

WTO: TRADING AWAY AFRICA



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SINGAPORE ISSUES: CORPORATE RIGHTS OVER RIGHT TO DEVELOPMENT

WTO members such as the EU, the US and Japan are focused on granting greater rights to transnational investors to hold themselves above national decisions on development priorities, macroeconomic policy, environmental directives, and implementation of international human rights law and norms.

African Civil Society Declaration on proposed WTO Investment Agreement, Accra, May 2003

The fate of the Singapore issues will be one of the critical decisions taken by the Fifth WTO Ministerial Conference in Mexico in September 2003. Major industrialised countries are pushing for the launch of negotiations for new WTO agreements on the four so-called Singapore issues: investment; competition policy, transparency in government procurement and trade facilitation.

The rich countries have been pushing for the expansion of the WTO to include these new issues for many years. In the WTO Ministerial meeting in Singapore in 1996, Working Groups were established to discuss the implications of such agreements in the WTO. But, there has so far been no agreement to embark on negotiations as such.

Kenya - along with most African and other developing countries - has time and again made clear its opposition to the launching of these new issues, which could pose a very serious threat to African countries' national development interests. Undeterred by developing country opposition, rich countries, particularly EU, the US and Japan, are pushing for WTO agreements on these four issues.

Investment

The most harmful of all is the proposed **Investment Agreement**, which would seriously undermine developing countries' abilities to regulate foreign investment in order to ensure that the investment benefits the local economy.

Undermining Development, Increasing Corporate Rights

The WTO principles of non-discrimination and national treatment, if applied to investment, would effectively require African governments to treat transnational corporations 'no less favourably' than domestic firms. It would undermine the freedom of African governments to condition incoming investment on bringing benefits to the domestic economy, by insisting, for example, that a percentage of inputs are sourced domestically or that firms employ local staff in management positions. Most, if not all, developed countries have made use of policy tools to regulate incoming investment to help develop infant industries, enhance export capacities and promote technology transfers. An investment agreement in the WTO would undermine the ability of African and other developing countries to do the same.

Negotiations on investment in the WTO are highly likely to result in an unbalanced agreement that would favour large corporate interests over the need for sustainable development, placing no obligations on investors or their home countries.

... with no guarantees of increasing investment

Moreover, there is no empirical evidence that adopting the types of investor protection rules being discussed at the WTO will lead to any increase in the amount or quality of investment flows. The World Bank has concluded that *'merely creating new protection does not seem to be strongly associated with increased investment flows'*.

Transparency in Government Procurement

There are similar major problems with negotiations on **Transparency in Government Procurement**. Government procurement policies are key tools used by African and other developing countries in order to achieve national economic and social development objectives. At the moment, African governments can use their purchases of US\$50bn a year as a development tool, favouring local or national companies, or discriminating positively in favour of small business or particular ethnic groups. An eventual WTO agreement opening procurement to international competition would greatly restrict these policy options. Even an agreement that limited itself to so-called 'transparency' in government procurement would undermine government discretion and would be but the first foothold into the full market access agreement wanted by the rich country WTO Members.

Competition Policy

Nor is a WTO agreement on **Competition Policy** in the interest of African and other developing countries. Once again WTO discussions are directed towards effectively limiting developing countries' rights to determine their own competition policies, while failing to address the often anti-competitive practices of transnational corporations. Competition policy and its relationship to trade and to development is extremely complex. It would be inappropriate to apply the WTO-principle of non-discrimination to competition law and policy in developing countries. African countries need to assist and promote local industries so that they can compete with foreign firms and their products. A competition agreement in the WTO would not allow developing countries the flexibility to choose whether and when and what kind of competition policy to adopt, and as such would limit their industrial policy options. In this era of mergers and acquisitions in the corporate world, the kind of agreement on competition policy proposed would further exacerbate the increasing domination of international trade and investment by a handful of monopolies and oligopolies.

Trade Facilitation

An agreement in the WTO on **Trade Facilitation** would impose new obligations in a range of areas such as import and export procedures (e.g. customs or licensing procedures); transport formalities; and insurance. Such obligations would impose costs and may be difficult for African countries to implement. Even more frightening is the fact that poor countries may end up being punished (through the WTO Dispute Settlement Body) for lack of capacity. Binding multilateral rules in this area would ignore the wide differences in administrative, financial and human resources between developed and developing countries.

Overloading the agenda against Africa's interest

Finally, a major problem in expanding the WTO agenda to cover the 'Singapore Issues' is that it would add to an agenda that is already vastly overloaded. Most African governments simply do not have the resources to participate fully in negotiations about new global rules and liberalisation in these complex areas. Moreover, a focus on these issues will necessarily reduce the attention given by all member states to existing WTO negotiations of vital importance for economic development in Africa, such as agriculture, services and TRIPS.

WTO Agreements on the Singapore Issues would go against the interests of African and other developing countries while promoting the interests of the major developed economies and their big companies.

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