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The interface of multilateralism and regionalism within the world trade organisation: contextualising the new partnership for Africa's development

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2008-10-08T14:12:58Z
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CHAPTER FIVE

CONTENDING FORMS OF REGIONALIS

Marginalisation, together with low and ineffective participation and integration into the multilateral trading system, as well as an effort to push for a change in the system, have led developing countries into developmental regionalism. On the other hand, in an effort to ensure political and economic dominance in the international trade system, the developed countries push for plurilateralism with the developing countries. This chapter discusses the contending forms of regionalism. The starting point for this chapter is the critical analysis of a region and regionalism as propounded by the New Regionalism Theory (NRT). The chapter also dwells on the effects of competitive or economic plurilateralism, a trend that defines cross-continental trade arrangements between the Northern and Southern countries, on developmental regionalism.

5.1. THE REGION AND REGIONALISM

The point of departure in defining the movement of regionalism and the process of regionalisation is the entity or structure, the region. The section below attempts to explore the relations among these phenomena by critiquing the New Regionalism Theory (NRT) as propounded by Hettne and Soderbaum.[251]

5.1.1 The Region.

The NRT postulates that since a functional society cannot exist outside a territory, a region is understood to be a 'group of people living in a geographic bounded community, controlling a certain set of natural resources, and united through a certain set of cultural values and common bonds of social order forged by history'. Geographic properties such as natural physical features and ecological characteristics only serve to identify a potential region. The idea that political communities are not exogenously given but constructed by historically contingent interactions, links social constructivism to the NRT. According to this line of thinking, regions are social constructions.

To drive their point home, Hettne and Soderbaum also employ 'hard structuralism' to underscore the supremacy of social processes and make reference to Alexander Wendt's notion that structure has no existence or causal power apart from the process. Thus regions can be constructed and deconstructed. However, because the NRT tries to transcend state-centrism as well as focus on fixed regional organisation, it seems that the definition of a region as an aggregation of states linked by geographic contiguity and a degree of mutual dependency no longer holds water.

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[251] Hettne and Soderbaum, "Theorising the Rise of Regionness" (2002) pp. 33-46

The fundamental feature of the NRT is that social processes are paramount over geographic contiguity in defining the new regionalism. Perhaps this view is influenced by the widely held notion that the inter-continental entities characterised by North-South trade arrangements, define the new trend of regionalism. Hence the new regionalism knows no geographic boundaries. This notion, however, adds to the ambiguities associated with the phenomenon. A region is supposed to be defined by a distinct geographic entity characterised by geographic contiguity and limited to a continent. Any relations not fitting this definition should not be referred to as regionalism.

In a bid to point out that the process of regionalisation is paramount to understanding the new regionalism, the NRT proponents argue that, depending on how a region is defined, a regional frontier may well divide a particular state's territory. A reference is made to China, with the coastal area being part of East Asia's regionalisation, whereas the mainland is not. Another reference is Sweden, where it is divided into the Baltic, Atlantic, and continental regions.[252] It is this lack of distinction between a region and regionalism as well as regionalisation and a need for a clear definition on what constitutes a region as well as geographic limitations thereof, which becomes a point of contention with the NRT.

However, an attempt to transcend state-centrism and focus more on social interactions becomes the first shortcoming of the NRT. Both geographical and political factors equally contribute in the scope and nature of the phenomenon. For example, although it aims at both economic and political advancement, developmental regionalism is highly defined by geographic and political factors rather than economic ones. As an illustration, NEPAD recognises that intra-Africa economic conditions are not conducive to regionalisation in the continent, hence it emphasises a great degree of political and/or government involvement in the process of regionalisation.

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[252] Hettne and Soderbaum, 2002, p.39

One acknowledges and applauds the NRT's use of social constructivism in defining the new regionalism. However, one may argue that from a scientific point of view, and based on what geology tells us, billions of years ago, other continents were formed out of the crucible that is Africa, and human beings migrated out of Africa to the other parts of the world. Surely in that period various regions were 'discovered', or altered, through this interesting geological phenomenon. Thus, on the basis that no more disruptive geological transformations are going to occur, regions can never be created or destroyed by human interaction, rather, it is the human factor (which is regionalism) within the region that can be created or destroyed.

This implies that regionalism can weaken, strengthen or change over time, depending on the purposes binding the countries of the geographic entity in question, but not the geographic and physical factor, the region. Africa as a region is an identifiable entity within the geographic/political map of the world. Structurally or geographically, this regional space will always be there and therefore, changes in this space are subject to natural factors.

In an effort to emphasise the superiority of social processes over the structure, the NRT argues that some parts of a country cut across regional frontiers. One might also add that though the whole territory or some parts thereof may be within the geographic parameters of the said region, they might not be part of regionalism in the region in question. Southern Africa, for instance, is the area of land that lies south of the equator, yet though Rwanda, Burundi and Gabon fall within this area, they are not classified as regional members. One reason is that there is little interdependency between these countries and the rest of the region. Besides, they are not members of the established regional organisation, the Southern Africa Development Community (SADC). Nonetheless, not subscribing to the regional ideology does not necessarily mean the countries in question do not belong to that region. Another point worth noting is that, Kenya straddles the Equator, with some parts in the region and others outside of it, and therefore it would be problematic not to consider it as part thereof. In the same vein, Mauritius is a member of

the SADC, but it does not fall within the geographic limitations of the region, whereas Madagascar, which is geographically closer to other SADC states, is not a member.

Ironically, the ambiguities associated with defining a region as reflected by the NRT create a gap that highlights the role of geographic contiguity in defining regionalism. The common problem noted in Asia and Europe, together with the one noted in Africa, point to the importance of regional contiguity and geography in defining the new regionalism. In all these cases, the answer seems to point to the fact that a region should be defined as any trans-local, cross-national, inter-sub-regional and continental geographic limitations. Thus, both region and regionalism should be seen as limited to continental boundaries.

In addition, another postulate would be that a region should be seen in the light of a geographic area with geographic boundaries that distinguish it from the rest of the world, physical features that make it unique to the rest of the continent and/or the world, together with the name that defines it. Africa as a continent is a region, yet Southern Africa as a sub-continent is also a region. 'Southern Africa' does not only define the location of the region in relation to Africa and the rest of the world, but also refers to the name of the region. Geographically, Southern Africa is the area that lies below the line of the equator. Topographically, Southern Africa is very diverse, in climate and vegetation, characterising lush coastal plains, high snow-covered mountains, savannah high plateaus, and arid deserts. Following is the discussion on regionalism.

5.1.2. Regionalism

Soderbaum's assertion of a region as mainly constituting a 'body of ideas, values, and concrete objectives that are aimed at creating, maintaining or modifying the provision of security and wealth, peace, and development', seems to suggest that where there is a region, regionalism will automatically follow. Stressing the point, there could be a region, but no set objectives to realise regionalisation. The constituents of a region as set out by Soderbaum, merely define regionalism. However, relevant to regionalism, this definition lacks location specificity. Therefore, one would like to believe that regionalism is a body of ideas, values and concrete objectives that are aimed at creating, maintaining or modifying the provision of security, wealth, peace and development within an identifiable area characterised by geographic contiguity.

According to John Plamenatz[253], an ideology is 'a set of closely related beliefs, or ideas, or even attitudes, characteristic of a group or community'. Therefore, the weakening or strengthening of an ideology, the decline or increase of a held belief, the intensity or moderation of attitudes in the said region, depict the extent of regionalism. Convincingly, the growth or intensity and the practise of regionalism should be seen as a prelude to regionalisation, since the attitudes, feelings, and the ideology or policy can translate into action and thereby determine the process of regionalisation.

Noteworthy is that regionalism can expand as an ideology, meaning there could be more members subscribing to the given ideology at any given point in time, but this would not necessarily mean that regionalisation is in progress. For example, the inclusion of South Africa and Mauritius into the SADC, meant that regionalism is expanding, but the transformation of the SADCC to SADC not only meant intensification of regionalism, but a step into regionalisation. SADCC was merely concerned with policy coordination among member states of the region, whereas the SADC is concerned with policy

[253] John Plamenatz 1970, p.15

integration within the region. This shift from coordination to integration is what distinguishes regionalism from regionalisation.

Hettne and Soderbaum postulate that since there are no given regions, there are no given regional interests and therefore, interests and identities are shaped in the process of interaction and intersubjective understanding. Contrary to the above notion, one can say that since regions are geographic entities with distinguished characteristics, they are obvious, which means they are identifiable. But regionalism is not a given phenomenon, hence there are no given interests and /or ideologies. One may conclude that regionalism is mainly characterised by:

- Ideology and/or shared interests as well as history among the members or inhabitants of the region in question,
- Interdependence,
- Institutional or organisational establishment (not always) among the members of the region in question.

On the last point, one might argue that institutionalised regionalism depends on the intensity and extent of interconnectedness within a region. It is the multiplicity of issue areas and the scope of interdependency that would necessitate the establishment of a central organisation. Therefore, institutions cannot always define regionalism. Since regionalism can both be measured and induced by common historical experiences, socio-cultural, political and economic linkages with or without the creation of institutions to manage these linkages collectively, a general and strong feeling of Africanism among the African people, for example, can be referred to as regionalism, though the feelings are not expressed in formal institutional establishments, but because they stem from the inhabitants of a defined geographic location.

Pan-Africanism is the ideology that shaped the behaviour of the African people in the Diaspora. Therefore, there should be a structure before there is an ideology. Even the ideology itself is determined by the structure (regionness) of the geographic entity in question. For example, colonisation and slavery (commonality of historical experiences)

have helped to shape the ideology of Africanism. This commonality of experiences transforms into attitudes (ideology), which in return, determine the course of action. It is in this context that Meenai[254] refers to regionalism as the 'feeling of belonging arising out of commonalities, based on geographic contiguity, culture, language, history or socio-economic factors'. When Pan-Africanism was transplanted into Africa through the Organisation of African Unity (OAU), it became regionalism.

Furthermore, Hettne and Soderbaum believe that "structure has no existence or causal power apart from the process." At the same time, they postulate that interaction is possible where there is shared interest. So it is these shared interests and the resultant interactions that translate into the regionalisation process. The question now is, how possible is regionalisation if there is no regional space in which inhabitants with common history, shared interests and expressed feelings, are setting the strategies to achieve their objectives? The answer seems to lie with the NRT assertion that to observe and describe regionalisation is also to participate in the construction of the regions. However, the latter claim becomes problematic, since observing and describing implies that something is already there. What one does is not constructing a region, but rather studying the evolution or improving the understanding of the phenomenon, since one cannot implicitly observe or describe something that is imaginary.

The NRT describes regionalisation in terms of intensity of regionness, emphasising it as the process that transforms a passive geographic area into an active entity, which can articulate the transnational interests of this new contingent. One is tempted to argue that it is the inability to acknowledge the role of geography over social processes that the NRT focuses on the process of regionalisation as the defining feature of a region. This assumption merits a brief definition of regionalisation.

According to Haas,[255] regionalisation calls for "a condition in which specific groups and individuals show more loyalty to their central political institutions than any other political

[254] Meenai, 1998, p. 207

[255] Haas, 1957, p. 5

authority in a specific period of time and within a definable geographic space. This is the condition under which political integration can be realised". Regionalisation in the form of regional integration entails supranationalism. It involves the pooling of sovereignty on the part of the member states. Regional integration is a long-term process and deals with long-term threats. Mattli defines integration (regional) as the "voluntary linking in the economic domain of two or more formerly independent states to the extent that authority over key areas of domestic regulation and policy is shifted to the supra-national level."[256]

However, in terms of the North-South divide, regionalism can be classified into trade-centred and developmental phenomena. The latter is discussed in detail in a separate section. In the North, the phenomenon is trade-centred and influenced by competition. It is premised on economic integration rather than political debate, since it adopts a market approach. It is also built upon existing economic structures and patterns to reap benefits in the form of incremental increases in welfare. The market integration approach involves deep integration and is incremental. It implies that an FTA would eventually lead to deeper integration in the form of economic and political union.[257]

Contrary to the North, the new regionalism in the South is more politically orientated than economic. It is informed by development concerns and effective integration into the global system. **Table 5.1** categorises different kinds of trade arrangements.

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[256] Walter Mattli, The Logic of Regional Integration: Europe and Beyond, (Britain: Cambridge University Press; 1999) p. 41

[257] Jens Haarlov, Regional Cooperation in Southern Africa: Central Elements of the SADCC Venture, CDR Research Report No. 14, Copenhagen, Centre for Development Research; 1988, p. 18-20

5. 2. DEVELOPMENTAL REGIONALISM

Developmental regionalism is more informed by development than competition. Because of the low level of economic development, developing countries are not yet competitive in the global arena and therefore, the primary objective at this point would be to enhance their economies. With regards to protectionism, the new regionalism in the South is more politically orientated than economic. Market incentives are often not conducive to development; hence the new regionalism needs a larger dose or a higher degree of state intervention in the economy.[258] Also, integration among developing countries foresees a greater possibility of success only if a relatively high level of political integration is undertaken at the outset".[259]

Regionalism in the South emphasises the dynamic growth aspects. These include internal economies, external economies, investment flows and competition; all of which are related to economies of scale.[260] Hence the objective is to use economic integration to create economic structures and alter the existing pattern of economic relationships and thus, the acceleration of economic and social development of member states. The above differences portray the new regionalism in the South as a response to a hostile and highly competitive global environment.

In line with liberalism, developmental regionalism is a multi-polar system that is open and comprehensive. Non-state actors such as private companies and Non-governmental Organisations (NGOs) have their roles to play in the new regionalism.[261] Intra-regionally, regionalism is concerned with the distribution of costs and benefits. Countries that

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[258] Hettne, B., "Globalisation, Regionalism and the Europeanization of Europe", Politeia, Vol. 17(03) 1998, 106-112

[259] Jens Haarlov, Regional Cooperation and Integration Within Industry and Trade in Southern Africa: General Approaches, SADCC and the World Bank, (Aldershot: Ashgate; 19); p. 30

[260] W. Andrew Axline, 1979, p. 4

benefit from larger markets reimburse the states that bear the costs of regionalisation.[262] Also, improvement of infrastructure is necessary to attract investors to localise production in the area concerned. Moreover, in the form of "incentives for a changed pattern of production", economic agents are motivated to locate production or economic activity to less developed areas within the regional grouping. Development banks play a crucial role in this sphere.[263] Notable is the Inter-America Development Bank for Mercosur and the Southern African Development Bank for *SADC I actually don't know what's going on in this paragraph.* Your main point seems to be: in order for developmental regionalism to work, players other than government also need to play a role. If this is correct, then you are not supporting this argument well enough in this paragraph).

Asymmetry is another characteristic of developmental regionalism. The least-developed countries within the grouping are granted permission to reduce tariffs slower than the rest. The overall aim is to reduce the disadvantage of uncompetitiveness of the least developed members. For instance, Southern Africa is characterised by high levels of inequality in terms of development. South Africa is a "middle income" country. According to the WTO, it is categorised as developed, whereas the EU classifies it as a "country in transition".[264] Botswana, Mauritius, Namibia, Seychelles, Swaziland and Zambia are classified as developing countries; while Angola, the Democratic Republic of Congo, Lesotho, Malawi, Mozambique, Tanzania and Zambia are the least developed countries (LDC) in the region. Thus the SADC FTA is structured in such a way that "South Africa-SACU states will frontload,[265] Mauritius and Zimbabwe will

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[261] Linda Low, "Singapore's RTA Strategy", September 06 2001, http://www.rieti.go.ip/661/lowBBC.pdf

[262] Haarlov, p. 32

[263] Ibid., pp. 32-35

[264] Bertelsmann-Scott at al, "The EU-SA Agreement in Global Context" in Bertelsmann-Scott et al (eds.) The EU-SA Agreement: South Africa, Southern Africa and the European Union, (Johannesburg: SAIIA; 2000) p. 25

[265] This means these countries will phase down their tariffs earlier and faster than the rest of the member states.

midload,[266],and the rest of the member states will backload[267] in terms of timeframe, pace of tariff reduction and the coverage of the SADC Free Trade".[268]

Developmental regionalisms is also characterised by the role of the core state or states in the grouping, the function of a strong and undisputed leader to serve as a focal point in the co-ordination of rules, regulations, and policies and also helps to ease distributional tensions. Brazil is the larger country in the Mercosur, so is South Africa in SADC and Singapore in the ASEAN.

Regionalism in the South is both a *de facto* and *de jure* process. Siddiqui makes a clear distinction between the *de facto* and *de jure* elements of regionalism. Micro-economic forces drive the *de facto* process, that is, it reinforces globalisation. While with the *de jure* process, participating governments use extra-economic powers to deal with intra-regional activity.[269] In developing regions, almost all members export the same primary products and they have markets outside their areas. For example, according to the *African Development Report 2004*, Intra-SADC trade is around 9.0 percent of the sub-region's total trade, with much of it conducted with the European Union (EU), Asia-Pacific Economic Co-operation (APEC), the North American Free Trade Agreement (NAFTA) and the European Free Trade Association (EFTA).

Given these conditions, government intervention in the economy has a crucial role to play in regionalism. In response to the challenges of globalisation such economic and political weaknesses in the international fora, internal economic developmental disparities, as well as the need to alter the "status quo", developmental regionalism should be seen as a

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[266] These countries will phase down tariffs after the front loaders.
[267] Meaning they will be the last to phase down tariffs.

[268] Abraham Pallangyo, SADC Industry and Trade advisor, cited in Daily Mail and Guardian, 02 June 2000

[269] Rukhsana A. Siddiqui, Globalisation of the South African political Economy, Bradlow Fellow, 1999, p.9

combination of protection and liberalism, the scale of which is tilted more towards protectionism.

Nonetheless, with free trade as the principle of international political economic activity, regionalism in the North is inclined to focus more on competition, whereas the Southern regionalism sought to catch up with the North by pursuing a development agenda.

It is important to recall that, the EEC protected its uncompetitive agricultural sector against a hostile competitive international market. Having won the battle against colonialism, it is only now that the developing countries are pursuing the development approach that saw the development of the uncompetitive sector of the EU. However, though it is in line with liberalism, the new developmental regionalism somehow involves a level of protectionism, yet, the liberal part makes it compatible with regionalism in the North. Perhaps it is this element that sees the merger of developmental with trade-centred regionalism. Since in most cases, if not all, the developed partners in the merger are concerned with competition, the resultant arrangements, which is competitive plurilateralism, seem to have a negative impact on the development gaols of the South.

5.3 THE IMPACT OF COMPETITIVE PLURILATERALISM ON DEVELOPMENTAL REGIONALISM

Plurilateral relations can be between two regional trade arrangements (RTA) as in EU-SADC Regional Partnership Agreement (REPA), or an RTA from one region (continent) and a country from another region (continent), as in the EU-SA FTA, as well as individual countries from different continents, as can be seen in the Africa Growth and Opportunity Act (AGOA), linking the US to African countries. They can also involve countries from three or more continents as in APEC.

According to Hettne[270], the new world order of regionalism is shaped by the core, the intermediate and peripheral regions. Structurally, the core regions are politically stable and economically dynamic. Amongst the objectives of the said regions is to improve their ability to control the world outside their regions. Western Europe, North America and East Asia are typical examples of core regions[271]. These regions account for 98.0 percent of world trade flows. Between 1991 and 2000, they accounted for 82.0 percent of the world flows of foreign direct investment (FDI).

The Triad (US, EU and Japan) is the proponent of the liberal and open global political economic activity and is in the forefront of decision-making in global governance. These are the countries that also direct their economic interaction with the countries of the South. Yet these economies seem to be isolated in terms of trade and investment interdependence. The Triad are the countries that have the headquarters of 87.0 percent of all Transnational Corporations (TNCs). Studies show that 88.0 percent of their foreign assets are located in each other's economies.[272] According to Thompson, the Triad alone accounts for almost two-thirds of the economic activity in the world. Yet, it accounts for 15.0 percent of the world population.[273]

Increasing liberalisation of economic activity has not only led to increasing regionalism, the current world political economy is witnessing unprecedented competitive plurilateralism. Each of the Triad members, excluding Japan, is leading an inter-regional arrangement of some sort. These groupings operate inter-continentally, linking the peripheral regions with the core. The EU-led ASEM and the US-dominated APEC seem to be competing against each other in penetrating the markets of the periphery, hence it

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[270] Bjorn Hettne, " Globalisation, The New Regionalism and East Asia", Selected papers delivered at the United Nations University Global Seminar '96 Shonan Session, 02-06 September 1996, Hayama, Japan; http://personal.centre.edu/~samhat/GOV24/globalism.htm/

[271] Ibid.

[272] UNCTAD, 1997

[273] Grahame Thompson, " Economic Globalisation" in David Held (ed) An Introduction to the Social Sciences: Understanding Social Change, a Globalising World, Culture, Economics, Politics, (London: Rout ledge; 2000) p. 110

becomes appropriate to refer to them as being "competitive plurilateral trade arrangements".

"Competitive plurilateralism" connects the core and intermediate to the peripheral regions like Africa, the Middle East, South Asia, and the Balkans. These regions are politically turbulent and economically stagnant with low levels of regional cooperation, unsettled regional structures, and falling states.[274] These are the regions that are supposed to be informed by developmental needs in the pursuit of regionalism.

The APEC was formed in 1989, linking East Asian economies to those of North America and the rest of the American countries bordering the Pacific Ocean.[275] Both the US and Japan dominate the organisation economically. The main objective is to free trade and investment in the Asia-Pacific region. [276] The establishment of ASEM followed in 1996 in Bangkok, being an informal establishment of dialogue and cooperation between the EU and ten Asian countries.[277] Economically, the priority of the ASEM is to cooperate on reducing barriers to trade and investment.[278]

However, Keet observed that there is intense competition between the US and the EU in their respective zones and in other regions of the world. She argues that because the EU is not a member of the APEC, it is promoting ASEM to create its own region-to-region agreement between the EU and as many Asian countries as it possibly can. Furthermore, she asserts that the reason for this European move is that the APEC is becoming an FTA,

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[274] Hettne, Ibid.

[275] Pedro B. Bernaldz "[A Moment, Please!] Regionalism: A Boon to Globalisation", http://www.hankooki.com/kf_op/200107/t2001070516341948110.html

276 Neil Nevitte, " Why NAFTA Now?" in Brenda M. McPhail (ed) NAFTA Now: The Changing Political Economy of North America, (Maryland: University Press of America, Inc.; 1995) p. 16

277 Brunei, China, Indonesia, Japan, South Korea, Malaysia, the Philippines, Singapore, Thailand and Vietnam)

278 uropa.eu.int/comm./external_relations/access/intro/index.htm

and therefore would enable Japanese, North American as well as Australian companies prior penetration and more favourable treatment against European companies.

Keet sees this offensive or defensive used by the EU and US against each other as reflecting the possibility of escalating neo-mercantilist rivalries between these economies. This scramble for peripheral regions is leading economic powers to pre-empt the others "by carving out-if not formal territorial "colonies", as in the past-then at least *de facto* spheres of preponderant economic influence."

According to Keet, this strategy has characterised Japan's policy in Asia, specifically East and South-East Asia since, despite not having engaged these economies in formal free trade arrangements. However, one can argue that Japanese influence cannot be equated with that of the EU and US. Firstly, because Japanese economic dominance or expansion is within the Asian parameters, of which the country is a part. Secondly, that dominance is not even contained or expressed in the form of any institutionalised arrangement or economic block agreement.

Nonetheless, Ethier[279] sees the new regionalism (plurilateralism) as beneficial for the peripheral regions and also for multilateralism. He argues that multilateral trade liberalisation in developed countries makes them more attractive to the developing countries, hence the developing countries are forming regional (plurilateral) schemes with large countries that enable them preferential market access and advantage in attracting FDI. According to him, trade multilateralization in manufactured goods is complete in developed countries and many developing countries have liberalised and are joining the multilateral trade system.

However, competitive plurilateralism does not promise development for the developing countries. The completion of trade liberalisation in manufactures in developed countries is for the benefit of those countries. For the less developed countries, it can lead to de-

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[279] W.J. Ethier (1998), "Regionalism in Multilateral World", The Economic Journal, July (108) 1998, pp. 1149-1169

industrialisation of their economies. The competitive manufactured goods from the industrialised countries would flood the developing countries, resulting in the closure of uncompetitive industries.

Urata Shujiro[280] argues that the new regionalism (competitive plurilateralism) may contribute towards the strengthening of the WTO system through the development and establishment of new rules, which are not yet incorporated in the WTO rules. He cites NAFTA with its rules on trade and environment, as well as the U.S.-Jordan FTA's rules on labour. The rules in the new areas, which have been formulated and implemented in the RTAs, would prove useful models for the formulation of rules under the WTO. Perhaps it is along these lines that the US negotiators proposed that the new Round be built upon the scope of issues like investment and intellectual property rights and on newer (post-Uruguay Round) issues such as electronic commerce. They also hoped to deal with institutional reforms in the WTO to encompass labour and environmental matters.[281]

However, this view of developed countries' RTAs as agenda setters for the WTO does seem to be inherent in competitive regionalism, consider the submission of the EU-US Summit in June 1999. Despite the WTO built-in agenda, including agriculture and services, the EU wanted the inclusion of investment, government procurement and the environment to be included in the Millennium Round.[282] The inclusion of such issues has diverted the focus of negotiations from agriculture and textiles to those areas of interest to the industrialised countries. This would have negative repercussions for developing countries, where market access to developed countries' markets, issues of implementation and special and differential treatment, could be considered as the most pressing issues.

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[280] Urata Shujiro, "Regionalism, the New WTO Round and Japan's New Trade Policy", Journal of Japanese Trade and Industry, September 2001; http://www.jef.or.jp/en/jti/200109_007.html

[281] Craig VanGrasstek, "U.S. Plans for a New Round: Negotiating More Agreements With Less Authority" 1999; http://www.unctad.org/en/docs/usplans.pdf

This section looks at the interaction of plurilateralism with multilateralism from both the South-South and North-South perspectives.

5.4 The Role of competitive and Political Plurilateralism in the Multilateral Trade System.

Ignatius Michalopoulos asserts that developing countries lack a forum such as the one provided by the OECD for developed countries. Such a forum would undertake research and analysis and develop proposals of interest to a large group of developing countries, and present them to the full WTO membership for consideration. This seems to signal the absence of political plurilateralism. Nevertheless, in the Seattle Ministerial, the Group of 15 (G-15)[283]coalition of developing countries, led by India, made sure that no negotiations on new topics could take place without the agreement of every single member country in the WTO.[284]

In the same vein, the Group of 21 (G-21)[285] has proven to be such a group during the Cancun Ministerial, despite the uncertainty on its strengths in holding its position in every WTO meeting. Again, under the ACP/LDC/AU alliance developing countries saw Cancun as a success for them. This is reflected in Indian Commerce Minister Arun Jaitley's statement that "The fact that we brought the concerns of developing countries to

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[282] Corporate Europe Observer, " WTO Millenium Bug: TNC Control Over Global Trade Policies.", (04) 1999, Special WTO Edition.;
http://www.wto.org/english/thewto_e/whatis_e/dispO_e.htm

[283] The G-15 comprises of Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe.

[284]"Malaysia Calls for One-year Postponement
for New WTO Round" Bridges Weekly Trade News Digest
(Vol. 3, Number 32)

[285] Comprising Argentina, Bolivia, Brazil, Chile, China, Columbia, Costa Rica, Cuba, Ecuador, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, Venezuela.

the centre-stage reflects the success of Cancun."[286]Supporting this view, some analysts see the collapse of the Cancun Ministerial as reflecting the changing balance of power in the WTO in favour of developing countries.[287]

However, one may point out that developing countries do not have a permanent structure that deals specifically with multilateral trade matters. This may well be because there are disparities in the members' income levels, their trading interests, their integration in the international economy, their institutional capacities as well as their participation in WTO affairs. Moreover, some developing countries such as Korea, Mexico and Turkey are members of the OECD, and in some instances, they adopt the developed countries' stance. As a point of reference, in Cancun, Korea sided with the developed countries in pushing for the inclusion of "Singapore Issues" in world trade negotiations.

Nevertheless, developmental plurilateralism could be seen as a reaction to the inferior position occupied by developing countries in the international system. Because these countries do not have economic and political power to determine global outcomes on their own, they tend to organise themselves in coalitions to defend specific interests in the multilateral agenda. These interests range from shared common needs such as access to export markets and external capital to struggles aiming to improve economic growth and governance, and to reduce poverty and inequalities. Since the developing countries face similar problems in participating in the international trade system, they have sought to revive developmental plurilateralism.

Addressing the South Solidarity International Conference in Havana, Cuba, on 12 January 1996, Julius Nyerere emphasised that trade and other forms of direct cooperation among countries of the South could reduce the vulnerability to the incidental or deliberate

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IndiaExpress Bureau, "WTO Meet Collapses With Developing World Sticking to Stand"; 16th Sept 2003; http://www.indiaexpress.com/news/business/20030916-0.html

[287] See By Bhagirath Lal Das, "Salvaging WTO From Cancun Collapse", 20.September.2003, http://www.twnside.org.sg/title/twninfo78.htm; Graeme Dobell, "REGIONAL: Developing countries form block", http://www.abc.net.au/ra/asiapac/programs/s946401.htm

damage from the North.[288] Calls for the principle of South-South cooperation were also echoed in the Non-Aligned Movement (NAM) Civil Society Conference in 1998. Among other things, the conference called for NAM members, to be sensitive to the impact on regional economies of North-South trade agreements and struggle for reform of multilateral organisation.[289]

In the same vein, during the G-77[290] South Summit, held in Havana on 10-14 April 2000, the Heads of State and Government convened for the first time to denounce increasing marginalisation of the developing countries in the world economy. The Summit called for the states in the North to open their markets to developing countries' exports; to increase official development assistance (ODA) and foreign direct investment (FDI) flows, and to offer faster, more comprehensive debt relief.[291]

However, there are issues that are common to both developing and developed countries, resulting in partnerships, or at least cooperations, being forged between the two groups. In 1986 for example, 18 agricultural exporting countries, including both developed and developing countries across a diverse set of regions around the world and accounting for

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[288] Julius M. Nyerere, "South-South Cooperation As a Way to Strengthen Solidarity Among Third World Countries.", http://www.southcentre.org/mwalimu/speeches/written/cubaspeech.htm

[289] Civil Society Conference on the Priorities and Challenges for the NAM in the Next Millennium, August 1998; http://www.igd.org.za/nam/bulletin/south.htm/

[290] An international organisation of developing countries that seeks to promote economic cooperation and greater influence in world affairs. Originally 77 developing countries comprising Afghanistan, Algeria, Argentina, Bolivia, Brazil, Burma, Burundi, Cambodia, Cameroon, Central African Republic, Ceylon, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Leopoldville), Costa Rica, Cyprus, Dahomey, Dominican Republic, Ecuador, El Salvador, Ethiopia, Gabon, Ghana, Guatemala, Guinea, Haiti, Honduras, India, Indonesia, Iran, Iraq, Jamaica, Jordan, Kenya, Kuwait, Laos, Lebanon, Liberia, Libya, Madagascar, Malaysia, Mali, Mauritania, Mexico, Morocco, Nepal, Nicaragua, Niger, Nigeria, Pakistan, Panama, Paraguay, Peru, Philippines, Republic of Korea, Republic of Viet-Nam, Rwanda, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Syria, Thailand, Togo, Trinidad and Tobago, Tunisia, Uganda, United Arab Republic, United Republic of Tanganyika and Zanzibar, Upper Volta, Uruguay, Venezuela, Yemen and Yugoslavia. Now membership stands at 138, the name has been retained to mark its historic significance.

about 20.0 percent of world agricultural exports, established the Cairns Group. By acting collectively, the Cairns Group takes a consensual approach to decision-making and has yielded positive results in agricultural negotiations in the WTO.[292]

In light of the above, Africa seeks to secure a benign partnership with the developing world through NEPAD. The Programme acknowledges the limitations of developmental regionalism in the continent and the effects that economic plurilateralism might have in Africa, hence it suggests a three-pronged approach that accommodates developmental regionalism, plurilateralism and multilateralism. The following chapter dwells on the hows and whys of NEPAD.

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[291] Africa Recovery, Vol. 14 no. 02, July 2000, p.24; http://www.un.org/ecosocdev/geninfo/afrec/subjindx/142g77.htm

[292] Cairns Group Milestones", http://www.cairnsgroup.org/milestones.html