

## **CAN THE GLOBAL DEAL AND AFRICA'S DEVELOPMENT REINFORCE EACH OTHER?**

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The Danish Society for Nature has asked me to comment on the Danish government's proposed Global Deal (GD) – a plan for advancing sustainable development – as well as the issue of reforming the EU's Common Agricultural Policy (CAP). My contribution will be one of a series aimed at helping the Danish government to flesh out the Global Deal. It has been proposed at an opportune time, as it could be linked to the New Partnership for Africa's Development (NEPAD). Besides this, the recent Doha Round of the World Trade Organisation (WTO) has thrown up some positive elements that need to be involved in the discussion, as they concern both the Global Deal and NEPAD.

More specifically, I will provide a preliminary perspective on the Global Deal as a possible key outcome of the World Summit on Sustainable Development (WSSD) to be held in Johannesburg in September 2002; relate it to NEPAD and, then, trace the implications of the GD, CAP reform, and NEPAD's implementation.

In developing my analysis, I will rely on secondary sources in the form of speeches, working documents, and commentaries in the media; it should therefore not be regarded as conclusive. Moreover, the proposals for a Global Deal are bound to evolve over time. Ultimately, therefore, this paper is meant to stimulate debate and discussion.

### **The GD's potential importance**

There is widespread anxiety that the WSSD may be scuttled by bureaucratic boredom and the lack of a clear focus; the GD has been punted as one concrete output the parties could agree on, thus salvaging the beleaguered event.

Thus the GD has been proposed as a means of providing an agreed global framework for action after the jamboree ends. In the process, it is hoped it will stimulate debate on what the WSSD could and should achieve. Its proponents also believe it could serve as a vehicle for fulfilling the aspirations of both the North and the South.

The GD focuses on the social, environmental, and economic aspects of sustainable development. It has been championed by Denmark's charismatic – and controversial – minister of environment and energy, Svend Auken, who presented a substantial outline to the OECD Forum held in Paris in May 2001.

The GD is no longer just a Danish effort; it is being increasingly widely accepted within the European Community. The Danish effort is timely and strategic, as Den-

mark will hold the EU presidency in the second half of 2002. But is still largely a European initiative, and the South -- whose voice is represented by the G77 and China -- still has to respond to the proposals.

The GD articulates all the right sentiments; at times one is not sure whether one is reading the Millennium Declaration, the OECD DAC objectives for poverty reduction, or any similar UN or European statement on development. It is an attempt to place sustainable development in the context of globalisation. It speaks of a new internationalism, founded on the idea of what the recent Nobel Laureate for Literature, V S Naipaul, once described as a 'universal civilisation', based on the idea that the 'road to a common future is built on a common understanding and common objectives'.

The GD seeks to create a balance between North and South in recognition of the fact that globalisation, with its strong taint of neo-liberalism, has had negative consequences for some countries and positive ones for others that have been dextrous enough to grab the opportunities when they have arisen. The GD is an attempt to introduce a new ethic into globalisation. In that sense, it is similar to the position taken by Guy Verhofstadt, Belgian prime minister and EU president, who, in response to the anti-globalisation protests at the recent G-8 meeting Genoa, declared that: 'The challenge we face today is not how to thwart globalisation, but instead how to give it an ethical foundation. I would call this ethical globalisation, a triangle consisting of free trade, knowledge and democracy; or, alternatively, trade, aid, and conflict prevention.' (Business Day, 29.9.2001)

The GD seeks to bridge the bipolar world of abject poverty on one hand and excessive and ostentatious wealth on the other. Despite these glaring contrasts, we are still being subjected to the terrifying argument that rapacious capitalism is good for us -- among others by the prophet of the triumph of capitalism, Francis Fukuyama, who recently insisted that: 'We remain at the end of history because there is only one system that will continue to dominate world politics: that of the liberal-democratic West' (Independent, 14.10.2001). The contrast between the worlds of the rich and the poor is resulting in pressure from both the left and right. On the one hand, the right is insisting that free markets are an innate feature of society and should be left to their own devices; on the other, the left anticipates pernicious consequences if they are left unchecked.

However, a major feature of the GD is the recognition that -- at least in respect of poorer developing countries -- economic growth should be decoupled from environmental impact; in other words, developing countries should be allowed to pursue growth in a relatively unregulated manner, and that developed countries should be obliged to help ensure that the resultant environmental impacts are adequately managed. However, this concept needs to be more closely defined and clarified if its intent is not to be misunderstood. The second major element of the GD is an attempt to incorporate sustainable development issues as part of the global trading regime.

This is a useful intervention, as the UNCED meeting of 1992 did not quite achieve the necessary alignment between sustainable development and trade. This is pivotal, and can hardly be ignored, given that trade issues continue to preoccupy political sentiments and concerns in developing countries. Perhaps it is not surprising that, in the recent Doha ministerial declaration, member states of the WTO have reaffirmed their commitment to ensuring that trade contributes to the objectives of sustainable development. The declaration reads: 'We are convinced that the aims of upholding and safeguarding an open and non-discriminatory multilateral trading system, and acting for the protection of the environment and the promotion of sustainable development, can and must be mutually supportive.' It also encourages closer co-operation between the WTO and the multilateral environmental agencies responsible for implementing or monitoring the various international agreements on the environment.

Perhaps the most significant feature of the declaration is the fact that the WTO has explicitly acknowledged that trade and sustainable development issues should be addressed at the forthcoming WSSD. The declaration states: 'We encourage efforts to promote co-operation between the WTO and relevant international environmental and developmental organisations, especially in the lead-up to the World Summit on Sustainable Development to be held in Johannesburg, South Africa, in September 2002.'

Trade complements economic development, but cannot replace the need for sound domestic economic policies. This needs to be underscored, as the GD talks of market access as if it is some kind of magic wand that could solve all the economic woes of developing countries. However, market access is only important to countries with the capacity to add value to primary products. The continued prevalence of economic 'asymmetry' between developed and developing countries, between empowered and disempowered domestic entrepreneurs, is at the heart of perpetuating economic underdevelopment and income disparity.

The third major element of the GD is an attempt to ensure that developed countries continue to adhere to various international environmental agreements. This includes possible ways for dealing with conspicuous consumption, which is responsible for the largest share of the ecological footprint. This reflects a growing movement in Europe for the notion of sustainable consumption.

In short, the GD contains nothing that has not been said before; it merely proposes a framework for action that draws attention to specific priorities. It is an evolving framework that needs to be accompanied by enforcement and compliance measures if it is to work. It is still a vague idea that needs to be fleshed out; agreement needs to be reached on a core set of principles and goals, and how the latter should be implemented. Nevertheless, it is an important initiative that cannot be ignored.

It also still needs to take account of the outcome of other initiatives, notably the UN-sponsored Finance for Development deliberations, meant to be concluded in March 2002. A poor showing at this conference will increase the 'threshold of reluctance'

of many southern states in that it will strengthen their perceptions of international initiatives in this area as a dismal display of many words and agreements, but very little action.

The GD also needs to be more clearly focused, and to identify more clearly what it ultimately hopes to achieve. It has made a good start by attempting to contextualise globalisation, and identifying priority concerns within the three pillars of sustainable development. This is all the more important given that Agenda 21 is a broad sampling of ideas and issues; as the review of Agenda 21 at the Rio-plus-5 meeting in 1997 showed, only some of its goals have been achieved, suggesting that they need to be more effectively prioritised. Globalisation is a useful lens through which to determine priority areas. While the GD appeals for universal solutions, its principles and work programme need to be translated into country- or region-specific issues.

Perhaps the GD's real strength may lie in its ability to focus on those international issues that have the effect of unblocking or removing barriers which allow regional and country level actions to be implemented more effectively. Ultimately, its real test is whether it will merely become another elegantly written document, or a vehicle for truly promoting self-development in poor countries.

#### **Possible synergies between the GD and NEPAD**

NEPAD has undergone several changes of name, evolving from what was initially known as the Millennium Africa Plan (MAP) through the New Africa Initiative (NAI) to NEPAD. It has its roots in the African Renaissance initiative launched by the South African president, Thabo Mbeki, several years ago. The underlying message of the African Renaissance and NEPAD is that Africans must take charge of their own destiny. The introduction to NEPAD's founding document states: 'The Programme is anchored on the determination of Africans to extricate themselves and the continent from the malaise of underdevelopment and exclusion in a globalising world.' And it later underscores this message by stating: 'Across the continent, Africans declare that we will no longer allow ourselves to be conditioned by circumstances. We will determine our own destiny and call on the rest of the world to complement our efforts.'

An important feature of NEPAD – and the main reason why it needs to be taken seriously -- is that many African states have bought into it, and that it has been endorsed as an initiative of the African Union (AU), previously the Organisation for African Unity (OAU). Its objectives are:

- improved economic growth and development, and increased employment;
- reduced poverty and inequality;
- diversified productive activities and enhanced international competitiveness; and
- increased African integration.

NEPAD is primarily being driven by South Africa, Nigeria, Algeria, Senegal, and Egypt, on behalf of the OAU. NEPAD also represents an attempt to deal with Af-

rica's economic, social and political development in a collective and holistic manner. If the African Renaissance is an effort – at a cultural, artistic and philosophical level – to revive African diversity and intellectual traditions, NEPAD is Africa's 'Marshall Plan'. It also recognises the fact that its success depends on forging a partnership with the rest of the international community. It is also ambitious in that it envisages an economic growth rate for Africa of 7% a year.

Following a recent African regional meeting preceding the WSSD, the African ministerial statement released in Nairobi on 18.10.2001 also referred to NEPAD as the framework that should drive the sustainable development agenda in Africa, and noted that it would provide the basis for responding to issues arising out of the WSSD. Therefore, close linkages are being identified between NEPAD and the outcomes of the WSSD, and how the latter could further the former's objectives.

The first inaugural meeting of the Implementation Committee of Heads of State and Government on NEPAD was held on 23 October 2001 in Abuja, Nigeria. Delegates confirmed NEPAD as the official name of the NAI, and ratified a governing structure, served by a secretariat, to be based in Pretoria. The committee is chaired by president Olusegun Obasanjo of Nigeria, with presidents Bouteflika of Algeria and Wade of Senegal as vice-chairs. It is to meet every four months. Of the five work programme areas identified, agriculture and market access are being profiled as significant areas for intervention. The other important outcome of the meeting was that African states would be encouraged to subsume all other developmental activities under NEPAD, thus turning it into Africa's flagship development initiative.

An interesting aspect of NEPAD is that it seeks to knit issues of trade, foreign direct investment, monetary policy, overseas development assistance, debt relief, and economic policies and other national programmes together in a single development agenda and paradigm. This prompts the question: what is this paradigm?

It is informed by a sense of both urgency and pragmatism, and a recognition that Africa runs the risk of being the most excluded continent from globalisation and its possible benefits. One of the most important emerging trends of globalisation is that it forces developing countries to compete against each other for access foreign markets and foreign direct investment. NEPAD, with its integrated approach, is meant to counteract this trend.

Without a common economic and development programme, supported by a concerted political effort, economies on the continent will probably continue to decline, and individual states continue to pursue their national self-interest rather than cooperate with others. Co-operation has the advantage of maximising the use of limited resources, reducing conflict, and ensuring a focus on the bigger picture. NEPAD has encouraged a recognition that improvements in trade co-operation between African states would not only benefit their own economies, but also strengthen their international trade. In fact, increased growth in Africa is more likely to emanate from increased internal trade than taking advantage of international trade opportunities.

Agriculture still plays a very important role in the economies of most African states. It not only generates foreign exchange; millions of people continue to depend for their livelihoods on agricultural production, and related benefits. However, agriculture in Africa is beset with structural problems, including unequal access to land and a lack of agricultural services, research, and finance. Additional constraints are imposed by the fact that many African states are drought-prone and are generally excluded from global trade in agricultural commodities, either because of unstable prices or a lack of access to markets. While droughts and other forms of climatic instability are certainly an issue, countries can only adapt to them more efficiently if structural impediments at the national and international levels are cleared away. The main aim of continued support to agriculture is to lay the foundation for diversifying Africa's economy.

NEPAD does contain scattered references to the importance of environmental and natural resources. These are the clichés one is bound to find in political documents such as NEPAD. They do not signify much; if anything, they reflect South Africa's disproportionate influence on the continent. Programme areas in respect of the environment speak to the protection of wetlands, biodiversity, the removal of alien invasives, and the combating of desertification. Very little is said about urban areas and the importance of environmental justice issues that are not only relevant to South Africa but also countries such as Nigeria. This relates to the fact that large segments of these communities suffer the burden of pollution from oil, mining, and chemical industries, let alone that some governments are eager to import toxic waste from developed countries. Perhaps we should await a more robust and comprehensive fleshing out of a broader spectrum of environmental issues that adequately embrace 'green' and 'brown' problems facing Africa.

The most important difference between the GD and NEPAD is that the latter is strongly focused on shifting the balance of power. It recognises the importance of ensuring that economic power needs to be harnessed in different ways if Africa is to be fully integrated into the world economy. It speaks to the realities of unequal political power and social exclusion, and how they contribute to political instability as well as increased disparities and distortions in the global economy. NEPAD emphasises that empowerment and self-reliance can only be achieved by linking different elements such as trade, governance, security, infrastructure development, capital flows, human resource development, and stimulating growth by improving the marketing and productive capacity of the agricultural sector.

The GD, on the other hand, falls short in bringing to the fore the intricacies of development, so that even if it were to have a narrow development assistance focus it should still be clearer on how ODA should be channelled, or trade used as a vehicle for economic upliftment. The notion that trade is just about market access is simplistic, as trade should be seen as a strategic element in the overall economic development plan for any country or region. Thus the GD's approach to trade is still fairly narrow, and needs to be expanded to reflect broader debates on the needs of developing countries and the economic development paths they wish to pursue.

This lack of a more holistic insight into the development issues faced by developing countries or regions is the GD's greatest weakness. What is more important, though, and distinguishes the GD from NEPAD, is that while the former speaks at a more universal and global level, the latter is specifically located in an African context, and tries to capture the different strands of the debate on development in Africa. NEPAD may not find favour with all the ideological stalwarts, but it is certainly not a document or process run by international development agencies or other forms of political influence originating in Europe or North America. While NEPAD talks about the involvement of the private sector – in positivistic terms – the GD never quite comes to grips with the role of the private sector, ie the need for recognising that some private multinationals are more powerful than many states.

Their power and ability to influence global governance and the global economy is a cause for concern, and needs to be addressed within the framework of the GD if the latter is to find ways of promoting the idea of 'fair' -- or what Greenpeace has dubbed 'safe' -- trade for the 21<sup>st</sup> century. Perhaps this blind spot in respect of multi- and transnationals has resulted from an assumption that trade occurs among states, when in fact states are also vehicles for negotiating trade agreements that improve the commercial position of their transnational companies. There is also a general tendency to ignore the role of local/domestic private capital and entrepreneurship, as big capital is thought to be better, and we are often falsely led to assume that big corporations have the national interest at heart.

Cynics would retort that NEPAD and the GD alone will not change the world, but actions would. Both the GD and NEPAD may have the last word if they implement their goals effectively. However, wider and more critical debate is necessary if the documents are to gain greater public support, as discussions so far have only been limited to government officials and other specialists.

### **The importance of CAP Reform**

CAP was introduced in 1957 under the auspices of the Treaty of Rome. Besides ensuring food security – which to all intents and purposes it has enabled Europe to achieve -- price stability and the increased flow of income to European farmers are the most important of its four basic pillars. CAP was also designed to ensure that agriculture provides a base for economic development, the creation of employment, and linkages with other sectors of the economy.

However, the resultant mountains of food and lakes of wine introduced distortions in global trade in agricultural commodities by placing downward pressure on global commodity prices; often, surplus commodities were dumped on the international market, thus affecting production outside Europe. These trends, coupled with tariff barriers, have resulted in the creation of a 'double exclusion' system – with prices being affected as a result of subsidisation on the one hand, and tariff protection on the other. Developing countries with a strong agricultural export potential have been negatively affected.

Factors with a bearing on CAP reform are many. CAP currently comprises about 50% of the EU budget, compared to 70% when it was first introduced. This constitutes a significant degree of 'aid' to European farmers. As an Oxfam report once noted, the subsidies are so large that one is able to transport a European cow several times around the earth. From an environmental perspective, the importance of CAP lies in the fact that it has enabled, directly or indirectly, almost half of European land to be transformed by agriculture. Besides the negative impacts that CAP subsidies have had on the environment, consumer groups have been protesting against high prices and the tax burden on European citizens. This is likely to increase as the programme of European enlargement takes off. CAP also benefits 20% of privileged farmers, bringing into question the equity of the scheme and the damage it has done to family farms in favour of large-scale agro-industries.

The CAP mechanisms of border price support and direct payments to farmers have heavily influenced the nature of farming in Europe. European consumer resistance to CAP is largely based on the fear – demonstrated in respect of 'mad cow disease' and the introduction of GMOs – that CAP is undermining quality. Besides this, CAP has been criticised by trade unions as it supports 2-3% of the European labour force while other sectors have suffered persistent unemployment (about 12%). This raises the political issue of whether CAP funds should not be diverted to other sectors in order to combat unemployment.

Besides this, the process of CAP reform will have to take into account the issue of enlargement, which involves the incorporation of east European countries into the EU, thus placing considerably more agricultural land and farmers under the CAP system. Such expansionism may well lead to the consolidation of smaller farms into large agro-industries dominated by capital from the prosperous west. This may increase income disparities while expanding Europe's ability to generate even greater surpluses of feedstock and food that will glut the world market.

CAP reform has been initiated because its original rationale has become lost over the last 40 years or so. The principles behind it are reflected in the introduction of the Common Agricultural and Rural policy for Europe (CARPE), which is a response to shortcomings in CAP policy. One of its major objectives is to 'ensure an economically efficient and environmentally sustainable agriculture, and to stimulate the integrated development of the Union's rural areas.' Another is to find ways of ensuring that European agriculture becomes more internationally competitive by removing price distortions and other structural imbalances that have led some farmers to produce low-value and low-quality agricultural products. CARPE marks a shift from price support to a system of direct payment to farmers, with an emphasis on rural investment (as a way of ensuring that EU farmers become more adaptable to changing global markets), and land rehabilitation and management.

Following Doha, and the agreement on a new round in 2003, agricultural reform under the WTO will once again put CAP under the spotlight. The persistence of the doctrine of 'multifunctionality' within the EU is still a bone of contention. While the EU may recognise the need to remove perverse subsidies, 'multifunctionality' -- or

what is now euphemistically referred to as ‘non-trade concerns’ -- may turn out to be ‘back-handed’ subsidies couched in the language of food security, rural development, and environmental protection. Nonetheless, as part of the programme of action before the Fifth WTO Ministerial in 2003, the WTO committee for trade and the environment (CTE) has been asked to closely examine positive spin-offs from the ‘elimination or reduction of trade restrictions and distortions’ which would result in benefits for the environment, development, and trade. While many environmentalists would agree that the removal of production and export subsidies will have a positive dividend for the environment, the political battle in the WTO needed to shift these subsidies towards real environmental improvements still needs to be fought and won. The danger here is that the same skewed situation could be perpetuated in a new guise.

### **Conclusion**

These remarks should provide ample proof of the importance of CAP reform, which is recognised within the EU as a priority in terms of its Agenda 2000 initiative.<sup>1</sup> However, sustainable agriculture should also be an intrinsic part of the GD’s positioning around reform of trade. As regards NEPAD, the importance of agriculture for Africa is a central feature of the document. It has to be emphasised, though, that the importance of agriculture in Africa has more to do with achieving food security than the ability to export agricultural commodities. Should sound basic production be combined with value-added activities, increased benefits in terms of job creation and export-led growth could be attained via backward and forward economic linkages.

Global trade in agricultural commodities is not as significant as trade in other sectors; however, improvements in trade of even 1--2% would be significant. It is rather at the value-added end -- the production of high-value exports -- that greater returns can be generated under more equitable terms of trade. However, focusing on international trade and market access is obscuring the need for domestic agricultural development and reform, and this is something the GD should encapsulate.

Given the structural distortions CAP has helped to shape over the past 40 years or so, CAP reform and its ramifications should not only be discussed by Europeans but by the international community as a whole. Thus the GD needs to incorporate the issue of CAP reform, but do so more broadly; it could be dealt with under issues of trade, and specifically the issue of subsidies, which is being highlighted in discussions of the agreement on agriculture (AoA) under the WTO. During the Uruguay Round it was generally agreed that AoA reform should specifically examine the issues of market access, domestic support, and export subsidies so as to make policies for global trade in the sector more market-oriented.

Thus the GD is a good start, but can be enriched if it can widen the scope of these discussions beyond Europe. Proponents of the GD are advised to study the NEPAD

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<sup>1</sup> Agenda 2000 is the policy designed to guide the EU through the enlargement process and the beginning of the new Union at the start of the 21st century. It is also meant to advance CAP reform started in 1992.

process, and the discussions ensuing from it. NEPAD has already been presented to the last G-8 meeting in Genoa, as well as the World Economic Forum and others. European leaders are interested in NEPAD, and the WSSD provides role players with a good opportunity to link the GD with NEPAD. As they stand, however, both these documents and processes are incomplete, and need to be intensively discussed and debated by different groupings in our society.

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