particularly giv-

ing due consideration to the needs of small service suppliers of Africa. We call for the expeditious completion of the work on modalities for LDCs.

7. Are deeply concerned at the failure to find a multilateral solution that would enable Members with insufficient or no manufacturing capacities to make effective use of the compulsory licensing under the TRIPS Agreement as mandated by Paragraph 6 of the Doha Declaration on TRIPS and Public Health. We reiterate our support for the Chairman's text of 16 December 2002, which was done in a spirit of compromise and enjoys the overwhelming support of WTO Members. We call upon other Members who have not joined the consensus on this text to do so. We believe that Members acting in accordance with the terms of the Chairman's text, will be properly discharging their obligations to address public health problems in accordance with the Doha Declaration on TRIPS and Public Health.

8. Affirm that the objectives of the negotiations on non-agricultural market access are to facilitate the development and industrialisation processes in our countries. The modalities and the actual negotiations must reflect these goals appropriately by addressing tariff peaks and tariff escalation, taking fully into account the special needs and interests of developing and least-developed countries, including less than full reciprocity in reduction commitments and the principle of special and differential treatment. We are deeply concerned that the draft elements of the modalities proposed by the Chairman of the WTO Negotiating Group on Market Access for Non-Agricultural products do not take into account the specific vulnerabilities of African industries, especially in the textile and clothing, leather and fisheries sectors. It is a matter of grave concern to us that the proposals made by some African countries in Geneva have not been considered, especially with regard

to erosion of preferences. We welcome the Chairman's proposal to exempt LDCs from making any reduction commitments. While recognising the special needs of LDCs, the proposed studies on LDCs should be extended to other African countries and should include the effects of previous liberalisation measures as well as the potential impact of any proposed modalities.

9. Emphasise the importance of completing the work programme on special and differential treatment (S&D) we endorsed at Doha. We reiterate that all S&D provisions in the WTO Agreements must be reviewed with a view to strengthening them and making them more precise, effective, binding and operational. We are deeply concerned that the mandate on S&D treatment has not been met. We call upon the WTO to conclude this work, as a matter of priority, before the Cancun Fifth WTO Ministerial Conference.

10. Express our concern about the lack of progress and missed deadlines regarding implementation-related issues. We call upon the WTO to conclude this work, as a matter of priority, before the Cancun Fifth WTO Ministerial Conference. We further urge the full operationalisation of the Decision on Measures Concerning the Possible Negative Effects of the Reform Programme on LDCs and Net Food Importing Developing Countries.

11. Recognise the complexity and importance of the Singapore issues and note that WTO Members do not have a common understanding on how these issues should be dealt with procedurally and substantively. Taking into account the potential serious implications of these issued on our economies, we call for the process of clarification to be continued.

12. Reaffirm the need for a coherent and holistic approach at the multilateral level on issues of trade, debt and finance. We also stress the need to operationalise WTO provisions that relate to the transfer of technology. We consider these issues to be of significant developmental importance to our continent and call for the continuation of the work of these Working Groups beyond the Fifth Ministerial Conference.

13. Are convinced that our sub-regional and regional integration organisations are pillars of the African Eco-

nomic Community, and are essential for the promotion of Africa's socio-economic development and serve as the dynamic building blocks for our effective integration into the Multilateral Trading System (MTS). We anticipate that such initiatives will be anchored to development-friendly WTO disciplines arising out of Doha work pertaining to the clarification and improvement of the WTO disciplines applying to regional trade agreements.

14. Welcome the adoption of the work programme on small economies and request the General Council to use the proposals made by the group of small economies, pursuant to the framework and procedures of the work programme on Small Economies, as the basis for making the recommendations for Action at the Fifth Session of the WTO Ministerial Conference, for the fuller integration of small, vulnerable economies into the MTS. We take note of the WTO Director-General's initiative of establishing "trade policy clinics".

We reaffirm the need for a coherent and holistic approach at the multilateral level on issues of trade, debt and finance

15. Reiterate that technical cooperation and capacity building are core elements of the developmental dimensions of the MTS and the Doha work programme. We urge for increased collaboration among all agencies in the delivery of requisite technical assistance.

16. Welcome the launching and commencement of the second phase of the Joint Integrated Technical Assistance Programme (S&JITAP II) for least-developed and selected African countries by the ITC, UNCTAD and the WTO and the extension of the programme to an additional eight African countries. We are confident that the programme will build on its successful track record. We commend the three agencies for their work and request our development partners to avail themselves of the requisite resources to enable them to deliver the programme and expand it to all African countries in an expeditious manner.

17. Welcome the revamping of the Integrated Framework (IF) and expect

that it will be fully and effectively implemented in order to contribute to trade-related capacity building needs and overall development objectives of LDCs. We underscore the need to ensure country-ownership both at the pre-Diagnostic Trade Integration Studies (DTIS) and the post-DTIS follow-up, particularly in respect of implementation of trade-related capacity building projects at country level and the mainstreaming of trade in national development plans and the PRSPs. In this context, we welcome the donor initiative for the use of IF Trust Fund Window II resources for this purpose. We therefore call upon bilateral and multilateral donors to enhance their contributions to the IF Trust Fund in order to enable the core agencies to deliver on the projects and programmes identified by the recipient countries.

18. Take note of the adoption by the General Council in December 2002 of new guidelines on WTO accession procedures for LDCs and call upon WTO Members to fully implement these guidelines. In view of the difficulties experienced by LDCs and other African countries in their accession process, WTO Members should refrain from making excessive or onerous demands on their applications.

19. Are concerned about the lack of transparency and inclusiveness in the WTO negotiations and decision-making processes. We call for measures to ensure the effective participation of our countries in the processes leading to the Fifth WTO Ministerial Conference, at Cancun and beyond.

20. Regret the deadlock over the issue of granting of Observer Status in the WTO bodies and in this regard, we pledge our support for the granting of Permanent Observer Status to the AU and other inter-governmental organisations in view of their trade policy mandate. We call upon other WTO Members to support us in this effort.

21. Express our appreciation for the contribution of the Commission of the AU, UN-ECA and the UNCTAD for their continued technical support.

22. Thank the Government and People of the Republic of Mauritius for hosting the meeting, for their warm hospitality and for the excellent facilities they put at our disposal. ■

Somaliland – the little country that could

Somaliland's call for independence from Somalia presents the AU with a difficult decision. **Shannon Field** argues that its brief post-colonial independence, and its ability to govern itself effectively and hold free and fair elections – in contrast to the 'failed state' situation in Somalia – calls for careful consideration of the merits of its case

ONE of the strategic objectives of the African Union and Nepad has been to enhance stability on the African continent, and reward countries that have demonstrated good governance. One of the greatest challenges facing the proponents of a renaissance in Africa has been the embarrassing reality of failed states on the continent. Somalia has epitomised what many analysts have called a failed state since the overthrow of Siad Barre in 1991.

Following almost a decade of anarchy, a Transitional National Government (TNG) was established in 2000, but continues to have a tenuous grip on power. It is unable to control its territory, has failed to provide for the needs of its people, and is considered largely unrepresentative. The participants in the conference that established the TNG did not have mandates from their clan constituencies – many came directly from exile without having re-visited Somalia – and there was poor representation from the clans in the North. There has also been widespread criticism that the President of the TNG is a former Minister of Siad Barre's regime, and that his cabinet includes several recycled members of the former regime. In an unprecedented step the President of Djibouti, who convened the conference, assumed the prerogative of appointing 20 delegates to the parliament of Somalia.

International recognition of Somalia as a state resulted from a negative admission procedure in 2000, when no UN member expressed opposition to the President of the TNG taking Somalia's seat at the UN general assembly during the Millennium Summit. Currently the TNG appears to be a government in name only, hardly controlling the capital city Mogadishu, let alone the rest of the country.

This is in stark contrast to what has transpired to the North in Somaliland, which has sought international recognition as a sovereign state since 1991. Somaliland has established a constitution, functions as a state and recently successfully organised local and presidential elections. Not only were the elections conducted in a transparent and professional manner, they were peaceful and by all indications expressed the will of the people. Unlike the TNG, the government in the North controls its territory, delivers essential services to its people, has a functioning bureaucracy, and continues to rebuild its infrastructure. These accomplishments have been achieved in the absence of loans from the international financial institutions, aid from the

donor community, and political recognition bringing with it access to foreign direct investment.

Many African states have been reticent to formally recognise Somaliland out of fear that such recognition would open up a Pandora's box of conflicting claims affecting many states on the continent. The OAU's declaration on the inviolability of borders has made it difficult to recognise Somaliland, despite the fact that it has a legal basis for claiming territorial sovereignty. Following independence from the British in 1960, Somaliland was in fact a sovereign state for a few days from 26-30 June, before deciding to unite with the South, which became independent from Italy on July 1, 1960. The 1991 Somaliland Declaration of Independence is couched as a reinstatement of the independence that it previously enjoyed. Despite the exceptional nature of the case, African states have been reluctant to recognise its independent status. Challenges to territorial integrity have produced bitter memories. The Katanga secession in the Congo plunged the country into five years of civil war, and the Biafra secession of 1967 led to two and a half years of civil war and a devastating famine. The link between these secessionist movements and developments in Somaliland has damaged the case for international recognition. Many outside observers argue that

the government in Somaliland cannot be viewed as a secessionist movement, but rather a government that has re-established its independence within the previously recognised colonial borders.

In essence, recognition of a state is a political statement – it does not merely acknowledge, but at times

creates reality. The international community has influenced the situation by giving recognition to a state that for all intents and purposes has failed to resemble a state, and has withheld recognition from a state that bears all the hallmarks of a functioning, pluralistic, non-sexist, non-racial, democracy. The perception that is being created by maintaining the status quo is that the new African Union is not prepared to bolster an oasis of good governance in a sea of anarchy. The people of Somaliland are virtually being left to their own devices, to the little resources at their disposal, without even the moral support of the rest of the continent's democrats.

The ideal situation for the future would be to see a convergence of the democratic government in the North with progressive elements in the South, resulting in a reconciliation process that would unite the country. Specialists in the area

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Electoral commission staff load ballot boxes for the first multiparty elections in the breakaway republic of Somaliland ... a South African observer mission declared the elections to be free and fair. (AP Photo/Osman Hassan)

acknowledge, however, that this is unrealistic under the present conditions given the depth of the antipathy between North and South. Somalilanders will not entertain the prospect of dialogue with the South when there has been no remorse for the strategic and systematic destruction of Hargeisa and the surrounding areas by Siad Barre in 1988. Many of the same colonels who carried out the bombardment of northern regions now have senior positions in the TNG, and have not shown any signs of holding out an olive branch. Any suggestion of a truth and reconciliation commission along the lines of the South African model, or proposals for dialogue are viewed with suspicion, and strongly rejected by the North. Somalilanders see such attempts to reconcile the North and South as a death knell for their aspirations to recognition as a sovereign state.

An observer mission from South Africa was present to observe the 14 April presidential elections in Somaliland. The delegation of 10 observers was selected from the South African media, universities, a political party, and research organisations. The observer mission was invited to Somaliland by the National Electoral Commission to observe the polling and make recommendations to improve future election processes.

The delegation from South Africa was the largest group of observers on the ground, with other observers coming from Ethiopia, Sweden, Canada, the United Kingdom, Denmark, and the United States. The elections were generally deemed to have

been peaceful and orderly, and voters, both women and men, turned out in large numbers. There were technical problems, such as a lack of ballot papers, but given that there was no registration as a result of there being no existing census, this was considered a shortcoming that could be overcome in future polls. Other logistical problems concerned the prevention of multiple voting, but attempts were made to prevent such electoral fraud by using indelible ink.

The elections were a major step forward for the women of Somaliland who were given a say in who was to represent them. Previously, in the clan based political system, women did not have a voice in choosing clan representatives. In many areas women turned out in larger numbers to vote than men. The African observers issued a statement that the elections had reflected the will of the people and that democracy had been served.

The way forward for Somaliland demands that its status becomes a subject for debate at forthcoming AU summits. South Africa could take the lead and propose that the AU send a fact finding mission to both the North and the South to make recommendations on future relations and support to both areas. ■

Shannon Field is deputy director of the IGD, and was a member of the South African observer mission to the presidential elections in Somaliland in April.

Post-war Angola: grappling with the past

The death of UNITA leader Jonas Savimbi brought an end to 27 years of civil war in Angola, but the country faces major challenges in securing sustainable peace.

Prince Mashele looks at the need to democratise political life, resettle refugees and promote national reconciliation, ensure the equitable sharing of benefits from the country's oil wealth, and find a peaceful solution to the ongoing conflict in Cabinda

LIKE most African countries, Angola's political developments have been largely influenced by the Cold War. Angola's location in the Cold War was of great strategic importance and it is one of the few African countries where foreign troops were deployed to wage war on its soil in defence of interests that were not necessarily Angolan. Given the depth of internal political differences, the end of the Cold War did not end hostilities between the warring parties, the MPLA and UNITA. While there were truces in 1992 and 1994, UNITA's dissatisfaction with the peace process dashed prospects for lasting peace on both occasions.

The death of unita leader, Jonas Savimbi, on 22 February 2002 was therefore seen as a major political breakthrough for the country, as he was perceived to be the main figure hindering progress to peace in Angola. Indeed, his death facilitated the signing of a memorandum of understanding between UNITA and the MPLA on 22 April the same year. The question, however, remains whether there has been substantial progress in Angola following Savimbi's death.

After Savimbi's death: what next?

The death of Savimbi inspired hope not only for Angolans but also for the international community, as Savimbi was considered responsible for arresting political progress in Angola. A year has gone by since his death and the signing of the memorandum of understanding between UNITA and the MPLA. The question is: how far has the country progressed towards democracy?

The road to democracy in Angola will not be an easy one. After the country's

last democratic elections in 1992 UNITA went back to the bush, dissatisfied with the narrow margin by which Savimbi lost the presidency. Following the signing of the memorandum of understanding last year, the government announced that there would be elections soon and that it would work towards that. Although the announcement represents an important show of political will by the government to set Angola on the road to democracy, it is clear that necessary preconditions for

For any consultative process to be legitimate, the government needs to broaden the participation of all Angolan stakeholders

democratic elections are not yet in place.

Since Savimbi's departure from the country's political stage, a radical democratisation process does not seem to have unfolded. Clearly, there can be no election without nationally accepted electoral laws. The present laws were crafted before the 1992 elections, largely as a result of an agreement between UNITA and MPLA. They remain contested and require reconsideration by the whole nation. Although President Eduardo dos Santos has constituted a form of a national consultative forum, its legitimacy is highly contested, as the general sentiment in the country is that it is principally a preserve of the president and that the process revolves around Luanda.

For any consultative process to be legitimate, the incumbent government needs to broaden the participation of all Angolan stakeholders. In this regard, the role of civil society is critical. While the war has for a

long time stunted the development of a vibrant culture of civil society, the recent mushrooming of civil society organisations in the country is a positive sign that such a culture is fast growing. It would therefore make political sense to include the voice of civil society in the pre-election preparations. These preparations should include a review of the country's constitution, which is generally perceived to be a product of compromises between UNITA and MPLA.

Given that Angola has been a one party state since independence it is not surprising that the media is in the hands of the state. There is only one private radio station, while television broadcasting is under sole state ownership and control. It would be unfair if the MPLA's disproportionate control over the media did not change before the elections. The transformation of the media is, of course, bound to be a protracted process, and it may not be easy to radically transform it within a short space of time. However, some interim mechanism could be put in place to ensure collective monitoring of the media before and during elections, with a comprehensive transformation process taking place after the elections.

One other important precondition for elections is the levelling of the playing field for all political parties. Not surprisingly, the MPLA is currently far better placed to run a well-organised political campaign as it has been in power for three decades. If elections were to be held tomorrow it would almost be a foregone conclusion that the MPLA would win, given its stranglehold on the country's resources. This is an undesirable scenario given the fragility of the country's political fabric. It would therefore be



Peace at last: a boy does a cartwheel in front of the remains of a church in Kuito, Angola ... but re-establishing a proper democracy and reconstructing the country will be a slow and arduous process. (AP Photo/Denis Doyle)

positive for other political parties to be assisted to develop so that they could be able to compete with the MPLA on an equal footing. A mistake that the government should avoid is to assume that there are only two political parties in Angola, namely the MPLA and the reconstituted UNITA. Unfortunately, previous political negotiations (including the latest memorandum of understanding) appear to have been based on this erroneous assumption.

Of course, post-conflict Angola is faced with a multitude of challenges. These include, among others, national reconciliation, forging a sense of nationhood, strengthening institutions like courts as well as safeguarding the independence of the judiciary as a whole. While this cannot be achieved overnight the process towards these objectives should be based on national dialogue.

The problem of refugees and internally displaced people

Like all countries that have been at war, some Angolans were forced to move to

safer parts of the country while others had to flee to safer havens outside the country. About 4 million Angolans have been internally displaced, while over 400 000 others live in refugee camps in neighbouring countries. In addition, many Angolans are scattered all over the world in search of security and a better life.

Linked to the problem of refugees and internally displaced people is the challenge of demobilisation and resettlement of former UNITA and government forces. The dilemma facing the country is where the resources needed for this mammoth challenge will come from. Clearly, the international community has a crucial role to play in this regard. The danger is that if this process is not handled properly and expeditiously, the ex-fighters might regroup into militias or use the weapons in their possession as tools for survival in communities. This is a situation that does not bode well.

What complicates resettlement is the fact that it has to be a multifaceted process, including providing housing, water and sanitation, building schools for returning children and creating employment for the resettled people, amongst other things. All

these challenges have to be met within the context of Angola being a country that had a GDP of US\$ 9.5 billion in 2001.

Angola's natural resources: for whose benefit?

One of the very few oil producing African countries, Angola is second after Nigeria in sub-Saharan Africa in its importance for global energy production. The presence of leading oil companies such as Chevron, BP, Elf, Shell and Total bears testimony to Angola's strategic significance as a source of global energy. In 2000 the country produced a staggering 750 000 barrels of oil a day, with experts predicting a substantial increase in production in the near future. It is estimated that Angola accounts for more than 7 per cent of United States oil imports. It is for that reason that many contend that Angola is potentially Africa's richest country.

In the light of Angola's riches, it is not surprising that the question of its poor rating on the Human Development Index (164 out of 175 countries) is raised. The country has appalling poverty levels with between 60 and 70 per cent of the popu-

lation living below the poverty line on US\$1.68 per day and frightening unemployment levels. Understandably, the consensus among many people is that the war is the only explanation of why Angolan resources have not contributed to the amelioration of the squalid living conditions of the overwhelming majority of Angolans. As is generally known, UNITA relied solely on Angolan diamonds to sustain its military campaign against the MPLA government. Over time, Savimbi managed to accumulate about US\$4 billion in financial assets from the sale of diamonds. This was made possible by the complicity of a complex network of players that included foreign countries and companies. This and similar operations in countries like the DRC and Sierra Leone contributed to the phenomenon of 'conflict diamonds' that the international community is still grappling with.

While UNITA used the proceeds of diamonds on the wrong side of the Angolan war, it is no secret that the MPLA used the revenue from oil to mount a formidable military force against UNITA. It is rather disturbing to observe that while the MPLA received the support of most of the international community, it has also been corrupt in its handling of the country's resources. For example, IMF/WB missions to Angola over the past few years have 'found unexplained outlays equivalent to between one-third and one-half of total fiscal revenues'. While some people might contend that in a situation of war it is not easy to adhere to sound accounting standards, it is difficult to sustain this argument when the situation remains unchanged post-Savimbi. This also raises questions about the notion that the war alone explains why the country's resources have not helped to improve the lives of Angolans.

What is clear is that wealth in natural resources has served to impoverish and victimise Angolans. The involvement of big multinational oil companies is arguably more extractive than developmental. Except for the promise made by BP recently, these multinationals vehemently refuse to publish their tax contributions to the Angolan government. How much these companies make and how much in royalties accrues to the state remains a highly protected secret far beyond the reach of the Angolan citizenry.

Cabinda province: An island of war within post-war Angola

Cabinda, the far northeastern part of Angola, is one of its 17 provinces. This province is the lifeblood of the Angolan economy as it accounts for about 70 per cent of the oil revenues. For a very long time the MPLA government has been struggling to thwart forces calling for the secession of Cabinda. These forces are led by the Front for the Liberation of the Cabinda Enclave (FLEC), which is a guerrilla movement that Angola's military forces have thus far failed to destroy.

The main concern of the secessionist forces and the people of Cabinda is that they do not benefit materially from the oil extracted from their area and that they have no say in the economic decisions relating to their province as their affairs are run from Luanda by the central government. Chevron, the company that is solely responsible for oil production in Cabinda, has been contracted by the central government and does not feel an obligation to the socio-economic development of the local people of Cabinda.

Given the terrible lessons learned

Without peace in Cabinda it is impossible to talk about peace in Angola

from secessionist tendencies in Katanga, (in what is now the Democratic Republic of the Congo), in 1960, it is understandable why the Angolan government would not like to entertain the independence call made by most Cabindans. Instead, the government appears to prefer autonomy to independence. Although this proposal has been mooted, the government has not seriously attempted to engage in a peaceful dialogue with Cabindans to arrive at a mutually agreed solution. On the contrary, the government appears to believe that the problem requires a military solution. Currently it has 30 000 troops deployed in the area to police a population of 300 000 people.

The militarist approach of the government of Angola to the Cabinda problem has proven futile and dangerous. It has neither been able to destroy the FLEC nor has it been able to make the people of Cabinda feel safe. Instead, the radical militarist strategy has only served to perpetuate the war in Cabinda even post-Savimbi. This has led some to argue that without peace in Cabinda it is impossible to talk about peace in Angola. With the painful memories of Bunya in the Ituri region of the DRC still fresh it is too ghastly to contemplate the possibility of conflict in a part of the country undermining peace. A change of strategy on the part of the government is necessary if Cabinda and Angola as a whole are to accelerate the pace to sustainable peace, democracy and development. The most sensible way to resolve the Cabinda problem is through dialogue.

Conclusion

Emerging from a 27-year old war, it is clear that Angola faces a multitude of challenges and that confronting them will not be easy. Certainly, the death of Jonas Savimbi has been a political blessing as this has facilitated the cessation of armed conflict between UNITA and the MPLA. This provides a foundation on which lasting peace can be built. However, the performance of the MPLA government post-Savimbi is not beyond reproach. A lot still needs to be done if the foundations for democracy are to be properly laid. While the signing of a memorandum of understanding was a necessary and important development, it clearly does not represent a national consensus. It is for this reason that measures still need to be taken to strengthen the peace process. These include, among others, constituting an inclusive commission to facilitate national consultation and reconciliation; putting in place measures to ensure transparency in the extraction of natural resources and management of public resources; obliging companies to contribute to the socio-economic development of areas where they are based; and engaging in peaceful dialogue about the Cabinda problem. ■

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Severe Acute Respiratory Syndrome (SARS) viewed from Japan

The outbreak of SARS in southern China in 2002, and its rapid spread to surrounding areas in early 2003, posed a real threat to Japan's vulnerable economic recovery. Economic links with China and other countries in the region are playing a growing role in the Japanese economy. **Claudia ten Have** examines the impact in the three key areas of tourism, manufacturing links and regional trade flows

MARKETS are as much about change, as they are about continuity. So far this year, the world economy has had to deal with the Iraq war in March/April, as well as a wildcard threat in April/May in the form of SARS.

This new form of pneumonia was first noticed in southern China in November 2002. By March/April 2003 it had become a global health emergency spreading (mainly) through Hong Kong to over 30 countries. By the time the World Health Organisation (WHO) declared SARS contained – on 5 July 2003 – over 8 400 people had been infected and around 800 had died. The worst hit countries were China (5 327 cases and 348 deaths), Hong Kong (1 755 cases and 298 deaths), Taiwan (676 cases and 84 deaths), Canada (252 cases and 38 deaths) and Singapore (206 cases and 32 deaths).

Even though SARS was contained relatively quickly what was particularly unnerving was that it had centred on the world's economic bright spot: non-Japan Asia. This region had been the one area of robust growth in an otherwise stagnant world economy. China in particular was crucial – following accession to the World Trade Organisation (WTO) in late 2001 it is overtaking the UK as the world's fifth largest trader, accounting for 5.1 per cent of world exports and 4.4 per cent of world imports.

Viewed from Japan, any slowdown in SARS-affected Asia was particularly troubling. Nothing flashed Japan's interconnectedness with the region, as well as the vulnerability of its recent steps toward economic recovery, more forcefully into instant recognition than the possibility of a SARS-fallout. Japan's major engine of growth in 2002 was its exports and its main trading partners are in Asia. The region is thus key to Japan's economy.

By sheer luck SARS did not gain a foothold in Japan – even though the public was put on high alert in mid-May when it emerged that the supposedly dependable SARS dragnet missed an infected Taiwanese doctor who travelled through parts of western Japan on a six-day tourist jaunt. SARS did, however, have knock-on effects. The following three transmission channels warranted concern.

The Japanese travel industry

As the WHO issued a global alert in mid-March, followed by travel advisories to SARS-affected regions and finally a travel warning in

early April, the Japanese government followed suit. The first of Japanese interests to be hit was therefore the travel industry. Tourists and business travellers stayed at home as major Japanese travel agencies cancelled package tours and companies issued travel bans for their employees. Already dampened by the Iraqi conflict plus a misalignment of holidays at the end of April/early May – which is usually Japan's third busiest tourist time of the year after the summer and New Year, when a string of national holidays give Japanese their 'Golden Week' off – this sector of the Japanese economy was left reeling.

Mainland China is the second most popular destination for Japanese tourists; Hong Kong is the fourth. According to the Japanese National Tourist Organisation (JNTO) almost 2.4 million Japanese

holidayed in China in 2001, while 1.3 million Japanese tourists visited Hong Kong. The SARS outbreak cut these numbers drastically. China-bound flights in April marked a year-on-year decline of almost 80 per cent, while Southeast Asian routes saw an almost 60 per cent drop with people avoiding Hong Kong and Singapore.

Narita, Tokyo's international airport, reportedly lost 1.5 billion yen in the first three weeks of April as passengers and flights decreased to almost 800 flights or about 36 a day.

Although SARS did not reach Japan, April inbound visitors dropped by 25 per cent too. This is the largest percentage drop since 1971. According to the Japan Association of Travel Agents, package tours to Japan for April/May dropped 50 per cent. The bulk of this was attributed by JNTO to tourists from China, Taiwan and Hong Kong staying home. Last year they had made up a third of the approximately 5.2 million visitors to Japan. In addition entry forms at Narita show that comparatively fewer Americans and Europeans decided to visit Japan.

With SARS now considered contained, the Japanese travel industry is looking up again. But it is not a full recovery yet. Business travellers are returning, but Japanese tourists still remain shy. Whereas booking for overseas trips from April to June at five major tourists agencies was down 40 per cent to 50 per cent from a year earlier, the number of trips booked for the summer (July and August) is still almost 25 per cent lower than last year. JTB Corp, the largest travel agency in Japan, expects travel will only be back to normal after September.

**SARS had centred on the one
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world economy**

And even then, the UFJ Bank estimated that Japan's travel industry would lose about 170 billion yen in sales for the year – a 7.7 per cent drop from 2002, shaving 0.01 per cent off GDP. Two of Japan's major airlines – JAL and ANA – were certainly relieved that the Ministry of Transport with the Development Bank of Japan announced in late May that they are eligible for emergency loans to overcome SARS losses. The Ministry had also announced earlier that loans could be made available to travel agencies and other industries affected by SARS through government financial institutions.

Japanese companies with Chinese operations

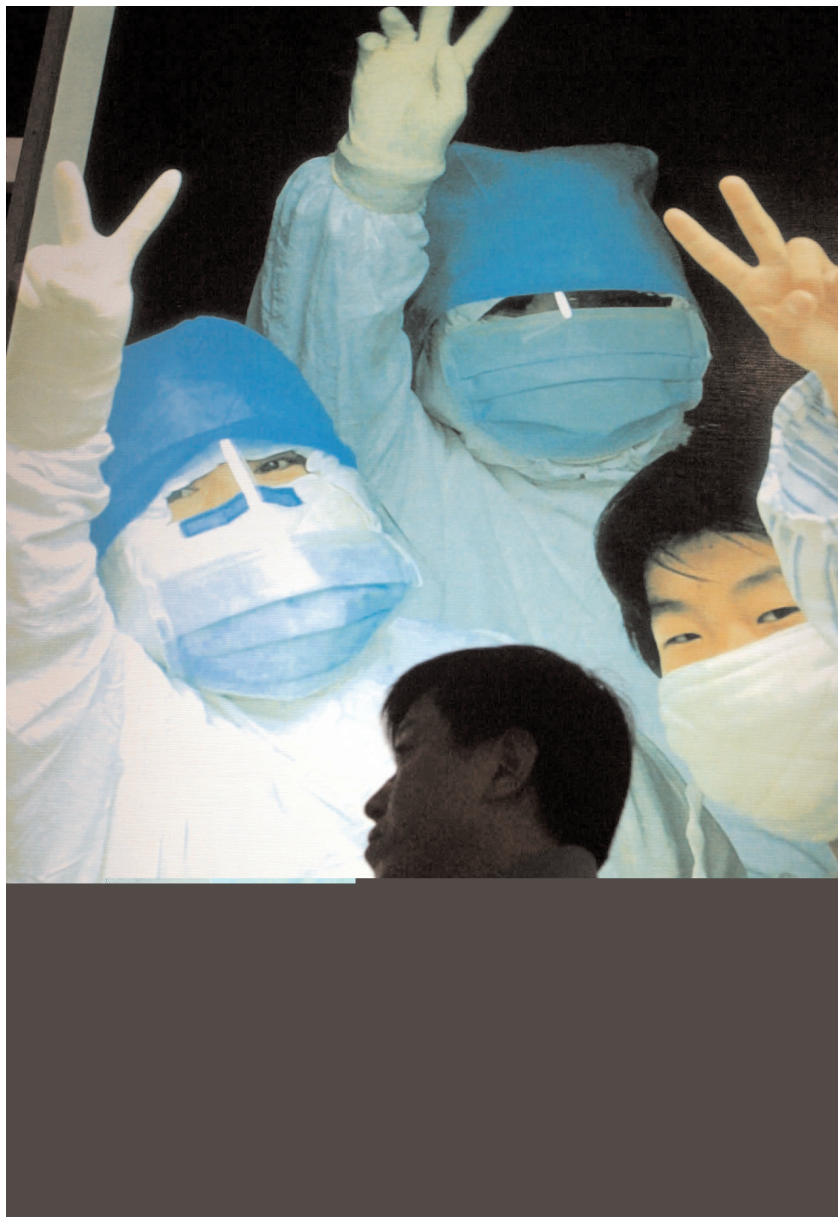
The economic effects of SARS for Japan went far beyond the travel industry. An even more serious area of concern was that SARS could seriously rattle Chinese operations of Japanese companies.

China's Guangdong province – the one hardest hit by SARS – is home to regional operations of an estimated 1 500 Japanese companies manufacturing everything from televisions to elevators. The area is thus key to Japanese companies' China strategy and, given that 40 per cent of Chinese exports come from this province, to their global strategy. Japan invested about US\$671 million in the province in 2001, accounting for about 5.2 per cent of the total foreign direct investment there – a figure second only to Hong Kong.

But with SARS, business in southern China and elsewhere was curtailed. Honda Motor Co, for example, could not send its Japanese engineers to its subsidiary in Guangzhou to prepare for local production of a passenger car to be released in China. Itochu Corp., a leading Japanese general trading company, could not finalise its autumn and winter product lines since buyers could not travel. Itochu, which also owns the convenience store operator, FamilyMart Co., also had to delay opening branches in Shanghai because managers could not travel.

Business also faced stoppages in factory operations. Ricoh Co., the office equipment maker, had to shut down operations in early May when an employee contracted SARS. Matsushita Electrical Industrial, which makes Panasonic products, also had to close down two plants in May after several workers were found to have SARS.

Fears of delays and stoppages in China having severe repercussions for the Japanese economy led the Ministry of Economy, Trade and Industry to announce in May that it plans to extend state-backed trade insurance coverage for Japanese firms for SARS-incurred losses. This was to cover both losses for operations in China, and to protect operations in Japan if supplies (including machinery parts) to plants in Guangdong and other SARS-affected areas had to be reduced or halted.



A Beijing resident walks past a display of equipment used to fight SARS ... the virus has bypassed Japan, and spared its vulnerable economy. (AP Photo)

To everyone's relief, with SARS concerns tapering off in mid-June and company travel bans being lifted too, operations were returning more or less to business-as-usual by early July.

Numerous Japanese manufacturers are, however, reviewing their production and procurement practices now to guard against a possible SARS reoccurrence in winter. Komatsu Ltd., a leading manufacturer of construction equipment and industrial machinery, decided to secure two sources of supply for future crises situations. In May the company equipped its Japanese subsidiaries with moulds for about 20 components for power shovels, including frames and parts of wheel axles, which it manufactures in its Chinese plants. Renown Corp., an apparel maker, is also considering dispersing its overseas production. The firm normally finalises its product plans in early June but due to SARS, was unable to

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Developing trade policy in a coherent macro-economic framework

The ability to improve export performance and enhance the supply capacity and competitiveness of African economies requires a broad discussion of trade, industrial and agricultural policies in the context of increasing production and investment. In this article **Xavier Carim** outlines some aspects of a strategic trade policy response for development in the globalising world economy

THE phrase 'market access' provokes a discussion on how to improve the export performance of African countries. The unspoken assumption is that trade can contribute positively to economic growth and sustainable development which, indeed, is the overriding objective of the entire NEPAD programme.

The ability to improve export performance, however, requires a broader discussion of trade, industrial and agricultural policies and, in particular, how to enhance the supply capacity and competitiveness of African economies through increasing production and investment. In seeking to understand what determines investment, a discussion on the appropriate regulatory environment and a reform programme along with a macroeconomic framework and policy is vital. In this light, trade policy must be understood as only one element of a wider development strategy and agenda to promote sustainable economic development.

Trade policy mainly focuses on advancing the reform and restructuring of the economy and on enhancing economic competitiveness and the capacity of firms to compete in an increasingly integrated world economy. The ultimate aim is to create sustainable economic growth and employment opportunities. As adjustments invariably produce winners and losers, a sustainable development strategy must include measures for safety nets and providing labour with the appropriate skills to shift into growing sectors of the economy. In this sense trade policy reform is a political process that needs to be carefully managed.

This is undoubtedly a complex set of factors to take into account. It requires

appropriate expertise, training, and institutional development. At the same time, it is important to take account of changed and changing global economic dynamics. These include processes of globalisation, liberalisation and regionalism that underlie growing competitive pressures in the world economy and the changing basis for competing in the global market.

Although the elements that make up globalisation cannot be disentangled, this article focuses mainly on its *economic*

There is growing evidence that many countries are being marginalised from the increased flows of investment, finance, technology and trade

policy dimensions, identifying some key features of globalisation and outlining some aspects of a strategic trade policy response for development in the globalising world economy.

Features of globalisation

Deepening interdependence

The most significant development of the last two and a half decades has been the massive extension and deepening of markets. Markets have extended globally to encompass previously excluded regions and nations. The global integration of production, largely through the activities of transnational corporations (TNCs), and the deepening integration of markets for goods, finance, investment, services, and technology, are forging an integrated global economy. More open and outward oriented national economic policies and

rapid advances in global communication and transport are intensifying economic links. These processes are binding national economic destinies ever more closely.

The reduction in trade barriers has resulted in a twelve-fold increase in global trade since 1945, to over US\$4 trillion by 2000. In the same year foreign direct investment (FDI) flows reached US\$1.3 trillion, an increase of US\$1 trillion since 1995. Between the mid-1970s and 1996, the daily turnover in world foreign exchange markets increased from around US\$1 billion to US\$1.2 trillion. These changes have increased the impact of global markets on national economies with profound implications on the financial stability of economies, the location of investment, and the dynamic competitiveness of manufacturing. The speed of transactions demands that countries and firms respond rapidly to be competitive.

The basis for competitiveness has changed. No longer can countries afford to sustain global competitiveness on the basis of traditional comparative advantages in cheap labour or primary exports. The ability to compete increasingly turns on technological and innovation capacity. Industrial countries, where most innovation takes place, thus retain a strategic advantage that is consolidated by stricter multilateral protection of intellectual property rights.

Overall growth in the global economy masks a complex balance sheet of winners and losers. There is growing evidence that many countries are being marginalised from the increased flows of investment, finance, technology and trade. This is leading to growing inequal-

ity and poverty among, and within, economies. The challenge is particularly acute for least developed countries (LDCs) and countries in sub-Saharan Africa (SSA). LDCs' share of world trade has shrunk by 50 per cent from the mid-70s, to 0.3 per cent. Since the 1970s, LDCs have suffered a cumulative decline of 50 per cent in their terms of trade. For developing countries as a whole, the losses from declining terms of trade amount to almost US\$300 billion.

Most developing countries have been bypassed by finance, with 90 per cent of global FDI flowing to North America, Europe, Japan, China, Mexico and Brazil. At the same time, developing countries pay interest rates that are up to four times higher than industrial countries as a result of inferior credit ratings and expectations of national currency depreciation. The loss to developing countries from unequal access to trade and finance is estimated at \$500 billion a year, 10 times the amount they receive in aid.

Recurrent financial instability and its contagion effects constitute the single most important obstacle to steady and rapid growth. Modern financial markets are organised less to create wealth and employment than to extract rent by buying and selling second-hand assets. The 'discipline' these markets exert on policy makers reinforces the advantages of existing wealth holders. Each bout of financial crisis arrives with greater force and inflicts greater damage on the real economy. The contagion effects are particularly felt in emerging economies.

Strategic responses for development

National

Notwithstanding a *relative* loss of sovereignty over policy making, governments retain considerable scope to intervene in the national economy, within parameters, to mediate the impact of the global economy and to promote development. A key issue is the appropriate role of the state in a profoundly changed global environment. A simple retreat by the state, leaving development to market forces, is an inadequate response to globalisation. States around the world play important

roles in promoting the competitiveness of their economies.

However, the policies pursued must take into account an increasingly integrated global economy, and the discipline imposed by global markets and global rules. Financial markets inflict harsh discipline on countries perceived to be pursuing unfavourable monetary, fiscal, or trade policies. The reaction of international markets is to impose a higher risk assessment, leading to financial outflows and denying access to new finance on which developing countries are highly dependent.

Policy interventions need to recognise and respond to the changing basis for international competitiveness. Policy should be geared to encouraging the

Governments retain considerable scope to intervene in the national economy to promote development

development of competitive markets under a clear set of consistent, predictable and transparent rules. These rules should be designed to ensure that markets function effectively, to ensure competition, innovation and entry into the market, and that markets are not dominated by the powerful at the expense of the weak. These rules will encompass provisions designed to secure broader public interest objectives. Policy should also be designed to address market failures and secure the provision of key capacities that are not provided by the operation of the market alone.

At the core of the economic strategy is industrial policy, which aims to shift from dependence on raw material exports to increasingly higher value-added manufacturing exports. The reduction of tariffs to reduce cost structures and enhance competitiveness may be accompanied by market-led supply-side support measures to promote industrial restructuring, technology upgrading, investment and export promotion, and small, medium and micro-enterprises development.

The industrial policy may have a sectoral focus aimed at encouraging exports by – and attracting investment and tech-

nology to – sectors that will drive industrial development. The strategy should also integrate backward and forward linkages with production. Of particular importance is the development and enhancement of existing capacity in knowledge-driven activities.

Regional

A key feature of the current global environment is the proliferation of regional trading arrangements (RTAs). RTAs can contribute significantly to the economic growth and development of participating economies. Such arrangements provide a platform for enhancing regional production and efficiency, as well as the capacity of regional firms to compete in the global economy.

Despite attempts at forging its own regional integration programmes, Africa's performance in this regard has lagged. Only around nine per cent of its total trade is bound for destinations on the continent (1999 figures). The lack of effective regional arrangements perpetuates the pattern of commodity exports to the North in exchange for higher value added manufactured imports. This pattern – characterised by a secular decline in the terms of trade – results in falling relative per capita income for Africa.

It is vital to consolidate continental trading arrangements in Africa in light of recent initiatives to establish free trade areas (FTAs) with African countries and regions. Without an effective response, African producers and exporters will increasingly find themselves at a disadvantage in continental markets compared to European and American competitors.

Addressing the danger also requires taking lessons from the past to overcome the key impediments for regional trade growth in Africa. Regional economic integration is beneficial when trade creation outweighs trade diversion. Trade diversion may foster inefficiencies, misallocation of resources, decline in imports, and expansion of domestic production at relatively higher costs, resulting in a reduction of real income and welfare in the region over the short term. However, the reduction in income and welfare can be outweighed if longer-term dynamic influences of regional production, consump-

tion and investment are realised. Overall increases in intra-regional trade may flow out of dynamic gains, encouraging regional production and placing parties to the regional arrangement on a higher growth path.

Although regional integration can overcome constraints imposed by small individual markets, we need to understand and work to reduce the highly dispersed trade regimes of individual African countries. The variable complexity and degrees of protection of the trade regimes among individual African economies constrain the formation of integrated regional markets.

Linked to this is the question of whether tariffs should be lowered from bound or applied rates, and/or what formula is to be used. Liberalisation from applied rates appears more effective in boosting intra-African trade. Exceptions should be limited and time-bound, that is, they should be gradually integrated into the regional programme. Governments also need to anticipate measures needed to offset budget deficits and fiscal revenue shortfalls resulting from tariff reductions.

Developing services trade deserves prime importance in intra-African trade, as the opportunities are vast. Regional cooperation in trade remedy legislation, that is, anti-dumping, countervailing duties and safeguards, should also be evaluated. Low growth rates, low per capita income and little product diversification reduce trade complementarities and combine to inhibit regional trade growth.

While trade can be a catalyst, the key to resolving the problem is to increase investment, particularly in export diversification activities. By virtue of providing a larger market, regional arrangements can encourage inward investment. The link between trade liberalisation and investment must be strongly emphasised in intra-African economic integration processes. Investment, linked to economic integration processes has often been treated as a residual activity in the hope that investment will flow to increase production and improve competitiveness.

High transaction costs for trade among countries on the continent, as compared to trade between African countries and traditional northern markets, is

also an impediment to regional trade growth. This suggests the need to complement regional integration efforts with programmes to enhance trade facilitation. Implementation is key to the intra-Africa trade liberalisation programmes. Many programmes have been adopted but implementation has been weak or lagged behind for many reasons. These reasons should be identified and measures and actions taken to counter them.

A key question concerns the nature of the regional arrangements for African economies and how they are to be constructed to take into account varying levels of development. It is necessary to address the respective participation of more and least advanced members of the grouping. Experience suggests that eco-

The link between trade liberalisation and investment must be strongly emphasised in intra-African economic integration processes

nom ic integration involving economically more dynamic and economically less dynamic economies could offer important prospects for trade and investment growth, with larger economies serving as engines of growth for smaller economies.

At the same time, however, the capacity of smaller economies to access the liberalised markets of larger economies and to benefit from investment must be developed by expanding production and competitiveness. Otherwise, economic imbalances between small and big economies can lead to acute trade imbalances, destabilising the integration process. In the interest of the bigger economies, development support has to be offered to the smaller economies, in order for them to have dynamic partners with which to trade and invest.

It will be necessary to approach these questions practically and to develop appropriately flexible mechanisms that advance the regional integration objectives. Relationships may be structured asymmetrically to accommodate the diversity and sensitivities of African economies. In this regard, the notion of variable speed geometry is useful. In the discussion, all parties should be involved

so their interests are taken into account, even if they are not making commitments. This ensures that when the time comes for them to adhere, they will have been involved and would be considered part owners of the programme.

An approach that embodies these principles and elements could be applied to the following alternatives, and/or combinations of alternatives for the exchange of regional preferences:

- extension of bilateral preferences with agreement that recipients reciprocate after a given transitional period;
- individual country accessions to existing regional arrangements pursuing bilateral preferential/free trade agreements among key countries;
- reciprocal exchanges of preferences on a trade bloc-to-bloc basis; and
 - an all-Africa free trade area, as envisaged in the Abuja treaty and carried over into the African Union. Such arrangements should be complemented with programmes to reduce the high diversity of trade regimes among countries; to enhance trade facilitation; and to develop regional investment platforms. In addition, regional cross-border investment in roads, rail, ports, energy and telecommunications could significantly reduce input costs, enhance competitiveness and facilitate exports. Private sector investment could be leveraged through public-private sector partnerships.

The challenge of global rule-making

In forging its strategic response to globalisation, it is important that Africa addresses the challenge of global rule making. Appropriately constructed multi-lateral rules that are coherent, inclusive and non-discriminatory can enhance predictable access to markets, finance and technology for developing countries. However, imbalances, inequities and deficiencies in the systemic 'rules of the game' perpetuate structural imbalances in the global economy, measured in trade, finance, investment and technology flows. Such imbalances reflect the uneven distribution of political and economic power across the globe. The weak institutional and human capacity in many

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Great expectations

From Cape to Congo: southern Africa's evolving security challenges

Mwesiga Baregu and Christopher Landsberg (eds)

Lynne Rienner, 2003

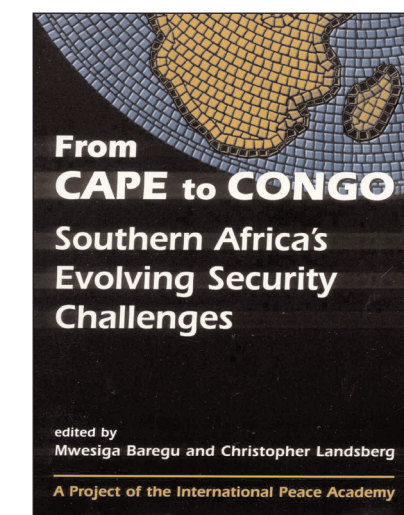
While uneven, this new work provides useful insights into key issues surrounding regional security, writes **Kathryn Sturman**

NOT only have security threats to Southern Africa changed in recent years, but the approach to security has also shifted from state to human security. This work by fifteen contributors considers threats to the region through a wider lens than the traditional view of inter-state conflict and military responses. In three parts, the book focuses on 'new' security challenges, the role of national and regional actors including civil society, governments and regional organisations, and external actors – the UN, EU, Commonwealth and the United States.

Building an appropriate regional security architecture is the central challenge for the Southern African Development Community (SADC). 'Evolution' is an apt term for the painstaking pace at which the SADC Organ for Politics, Defence and Security Co-operation has been implemented. While the book is based on an International Peace Academy conference on 'Southern Africa's regional security architecture: problems and prospects', held in Gaborone in 2000, very little of the commentary on SADC needed updating. This in itself illustrates the authors' point that great expectations for post-apartheid, post-Cold War security co-operation in Southern Africa remain unfulfilled more than a decade later.

Reasons for this paralysis are given in several accounts of the development of the SADC out of the Frontline States resistance to apartheid South Africa's deliberate destabilisation of its neighbours. There are lingering suspicions, for example, between Angola, Zambia, Zimbabwe, Namibia and the regional giant, South Africa. As Baregu explains, 'the SADC region is defined and structured by a history of conflicts... given this legacy, it is unlikely that political will and commitment will emerge spontaneously' (p 20).

Agostinho Zacarias argues that SADC security planners are 'captive to old mind-



sets' (p 31). Security co-operation has been the preserve of the military, police and intelligence agencies of the SADC countries, acting in isolation from the economic, social and political sectors. Confidence-building measures, drawing on non-governmental expertise and developing implementation and monitoring mechanisms would enable SADC to address security challenges more effectively.

Landsberg and Baregu identify the major non-military threats to security as poverty – due to high unemployment and insufficient economic growth – HIV/AIDS, lack of democracy, and South Africa's dominance as a hegemonic power (pp 3–4). Ibrahim Gambari (p 255) includes transnational crime on the list of priorities. Yet Part 1 of the book, intended to address these security challenges in more detail, is incomplete. It includes Jacqui Ala's informative chapter on *AIDS as a New Security Threat*, and two chapters on land reform. It is not clear why the issue of land in South Africa and Zimbabwe warrants so much attention, when the wider issues of poverty or food insecurity in the entire region would paint a more complete picture. This is a problem for the editors, not the authors,

Sam Moyo and Prosper Matondi on Zimbabwe and Ruth Hall and Gavin Williams on South Africa, as each of these chapters stands alone as a solid contribution.

The chapter on *The Quest for Good Governance* by Tandeka C. Nkiwane is less satisfying. Democratisation and the promotion of good governance in Southern Africa is criticised as a 'liberal' and 'conservative project' (p 55). When Nkiwane argues that 'democracy is not necessarily the primary factor that prevents war in African international relations; indeed it can actively promote war' (p 55), one is left wondering what her alternative might be. Refuting the 'democratic presumption', that democracies do not fight each other, is a valid point. But the corollary – that political repression and authoritarian rule have been and still are a source of instability in the region – must surely be recognised.

As Landsberg and Baregu acknowledge, 'façade or virtual democracies, where incumbent regimes manipulate the democratic process while pretending to be highly democratic, are the standard in southern Africa. In fact, many states are caught between democracy and authoritarianism.' (p 4) However, the slide from democracy to authoritarian rule in Zimbabwe does not seem to rate as a major security challenge for the region. The book approves, rather than questions, the approach of SADC Heads of State to the political repression in this country since 1998. For example, Landsberg states that 'Mbeki's "quiet diplomacy"... appears to have been vindicated by the successful elections in Zimbabwe in July 2000.' (p 187)

In Part 2, *South Africa and Nigeria as Regional Hegemons*, by Adekeye Adebajo and Landsberg, provides compelling insight into the presidencies of Olusegun Obasanjo and Thabo Mbeki. Patrick Malutsi gives a useful snapshot of civil society in Southern

Africa and considers the role they might play in broadening the regional security framework. Musifiky Mwanasali describes constraints on the OAU's efforts to resolve internal conflicts, due to the centrality of the state to the OAU security agenda and the principle of non-interference (p 205). However, the OAU's successor, the African Union places greater emphasis on human rights, democratisation, good governance and humanitarian assistance. This chapter underscores the difficulty of harmonising the AU's peace and security activities with

those of the SADC and other, often overlapping, regional economic communities. The chapter by Monica Juma on lessons for SADC from the Horn of Africa organisations, IGAD and the EAC, is equally instructive.

Part 3 contains four different perspectives on the region from outside actors. The consistent theme is that of shifting responsibility for security onto the regional and subregional organisations. This section provides an informative and detailed account of the changing policies and levels of engagement of the UN (by Ibrahim Gam-

bari), the US Government (by Jendayi Frazer), the EU (by Thalitha Bertelsmann-Scott) and the Commonwealth (by Kaye Whiteman) towards Southern Africa.

Like most compilations, the book suffers from uneven quality and some blind spots. Yet it succeeds in offering an impressive range of history, analysis and recommendations for regional security from a variety of perspectives. ■

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South African foreign policy – continued from page 6

towards de-democratisation of their country's foreign policy, preferring a much more responsive foreign policy making process. They would like to see an extension of South Africa's international humanitarian role, specifically in the promotion of human rights, and are cautiously interventionist when it comes to dealing with human rights abuses in other countries. They largely endorse internationalist goals, and they prefer the multilateral approach to these and other international concerns. They want to see continued close cooperation with other African countries, and they still have reasonable confidence in African multilateral

institutions. In general, they are supportive of the South African government's emphasis on open economy measures, combined with attempts to promote global equity, but they are encouraging the South African government to do more about inequality within Africa and South Africa in particular. Despite significant levels of uncertainty and lack of commitment, most of the elite show few signs of being xenophobic or parochial.

The foreign policy perceptions, beliefs, and preferences of the South African positional elite have not undergone significant change since 1997-98, although there was a hardening of attitudes towards the USA

in particular, and there seems to be a cooling of attitudes towards certain multilateral bodies. Most importantly, we detect a growing sense of unease about the way in which South Africa's foreign policy is made, although most continue to support the substance of that policy. If not handled judiciously, however, such unease can deteriorate into alienation and cynicism about foreign policy. ■

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Severe Acute Respiratory Syndrome – continued from page 22

discuss details of the plans with its Chinese plants, the bulk of which are situated in the broader Shanghai area. By also setting up operations in Thailand and Vietnam, Itochu Corp., too hopes to avoid the risk of concentrating operations in one country.

Regardless of these moves China continues to be seen as the key strategic area for Japanese business. So while firms may make adjustments to their operations post-SARS, it is highly unlikely any will leave the country. The underlying cost-attraction of China and the emerging consumer market are too appealing.

Regional trade flows

The third area of concern for Japan was how SARS would impact on trade flows. As pointed out earlier, in 2002 exports were Japan's main engine of growth, accounting for around half of Japanese GDP. With

demand from the US and the EU still dampened, growing exports to Asia in 2002 was therefore critical to Japan. In fact, Asia has now unseated the US as Japan's top trading partner. In 1998, 30.5 per cent of Japanese exports went to the US, 18.4 per cent to the EU, and 34.7 per cent to Asia. By 2002 this had changed to 28.5 per cent to the US, 14.7 per cent to the EU and 43.1 per cent to Asia. With Japan's economy still only posting at best modest steps towards recovery, any vulnerability in its key markets is very unsettling. Alarming, SARS was hitting Japan's most important customers the hardest (China, Hong Kong and Singapore). Combined exports to China and Hong Kong accounted for 15.7 per cent of Japanese exports in 2002. Considering that exports make up 11.1 per cent of nominal GDP in Japan last year, exports to China and Hong Kong correspond to 1.8 per cent of GDP. Little wonder Japan Inc. was concerned.

The deeper ramifications of SARS always depended on how long the epidemic would take to bring under control. Japanese alarm about declining overseas orders was warranted, but the economist's best-case scenario in this situation unfolded with only short term V-shaped dents in sentiment and discretionary spending. The economic data released for SARS-affected areas at the beginning of the third quarter showed that most of the economies were more robust than expected. Though the Hong Kong government blamed SARS as a major contributing factor to its unprecedented 8.3 per cent unemployment rate, the World Bank revised its estimate for regional growth upwards to 5.4 per cent at the end of June largely on the basis of faster than expected containment of the epidemic and the rebound of business sentiment in the region.

News of the revised World Bank data for Asia coincided with encouraging economic

news about Japan too. The Finance Ministry announced in late June that Japan's trade surplus with Asia had jumped 23.6 per cent in May, from a year earlier – marking a rise for the 15th straight month. The end of June also saw the release of the quarterly Tankan survey of Japanese business sentiment, which showed that big manufacturers' outlook for the economy improved significantly over the past three months despite SARS. The survey also showed that large manufacturers plan to spend almost 5 per cent more than the previous year and those with overseas operations continued to identify China as a key link in their global strategy.

In short, it seems Japan was doubly fortunate. Not only did SARS not reach the archipelago despite being linked into a dense business and tourist traveller web with the affected areas, but Japan also appears to have been spared deeper repercussions. This is important good news for Japan in its long and slow crawl toward economic recovery. After all, there is plenty else for Japanese policy makers to worry about. ■

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Developing trade policy – continued from page 25

developing countries undermines their capacity to participate in establishing rules and, in some cases, a lack of transparency in rule setting and decision making in the most important international institutions exacerbates their marginalisation. The implication is clear: It is imperative to review and reform multilateral governance structures to ensure greater equity.

Multilateral trade rules exhibit a range of imbalances and deficiencies that prejudice the trade and development interests of developing countries. Developing countries, accounting for three-quarters of the world's population, receive only a quarter to a third of income gains resulting from the Uruguay Round (UR) of trade talks. Goods from industrial countries enjoyed greater tariff reductions in the UR as compared to developing countries (45 per cent compared to 25 per cent). While developing countries face tariffs 10 per cent higher than the global average, LDCs face tariffs 30 per cent higher. For both groups, tariffs remain high on those goods with the greatest potential for increasing production, exports and development in developing countries.

Tariff escalation in industrial countries (higher tariffs by degree of processing) locks developing countries into producing volatile primary commodities, which face a secular decline in terms of trade. Non-tariff barriers, including increasingly stringent standards, trade remedies (anti-dumping, countervailing measures), are applied to the exports of developing countries. Massive agricultural subsidies in the developed world stifle the development potential of

developing countries.

Multilateral negotiations launched at Doha open up the possibility to ensure that development issues are addressed decisively. Strategically, the key to sustained global economic growth lies in unlocking the growth and development potential of developing countries. To achieve this, developing countries must pursue industrialisation by processing their natural resources, an area where they possess comparative advantage. However, realising the full potential of these advantages has been frustrated by protectionist interests in the North under various national policy regimes buttressed by the multilateral disciplines negotiated in the WTO.

The strategic objective in the new negotiations is, therefore, for developed countries to undergo far reaching structural adjustment in their economies. Such restructuring requires reducing a range of protective and support measures to inefficient 'grandfather' industries and sectors in the economies of the developed countries. This will allow the relocation of production and investment to developing countries that possess comparative advantages in these areas. Such structural adjustment would boost investment, production and trade in developing countries, promote industrialisation and development, enhance North-South and South-South trade and provide an impetus to a new round of global economic growth. ■

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