



## CIVIL SOCIETY IN SOUTHERN AFRICA ON THE WAY TO CANCÚN: INTERESTS, PROBLEMS, AND STRATEGIES

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Just a few months prior to the 5<sup>th</sup> WTO Ministerial Conference in Cancun, Mexico, southern Africa's civil society sees itself confronted with several dilemmas: since it has only recently begun to concern itself with trade issues, it lacks the capacity it needs to accompany developments in the WTO and the growing number of regional and bilateral free-trade initiatives on the African continent. Moreover, in most African countries the responsibilities for defining national positions are not clearly assigned, a factor which additionally hampers the participation of civil-society groups. In this sense we can speak of a lack of coherence in decision-making processes at the national level.

This fragmentation is mirrored at the regional and the continental level. And thus the interests of African countries diverge so sharply in important areas such as agricultural trade as to prevent them from speaking with one voice in the ongoing WTO negotiations. Nor is southern Africa's civil society in a position, at present, to come up with any regionally coordinated strategies. Yet, in the opinion of African ambassadors to the WTO, it is precisely such strategies that are urgently called for if African countries are to succeed in overcoming their conflicts of interests and making headway in presenting common positions in

the WTO negotiations. Only in this way will African countries have any chance to decisively influence the course of these negotiations.

### Fundamental reservations on trade liberalization

Despite this lack of regional strategies on the part of civil-society groups in southern Africa, their issue-focused work is based on a certain measure of shared skepticism concerning any further liberalization of trade and the tendency toward privatization it entails. This skepticism is rooted in the experiences that have been made thus far with the impacts of liberalization and privatization processes: deteriorating working conditions and mounting unemployment, rising prices, declining quality of and restricted access to essential goods like water, reduced scopes of political action in social and environmental policy, and a blatant lack of democracy in decision-making processes. Moreover, liberalization processes have led in most cases to further degradation of economically weak regions and deterioration of the situation of already disadvantaged population groups, like women, in this way exacerbating existing economic and social inequalities.

In the view of labor-union representatives from

southern Africa, this negative balance itself is sufficient to show that trade agreements are not pursued in the interest of human development but stand solely in the service of the neoliberal project of curtailing the role of the state sector. They see what they refer to as the "colonial paradigm of the comparative advantage," a factor which runs structurally counter to the advantages of developing countries, as the "ideological justification" of this policy. Trade agreements, in the true sense of the term, they further argue, should be a means to the end of human development, not simply an end in themselves. If, it is noted, such agreements entail negative impacts on sensitive population groups like women or workers, they should be rejected.

There is also criticism of the role of transnational corporations, which are seen as the main beneficiaries of worldwide trade liberalization. In many cases, civil-society organizations assert, their presence in Africa has shown that they are interested less in technology transfer, modernization, and growth on the continent than in short-term profit. Investments in local and regional infrastructure, it is further noted, have often failed to materialize.

Aside from this fundamental critique of the concept of trade liberalization, there are also serious doubts as to whether, and to what extent, developing countries are in a position to effectively represent their interests in the WTO framework. Both the Organization's deficits in transparency and democracy and capacity problems on the part of smaller and economically weak countries constitute stumbling blocks to the latter's participation in decision-making processes. Reform of national, regional, and, global trade-related decision-making processes aimed at more transparency and consultation of broad segments of populations is therefore one of the main demands raised by African civil society.

### **One cause of major concern: the General Agreement on Trade in Services (GATS)**

While, according to representatives of the WTO secretariat in Geneva, the negotiations on the GATS accord are proceeding "without any political problems," labor unions in southern Africa are alarmed about the impending threat of interventions in national regulations for which

the GATS is paving the way. In view of the fact that, in liberalized service markets, the WTO principle of "nondiscrimination" rules out any preference for public providers, fears are being expressed that the public sector may be undercut by private suppliers. In the view of union representatives, this would inevitably lead to privatization of public services designed to meet basic social needs. Even though, in many cases, provision of essential services by public suppliers is marked by serious deficiencies, the indispensable role played by the government sector in making and overseeing policy is emphasized again and again. And it is precisely this role, it is claimed, that is under threat by the GATS, an assertion which finds particularly succinct support in the GATS provision stating that liberalization measures, once put in place, can be rescinded only against payment of high compensation sums, even, for instance, by a successor government. For countries in southern Africa this would amount de facto to an irreversibility of commitments once made.

Positions on Mode 4 of the GATS, i.e. the "supply of a service by a service supplier of one Member through [temporary] presence of natural persons of a Member in the territory of any other member," can certainly be seen as a reflection of conflicts of interest within African civil society. Some elements of labor unions regard labor migration as one of the points in the GATS that could benefit developing countries, and they are critical of the fact that industrialized countries are willing to open their markets for highly qualified workers, but not, for instance, for construction workers. Other voices stress the negative impacts to which migration of skilled labor is bound to give rise, especially in the education and health sectors (brain drain).

As regards the GATS negotiations as well, southern Africa's civil society has doubts as to the suitability of the WTO as a forum for negotiations. The fact that only one African country, namely Senegal, has submitted liberalization offers to WTO member states would seem to indicate that other African countries are uninterested in liberalizing their service markets, or that they lack the capacities needed to assert their positions in the negotiations. Nevertheless, the cross-sectoral negotiations preferred by the WTO are placing these countries under considerable pressure to

liberalize their service sectors. Developing countries have again and again demanded that the impact assessments of liberalization in the trade in services provided for in the GATS actually be conducted, noting that it is only on the basis of such assessments that they would be able to define their interests. Civil-society actors in southern Africa are also demanding a moratorium on the GATS talks until independent studies have been conducted to look into their potential impacts. They are at the same time calling on their governments not to participate in the negotiations until such studies have been completed.

### **Chances and risks of the WTO negotiations on agriculture**

Like other developing countries, the countries of southern Africa fear that the WTO agricultural agreement will further cement existing inequalities in the world trade in agricultural goods. While industrial countries have been able to use the agreement to continue to insulate their markets and increase their (export) subsidies, African markets remain the mercy of the agricultural dumping practices engaged in by the EU and the US. While it is true that urban consumers benefit from these cheap imports, this state of affairs, which is crowding producers out of local markets, has led to a sharp deterioration of the food situation of consumers in rural regions.

Small farmers in particular are disadvantaged by liberalization in agricultural trade, since, on the one hand, their limited supply capacities exclude them from any greater integration in the market and, on the other hand, they are wholly at the mercy of their high-tech competitors from the North. And this situation is further exacerbated by their lack of influence on political decision-making processes. This applies as well for a population group far more disadvantaged by the process of trade liberalization, namely women. Since most women are engaged in subsistence farming, and do not produce for export, they are cut off from any potential income rises stemming from a liberalized trade in agricultural goods. And the cuts in public farming subsidies provided for in the agricultural agreement have the greatest impacts on those most reliant on government support. Women's organizations are therefore calling on the WTO to acknowledge the agenda of the 4<sup>th</sup> World Women's Conference in Peking

and undertake greater efforts to integrate women in the decision-making process on trade policy.

In the ongoing WTO agricultural negotiations, the countries of southern Africa are working for a fundamental reorientation of the agricultural agreement: they are calling, first, for more flexibility for their national policy-making processes, in particular with a view to the issue of food security; second, for an expansion of the principle of special and differentiated treatment for developing countries; third, for cuts in export subsidies; and, fourth, for improved access to the markets of industrialized countries based on reductions of technical trade barriers, maximum tariffs, and tariff escalation (rising tariffs for successive stages of processing). What the countries of the southern Africa expect from Cancun is implementation of the Doha resolutions and direct support in improving their supply capacities. This, however, would presuppose a joint approach on the part of Africa's regions, or indeed of the African Union, a state of affairs which appears highly unlikely, especially in the agricultural sector.

### **South Africa's special role**

The role played by the country that accounts for over one third of the African continent's GDP is viewed with a very critical eye by representatives of civil society. As regards both individual sectors like agricultural trade, in which it, a member of the Cairns Group, appears in the role of an exporting country, and its attitude toward the WTO system as a whole, South Africa is an actor that is very difficult to judge. Whether and to what extent Pretoria is strengthening, or indeed undercutting, the position of both other African countries and the developing world as a whole is a question on which even South African organizations are unable to agree. It is just as unclear whether South Africa, as a self-proclaimed leader among the developing nations, is using its political and economic weight to redress the systemic imbalances in the world trade system in favor of the South, or whether, indeed, it is not instead merely pursuing its own interests. As Cancun approaches, skepticism toward the South African government is growing in the face of more and more signals from the Cairns Group indicating a willingness to make comprehensive concessions on the "Singapore Issues" (invest-

ment, competition, transparency in public procurement, trade facilitation) in exchange for an extensive liberalization of agricultural trade as well as in view of the steps, both bilateral and regional, that South Africa is taking to advance its interests – one need think here only of the free-trade agreement envisioned between the US and the SA-dominated Southern African Customs Union (SACU).

### **Civil-society strategies aimed at gaining influence on the preparatory process leading up to Cancun**

In the view of one African ambassador to the WTO in Geneva, national and interinstitutional coordinative committees offer the best chance for South African civil society to gain more influence on the preparatory process leading up to the WTO Ministerial Conference in Cancun. All relevant actors, from ministries to civil society, should be involved in these committees with a view to formulating common national positions for the WTO negotiations. These positions should then be fed into regional coordination processes. The political will of the government to involve broad segments of civil society in the decision-making process will, however, have to be generated by civil society itself. Its task is to push for the establishment of interinstitutional committees wherever such committees have not yet been set up.

Apart from helping to shape national positions, however, South African civil society further intends to publicize its own, further-reaching demands. For this purpose it is seeking to take on a more active role in the dissemination of information and knowledge, in particular in view of the fact that the South African media have thus far

largely ignored trade issues owing to their technical complexity. The task here is to overcome internal communication problems and to harness the means of popular, context-bound information dissemination to reach out to broader segments of the population and to make inroads into the government's monopoly on information.

Work in regional and continent-wide civil-society networks is a very important step on the road to gaining influence on government positions and to articulating the demands and alternative concepts of civil society. Whether and to what extent it will prove possible, prior to Cancun, to improve this cooperation, above and beyond participation in the African Trade Network, is a question that has yet to be answered. In any case, the political will and the resolve of the actors involved give reason for optimism.

*The present report is based on positions presented by participants in the conference "Preparations for the WTO Cancun Ministerial Meeting and the Post Doha Agenda," which was held on 23 and 24 May in Cape Town. The conference was co-organized by the Friedrich Ebert Foundation and the WTO. The present contribution reflects the personal opinion of a participant in the Cape Town seminar, not necessarily the views of the organizers*

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