Globalisation, the World Trade Organisation and the implications for developing countries

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1 INTRODUCTION

The increasingly complex networks of economic, political, social and cultural interactions across the world, the ever-deepening global inter-dependencies and, above all, the intensifying inter-linkages between all economic activities and agencies, between different economic sectors and between all economies within one vast 'global economy', are argued to be the basis for the creation of appropriate new global institutions, most notably the World Trade Organisation (WTO). And these processes provide the rationale for the formulation of global agreements to regulate that increasingly integrated global economy.

However, a closer analysis of the economic, technological and political forces propelling what is commonly referred to as 'globalisation' is necessary in order to disclose:

- the mode of creation, the character and the *modus operandi* of the WTO: as the negotiating forum, as the repository and supervisory body over the contractual commitments and mutual obligations between the participating signatories, and as the adjudicator of disputes between them;
- the sources, and the purposes, of the central agreements that emerged from the Uruguay Round of GATT negotiations (1986–1994), and the further global agreements that have continued to be promoted by the stronger member states, including in their latest proposals for a full new round of multi-sectoral negotiations, already dubbed The Millenial Round;
- the interests and aims, and the respective roles in the UR negotiations, and in the WTO since, of the governments of the industrialised or 'developed' countries, on the one hand, and on the other hand the broad band of 'developing' countries which include lesser and least developed countries (LLDCs),[1] most of the latter in Africa;

1 This usage is deliberately employed here to embrace both lesser developing (such as Zimbabwe, or Ghana) and least developed countries (such as Malawi or Mozambique), the latter commonly referred to as LDCs; and is not the same usage that the WTO makes of this term.

- the general and longer-term implications, and the already evident effects of the new 'global regime', its complex rules, regulations and contractual obligations, with respect to the developing economies and to diverse societies and communities, and national policies around the world.

2 GLOBALISING PROCESSES, SPECIFIC AGENCIES AND STRATEGIES

The creation of the WTO and its rules and regulations may, in part, indeed be a response to, and an expression of broad 'global' changes. However, viewed from the developing countries, the more specific aims and needs, the active agencies and strategies driving these developments were primarily located in economic processes within the most industrialised countries. In most of Europe and North America these internal processes included serious economic, and in some cases even socio-economic and political, instabilities during most of the 1970s. These problems, in turn, were not unrelated to the emergence of 'threatening' newly industrialised economies, especially in Asia, and the actual and anticipated expansion of their highly competitive corporations and conglomerates onto the global plane.

The more advanced industrialised economies and their companies had, themselves, always relied on extensive and essential international operations to complement their home-based enterprises.[2] However, the impetus, particularly from the later 1970s, towards an intensified internationalisation of the production, trade, investment and other economic operations of the already 'multinational' corporations (MNCs) and banks based in the most highly industrialised countries was not only driven by their intrinsic and incessant pursuit of wider markets, further and more profitable investment fields and access to essential resources elsewhere in the world. All these traditional aims of the MNCs, supported by their governments in 'the national interest', were during the 1970s also located within, and compounded by the resurgence and convergence of the systemic contradictions within advanced capitalist economies. Recurrent structural crises arise within these economies from the combined effects of the vast build-up of accumulated capital and declining domestic rates of profit; together with the ever-greater development of productive capacity or 'over-production'; in conjunction with inadequate rates of increase in domestic consumption relative to production, or what is referred to as 'under-consumption',[3] or so-called 'saturated markets' at home. The theoretical debates attribute different significance and relative roles, intrinsically or at specific conjunctures, to the different dimensions of this 'triangular' dynamic. What is generally agreed, however, is that the scale, persistence and effects of the repeated economic fluctuations and disturbances in the most industrialised countries during the 1970s went beyond the normal business cycles characteristic of capitalist economies [Brenner 1998].

2 To Africans this has been clearly demonstrated in the colonial and post-colonial operations of European traders and investors across the continent, and the parallel neo-colonialist role of their governments.

3 Particularly under the conditions of extremely high unemployment rates in many of these economies during the 1970s, and into the 1980s.

Whatever their precise role or relative weight, the convergence of these systemic tensions in the industrialised economies during the 1970s together with other specific political and social factors within various of these countries – impelled industrial and financial corporations towards an increasing internationalisation of their respective production, trade and investment operations. This was both to evade economic, social and political 'impediments' at home, as well as to take advantage of more favourable opportunities abroad; and, in so doing, also use the latter to position themselves more effectively to deal with the former. Where the more proactive or innovative companies led, others were soon to follow.

This economic and political strategy, in turn, required that the increasingly 'global' corporations be liberated from what were argued to be unwarranted regulatory constraints by their home governments on their growing international trade and investment and burgeoning financial operations abroad. This strategic drive produced, and was dramatically reinforced by the extensive deregulation of financial markets, starting with the 'Thatcherite' revolution in Britain during the 1980s, followed by the 'Reaganomics' offensive in the USA; and accompanied by the intellectual resuscitation and renewed hegemony of classical free trade theories [Clairmont 1996].

However, the transnationalisation of production, and the international expansion of trade and investment also demanded the removal of conditions, or what were seen to be 'constraints', on these operations in other economies, imposed by the governments of those countries. This, in turn, produced growing pressures from the now 'transnational' corporations (TNCs) and financial institutions during the 1980s for trade and investment liberalisation throughout the world.

3 LIBERALISATION FROM, AND FOR, GLOBALISATION

What most defines the emerging global order is not merely that it is driven and characterised by vast economic growth and world-wide expansion and penetration, designated as globalisation, but that it is facilitated and promoted by liberalisation. The two are integrally interdependent and mutually reinforcing. Globalisation is the substantive process of economic and technological expansion looking towards the opening up and integration of the entire world into and under one economic system. Liberalisation provides the policy lubricants and produces the appropriate regulatory/legal frameworks – and neo-liberalism of the theoretical formulations – to ensure the smooth implementation of the process [Keet 1997].

Liberalisation to facilitate globalisation was (and still is) driven in most African – and many Latin American countries by 'structural adjustment programmes', directly or indirectly under the auspices of the IMF and World Bank [Onimode 1992]. These 'adjustments' are justified theoretically in terms of the necessity for such countries to 'integrate themselves into the global economy' [World Bank 1991], although what this amounts to in practice is that they open *up to* exporters and investors *from* the global economy. Although some of the Latin American economies provided considerable openings for trade and investment, many of them and even more so the newly 'liberalised' and 'marketised' African economies

nonetheless had very small markets, with very limited immediate economic potential. On the other hand, most of the promising newly industrialised and 'emerging' economies, particularly in Asia, with huge markets and attractive immediate investment potential, were both highly protective towards foreign trade and very demanding in their conditions and their constraints upon foreign investors. This was because they had contrived to maintain their relative financial and economic independence, in part because they had not (then) come under IMF obligations and liberalisation programmes.[4] In this situation, companies from the most industrialised countries frequently had to rely on bilateral pressures by their governments to try to force such economies to allow them in and/or to operate under the conditions they required.

For these and other reasons,[5] by the mid-1980s it had become the conviction of both entrepreneurial and governmental actors in the more developed countries (DCs) that a more universal institution, and comprehensive global agreements had to be created to ensure that all such countries 'open up' their economies. Since all countries need external trade, to one degree or another, and since the Asian economies were more than usually dependent upon 'export-led' growth, international trade relations and negotiations provided the ideal terrain upon which to bring pressures to bear upon such governments to open up their economies. Trade liberalisation was both an important end in itself and a useful instrument to compel such countries to liberalise other sectors. Thus it was that the prolonged Uruguay Round of the General Agreement on Trade and Tariffs (GATT) negotiations (1986–1994) became a process of promoting not only wider and deeper trade liberalisation but other highly significant 'trade-related' agreements. The new agreement on Trade Related Investment Measures (Trims), for example, was designed to ensure greater freedom for foreign investment, by constraining specific 'trade-distorting' governmental conditions on FDI (foreign direct investment), under threat of retaliatory trade sanctions through the newly created World Trade Organisation that also emerged from the Uruguay Round.

4 SELECTIVE PROTECTIONISM AND PRO-ACTIVE INITIATIVES – BY "DEVELOPED" COUNTRY GOVERNMENTS

At the same time, the more industrialised countries had other proactive as well as protective motivations in their promotion of new global rules, and in their strategies within the multisectoral Uruguay Round of negotiations. The proactive strategies were for the promotion of their strong and emergent new industries and economic sectors. The protective strategies were in support of their economically vulnerable domestic industries or economic sectors.

4 As many were to become – in some views by deliberate design – in the aftermath of the 'Asian' financial crisis in the later years of the 1990s.

5 Such as the need for rules of the game on mutual liberalisation between the most industrialised countries themselves, and conditions for 'fair' competition between their global corporations.

With regard to the latter, the USA, in particular, came to the Uruguay Round determined to deflect demands for the much-delayed opening up of its markets to competitive textiles and clothing exports from the developing countries. And the US government managed to hold off the trade liberalisation that it was officially committed to, and that it was demanding of others, by securing a further ten year extension of its effective derogation from GATT obligations.[6] This was achieved through the 'backloading' of most of its phased tariff reductions to the later part of the transition period, in conjunction with quotas and other technical devices. This transition period was designed to give such domestic industries, and the US national economy, further time to get through major economic adjustments and technological transformations taking place.

Equally energetic battles were pursued by the USA, the EU and Japan during the Uruguay Round in defence of their respective agricultural sectors; with the US demanding that the others liberalise their agricultural markets, and the latter resisting exposing their smaller scale (but politically influential) agricultural producers to large-scale and highly competitive US agri-business. Once again, with economic muscle, technical resources and tactical skill, the EU and Japan managed to hold off agricultural trade liberalisation and to sustain their agricultural subsidisation programmes for a further period. This was necessary, they argued, in order to deal with the economic, social and political adjustments that would be required.[7]

These and other offensive/defensive battles between the 'triad' so dominated the UR negotiations that attention was diverted (and intentionally diverted?) from their other proactive and forward-looking strategies for the promotion and protection of significant new, and increasingly important industries and economic sectors. At the same time that they were defending their old, weaker or declining industries, the major industrial powers were actively intervening for the promotion of the new economic/technological revolution already underway, and creating global legal frameworks and specific agreements to ensure their continued domination of the epochal process into the future.

In this context, the agreement on Trade-Related Intellectual Property Systems (TRIPS) was one of the most significant achievements to emerge from the Uruguay Round for the most advanced economies and their cutting-edge industries. While ostensibly designed to put a stop to international pirating of products and processes, abuses of 'labels' and other patented rights, the more fundamental aim and effect of TRIPS is the tighter control on access to and use of ground-breaking new scientific developments and technological innovations, particularly in information and communication systems and the even more propitious bio-technology sector. Under the threat of cross-retaliatory trade sanctions, should they fail to control misuse of such 'intellectual property' rights by researchers and producers within

6 Which had been sustained for almost twenty years through the repeated extension of the restrictive Multifibre Agreement (MFA).

7 And it is still not clear whether they will aced to, or continue to evade, agricultural trade liberalisation in the postponed multilateral agricultural negotiations that are officially projected to begin in 1999.

their own jurisdictions, governments throughout the world are obliged to collaborate in the effective and extensive monopolisation of scientific knowledge and technological capacities within the already most advanced economies and their increasingly oligopolistic global corporations.

A similar proactive aim and achievement of the more industrialised countries in the Uruguay Round was the General Agreement on Trade in Services (GATS). Through the widening of the definition of traded products to include services, participants in the multisectoral negotiations and cross-sectoral trade-offs that characterise the WTO are now also having to open up their hitherto preserved national service sectors. In order, for example, to obtain 'concessions' in areas of immediate export interest to their economies, governments are under pressure to allow fuller and freer entry into their countries of giant global service companies in banking and insurance, transport and communications, information, advertising and entertainment. These, and a host of other service industries, together, now constitute a major proportion of the GNPs of the most developed countries, and require a commensurate and rapid expansion of their global role as well.

The developing countries are, not unexpectedly, lagging far behind in the competitive development of commercialised national service industries. However, from the point of view of such countries, these technical and *social* service sectors, such as telecommunications, public broadcasting and television, culture and sports, education and health care are not merely commercial enterprises but essential components of national economic and social development strategies, and national identities. These service industries will, henceforth, face ever-growing demands – and elaborate theoretical rationalisations – for their privatisation and accessibility to foreign acquisition, and/or competition from powerful global service corporations in all these spheres. This carries significant social, cultural and political, as well as economic, implications.

5 POSITIVE EXPECTATIONS AND IMBALANCED OUTCOMES – FOR DEVELOPING COUNTRIES

It was not until the later phases of the prolonged Uruguay Round, and rather more so in the years that followed; that the full implications and the strategic purposes of the central WTO agreements gradually became evident to the developing countries that participated in the UR process. In this they were assisted by the revelations and analyses of close observers [Ragavan 1990] and direct participants in the process [Shahin 1996; Das 1998] on behalf of the developing countries.[8] In fact, for much of the Uruguay Round, most of the developing country representatives were little more than spectators of the 'multilateral', but often bilateral, bargaining and the agreements being constructed by the most powerful developed countries.[9]

8 The former a negotiator in the WTO on behalf of Egypt, and the latter on behalf of India during the UR.

9 Very often in the controversial Green Room negotiations between the most powerful players that explicitly excluded 'outsiders'.

In part, the weak participation and influence of the developing countries in the Uruguay Round was due to their lesser numbers,[10] but more so owing to their limited experience in multilateral negotiations, although with some exceptions, such as India. It was also attributable to their, understandable, failure to foresee the new strategic vision and thrust of the highly industrialised countries, and the new purposes to which their governments were aiming to turn the old GATT and the new WTO. However, the developing countries also erred in approaching the UR negotiations with very limited objectives and in making very narrowly focused interventions in the discussions, if any at all.

With hindsight, the developing countries appear overly-reliant and too trustful in their expectations of the new round of negotiations. The developing countries, or those that had clearly identified aims, perceived the multilateral, multi-sectoral liberalisation negotiations of the UR as an important opportunity to promote their specific interests and obtain positive responses to their long-standing grievances in the existing international trade regime. Their first aim was to end the exclusions and secure full access for their few globally competitive manufactured exports which are mainly textiles and clothing, into the industrialised consumer markets of the rich developed countries. The second concern was that their other important exports, from the agricultural sector which are above average should be incorporated into GATT, which had hitherto only covered manufactured goods of interest to the more industrialised countries. In neither of these did the developing countries achieve their aims, except as longer terms prospects into the new millennium.

The third motivation of many developing countries in going along with the highly unsatisfactory nature of the UR negotiations, and in welcoming the establishment of the WTO at the end, was their optimistic expectation about the new 'multilateral rules-based system' for international trade and other economic relations that would be set in motion through the WTO. It was anticipated that this would, *inter alia*, bring to an end the unilateral measures and pressures, largely by the strongest governments against weaker, although also between the DCs themselves, that had characterised international economic relations. Within the new multilateral framework of rules and regulations, all members would be able, and would be expected, to settle their trade and trade-related disagreements through the Dispute Resolution Undertaking (DSU) that emerged from the UR.

6 USES, AND ABUSES, OF THE "MULTILATERAL RULES-BASED SYSTEM" – BY DEVELOPED COUNTRIES

The experience with the functioning of the DSU over the five years since the creation of the WTO, has not been as positive as expected. The complexity of the issues and the procedures, and the capacity of stronger countries/companies to prolong the dispute panel processes,[11] means that weaker

10 Although, with the rapid accession of developing countries to GATT during the UR, their numbers actually surpassed that of the OECD members when the WTO came to be officially launched in 1995.

11 Which is regarded, more generally, as one of the legitimate tactics in litigations.

complainants can be irreparably damaged in the interim, even if the eventual WTO panel ruling is in their favour. Weaker countries are also manifestly reluctant to pursue official DS processes through the WTO due to their lack of legal expertise and the vast costs entailed in hiring international legal experts and researchers. At an under-lying level, this caution is very probably also due to their apprehension (arising from wider experience) about possible indirect reprisals by their stronger adversaries, in other spheres and ways, should they institute formal proceedings against them.

These, of course, have long been the type of dilemmas facing weaker parties in legal processes within national judicial systems all over the world. But the range of precautionary procedures, compensatory provisions and corrective measures, such as legal aid, that have evolved in many national judicial systems to respond to such difficulties and inequities have not yet been incorporated into the WTO adjudication processes. Some of the procedural problems are gradually being addressed within the WTO, such as the professionalisation of the panels, and the determination of time-frames within which disputes must be resolved [EU1998]. There is also a proposal for a dedicated law centre, financed by the richer countries, to advise and assist weaker developing countries in the WTO.[12]

However, the bias against the weaker countries in the new, formally impartial, WTO DSU is fundamentally more evident in the very different implications of the theoretical right of aggrieved parties to impose WTO-approved sanctions on transgressors. The formalistic nature of the 'equal rights and treatment' of all members within the WTO is manifest in the limited utility, or indeed the very feasibility, of such authorised counter-actions being imposed by weak governments against strong governments. The impact of such putative measures upon the strongest economies would invariably be limited, but the economic and political risks would be considerable to the weaker implementers of such 'sanctions'. This disability is reinforced by the fact that DS processes in the WTO are designed to deal with disputes between the contracting parties as purely bilateral matters. Apart from hypothetical collective 'moral pressures', for what they are worth in the sphere of ruthless international trade relations, the system does not have a multilateral mechanism of effective enforcement [Das 1998b]. The observance and efficacy of panel findings is, in the final analysis, largely related to economic power and political influence, or in rare instances calculated decisions about the long-term advantages to upholding the wider multilateral rules-based system.[13]

The more general threat to the so-called 'multilateral' rules-based system is that some powerful governments, mainly, but not only the USA, continue to act unilaterally when it is considered necessary to protect or promote

12 Although many developing countries are not satisfied that this centre, largely due to the interventions of the European Commissioner Leon Brittain, will now not be an independent and separately financed entity – located in Geneva but outside of the WTO – as originally proposed by Norway and some other governments somewhat more sensitive to the disadvantages of the weaker countries.

13 Manifest even in the conduct of the EU in its recent 'banana dispute' with the US in the WTO.

national economic and even political interests. Washington routinely applies its own 301 trade legislation to block or threaten other countries, and even resorts to extra-territorial enforcement of particular national economic laws to serve strategic US objectives.[14] The US government is also noted for its frequent recourse to damaging anti-dumping actions and countervailing measures against foreign imports when required to do so by domestic industries to protect them against allegedly 'unfair' competitors. This may be within the letter of the relevant WTO agreements, but goes against the spirit of the open, free trade, competitive global economy purportedly being promoted by the new world trade regime. On the other hand, it is extremely difficult for weaker countries lacking the necessary financial, legal, trade monitoring and industrial research facilities to institute their own anti-dumping actions against powerful economies such as the US and the EU, even where they possibly have a strong case.[15]

The US is not the only country to flout the letter and spirit of the new 'global multilateralism'. The more industrialised countries grouped together in the Organisation for Economic Co-operation and Development (OECD) attempted, through their own less-than-global multilateral negotiations, to create a new Multilateral Agreement on Investment (MAI), outside of the WTO, for the full and unfettered operation of foreign investors and TNCs throughout the world [European Commission 1995]. This strategy was effectively exposed and energetically opposed by a global alliance of civil society organisations which succeeded in dividing the OECD governments, causing the French government to officially withdraw its support and the process was suspended. Had this not happened, the MAI would have been presented, in form multilaterally but in essence unilaterally, to all the other countries seeking foreign investment [Abugre 1998]. The EU, Japan and other governments, under continuing pressure from their global financial corporations and TNCs, are now aiming to get their (renamed) Multilateral Investment Agreement (MIA) integrated into and approved within the 'more fully multilateral' and 'bottom up' processes of the WTO. However this, in turn, raises further critical questions with respect to the functioning of the WTO, *per se*.[16]

In addition to the type of evasions illustrated above, the 'multilateral' nature of decision making in the WTO, itself, has been most pervasively contradicted by the highly non-transparent, non-inclusive processes within the organisation, and the backroom deals between the most powerful countries which are then presented to the rest of the WTO membership as

14 As in Washington's threats of sanctions against countries/companies not observing US economic measures against Cuba and other countries considered hostile to US interests.

15 As has been argued with respect to the 'dumping' of EU agricultural products in developing countries' markets, because the Common Agricultural Programme (CAP) subsidies distort and probably disguise the real costs of production.

16 There is continuing developing country government and global non-governmental opposition to the negotiation of an MIA in the WTO, because it is the content and implications of such a 'global charter for the TNCs' that is being resisted, and not only the location of such legalisation; although the WTO *per se* as the venue and instrument for such a process is also rejected [Third World Resurgence #95 1998].

a *de facto* 'consensus' to be endorsed [Khor 1999]. Tactical alliances between smaller groups of like-minded countries, or those with specific interests in common, may be an intrinsic part of multilateral negotiations but, in the case of the WTO, the influence of specific groups of the more influential countries is reinforced by the marked susceptibility, and even the unofficial 'accountability', of the WTO Director-General and the Secretariat to the most powerful member states.[17] However, quite apart from this manifestation of global power politics, the more fundamental, structural bias of the WTO resides in the WTO Secretariat's 'impartial' application of the tendentious agreements already secured by those states, and the official, unproblematised endorsement and promotion by the WTO of the theories and assumptions of the global neo-liberal paradigm [WTO 1996].

The WTO Secretariat's accommodation to the most powerful states, is also evident in the prolonged failure of the organisation in the first five years of its existence to energetically pursue and secure the effective implementation of the formal undertakings made, and the assurances given to the lesser and least developed countries by the industrialised country governments in the Final Act of the Uruguay Round in Marrakech. The "Marrakech Ministerial Decision on Measures in Favour of Least Developed Countries", and "Measures Concerning the Possible Negative Effect of the Agricultural Reform Programme on Net Food Importing Countries" were the belated acknowledgement by the main beneficiaries of the UR, of the marginalisation of the weaker countries and the predicted (or what they defined as the 'possible') prejudicial effects of the new global trade regime would have on them.

7 MARGINALISATION AND/OR "MORE FAVOURABLE TREATMENT" - ESPECIALLY FOR LEAST DEVELOPED COUNTRIES

Most of the lesser developed countries, and the majority of the UN's officially designated 48 Least Developed Countries (LDCs) world-wide, are in Africa. These countries had an extremely weak presence throughout the Uruguay Round and their interests and particular needs were virtually ignored until the penultimate phases, when UNCTAD and other UN agencies stepped in to assist them. The preliminary assessment of UN agencies, subsequently endorsed in general terms by WB and OECD studies, was that, although the UR would indeed encourage a massive expansion in global trade, this would be very unevenly distributed according to the production and trade capacities of the respective countries. Weaker countries, above all in Africa, would actually lose out from global trade liberalisation, in absolute as well as relative terms.[18]

17 As with directors of the Bretton Woods Institutions, the US and the EU were absolutely adamant that the first Director-General of the WTO should be a man enjoying their confidence and endorsement.

18 According to such studies (OXFAM 1998), the immediate effects of the increasingly liberalised global trade regime would be overwhelmingly to the advantage of the most highly developed countries. The estimates include a combined $139 billion trade expansion for the EU, USA and Japan. But weaker economies would suffer losses, such as $2.6 billion in Sub-Saharan Africa, $1.6 billion in North Africa and the Mediterranean and $1.9 billion in Indonesia.

Even before the predictions of their weakening performance in the global free trade system, the weak participation by the LLDCs in the Uruguay Round was clearly evident. This was due not only to their small numbers,[19] lack of experience and limited technical and financial resources, but more fundamentally because they had little to 'offer' in the complex cross-cutting negotiations on reciprocal tariff reductions and other mutual concessions being agreed between the most highly developed countries. Some of the stronger developing countries in Asia and Latin America did make their own tariff reduction offers, as did South Africa.[20] However, the LLDCs had little to 'bargain with' in the multilateral UR, largely because many of them had already unilaterally introduced extensive external trade liberalisation under IMF/WB structural adjustment programmes. Furthermore, their extremely limited bargaining base simply reflected the low interest of the 'majors' in what their economies had to offer, at any rate at that stage. Conversely, most LLDCs at that stage (and still) had little immediate capacity, or much to gain as actors from the major new agreements in the UR for the liberalisation of investment, trade in services and so on.[21]

The intrinsically weaker bargaining power of weaker economies in international trade negotiations, in terms of what they could reciprocate in order to benefit from the trade liberalisation of other economies, had long been acknowledged within GATT. Thus, key articles in Part IV on Trade and Development (endorsed in 1966) enshrined a 'non-reciprocity clause' for developing and especially least developed countries. This meant that they could benefit from better trade access even if they did not have much to 'offer' in return. What is more, this clause applies not only to trade but to other safeguard actions taken by such countries for development purposes.

However, exemption from the reciprocity obligation was not sufficient to compensate for the systemic imbalances in the processes and products of international trade negotiations; nor for the very uneven levels of development between the participating economies. Thus the Tokyo Round of GATT, in 1979, incorporated a highly significant 'enabling clause', on "Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries".[22] These and other counter-balancing provisions within GATT towards developing countries were carried over into the WTO. They have come to be known as "special and differential terms" (SDTs) and include greater flexibility with regard to certain WTO obligations, such as the use of subsidies; more favourable thresholds as with anti-dumping actions; and longer time-frames for the implementation of WTO undertakings, such as with TRIPS; with the right to further extensions if duly motivated.

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19 It is interesting to note that, in the whole of Sub-Saharan Africa, only colonial Southern Rhodesia and the then Union of South Africa were members of GATT right from the outset in 1948.

20 South Africa actually chose to make a unilateral tariff reduction offer in 1993, during the UR, commensurate with the status and obligations of a Developed Country; a decision and designation still causing controversy within this country, and posing possible future constraints on the domestic policy options of the SA Government.

21 India being one of the few notable exceptions amongst developing countries, at that stage, has since been joined by Malaysia and other South East Asian countries; and, to some degree, South Africa.

22 No doubt this will be discussed in more detail elsewhere in this conference.

The three broad objectives of these terms are to provide these economies with

- enhanced market access and trade promotion, not only through the generalised system of preferences (GSP), but through preferential duty free terms for the LDCs if this is duly motivated; in addition to their right to enjoy intra-regional preferences if they are part of regional trade agreements (RTAs);
- discretion in the domestic use of certain policy instruments, including the employment of tariffs as safeguards when necessary for balance of payments (BOP) purposes or as interim protections for infant industries, or the use of government supports to domestic production;
- support from the developed countries, not only in the form of technical and financial assistance, but in what is called "the best endeavour clause" to ensure that developing country interests are safeguarded when DCs take certain measures in their own interests. [UNCTAD 1998b].

However, in practice, the needs and special rights of developing countries are frequently simply ignored or sidelined by the onward thrust of the 'majors' in WTO processes. And such established rights are also under increasing pressures both within and without the WTO. An illustration of the latter is that the SDTs for developing countries enshrined in the WTO are generally ignored and often directly contradicted in IMF and World Bank policy prescriptions; for example in prohibiting governments under their sway from utilising certain trade policy instruments, or obliging them to remove subsidies on food or small-scale agricultural production on the grounds of narrowly conceived and rigidly applied fiscal constraints.

Other external pressures, for example on the non-reciprocity rights of LLDCs, arise from the growing insistence of the EU that countries seeking better trade access to the EU market must enter into reciprocal free trade agreements with the EU. Such reciprocal FTAs are even a central component in the EU's proposed scenarios for it's future relations with the African, Caribbean and Pacific (ACP) members of the Lome Convention. Similarly, the inclusion by the EC in its post-Lome proposals of various trade-related measures, still under discussion and contention within the WTO (see page 16), pose possible dangers to the current rights and future exemptions in these spheres for these countries in the WTO [Keet 1999].

Within the WTO, itself, there are also growing pressures to limit the coverage, scope and duration of SDTs. 'More advanced' developing countries, such as Peru, Argentina and Brazil, are being urged to disinvoke certain S&D rights and safeguards that they can presently use. Other developing countries applying to join the WTO since the Uruguay Round are being pressurised to join on "commercially viable bases" rather than on established special and differential terms. There is also an insidious tendency within the WTO to refer to SDTs as if they apply only to LDCs in the narrowest definition of the term. This might have the main aim of excluding some of the more advanced developing countries, but it would also exclude many lesser developing countries in Africa that still need to be able to use these

rights. Above all, the US government is particularly insistent that a definitive time-limit, namely the year 2005, be set on all current derogations from WTO obligations for all member states.[23]

8 IMMEDIATE PROBLEMS AND FUTURE NEGATIVE IMPLICATIONS FOR DEVELOPING COUNTRIES

Some of the immediate problems of developing countries in the WTO are apparently merely procedural, but at bottom level technical and legal, economic and political. The WTO incorporates not only dozens of specific agreements but thousands of pages of rules and regulations, trade and tariff undertakings going back fifty years to the beginning of GATT. The immediate difficulty facing new member countries, with limited technical and legal capacities, is the formal implementation of their obligations as contracting parties. This entails, for example, bringing various sections of their national legislation, such as their Intellectual Property Regimes, into conformity with WTO requirements; together with a host of other legal and institutional measures.

Many developing countries and especially LDCs have not been able to carry out such implementation and duly notify the WTO of their compliances and submissions. Until formal notifications are made, such countries are not in a position to access and implement their rights under specific agreements. In many cases, failure to effectively scrutinise and act on WTO agreements and regulations, means that governments are not even fully aware of the rights that they do have, and could utilise, in their domestic economies without fear of challenges or reprisals within the WTO. Rights in the WTO reside in their affirmation and active application. If they are not utilised that is regarded as the conscious option of such governments, if noted at all. The concern of other contracting parties is not with rights of others unused but with obligations to themselves unfulfilled; and this is what they act on.

In addition to these implementation and realisation challenges, the even more serious prejudice to the developing countries in the new trade regime under the WTO is that the focus of the negotiations had been almost exclusively on products, services and other issues of prime interest to the more developed countries. Not only did the specific products of export interest to developing countries largely remain outside of the trade liberalisation but, because of their weak bargaining position, their particular exports actually continue to face widely prevalent tariff peaks and tariff escalations, that are higher than the tariffs obtaining on products mainly traded by and between the more developed countries. This is a persistent grievance of developing countries and their repeated demand on the most developed countries for remedial action.[24]

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23 Which also happens, coincidentally, to be the year in which the effective derogation that the USA enjoys on textiles and clothing comes to an end.

24 The EU has offered full duty free (although not quota-free) access to its markets for all products from all LDCs. This was endorsed at the First WTO Ministerial Meeting in Singapore, in 1996, but only as an "autonomous", meaning non-obligatory, undertaking by the rest of the WTO members.

Further outstanding disadvantages and future dangers for developing countries derive, somewhat paradoxically, from the pending/possible liberalisation of agricultural production and trade. On the one hand, this could end the subsidisation and unfair trade competition from EU and other agricultural exporters into developing countries. Until this happens, such exports are placing insupportable competitive pressures on agricultural producers, including small-scale food producers, in developing economies. On the other hand, with many such Third World producers simultaneously being encouraged by the World Bank to switch from food production to commercial export crops, and with the periodic impact of droughts and other natural, and man-made, disasters, there is a growing tendency for many such countries to depend upon food imports, and even food aid . . . from the most highly industrialised countries! With the proposed liberalisation of agricultural markets, and the removal of agricultural production subsidies there is a distinct possibility that such dependent, or 'net food importing', countries could be seriously affected by rising global food prices and diminishing food aid from the decreasing agricultural production in some of the most developed countries, especially in Europe. This carries serious financial and broader economic, social and political implications for many developing countries.

Amongst their many grievances and proposals, issues relating to the multifunctional role and requirements of their own agricultural production and food security, and more fair international trade, remain a major preoccupation and demand of the developing countries within the WTO. However, even as they try to get responses on these and many other concerns from those that dominate the WTO, they are faced with constant new demands and further pressures from the same developed countries – most recently towards a full new multisectoral Millennial Round.

9 NEW DEMANDS AND PRESSURES FROM DEVELOPED COUNTRIES

In the aftermath of the Uruguay Round not only have the DCs barely responded to the problems and proposals of the developing countries, but the most powerful amongst them, most notably the USA, have continued to vigorously pursue their own interests and push their own priorities onto the WTO agenda. Thus, even as the developing countries came to the first WTO Ministerial Conference in Singapore (SMC), in 1996, prepared to argue their case for the full implementation of outstanding commitments and agreements by the DCs, and for a review of the impact of the recent UR agreements, a new proposal from the US for negotiations on information technology suddenly appeared on the SMC agenda, without any prior discussion in the preparatory meetings. The most developed countries, and a few other 'pivotal states',[25] withdrew into backroom negotiations, leaving the remainder addressing themselves, and eventually emerged towards the end of the conference with a 'consensus' for a new Information Technology

25 Including Singapore, as the host and a country with considerable information technology interests; but also, it would seem, South Africa!

Agreement (ITA), which others were invited to accede to in due course should they so decide.

A similar attempt was made by the US to slip an entirely new agreement on electronic commerce into the Second WTO Ministerial Meeting in Geneva, in May 1998, even though it was billed as a celebratory not a negotiating meeting. On that occasion, however, developing country delegates were more alert and managed to temporarily hold off a definitive Agreement on Electronic Commerce, subject to further analysis on the implications for their economies, and fuller discussion. It is on the basis of such experiences, in the context of the broader domination and tendentious utilisation of WTO processes by the most powerful countries, that some developing country governments, and many non-governmental organisations from the developing and even developed countries, are now closely monitoring attempts to introduce ever more 'new issues' into the WTO.

The US government, Canada, the EU and other European countries, such as Norway, have repeatedly mooted the possibility of introducing into the WTO 'trade-related' agreements on labour and social rights, on environmental protection, and even on human rights, 'good governance' and corruption, amongst other things. In the first place there are important questions to be faced as to whether multilateral trade negotiations and a global trade organisation are appropriate instruments to deal with what are very complex, multi-dimensional problems. The links to trade are not clear or uncontested, and the efficacy or desirability of applying trade sanctions to deal with such complex problems is questionable, particularly in the context of the highly tendentious utilisation of the WTO by the dominant powers.

The second question relates to the (overt or covert) motivations of DCs in these issues. Some may be genuine in these suggestions. For other governments, however, these proposals may simply be public relations postures to appease organised labour and other pressure groups on these issues at home. In this respect there are distinct protectionist intentions and implications of such demands. Alternatively, or simultaneously, proposing to place such issues on the table may be a diversionary bargaining ploy while the real intention and more fundamental interest of such governments is to get other subjects, of prime importance to their TNCs and financial institutions, onto the formal WTO negotiating agenda. This is what seems to have happened at the SMC[26] where the EU was apparently willing to 'compromise' on the continued location of the proposed labour clause in the ILO. However, as an undeclared but indirect counter-balance, the EU was particularly active in promoting an investment agreement to be taken up in the WTO and, together with the US, in proposing other significant new 'trade-related' issues for negotiation. These include competition policy and government procurement, the latter potentially a vast new area for lucrative business ventures for global corporations, larger even than merchandise trade.

The developing countries received these proposals with marked caution, undoubtedly based on their experiences with so-called 'multilateral'

26 Based on the direct observation and assessment of this writer who was present at the SMC 1996.

negotiations in the WTO hitherto. However, their reservations were also based on the subjects themselves because investment, competition policy and government procurement play crucial roles in national economic and social development strategies [Khor 1996, 1997]. In the case of South Africa, for example, having to open up tendering for all government contracts (national, provincial, local and municipal) to international competition, with 'non-discrimination' against foreign tenders, could prevent government from fulfilling its aims to promote women and SMMEs (Small, Medium and Micro Enterprises), and hitherto disadvantaged sections of the population, more generally, in the award of government contracts. This could affect diverse areas of national enterprise development, ranging from housing, school, road and dam construction, to urban renewal projects and water and sanitation services, to hospital pharmaceutical and equipment supplies and subcontracted services such as laundering, and even the provision of school meals, educational and other materials, and so on.

The developing countries at the SMC would only agree that these new issues be made the subject of Working Group examinations. These, they insisted, would have to include research and analysis on the real 'trade' connections, and the development implications, of such subjects, and were to be undertaken in conjunction with appropriate specialised agencies such as UNCTAD. The further clear condition, incorporated into the final declaration that emerged from the SMC, was that such Working Groups would not be and should not automatically develop into negotiating groups on these issues. There are, however, strong indications that this is precisely what the EU, in particular, intended and intends. The working groups are gradually and insidiously being turned into *de facto* negotiating forums towards the proposed multisectoral Millennial Round; of which the EU is also one of the strongest proponents.

Whether these issues enter the WTO, and indeed whether there is to be a fully new multisectoral round of negotiations is currently being debated and informally 'negotiated' between the permanent delegations (or those countries that can maintain permanent delegations) in Geneva, and will be formally decided or confirmed at the Third Ministerial Meeting (3MM) in Seattle, USA, in December 1999. The possibilities or probabilities pose developing countries with diverse and extremely difficult political and legal challenges.

10 "MILLENNIAL" CHALLENGES TO DEVELOPING COUNTRIES, THE WTO AND THE WORLD COMMUNITY

In addition to the specific content and implications of the proposed 'new issues' for negotiation, the following are some of the key principles, the procedural, technical or tactical demands, and the legal, political or strategic challenges facing developing countries, including South Africa.

10.1 Confirmation and application, extension and transformation of special and differential terms

The first imperative is the defence of the principles underpinning SDTs and the flexibility in terms of policy instruments and time-frames for developing

countries that these terms provide. All countries that have such needs have to identify, apply, and where necessary argue for the extension of the coverage of these terms. They need also, collectively, to reject the external, *a priori* imposition of arbitrary limits and time-frames that do not arise out of and reflect the real economic processes, and broader social, environmental, political and related dynamics within their national economies and emerging regions (such as SADC) [Keet 1998].

There are strong indications that developing countries are beginning to analyse and prioritise the defence of SDTs in their strategies vis-à-vis the WTO [Egypt1998; OAU 1998; India 1998]. However, there is also a more proactive strategic potential in SDTs. The implicit recognition and even explicit acknowledgement (GATT 1979) that it is inequitable to apply equal treatment to economies that are unequal has to be extended from merely providing a set of temporary technical/legal provisions to compensate for the 'imbalances' in the negotiations. The imbalances are much broader and more fundamental.

The neo-liberal assumption that WTO rules for an open global economy will create a 'level playing field' upon which all can compete on an equal footing, after some limited transitional concessions, is totally fallacious as long as companies, countries and communities have vastly different strengths and resources, interests and aims. The fundamental question is how a single set of global rules can be comprehensive, fine-tuned and flexible enough to ensure equity, sustainability and stability.

The more fundamental fallacy is that there can be a single set of rules and a single global paradigm applying to international economic relations, and to regional, national or even very local economic entities; whereas countries, communities and peoples around the world are located at totally different levels of development and pursue or favour different forms and methods of development. This requires not merely temporary exemptions but different conceptions. This is a broad and complex challenge, and many arguments and agencies (such as the UN socio-economic organisations) have to be deployed in what is a fundamentally important paradigmatic debate. In this context, however, SDTs can also be utilised, within the WTO itself, as a principle and precedent from which to argue the case for distinctive and diverse models of development.

10.2 Implementation of obligations, interrogations and counter-conditionalities

In the spirit of the above, the implementation of WTO rules within national jurisdictions cannot merely be a question of automatic compliance. This should not be a simple one-way technical/legal process. At the very outset, there have to be interrogations as to whether the required compliance with WTO MTAs (Multilateral Trade Agreements), for example on 'national treatment' for global corporations, conforms to established constitutional principles, such as on preferences and affirmative action commitments by government, and other basic national social and economic aims, political /security needs and legal provisions.

Even in pursuing such legal analyses, developing countries face other problems and choices. Given the considerable deficiencies they have in terms of technical resources and legal capacities, compounded by the belated accession of most of them to GATT/WTO, developing countries should directly link their fulfilment of obligations to adequate technical and financial assistance. This has, in fact, already been officially promised because, without it, the system is manifestly not fully-inclusive and 'global'. However, such technical assistance should also be appropriate to their fullest needs, and not merely consist of training on the WTO by the WTO, amounting to little more than instructions on how to implement its rules and regulations.[27] Even the belated High Level Meeting (HLM) within the WTO in 1998, in supposed fulfilment of these promises, has still not fully dealt with the broader difficulties and more fundamental needs of the LLDCs.

The developing countries are also on strong moral and political grounds in demanding that their implementation of WTO obligations also be directly linked to, and even conditional upon, full implementation of the commitments made to them by the governments of the most developed countries at Marrakech in 1994. The problem is that, at the legal level, the contractual obligations, on the one hand, and the compensatory DC undertakings, on the other, are of a different order; with the latter merely being of the 'best endeavour' category, which means voluntary and non-binding. There are, however, other fully legal and binding commitments by the most developed countries that simply continue to be evaded. This is partly through the use of a range of technical devices, but more fundamentally because the WTO works on the principle that an evasion or abuse only becomes such in practice, once it is challenged, and proven to be prejudicial to their trade interests and rights, by a specific country through a complaint lodged under the DSU. With all that that entails, most developing countries simply cannot pursue such grievances other than through repeated, but generally ignored, formal political statements and collective declarations.[28]

Continuing to pose the non-compliance of the most developed countries with their own formal undertakings, such as the US in relation to the ATC (Agreement on Textiles and Clothing), could however be utilised as an effective tactical weapon by the developing countries in another way. Insistence on prompt and full compliance could be an effective counteraction to covert attempts by some such governments to pose the implementation of their own existing obligations as trade-offs for other countries accepting 'new issues' for negotiation. This is highly questionable because the established rights (of developing countries) and existing obligations (of developed) must stand in their own right, and be implemented as such, without new conditionalities being imposed, or new *quid pro quo* concessions being required.

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27 This is precisely how the WTO and ICT are currently interpreting and implementing their technical assistance programmes for LLDCs.

28 This is patricularly the pattern in Africa, with repeated, but generally futile, collective declarations through the Organisation of African Unity (OAU).

10.3 Review, impact assessment and essential changes

Implementation should, above all, be linked to, and conditional upon intensive and impartial reviews of problematic WTO rules and MTAs. This has to be undertaken with a view to establishing not only their technical feasibility and legal consistency or conformity, but their basic applicability to developing countries, to their different economic sectors with their respective needs and vulnerabilities, and other considerations. This, in turn, is not simply a question of invoking temporary S&D exceptions and exemptions , but of interrogating the very objectives and implications of agreements that most developing countries acceded to only 'after the event'.

All agreements have to be subject to such scrutiny for their 'compliance' with the situations and needs of developing countries. They have to be closely analysed for their deficiencies and imbalances, with clear proposals for changes required. One such change, already being put forward by various developing countries, is that in the interests of domestic industrial development, TRIMs should not bar developing countries from setting local content requirements upon the direct investment ventures of foreign capital in their countries. This is but one example in an extensive range of proposals. Much work has already been done on behalf of developing countries in analysis [Das 1998b; UNCTAD 1998b], and capacity building especially for LLDCs in Africa [SEATINI-UNDP 1998, 1999].

Fortunately , there are also programmed opportunities within the WTO that can and must be used to argue for and obtain modifications and amendments to existing regulations and agreements. Formal provisions have been made for Regular Reviews of a wide array of issues, including safeguards, technical barriers to trade, rules of origin, dispute settlements and a whole range of other technical issues. There are also provisions for Special Reviews of existing agreements on subsidies, anti-dumping, services, TRIPS, TRIMs and others. All of these are part of what is called the Built-in Agenda, which is clearly very full and technically extremely complicated. In addition to the above reviews, the WTO agenda includes further formal negotiations still due on agriculture, services, rules of origin and anti-dumping.

The main problem for developing countries in pursuing their demands through such reviews are, however, not only lack of adequate technical capacity and personnel, but the overwhelming political weight and proactive initiatives of the most powerful countries in determining the priorities on the WTO agenda. Thus, even as the developing countries struggle to cope with the burdensome built-in agenda, inherited from the Uruguay Round, the more developed countries are already promoting a full new round of negotiations to include both existing issues and a whole range of other issues.[29]

10.4 Preconditions and pre-emptive positions by developing countries

Over and above the specific problems within these new issues with respect to their national development priorities and needs, the immediate and basic

29 The most challenging being further negotiations on accelerated industrial tariff reductions.

problem is that developing countries are simply not prepared, meaning willing or able, to cope with another full multisectoral round of negotiations while they are still trying to get to grips with the Uruguay Round. If the proposed Millennial Round does go ahead, it will inevitably replicate many of the problematic processes and unbalanced outcomes of the UR.

This time, however, developing countries are rather more aware of the nature of the WTO as a negotiating forum in which countries (and corporations) table overt proposals and engage in covert collusions to promote/defend their interests. In these complex and unrelenting battles, legal principles and arguments and social/economic evidence and counter-demands have to be marshalled. In the final analysis, however, the WTO is not an assembly of nations or a debating chamber, like the UN. It is a bargaining chamber that ultimately reflects the balance of economic and political power . . . but also tactical skill. In this context, it is essential that developing countries form strategic alliances amongst themselves where they hold common interests vis-à-vis the hegemonic powers, but still agree tactical trade-offs on specific issues and interests amongst themselves where they differ.

There is evidence that bilateral and multilateral, general, specific and overlapping alliances are beginning to be formed amongst developing countries on the possible content and form of the proposed new round. Such alliances will be extremely important for their strategic engagements and effectiveness should there be a full new round in the early years of the millennium. However, as with all the most effective strategies, the most important immediate stance for the developing countries is to adopt an 'advanced bargaining position' from the very outset. In the current situation this means collectively and firmly

- opposing any new issues being placed on the WTO agenda until a full review has been made on the impact and implications of existing UR and post-UR agreements on all developing countries, and especially LLDCs, with appropriate modifications as required;
- opposing any further powers and coverage, or areas of responsibility being attributed to and located within the WTO, until and unless it changes its *modus operandi* and becomes a more fully inclusive, transparent, genuinely impartial and accountable organisation;
- opposing any further full multi-sectoral round of global negotiations, regardless of the designation,[30] until the current and programmed negotiations have been carried through, and implemented, and their effects for all economies, in turn, verified.

11 THE INSTITUTIONAL CONTEXT, MAIN CHALLENGES, AND SOME CONCLUSIONS FOR SOUTH AFRICA

Whatever South Africa's formal designation in the WTO, and however it is positioned economically in the 'global economy', this country's strategic

30 With the UK government now seeking to gain greater acceptance for a full new round by calling for it to be designated The Development Round.

approach to, and tactical engagements within the WTO should be based on the following clear understandings.

(1) Despite the legalistic terminology of the agreements and the quasi-judicial nature of the dispute settlement procedures, the WTO is not some detached and dispassionate supra-political legal institution with rules and regulations based on impartial and equitable, abstract and universal legal principles. It is a political construct and, from the process of its formation, in the content of its agreements and in the functioning of its secretariat, the WTO is fundamentally biased towards the most developed countries and against the 'developing' world.

(2) The WTO was created as a political instrument for the consolidation of the liberalised global economy propelled by global corporate interests, as well as for the defence and promotion of continuing national economic and strategic interests of the most industrialised countries. Its terms and *modus operandii* are the product of self-serving and highly tendentious political processes, based upon and reflecting a particular economic model or paradigm favouring the strong, and created on the basis of a particular balance of global power in a specific historical period.

(3) As such, the WTO is a political arena characterised by unrelenting battles for national, sectoral or corporate advantage, as well as a necessary forum for the negotiation and accommodation of converging or common interests. The international agreements and procedures that currently regulate, and continue to evolve from, such extremely tendentious and contentious processes are complex combinations of competing and conflicting interests, and are replete with compromises and trade-offs, inconsistencies and internal contradictions, inequalities and inequities.

(4) In this light, the WTO's general rules and regulations and specific MTAs cannot be regarded as immutable *fait accompli*. They do not derive from unchanging and unchangeable abstract principles but from very specific interests and aims, and on this basis they cannot be accepted as being 'set in stone'. The WTO's terms must clearly be understood, and forcefully argued, to be amenable to alterations through ongoing negotiations, on the basis of deeper investigation and analysis of their implications, and wider or new evidence of their effects.

(5) Such (re)considerations and (re)negotiations, and appropriate modifications, are feasible and achievable under different balances of power or changing circumstances. Recognition of this very basic point is not to suggest or expect, however, that this is simple or straightforward. The process and the outcome of such a mission and vision will reflect, and will depend upon, the creation of effective strategic alliances amongst developing countries with general or specific interests in common, or on the basis of tactical alliances and trade-offs where they differ.

(6) As for South Africa itself, it would be a fundamental miscalculation for this country to believe that it can stand aside from such alliances of developing countries and operate as a solo player from some special position between, or even as a supposed 'bridge between,' the highly industrialised countries and the rest of the developing world. The anticipated

'influence' with the DCs would, in all likelihood, be minimal, and the dangers of co-optation by very skilful and powerful global players considerable; whereas the denial to the rest of the developing world of South Africa's direct engagement and cooperation would be immediate and immense.

(7) Similarly, if the South African political and legal authorities adopt the narrowly legalistic approach that this country has the legal skills and institutional capacities to 'cope' with the challenges of the WTO, that would be potentially self-defeating, reflecting a superficial understanding of the nature, aims and implications of the WTO agreements. The question is not whether this country can 'comply' with the WTOs rules and regulations and implement the MTAs, or not . . . but whether these are appropriate for the development needs and interests of this country, and whether South Africa should 'comply' with or seek to change such rules.

(8) South Africa has to come to terms with the fact that it is not a 'developed' country, a 'major trading nation' and an independent 'global player' of some weight and influence, as key trade strategists in this country declare. Whatever this country's legal categorisation in the WTO, whatever its chosen international diplomatic positions, and public relations projections to improve its international status and 'image', there is a limit to how far these can ignore or seek to cover up the realities and susceptibilities of this country's economy and society. The basic fact is that South Africa is a developing country with many serious problems and vulnerabilities and, in many spheres, with features characteristic of other LLDCs.

(9) And, in the final analysis, as the South African government recognises and repeatedly states, the current situation and the future development and security of this country are intricately and inextricably bound up with the LLDCs of the rest of Southern Africa, and indeed the rest of the African continent. This established understanding has to determine and drive South Africa's strategic engagement in the WTO as well.

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